



# NORDSTROM

## Q2 EARNINGS CONFERENCE CALL

August 11, 2016



# 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.

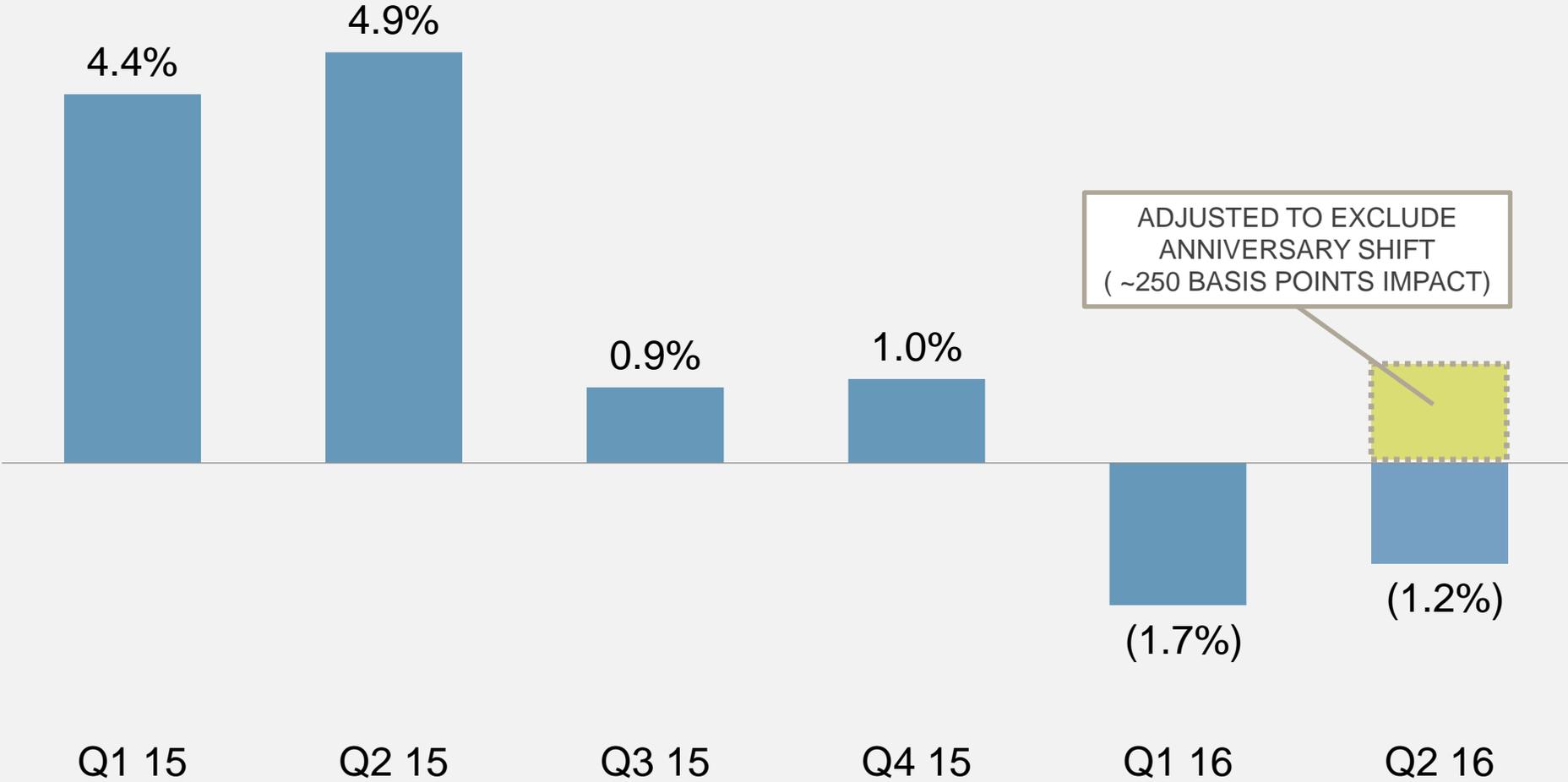


# BLAKE NORDSTROM

CO-PRESIDENT, NORDSTROM, INC.

