Costco Wholesale (COST)

Consumer Defensive / Discount Stores

StockRover
Stock Report | December 04, 2023

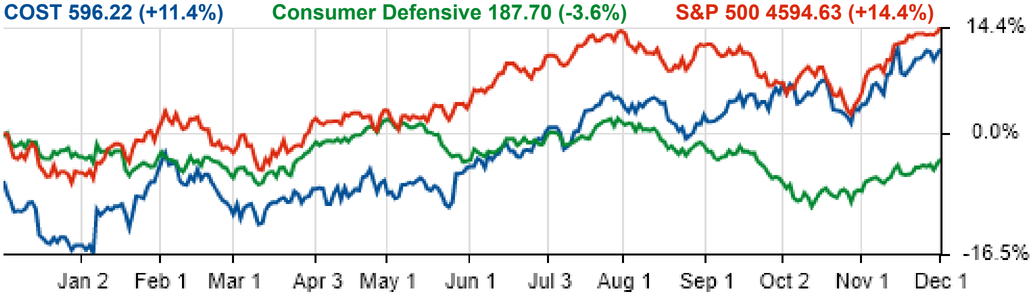
$596.22 **$3.48 (0.59%)** as of Friday's close

52-wk Range
$447.90 — $599.94

Cap ($M USD)	P/E	EPS (1Y)	Dividend	Last Filing
$263,970	**42.2**	**7.0%**	**$4.08**	**08/31/23**
Sales ($M)	Forward P/E	Sales (1Y)	Div. Yield	Next Earnings
242,290	**38.4**	**4.9%**	**0.7%**	**12/14/23**

Dividend Adjusted Return *Dec 1, 2022 - Dec 1, 2023*

COST 596.22 (+11.4%) Consumer Defensive 187.70 (-3.6%) S&P 500 4594.63 (+14.4%)



COST has underperformed the S&P 500 by -3.0% in the past year.

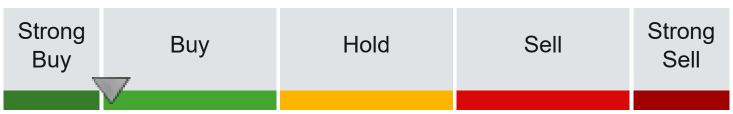
COST has outperformed its sector by 15.0% in the past year.

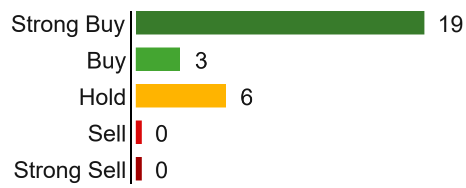
The Consumer Defensive sector has underperformed the market by -18.0% in the past year.

ANALYST CONSENSUS

Buy

The consensus rating is unchanged from 1 month ago.





QUANTITATIVE SCORES

Fair Value $454.52

Margin of Safety -24%

The Margin of Safety is the difference between a company's Fair Value and the current price. See more on page 8.

1 warning
Details on Page 8

Value Score 77

Value Score: Our value score looks at EV/EBITDA, P/E, P/S, P/TB (Price/Tangible Book) and EPS Predictability. P/S and P/TB are compared within a sector. Other metrics are compared across all stocks

Quality Score 87

Quality Score: Our quality score compares profitability and balance sheet metrics to find high quality companies using ROIC, Net Margin, Gross Margin, Interest Coverage, and Debt / Equity metrics.

Growth Score 84

Growth Score: Our growth score looks at the 5 year history and the forward estimates for EBITDA, Sales, and EPS growth, ranking the best companies across all stocks.

Sentiment Score 92

Sentiment Score: Our sentiment score finds stocks in favor by analyzing Short Interest, returns in key periods over the last year, Price vs. 52-wk High, Days Since 52-wk High and MACD signals.

BUSINESS SUMMARY

Costco operates a membership-based, no-frills retail model, predicated on offering a select product assortment in bulk quantities at bargain prices. The firm avoids maintaining costly product displays by keeping inventory on pallets and limits distribution expenses by storing its inventory at point of sale in the warehouse. Given Costco's frugal cost structure, the firm is able to price its merchandise below competing retailers, driving high sales volume per warehouse and allowing the retailer to generate strong profits on thin margins. Costco operates 591 warehouses in the United States and boasts over 60% market share in the domestic warehouse club industry. Internationally, Costco operates another 270 warehouses, primarily in markets such as Canada, Mexico, Japan, and the U.K.

