



Company	Ticker	Sector	Industry
Costco Wholesale Corporation	COST-US	Consumer Staples	Food & Staples Retailing

Business Description

Costco Wholesale Corp. engages in the operation of membership warehouses. Its product categories include food and sundries, hardlines, fresh foods, softlines, and ancillary. As the leading warehouse club, Costco operates 795 stores worldwide (at the end of fiscal 2020), with most sales derived in the U.S. (73 percent) and Canada (13 percent). It sells memberships that allow customers to shop in its warehouses, which feature low prices on a limited product assortment. Costco mainly caters to individual shoppers, but roughly 20 percent of paid members carry business memberships. Food and sundries accounted for 42 percent of fiscal 2020 sales; hardlines 17 percent; ancillary businesses (such as fuel and pharmacy), nearly 17 percent; fresh food, 14 percent; and softlines, 10 percent. Costco's warehouses average around 146,000 square feet, with most locations also offering fuel. About 6 percent of Costco's sales come from e-commerce. It operates through the following segments: Unites States Operations, Canadian Operations, and Other International Operations. The company was founded by James D. Sinegal and Jeffrey H. Brotman in 1983 and is headquartered in Issaquah, WA.

Price Chart

Key Info & Metrics



Empirical Research Rank:	8
Date Purchased:	03/08/2021
Price:	\$516.53
52-Week Range:	\$416.43 - \$608.05
Dividend Yield:	0.68%
Market Cap (\$M):	\$229,199
Forward Price-to-Earnings:	34
Total Return	
Year-to-Date:	13.3%
1 Year:	0.8%
3 Year:	72.7%
5 Year:	202.4%

Investment Case - Updated: November 6, 2022

Costco is the largest wholesale club operator in the U.S. The company has an exceptional track record of growth well in excess of consumer spending in aggregate. It's format includes a membership fee that represents about half of profits and has been raised on a regular schedule. These fees represent a reliable ballast to earnings and make it far easier for the Company to navigate any economic environment. Costco has the financial flexibility and available geography to grow its store base, especially internationally. It has the balance sheet capacity to accelerate that growth if it needed to supplement a softening in existing store growth. By maintaining a unique blend of everyday staples and an ever-changing mix of limited and seasonal items, store traffic should remain resilient even in economic downturns.

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