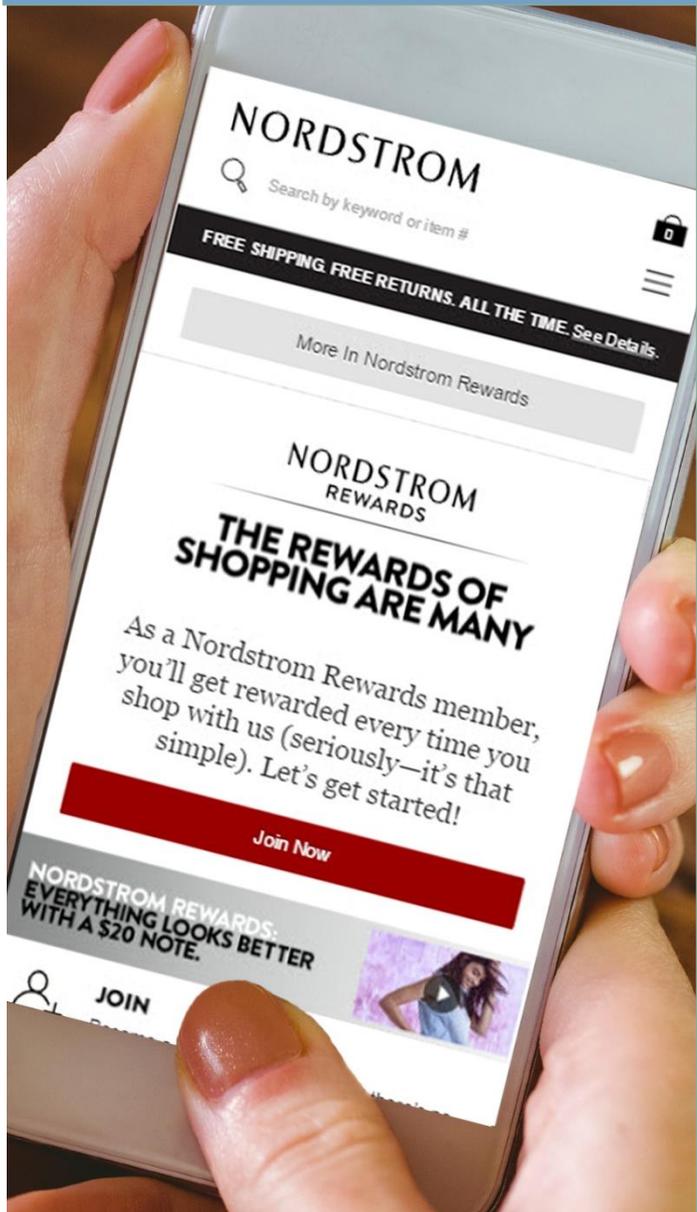
# COMP SALES

REFLECTED STRONG ANNIVERSARY SALE

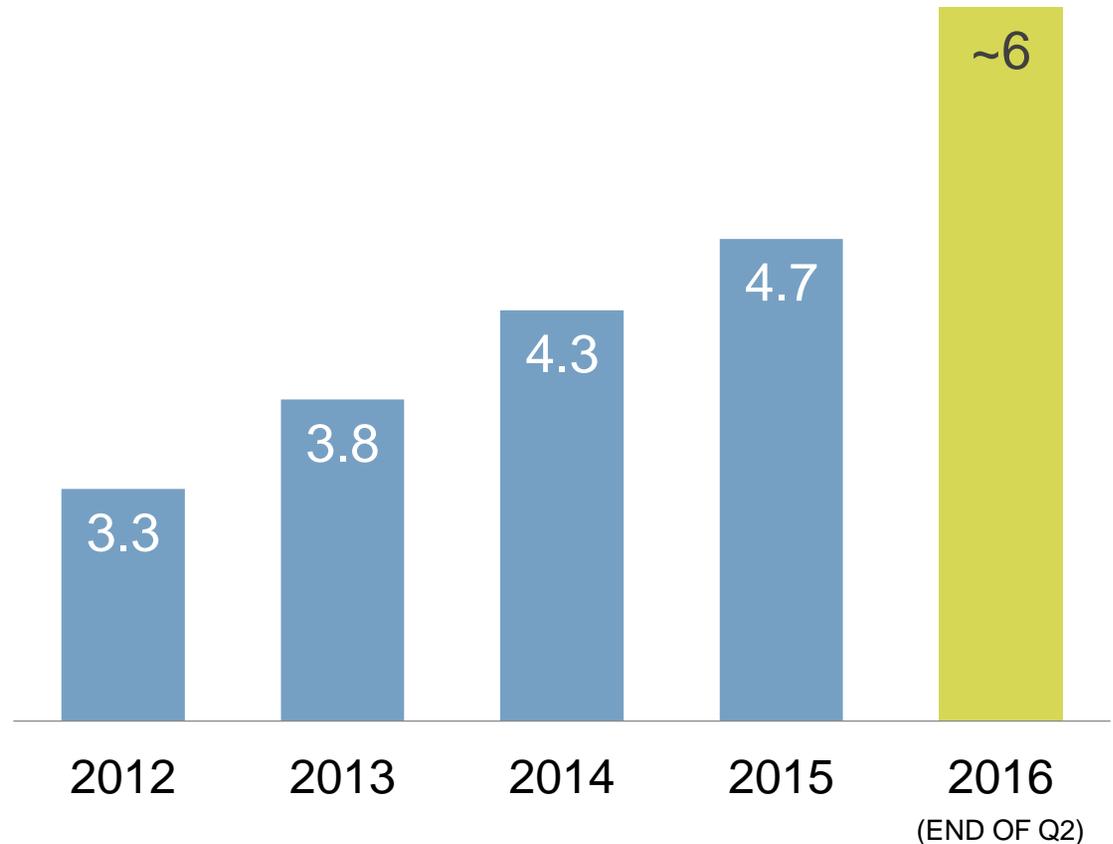


# DRIVING LOYALTY

## SUCCESSFUL LAUNCH OF EXPANDED PROGRAM



### ACTIVE REWARDS CUSTOMERS (in millions)



ACTIVE REWARDS CUSTOMERS: SHOPPED JWN OVER THE LAST 12 MONTHS

# H2 INITIATIVES

## EXECUTING ON GROWTH STRATEGY

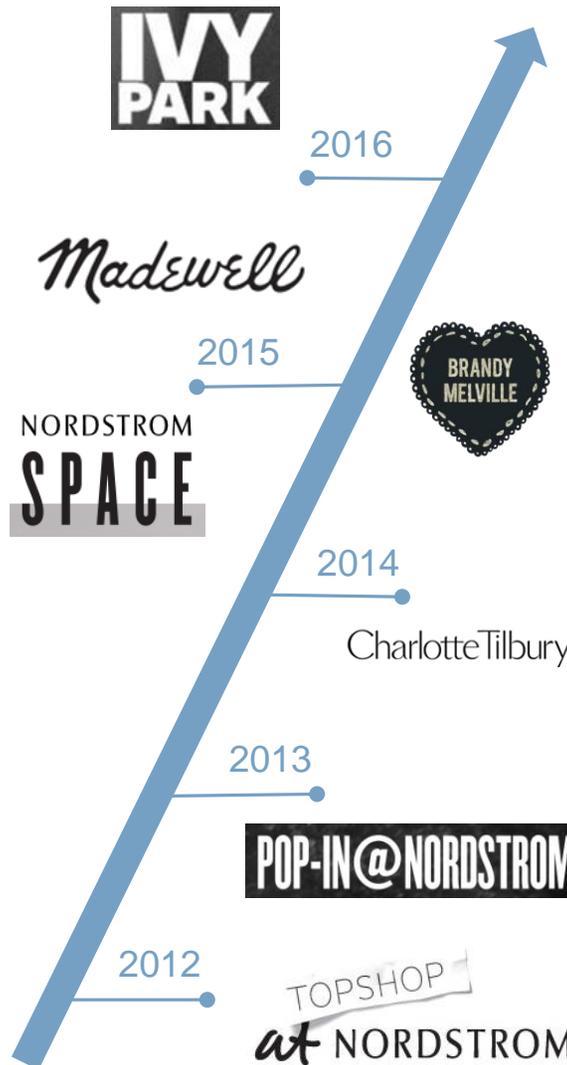
### EXPANDING REACH

- CONTINUE CANADA EXPANSION WITH TWO STORES IN TORONTO
- OPENING 2<sup>ND</sup> FULL-LINE STORE IN AUSTIN, TX
- 15 NEW RACK STORES IN FALL