Employees 316,000 **Homepage** www.costco.com **Headquarters** Issaquah, WA

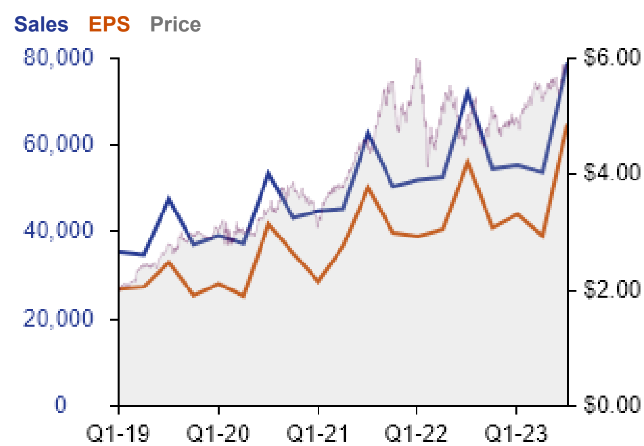
VALUATION SUMMARY

	COST	Industry	S&P 500
Value Score	77	72	72
Price / Earnings	42.2	27.1	25.7
Price / Sales	1.1	0.8	2.6
Price / Free Cash Flow	39.2	29.7	25.6
Price / Book	10.5	6.1	4.5
Price / Tangible Book	10.5	19.5	500+
EV / EBITDA	24.0	14.3	21.6
EPS Predict. Pctl.	100	85	68
Piotroski F Score	9	7	5

	Low	High
5-Year P/E Range	26.8	52.3
5-Year P/B Range	6.5	14.9
5-Year P/S Range	0.6	1.3

GROWTH SUMMARY

	COST	Industry	S&P 500
Growth Score	84	77	74
Sales Growth			
Sales Growth Next Year	6.7%	4.0%	8.9%
Sales 1-Year Chg (%)	4.9%	7.5%	11.6%
Sales 3-Year Avg (%)	11.9%	4.9%	13.0%
Sales 5-Year Avg (%)	10.8%	4.5%	12.4%
EPS Growth			
Next Yr. Growth Est.	9.1%	9.3%	14.0%
EPS 1-Year Chg (%)	7.0%	24.9%	8.1%
EPS 3-Year Avg (%)	13.3%	3.9%	22.0%
EPS 5-Year Avg (%)	13.9%	17.8%	11.8%

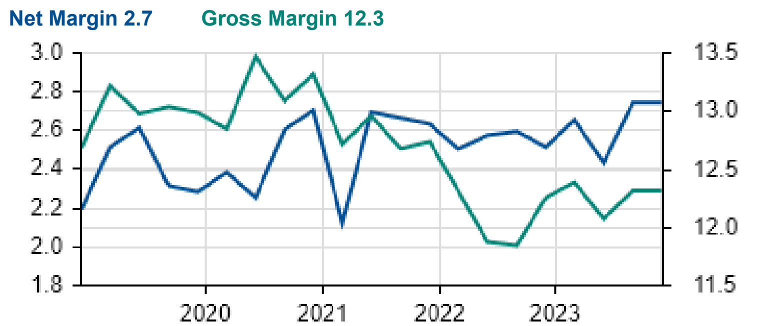


PEERS ANALYSIS SUMMARY

Ticker	Company	Cap ($M USD	P/E	Div. Yield	1M Return	1Y Return	Margin of Safety	Value Score	Growth Score	Quality Score
WMT	Walmart	$415,519	25.7	1.5%	-6.4%	2.2%	-6%	80	89	77
COST	Costco Wholesale	$263,970	42.2	0.7%	7.3%	19.2%	-24%	77	84	87
WM…	Wal - Mart de Mexi…	$69,622	23.6	2.4%	11.4%	4.6%	-14%	79	89	89
TGT	Target	$62,222	17.2	3.3%	24.3%	-15.7%	-13%	89	60	76
SYY	Sysco	$36,718	20.5	2.8%	10.9%	-13.1%	-3%	84	88	72
KR	Kroger	$32,081	17.4	2.6%	-1.1%	-5.7%	22%	93	57	61
DG	Dollar Gen	$29,561	13.8	1.8%	15.8%	-42.2%	-29%	81	74	74
DLTR	Dollar Tree	$27,484	23.9	-	13.1%	-15.7%	-9%	76	81	70
ACI	Albertsons Compa…	$12,658	10.9	2.2%	1.0%	8.3%	4%	83	65	68
USFD	US Foods Hldg	$10,783	24.4	-	11.2%	21.3%	19%	81	90	62
PFGC	Performance Food…	$10,160	24.3	-	11.4%	7.2%	1%	82	87	59
BJ	BJ's Wholesale Club	$8,748	17.5	-	-5.0%	-7.3%	-5%	81	83	72

