

Q2 2019 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

CO-PRESIDENT



2019 SALES

	Q1	Q2	H1
NORDSTROM	(3.5%)	(5.1%)	(4.3%)
FULL-PRICE	(5.1%)	(6.5%)	(5.9%)
OFF-PRICE	(0.6%)	(1.9%)	(1.3%)

Q2 PROGRESS

SALES DRIVERS

LOYALTY

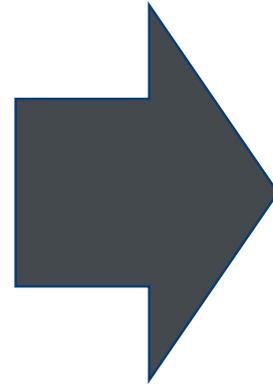
Improved note redemptions

DIGITAL MARKETING

Increased traffic

MERCHANDISE

Continue to re-balance assortment



OUTCOMES

ANNIVERSARY

(+) *Increase customer satisfaction*

(-) *Drive sales*

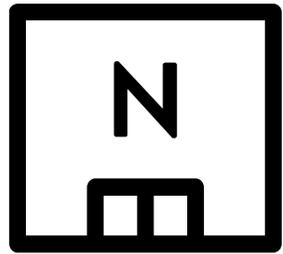
(+) *Improve event economics*

OFF-PRICE

(+) *Strong inventory & expense execution*

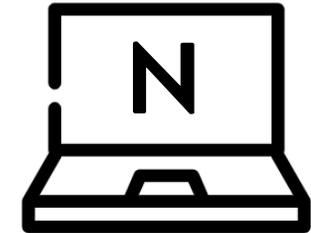
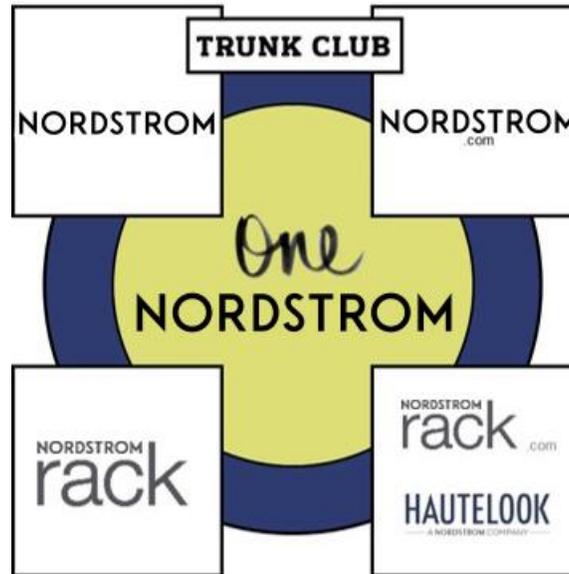
(-) *Further accelerate marketing*

SERVING CUSTOMERS SEAMLESSLY



1/3

customers visit a store
before purchasing online



1/2

customers browse online
before buying in store

SCALING IN LOS ANGELES



ENGAGING WITH SERVICES AT NORDSTROM LOCAL

2.5x customer spend

30% of Order Pick Up* sales

Product returned eight days faster



LEVERAGING INVENTORY

Greater & faster access to merchandise

July Order Pick Up* sales nearly tripled

* Order Pick Up represents Buy Online Pick Up in Store

EXPANDING PRESENCE IN NYC



ANNE BRAMMAN

CFO



SALES DRIVERS

LOYALTY

Addressed execution related
to Nordstrom Notes

DIGITAL MARKETING

Accelerate Off-Price
marketing

MERCHANDISING

Re-balance assortment with
customer demand

Q2 2019 RESULTS

<i>Better/(Worse) than LY</i>	Q1	Q2	H1
Total Sales	(3.5%)	(5.1%)	(4.3%)
Inventory Decrease	5.3%	6.5%	6.5%
Gross Profit % of Sales	(60 bps)	(50 bps)	(55 bps)
SG&A % of Sales	(168 bps)	(26 bps)	(93 bps)
EBIT % of Sales	(212 bps)	(47 bps)	(125 bps)

FY 2019 OUTLOOK

PRIOR OUTLOOK

UPDATED OUTLOOK

Net sales

2% decrease to flat

~ 2% decrease

Credit revenue growth

Low to mid single-digit

Low to mid single-digit

EBIT

\$805M to \$890M

\$805M to \$855M

EBIT margin

5.3% to 5.8%

5.3% to 5.6%

EPS

\$3.25 to \$3.65

\$3.25 to \$3.50

2019 OUTLOOK ASSUMPTIONS

YOY Increase / (Decrease)

H1

H2

FY 2019

Sales

(4.3%)

Flat at mid-point

- Re-balancing merch assortment
- Accelerating marketing
- Lapping The Nordy Club launch
- NYC flagship opening

~(2%)

Q3 Assumptions: *(vs LY)*

- Modest sales improvement from H1
- Gross profit rate expansion
- SG&A rate deleverage*
- EBIT margin rate relatively flat*

FY 2019 Assumptions:

- Interest expense of ~\$110M
- Effective tax rate of ~27%
- Diluted shares outstanding ~157M

* Excludes Q3 non-recurring estimated credit-related charge of \$72M in 2018. Please reference Q3 2018 Earnings Release or Q3 Form 10-Q for additional information.

LONG-TERM VALUE CREATION

GAIN MARKET SHARE

Local market strategy
Generational investments

IMPROVE PROFITABILITY & RETURNS

Leveraging inventory
Bending expense curve

MAINTAIN DISCIPLINED CAPITAL ALLOCATION

Moderating capex
Accelerating free cash flow



Q & A



NORDSTROM