



Q2 2018 EARNINGS CONFERENCE CALL

AUGUST 16, 2018

FORWARD LOOKING STATEMENTS

This presentation contains statements that are forward looking. These statements are based upon current expectations and assumptions that are subject to risks and uncertainties. We may not achieve the results projected in these forward looking statements, and our actual results could materially differ because of factors discussed in this event, in the comments made during this presentation, and in the risk factors section of our Form 10-K, Form 10-Qs, and other reports and filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward looking statement to reflect subsequent events, new information or future circumstances.

Free cash flow and return on invested capital are measures of performance which meet the definition of a non-GAAP financial measure. These measures should be used in addition to and in conjunction with results presented in accordance with GAAP, and should not be relied upon to the exclusion of GAAP financial measures. Reconciliations of these measures to the most directly comparable GAAP measures are found on our investor relations site at www.investor.nordstrom.com.

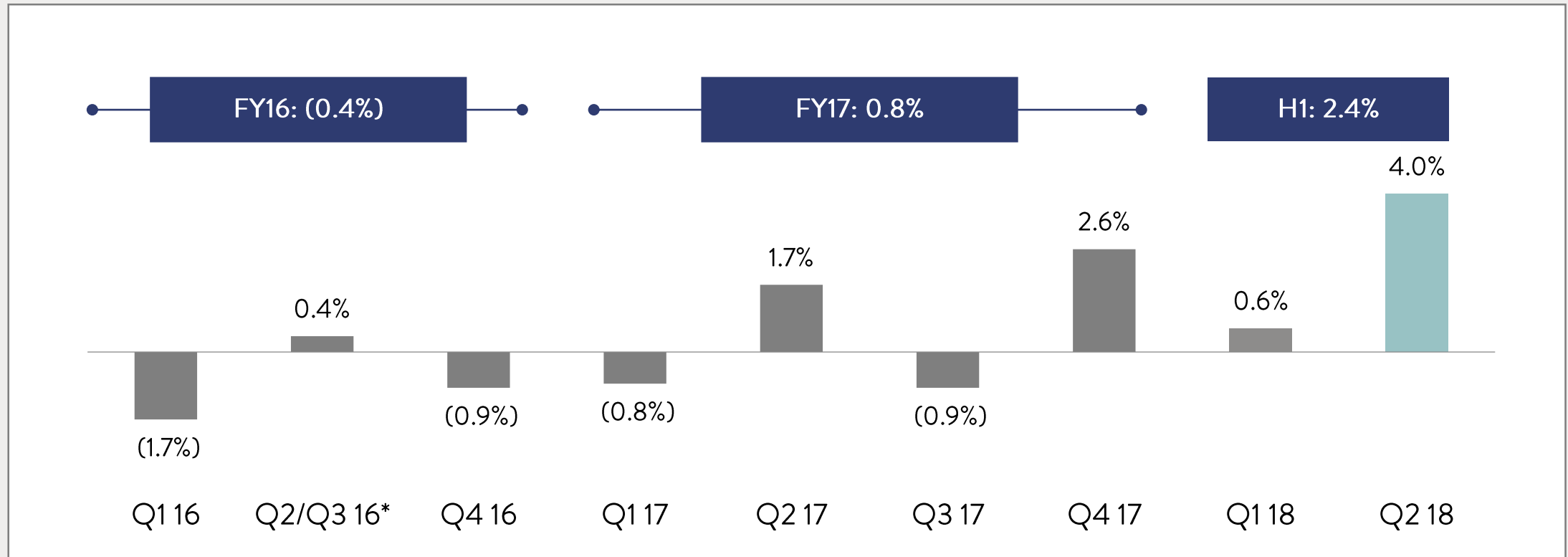


BLAKE NORDSTROM

CO-PRESIDENT

TOTAL COMPANY COMP SALES TRENDS

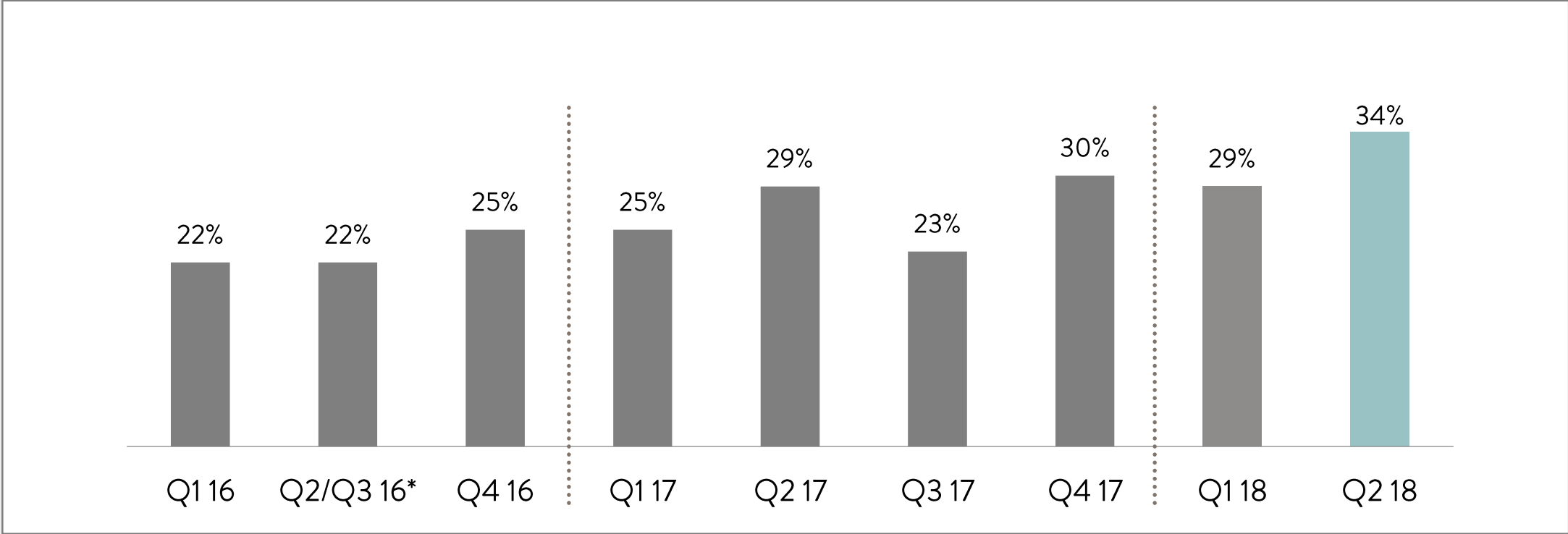
GROWTH ACROSS FULL-PRICE AND OFF-PRICE



* Q2 and Q3 2016 combined to remove the impact of the Anniversary Sale calendar shift.