PROFITABILITY SUMMARY

	COST	Industry	S&P 500
Quality Score	87	72	77
Gross Margin	12.3%	22.7%	29.6%
Operating Margin	3.4%	4.4%	14.2%
Net Margin	2.6%	3.0%	10.4%
Return on Assets	9.5%	6.8%	9.2%
Return on Equity	25.1%	21.6%	32.6%
ROIC	19.1%	15.1%	20.8%



RETURNS SUMMARY

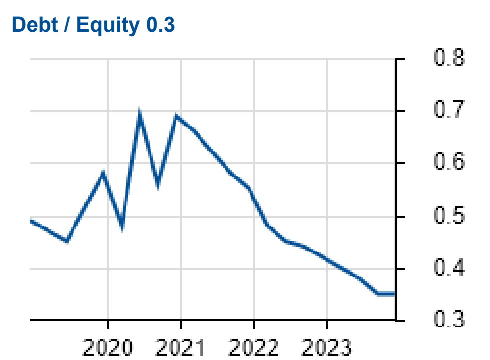
	COST	Industry	S&P 500
Sentiment Score	92	62	74
5-Day Return	0.8%	0.3%	0.8%
1-Month Return	7.3%	3.2%	8.4%
YTD Return	31.6%	14.9%	21.0%
1-Year Return	19.2%	6.2%	14.5%
3-Year Return	57.2%	18.3%	31.2%
5-Year Return	175.4%	93.4%	81.0%
Beta 1-Year	0.81	0.59	0.99

DIVIDEND

	COST	Industry
Dividend Yield	0.7%	1.4%
Payout Ratio	27.1%	32.5%
TTM Yield	0.7%	-
Dividend Per Share	$4.08	$2.47
Div. 1Y Chg (%)	13.3%	8.6%
Div. 3Y Avg (%)	13.4%	8.6%
Div. 5Y Avg (%)	12.3%	8.6%
Cons. Growth Years	10+	8
Div. Coverage Ratio	3.7	3.1

DEBT & EQUITY

Current Ratio	1.1
Quick Ratio	0.6
Price	$596.22
Net Cash Per Share	$14.26
Equity Per Share	$56.60
Debt / Equity	0.4
Solvency Ratio	20%
Interest Coverage	54.0
Short % of Float	1.2%
Altman Z-Score	7.9



ANALYST REVISIONS

Current Quarter EPS		Next Quarter EPS	
# Up Last 30 days	2.00	# Up Last 30 days	4.00
# Down Last 30 days	1.00	# Down Last 30 days	0.00
Mean Estimate	3.30	Mean Estimate	3.10
% Change (30 Days)	-9.34%	% Change (30 Days)	-9.09%

MEAN ESTIMATE TREND

	Cur Qtr	Next Qtr	Cur Year	Next Year
Latest	$3.10	$3.30	$14.22	$15.52
30 Days Ago	$3.41	$3.64	$15.67	$17.11
90 Days Ago	$3.29	$3.56	$15.52	$17.07
% Change (90 Days)	-5.8%	-7.3%	-8.4%	-9.1%

EARNINGS SURPRISES

Earnings surprise is the difference between a company's announced earnings and the average analyst estimated value. Surprises typically causes the stock price to jump and are often followed by more of the same surprise type.

Surprise Summary (Last 12 Quarters)

Surprise Type	Amount	Percent
Positive Quarters (> 2%)	8	66.7%
Negative Quarters (< 2%)	1	8.3%
In-Line Quarters (within 2%)	3	25.0%

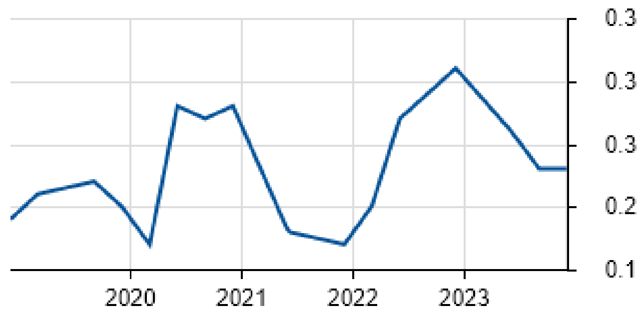
Surprise Detail (Last 6 Quarters)

