

ModernGraham Valuation

Company Name:

Ross Stores, Inc.

Company Ticker ROST

Date of Analysis

3/1/2018



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 | \$29,841,778,569 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.57 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Pass |
| 4. Dividend Record | Dividend Payments for 10 years prior | | Pass |
| | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 227.87% | Pass |
| 5. Earnings Growth | | | |
| 6. Moderate PEmg Ratio | PEmg < 20 | 28.22 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 10.44 | 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 | 1.57 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.34 | 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 |
| | Score | | |

Suitability

| | |
|---------------------|------------|
| Defensive | No |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$2.77 |
| MG Growth Estimate | 10.68% |
| MG Value | \$82.64 |
| MG Value based on 3% Growth | \$40.13 |
| MG Value based on 0% Growth | \$23.52 |
| Market Implied Growth Rate | 9.86% |

MG Opinion

| | |
|----------------------|----------------------|
| Current Price | \$78.09 |
| % of Intrinsic Value | 94.49% |
| Opinion | Fairly Valued |
| MG Grade | B |

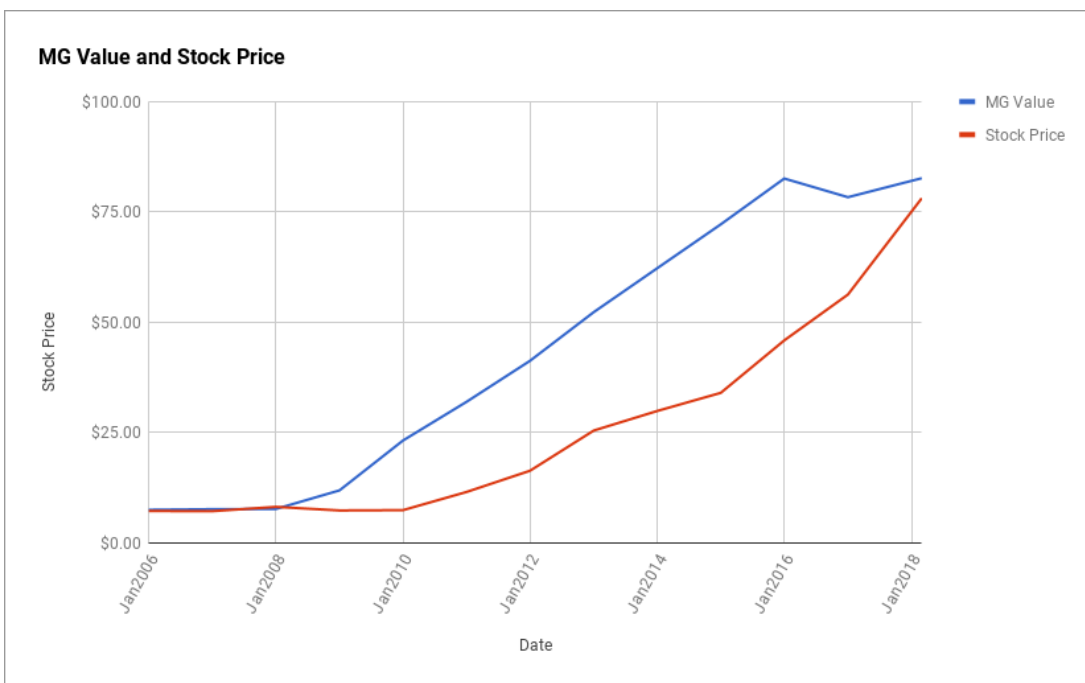
Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | \$0.86 |
| Graham Number | \$22.68 |
| PEmg | 28.22 |
| Current Ratio | 1.57 |
| PB Ratio | 10.44 |
| Current Dividend | \$0.54 |
| Dividend Yield | 0.69% |
| 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 | \$3.26 | Next Fiscal Year Estimate | \$2.77 |
| Jan2017 | \$2.83 | Jan2017 | \$2.43 |
| Jan2016 | \$2.51 | Jan2016 | \$2.14 |
| Jan2015 | \$2.21 | Jan2015 | \$1.87 |
| Jan2014 | \$1.94 | Jan2014 | \$1.62 |
| Jan2013 | \$1.77 | Jan2013 | \$1.36 |
| Jan2012 | \$1.43 | Jan2012 | \$1.07 |
| Jan2011 | \$1.16 | Jan2011 | \$0.83 |
| Jan2010 | \$0.89 | Jan2010 | \$0.62 |
| Jan2009 | \$0.58 | Jan2009 | \$0.47 |
| Jan2008 | \$0.48 | Jan2008 | \$0.40 |
| Jan2007 | \$0.43 | Jan2007 | \$0.36 |
| Jan2006 | \$0.34 | Jan2006 | \$0.32 |
| Jan2005 | \$0.28 | Jan2005 | \$0.30 |
| Jan2004 | \$0.37 | Jan2004 | \$0.30 |
| Jan2003 | \$0.31 | Jan2003 | \$0.25 |
| Jan2002 | \$0.24 | Jan2002 | \$0.21 |
| Jan2001 | \$0.23 | Balance Sheet Information 10/1/2017 | |
| Jan2000 | \$0.21 | Total Current Assets | \$3,235,945,000 |
| Jan1999 | \$0.18 | Total Current Liabilities | \$2,056,242,000 |
| Jan1998 | \$0.15 | Long-Term Debt | \$396,848,000 |
| | | Total Assets | \$5,766,978,000 |
| | | Intangible Assets | \$0 |
| | | Total Liabilities | \$2,908,459,000 |
| | | Shares Outstanding (Diluted Average) | 382,132,000 |





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

- [Best Dividend Paying Stocks for Dividend Growth Investors – August 2017](#)
- [Best Dividend Paying Stocks for Dividend Growth Investors – March 2017](#)
- [Best Dividend Paying Stocks for Dividend Growth Investors – February 2017](#)
- [Best Dividend Paying Stocks for Dividend Growth Investors – January 2017](#)
- [Best Dividend Paying Stocks for Dividend Growth Investors – December 2016](#)

Other ModernGraham posts about related companies

- [Nordstrom Inc Valuation – February 2018 \\$JWN](#)
- [Walmart Inc Valuation – February 2018 \\$WMT](#)
- [Costco Wholesale Corp Valuation – September 2017 \\$COST](#)
- [McKesson Corp Valuation – August 2017 \\$MCK](#)
- [Big 5 Sporting Goods Corp Valuation – Initial Coverage \\$BGFV](#)
- [Amazon.com Inc Valuation – August 2017 \\$AMZN](#)
- [Fossil Group Inc Valuation – March 2017 \\$FOSL](#)
- [Lumber Liquidators Holdings Inc Valuation – Initial Coverage \\$LL](#)
- [CVS Health Corp Valuation – March 2017 \\$CVS](#)
- [Target Corp Valuation – March 2017 \\$TGT](#)