

NORDSTROM

Q2 2017 EARNINGS CONFERENCE CALL

August 10, 2017



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 conference call, 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.



BLAKE NORDSTROM

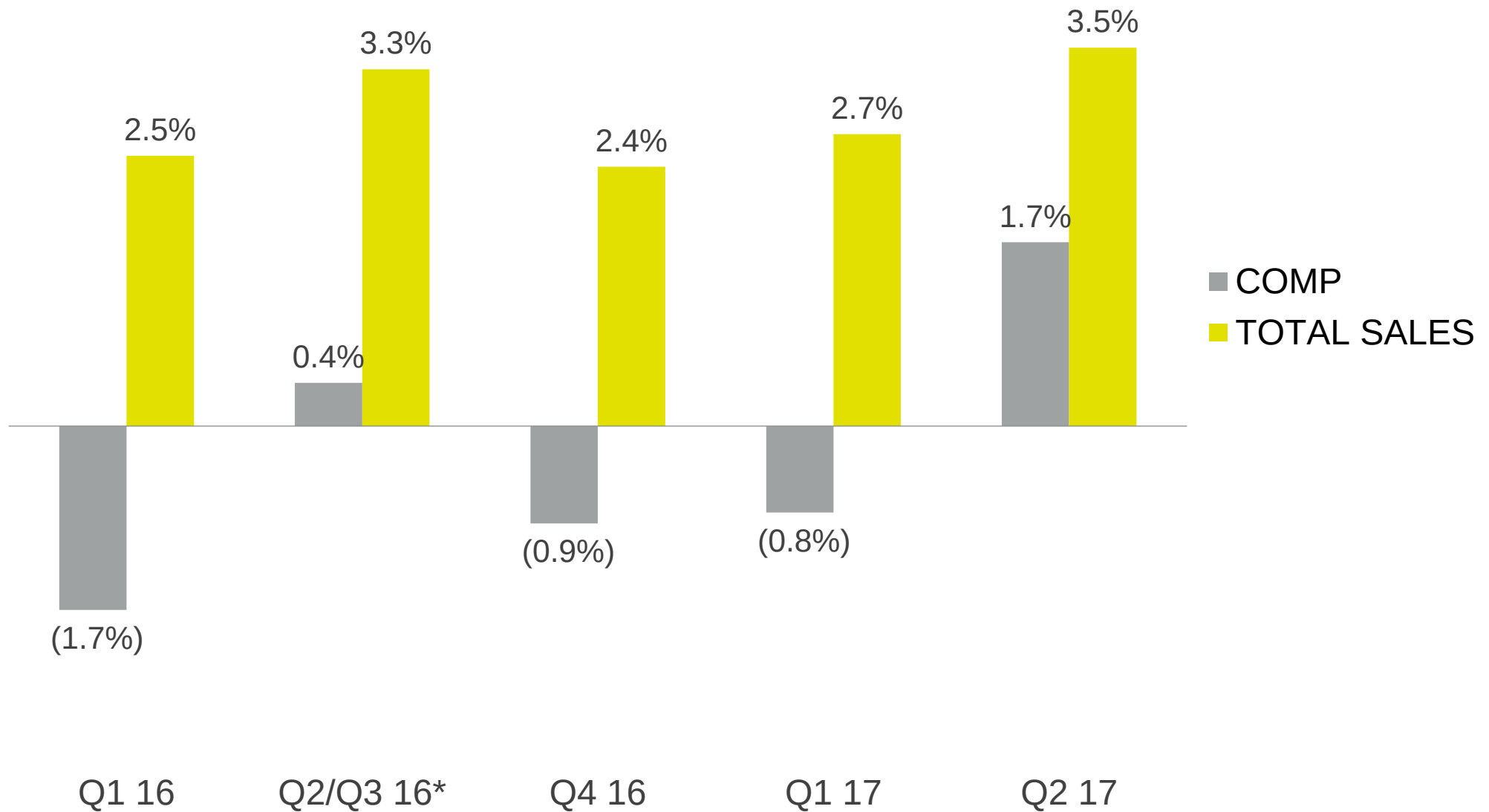
CO-PRESIDENT



IT'S A ONE-OF-A-KIND EVENT!
SHOP BRAND-NEW ARRIVALS AT SUPER-SALE PRICES.

