



# **Costco (COST) Earnings Report Review**



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# Summary

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Costco Wholesale Corporation, commonly known as Costco, is a multinational retail corporation that operates a chain of membership-based warehouse clubs. Founded in 1983 in Kirkland, Washington, Costco has grown to become one of the largest and most successful retailers in the world.

Costco's primary business model revolves around providing its members with a wide range of high-quality products at low prices. The company operates large warehouse-style stores, typically spanning several hundred thousand square feet, where customers can shop for a variety of items, including groceries, electronics, appliances, furniture, clothing, and more. Some key features of Costco's business include:

**Membership Model:** Costco operates on a membership-based system, requiring customers to purchase annual memberships in order to shop at its stores. Memberships provide exclusive access to Costco's offerings and special discounts, contributing to customer loyalty and a sense of belonging.

**Bulk Purchasing:** Costco focuses on selling products in bulk quantities. This strategy allows the company to negotiate lower prices with suppliers and pass on those savings to its members. Customers can buy larger quantities of goods, resulting in cost savings per unit and appealing to businesses, organizations, and families looking to save money on their purchases.

**Product Selection:** Costco offers a wide selection of products across various categories. Its inventory ranges from well-known national brands to its own private label, Kirkland Signature, which is known for its quality and value. The company carefully curates its merchandise to ensure that it meets high standards and offers the best value to its members.

**Value and Quality:** Costco prioritizes value and quality in its product offerings. While the company focuses on competitive pricing, it also places importance on ensuring that the products it sells meet certain quality standards. This emphasis on value-for-money has contributed to Costco's strong reputation among consumers.

**Service Offerings:** In addition to its retail operations, Costco provides various services to its members. These services include optical and hearing aid centers, pharmacies, tire centers, gas stations, travel services, and business services. These additional offerings enhance the overall value proposition for members and further differentiate Costco from traditional retailers.

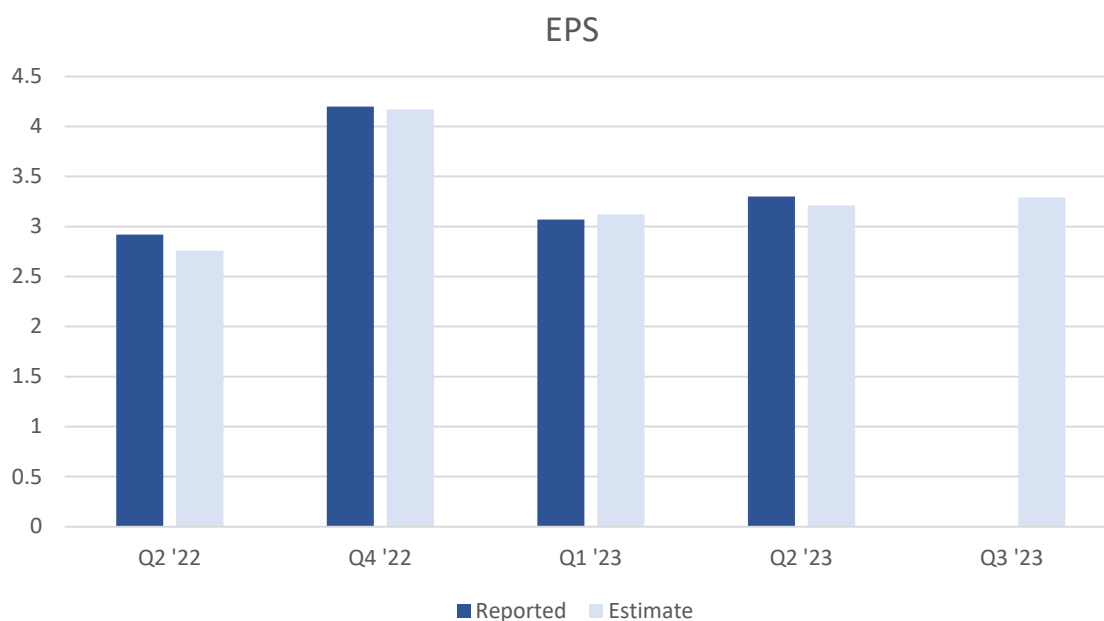
Employee Culture: Costco is known for its employee-friendly culture and generous compensation and benefits packages. The company believes in treating its employees well, offering competitive wages, healthcare benefits, and opportunities for career advancement. This approach has resulted in a highly motivated and dedicated workforce, contributing to excellent customer service and member satisfaction.

