

Q1 2020 EARNINGS CALL

NORDSTROM



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-Q, 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.

ERIK NORDSTROM

CHIEF EXECUTIVE OFFICER



STRENGTHENED FINANCIAL FLEXIBILITY



ENTERED YEAR WITH
STRONG MOMENTUM



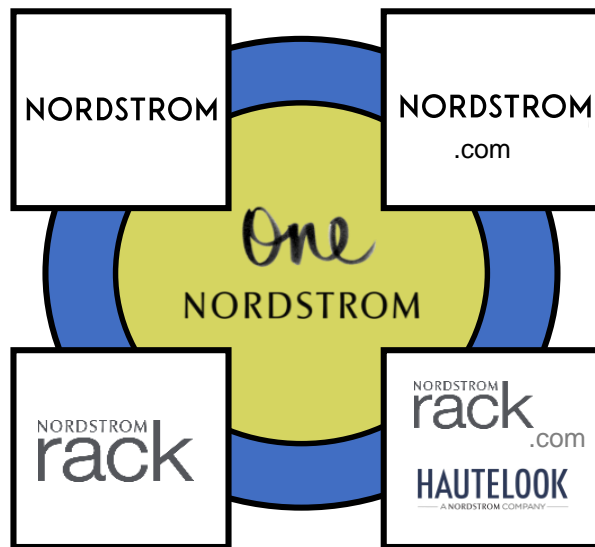
REDUCED INVENTORY
BY MORE THAN 25%



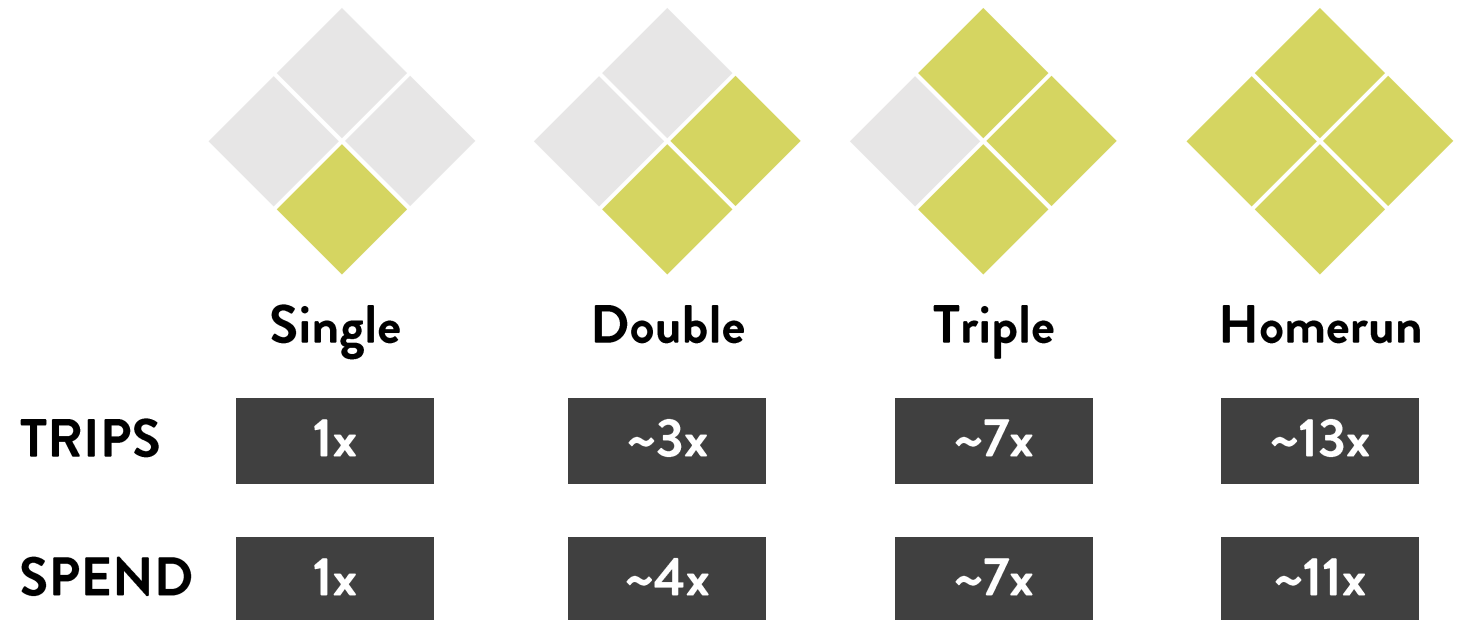
INCREASED LIQUIDITY &
REDUCED CASH BURN

SYNERGIES & FLEXIBILITY OF OUR MODEL

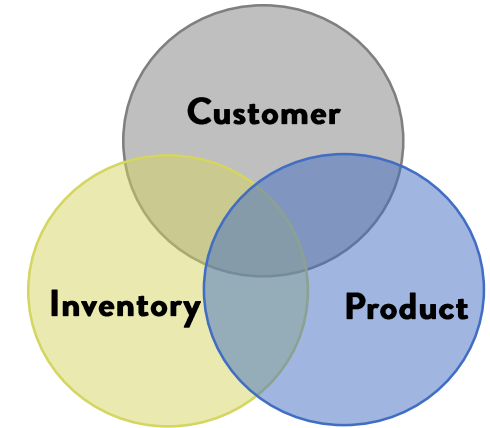
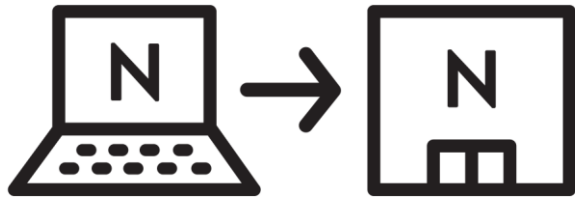
OUR FOUR BOX OFFER



PER CUSTOMER IMPACT BY CHANNELS SHOPPED



ACCELERATING STRATEGIC PLANS



**OPTIMIZING DIGITAL &
PHYSICAL ASSETS UNDER
MARKET STRATEGY**

**CREATING A LEANER
& MORE FLEXIBLE
ORGANIZATION**

**CONTINUING TO
INVEST IN DIGITAL
CAPABILITIES**

PHASED APPROACH TO REOPENING



- ☑ **WHERE ALLOWED**
by state and local governments
- ☑ **WHEN WE ARE PREPARED**
with the right safety measures
- ☑ **WHEN WE BELIEVE**
we can provide for the safety and wellbeing of employees and customers

LEVERAGING DIGITAL & PHYSICAL CAPABILITIES