Surprise Type	Announce Date	Period End Date	Actual EPS	Est. EPS	Surprise (%)
In-Line	09/26/23	08/31/23	$4.42	$4.35	1.6%
Positive	05/25/23	02/28/23	$3.43	$3.32	3.3%
Positive	03/02/23	02/28/23	$3.30	$3.21	3.0%
In-Line	12/08/22	11/30/22	$3.07	$3.11	-1.3%
In-Line	09/22/22	-	$4.20	$4.16	1.0%
Positive	05/26/22	-	$3.17	$3.00	5.7%

RISK

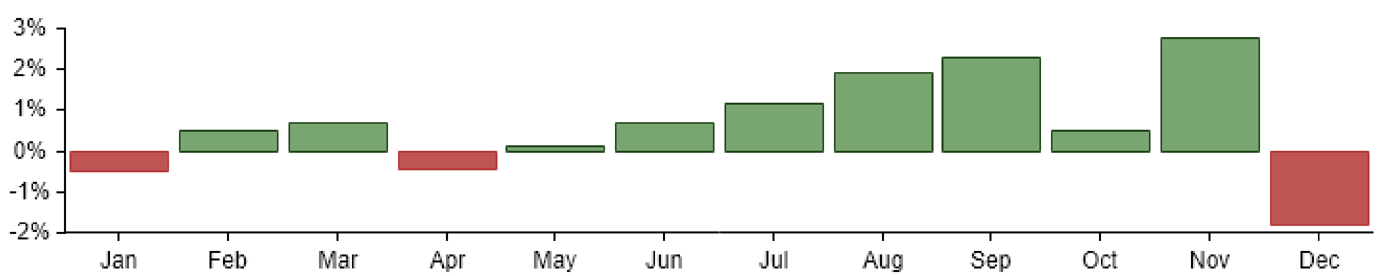
	COST	Industry	S&P 500
Best Monthly Return (5Y)	12.0%	9.3%	17.9%
Worst Monthly Return (5Y)	-12.2%	-12.0%	-16.4%
Beta 1-Year	0.81	0.59	0.99
Volatility 1-Year	0.18	0.13	0.13
Volatility 1Y Pctl.	17	-	-
Max Drawdown 1-Year	-10.7%	-16.3%	-10.3%
Max Drawdown 3-Year	-31.5%	-31.4%	-25.4%
Max Drawdown 5-Year	-31.5%	-33.1%	-33.9%

COST Volatility 1-Year 0.2



SEASONALITY

Seasonal Performance vs the S&P 500



5-YEAR RELATIVE PERFORMANCE VS S&P 500

Relative to the S&P 500 baseline, COST has outperformed the S&P 500 by 93.2% in the past 5 Years.

COST has outperformed its sector by 128.1% in the past 5 Years.

The Consumer Defensive sector has underperformed the market by -34.9% in the past 5 Years.

Dividend Adjusted Return *Nov 30, 2018 - Dec 1, 2023*

COST 596.22 (+93.2%) Consumer Defensive 187.70 (-34.9%) S&P 500 4594.63 (0.0%)

Overall Rating vs. Peers **76**

Ratings scores are relative to industry groups. They compare key metrics to rank stocks vs. their competitors. For example, higher growth than peers will score high even when the absolute growth is below the market average.

Growth vs Peers

Ticker	Company	Growth Rating vs. Peers	Sales QoQ Chg.	Eps QoQ Chg.	Sales Growth Next Y.	Sales 1Y Chg (%)	Sales 3Y Avg (%)	Sales 5Y Avg (%)
COST	Costco Wholesale	65	9.5%	15.7%	6.7%	4.9%	11.9%	10.8%
BJ	BJ's Wholesale Club	54	2.9%	1.0%	2.9%	4.3%	9.3%	8.2%
TGT	Target	31	-4.2%	36.4%	-0.4%	-1.7%	6.4%	7.5%
DLTR	Dollar Tree	24	5.4%	-19.2%	4.1%	7.2%	5.8%	5.2%
DG	Dollar Gen	12	3.9%	-28.5%	5.0%	6.9%	6.1%	9.1%

