

**COSTCO WHOLESALE CORP**

Ticker symbol: COST

MKT Cap: \$463.346 bn

52-week range (as of 02/06/2025): \$697.3-\$1,063.0

Current price (02/06/2025): \$1,051.0

Target price: \$1,080.5 (2.80% implied upside)

Rating: Buy - [Growth]

**Corporate Description:**

Costco Wholesale Corporation (NASDAQ: COST) is one of the world's largest membership-based wholesale retailers. Headquartered in Issaquah, Washington, Costco opened its first warehouse in 1983 and went public in 1985. The company operates a network of warehouse clubs that offer bulk-discounted, high-quality merchandise, serving both individual consumers and small businesses. Costco competes with other wholesale retailers such as Walmart's Sam's Club, BJ's Wholesale, and Target. Costco operates on a membership-based wholesale model, where customers pay an annual fee to access exclusive bulk pricing. This model allows Costco to generate stable, high-margin recurring revenue, reducing reliance on product markups compared to traditional retailers. As of 2025, Costco operates roughly 860 membership warehouse stores across 45 U.S. states, solidifying its presence as a leading retailer.<sup>1</sup>

For the fiscal year 2024, Costco's revenue was predominantly derived from two segments: Warehouse Club Sales, which accounted for 98.10% of total revenue, and Membership Fees, contributing 1.90%. Within Warehouse Club Sales, Foods & Sundries represented 39.87%, Non-Foods 25.14%, Fresh Foods 13.45%, and Warehouse Ancillary & Other items 19.64%. While membership fees make up a smaller portion of total revenue, they provide a high-margin, recurring income stream that stabilizes Costco's earnings during economic downturns. Geographically, the majority of Costco's revenue was generated in the United States (72.37%), followed by Canada (13.73%) and other international markets, including Mexico, Japan, and France (13.93%). This global presence enables Costco to diversify its revenue streams and mitigate risks associated with economic fluctuations in any single market.<sup>2</sup>

**Economic Information:**

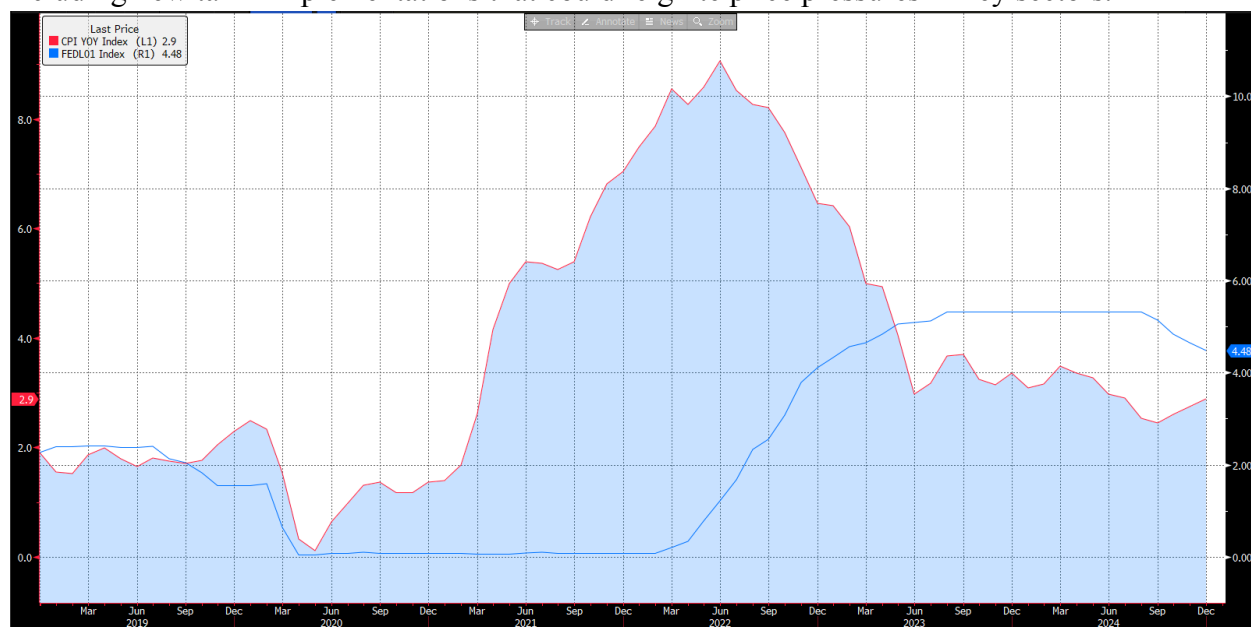
The past five years have been marked by significant economic volatility, with key issues such as inflation, interest rate hikes, supply chain disruptions, and recession concerns shaping the broader macroeconomic landscape. A post-pandemic surge in demand, coupled with supply chain constraints and geopolitical tensions, led to heightened inflationary pressures, prompting the Federal Reserve to take aggressive monetary tightening measures. From 2021 to 2022, inflation surged, reaching its highest level in 40 years as the Consumer Price Index increased by 9.1% year-over-year in June 2022. This sharp rise in prices eroded consumer purchasing power, affecting retail sales across industries. In response, the Federal Reserve raised interest rates from near-zero levels to 4.3% by 2024, aiming to control inflation and stabilize the economy. While these actions successfully curbed inflation, they also introduced higher borrowing costs for businesses, slowing down corporate expansion and investment. For Costco, higher interest rates mean increased costs for expansion projects and financing inventory, potentially impacting margins. However, as consumers face higher costs elsewhere, Costco's low-cost bulk pricing model becomes even more attractive, driving stronger membership retention and sales growth.

