

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE / (DOWNSIDE)	NEXT EARNINGS
HOLD	USD 976.78	USD 989.11	(1.2%)	10-Dec-2026

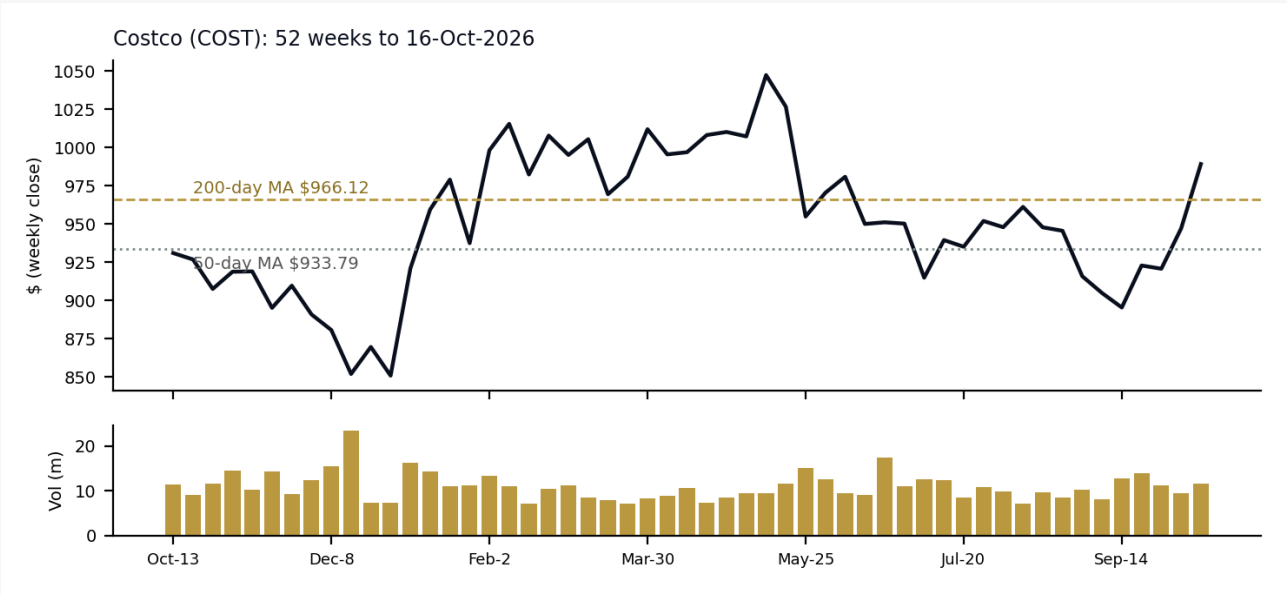
MARKET CAP	52-WEEK HIGH	52-WEEK LOW	P/E (FWD)	EV/EBITDA	EV/REVENUE
\$439.6B	1,096.50	844.06	43.4x	29.7x	1.3x

REVENUE (TTM)	EBITDA MARGIN	FCF (TTM)	NET DEBT / (CASH)	BETA	DIV YIELD
\$303.2B	4.7%	\$9,390M	(\$12.7B)	0.87	0.59%

TECHNICAL DATA • as of 16-Oct-2026 • MAs and RSI computed from daily closes (Yahoo / stockanalysis.com; vendor figures match) • Short interest: Benzinga / Equities, settlement 30-Sep-2026 • Relative performance: YCharts total return, 12 months to 16-Oct-2026

50-DAY MA	200-DAY MA	RSI (14)	SHORT INTEREST	AVG VOLUME (30D)	PERF. vs S&P 1Y
933.79 price above	966.12 price above	72.5 overbought (>70)	1.65% % of float, 30-Sep-2026	2.3M 30-day avg. shares	-9.4pp vs S&P 500 TR, 1Y

PRICE CHART • 52 weeks to 16-Oct-2026, weekly closes and volume (StatMuse; latest two weeks from stockanalysis daily data)



1. INVESTMENT THESIS

Costco is rated HOLD with a target price of \$976.78, against a current price of \$989.11. On the desk's own bands, the -0.7% total return would round to SELL, so the decision is right on the boundary; the rationale for keeping HOLD is set out in Section 6.

