
Ross Stores, Inc.

Investor Overview
August 2019

Disclosure of Risk Factors

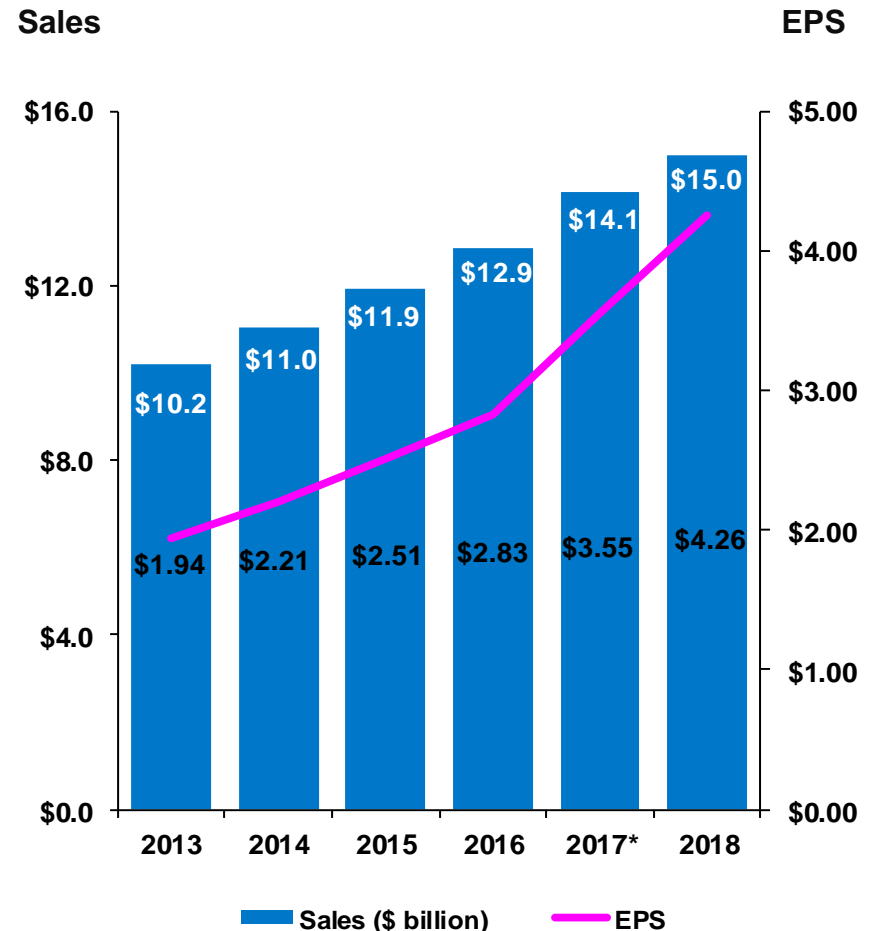
Forward-Looking Statements: *This presentation contains forward-looking statements regarding expected sales, earnings levels, new store growth opportunity, and other financial results in future periods that are subject to risks and uncertainties which could cause our actual results to differ materially 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, disrupt our operations, damage our reputation with customers, and increase our costs; 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 that could damage our reputation or brand and increase our costs; 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.

