

# ModernGraham Valuation

Company Name:

Ross Stores, Inc.

Company Ticker ROST

Date of Analysis

12/10/2015



## 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	\$22,040,056,934	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.39	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	346.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.48	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.17	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	1.39	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.58	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.13
MG Growth Estimate	14.83%
<b>MG Value</b>	<b>\$81.25</b>
MG Value based on 3% Growth	\$30.88
MG Value based on 0% Growth	\$18.10
Market Implied Growth Rate	8.49%

### MG Opinion

Current Price	\$54.27
% of Intrinsic Value	66.80%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

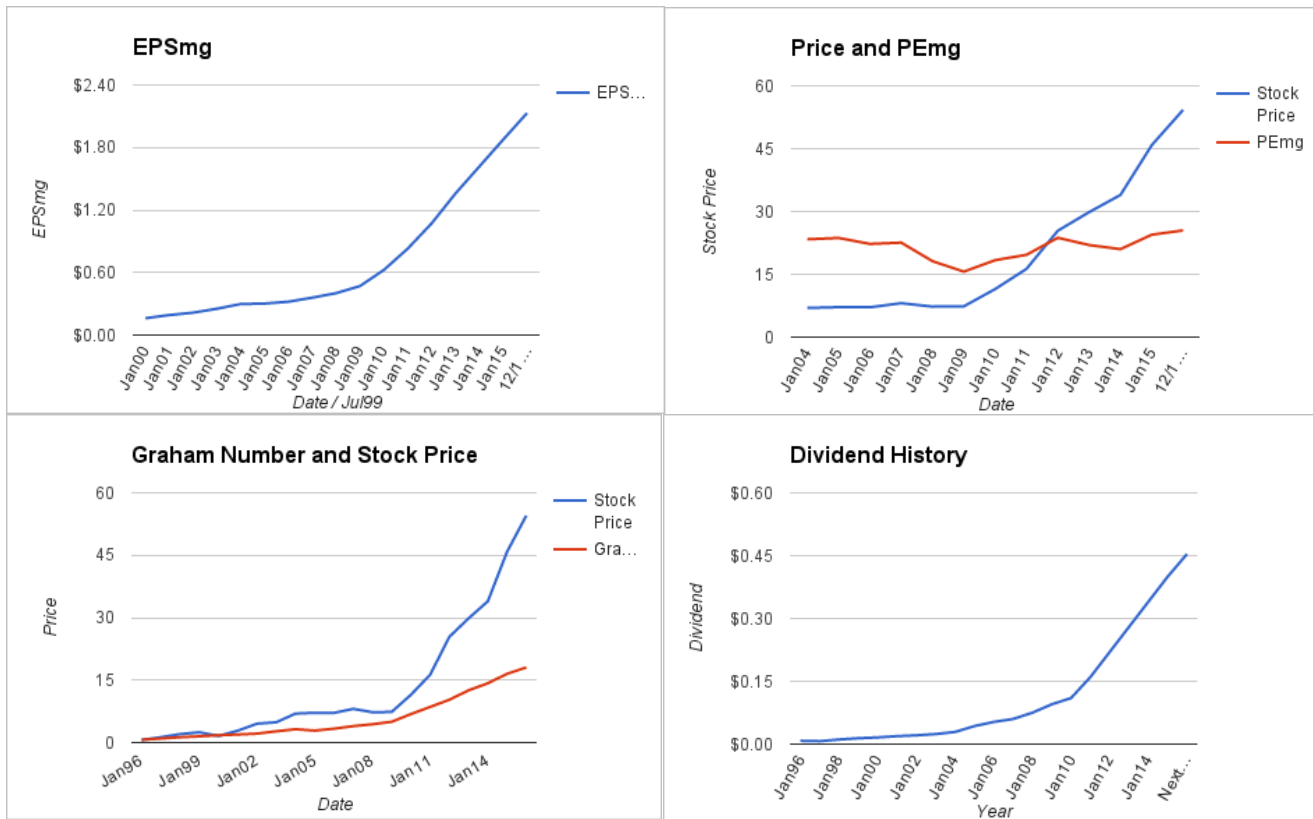
Net Current Asset Value (NCAV)	-\$0.19
Graham Number	\$18.04
PEmg	25.48
Current Ratio	1.39
PB Ratio	9.17
Dividend Yield	0.84%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.27	Next Fiscal Year Estimate	\$2.13
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	<b>Balance Sheet Information Oct15</b>	
Jan98	\$0.15	Total Current Assets	\$2,434,590,000
Jan97	\$0.10	Total Current Liabilities	\$1,749,479,000
Jan96	\$0.06	Long-Term Debt	\$395,909,000
		Total Assets	\$4,903,771,000
		Intangible Assets	\$0
		Total Liabilities	\$2,509,689,000
		Shares Outstanding (Diluted Average)	404,504,000





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**

- [Dividend Growth Stocks for the Intelligent Investor – November 2015](#)
- [Dividend Growth Stocks for the Intelligent Investor – October 2015](#)
- [Dividend Growth Stocks for the Intelligent Investor – September 2015](#)
- [19 Best Stocks For Value Investors This Week – 8/29/15](#)
- [Ross Stores Inc. Analysis – August 2015 Update \\$ROST](#)

**Other ModernGraham posts about related companies**

- [Bed Bath & Beyond Inc. Valuation – November 2015 Update \\$BBBY](#)
- [Kohl's Corporation Valuation – November 2015 Update \\$KSS](#)
- [Aaron's Inc. Valuation – October 2015 Update \\$AAN](#)
- [Nordstrom Inc. Valuation – October 2015 Update \\$JWN](#)
- [Tractor Supply Company Valuation – October 2015 Update \\$TSCO](#)
- [Coach Inc. Valuation – October 2015 Update \\$COH](#)
- [Dollar Tree Stores Inc. Valuation – October 2015 Update \\$DLTR](#)
- [TJX Companies Inc. Valuation – October 2015 Update \\$TJX](#)
- [TJX Companies Inc. Valuation – October 2015 Update \\$TJX](#)
- [Tiffany and Company Valuation – October 2015 Update \\$TIF](#)