Valuation vs Peers

Ticker	Company	Valuation Rating vs. Peers	P/E	Forward P/E	PEG Trailing	P/S	P/B	5Y P/E Range
BJ	BJ's Wholesale Club	71	17.5	16.5	0.6	0.5	6.5	12.5 – 33.9
TGT	Target	54	17.2	16.3	3.1	0.6	5.0	10.7 – 30.8
DG	Dollar Gen	16	13.8	17.6	1.8	0.8	4.7	10.4 – 29.4
DLTR	Dollar Tree	14	23.9	17.8	-	0.9	3.1	11.6 – -
COST	Costco Wholesale	5	42.2	38.4	3.0	1.1	10.5	26.8 – 52.3

Efficiency vs Peers

Ticker	Company	Efficiency Rating vs. Peers	Gross Margin	Operating Margin	Net Margin	5Y ROE Range	5Y ROA Range
BJ	BJ's Wholesale Cl…	99	18.3%	4.1%	2.6%	-344.4% – 760.4%	3.9% – 8.5%
COST	Costco Wholesale	95	12.3%	3.4%	2.6%	21.9% – 29.1%	7.8% – 9.5%
TGT	Target	93	26.8%	4.7%	3.4%	23.4% – 54.4%	5.1% – 13.3%
DG	Dollar Gen	80	31.0%	8.0%	5.6%	24.1% – 43.6%	7.5% – 14.4%
DLTR	Dollar Tree	50	30.1%	5.5%	3.9%	-28.2% – 22.1%	-10.7% – 11.0%

Financial Strength vs Peers

Ticker	Company	Financial Str. Rating vs. Peers	Debt / Equity	Interest Coverage	Quick Ratio	Intangibles %	Solvency Ratio	Short % of Float
COST	Costco Wholesale	99	0.4	54.0	0.6	-	20%	1.2%
BJ	BJ's Wholesale Club	65	2.3	12.8	0.1	16.4%	14%	8.9%
TGT	Target	63	1.5	9.7	0.2	-	16%	1.5%
DLTR	Dollar Tree	59	1.2	15.0	0.2	21.2%	15%	4.3%
DG	Dollar Gen	18	2.9	10.5	0.1	18.2%	13%	2.7%