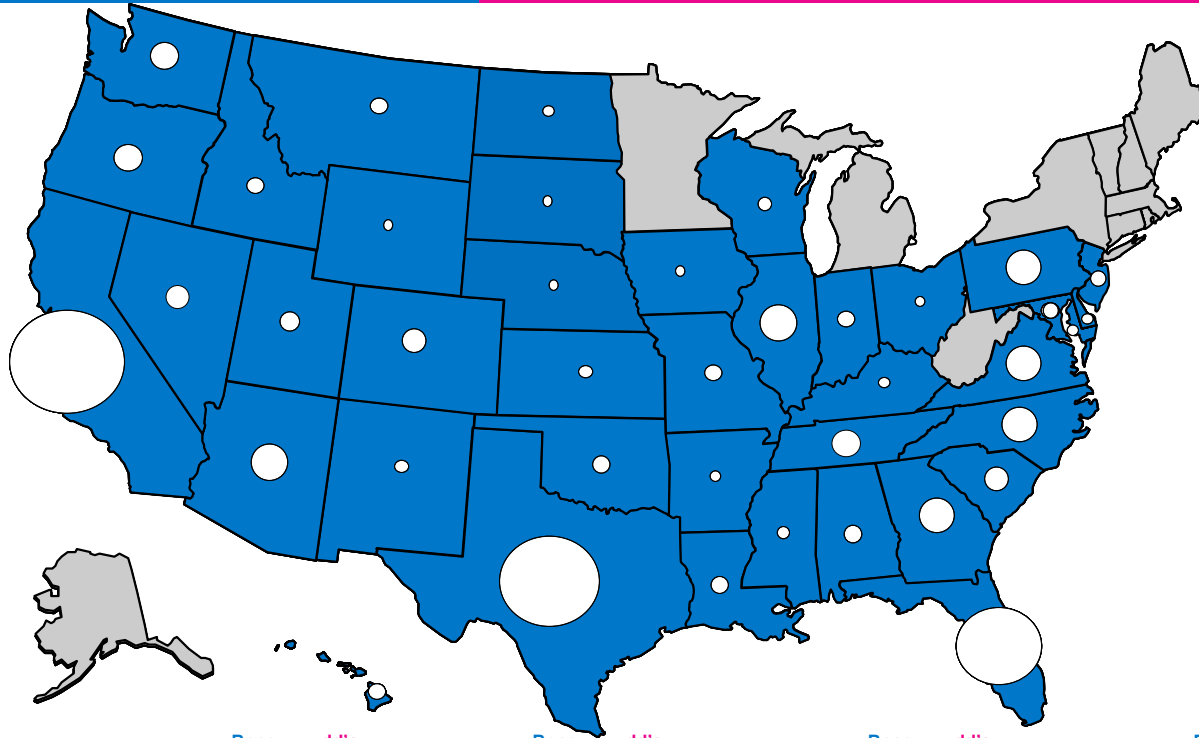
Ross Stores, Inc. Overview

- S&P 500, Fortune 500 and Nasdaq 100 company with fiscal 2018 revenues of \$15.0 billion
- Ross Dress for Less® is the largest off-price apparel and home fashion chain in the U.S. with 1,523 stores in 39 states, the District of Columbia, and Guam
- Also operates 249 dd's DISCOUNTS® in 18 states
- Consistent long-term growth in both sales and EPS
- 2018 Fortune 500 Statistics
 - Ranked #209 in 2018, similar to 2017, up from #219 in 2016, and #237 in 2015
 - Ranked #19 out of 500 companies for total return to stockholders on a 10-year basis (~29%)
 - Ranked #20 out of 500 companies on 10-year annual EPS growth rate (~22%)



* 2017 was a 53-week year; all other years were 52-week years.
EPS adjusted to reflect two-for-one stock split effective June 2015.

1,772 Stores in 39 States (as of 8/3/19)

