**RH Fourth Quarter and Fiscal 2016 Earnings Video**
**March 28, 2017**

***Gary Friedman, Chairman and Chief Executive Officer***

Helen Keller once said, "The only thing that's worse than being blind, is having sight but no vision."

At RH, we concur, and believe vision is everything.

Vision leads the leader.

It ignites the human spirit, generating hope and inspiration that can turn a Company into a Cause.

We also believe vision has to come from within.

It doesn't come from listening to focus groups, or outside consultants.

It requires thinking until it hurts, until we can see what others can't see, and do what others can't do.

Vision requires having the courage to destroy today's reality, so we can create tomorrow’s future.

At RH, we've had the vision to:

Create the most compelling and comprehensive product offering in our market.

Curate a brand aesthetic that is recognized nationally and desired globally.

Build a product platform that attracts and amplifies the best design and manufacturing talent in our industry.

Produce product of quality in quantity, enabling us to offer a disruptive value proposition.

Create some of the most inspiring and immersive physical retail experiences in the world.

Introduce an integrated hospitality experience that activates all of the senses and drives significant traffic to our Galleries.

Launch one of the most exciting new concepts in retail, RH Modern, that we believe will quickly become a billion-dollar brand.

Build an interior design business that moves us beyond creating and selling products to conceptualizing and selling spaces.

Develop a fully integrated multi-channel platform that enables us to scale new products and businesses quickly and profitably.

Add the prestigious Waterworks brand to our platform, positioning RH as the only luxury brand addressing every room of the home.

And lastly, make the brave move from a promotional to a membership model that will elevate our brand, streamline our business, and drive higher profit margins for years to come.

In many ways we have built a brand with no peer, that is disrupting the marketplace, and cannot be replicated online.

Yet, with all that we've done, we have three important goals to accomplish in our quest to become one of the most admired brands in the world.

One, develop a back-end operating platform and customer experience that matches the front-end quality of our brand.

Two, drive mid-teens operating margins and returns on invested capital.

And three, generate significant free cash flow and internally fund our growth.

Let me take a moment to put our 2016 performance into perspective, articulate our priorities for 2017, and frame our outlook for 2018 and beyond.

2016 was a year of Transformation and Transition.

We transformed our business from a promotional to a membership model that will enhance our brand, streamline our operations, and vastly improve the customer experience.

We also began the transformation of our supply chain network design.

As you know, we aggressively rationalized our product offer last year so we could forgo building a planned distribution center scheduled to open in 2017.

We are in the process of transitioning our inventory into fewer facilities, which will simplify our business and significantly reduce working capital.

2016 was also the first full year of many new business initiatives such as RH Modern, RH TEEN, RH Hospitality, the redesign of our RH Interiors Source Book, the rollout of Design Ateliers, and the addition of Waterworks to our platform.

All of these new initiatives are expected to contribute to growth in 2017 and beyond.

2017 will be the year of Execution, Architecture, and Cash.

First, our efforts will be focused on the execution of our core RH business, our new membership model, and the new businesses introduced in 2016.

We just completed the mailing of our 2017 Outdoor Source Book, with 340 pages of inspired design, and featuring seven new collections.

We also plan to unveil the second edition of RH Modern this spring, featuring 38 new furniture and lighting collections, across more than 400 pages.

As you know, we mailed our completely redesigned RH Interiors Source Book this past fall.

The book, designed by esteemed art director Fabien Baron, has a clean and contemporary design that gives more prominence to the talented designers, artisans, and manufacturers we work with around the world.

Additionally, we are beginning to see the investment we made in RH Design Services begin to bear fruit.

As you might recall, we installed Design Ateliers across our fleet, and significantly expanded the number of interior designers in our Galleries.

In 2017, there will be no new business investments outside of RH Hospitality, where we will have significant start-up costs to support the rollout of an integrated food and beverage experience similar to our successful Gallery at the Three Arts Club in Chicago.

We expect to open 5 new Galleries in 2017 including:

RH Toronto - The Gallery in Yorkdale;

RH Palm Beach - The Gallery at CityPlace;

RH New York - The Gallery in the Historic Meatpacking District;

RH Nashville - The Gallery in Green Hills; and

RH Portland - The Gallery in the Northwest Historic District.

Four of the new Galleries –Toronto, Palm Beach, New York and Nashville - will include cafés, wine vaults, and coffee bars.