Flagship store in Eaton Centre, Toronto

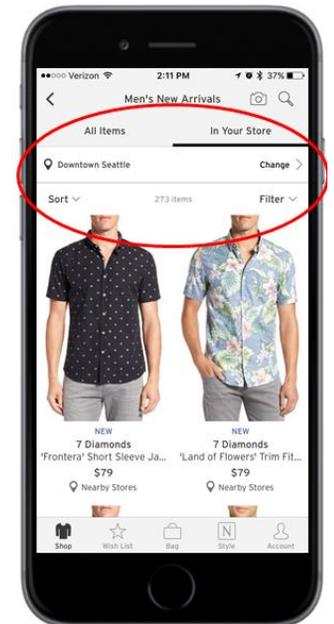
### BRAND COLLABORATIONS



### DIGITAL EXPERIENCE

- INTEGRATING STORE & ONLINE EXPERIENCE
- MOBILE AND WEB ENHANCEMENTS

*New mobile app features include store mode and visual search*

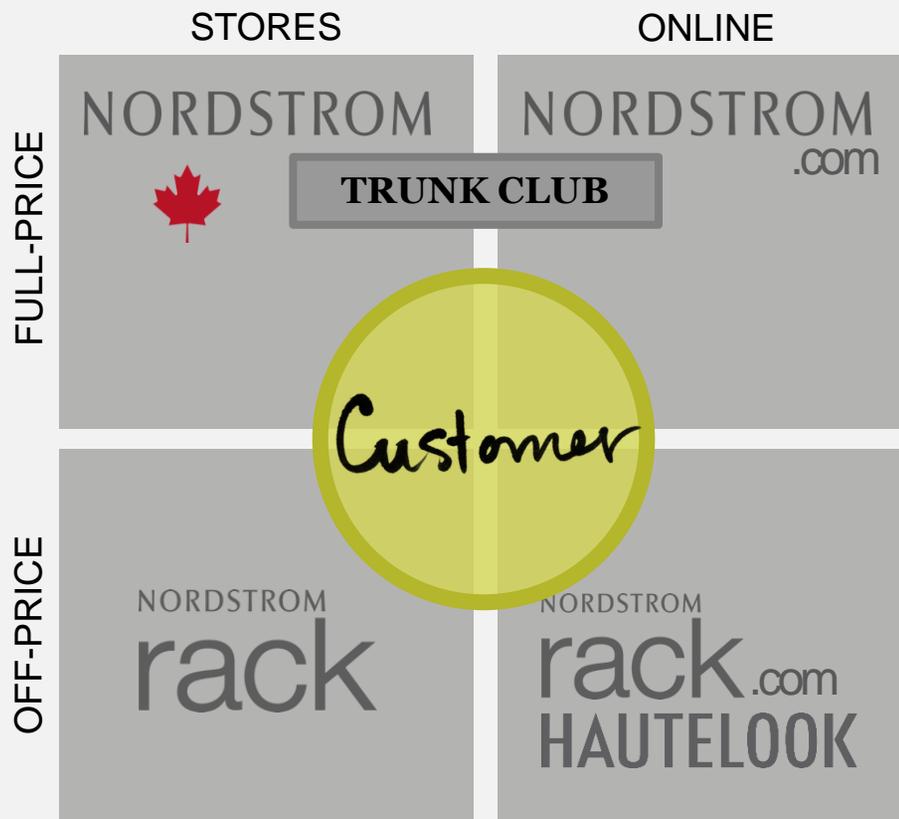


# STRATEGY

IMPROVING CUSTOMER EXPERIENCE

SEAMLESS EXPERIENCE

SUCCESS METRICS



## GAIN MARKET SHARE

- Grow sales faster than industry



## INCREASE RELEVANCE

- Increase total & new customers
- Maintain average customer age
- Improve customer experience