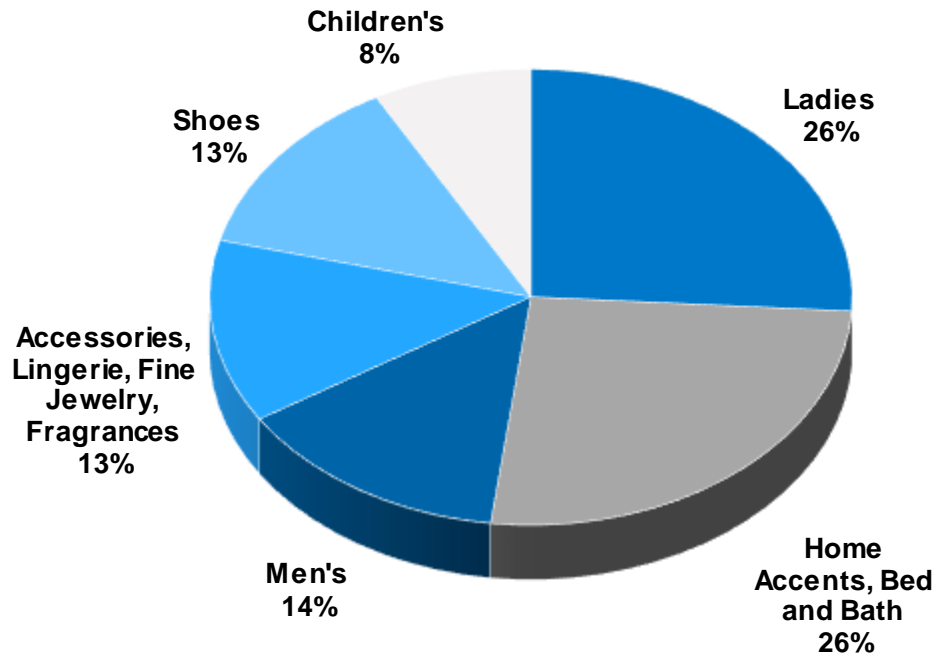


| | <u>Ross</u> | <u>dd's</u> | | <u>Ross</u> | <u>dd's</u> | | <u>Ross</u> | <u>dd's</u> | | <u>Ross</u> | <u>dd's</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|----------------|-------------|-------------|--------------|--------------|-------------|
| Alabama | 24 | | Idaho | 12 | | Nebraska | 3 | | South Dakota | 2 | |
| Arizona | 67 | 13 | Illinois | 74 | 8 | Nevada | 31 | 8 | Tennessee | 32 | 2 |
| Arkansas | 8 | | Indiana | 19 | | New Jersey | 13 | 1 | Texas | 200 | 52 |
| California | 315 | 100 | Iowa | 6 | | New Mexico | 13 | 3 | Utah | 21 | |
| Colorado | 34 | 4 | Kansas | 12 | | North Carolina | 45 | 2 | Virginia | 39 | |
| Delaware | 2 | 1 | Kentucky | 13 | | North Dakota | 2 | | Washington | 43 | |
| District of Columbia | 2 | | Louisiana | 15 | 3 | Ohio | 2 | | Wisconsin | 19 | |
| Florida | 179 | 35 | Maryland | 24 | 2 | Oklahoma | 25 | 2 | Wyoming | 3 | |
| Georgia | 55 | 9 | Mississippi | 9 | | Oregon | 31 | | | | |
| Guam | 2 | | Missouri | 27 | | Pennsylvania | 47 | 2 | TOTAL | 1,523 | 249 |
| Hawaii | 22 | | Montana | 6 | | South Carolina | 25 | 2 | | | |

Delivering Bargains

- Department store brands
- Significant discounts off comparable prices
 - Great savings every day
- Wide assortment of styles and fashions (e.g., “treasure hunt”)
- Constant flow of fresh merchandise

Merchandise Mix*



* Fiscal 2018



Key Value Drivers

- Opportunistic buying supported by a large and growing off-price buying organization
 - Hundreds of merchants sourcing product from thousands of manufacturers and vendors
- Broad market coverage and strong vendor relationships enhanced by strategic location of buying offices in New York City and Los Angeles
- Effective management of inventory and liquidity
- Planning and allocating at a local versus regional level
 - Systems and processes allow us to understand customer preferences and allocate the right item to the right store at the right time

Typical Ross Customer

Demographic

- About 70-75% female, shopping for herself and other family members
- Wide range of household incomes – “want a bargain” versus “need a bargain”
- Price and value matter most – great deals on brands she loves is a key way of showing her that value
- Embraces the “treasure hunt” format and spends time shopping for bargains
- Core customer averages about two-to-three store visits a month

How We Reach Her

- Marketing reflects the business strategy – bargains on a wide assortment of brands and styles
- Television is an effective medium to reach customers with a strong value message
 - Creates and sustains awareness
 - Encourages frequent shopping
 - Cost effective vehicle
- Also engaging customers through social media (Facebook, Instagram) and other digital channels

