ModernGraham Valuation

Company Name:

Ross Stores, Inc.



Company Ticker ROST Date of Analysis

1/3/2019

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.

| Adequate Size of the Enterprise | Market Cap > \$2Bil | \$30,957,153,472 Pass |
|---|--|-----------------------|
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.61 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 | |
| 5. Earnings Growth | beginning and end | 202.02% Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 24.85 Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 9.72 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 | 1.61 Pass |
|--|--------------------------------|-----------|
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.23 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 |

76.96%

Score

Suitability

MG Opinion

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

| EPSmg | \$3.36 |
|-----------------------------|----------|
| MG Growth Estimate | 11.90% |
| MG Value | \$108.54 |
| MG Value based on 3% Growth | \$48.74 |
| MG Value based on 0% Growth | \$28.57 |
| Market Implied Growth Rate | 8.18% |
| | |
| Current Price | \$83.53 |

% of Intrinsic Value Opinion **Fairly Valued**

Stage 3: Information for Further Research

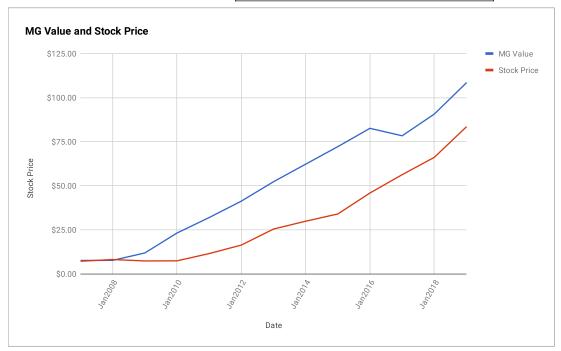
MG Grade

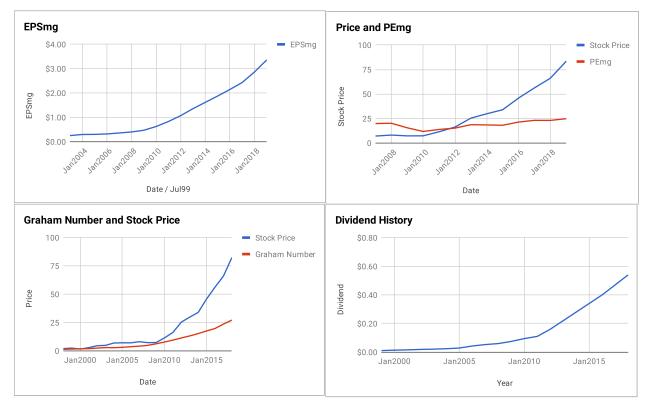
| Net Current Asset Value (NCAV) | \$1.55 |
|---|---------|
| Graham Number | \$27.22 |
| PEmg | 24.85 |
| Current Ratio | 1.61 |
| PB Ratio | 9.72 |
| Current Dividend | \$0.64 |
| Dividend Yield | 0.77% |
| Number of Consecutive Years of Dividend Growth | 20 |

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 | ***** | Next Fiscal Year Estimate | \$3.36 |
| Jan2018 | \$3.55 | Jan2018 | \$2.86 |
| 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 | Balance Sheet Information | 10/1/2018 |
| Jan2001 | \$0.23 | Total Current Assets | \$3,623,307,000 |
| Jan2000 | \$0.21 | Total Current Liabilities | \$2,252,294,000 |
| Jan1999 | \$0.18 | Long-Term Debt | \$312,328,000 |
| | | Total Assets | \$6,235,767,000 |
| | | Intangible Assets | \$0 |
| | | Total Liabilities | \$3,048,604,000 |
| | | Shares Outstanding (Diluted Average) | 371,061,000 |





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 2018
Best Dividend Paying Stocks for Dividend Growth Investors – June 2018
Best Dividend Paying Stocks for Dividend Growth Investors – April 2018

Ross Stores Inc Valuation - March 2018 \$ROST

Best Dividend Paying Stocks for Dividend Growth Investors – August 2017

Other ModernGraham posts about related companies Walgreens Boots Alliance Inc Valuation - December 2018 \$WBA

Nordstrom Inc Valuation – December 2018 \$JWN Walmart Inc Valuation – November 2018 \$WMT

Canadian Tire Corp Ltd Valuation - August 2018 \$TSE:CTC.A

McKesson Corp Valuation - June 2018 \$MCK

Big 5 Sporting Goods Corp Valuation – June 2018 \$BGFV

Amazon.com Inc Valuation – June 2018 \$AMZN

Fossil Group Inc Valuation – June 2018 \$FOSL

Costco Wholesale Corp Valuation – June 2018 \$COST

<u>Lumber Liquidators Holdings Inc Valuation – June 2018 \$LL</u>