## DELIVER TOP-TIER TSR

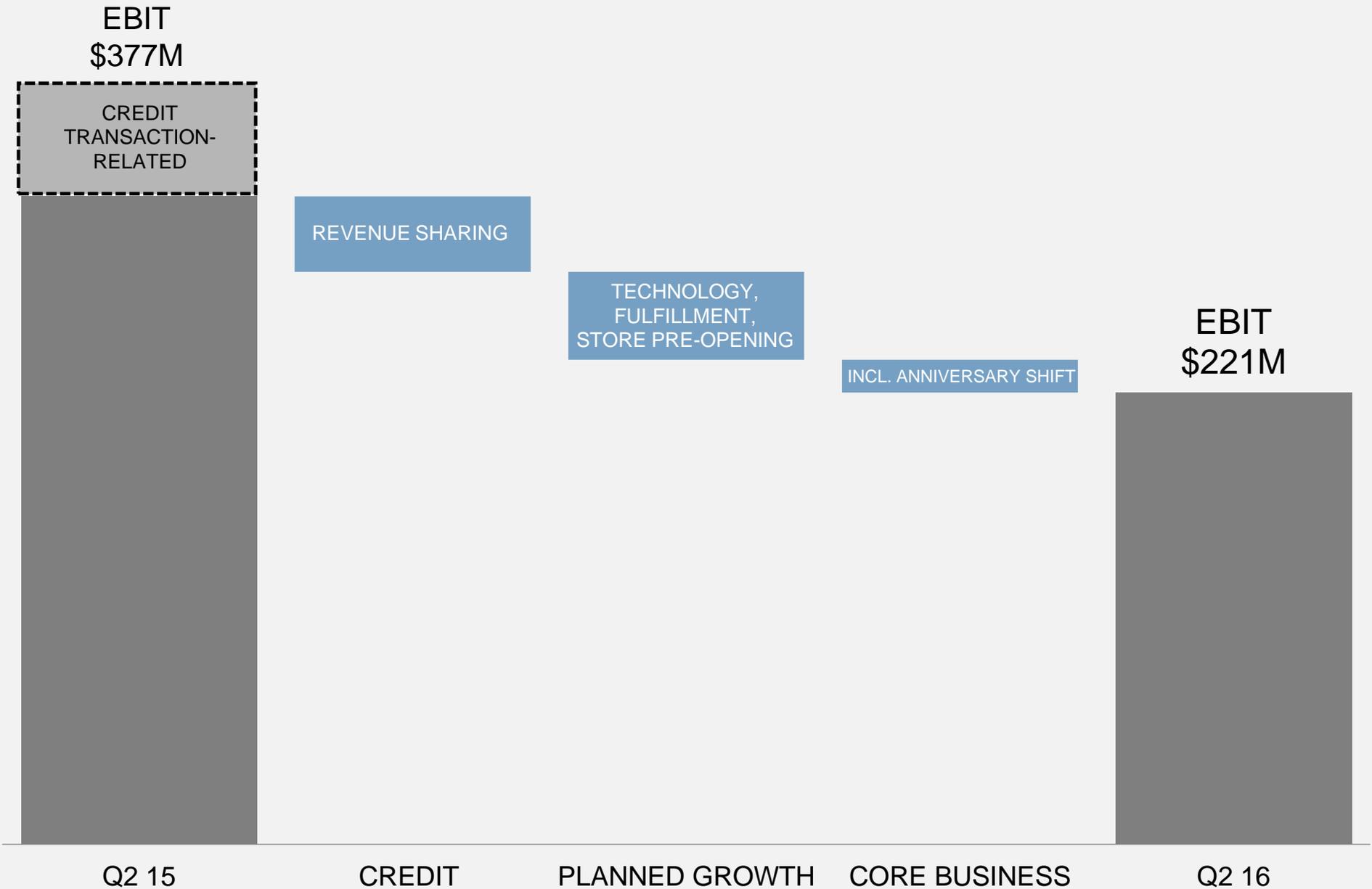
- Improve profitability

# MIKE KOPPEL

EVP & CFO, NORDSTROM, INC.