Ross Dress for Less Store Prototype



- Efficient, low-cost format
- Opening stores with average approximate size of 22,000 – 30,000 gross square feet
- Convenient self-service format
- Strong co-tenancy
- Visible and accessible retail locations
- Located in markets with a large proportion of broad income levels
- High traffic intersections

dd's DISCOUNTS

- Concept launched in California in 2004
- Opening stores with average approximate size of 18,000 – 22,000 gross square feet
- Established shopping centers
- Stores located in California, Texas, Florida, Arizona, Georgia, Illinois, Nevada, Colorado, Louisiana, New Mexico, Maryland, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Delaware, and New Jersey
- Target customer is typically younger, more ethnically diverse, and from lower-to-moderate income households
- Assortments feature more moderate brands and fashions for the family and home at lower average price points than Ross



dd's DISCOUNTS Update

- dd's had another quarter of strong growth in both sales and operating profits for the second quarter of 2019
- dd's DISCOUNTS has benefited by delivering a faster flow of fresh and exciting product to our stores while operating on lower inventory levels
- Its solid performance reflects that dd's DISCOUNTS' value-focused merchandise offerings continue to resonate well with its target customer
- During the quarter, we added six new locations. In 2018 and 2017, we added 24 and 20 net new locations, respectively; potential for about 600 locations over the long term



Commitment to Value

- Our top priority is ensuring access to terrific brands at great savings every day
 - Reflected in ongoing investments in people and processes in our merchant organization
 - Our highly skilled merchants purchase product from thousands of vendors and manufacturers, enabling consistent access to quality name brand bargains that our customers value
- Believe consumers will continue to seek out bargains
 - More value-focused shopping behavior is enabling Ross and dd's DISCOUNTS to attract customers
 - Offering the best bargains available retains these customers
 - Also capturing market share from retailers who have closed stores and/or gone out of business

Significant Growth Opportunities

- Over the long-term, we believe we can operate a total of 3,000 stores
 - Significant opportunity to expand in both existing and newer markets, such as the Midwest
 - Today, we only operate in 39 states with plans to become a national retailer over time
 - Long-term, we project Ross Dress for Less can grow to approximately 2,400 locations.
 - dd's DISCOUNTS can become a chain of about 600 stores.

Financial Results

Flexible and Resilient Off-Price Model

- Long history of consistent sales and earnings growth in both healthy and challenging retail and macro-economic environments
- Benefiting from our ability to offer terrific bargains
 - Taking advantage of close-out opportunities in the marketplace
 - Continued investment in our merchandising organization
- Operating the business on lean in-store inventories
 - Increases the percentage of fresh product in front of the customer and promotes faster inventory turns
 - Enhances cash flow by reducing working capital needs
- Tightly managing expenses across the Company
- Overall, we remain very focused on diligent execution of our strategies, which is always the key to maximizing our prospects for sales and earnings growth in any type of economic or retail climate

Fiscal 2018 Results

- FY 2018 sales increased 6% to \$15.0 billion, with comparable store sales up 4% over fiscal 2017
 - Men's was the best performing category
 - Midwest was the strongest region
- Added 95 net new locations in FY 2018
 - Ended the year with 1,480 Ross and 237 dd's DISCOUNTS stores
- FY 2018 operating margin decreased 85 basis points to 13.6%, due in part to last year's 20 basis point benefit from the 53rd week
- Earnings per share for the 52-week fiscal 2018 year grew to \$4.26, up from \$3.55 in the prior 53-week year

Second Quarter 2019 Results

- Second quarter 2019 sales increased 6% to \$4.0 billion, with comparable store sales up 3% over the same period last year
 - Men's was the best performing category
 - The Midwest and the Southeast were our strongest geographic regions
- Added 27 net new locations in Q2 2019
 - Ended Q2 with 1,523 Ross and 249 dd's DISCOUNTS stores
- Operating margin for the period was down from the prior year to 13.7%, though better than expected
- Earnings per share for the second quarter of 2019 was \$1.14, up from \$1.04 in the prior year
- These results include an approximate \$.02 per share benefit from the favorable timing of expenses that are expected to reverse over the balance of the year