UNITS FULFILLED FROM STORES

+50%

NORDSTROM.COM

~25%

NORDSTROMRACK.COM

LAUNCHED DEDICATED CANADA E-COMMERCE

~10X

PREVIOUS ONLINE
SALES VOLUME

NORDSTROM

SUPPORTING OUR PEOPLE & COMMUNITIES

SUPPORTING OUR EMPLOYEES

- 3 weeks of pay for store employees and \$2/hr premium pay for supply chain employees
- Extended medical benefits through June for furloughed / unscheduled employees
- Financial assistance through our Employee Relief Fund
- Partnered with other trusted companies to provide temporary work opportunities

UPDATING OUR STORES TO KEEP EVERYONE HEALTHY

- Providing face coverings for employees and customers
- Modifying fitting room experience and keeping tried on merchandise off the sales floor for a period of time
- Offering contactless curbside pickup at most full-line stores
- Pausing or adapting high-touch services and customer events
- Learn more at our [COVID-19 hub](#)

AMPLIFYING OUR COMMUNITY IMPACT

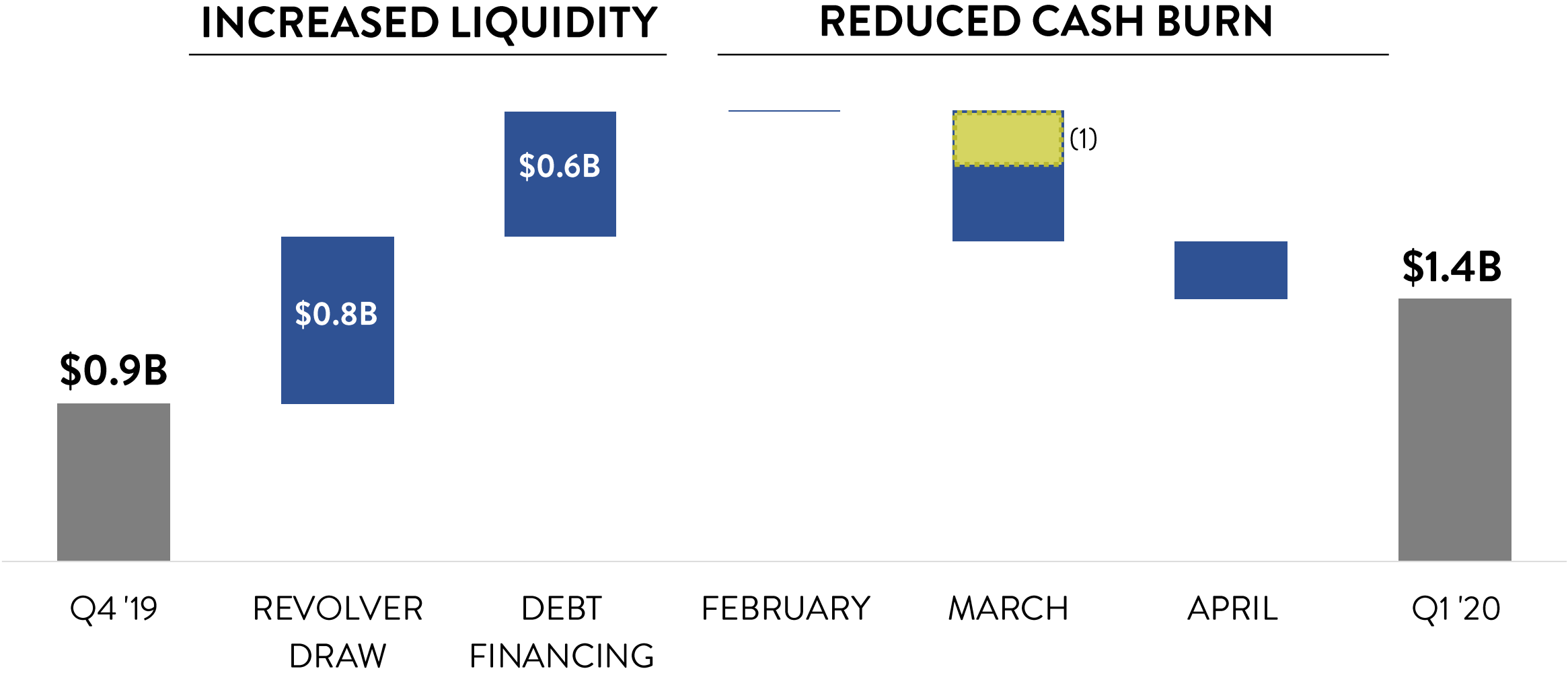
- Committed to making 1 million masks for healthcare workers
- Learn more on [Nordstrom Now](#)

