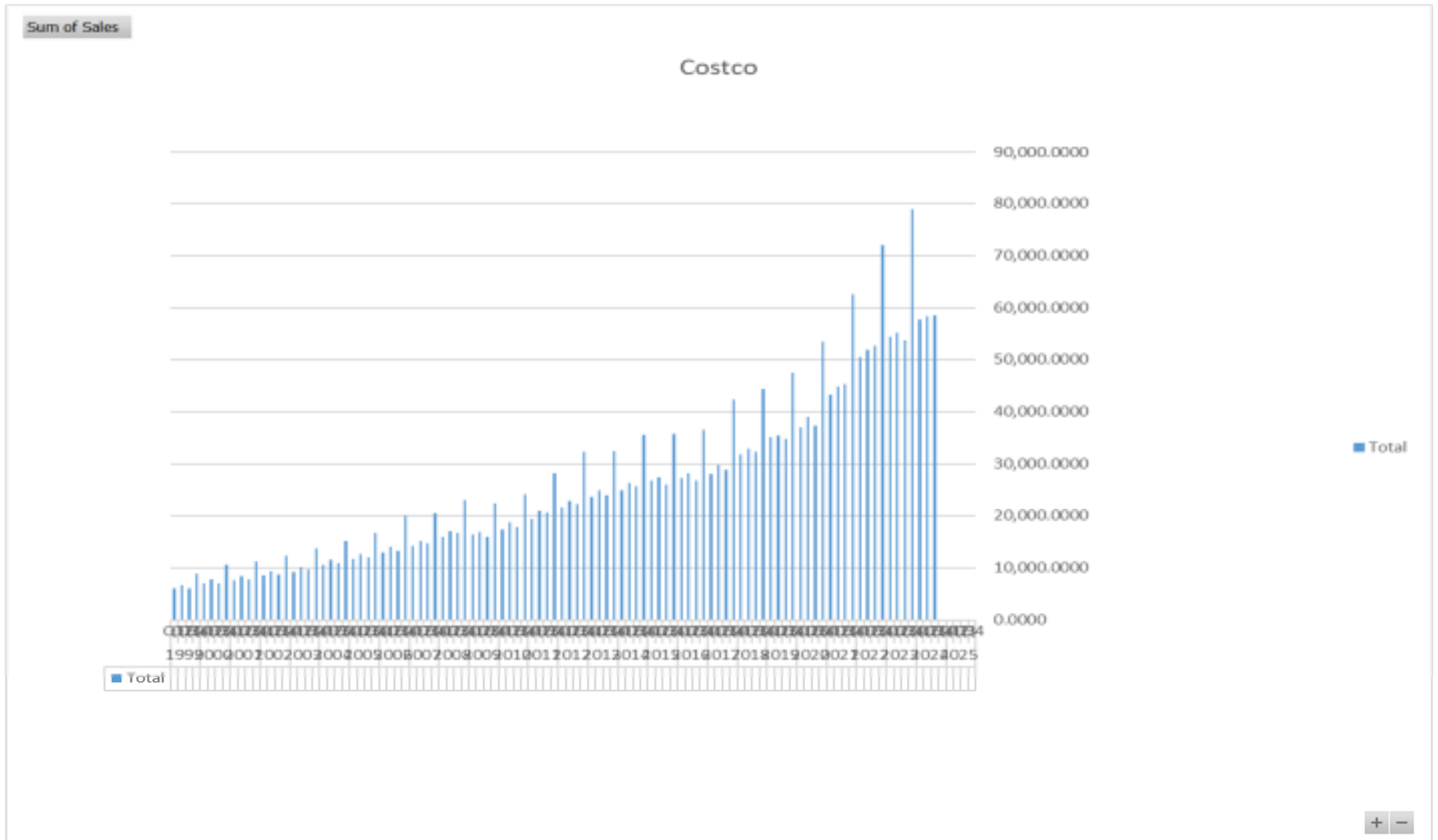
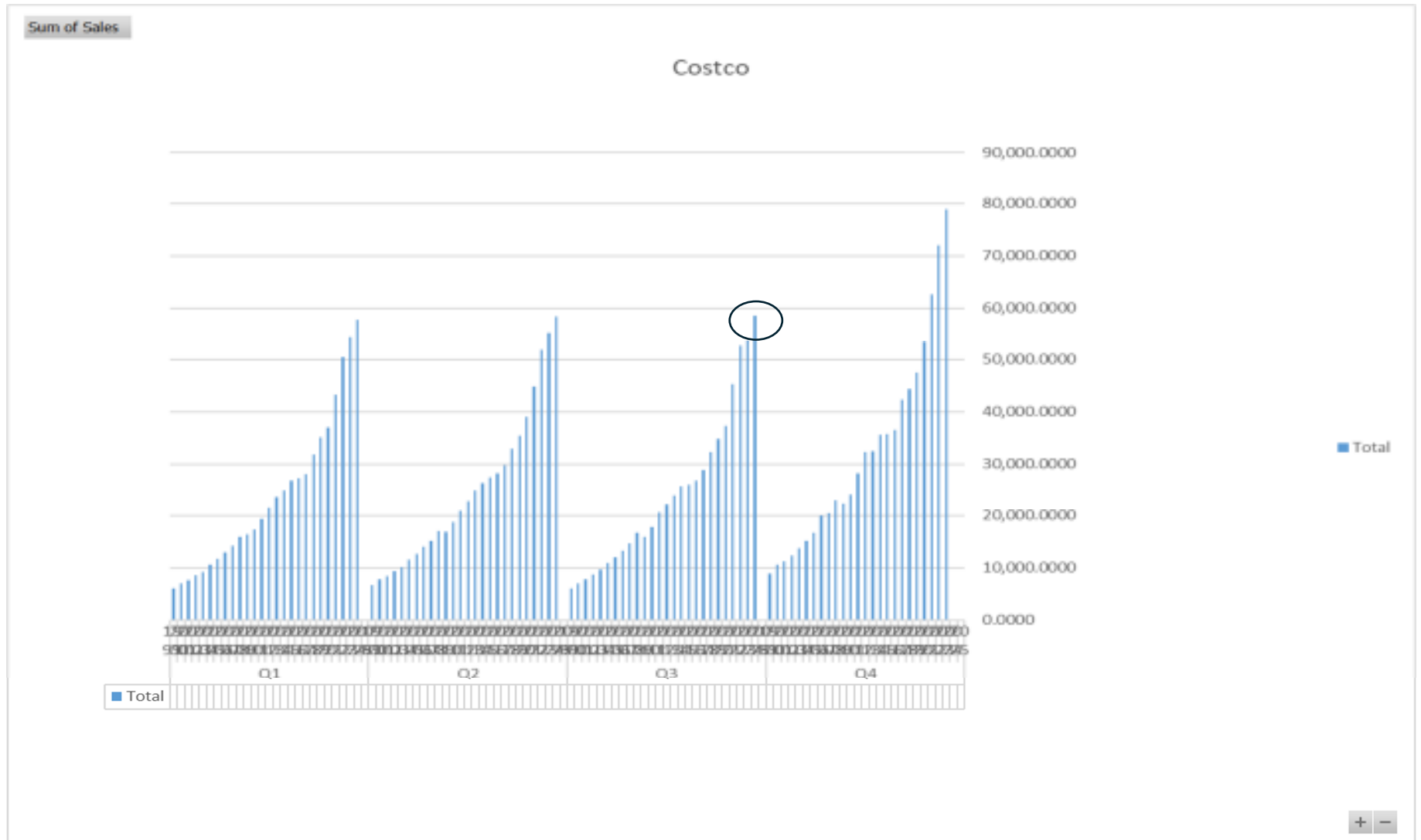


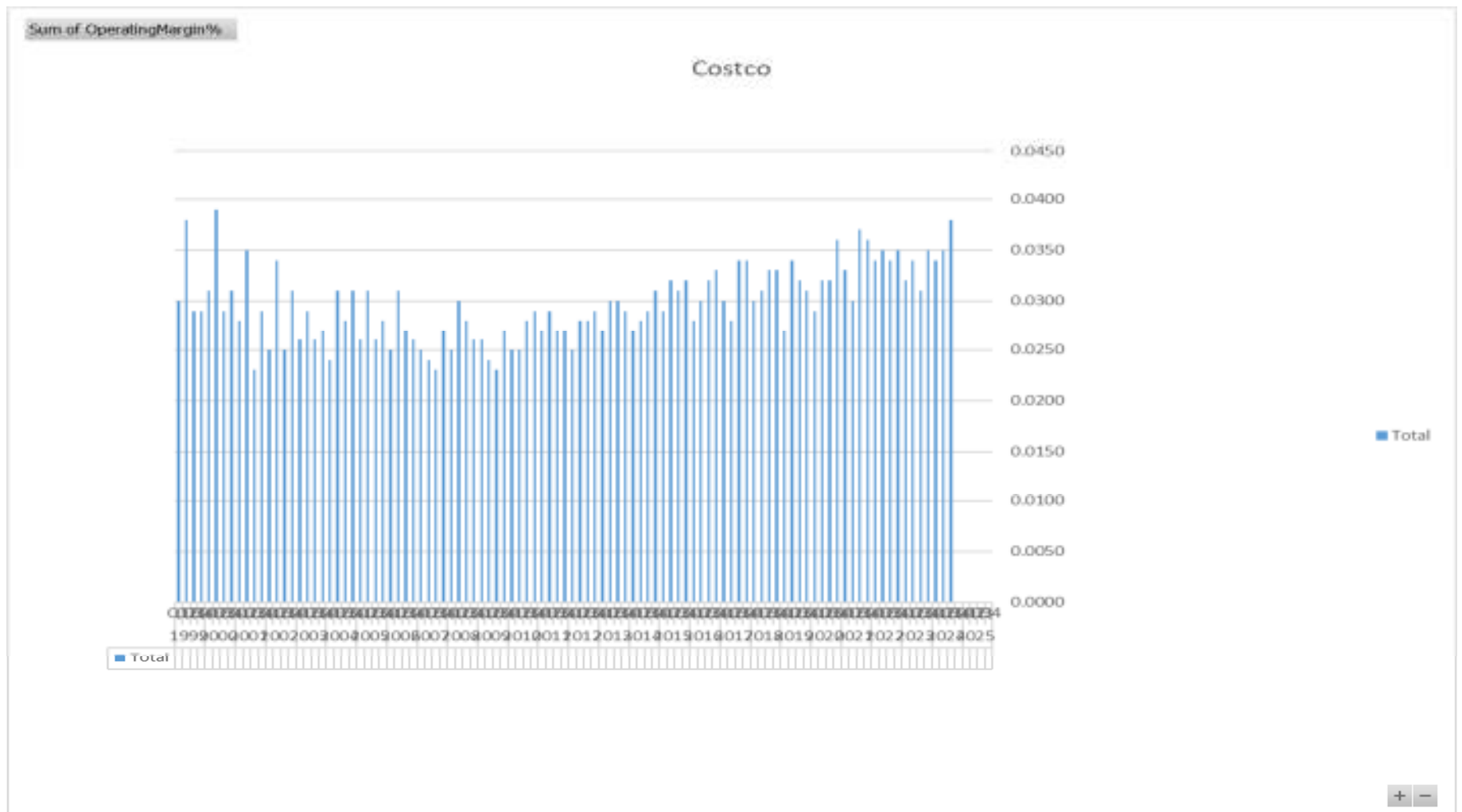
Costco's numbers were solid once again in their latest report for Q3 of 2024. Sales continued to climb. Below is their quarter by quarter sales numbers going back to 1999. You'll notice the large sales in one quarter each year. This is the next quarter they will be reporting on next.