# EARNINGS PERFORMANCE

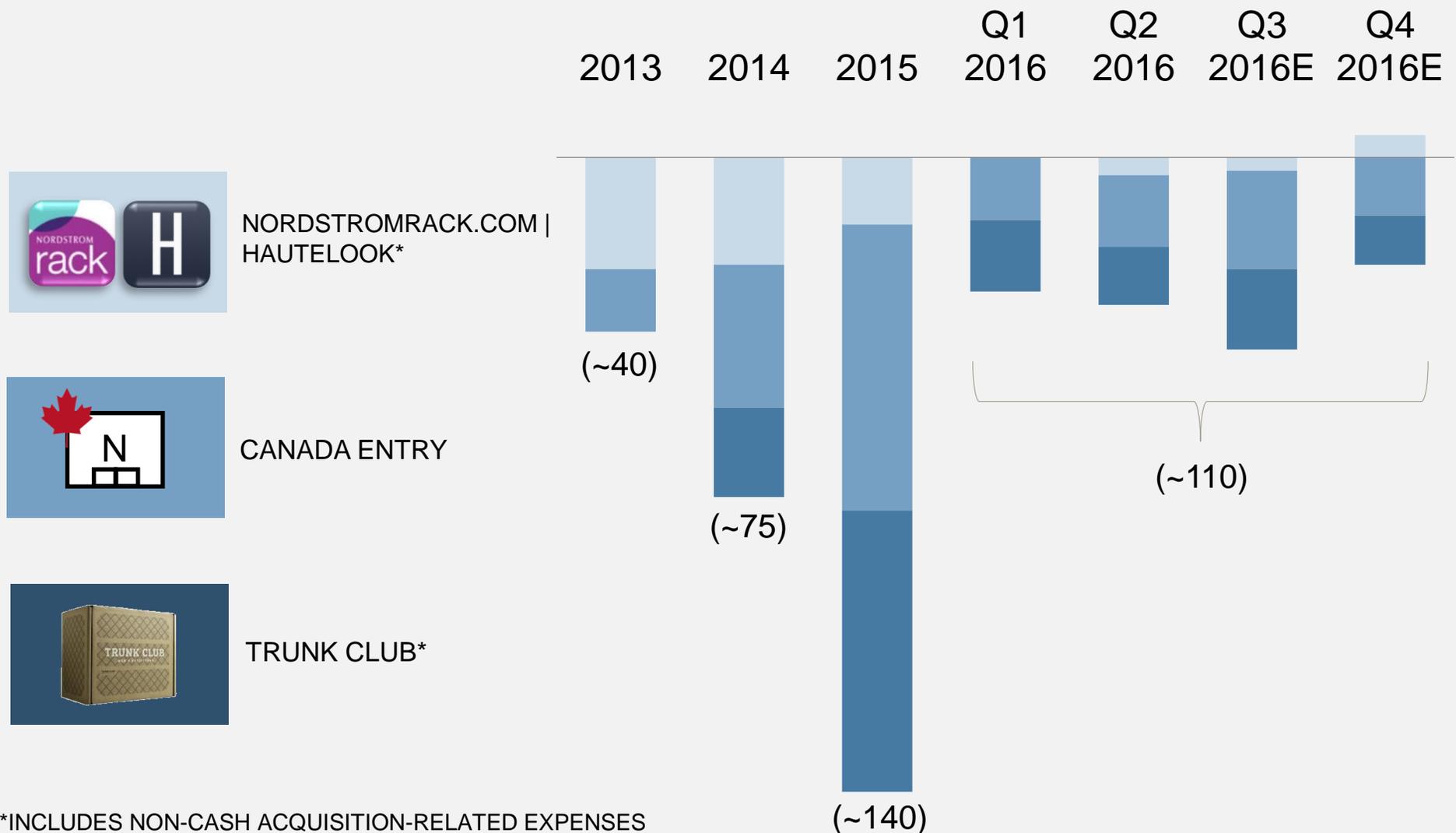
IMPACTED BY CREDIT TRANSACTION & PLANNED GROWTH



# STRATEGIC GROWTH INVESTMENTS

EXPECTED TO ADD OVER \$1 BILLION TO TOP-LINE IN 2016

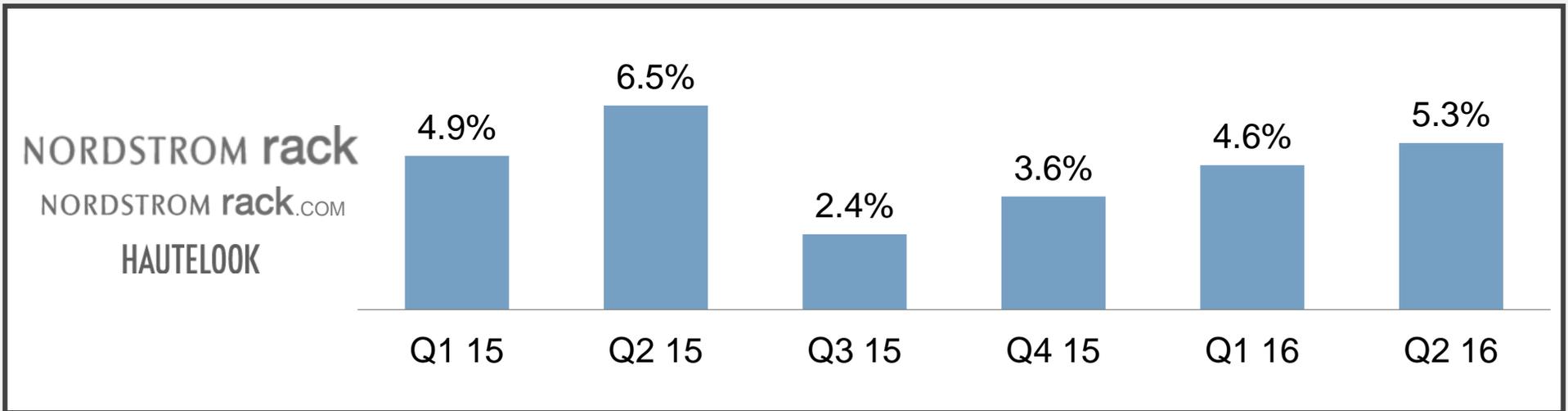
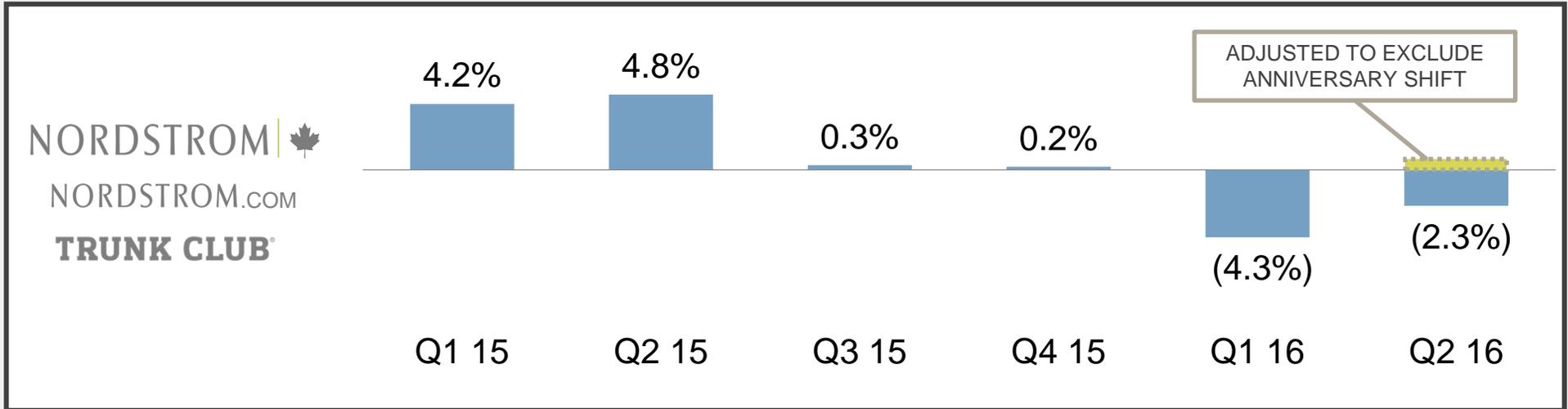
## EBIT IMPACT (\$M)