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<sup>1</sup> Bloomberg

<sup>2</sup> Bloomberg

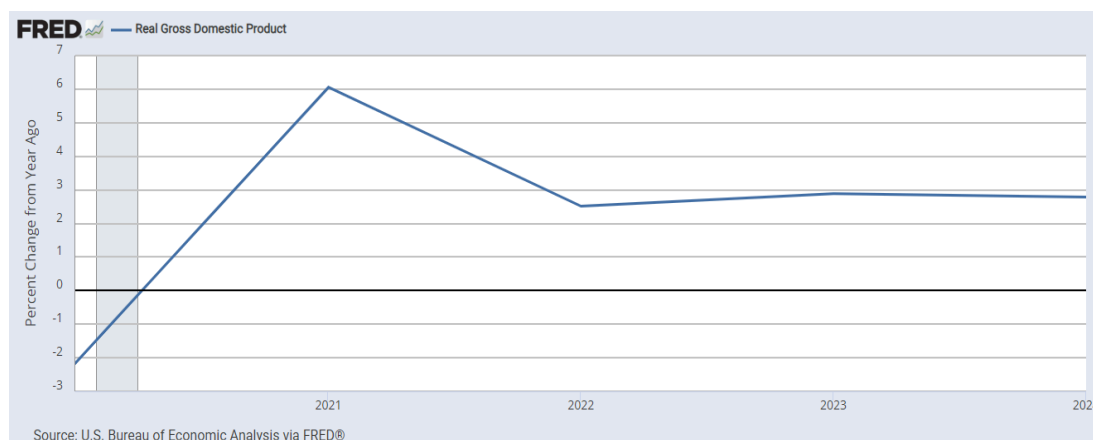
Despite the turbulence, recent data suggests that the U.S. economy is experiencing a controlled soft landing rather than a full-scale recession. As shown in Figure 1, inflation rates have moderated since their peak in 2022, though uncertainty remains due to recent policy shifts, including new tariff implementations that could reignite price pressures in key sectors.



**Figure 1: Consumer Price Index (CPI) & Federal Reserve Interest Rate Trends (2021–2024)<sup>3</sup>**

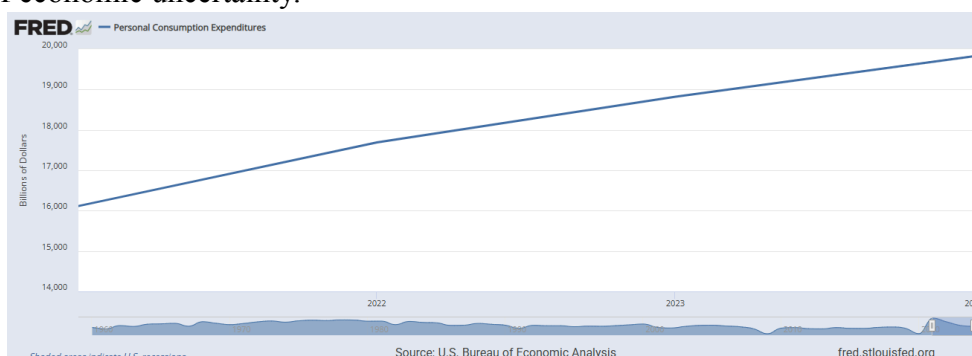
As seen in figure 2, the U.S. economy rebounded strongly post-COVID, with GDP growth reaching 6.1% in 2021 as businesses reopened and consumers resumed spending. However, growth has since moderated, with GDP expanding at 2.5% in 2022, 2.9% in 2023, and an estimated 2.8% in 2024. Forecasts suggest further deceleration, with projected GDP growth of 2.2% in 2025 and 2.0% in 2026. A slowing economy can lead to more cautious consumer spending, particularly on discretionary items. However, Costco benefits from steady demand for essential goods, and its competitive pricing makes it a preferred retailer during periods of economic uncertainty. As consumer incomes have grown above inflation in recent months, this has supported sustained spending, further reinforcing Costco's ability to maintain sales momentum.