Overall, Costco is a membership-based warehouse club that focuses on delivering high-quality products at low prices to its members. With its emphasis on bulk purchasing, a wide selection of products, and additional services, Costco has established itself as a trusted and successful retail brand, attracting loyal customers and driving continued growth.

# Analysis

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## Fundamental



Three of the last four earnings reports, Costco reported better than estimated earnings per share. When a company beats earnings estimates, it means that the company's actual earnings for a given period (typically a quarter) are higher than the earnings forecast, or expectations set by financial analysts. Earnings estimates are predictions made by analysts regarding the amount of profit a company is expected to generate during a specific period.

Costco has also outperformed estimates annually from 2019 to 2021, with 2022 falling short by just 0.01. With such strong earnings over the course of the last four years, Costco will likely continue this pattern since the retail industry has a positive outlook for the time being.



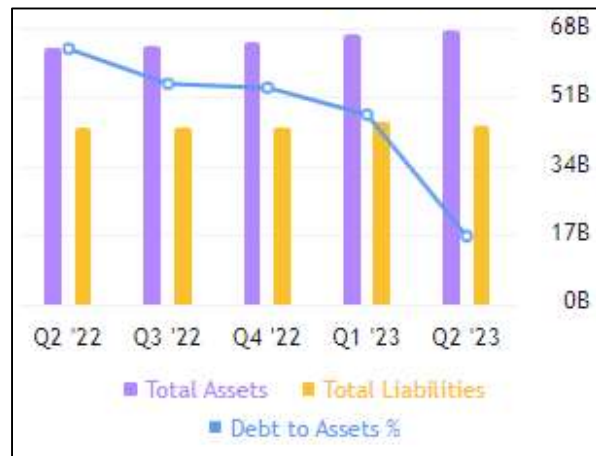
Income Statement (Annual)



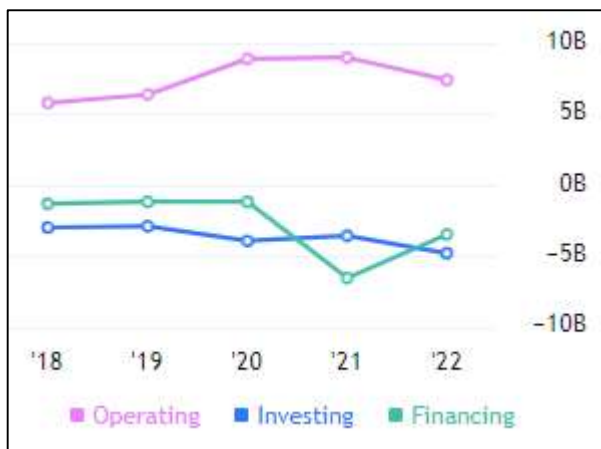
Income Statement (Quarterly)



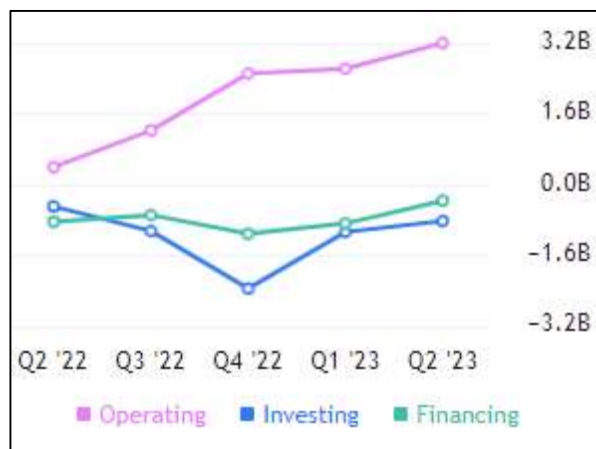
Balance Sheet (Annual)



Balance Sheet (Quarterly)



Cash Flow (Annual)



Cash Flow (Quarterly)

## Technical



Costco (COST) is +7.93% since the beginning of the year with a 2023 ATH of \$529.91 or +18.24%. Based on the chart data and recent earnings reports, Costco has proven to be a resilient company and is able to outperform the overall market even in the current macroeconomic state.

The \$500 price point has become a strong support and resistance level over the past few months. Technical analysis of the stock indicates other key support levels at \$400, \$380, and \$360, while resistance levels are observed around \$440, \$460, and \$480. Chart patterns such as ascending triangles and double bottoms provide insights into potential bullish continuation or reversal scenarios. Momentum indicators such as MACD and ADX can help assess the stock's strength and trend. It is important to note that technical analysis should be used in conjunction with fundamental analysis and other factors.



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