\*INCLUDES NON-CASH ACQUISITION-RELATED EXPENSES

# COMP SALES TRENDS

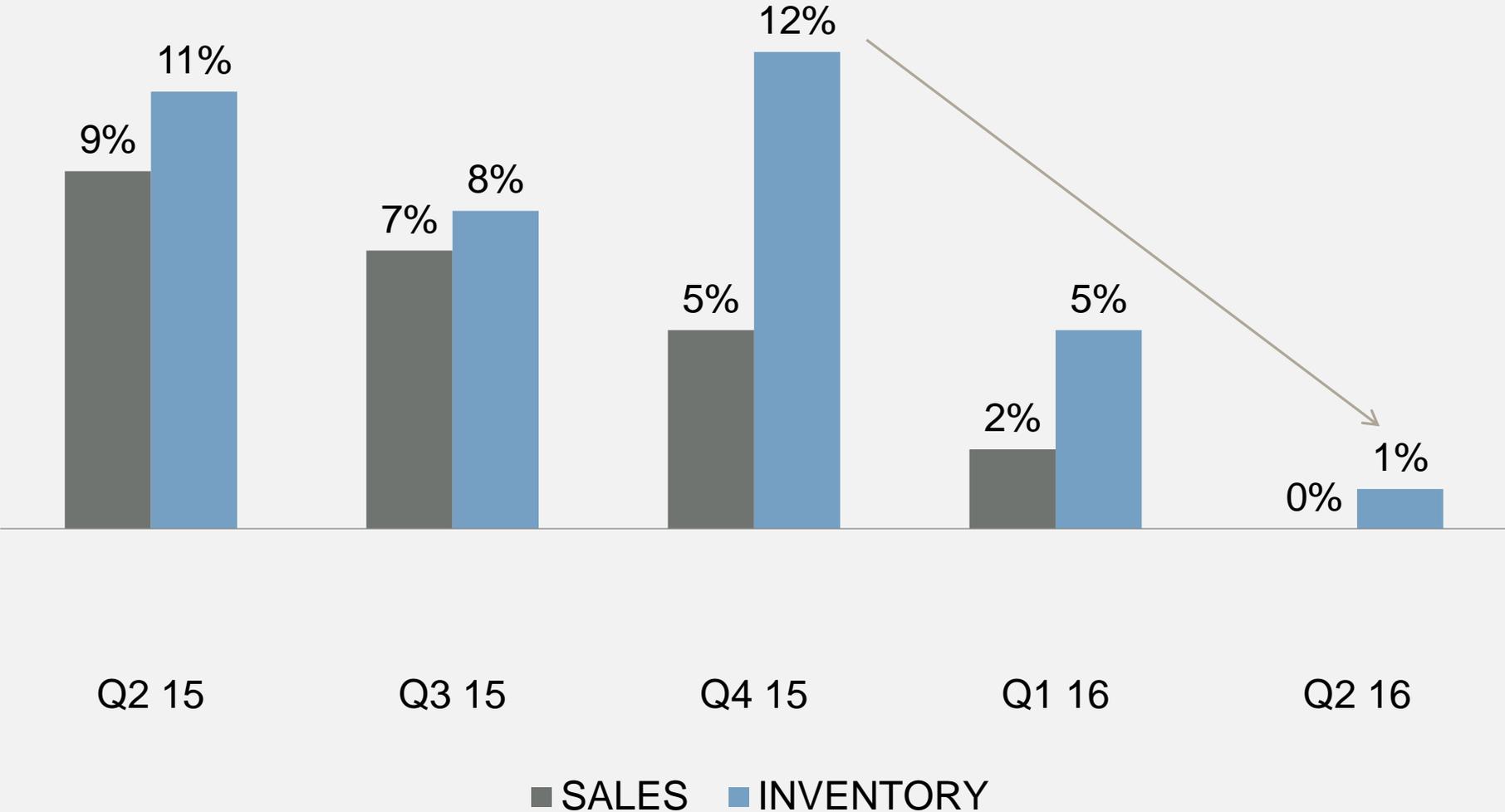
REFLECTED STRONG ANNIVERSARY SALE



TOTAL COMPANY	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
	4.4%	4.9%	0.9%	1.0%	(1.7%)	(1.2%)

# INVENTORY MANAGEMENT

ALIGNING INVENTORY GROWTH WITH SALES TRENDS



# BUSINESS MODEL EVOLUTION

IMPROVING PRODUCTIVITY

