



FLASH REPORT

**COSTCO** (COST) 4Q16 RESULTS: COSTCO BEATS ON EPS  
WHOLESALE

	4Q16	4Q15	YoY Change
Net Revenues (USD Bil.)	\$35.73	\$34.99	2.1%
Gross Margin	11.4%	11.1%	30 bps
SG&A/Sales	10.1%	9.8%	30 bps
Operating Margin	3.3%	3.2%	10 bps
EPS	\$1.77	\$1.73	2.3%

Source: Company reports/Fung Global Retail & Technology

- 1) Costco reported fiscal 4Q16 EPS of \$1.77, beating the consensus estimate of \$1.73.
- 2) Net sales were \$35.73 billion, up 2.1% from \$34.99 billion in the year-ago period. Total comps were flat for the period, and were down 1% in the US, up 2% in Canada and down 2% in international markets. Excluding the negative impact from gasoline price deflation and foreign exchange, total comps were up 3%, and up 2% in the US, up 5% in Canada and up 1% in international markets.
- 3) The company did not provide guidance for FY17.

**4Q16 RESULTS**

Costco reported fiscal 4Q16 EPS of \$1.77 versus the consensus estimate of \$1.73.

Net sales were \$35.73 billion, up 2.1% from \$34.99 billion in the year-ago period. Total comps were flat for the period, and were down 1% in the US, up 2% in Canada and down 2% in international markets. Excluding the negative impact from gasoline price deflation and foreign exchange, total comps were up 3%, and were up 2% in the US, up 5% in Canada and up 1% in international markets.

Membership fee income was \$832 million, in line with expectations.

Costco ended its 2016 fiscal year with, and currently operates, 715 warehouses, including 501 in the US and Puerto Rico, 91 in Canada, 36 in Mexico, 28 in the UK, 25 in Japan, 12 in South Korea, 12 in Taiwan, eight in Australia and two in Spain. The company plans to open up to nine additional new warehouses (including one relocation) before the end of calendar year 2016. Costco also operates e-commerce websites in the US, Canada, the UK, Mexico, South Korea and Taiwan.

**2017 OUTLOOK**

The company did not provide guidance for fiscal year 2017.



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