DIGITAL SALES PENETRATION

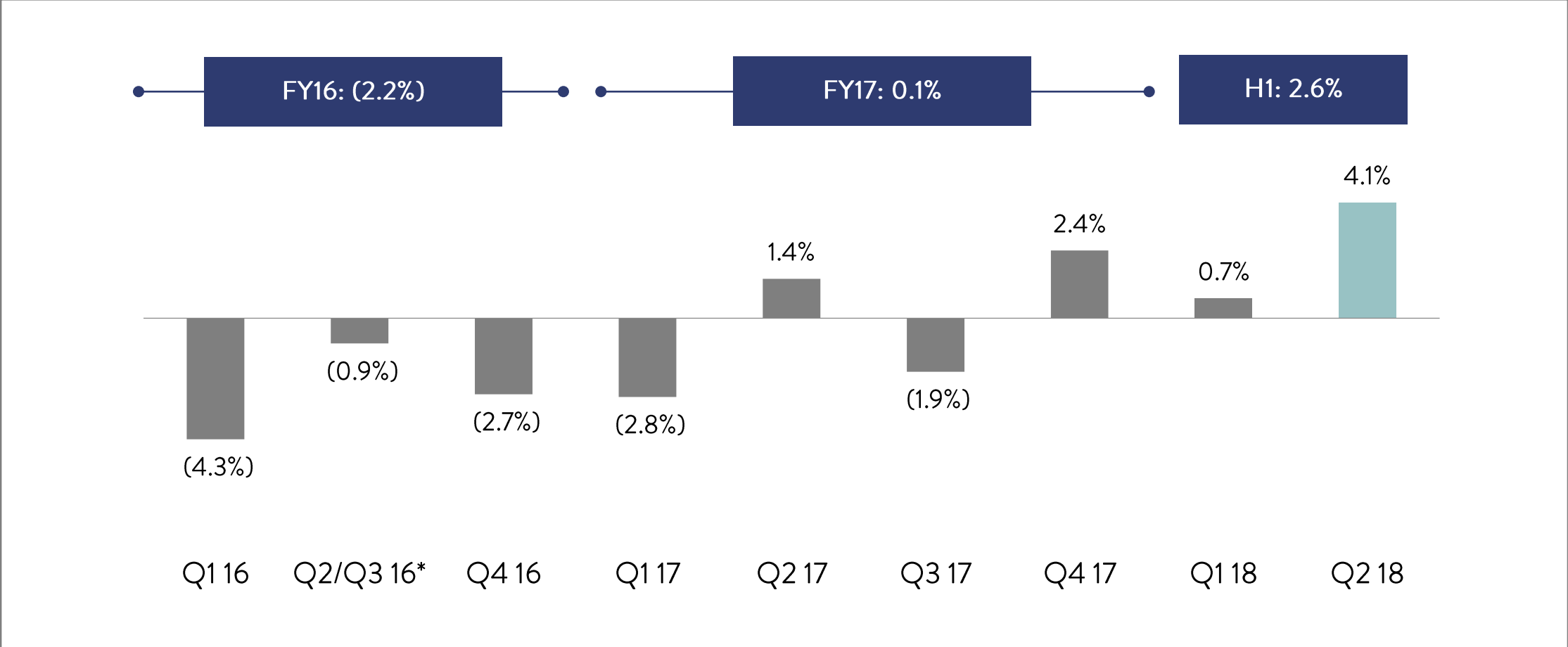
FUELED BY DIGITAL SALES GROWTH OF 23% IN Q2



* Q2 and Q3 2016 combined to remove the impact of the Anniversary Sale event shift

FULL-PRICE COMP SALES TRENDS

Q2 STRONG TOPLINE GROWTH



* Q2 and Q3 2016 combined to remove the impact of the Anniversary Sale event shift

