

ModernGraham Valuation

Company Name:

Ross Stores, Inc.

Company Ticker ROST

Date of Analysis

8/23/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	2.11
MG Growth Estimate	14.62%
MG Value	\$79.79
MG Value based on 3% Growth	\$30.66
MG Value based on 0% Growth	\$17.97
Market Implied Growth Rate	7.57%

MG Opinion

Current Price	\$50.00
% of Intrinsic Value	62.67%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.28
PEmg	23.64
Current Ratio	1.36
PB Ratio	8.81
Dividend Yield	0.84%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.42	Next Fiscal Year Estimate	\$2.11
Jan15	\$2.21	Jan15	\$1.87
Jan14	\$1.94	Jan14	\$1.62
Jan13	\$1.77	Jan13	\$1.36
Jan12	\$1.43	Jan12	\$1.07
Jan11	\$1.16	Jan11	\$0.83
Jan10	\$0.89	Jan10	\$0.62
Jan09	\$0.58	Jan09	\$0.47
Jan08	\$0.48	Jan08	\$0.40
Jan07	\$0.43	Jan07	\$0.36
Jan06	\$0.34	Jan06	\$0.32
Jan05	\$0.28	Jan05	\$0.30
Jan04	\$0.37	Jan04	\$0.30
Jan03	\$0.31	Jan03	\$0.25
Jan02	\$0.24	Jan02	\$0.21
Jan01	\$0.23	Jan01	\$0.19
Jan00	\$0.21	Jan00	\$0.16
Jan99	\$0.18	Balance Sheet Information Apr15	
Jan98	\$0.15	Total Current Assets	\$2,486,366,000
Jan97	\$0.10	Total Current Liabilities	\$1,825,007,000
Jan96	\$0.06	Long-Term Debt	\$395,677,000
		Total Assets	\$4,936,049,000
		Intangible Assets	\$0
		Total Liabilities	\$2,602,550,000
		Shares Outstanding (Diluted Average)	411,386,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

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[5 Undervalued Companies with a Low Beta – July 2015](#)
[5 Undervalued Companies with a Low Beta – June 2015](#)
[The 12 Best Stocks For Value Investors This Week – 5/30/15](#)
[Ross Stores Inc. Quarterly Valuation – May 2015 \\$ROST](#)

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[The Best Companies of the Retail Industry – August 2015](#)
[Bed Bath & Beyond Inc. Analysis – August 2015 Update \\$BBBY](#)
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[Kohl's Corporation Analysis – August 2015 Update \\$KSS](#)
[Aaron's Inc. Analysis – Initial Coverage \\$AAN](#)
[Nordstrom Inc. Analysis – July 2015 Update \\$JWN](#)
[Tractor Supply Company Analysis – Initial Coverage \\$TSCO](#)
[Coach Inc. Analysis – July 2015 Update \\$COH](#)
[TJX Companies Analysis – July 2015 Update \\$TJX](#)
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