

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (date of earliest event reported):

August 22, 2019

ROSS STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

0-14678

(Commission File No.)

94-1390387

(I.R.S. Employer Identification No.)

5130 Hacienda Drive, Dublin, California 94568

(Address of principal executive offices)

Registrant's telephone number, including area code:

(925) 965-4400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading symbol</u> | <u>Name of each exchange on which registered</u> |
|--------------------------------------|-----------------------|--|
| Common stock, par value \$.01 | ROST | Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 22, 2019, the Company issued a press release regarding the Company's financial results for its fiscal quarter ended August 3, 2019. The full text of the Company's press release is attached hereto as Exhibit 99.1.

The information furnished with this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|------------------------|--|
| 99.1 | August 22, 2019 Press Release by Ross Stores, Inc. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 22, 2019

ROSS STORES, INC.
Registrant

By: /s/Travis R. Marquette
Travis R. Marquette
Group Senior Vice President and Chief Financial
Officer, and Principal Accounting Officer



FOR IMMEDIATE RELEASE

Contact:

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**ROSS STORES REPORTS SECOND QUARTER EARNINGS,
PROVIDES SECOND HALF 2019 GUIDANCE**

Dublin, California, August 22, 2019 -- Ross Stores, Inc. (Nasdaq: ROST) today reported earnings per share for the second quarter ended August 3, 2019 of \$1.14, up from \$1.04 last year. Net earnings grew to \$413 million, compared to \$389 million in the prior year. Sales rose 6% to \$4.0 billion, with comparable store sales up 3% on top of last year's strongest quarterly comparison of 5%.

For the six months ended August 3, 2019, earnings per share were \$2.29, up from \$2.15 last year. Net earnings were \$834 million versus \$808 million in the first half of 2018. Sales for the first six months of 2019 rose 6% to \$7.8 billion, with comparable store sales up 2% versus a 4% gain for the first half of 2018. Both the second quarter and year-to-date earnings results include an approximate \$.02 per share benefit from favorable timing of expenses that are expected to reverse in the second half.

Barbara Rentler, Chief Executive Officer, commented, "We delivered respectable gains in both sales and earnings for the second quarter. While our Ladies business continued to trail the chain, trends in this important area showed some improvement during the period. Operating margin of 13.7% was better than expected, mainly due to favorable timing of expenses that are expected to reverse in the second half."

Ms. Rentler continued, "During the second quarter and first six months of fiscal 2019, we repurchased 3.2 million and 6.6 million shares of common stock, respectively, for an aggregate price of \$320 million in the quarter and \$640 million year-to-date. As planned, we expect to buy back a total of \$1.275 billion in common stock during fiscal 2019."

Looking ahead, Ms. Rentler said, “Our sales outlook remains unchanged. We continue to forecast same store sales gains of 1% to 2% for both the third and fourth quarters. However, given the recent announcement of 10% tariffs on goods sourced from China, including apparel and footwear, we have updated our earnings guidance for the balance of the year.”

Ms. Rentler added, “If sales perform in line with this guidance, including a slight impact from the recently announced tariffs, earnings per share for the third quarter ending November 2, 2019 are forecasted to be \$.92 to \$.96, compared to \$.91 a year ago. For the fourth quarter ending February 1, 2020, earnings per share are projected to be \$1.20 to \$1.25 versus \$1.20 in the prior year. As a reminder, last year’s fourth quarter included a one-time per share benefit of \$.07 related to the favorable resolution of a tax matter. Based on our first half results and second half guidance, earnings per share for fiscal year 2019 are now planned to be in the range of \$4.41 to \$4.50.”

The Company will host a conference call on Thursday, August 22, 2019 at 4:15 p.m. Eastern time to provide additional details concerning its second quarter results and management’s outlook for the remainder of the year. A real-time audio webcast of the conference call will be available in the Investors section of the Company’s website, located at www.rossstores.com. An audio playback will be available at 404-537-3406, PIN #9991468 until 8:00 p.m. Eastern time on August 29, 2019, as well as on the Company’s website.

