



Costco earnings beat profit estimates while revenue misses slightly, stock dips

Description

Costco Wholesale Corporation (COST) has once again witnessed a substantial amplification of profits, as evident from the announcement of fiscal Q2 results for 2024. The statistics relay a compelling narrative as the wholesale giant produced an impressive \$3.92 adjusted earning per share (EPS), significantly surpassing the forecasted \$3.62 mark. Nevertheless, the total revenue earned, recorded at \$58.44 billion, while marking a solid 5.7% year-over-year increment, fell slightly short of the anticipated \$59.04 billion, as gleaned from Bloomberg's data.

A pivotal metric in Costco's triumphant narrative is the firm's same-store sales figures (discounting fuel and foreign exchange factors), which leaped by 5.8%. Analyzing regional data, the domestic US market showcased same-store sales growth higher than predicted, reaching a commendable 4.8%. Neighboring Canada exceeded projections with a robust 9% surge in same-store sales growth, while international outlets reported a notable 8.2% growth figure, surpassing expectations.

Membership fees, forming a crucial revenue component for Costco, surged to \$1.11 billion from the previous year's \$1.03 billion. Moreover, it marked a notable escalation from Q1, which accumulated \$1.08 billion in membership fees revenue.

Currently, a Costco Gold Star membership sets a customer back by \$60 annually, while an Executive Membership is priced at \$120. Some market observers forecasted last year that a rise in the fees could be on the horizon for the summer season.

In the lead-up to the earnings announcement, Joe Feldman, a senior managing director at Telsey Advisory Group, made his assessment on Yahoo Finance Live. Applauding Costco for its accomplishments around affluent consumers seeking value-focused purchases, he held that "Costco is leading the way right now."

Another segment that is gaining steady traction is e-commerce. During Q2, the firm observed more than an 18% yearly growth in digital sales.

Costco's shares have surged over 60% from the previous year, significantly outpacing the S&P 500's (^GSPC) gain of 29%. Presently, the retail behemoth boasts 875 warehouses globally, inclusive of 603 facilities across the US and Puerto Rico.

The earning rundown captured by Bloomberg's data encapsulates:

1. Net Sales: \$58.44 billion against the estimated \$59.04 billion.
2. Adjusted EPS: \$3.92, topping the estimated \$3.62.
3. Same-store sales growth: 5.8%, more than the forecasted 4.65%.
 - US same-store sales growth: 4.8%, outperforming projected 4.09%.
 - Canada same-store sales growth: 9%, above the predicted 6.31%.

- Other international sales growth: 8.2%, surpassing the anticipated 6.17%.

Brooke DiPalma, a seasoned reporter for Yahoo Finance, covered the story. She is an active contributor on Twitter and can be reached via email.

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Vocabulary List:

1. **Amplification** // (noun): The act of increasing the volume or scope of something.
2. **Triumphant** // (adjective): Celebrating victory or success.
3. **Robust** // (adjective): Strong and healthy full of energy and strength.
4. **Surge** // (verb): To increase suddenly and strongly.
5. **Forecasted** // (adjective): Predicted or estimated in advance.
6. **Behemoth** // (noun): Something very large and powerful especially a big organization.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What pricing strategy adjusts prices in real-time based on market demand?

Option: Stagnant pricing
Option: Static pricing
Option: Dynamic pricing
Option: Fixed pricing

2. What pricing method increases the prices during periods of high demand?

Option: Regular pricing
Option: Steady pricing
Option: Surge pricing
Option: Flat pricing

3. Which word describes something heavy substantial or large in amount?

Option: Light
Option: Minuscule
Option: Hefty
Option: Tiny

4. What word means representing the most perfect or typical example of a quality or class?

Option: Mediocre
Option: Average
Option: Quintessential
Option: Insignificant

5. What term refers to the degree of variation in prices or financial instruments?

Option: Consistency
Option: Stability
Option: Volatility
Option: Predictability

6. Which word describes a feeling or behavior of great happiness or joy after a victory or success?

Option: Defeated
Option: Downcast
Option: Triumphant
Option: Sorrowful

7. What term refers to the act of rising or climbing to a higher level or position?

Option: Declines
Option: Falls
Option: Ascents
Option: Dips

8. What word means to drive or push something forwards?

Option: Retracting
Option: Slowing
Option: Propelling
Option: Halting

9. Which word best describes something that is absolutely necessary or extremely important?

Option: Expendable
Option: Unimportant
Option: Essential
Option: Insignificant

10. What term means of great importance or essential to resolve a situation?

Option: Insignificant
Option: Irrelevant
Option: Crucial
Option: Unnecessary

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. A _____ is a payment made by a corporation to its shareholders usually as a distribution of profits.

12. _____ refers to the action or process of making or becoming greater in size or amount.

13. Accurate _____ are crucial for making informed decisions in business and finance.

14. A _____ is an additional amount to be paid for a service or product.

15. The company made a _____ profit this quarter exceeding all expectations.

16. The _____ in the pattern raised concerns about the quality control of the product.

17. The signing of the peace treaty marked a _____ occasion in history.

18. The controversial decision by the government caused a _____ among the citizens.

19. The _____ of the construction onto protected land led to legal action.

20. The report lacked _____ making it difficult to understand the findings.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The use of the microphone for speeches resulted in clear of the speaker's voice.
22. His loyalty and dedication to the company were evident in his long years of service showing his .
23. Economic analysts use various data to make accurate about market trends.
24. The sudden in demand overwhelmed the supply chain causing delays.
25. The new software was designed to be more and capable of handling large datasets.
26. His actions to secure the deal paid off when the competitors failed to show up.



27. The ancient ruins provided evidence of the civilization's cultural and architectural .

28. To the economy the government introduced stimulus packages and tax breaks.

29. The price of the luxury car was considered far beyond the reach of most consumers.

30. The ceremony marked his into the prestigious group of scholars.

Answer

Multiple Choice: 1. Dynamic pricing 2. Surge pricing 3. Hefty 4. Quintessential 5. Volatility 6. Triumphant
7. Ascents 8. Propelling 9. Essential 10. Crucial

Gap-Fill: 11. dividend 12. Augmentation 13. predictions 14. premium 15. substantial 16. irregularity
17. momentous 18. furore 19. encroachment 20. clarity

Matching sentence: 1. amplification 2. steadfastness 3. forecasts 4. surge 5. robust 6. anticipatory 7.
ascensions 8. bolster 9. exorbitant 10. initiation

CATEGORY

1. Business - LEVEL5

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