

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

COST.OQ - November 2020 Costco Wholesale Corp Corporate Sales Call (Prerecorded)

EVENT DATE/TIME: DECEMBER 02, 2020 / NTS GMT

## CORPORATE PARTICIPANTS

**David Sherwood** *Costco Wholesale Corporation - Assistant VP of Financial Planning & IR*

## PRESENTATION

**David Sherwood** - *Costco Wholesale Corporation - Assistant VP of Financial Planning & IR*

Hello, and thank you for calling Costco Wholesale Corporation. I'm David Sherwood, AVP of Finance and Investor Relations, and I will review our sales results for the 4-week retail month of November, which started on Monday, November 2; and ended on Sunday, November 29. This period is compared to the 4 weeks that began on Monday, November 4; and ended on Sunday, December 1, 2019.

This call will include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that may cause actual events, results and/or performance to differ materially from those indicated by such statements. The risks and uncertainties include, but are not limited to, those outlined in today's call and sales release as well as other risks identified from time to time in the company's public statements and reports filed with the SEC. Forward-looking statements speak only as of the date they are made, and the company does not undertake to update them, except as required by law.

As reported in our release, net sales for the 4-week month of November came in at \$15.67 billion, an increase of 15.1% from \$13.62 billion last year. Comparable sales were as follows: on a reported basis, in the U.S., the 4 weeks is at 12.0%; for 12 weeks, 14.6%; 13 weeks, 13.4%. In Canada, the 4 weeks was at 16.4%; 12 weeks was at 16.2%; and the 13 weeks was at 16.0%. Other international, the 4 weeks was at 18.2%; 12 weeks was at 18.7%; and the 13 weeks was at 18.7%. Total company, the 4 weeks is at 13.4%; 12 weeks is at 15.4%; and 13 weeks, 14.5%. E-commerce for the 4 weeks, 71.3%; for the 12 weeks, 86.4%; and the 13 weeks, 82.0%.

Comparable sales, excluding the impacts from changes in gasoline prices and foreign exchange were as follows: in the U.S., the 4 weeks is at 14.2%; 12 weeks, 17.0%; and 13 weeks, 15.7%. In Canada, the 4 weeks was at 15.8%; the 12 weeks was at 16.8%; and the 13 weeks was at 16.4%. Other international, 4 weeks was at 16.0%; 12 weeks was at 17.7% and the 13 weeks was at 17.5%. Total company, the 4 weeks was at 14.6%; and 12 weeks was at 17.1% and the 13 weeks was at 16.0%.

E-commerce for the 4 weeks was at 70.9%; the 12 weeks was at 86.2%; and the 13 weeks was at 81.7%. Our comp traffic or frequency for November was up 5.7% worldwide and 8.4% in the U.S. Worldwide, the average transaction was up 7.2%, which included a net negative impact of 125 basis points from gasoline deflation and FX.

Foreign currencies year-over-year relative to the U.S. dollar impacted November comp sales as follows: Canada positively by approximately 160 basis points; other international positively by approximately 310 basis points and total company positively by approximately 60 basis points.

Gasoline price deflation negatively impacted total reported comp sales by approximately 185 basis points. The average selling price was 21% lower year-over-year at \$2.29 per gallon this year compared to \$2.89 last year. Total gallons sold also continue to be lower year-over-year.

In terms of regional and merchandising categories that general highlights were as follows: U.S. regions with the strongest results were Southeast, Northeast and Texas. Other international and local currencies, we saw the strongest results in Japan, U.K. and Korea.

Moving to merchandise highlights. The following comparable sales results by category for the month exclude the impact of foreign exchange. Food and sundries were positive low 20s. Departments with the strongest results were sundries, frozen foods and cooler. Fresh foods were up mid-20s. Better-performing departments included meat and produce. Hardlines were positive mid-teens, better-performing departments included sporting goods, office supplies and hardware. Softlines were positive mid-teens. Home furnishings, jewelry and small appliances were strong in the month. Ancillary business sales were down mid-teens, primarily due to lower sales in gasoline and food court. Optical was flat and hearing aids were down slightly.

## DECEMBER 02, 2020 / NTS, COST.OQ - November 2020 Costco Wholesale Corp Corporate Sales Call (Prerecorded)

Looking ahead, the December reporting period will include the 5 weeks beginning November 30 and ending January 3 compared to the 5 weeks beginning December 2 and ending January 5, 2020. December sales will be announced Wednesday, January 6 at 1:15 p.m. Pacific Time. We will release our Q1 FY '21 earnings on December 10. Earnings will be announced after market close with a conference call to follow at 2:00 p.m. Pacific Time. The call can be streamed live via our Investor Relations website.

If you have any questions regarding our November sales results or any other Investor Relations questions, please call Bob Nelson at (425) 313-8255. And Josh Dahmen at (425) 313-8254 or myself, David Sherwood at (425) 313-8239.

This recording will be available until 5:00 p.m. Pacific Time, Wednesday, December 9. Thanks for calling Costco, and have a great day.

### DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2020, Refinitiv. All Rights Reserved.