Second, we plan to invest significant time in 2017 designing a new back-end operating platform, inclusive of:

The supply chain network;

The home delivery experience; and

A metric-driven quality system and company-wide decision data.

Our goal is to break down the silos that exist in most businesses of scale, and cross-functionally architect a fully-integrated operating platform that simplifies our business, enhances the customer experience, and amplifies decision quality and speed.

And third, we will have a relentless focus on maximizing cash flow and internally fund our growth.

While our investment strategy will always maintain a long-term view, we believe we can improve working capital and ROIC by having a more disciplined approach to capital allocation.

To that point, we now plan to open 3 to 5 new Galleries per year.

We believe this will result in improved deal economics, lower build-out costs, and higher returns.

Additionally, the slower growth will put less pressure on the infrastructure, enabling greater capital discipline throughout the organization.

As we look to 2018 and beyond, our focus will be on building the new operating platform, continuing to invest in long-term growth, and maximizing cash flow

Our expectation is that by the end of 2019 our new operating platform will be substantially in place, and we will have one of the most dynamic new models in all of retail.

We remain firmly on our path towards reaching $4 billion to $5 billion in North American revenues with mid-teens operating margins.

Our new Galleries continue to perform above our expectations and we believe the addition of hospitality will only enhance the model.

Additionally, we believe the brand has enormous potential globally, and plan to explore those opportunities once we've perfected our platform in North America.

While 2016 can be characterized as a disappointing year from a short-term financial perspective, we believe it will be remembered as a year of brave and bold decisions that will further elevate the RH brand, streamline our business, and position the Company for accelerated long-term growth.

When you step back and consider that we are:

One, building a brand with no peer;

Two, creating a customer experience that cannot be replicated online;

And three, have total control of our content from product to presentation, you realize what we are building is extremely rare and valuable in contrast to today’s retail landscape.

Yet I would tell you, our most valuable asset is not what we have done, it's who we've become.

We've become a team of people who don't know what can't be done.

A team that is driven to innovate versus duplicate.

A team that is passionate about leadership and allergic to followship.

A team that is willing to destroy today's reality to create tomorrow’s future.

A team that has the courage to march into hell, as we did last year, for a heavenly cause.

And a team that has a bold vision for the future, and an organization that has demonstrated it can bring that vision to life.

***Karen Boone, Co-President, Chief Financial and Administrative Officer***

We believe that we have made the right investments in fiscal 2016 to position our brand and business for long-term growth and positive cash flow beginning in fiscal 2017.

As we've articulated the past four quarters, there were four temporal issues that impacted our business in fiscal 2016.

We estimate these issues depressed margins by approximately 260 basis points and adjusted earnings per share by approximately $1.00.

Let me recap these temporal factors.

First, the costs related to the launch of RH Modern.

During the first half of fiscal 2016, we invested approximately $20 million in customer accommodations as a result of RH Modern production delays and our efforts to elevate the customer experience.

This consisted of approximately $16 million of customer accommodations that were a direct offset to revenue, as well as $4 million of expedited shipping charges and other product costs.

The impact was an approximate 60-basis-point negative impact to gross margin, or a $0.30 negative impact to fiscal 2016 earnings.

Second, the timing of recognizing membership revenues related to the transition from a promotional to a membership model.

The $100 RH Members Program fee is amortized on a monthly basis over the annual membership period and, accordingly, at the time of launching the program these fees are a drag to margin in the short-term.

We collected approximately $30 million of membership revenue in fiscal 2016, of which approximately $15.5 million was deferred at year end and will be recognized in fiscal 2017.

During 2016, this resulted in margin deleverage of approximately 50 basis points and a $0.23 negative impact to earnings.

Third, efforts to reduce inventories and rationalize our SKU count.

Beginning in the second quarter, we took a more aggressive approach to optimizing inventory through markdowns in an effort to forgo adding a planned furniture DC to the network.

This resulted in an approximate 150-basis-point drag on our gross margin in fiscal 2016, or a $0.46 negative impact to earnings.

As we have discussed, we do anticipate some continued efforts to reduce inventories and rationalize SKUs into the first half of 2017.

And fourth, our decision to push our 2016 RH Interiors Source Book mailing from the Spring to the Fall, and the second mailing of RH Modern from Fall 2016 to Spring 2017, depressed revenues last year.