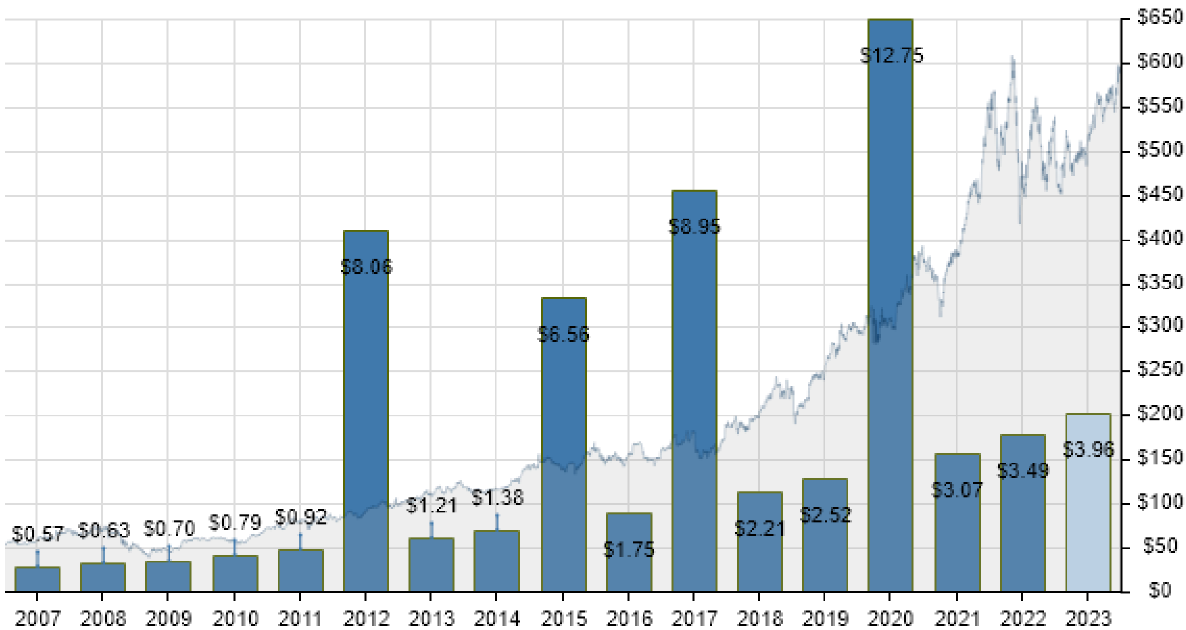
Dividends vs Peers

Ticker	Company	Dividends Rating vs. Peers	Div. Yield	TTM Yield	Price	Div. Per Share	Consecutive Div. Growth Years	Payout Ratio
TGT	Target	98	3.3%	3.2%	$134.78	$4.40	10+	55.1%
DG	Dollar Gen	47	1.8%	1.7%	$134.69	$2.36	5	23.3%
COST	Costco Wholesale	41	0.7%	0.7%	$596.22	$4.08	10+	27.1%
BJ	BJ's Wholesale Club	-	-	-	$65.59	-	0	-
DLTR	Dollar Tree	-	-	-	$126.15	-	0	-

Momentum vs Peers

Ticker	Company	Momentum Rating vs. Peers	1M Return	3M Return	6M Return	YTD Return	1Y Return	Beta 1Y	Volatility 1Y	Price vs 52-wk High (%)
COST	Costco Wholesale	73	7.3%	9.7%	16.7%	31.6%	19.2%	0.81	0.18	99.4%
TGT	Target	63	24.3%	8.5%	4.7%	-6.6%	-15.7%	0.88	0.30	74.2%
DLTR	Dollar Tree	50	13.1%	6.2%	-2.6%	-10.8%	-15.7%	0.75	0.30	78.3%
DG	Dollar Gen	42	15.8%	4.0%	-16.0%	-44.7%	-42.2%	0.30	0.35	53.7%
BJ	BJ's Wholesale Club	31	-5.0%	-0.2%	5.5%	-0.9%	-7.3%	0.45	0.23	83.2%

DIVIDEND DETAIL



CALENDAR YEAR DIVIDEND HISTORY

Year	Ex-Dividend	Pay Date	Text	Amount
2023 Dividends				**$3.96**
	11/02/23	11/17/23	Regular	$1.02
	08/24/23	09/08/23	Regular	$1.02
	05/04/23	05/19/23	Regular	$1.02
	02/02/23	02/17/23	Regular	$0.90
2022 Dividends				**$3.49**
	10/27/22	11/10/22	Regular	$0.90
	07/28/22	08/12/22	Regular	$0.90
	04/28/22	05/13/22	Regular	$0.90
	02/03/22	02/18/22	Regular	$0.79
2021 Dividends				**$3.07**
	10/28/21	11/12/21	Regular	$0.79
	07/29/21	08/13/21	Regular	$0.79
	04/29/21	05/14/21	Regular	$0.79
	02/04/21	02/19/21	Regular	$0.70
2020 Dividends				**$12.75**
	12/01/20	12/11/20	Special	$10.00
	10/29/20	11/13/20	Regular	$0.70
	07/30/20	08/14/20	Regular	$0.70
	04/30/20	05/15/20	Regular	$0.70
	02/06/20	02/21/20	Regular	$0.65
2019 Dividends				**$2.52**
	10/31/19	11/15/19	Regular	$0.65
	08/29/19	09/13/19	Regular	$0.65

UPCOMING DIVIDEND

Ex-Dividend Date	11/02/23
Payment Date	11/17/23
Amount	$1.02
Type	Regular

DIVIDEND RATE

Regular Dividend	$1.02
Annual Dividend Rate	$4.08
Annual Dividend Yield	0.7%
Trailing 12 Months Dividends	$3.96
Trailing 12 Months Yield	0.7%

STATISTICS

Payout Ratio	27.1%
Dividend Coverage Ratio	369.3%
Consecutive Growth Years	10+
3 Year Growth Rate	13.4%
5 Year Growth Rate	12.3%
10 Year Growth Rate	12.6%