<sup>3</sup> Bloomberg



**Figure 2: U.S Real GDP Growth( 2020 - 2024)<sup>4</sup>**

A similar trend is observed in consumer spending, a key driver of Costco's revenue. Spending levels have continued to rise since 2021 but are growing at a slower rate, reflecting higher borrowing costs and shifting consumer priorities. While spending is expected to increase by 2.5% in 2025 and 2.0% in 2026, the slowdown may impact discretionary retail purchases, as illustrated in figure 3 which shows the line getting flatter. However, Costco's bulk pricing model and membership structure position it favorably to attract budget-conscious consumers during times of economic uncertainty.



**Figure 3: Consumer Spending Growth (2021-2024)<sup>5</sup>**

Costco's global supply chain is highly dependent on transportation and energy costs, making it vulnerable to fluctuations in oil prices and logistics expenses. Recently, the potential imposition of tariffs on Canada and Mexico has raised concerns over rising oil prices, as these countries account for over 25% of U.S. crude oil imports. Higher oil prices could increase Costco's shipping and distribution costs, potentially affecting product pricing.<sup>6</sup> However, long-term projections by the U.S. Energy Information Administration suggests a gradual decline in crude oil prices by December 2026, as global supply increases and demand stabilizes.<sup>7</sup> This trend could help Costco mitigate transportation expenses, supporting stable margins.<sup>8</sup> Additionally, the Federal Reserve Bank of New York's Global Supply Chain Pressure Index tracks logistical bottlenecks and supply chain disruptions as shown in Figure 4. A declining

<sup>4</sup> Federal Reserve Economic Data (FRED)

<sup>5</sup> Federal Reserve Economic Data (FRED)

<sup>6</sup> <https://www.reuters.com/markets/commodities/oil-prices-jump-after-trump-imposes-tariffs-canada-mexico-china-2025-02-02/>

<sup>7</sup> U.S Energy Information Administration

<sup>8</sup> <https://www.eia.gov/todayinenergy/detail.php?id=64305>

index suggests improving supply chain efficiency, benefiting Costco by reducing inventory restocking delays and lowering procurement costs.<sup>9</sup>



**Figure 4: Supply Chain Pressure Index<sup>10</sup>**

### Industry Outlook:

The consumer staples sector consists of companies that produce and distribute essential goods, including packaged food, beverages, household products, and personal care items. These products maintain steady demand regardless of economic conditions, making the sector defensive and resilient during downturns. Warehouse clubs such as Costco, Walmart's Sam's Club, and BJ's Wholesale are key players in consumer staples distribution, offering bulk pricing and membership-based savings that appeal to consumers seeking value, particularly in inflationary or uncertain economic environments.

Throughout 2024, the Vanguard Consumer Staples Index Fund rebounded by approximately 13%, marking a strong recovery from its negative 4% return in 2023, which was impacted by inflation and aggressive federal funds rate hikes.<sup>11</sup> As we move into 2025, the consumer staples sector is projected to continue growing steadily, supported by stabilizing interest rates, improving supply chains, and shifts in consumer spending patterns. Companies within the sector are leveraging pricing power to maintain profitability, with private-label brands playing a crucial role in offsetting margin pressures caused by rising costs. Costco's Kirkland Signature brand continues to be a key competitive advantage, offering high-quality, cost-effective alternatives to national brands, thereby enhancing customer retention and driving profit margins.

Another critical industry trend is the ongoing digital transformation of retail and wholesale distribution. Costco has significantly expanded its e-commerce presence, with online sales growing from 4% of total revenue in 2019 to 16% in 2024. However, despite this progress, the company still trails behind Target (21% of revenue)<sup>12</sup> and Walmart (19% of revenue)<sup>13</sup> in digital sales, making further investments in e-commerce infrastructure, fulfillment capabilities, and mobile ordering systems essential for long-term competitiveness.