Let me turn to our fiscal 2016 financial highlights, starting with the balance sheet and cash flow.

Our balance sheet is strong and we are well-positioned to execute on our long-term value-driving strategies.

We ended fiscal 2016 with cash and investments of approximately $263 million and no outstanding borrowings on our $600 million line of credit.

Inventory at the end of fiscal 2016 was $752 million, up 4% versus last year.

Excluding the addition of Waterworks, RH inventory was flat, reflecting the progress we have made in our inventory optimization efforts.

Fiscal 2016 capital expenditures were $181 million compared to our guidance of $180 million to $190 million.

Last month we announced that our Board authorized a $300 million stock repurchase program.

We believe our shares have been undervalued in the market, and based on the strength of our balance sheet, the expectation for positive free cash flow in fiscal 2017, and our long-term outlook, there is an opportunity to create value for our shareholders while continuing to invest in our key value-driving strategies.

As of March 24th, we had purchased approximately 4.9 million shares of our common stock under the program.

Turning now to the P&L.

We reported net revenues in fiscal 2016 of $2.14 billion, up 1%.

Growth was driven substantially by the acquisition of Waterworks, which contributed 4 points of growth, and the addition of new stores.

Growth was offset by a 7% decline in comparable brand revenues primarily driven by the timing shift related to our Source Books.

Outlet sales were essentially flat year-over-year.

We ended fiscal 2016 with approximately 300,000 RH Members and are pleased with the early trends and renewal rates as we enter year two of the RH Members Program.

Fiscal 2016 adjusted gross margin decreased 370 basis points.

Most significantly, gross margin was impacted by the approximate 260 basis points of deleverage resulting from the temporal factors quantified earlier.

In addition, we experienced product margin deleverage related to the higher discount rate offered through the RH Members Program versus our promotional cadence in the prior year.

We also experienced higher shipping costs and deleverage in our occupancy costs based on the lower sales volumes.

Fiscal 2016 adjusted SG&A as a percent of sales increased 120 basis points due to costs associated with our retail floor resets, the addition of design ateliers in our Galleries, and the impact of consolidating the Waterworks P&L into the parent company.

Fiscal 2016 adjusted earnings per share was $1.27 compared to $2.72 last year.

Let me now turn to our outlook.

As Gary stated, while 2016 was a year of Transformation and Transition, 2017 will be the year of Execution, Architecture, and Cash.

Gary spoke to our focus on Execution and Architecture. Let me provide more detail on our efforts to drive meaningful free cash flow in fiscal 2017.

First, we expect growth in cash from operations as a result of higher earnings.

Second, inventory is planned to be a source, rather than a use of cash in 2017, as our efforts to optimize inventory and simplify our supply chain network design is expected to drive lower inventory year-on-year.

And third, we expect to reduce capital spending to a range of $140 million to $160 million versus $181 million last year.

In addition, we expect to generate between $15 million and $25 million of cash related to planned asset sales.

Given our focus on high-quality, sustainable growth and cash flow, we plan to reduce our new Gallery opening cadence to a range of 3 to 5 per year, which is expected to lower our capital requirements and risk over the course of our real estate transformation.

Fiscal 2017 net revenues are expected to be in the range of $2.3 billion to $2.4 billion, representing growth of 8% to 12%.

While our outlook is based on a cautiously optimistic view of the macro environment, we anticipate revenue to build from the mailing of our Fall 2016 Source Books and the second mailing of the RH Modern Source Book this spring.

In addition, we expect incremental revenues from the four new Design Galleries opened in 2016 and the five opening in fiscal 2017.

As a reminder, fiscal 2017 is a 53-week year for RH – which is expected to contribute approximately 2 points of growth on the year.

While we expect to cycle the majority of the 2016 temporal issues, we are making key investments in 2017 in the following areas:

Based on the success of our Chicago Gallery, we are building a hospitality division to support the rollout of cafés, wine vaults, and coffee bars in virtually all of our new Galleries planned to open over the next three years;

The continuation of our efforts to rationalize our SKU count, which should be substantially complete by the end of the second quarter; and

Investments related to the design and architecture of a new back-end operating platform, inclusive of our DC network design, home delivery experience, and a metric-driven quality system.

In addition, we expect higher advertising costs year over year based on the mailing cadence of our Source Books.