Target Sustainable Profit Margins

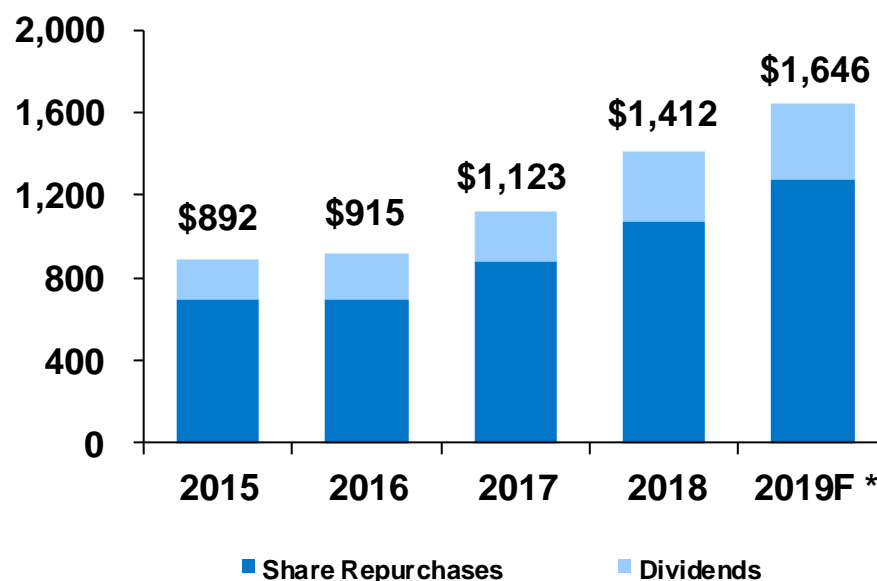
- Over the long term, we believe annual EBIT margins can be flat to slightly up on comparable store sales growth in line with our historical averages
- Record levels of merchandise gross margin have been driven by better buying and faster inventory turns from our sizeable reduction of selling store inventories by more than 40% over the last decade
 - Merchandising remains our top priority, and we plan to further strengthen the organization through continued investments in people, processes, and technology. This enables us to maximize access to the best bargains available in the marketplace and get the right goods to the right store at the right time
 - We remain focused on tight inventory management, which allows us to remain nimble and take advantage of opportunities in the marketplace
- Numerous productivity enhancements and efficiencies throughout the Company have helped us to strictly manage expenses in our distribution centers, stores organization, and back office functions

Higher Levels of Cash Returned to Stockholders

- In March 2019, our Board of Directors approved a new two-year share repurchase program to be completed in the next two fiscal years for \$2.55 billion
 - Represents an increase from the previous \$1.95 billion authorization
 - Company has repurchased shares in-line with plan every year since 1993
- Our Board of Directors also approved an increase in the quarterly cash dividend by 13% to \$.255 per share, on top of 41% growth in the prior year (25th consecutive annual increase)
- Stock repurchase and dividend programs reflect our ongoing confidence in the Company's future growth prospects and continued commitment to enhancing stockholder value
- Combination of existing cash balances, ongoing cash generation, and current credit facilities gives Ross flexibility for both the short- and long-term

Share repurchases and dividend payments

(\$ millions)



* 2019 is forecasted.

Capital Expenditures

- FY 2019 capital expenditures are projected to be about \$600 million, up from \$414 million last year.
- The increased level of capital expenditures in 2019 is driven by initial investments for our next distribution center.

| | 2018 Actual | 2019 Forecast |
|---------------------------------------|-----------------------|-----------------------|
| New stores | \$ 135 million | \$ 140 million |
| Existing stores | 130 million | 130 million |
| Distribution, Transportation | 64 million | 200 million |
| Information Systems, Corporate, Other | 85 million | 130 million |
| Total | \$ 414 million | \$ 600 million |

Investment Highlights

- Favorably positioned as a leader in the off-price industry, which continues to gain market share
 - Ross Dress for Less is the largest off-price apparel and home fashion chain in the U.S. with 1,523 locations in 39 states, the District of Columbia, and Guam
 - dd's DISCOUNTS operates 249 locations across 18 states
- Significant growth opportunities ahead with the potential to grow our store base to approximately 3,000 locations in the U.S. over the long-term
- Proven strategies have driven growth for over 35 years
 - Strong balance sheet with minimal debt and high returns
 - Consistent generation of excess cash that is returned to stockholders
- Core focus on delivering competitive bargains continues to resonate with today's value-driven consumer
- Ongoing diligent execution of our off-price strategies is expected to:
 - Enhance ability to manage through any type of economic or retail climate
 - Maximize prospects for sales and earnings growth
 - Optimize stockholder returns over both the short- and long-term