ANNE BRAMMAN

CHIEF FINANCIAL OFFICER



INCREASED CASH POSITION



(1) Includes annual performance-related payments, dividend and COVID pay due to store closures

LONG-TERM CAPITAL ALLOCATION PRINCIPLES

MAINTAIN INVESTMENT GRADE CREDIT RATING

Target adjusted debt to EBITDAR 1.5X to 2.5X

1

REINVEST IN BUSINESS

Investments in technology and
supply chain capabilities

2

DIVIDENDS

Target dividend payout 30% - 40%

3

SHARE REPURCHASES

*As a result of COVID-19, capital expenditures have been reduced by ~30%
and we suspended dividends and share repurchases.*

COVID-19 RELATED CHARGES

CHARGES *(\$ in millions)*

Q1 IMPACT

ASSET IMPAIRMENT (NON-CASH)⁽¹⁾

\$117

PREMIUM PAY & BENEFITS

109

RESTRUCTURING⁽²⁾

88

CARES ACT CREDITS

(34)

TOTAL

\$280

*After-tax net charges
of \$173M or \$1.10*

GROSS PROFIT DECREASE

\$30

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

\$250

(1) *Related to permanent store closures*

(2) *Restructuring of regional and corporate support organization*

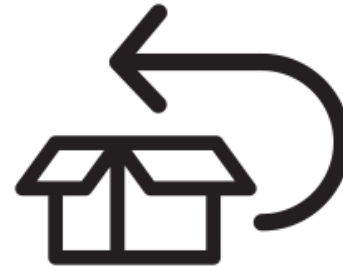
Q1 2020 SUMMARY

SALES



MAINTAINED **CONSISTENT**
ONLINE TRENDS
WITH H2 2019

GROSS PROFIT



ENTERING Q2
IN A **FAVORABLE**
INVENTORY POSITION

SG&A



DECREASED ~25%*
FROM LOWER VOLUME &
REDUCED OVERHEAD

** Excludes COVID-19 related charges of \$250M*

INCREASED FLEXIBILITY & LIQUIDITY

+\$500M EXPECTED FY2020 CASH SAVINGS

GENERATE CUSTOMER DEMAND

DIVIDEND & SHARE BUYBACKS

FINANCING

WORKING CAPITAL

CAPEX

OPERATING EXPENSE

- Increased marketing & promotions
- Leveraged store fulfillment capabilities

- Suspended dividend payments beginning Q2
- No share repurchases in Q1

- Drew down & amended \$800M revolver
- Issued \$600M in secured debt

- Reduced inventory by more than 25%
- Extended vendor payment terms

- Decreased plan by ~30%
- Prioritizing tech & supply chain

- On track to reduce overhead expenses by ~20%*

* Excludes occupancy, on an annualized basis



Q&A



NORDSTROM

APPENDIX | 2020 STORE CLOSURES

FULL-LINE STORES

1. Chandler Fashion Center – Chandler, AZ
2. North County – Escondido, CA
3. Montclair Place – Montclair, CA
4. Stoneridge – Pleasanton, CA
5. Tyler – Riverside, CA
6. Arden Fair – Sacramento, CA
7. Santa Barbara Paseo Nuevo – Santa Barbara, CA
8. Flatiron Crossing – Broomfield, CO
9. Dadeland – Miami, FL
10. Waterside – Naples, FL
11. Annapolis Mall – Annapolis, MD
12. Freehold Raceway – Freehold, NJ
13. Clackamas Town Center – Happy Valley, OR
14. The Mall of San Juan – San Juan, PR
15. North East Mall – Hurst, TX
16. Richmond – Richmond, VA

JEFFREY SPECIALTY BOUTIQUES

1. Palo Alto, CA
2. Atlanta, GA
3. New York, NY