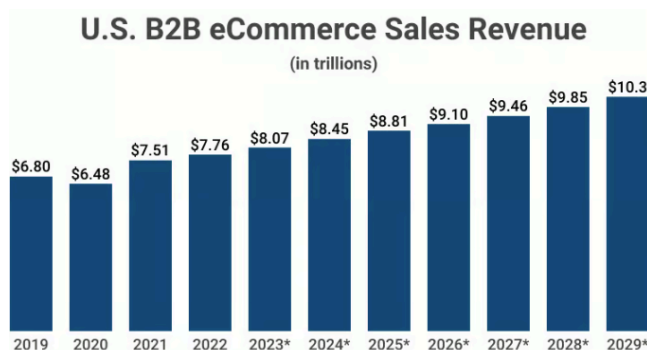
<sup>9</sup> <https://www.newyorkfed.org/research/policy/gscpi#/interactive>

<sup>10</sup> Federal Reserve Bank Of New York

<sup>11</sup> Bloomberg

<sup>12</sup> <https://www.digitalcommerce360.com/2024/03/05/target-online-sales-decline-in-q4-2023-despite-growing-same-day-services/>

<sup>13</sup> <https://www.emarketer.com/content/walmart-leads-top-10-us-retailers-by-sales>



**Figure 7: E-commerce U.S Growth<sup>14</sup>**

The warehouse club retail sector, encompassing membership-based wholesalers such as Costco, Sam’s Club, and BJ’s Wholesale, leverages several key strengths. It benefits from consistent demand for essential goods, making it relatively recession-resistant compared to other retail formats. Membership fees provide a steady, recurring revenue stream, while bulk purchasing power and streamlined assortments enable cost savings that can be passed on to consumers. Many warehouse clubs also offer successful private-label brands, which generate strong margins and bolster customer loyalty. Furthermore, their operational efficiency—driven by high inventory turnover and limited SKUs—helps maintain competitive pricing and stable profitability.

Despite these advantages, the sector faces certain weaknesses. The narrow product range, while cost-effective, limits flexibility in responding to emerging consumer trends or niche preferences. Relative to omnichannel leaders like Walmart or e-commerce giants like Amazon, warehouse clubs have been slower to expand their digital capabilities, leaving potential growth on the table. Some also rely heavily on a few core markets, increasing their exposure to localized economic downturns. Moreover, opening new large-format warehouses entails substantial capital commitments, hindering rapid expansion and adaptability.

Looking ahead, ample opportunities exist for the warehouse club industry. Enhancing e-commerce platforms, including curbside pickup and home delivery, can attract digitally minded consumers and increase overall market reach. Global expansion into underpenetrated regions, particularly in fast-growing economies, provides a chance to diversify revenue streams. Strengthening private-label offerings aligns with rising consumer acceptance of high-quality, cost-effective alternatives to national brands. Advances in supply chain automation, predictive analytics, and logistics infrastructure also hold the potential to reduce operating costs while improving service levels. Nonetheless, certain threats persist in this competitive environment. Rivalry from both established big-box chains and online-only retailers remains intense, challenging warehouse clubs to continuously refine their value proposition. Macroeconomic uncertainties, such as volatile inflation or interest rate hikes, could increase operating costs and dampen consumer spending. Shifting regulations, including tariffs and labor laws, might disrupt supply chains or constrain expansion plans. Additionally, evolving consumer tastes—particularly the growing desire for personalized shopping experiences—could erode the appeal of standardized bulk buying, while rapid technological innovation demands ongoing investment to keep pace in digital retail.

<sup>14</sup> U.S Census Bureau

### Historical Performance:

Costco's stock has demonstrated consistent long-term growth, despite experiencing short-term fluctuations due to macroeconomic factors and company-specific events. The one-year (+48.28%), five-year (+234.93%), and all-time (+41,936%) stock charts highlight Costco's resilience as a market leader in the warehouse retail industry. Over the past five years, Costco's stock performance has been driven by strong earnings, consumer demand for bulk retail, and its ability to navigate economic challenges.