FINANCIAL STATEMENT SUMMARY

USD in Millions	Chart	2018	2019	2020	2021	2022	TTM	CAGR
Income Statement								
Revenue		144,836	154,674	172,929	203,084	231,028	242,290	11.0%
Operating Income		4,478	4,849	5,804	6,971	7,851	8,114	12.8%
Net income		3,261	3,736	4,324	5,165	5,884	6,292	14.3%
Earnings per share diluted		$7.37	$8.43	$9.74	$11.63	$13.23	$14.16	14.2%
Average shares diluted		442	443	444	444	445	444	0.1%
P/E Ratio		28.7	34.8	41.8	50.4	34.7	42.2	8.2%
Balance Sheet								
Cash		7,953	10,020	14,423	13,476	11,673	15,234	14.1%
Current assets		22,954	26,643	32,096	33,850	34,150	35,879	9.5%
Net Property, Plant and Equipm…		19,879	23,834	25,073	26,790	27,931	29,397	8.3%
Working Capital		481	378	-571	508	1,083	2,296	37.4%
Net Debt		-1,473	-771	-4,224	-3,361	-2,627	-6,350	34.6%
Stockholders' Equity		13,167	15,861	14,860	18,463	21,471	25,058	14.0%
Cash Flow								
Operating Cash Flow		5,945	6,281	9,406	9,569	6,744	11,068	13.5%
Cap Ex		-2,879	-2,983	-2,988	-3,750	-3,893	-4,323	8.6%
Free Cash Flow		3,066	3,298	6,418	5,819	2,851	6,745	17.4%
Free Cash Flow per share		$6.93	$7.44	$14.45	$13.09	$6.41	$15.18	17.3%
Profitability								
Operating Margin		3.1%	3.1%	3.4%	3.4%	3.4%	3.3%	1.6%
Return on Assets		8.2%	8.4%	8.3%	8.9%	9.3%	9.5%	2.9%
Return on Equity		24.8%	23.6%	29.1%	28.0%	27.4%	25.1%	0.3%
Return on Invested Capital		17.4%	15.5%	17.9%	18.7%	19.8%	19.1%	1.9%
Dividends								
Dividends Per Share		$2.21	$2.52	$2.75	$3.07	$3.49	$4.08	13.3%
Dividend Yield		1.1%	0.9%	0.7%	0.6%	0.8%	0.7%	-9.6%
Dividend Growth		-	14.0%	9.1%	11.6%	13.7%	16.9%	4.9%
Dividend Coverage		3.4x	3.4x	3.6x	3.8x	3.8x	3.7x	1.9%

VALUATION & PROFITABILITY HISTORY

Date →		TTM	1 Yr Ago	2 Yrs. Ago	3 Yrs. Ago	4 Yrs. Ago
Price / Earnings		42.2	38.3	47.0	43.0	36.8
Price / Cash Flow		23.9	30.3	26.3	19.4	23.7
Price / Book		10.5	10.8	13.4	9.4	9.1
Price / Tangible B…		10.5	10.8	13.4	9.4	9.1
Price / Sales		1.1	1.0	1.2	1.0	0.9
EV / EBITDA		24.0	22.4	26.4	23.4	21.6
Dividend Yield		0.7%	0.7%	0.6%	0.7%	0.9%
Shareholder Yield		0.9%	1.0%	0.8%	0.9%	1.0%
Gross Margin		12.3%	12.1%	12.8%	13.2%	13.0%
Net Margin		2.6%	2.6%	2.5%	2.5%	2.4%
Return on Assets		9.5%	9.3%	8.9%	8.3%	8.5%
Return on Equity		25.1%	27.4%	28.0%	29.1%	24.0%
ROIC		19.1%	19.8%	18.7%	17.9%	17.8%

WARNINGS

Name	Severity	Details
Declining EPS Growth	Low	EPS 1Y Chg (%): 7.0%; EPS 3Y Avg (%): 13.3%; EPS 5Y Avg (%): 13.9%

EPS growth has declined. Comparing EPS growth rates, the 1-year is less than the 3-year which is less than the 5-year. Be sure to understand the reasons as declining earnings growth puts pressure on the stock price.

REPORT TIPS

Metric Definitions

Metric descriptions are available at stockrover.com/help/metrics/metric-overview

Quantitative Scores

Our scores analytics is to offer our concise analysis of a stock in powerful, but easy to digest format. Each of the composite score metrics are designed to use the best available accounting practices as well as source data from SEC filings. The scores are computed for a company vs. the market as a whole.

Fair Value

Fair value performs a forecasted discounted cash flow analysis of a company to determine the company's intrinsic value based on the expected future cash flows the company will produce. It basically determines what a company is worth based on how much cash flow it is expected to generate for you in the future, taking into account the time value of money and the predictability of those forecasted cash flows.

Peers

Peer ratings are computed from raking companies in the same

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