ANNIVERSARY SALE

ONLINE RECORD

First day

10X

average daily volume

DIGITAL SALES PENETRATION

+40%



LEADING WITH COMPELLING PRODUCT & FASHION AUTHORITY

WE STRATEGICALLY PARTNER WITH RELEVANT & LIMITED DISTRIBUTION BRANDS



PREFERRED

TOPSHOP 
Madewell 

DESIGNER

VALENTINO 
GUCCI  CHANEL

EMERGING

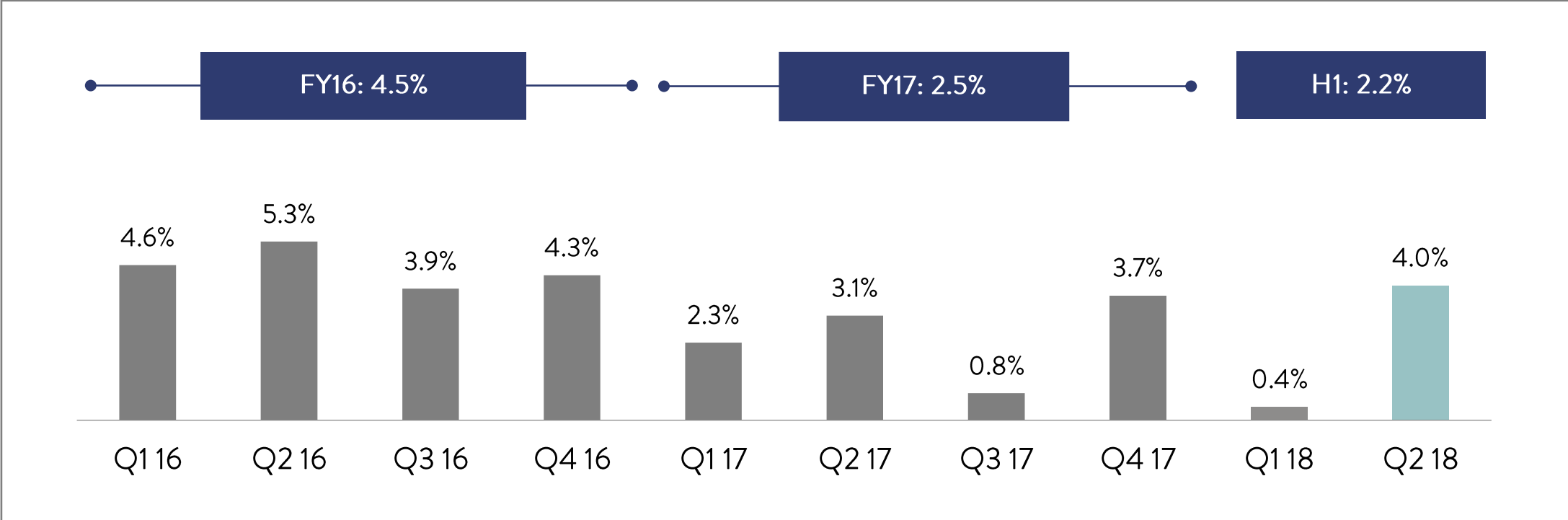
SÉZANE *allbirds*
 Reformation

NORDSTROM PRODUCT GROUP

NORDSTROM · HALOGEN ·
TREASURE & BOND zella

OFF-PRICE COMP SALES TRENDS

Q2 EXCEEDED EXPECTATIONS



WINNING WITH CUSTOMERS, AND WINNING FINANCIALLY

WE WIN BY PROVIDING OUR BEST CUSTOMERS OUR BEST PRODUCTS IN OUR BEST MARKETS

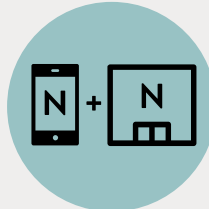
OUR LOCAL MARKET STRATEGY



Leverages our people to support customers on their terms



Increases product selection and delivery speed



Connects physical and digital assets for discovery and experience

DELIVERS THE BEST PRODUCTS TO THE BEST CUSTOMERS IN THE BEST MARKETS

~60%

JWN sales are in our top 10 markets

5x

Spend for customers shopping in-store and online

2x

Profit for customers in markets with stores

BRINGING THE PIECES TOGETHER IN LA IN 2018

WE'RE STARTING IN LA – OUR LARGEST MARKET

\$1B
in Full-Price Sales

4M