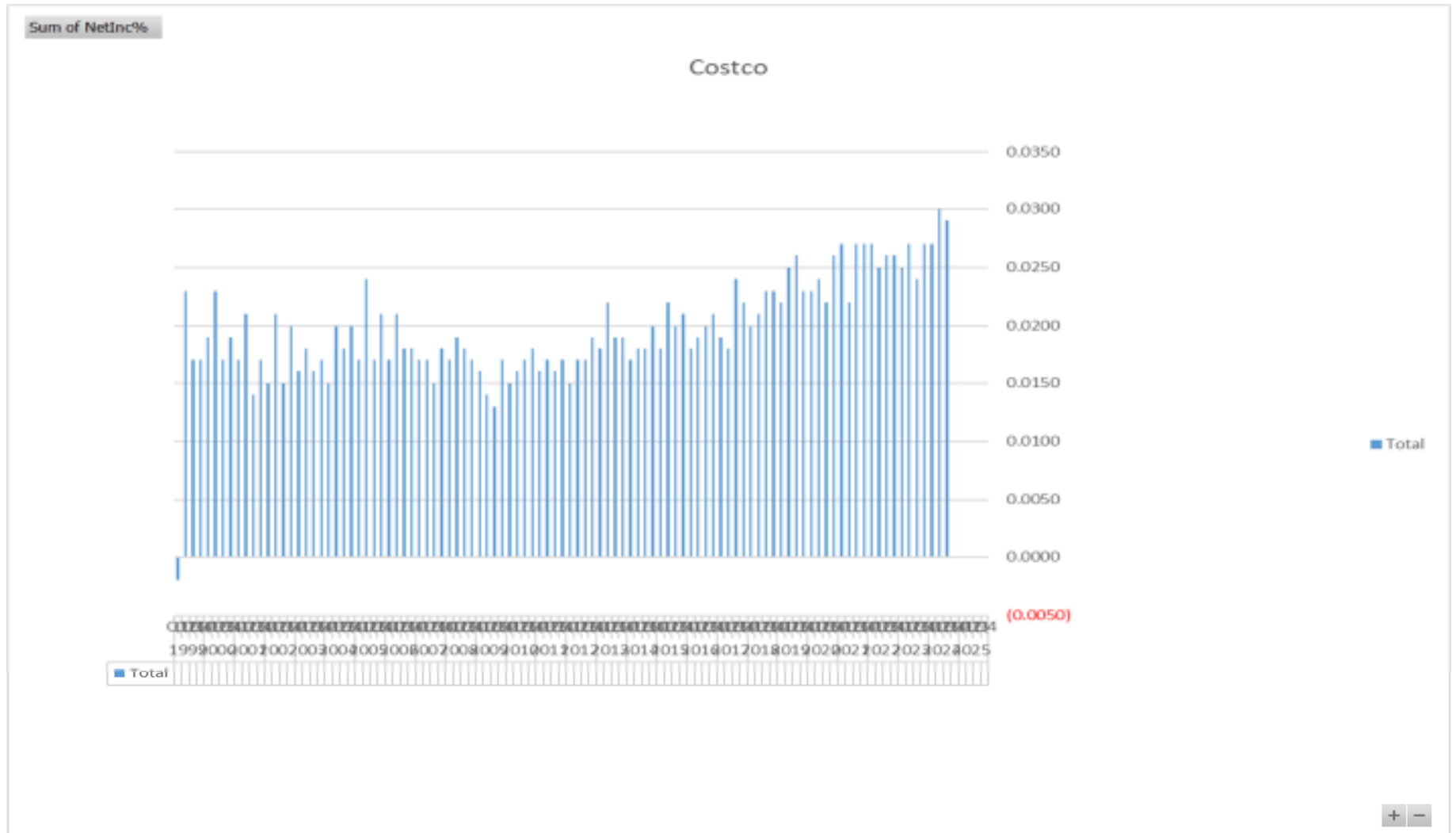
Looking at the same data, but grouping the quarters together, you're able to see the clear rising trends within quarters. The circled item is the most recent quarter. It is nicely above the same quarter from the previous year.