Costco's stock has demonstrated consistent 5-year growth, driven by strong earnings, consumer demand for bulk retail, and its ability to navigate economic challenges, despite experiencing short-term fluctuations due to macroeconomic factors and company-specific events. From October 10, 2020, to November 2020, the stock increased by 12%, fueled by strong operating income that was nearly three times that of sales, despite the COVID-19 crisis. However, from November 2020 to March 2021, Costco's stock declined 20.51% due to missed EPS expectations caused by higher selling, general, and administrative expenses, which were partly driven by COVID-related operational costs. The stock rebounded between March 2021 and March 2022, surging 92.68% as the company consistently outperformed sales estimates, reinforcing investor confidence. However, from March to June 2022, Costco's stock declined by 24.71%, reflecting the broader market downturn caused by high inflation and interest rate hikes, with CPI reaching a 40-year high of 9%, affecting retail performance. From June 2022 to March 2023, the stock fluctuated based on earnings results and sales expectations, but from March 2023 to February 2024, it saw a remarkable 106.10% increase, as Costco consistently beat sales and EPS expectations, solidifying its market leadership and investor confidence.



**Figure 8: COST YoY Performance (02/08/2024 - 02/07/2025)<sup>15</sup>**

Relative to industry benchmarks, Costco's stock has outperformed key indices and competitors. Compared to the S&P 500, Costco has outperformed the index with greater stability and long-term appreciation, benefiting from its defensive position in the consumer staples sector as it has a normalized value of 144 compared to the S&P's 120. Moreover, as seen in figure 9, when benchmarked against the Vanguard Consumer Staples ETF (VDC), Costco's stock has outpaced the broader consumer staples industry, demonstrating its superior financial performance and growth prospects.

<sup>15</sup> Bloomberg

One of Costco's standout features is its strong dividend growth over the past five years. Costco's five-year dividend growth rate stands at 12.3%, higher than Walmart's 3.27% and Target's 11.30%. This demonstrates Costco's commitment to returning value to shareholders while maintaining financial flexibility for future expansion.



**Figure 9: Costco and Vanguard Consumer Staples ETF YoY Performance (2020 - 2025)<sup>16</sup>**

### Financial Performance:

Costco has demonstrated consistent revenue growth over the past five years, reflecting its strong market position and resilient business model. The company's annual revenue has steadily increased, with YoY growth rates of 9% in 2020, 18% in 2021, 16% in 2022, 7% in 2023, and 5% in 2024. Despite macroeconomic challenges such as inflation and supply chain disruptions, Costco has maintained strong top-line expansion, supported by membership renewals, private-label sales, and international market penetration. Looking ahead, Costco's estimated revenue for 2025 and 2026 is projected to reach \$273 billion (9% YoY) and \$291 billion (8% YoY), continuing its trajectory of sustained growth in the wholesale retail sector.<sup>17</sup>

Costco's profitability metrics further underscore its operational efficiency and financial strength. Over the past three years, the company's gross margin has remained stable, registering 12.15% in 2022, 12.42% in 2023, and 12.61% in 2024, while its operating margin stood at 3.52% in 2022, 3.51% in 2023, and 3.51% in 2024, with estimates of 3.81% in 2025 and 3.95% in 2026. Costco's EBITDA has grown consistently, reaching \$10,185 billion in 2022, \$10,891 billion in 2023, and \$11,797 billion in 2024, with projections of \$12,813 billion in 2025 and \$13,850 billion in 2026. These figures highlight Costco's ability to manage expenses effectively while maintaining strong earnings growth.<sup>18</sup>

Comparing Costco's financial efficiency to its peers, the company leads the industry with a Return on Assets (ROA) of 10.3% in 2024, outperforming Walmart (7.53%), Target (7.62%), and BJ's Wholesale (7.94%). Additionally, Costco has the highest inventory turnover ratio at 11.60, compared to Walmart (7.97), Target (5.15), and BJ's (9.94), indicating its strong inventory management and rapid sales cycle. From a leverage and liquidity standpoint, Costco maintains a low debt-to-equity ratio of 36.4, significantly lower than Walmart (67.70), Target (146.26), and