JWN Customers

16
Full-Line Stores

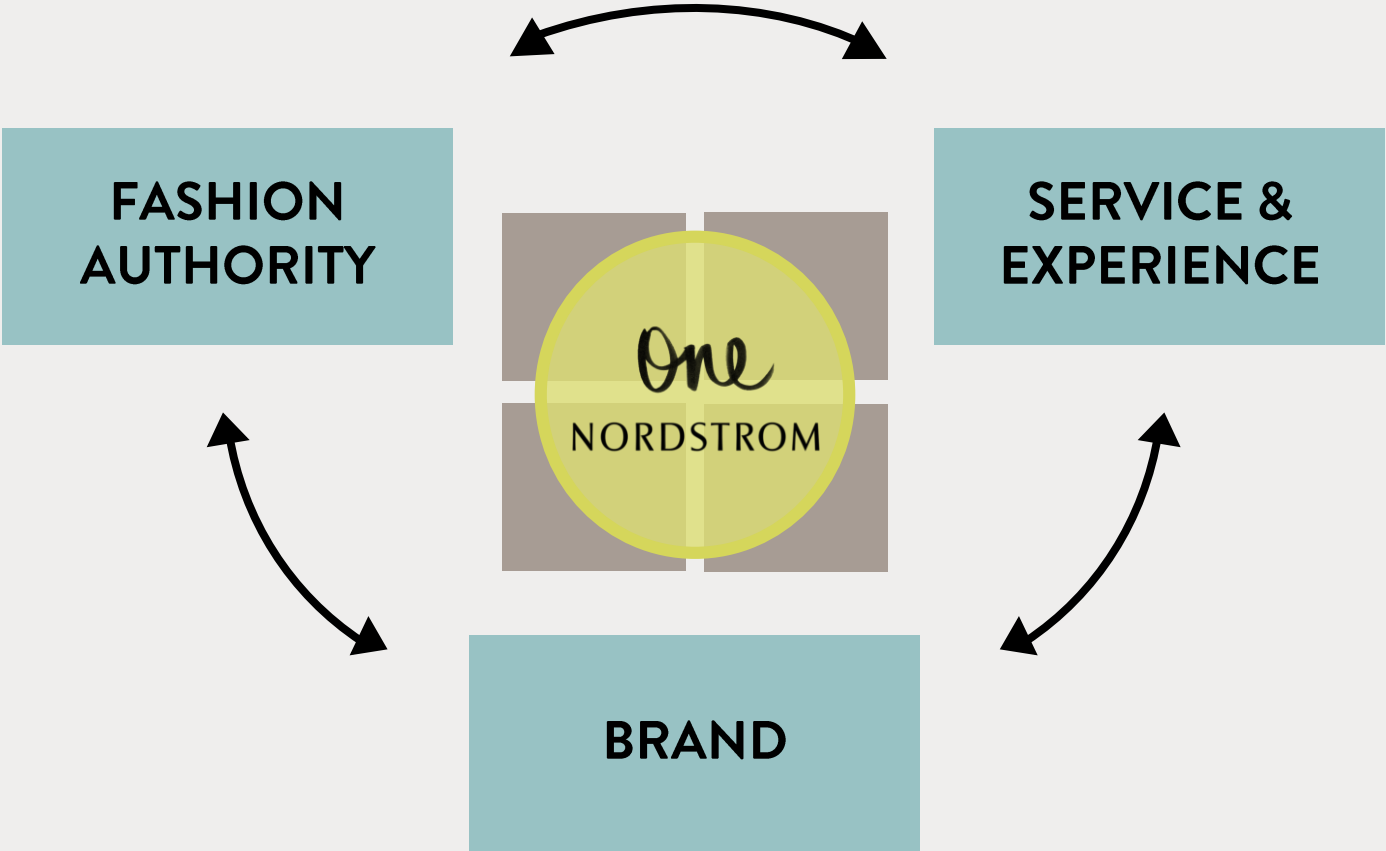
3
Nordstrom Locals
by 2019

3
Supply Chain
Facilities in LA
by 2019



WE ASPIRE TO BE THE BEST FASHION RETAILER IN A DIGITAL WORLD

WE REMAIN FOCUSED ON OUR CUSTOMERS, SERVING THEM THROUGH OUR 3 PILLARS





ANNE BRAMMAN

CHIEF FINANCIAL OFFICER

TARGETING HIGHER RETURNS TO SHAREHOLDERS

EXECUTING ON THREE KEY DELIVERABLES

CONTINUING MARKET SHARE GAINS

Investments in new
markets fueling growth

Market-leading digital presence

Core growth in Full-Price
and Off-Price

IMPROVING PROFITABILITY & RETURNS

Generational investments scaling

Leveraging digital capabilities

Strength in product margin

Improving return on invested capital

MAINTAINING DISCIPLINED CAPITAL ALLOCATION

Capital efficiency and
strong inventory management

Disciplined capex

Accelerating cash flow generation

Excess cash returned to shareholders

FINANCIAL SUMMARY

Q2 EPS \$0.95

B/(W) VS. LY	Q2 2018	TIMING CONSIDERATIONS
Total Sales	7.1%	Favorable timing impact from revenue recognition ~100bps
Comp Sales	4.0%	No timing impact
Gross Profit % of Sales	~90 bps	Favorable timing impact from revenue recognition ~ \$30M
SG&A % of Sales	~(70 bps)	