Costco looks broadly fairly valued because its stronger returns and defensive business model justify a premium to Walmart, but that premium has already fallen sharply and leaves limited room for another major re-rating.

Costco trades at a 13.5% trailing P/E premium to Walmart, down from 86% in August 2022 and also below 24% in August 2026. The important point is that investors are already paying much less for Costco relative to Walmart than they were a few years ago.

That matters because Costco's premium is not being justified by valuation alone. Its 39.3% ROIC is well above Walmart's 13.3%, so there is still a fundamental reason for Costco to trade above its closest peer. The question is therefore whether the remaining premium is reasonable rather than whether Costco deserves any premium at all.

The stock's 2.08% earnings yield is well below the 5.09% 10-year Treasury yield, leaving a 3.01 percentage-point gap in favour of bonds. On a purely yield-based comparison, that makes Costco look expensive.

The reason it does not automatically become a SELL is that the market has not actually de-rated Costco to the extent the higher Treasury yield might imply. Since 15 September, there have been ten sessions in which the 10-year yield was at or above 5.00%, yet Costco continued trading between 43.4× and 44.9× FY2026 EPS. The evidence suggests that investors continue to value Costco on its earnings quality and defensiveness rather than treating it as a simple bond substitute.

Applying the October 2023 Costco multiple of 39.3× to the current earnings base gives a value of \$811, or 18.0% downside from the current price.

That level was rejected as the base case because the market has not returned to that multiple. Costco's relative valuation has remained stronger even with higher rates. Another useful comparison is the stock's trailing P/E relative to the S&P 500's forward P/E: Costco traded at 2.22× the S&P 500's forward P/E in October 2023, versus 2.53× at the 16 October close. A market-wide de-rating is therefore a real risk, but the current trading relationship does not yet show that it has happened.

The strongest argument against HOLD is a market-wide de-rating if 5% Treasury yields make investors less willing to pay 44× earnings for Costco. At the October 2023 multiple of 39.3×, the shares would be worth about \$811, or -18.0%.

There is an upside case too. If Costco keeps the current multiple, the one-year return is about 9.0% on the EPS estimate and 10.2% on consensus. But that assumes Costco can keep roughly 44× earnings with the Treasury at 5% and the 2024 fee increase already fully annualised. For the return to fall to zero, the multiple only needs to fall to about 40.5× on FY2028 EPS, an 8.3% de-rating. HOLD survives because the gap is real but not yet large enough to justify assuming the full de-rating.

BULL CASE vs. BEAR CASE

BULL CASE	BEAR CASE
Membership retention. US and Canada renewal is 92.3%, supporting recurring fee income.	Multiple de-rates. Reapplying the October 2023 39.3× multiple produces \$811, or -18.0%.
High returns on capital. Costco's 39.3% ROIC is well above Walmart's 13.3%.	Premium narrows. Keeping only half of today's Walmart premium gives a value of \$913.31, equivalent to a -7.1% total return.

Consensus EPS case. Consensus FY2027 EPS of \$22.82, versus \$22.39 in the estimate, gives fair value of \$989.20.

Current multiple holds. Maintaining the current multiple gives about 9.0% one-year total return on the EPS estimate.

Capex rises. FY2027 capex is guided at \$7.5bn, up from \$6.435bn in FY2026.

Rates stay unattractive. The stock's 2.08% earnings yield remains 3.01pp below the 10-year Treasury yield.

2. COMPANY OVERVIEW

Costco operates membership-based warehouse clubs and earns most of its revenue from merchandise sales. In FY2026, net sales were \$297.247bn and membership fees were \$5.907bn, giving a revenue mix of roughly 98.1% merchandise and 1.9% membership fees.

The company had 939 warehouses at the end of FY2026, including 647 in the US and Puerto Rico and 115 in Canada. Paid membership reached 84.1m, up 3.8%, while 42.3m members were on the Executive tier.