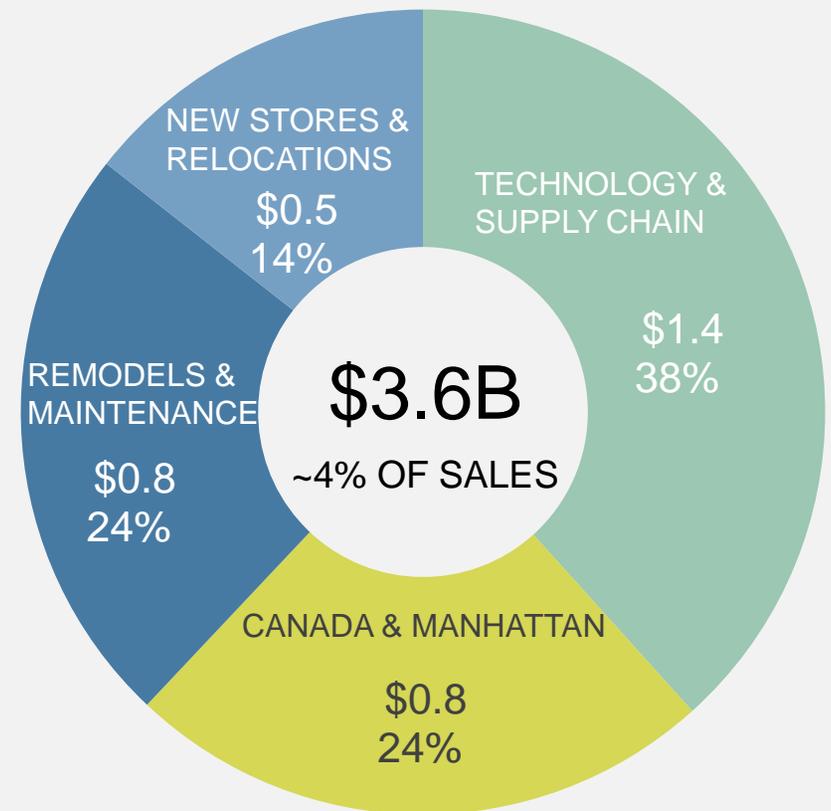
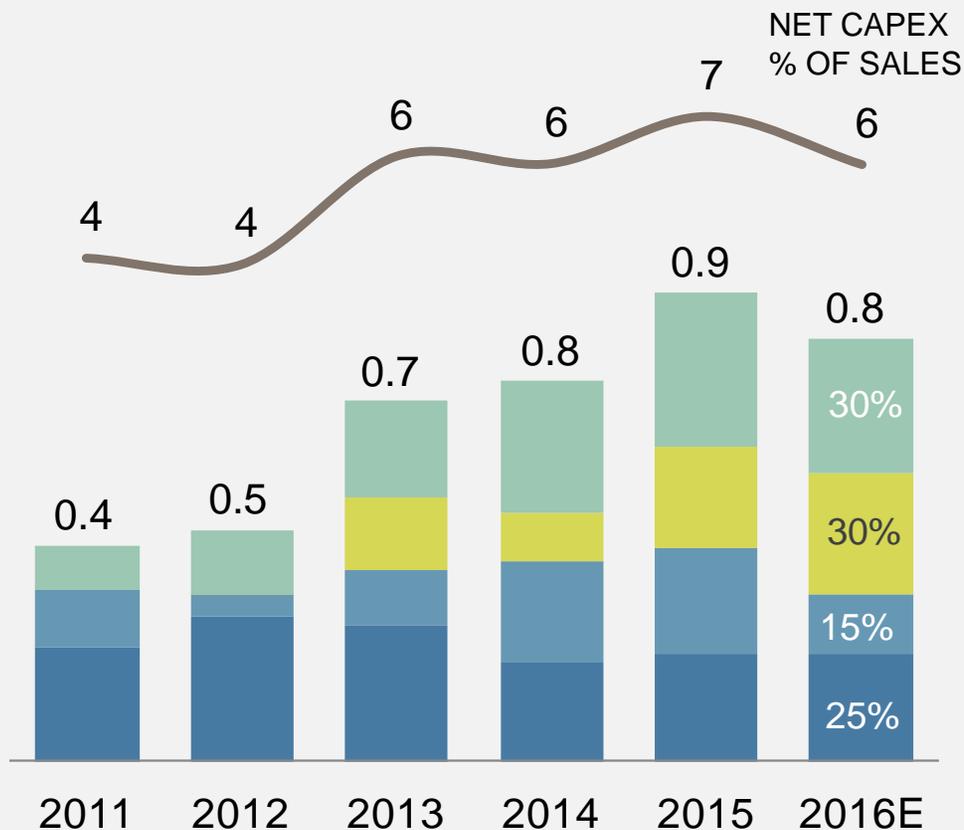
CAPABILITIES	CURRENT PROGRESS
 <b>TECHNOLOGY</b>	Modernizing technology platform to increase productivity
 <b>SUPPLY CHAIN</b>	Implementing initiatives to improve operating performance
 <b>MARKETING</b>	Realigning marketing efforts with focus on customer journey
 <b>CORPORATE</b>	Streamlining corporate headquarters