EBIT % of Sales	~30 bps	Favorable timing impact from revenue recognition ~ \$30M

CAPITAL ALLOCATION PRINCIPLES

PRIORITY TO
REINVEST IN
BUSINESS

RETURN CAPITAL
DIRECTLY TO
SHAREHOLDERS

THROUGH DIVIDENDS
AND SHARE REPURCHASE

MAINTAIN
INVESTMENT GRADE
CREDIT RATING

RAISED FY 2018 OUTLOOK

	PRIOR	UPDATED
TOTAL SALES	\$15.2 to \$15.4 billion	\$15.4 to \$15.5 billion
CREDIT REVENUES	Mid-teens growth	Mid-teens growth
COMP SALES	0.5% to 1.5%	1.5% to 2%
EBIT	\$895 to \$940 million	\$925 to \$960 million
EPS	\$3.35 to \$3.55	\$3.50 to \$3.65

Reference second half considerations discussed in Q2 Earnings Release

FY 2018 QUARTERLY TIMING

EVENT SHIFTS & REVENUE RECOGNITION IMPACTS

Incr (+) / Decr (-) vs. LY	Q1	Q2	Q3	Q4	FY 18
Considerations	(+) Triple Points	<i>Roughly offsets</i> (-) Triple Points (+) Anniversary (+) Rev Recognition	<i>Roughly offsets</i> (+) Half Yearly (-) Anniversary (-) Rev Recognition	(-) Half Yearly (-) 53 rd week	(-) 53 rd week
Estimated net impact to Total sales growth	~250 bps	~100 bps	(~100 bps)	(~600 bps)	(~100 bps)
Estimated net impact to Comp sales growth	No associated impact▶			
Estimated impact of revenue recognition on gross profit related to Anniversary		~ \$30M	~ (\$30M)		