Membership fees are small compared with merchandise sales, but they have a much higher profit contribution because Costco's retail margins are deliberately kept low. Membership fees accounted for 50.6% of operating income in FY2026, making them a disproportionately important part of the economics.

That also makes membership retention important. A renewal rate of 92.3% in the US and Canada means most existing members remain in the system, reducing the amount of new membership growth required simply to maintain the fee base.

A merchandise operating margin of around 1.91%, excluding the tariff refund, shows how deliberately low-cost Costco's retail model is. The company is not trying to earn a large margin on individual products; it earns through scale, turnover and the recurring membership relationship.

That structure has two sides. It allows Costco to maintain a strong value proposition and high customer loyalty, but it also means there is little room for merchandise-cost inflation before margins are affected.

The September 2024 membership-fee increase has now fully annualised. Q4 FY2026 was the last quarter to benefit from the previous increase, with fee growth of 7.3% reported and 6.8% excluding the increase and foreign exchange.

This shifts the earnings burden back toward the underlying business. Costco will have to rely more on membership growth, comparable sales and incremental margin improvement rather than another immediate pricing benefit from higher fees.

3. TECHNICAL OVERVIEW

Costco closed at \$989.11 on 16 October, up 5.9% from its 50-day moving average of \$933.79 and up 2.4% from its 200-day average of \$966.12. Momentum has increased as the stock has risen above both averages within two weeks of trading below them on 1 October. However, the 50-day average is still below the 200-day average, so no golden cross has occurred.

Although there has been some improvement in momentum, this does not alter the view on the stock. The recent increase in price appears to be more due to rotation into staples within the sector rather than due to specific events affecting Costco. Walmart has outperformed Costco, rising 14% compared to 8%. The fair value of the stock has also increased in line with the stock price.

Costco's share price has increased by 6.9% over the past year and the total return is 7.5%, compared to a total return for the S&P 500 of 16.9%. Costco is underperforming by 9.4 percentage points.

The important reason for Costco's weak share-price performance is that the share price has lagged earnings, which have continued to grow. FY2026 EPS was up 13.2% excluding the tariff refund, so the trailing P/E fell from roughly 51.8× to 44.1× even without a major fall in the share price.

The RSI(14) measure has increased from 48.5 on 1 October to 72.5 on 16 October. The rapid increase in price has taken the RSI(14) into overbought territory. This is indicative of short term price weakness, not a weakening of the underlying business. Currently there are only 7.33 million shares short, or 1.65% of the float. The number of days to cover has dropped to 2.7. This is mainly due to an increase in volume. The number of short positions has not significantly changed since 7.36 million shares.

4. INDUSTRY AND COMPETITIVE LANDSCAPE

IBISWorld estimates the US warehouse-club and supercenter market at \$770.4bn in 2026, with growth of 1.6% and a 2021–26 CAGR of 2.1%. The important caveat is that the figure includes Walmart supercenters, not just warehouse clubs, so it overstates the market that Costco directly competes within.

The broader market is therefore growing, but not at a pace that by itself explains Costco's valuation. Most of the investment case has to come from Costco taking or defending share, improving member economics and generating higher returns than the average retailer.

For a cleaner comparison, Sam's Club and BJ's are shown using their latest completed fiscal years on a full-year basis. Sam's Club FY2026 ended 31 January 2026 and generated \$93.0bn of net sales from 601 clubs, while BJ's FY2025 ended 31 January 2026 and generated \$20.96bn of net sales from 263 clubs (267 by its latest quarter, August 2026). Costco's FY2026 is a larger, later period ending 30 August 2026, with 939 warehouses globally.

Sam's Club is the closest operating competitor. It has a slightly smaller US club footprint than Costco's 647 US and Puerto Rico warehouses, but it has a stronger recent digital growth story: Sam's reported 5.1% FY2026 comparable sales growth excluding fuel and said e-commerce sales rose 23% in Q4. Costco's advantage is its much larger overall network, higher renewal rate and stronger return on capital.

BJ's is much smaller and is concentrated primarily in the eastern United States. It had more than 8m members and 263 clubs at 31 January 2026, with a more grocery-heavy assortment and meaningful private-label exposure. Its smaller regional footprint gives it less scale than Costco, although its focused geographic presence and digital delivery options are competitive strengths.