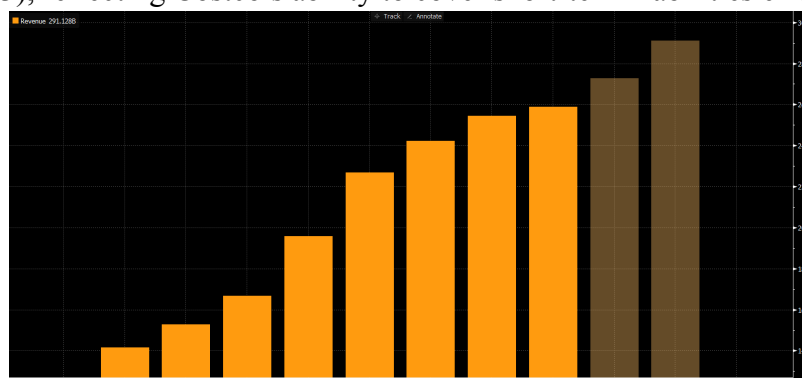
<sup>16</sup> Bloomberg

<sup>17</sup> Bloomberg

<sup>18</sup> Bloomberg



BJ's (200.29), highlighting its conservative approach to debt financing. The company's current ratio of 0.97 also indicates strong short-term liquidity, standing ahead of Walmart (0.83), Target (0.91), and BJ's (0.73), reflecting Costco's ability to cover short-term liabilities effectively.



**Figure 10: Costco's Revenue FY 2018 - FY 2026<sup>19</sup>**

### Valuation:

Costco Wholesale Corporation is trading at a premium, with a current P/E ratio of 61.89x, well above its 5-year average of 42.67x and peers such as Walmart (41.93x), Target (13.90x), and BJ's Wholesale (24.40x). This elevated P/E reflects Costco's market leadership, strong revenue growth, and operational efficiencies. However, direct P/E comparisons should be approached cautiously, as competitors like BJ's and Walmart operate different business models. BJ's emphasizes a regional, value-driven approach, while Walmart offers a broader product mix and discount strategy, making Costco's membership-driven model unique.

Costco's P/S ratio of 1.81x and P/B ratio of 19.12x further emphasize its premium valuation, supported by its superior profit margins and customer loyalty, particularly through its Kirkland Signature private-label offerings. From a P/S perspective, Costco's ratio of 1.81x is above the sector median of 0.95x but aligns with its premium pricing model and high revenue per customer. Its P/CF (46.99x) and P/B (19.12x) ratios also exceed both historical averages and competitors, reflecting investor confidence in Costco's ability to generate strong cash flows and maintain a resilient balance sheet. While these metrics suggest Costco is trading at a premium, its strong fundamentals justify a substantial portion of this valuation gap.

Ticker	Name	Share	Market Cap (\$bn)	P/E	P/S	P/CF	P/B
WMT US EQUITY	Walmart Inc	\$102.85	\$826.23	42.17x	1.23x	20.90x	9.38x
BJ US EQUITY	Bj'S Wholesale Club Holding	\$105.64	\$13.95	24.42x	0.68x	15.48x	7.92x
<b>COST US EQUITY</b>	<b>Costco Wholesale Corp</b>	<b>\$1050.99</b>	<b>\$466.53</b>	<b>61.77x</b>	<b>1.80x</b>	<b>46.90x</b>	<b>19.08x</b>
				Average	33.29x	0.95x	18.19x
				Median	33.29x	0.95x	18.19x
				Per Share Values	\$17.01	\$573.20	\$25.54
				Implied Share Price	\$566.45	\$546.94	\$464.70
				Average Implied	\$513.61		
				Current Share Price	\$1,050.99		
				Premium to Current	-51.13%		

**Figure 11: Comparable Company Analysis with Valuation Multiples<sup>20</sup>**

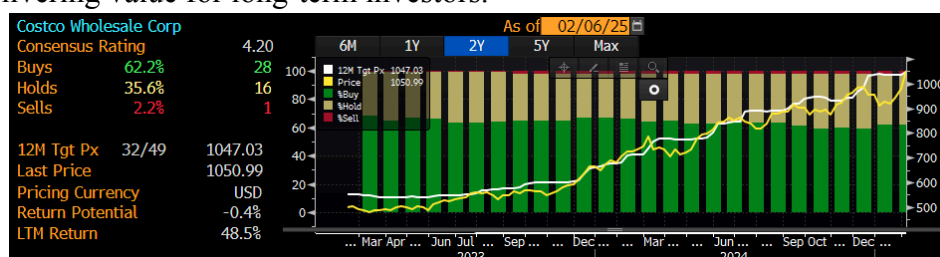
Using Bloomberg's ANR function, 28 analysts recommend a buy, 16 a hold, and 1 a sell for Costco Wholesale Corporation. The 12-month price target is \$1,047.03, slightly below the

<sup>19</sup> Bloomberg

<sup>20</sup> Bloomberg



current share price of \$1,050.99, implying a modest return potential of -0.4%. As shown in Figure 12, Costco's consistent ability to exceed price targets has led analysts to regularly revise their forecasts upward, driven by the company's strong performance and resilience. Over the past year, Costco delivered an impressive 48.5% return, reflecting its ability to thrive in competitive and uncertain markets. Recent updates from 17 analysts in the past three days raised the average price target to \$1,066.59, signaling growing confidence in Costco's momentum. This upward revision is supported by its membership-based model, strong customer loyalty, and operational efficiency. The consensus "buy" rating highlights Costco's status as a leader in the retail sector, consistently delivering value for long-term investors.