Forward-Looking Statements: *This press release contains forward-looking statements regarding expected sales, earnings levels, new store growth, and other financial results in future periods that are subject to risks and uncertainties which could cause our actual results to differ materially from management’s current expectations. The words “plan,” “expect,” “target,” “anticipate,” “estimate,” “believe,” “forecast,” “projected,” “guidance,” “outlook,” “looking ahead” and similar expressions identify forward-looking statements. Risk factors for Ross Dress for Less® (“Ross”) and dd’s DISCOUNTS® include without limitation, competitive pressures in the apparel or home-related merchandise retailing industry; changes in the level of consumer spending on or preferences for apparel and home-related merchandise; market availability, quantity, and quality of attractive brand name merchandise at desirable discounts and our buyers’ ability to purchase merchandise that enables us to offer customers a wide assortment of merchandise at competitive prices; impacts from the macro-economic environment, financial and credit markets, and geopolitical conditions that affect consumer confidence and consumer disposable income; our ability to continually attract, train, and retain associates to execute our off-price strategies; unseasonable weather that may affect shopping patterns and consumer demand for seasonal apparel and other merchandise, and may result in temporary store closures and disruptions in deliveries of merchandise to our stores; potential information or data security breaches, including cyber-attacks on our transaction processing and computer information systems, which could result in theft or unauthorized disclosure of customer, credit card, employee, or other private and valuable information that we handle in the ordinary course of our business; potential disruptions in our supply chain or information systems; issues involving the quality, safety, or authenticity of products we sell, which could harm our reputation, result in lost sales, and/or increase our costs; our ability to effectively manage our inventories, markdowns, and inventory shortage to achieve planned gross margin; changes in U.S. tax, tariff, or trade policy regarding apparel and home-related merchandise produced in other countries that could adversely affect our business; volatility in revenues and earnings; an adverse outcome in various legal, regulatory, or tax matters; a natural or man-made disaster in California or in another region where we have a concentration of stores, offices, or a distribution center; unexpected issues or costs from expanding in existing markets and entering new geographic markets; obtaining acceptable new store sites with favorable consumer demographics; damage to our corporate reputation or brands; effectively advertising and marketing our brands; issues from selling and importing merchandise produced in other countries; and maintaining sufficient liquidity to support our continuing*

operations, new store and distribution center growth plans, and stock repurchase and dividend programs. Other risk factors are set forth in our SEC filings including without limitation, the Form 10-K for fiscal 2018, and Form 10-Q and Form 8-Ks for fiscal 2019. The factors underlying our forecasts are dynamic and subject to change. As a result, our forecasts speak only as of the date they are given and do not necessarily reflect our outlook at any other point in time. We do not undertake to update or revise these forward-looking statements.

Ross Stores, Inc. is an S&P 500, Fortune 500, and Nasdaq 100 (ROST) company headquartered in Dublin, California, with fiscal 2018 revenues of \$15.0 billion. As of August 3, 2019, the Company operates Ross Dress for Less[®] ("Ross"), the largest off-price apparel and home fashion chain in the United States with 1,523 locations in 39 states, the District of Columbia, and Guam. Ross offers first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 60% off department and specialty store regular prices every day. The Company also operates 249 dd's DISCOUNTS[®] in 18 states that feature a more moderately-priced assortment of first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 70% off moderate department and discount store regular prices every day. Additional information is available at www.rossstores.com.

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Ross Stores, Inc.
Condensed Consolidated Statements of Earnings

| (\$000, except stores and per share data, unaudited) | Three Months Ended | | Six Months Ended | |
|--|--------------------|----------------|------------------|----------------|
| | August 3, 2019 | August 4, 2018 | August 3, 2019 | August 4, 2018 |
| Sales | \$ 3,979,869 | \$ 3,737,926 | \$ 7,776,511 | \$ 7,326,545 |
| Costs and Expenses | | | | |
| Cost of goods sold | 2,843,850 | 2,666,983 | 5,545,518 | 5,189,202 |
| Selling, general and administrative | 591,970 | 554,581 | 1,150,220 | 1,079,004 |
| Interest income, net | (4,782) | (1,393) | (10,417) | (1,896) |
| Total costs and expenses | 3,431,038 | 3,220,171 | 6,685,321 | 6,266,310 |
| Earnings before taxes | 548,831 | 517,755 | 1,091,190 | 1,060,235 |
| Provision for taxes on earnings | 136,110 | 128,351 | 257,327 | 252,579 |
| Net earnings | \$ 412,721 | \$ 389,404 | \$ 833,863 | \$ 807,656 |
| Earnings per share | | | | |
| Basic | \$ 1.15 | \$ 1.05 | \$ 2.31 | \$ 2.17 |
| Diluted | \$ 1.14 | \$ 1.04 | \$ 2.29 | \$ 2.15 |
| Weighted average shares outstanding (000) | | | | |
| Basic | 359,794 | 371,031 | 361,439 | 372,414 |
| Diluted | 362,074 | 373,717 | 364,007 | 375,336 |
| Stores open at end of period | 1,772 | 1,680 | 1,772 | 1,680 |