The comparison is therefore not simply about who has the lowest price. Sam's has the scale and digital infrastructure to compete closely with Costco; BJ's has a more regional and grocery-oriented proposition; Costco remains differentiated by scale, member loyalty and returns on capital.

The strongest protection is the combination of four things: membership fees, high renewal, purchasing scale and a limited assortment. Costco can keep prices low because it buys in enormous volumes, and the membership fee gives customers a reason to continue shopping there regularly.

The renewal figure is especially useful evidence. A 92.3% renewal rate in the US and Canada means the company does not have to rebuild the customer base every year. Once a customer sees value in the membership, there is a strong tendency to stay within the system.

Walmart is the most relevant comparator because it is the closest business in terms of scale, defensiveness and exposure to membership-led retail through Sam's Club. The peer median is useful as a reference point but not as the main valuation anchor.

Costco trades at 43.4× forward P/E and 30.1× EV/EBITDA, compared with 39.5× and 22.8× for Walmart. The broader peer median is 16.9× forward P/E and 11.3× EV/EBITDA.

The low peer median does not mean Target or Kroger are small businesses. It reflects the different economics of the group: grocery and discount retailers generally earn returns around the 13% ROIC range, whereas Costco's ROIC is much higher at 39.3%. Target is at 13.2%, Walmart at 13.3% and BJ's at 12.7%. The peer median therefore mixes businesses with very different return profiles, which makes Walmart the better anchor for Costco.

Company	Ticker	Mkt Cap (\$B)	EV (\$B)	Rev (\$B)	EV/Rev	EV/EBITDA	P/E (Fwd)	Rev Growth
Costco	COST	438.3	427.2	303.2	1.41x	29.7x	43.4x	10.1%
Walmart	WMT	942.6	1,010.0	735.8	1.37x	22.8x	39.5x	6.2%
BJ's Wholesale	BJ	11.9	14.7	22.8	0.64x	12.6x	19.4x	9.1%
PriceSmart	PSMT	5.1	5.1	5.7	0.90x	14.5x	29.5x	10.2%
Target	TGT	71.2	85.0	107.7	0.79x	9.9x	16.9x	2.0%
Kroger	KR	35.1	57.6	149.3	0.39x	7.2x	11.1x	1.1%
Dollar General	DG	26.2	40.4	43.6	0.93x	11.3x	14.9x	4.8%
Albertsons	ACI	5.8	21.2	83.2	0.25x	6.0x	6.7x	2.8%
Peer median (ex COST)		26.2	40.4	83.2	0.79x	11.3x	16.9x	4.8%

Source: S&P Global data via stockanalysis.com; COST and WMT at the 16-Oct-2026 close, other peers rebased to 1-Oct-2026 closes; market caps cross-checked to companiesmarketcap.com; Costco FY2026 release. Growth TTM vs prior TTM except COST (FY2026); Target from its Q2 2026 8-K. PriceSmart at its 30-Sep close. Fiscal years differ. Walmart is the valuation comparator. Costco row on the vendor's 443.1m basic shares; the banner market cap (\$439.6B) uses 444.4m diluted shares.

5. FINANCIAL ANALYSIS

Revenue

Costco's revenue growth accelerated meaningfully before moderating. Revenue rose from \$254.5bn in FY2024 to \$275.2bn in FY2025 and \$303.2bn in FY2026, representing growth of 5.0%, 8.2% and 10.1% respectively. FY2027E revenue is \$327.3bn, implying a slower but still healthy 8.0% growth rate.

The FY2026 result was supported by 6.6% comparable sales growth excluding gasoline and FX, 3.8% membership growth and 11.0% growth in membership fees. The prior 53-week FY2023 base also depresses FY2024's reported growth, which makes the acceleration since then look stronger than the underlying trend.

The current forecast therefore assumes some normalisation rather than another year of 10% revenue growth. FY2027E revenue of \$327.3bn is also slightly below consensus of \$328.5bn, so the base case does not depend on a particularly aggressive sales forecast.

