



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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