**Figure 12: COST 2-Year Analyst Recommendations<sup>21</sup>**

The time series analysis, seen in figure 13, applies Costco's 5-year historical P/E multiples, which range from a high of 55.8x to a low of 32.1x, with an average of 41.3x, to calculate implied price targets based on the company's projected 2025 EPS of \$18.28. The analysis yields an implied share price range from \$586.79 (low P/E) to \$1,020.02 (high P/E), with the average P/E implying a target price of \$754.96. This range suggests a potential downside of -3% to -79% from the current share price of \$1,051.25, depending on the multiple applied. However, the significant gap between the implied prices and Costco's current valuation reflects the limitations of relying solely on historical P/E multiples for a company with Costco's unique business model and growth trajectory. The average and low multiples fail to capture the premium valuation assigned by investors due to Costco's unparalleled fundamentals, including its membership-driven revenue model, a 90.5% global membership renewal rate, strong customer loyalty, and efficient operational execution. These structural advantages create a more resilient business that commands a higher valuation compared to historical benchmarks.<sup>22</sup>

5-YR Historical P/E Multiples		2025E EPS	Implied Price	Upside
High	55.8x	\$ 18.28	\$1,020.02	-3%
Average	41.3x	\$ 18.28	\$754.96	-39%
Low	32.1x	\$ 18.28	\$586.79	-79%

**Figure 13: Time Series Analysis<sup>23</sup>**

As shown in figure 14, using the EBITDA Multiple Method, I arrived at a target price of \$1,545.15 for Costco Wholesale Corporation, representing a 47% upside from the current share price of \$1,051.25. This valuation is based on a terminal EBITDA multiple of 36.0x and a discount rate (WACC) of 8.5%, both of which reflect Costco's premium market position and consistent growth trajectory. The EBITDA multiple is particularly relevant for Costco due to its operational consistency, scalability, and predictable revenue streams generated from membership fees and high-volume, low-margin retail sales. Unlike earnings-based valuation metrics,

<sup>21</sup> Bloomberg

<sup>22</sup> <https://finance.yahoo.com/news/costcos-membership-fees-high-roic-165713673.html>

<sup>23</sup> Bloomberg

EBITDA better captures Costco's core profitability, making it a more reliable indicator for a company with a strong focus on operational efficiency.

The chosen multiple aligns with Costco's historical trading range and its ability to command a premium valuation compared to peers like Walmart, Target, and BJ's Wholesale. This premium is justified by Costco's industry-leading profit margins, customer loyalty, and robust membership renewal rate of 90.5%, which provide a competitive advantage. Sensitivity analysis across a range of terminal multiples (33.0x–39.0x) and discount rates (7.5%–9.5%) reinforces the robustness of the valuation, with implied prices demonstrating strong upside potential even under more conservative scenarios. This approach highlights the market's confidence in Costco's ability to sustain its leadership in the retail sector while continuing to innovate and deliver long-term value to shareholders.

EBITDA Multiple Method						
Current Price (USD)			1051			
Consensus Price Target			1047			
DCF Estimated Value per Share (USD)			1545			
DCF Estimated Upside			47%			
Terminal EBITDA Multiple						
		33.0x	34.5x	36.0x	37.5x	39.0x
Discount Rate (WACC)	7.5%	1491.47	1553.38	1615.29	1677.19	1739.10
	8.0%	1458.76	1519.25	1579.74	1640.22	1700.71
	8.5%	1426.94	1486.05	1545.15	1604.26	1663.36
	9.0%	1395.98	1453.74	1511.50	1569.26	1627.02
	9.5%	1365.84	1422.30	1478.75	1535.21	1591.66
		33.0x	34.5x	36.0x	37.5x	39.0x
	7.5%	42%	48%	54%	60%	65%
	8.0%	39%	45%	50%	56%	62%
	8.5%	36%	41%	47%	53%	58%
	9.0%	33%	38%	44%	49%	55%