# CAPITAL DEPLOYMENT

REPRIORITIZING INVESTMENTS WITH EVOLVING CUSTOMER EXPECTATIONS

HISTORICAL NET CAPEX (\$B)  
(2011-2016E)

5 YEAR CAPITAL PLAN  
(2016E-2020E)



NET CAPEX REFLECTS GROSS CAPEX NET OF DEFERRED PROPERTY INCENTIVES

# FY 2016 EXPECTATIONS

BETTER / (WORSE) VS. LY	PRIOR OUTLOOK	UPDATED OUTLOOK
TOTAL SALES (%)	2.5 – 4.5	2.5 – 4.5
COMP SALES (%)	(1) – 1	(1) – 1
RETAIL EBIT (%)	(10) – (20)	(10) – (15)
CREDIT EBIT (M)	\$70 – \$80	~\$80
<b>DILUTED EPS</b>	<b>\$2.50 – \$2.70</b>	<b>\$2.60 – \$2.75</b>



Q&A

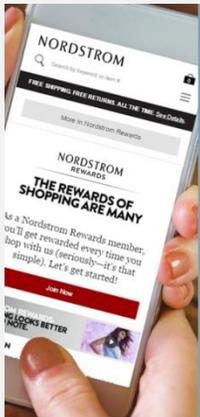
# NORDSTROM | Q2 2016 OVERVIEW

Q2 results reflected strong Anniversary performance, inventory and expense execution

## BUSINESS UPDATE

### EXPANDED LOYALTY PROGRAM

- Successful launch



ACTIVE REWARDS CUSTOMERS: SHOPPED JWN OVER THE LAST 12 MONTHS

## FINANCIAL PERFORMANCE

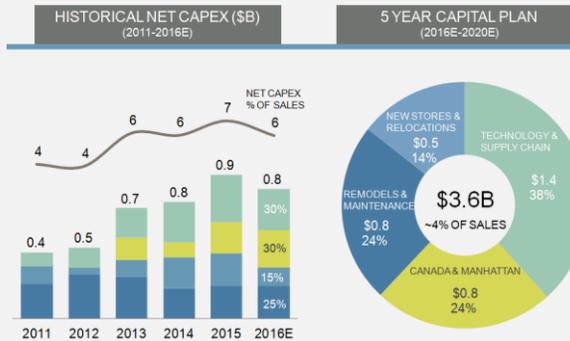
### TOTAL SALES \$ & COMP %

- Reflected strong Anniversary Sale



### CAPITAL INVESTMENTS

- Reprioritized with customer expectations



## GOING FORWARD

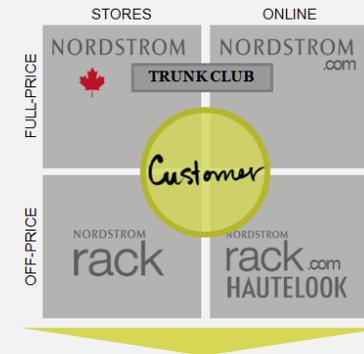
### BUSINESS EVOLUTION

- Improving productivity

CAPABILITIES	CURRENT PROGRESS
TECHNOLOGY	Modernizing technology platform to increase productivity
SUPPLY CHAIN	Implementing initiatives to improve operating performance
MARKETING	Realigning marketing efforts with focus on customer journey
CORPORATE	Streamlining corporate headquarters

### CUSTOMER STRATEGY

- Improving customer experience



## H2 GROWTH INITIATIVES

- Executing on growth strategy

EXPANDING REACH	BRAND COLLABORATIONS	DIGITAL EXPERIENCE
<ul style="list-style-type: none"> <li>• CONTINUE CANADA EXPANSION WITH TWO STORES IN TORONTO</li> <li>• OPENING 2<sup>ND</sup> FULL-LINE STORE IN AUSTIN, TX</li> <li>• 15 NEW RACK STORES IN FALL</li> </ul> <p>Flagship store in Eaton Centre, Toronto</p>	<ul style="list-style-type: none"> <li>• INTEGRATING STORE &amp; ONLINE EXPERIENCE</li> <li>• MOBILE AND WEB ENHANCEMENTS</li> </ul> <p>New mobile app features include store mode and visual search</p>	<ul style="list-style-type: none"> <li>• INTEGRATING STORE &amp; ONLINE EXPERIENCE</li> <li>• MOBILE AND WEB ENHANCEMENTS</li> </ul>

## 2016 OUTLOOK

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• Improve profitability