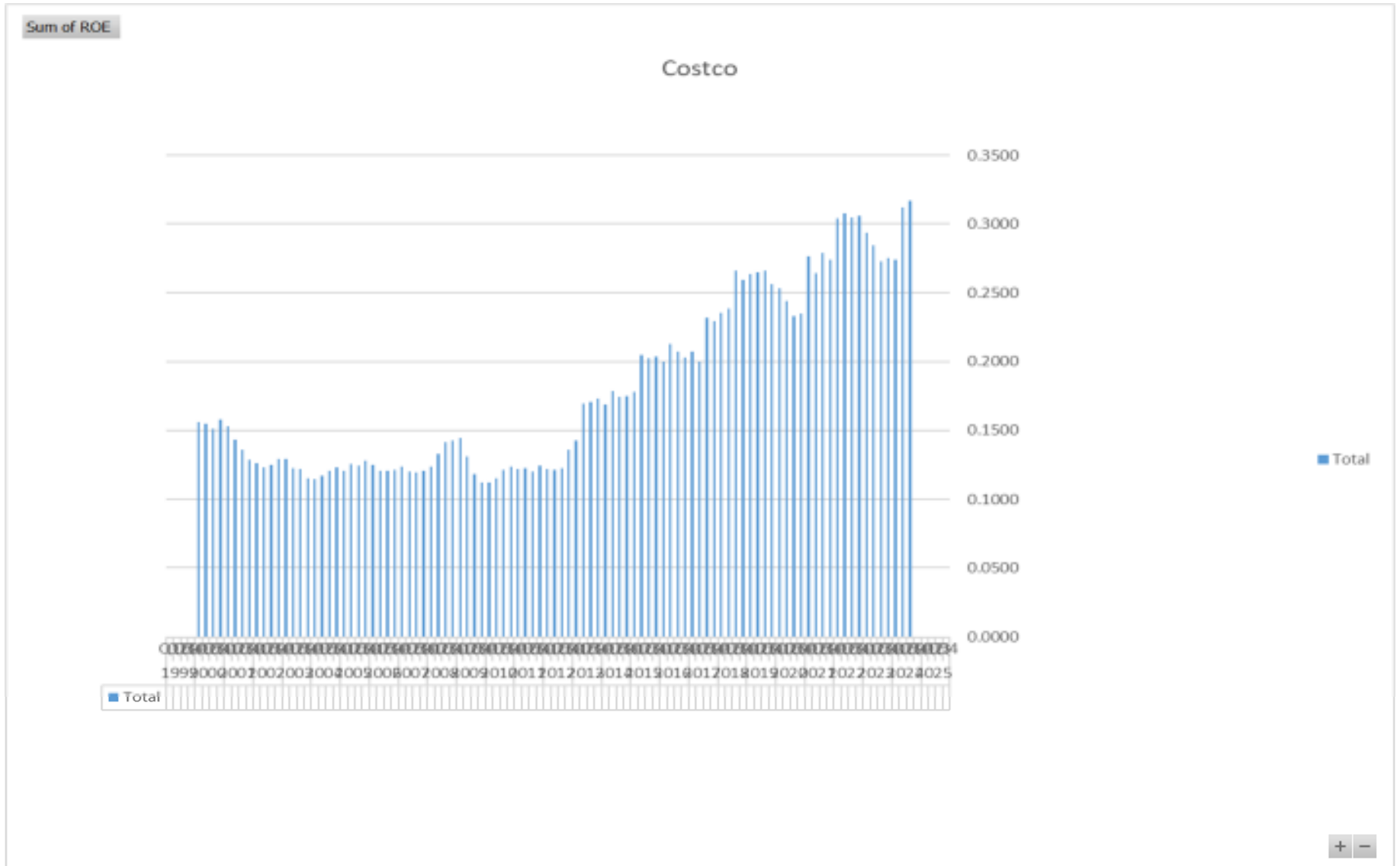
The trend in operating margin is clearly up. This is the percentage of sales after the cost of the goods sold and administrative costs. COST gets a low margin, but a generally consistent and growing margin. This keeps a happy customer who returns repeatedly. They don't look to squeeze the customer in the short term, but to build a relationship with a regular, returning customer.



This all translates into a steadily and consistently growing net profit margin. They don't try to get the max from the customer on each visit. They are building a very satisfied customer who comes back repeatedly.



As a result of their strategy, COST has an outstanding return on equity (ROE) that continues to trend solidly up. This type of performance is why COST is an outstanding retailer to own.



Their Return on Equity has increased steadily since 2012 Q4 (period 55) reaching over 30% in the last two quarters. Given their high and low closing stock prices, the market clearly has rewarded them with a high stock price. The correlation between their stock price and ROE is clear in the below chart.