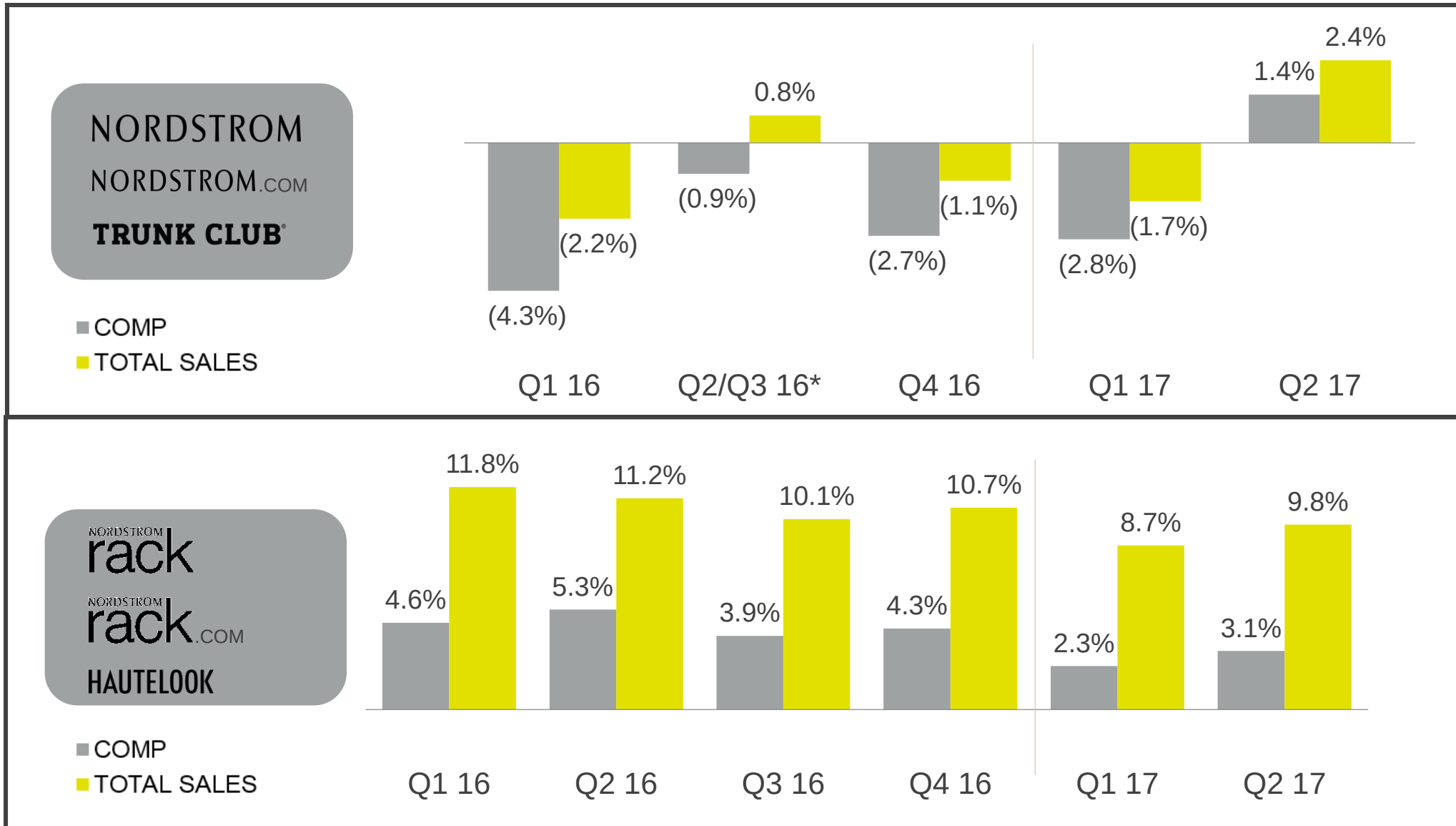
- Improvement from recent trends
- Outsized digital and omni-channel growth
- Strong regular-price selling
- Nordstrom proprietary labels among top 5 selling brands

SALES GROWTH



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

FULL-PRICE AND OFF-PRICE SALES



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

Full-price includes Nordstrom U.S. and Canada full-line stores, Nordstrom.com, and Trunk Club

