



Costco Wholesale Corporation Reports Fourth Quarter and Fiscal Year 2019 Operating Results

October 3, 2019

ISSAQUAH, Wash., Oct. 03, 2019 (GLOBE NEWSWIRE) -- Costco Wholesale Corporation ("Costco" or the "Company") (Nasdaq: COST) today announced its operating results for the 16-week fourth quarter and the 52-week fiscal year, ended September 1, 2019.

Net sales for the quarter were \$46.45 billion, an increase of 7.0 percent from \$43.41 billion during the similar period last year. Net sales for the fiscal year were \$149.35 billion, an increase of 7.9 percent from \$138.43 billion during the similar period last year.

Comparable sales for the fourth quarter and the fiscal year were as follows:

	16 Weeks	16 Weeks Adjusted*	52 Weeks	52 Weeks Adjusted*
U.S.	6.2%	5.2%	7.8%	6.4%
Canada	2.6%	4.7%	1.6%	5.3%
Other International	1.9%	5.0%	2.0%	5.6%
Total Company	5.1%	5.1%	6.1%	6.1%
E-commerce	19.8%	21.9%	23.1%	23.3%

*Excluding the impacts from changes in gasoline prices, foreign exchange, and a previously disclosed accounting change concerning revenue recognition (ASC 606).

Net income for the fourth quarter was \$1,097 million, or \$2.47 per diluted share, compared to \$1,043 million, or \$2.36 per diluted share, last year. This year's fourth quarter was negatively impacted by a \$123 million pre-tax reserve to SG&A (\$96 million after-tax), or 22 cents per diluted share, related to a product tax assessment.

Net income for the fiscal year was \$3.66 billion, or \$8.26 per diluted share, compared to \$3.13 billion, or \$7.09 per diluted share, in the prior year. As previously disclosed and mentioned above, this year's net income was impacted by a net benefit of \$30 million or \$0.07 per diluted share from primarily non-recurring items. Last year was positively impacted by a first quarter tax benefit of \$41 million or \$0.09 per diluted share.

Costco currently operates 783 warehouses, including 544 in the United States and Puerto Rico, 100 in Canada, 39 in Mexico, 29 in the United Kingdom, 26 in Japan, 16 in Korea, 13 in Taiwan, 11 in Australia, two in Spain, one in France, one in Iceland, and one in China. Costco also operates e-commerce web sites in the U.S., Canada, the United Kingdom, Mexico, Korea and Taiwan.

A conference call to discuss these results is scheduled for 2:00 p.m. (PT) today, October 3, 2019, and is available via a webcast on www.costco.com (click on Investor Relations and "Play Webcast").

Certain statements contained in this document constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the Company expects or anticipates may occur in the future. In some cases forward-looking statements can be identified because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. These risks and uncertainties include, but are not limited to, domestic and international economic conditions, including exchange rates, the effects of competition and regulation, uncertainties in the financial markets, consumer and small business spending patterns and debt levels, breaches of security or privacy of member or business information, conditions affecting the acquisition, development, ownership or use of real estate, capital spending, actions of vendors, rising costs associated with employees (generally including health care costs), energy and certain commodities, geopolitical conditions (including tariffs), the ability to remediate material weaknesses in internal control, and other risks identified from time to time in the Company's public statements and reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date that they are made, and the Company does not undertake to update them, except as required by law.

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COSTCO WHOLESALE CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF INCOME (dollars in millions, except per share data) (unaudited)

	16 Weeks Ended September 1, 2019	September 2, 2018	52 Weeks Ended September 1, 2019	September 2, 2018
REVENUE				
Net sales	\$ 46,448	\$ 43,414	\$ 149,351	\$ 138,434
Membership fees	1,050	997	3,352	3,142
Total revenue	47,498	44,411	152,703	141,576
OPERATING EXPENSES				
Merchandise costs	41,310	38,671	132,886	123,152
Selling, general and administrative	4,684	4,263	14,994	13,876
Preopening expenses	41	31	86	68
Operating income	1,463	1,446	4,737	4,480
OTHER INCOME (EXPENSE)				
Interest expense	(45)	(48)	(150)	(159)
Interest income and other, net	74	51	178	121
INCOME BEFORE INCOME TAXES	1,492	1,449	4,765	4,442
Provision for income taxes	382	396	1,061	1,263
Net income including noncontrolling interests	1,110	1,053	3,704	3,179
Net income attributable to noncontrolling interests	(13)	(10)	(45)	(45)
NET INCOME ATTRIBUTABLE TO COSTCO	\$ 1,097	\$ 1,043	\$ 3,659	\$ 3,134
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:				
Basic	\$ 2.49	\$ 2.38	\$ 8.32	\$ 7.15
Diluted	\$ 2.47	\$ 2.36	\$ 8.26	\$ 7.09
Shares used in calculation (000's):				
Basic	439,727	438,379	439,755	438,515
Diluted	443,400	442,427	442,923	441,834

COSTCO WHOLESALE CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (amounts in millions, except par value and share data) (unaudited)

Subject to Reclassifications

	September 1, 2019	September 2, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,384	\$ 6,055
Short-term investments	1,060	1,204
Receivables, net	1,535	1,669
Merchandise inventories	11,395	11,040
Other current assets	1,111	321
Total current assets	23,485	20,289
PROPERTY AND EQUIPMENT		
Land	6,417	6,193
Buildings and improvements	17,136	16,107
Equipment and fixtures	7,801	7,274
Construction in progress	1,272	1,140
	32,626	30,714
Less accumulated depreciation and amortization	(11,736)	(11,033)
Net property and equipment	20,890	19,681
OTHER ASSETS	1,025	860
TOTAL ASSETS	\$ 45,400	\$ 40,830
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 11,679	\$ 11,237
Accrued salaries and benefits	3,176	2,994
Accrued member rewards	1,180	1,057
Deferred membership fees	1,711	1,624
Current portion of long-term debt	1,699	90
Other current liabilities	3,792	2,924
Total current liabilities	23,237	19,926
LONG-TERM DEBT, excluding current portion	5,124	6,487
OTHER LIABILITIES	1,455	1,314
Total liabilities	29,816	27,727
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Preferred stock \$0.01 par value; 100,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock \$0.01 par value; 900,000,000 shares authorized; 439,625,000 and 438,189,000 shares issued and outstanding	4	4

Additional paid-in capital	6,417	6,107	
Accumulated other comprehensive loss	(1,436)	(1,199))
Retained earnings	10,258	7,887	
Total Costco stockholders' equity	15,243	12,799	
Noncontrolling interests	341	304	
Total equity	15,584	13,103	
TOTAL LIABILITIES AND EQUITY	\$ 45,400	\$ 40,830	

Source: Costco Wholesale Corporation