Accordingly, we expect fiscal 2017 adjusted net income in the range of $65 million to $80 million and adjusted earnings per share in the range of $1.78 to $2.19, using weighted average diluted shares outstanding of 36.6 million as of March 24th.

Comparable to current fiscal 2017 analyst estimates and using a diluted share count of 41.1 million shares, our adjusted diluted EPS guidance would be in the range of $1.58 to $1.95.

Turning to the first quarter.

We expect first quarter fiscal 2017 net revenues in the range of $530 million to $545 million, representing growth in the range of 16% to 20%. Approximately 5 points of growth is due to the acquisition of Waterworks and 5 points of growth is related to higher outlet and warehouse sales stemming from accelerated inventory optimization efforts during the quarter.

Excluding these factors, we are expecting growth in the range of 6% to 10%, as we are experiencing the build from our Fall 2016 Source Book and benefit from the anniversary of the launch of the RH Members Program.

While our higher outlet revenues and inventory optimization efforts are having a positive impact on sales, they will have a negative impact on margins and earnings.

Accordingly, we expect first quarter adjusted diluted earnings per share in the range of $0.02 to $0.06, based on adjusted net income in the range of $800,000 to $2.4 million and using weighted average diluted shares outstanding of 38.1 million as of March 24th.

Comparable to current first quarter analyst estimates and using a diluted share count of 40.8 million shares, our adjusted diluted EPS guidance would also be in the range of $0.02 to $0.06.

In closing, as we have communicated throughout 2016, we made several strategic investments and changes to our business model that temporarily depressed financial results in the short term, but that we believe will strengthen our brand and position the business for accelerated growth in 2017 and beyond.

As we cycle these investments and changes, we expect sales to reaccelerate, operating margins to expand, and to generate significant free cash flow.

We are confident that our choices will prove to be the right ones, driving long-term sustainable growth, improved returns on invested capital, and significant shareholder value.

***Safe Harbor Statement***

*historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "likely," and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.*

*Forward-looking statements include, without limitation, statements regarding: the Company's business and financial outlook including with respect to profits, revenue, operating margins, cash flow, capital expenditures, inventory, costs and expenses and earnings per share as well as the Company's expectation that it will have growth in cash from operations in 2017 and will be able to fund its own growth with internally generated cash resources; the anticipated benefits of the Company's business investments and strategies including (i) efforts to optimize and reduce inventories, rationalize SKUs and sell certain assets, (ii) efforts to implement a more disciplined approach to capital allocation, (iii) the mailing of Source Books, (iv) the opening of new Gallery locations, (v) the membership program, (vi) efforts to design a new back-end architecture, operating platform, DC network design, home delivery experience and metric driven quality system, (vii) the decision not to invest in new businesses during fiscal 2017 other than hospitality, which includes food and beverage offerings, and (viii) the expected costs and complexities of the Company's new business offerings including hospitality; the anticipated timing of the opening of new Gallery locations in 2017 and in future time periods; the Company's plans regarding RH Modern and expectations concerning the potential of the RH Modern product offering; the Company's expectations concerning the disruptive nature of its business model; the Company's plans to explore opportunities for the RH brand's global potential; the Company's expectations concerning the strength of the RH brand and the belief that it has no peers; the Company's expectations concerning the value of the Company's shares and the opportunity to create shareholder value through the repurchase of shares; the Company's belief that that the decisions it implemented in 2016 will position the Company for accelerated and long-term growth; and the Company's belief that it is well-positioned to execute on its long-term value driving strategies.*

*The Company derives many of its forward-looking statements from its operating budgets and forecasts, which are based upon many detailed assumptions. While the Company believes that its assumptions are reasonable, you are cautioned that it is very difficult to predict the impact of both known and unknown factors, and it is impossible for the Company to anticipate all factors that could affect its actual results. Important factors that could cause actual results to differ materially from expectations are disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in RH's Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 29, 2017, and similar disclosures in subsequent reports filed with the SEC, which are available on our investor relations website at ir.restorationhardware.com and on the SEC website at www.sec.gov.*

*All written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements in the*

*Company's Form 10-K filed with the SEC, and similar disclosures in subsequent reports filed with the SEC as well as other cautionary statements that are made from time to time in the Company's public communications. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. The forward-looking statements reflect the Company's opinions as of March 29, 2017, and the Company undertakes no obligation to update them in light of new information or future events.*

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