Ross Stores, Inc.
Condensed Consolidated Balance Sheets

(\$000, unaudited)

August 3, 2019

August 4, 2018

| Assets | August 3, 2019 | August 4, 2018 |
|---|----------------|----------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 1,382,025 | \$ 1,386,935 |
| Accounts receivable | 130,439 | 121,508 |
| Merchandise inventory | 1,835,869 | 1,698,390 |
| Prepaid expenses and other | 167,585 | 172,822 |
| Total current assets | 3,515,918 | 3,379,655 |
| Property and equipment, net | 2,505,040 | 2,384,301 |
| Operating lease assets | 2,932,199 | — |
| Other long-term assets | 198,790 | 199,800 |
| Total assets | \$ 9,151,947 | \$ 5,963,756 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,359,829 | \$ 1,184,422 |
| Accrued expenses and other | 474,273 | 427,875 |
| Current operating lease liabilities | 549,841 | — |
| Accrued payroll and benefits | 295,465 | 280,861 |
| Current portion of long-term debt | — | 84,989 |
| Total current liabilities | 2,679,408 | 1,978,147 |
| Long-term debt | 312,665 | 312,217 |
| Non-current operating lease liabilities | 2,496,230 | — |
| Other long-term liabilities | 227,842 | 374,587 |
| Deferred income taxes | 139,538 | 114,195 |
| Commitments and contingencies | | |
| Stockholders' Equity | 3,296,264 | 3,184,610 |
| Total liabilities and stockholders' equity | \$ 9,151,947 | \$ 5,963,756 |

Ross Stores, Inc.
Condensed Consolidated Statements of Cash Flows

| (\$000, unaudited) | Six Months Ended | |
|---|------------------|----------------|
| | August 3, 2019 | August 4, 2018 |
| Cash Flows From Operating Activities | | |
| Net earnings | \$ 833,863 | \$ 807,656 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 166,898 | 162,403 |
| Stock-based compensation | 44,613 | 47,580 |
| Deferred income taxes | 21,868 | 21,664 |
| Change in assets and liabilities: | | |
| Merchandise inventory | (85,427) | (56,654) |
| Other current assets | (55,309) | (64,754) |
| Accounts payable | 187,050 | 122,008 |
| Other current liabilities | (8,529) | (29,348) |
| Income taxes | (31,193) | (1,619) |
| Operating lease assets and liabilities, net | 8,276 | — |
| Other long-term, net | 1,353 | 5,248 |
| Net cash provided by operating activities | 1,083,463 | 1,014,184 |
| Cash Flows From Investing Activities | | |
| Additions to property and equipment | (250,314) | (178,635) |
| Proceeds from investments | 517 | 505 |
| Net cash used in investing activities | (249,797) | (178,130) |
| Cash Flows From Financing Activities | | |
| Issuance of common stock related to stock plans | 10,906 | 9,817 |
| Treasury stock purchased | (52,349) | (51,061) |
| Repurchase of common stock | (640,259) | (528,580) |
| Dividends paid | (186,642) | (169,971) |
| Net cash used in financing activities | (868,344) | (739,795) |
| Net (decrease) increase in cash, cash equivalents, and restricted cash and cash equivalents | (34,678) | 96,259 |
| Cash, cash equivalents, and restricted cash and cash equivalents: | | |
| Beginning of period | 1,478,079 | 1,353,272 |
| End of period | \$ 1,443,401 | \$ 1,449,531 |
| Reconciliations: | | |
| Cash and cash equivalents | \$ 1,382,025 | \$ 1,386,935 |
| Restricted cash and cash equivalents included in prepaid expenses and other | 11,048 | 8,961 |
| Restricted cash and cash equivalents included in other long-term assets | 50,328 | 53,635 |
| Total cash, cash equivalents, and restricted cash and cash equivalents: | \$ 1,443,401 | \$ 1,449,531 |
| Supplemental Cash Flow Disclosures | | |
| Interest paid | \$ 6,341 | \$ 9,053 |
| Income taxes paid | \$ 266,653 | \$ 232,528 |