Q&A

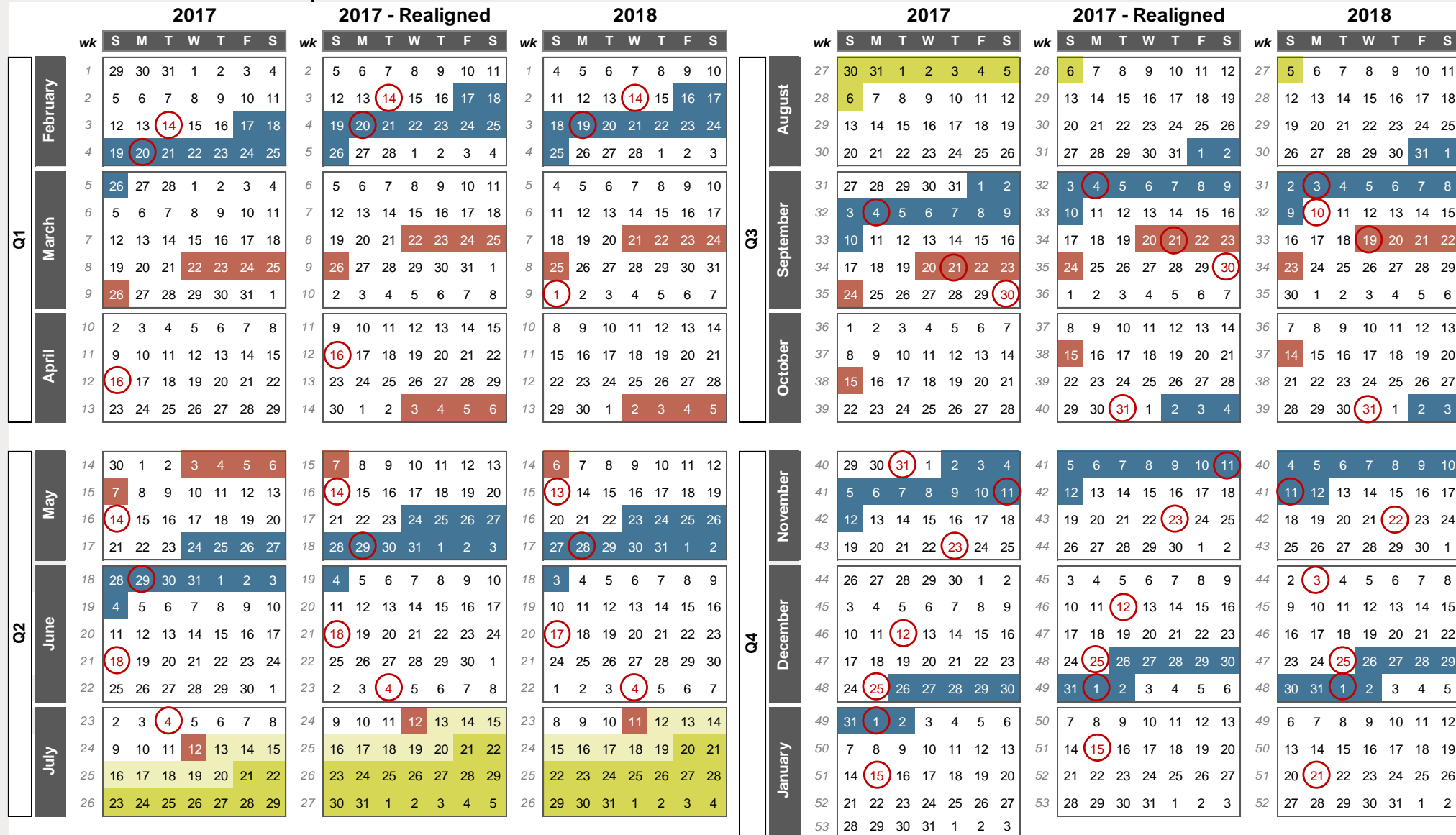
FINANCIAL COMMITMENTS DRIVING SUPERIOR RETURNS

5-YEAR CAGR TARGETS: EBIT GROWTH 5-6% OUTPACING SALES GROWTH 3-4%

	2017	2020E	2022E
CONTINUING MARKET SHARE GAINS	5% SALES 5-YEAR CAGR	~3% SALES 3-YEAR CAGR	3% TO 4% SALES 5-YEAR CAGR
IMPROVING PROFITABILITY & RETURNS	6.1% EBIT MARGIN	+20 TO 40 BPS 2017 TO 2020E	+50 TO 80 BPS 2017 TO 2022E
	9.7% ADJUSTED ROIC	MID-TEENS ADJUSTED ROIC	MID-TEENS ADJUSTED ROIC
MAINTAINING DISCIPLINED CAPITAL ALLOCATION	\$0.6B FREE CASH FLOW	~\$0.8B FREE CASH FLOW BY 2020	~\$1B FREE CASH FLOW BY 2022

Forecasted Adjusted ROIC does not include the impact from the adoption of lease accounting changes beginning in fiscal 2019. See reconciliation of non-GAAP measures on the company's investor relations website at investor.nordstrom.com under the Websites & Presentations tab.

APPENDIX | FY2018 CALENDAR



- Full Price Clearance (e.g. Half Yearly)
- Triple Points / L4 Day
- Anniversary & Early Access
- Holiday