**Figure 14: Discounted Cash Flow Analysis - EBITDA Method<sup>24</sup>**

The weightings assigned to each valuation method were carefully determined to reflect their relevance and reliability in evaluating Costco's unique business model and market positioning. The Comparable Company Analysis was weighted at 15% because, while it provides useful benchmarking against peers like Walmart and BJ's Wholesale, these companies operate under different business models. Costco's membership-based strategy and operational efficiency differentiate it from traditional retailers, making direct comparisons less indicative of its intrinsic value. The DCF - EBITDA Method, weighted at 30%, is a robust valuation approach for Costco, as it captures the company's strong profitability, steady cash flows, and disciplined capital management. This method effectively reflects Costco's growth trajectory and operational strengths, making it a key component of the valuation framework. The Analyst Recommendations (ANR) were weighted highest at 40% to incorporate the real-time market insights and professional expertise of analysts who closely monitor Costco's performance and prospects. This method draws heavily on the consensus 12-month price target of \$1,066.59, as previously discussed, instead of the \$1,047.03 shown in figure 12. This adjustment reflects the most up-to-date analysis from 17 analysts who have recently updated their targets within the last three days. These recommendations integrate various quantitative and qualitative factors, aligning closely with investor sentiment and market expectations, which makes this input the most impactful in determining Costco's valuation. Finally, the Time Series Analysis was

<sup>24</sup> Bloomberg

assigned a 15% weight. While it provides historical context by analyzing Costco's 5-year P/E multiples, this method does not fully capture the premium valuation investors assign to the company's strong fundamentals and future growth potential. The lower weight reflects its value as a historical benchmark rather than a forward-looking indicator.

The weighted average price target of \$1,080.47 and the implied upside of 2.80% reflect a balanced and comprehensive valuation approach. By combining multiple methods with carefully considered weightings, this analysis ensures that Costco's valuation appropriately captures its leadership in the retail industry and its ability to deliver consistent growth and shareholder value.

<b>COST Price Target</b>		
<b>Method</b>	<b>Weight</b>	<b>PT</b>
Comparable Company Analysis	15%	\$ 513.61
DCF - EBITDA Method	30%	\$ 1,545.15
ANR	40%	\$ 1,066.59
Time Series	15%	\$ 754.96
<b>Implied Share Price</b>		<b>\$ 1,080.47</b>
<b>Current Share Price</b>		<b>\$ 1,050.99</b>
<b>Implied Upside</b>		<b>2.80%</b>

*Figure 15: Costco Valuation Summary*

### Overall Impression:

Costco Wholesale Corporation is well-positioned for sustained growth and resilience, bolstered by its unique membership-based business model, efficient operations, and consistent financial performance. Despite economic challenges such as inflation, rising interest rates, and supply chain disruptions, Costco has demonstrated an ability to thrive in a competitive retail environment. The company's global footprint, with a majority of its revenue generated in the United States but bolstered by its expanding presence in Canada and international markets, mitigates risks associated with economic fluctuations in any single region. Costco's historical performance highlights its robust growth trajectory, including a 106.1% stock increase from March 2023 to February 2024, as the company consistently surpassed sales and earnings expectations. Financially, Costco exhibits a strong market position, underpinned by consistent revenue growth, efficient inventory turnover, and a low debt-to-equity ratio, reflecting prudent capital management. Its profitability metrics, including a stable operating margin and high inventory turnover, outperform competitors like Walmart, Target, and BJ's Wholesale. The recurring revenue from membership fees, contributing 1.90% of total revenue but significantly to operating income, provides a predictable, high-margin income stream that stabilizes earnings during downturns. Additionally, Costco's ability to capitalize on its private-label Kirkland Signature brand enhances profit margins and strengthens customer loyalty. The weighted average price target of \$1,080.47 reflects a balanced approach incorporating historical and forward-looking perspectives, derived from Comparable Company Analysis, DCF-EBITDA, Analyst Recommendations, and Time Series Analysis. While the Comparable Company Analysis carries less weight due to differences in competitors' business models, the DCF-EBITDA and Analyst Recommendations highlight Costco's premium market position, operational efficiency, and investor confidence. The Analyst Recommendations' adjusted price target of \$1,066.59, based on recent updates, underscores market optimism in Costco's growth potential. Given its ability to navigate challenges, sustain growth through a membership-driven model, and deliver value to shareholders, Costco warrants a "Buy" rating.