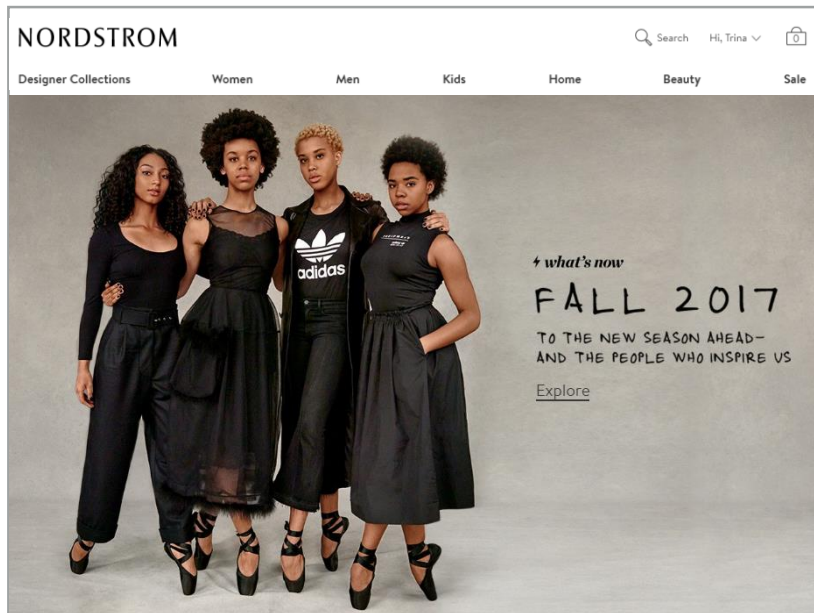
CURRENT INITIATIVES

SERVING CUSTOMERS IN MORE WAYS

OMNI-CHANNEL & DIGITAL GROWTH



BUY ONLINE, PICK-UP IN-STORE
CURBSIDE PICKUP
RESERVE ONLINE AND TRY IN-STORE*



EXPANDING REACH



SHERWAY GARDENS
Toronto, Canada

CENTURY CITY
Los Angeles, CA (relocation)

UNIVERSITY TOWNE CENTRE
San Diego, CA (relocation)

11 NEW RACKS

* Expanding to ~50 stores total in 2017



ANNE BRAMMAN

CHIEF FINANCIAL OFFICER

Q2 FINANCIAL HIGHLIGHTS

- Earnings achieved expectations
- Continued inventory and expense discipline
- Strong financial position

FINANCIAL PERFORMANCE

ACHIEVED EXPECTATIONS

vs. LY	Q2 17
TOTAL SALES	3.5%
COMP SALES	1.7%
RETAIL GROSS PROFIT	(25 bps)
SG&A	(46 bps)
RETAIL EBIT	(13%)
CREDIT EBIT	135%
EBIT	(2%)

BUSINESS MODEL EVOLUTION

- Continue to prioritize investments in top markets
- JWN's combined local market and digital assets represent competitive advantage
- Aligning metrics to better support the underlying economics of the business

FY 2017 EXPECTATIONS

	PRIOR OUTLOOK	UPDATED OUTLOOK
TOTAL SALES	3% TO 4%	~ 4%
COMP SALES	~ FLAT	~ FLAT
RETAIL EBIT	\$780M TO \$840M	\$790M to \$840M
CREDIT EBIT	~ \$140M	~ \$145M
EPS	\$2.75 TO \$3.00	\$2.85 TO \$3.00

See earnings release for assumptions related to fiscal 2017 outlook

A blurred, high-angle photograph of several people walking on a sidewalk. The image is intentionally out of focus, creating a sense of motion and anonymity. The people are dressed in casual attire, and the background shows a paved surface with some yellow markings.

Q&A

INVESTMENT HIGHLIGHTS

DIFFERENTIATED AND SEAMLESS CUSTOMER EXPERIENCE

HIGHLIGHTS	SUCCESS MEASURES
Innovative <u>omni-channel leader</u> with robust e-commerce platform and high-quality store portfolio in top North American markets, consisting of 122 full-line stores and 221 Racks*	■ Nearly 25% online penetration in 2016 ■ \$3B+ e-commerce business, 20%+ CAGR over past 3 years ■ Sales productivity of ~\$500/sq. ft. in 2016 ■ Stores generating positive cash flow
Maintaining <u>relevance</u> with existing and new customers	■ Increasing customer count ■ Maintaining average customer age ■ 56% of sales from Nordstrom Rewards loyalty customers*
<u>Curated product offering</u> supported by strategic brand partnerships	■ Strong regular-price selling trends ■ Growing limited distribution product of highly sought-after brands such as Topshop, Madewell, Brandy Melville, Charlotte Tilbury, and J. Crew
<u>Industry-leading growth</u> through economic cycles	■ Record sales of \$14.5B in 2016 ■ 6% CAGR over past 3 years
<u>Solid balance sheet</u> with healthy cash flow generation	■ Consistently generated \$1B+ annual operating cash flow ■ Maintained solid investment grade rating

* as of end of Q2 2017