Margins

EBITDA margin was 4.5% in FY2024, 4.7% in FY2025 and 4.7% in FY2026. The forecast is for 4.7% in FY2027E and 4.8% in FY2028E.

The expected improvement is gradual rather than dramatic. Merchandise margin is assumed to gain roughly 6 basis points per year, which suggests a slow structural improvement in the economics of the business rather than a one-off margin event.

The distinction is important because Costco does not have a wide merchandise margin to begin with. With merchandise operating margin around 1.9%, even small efficiency gains can matter to EPS, but cost inflation can work in the opposite direction just as quickly.

Cash flow

Cash conversion was strong in FY2026. Free cash flow was \$9.39bn, equivalent to 101.8% of net income, up from 96.8% in FY2025.

Working capital is particularly helpful because Costco receives inventory from suppliers before it pays all of the related cash outflow. Operating net working capital was -5.53% of sales, meaning the business effectively receives financing from suppliers as it grows. This helps explain why free cash flow can remain strong even though the retail margin is very low.

The offset is that Costco is also investing more heavily. FY2026 capex was \$6.435bn, or 2.2% of sales, and guidance calls for approximately \$7.5bn in FY2027. Higher capex does not necessarily indicate a problem, but it reduces the amount of cash immediately available for distribution.

Balance sheet

Costco ended FY2026 with \$21.3bn of cash and investments against \$6.16bn of debt, leaving about \$15.1bn of net cash excluding leases.

That balance sheet gives Costco flexibility. The cash can support warehouse expansion, higher capex, regular dividend growth or another special dividend. The last special dividend was \$15.00 in January 2024, so another distribution is possible, although there is no current announcement pointing to one.

The stronger balance sheet also limits the downside from higher interest rates because Costco is not dependent on heavy borrowing to fund its expansion.

FINANCIAL SUMMARY

Metric	FY2024A	FY2025A	FY2026A	FY2027E	FY2028E
Revenue (\$m)	254,453	275,235	303,154	327,318	351,804
YoY Growth %	5.0%	8.2%	10.1%	8.0%	7.5%
Gross Profit (\$m)	27,267	30,026	32,968	—	—
Gross Margin % (on net sales)	10.9%	11.1%	11.1%	—	—
EBITDA (\$m)	11,522	12,809	14,359	15,517	16,825
EBITDA Margin %	4.5%	4.7%	4.7%	4.7%	4.8%
EBIT (\$m)	9,285	10,383	11,685	12,628	13,719
Net Income (\$m)	7,367	8,099	9,226	9,951	10,789
Diluted EPS (\$)	16.56	18.21	20.76 (20.61 ex refund)	22.39	24.28
FCF (\$m)	6,629	7,837	9,390	6,212*	7,002*
Net Debt / (Cash) (\$m)	(5,247)	(9,496)	(15,139)	—	—

Sources: FY2024 and FY2025 results releases (Sep-2024, Sep-2025) and FY2026 8-K (24-Sep-2026), SEC EDGAR. FY2027E-FY2028E: own model, valuation date 16-Oct-2026.

* FY2027E-FY2028E FCF is unlevered free cash flow from the forecast (NOPAT + D&A - capex + working-capital release). Gross profit is not forecast: the model projects merchandise operating margin instead. Net debt excludes leases (\$2.4bn); FY2027E-FY2028E EBITDA and EPS on the recurring basis (ex \$0.15 tariff refund).

6. VALUATION

Methodology choice

A DDM is not particularly useful for Costco because the regular dividend yield is only 0.59%, while a meaningful part of shareholder cash returns has historically come through irregular special dividends. The regular dividend therefore does not capture the full cash-return picture.

A DCF is still useful as a cross-check, but it is unusually sensitive here to the discount rate and terminal assumptions. For the actual target, P/E and EV/EBITDA provide a better read on what investors are currently willing to pay for Costco's earnings and cash-generating ability.

Premium retained

The 13.5% trailing P/E premium is already the lowest point in the historical series. That low level is the reason to keep 100% of the current premium, rather than assume another arbitrary compression in the base case.

In other words, the valuation does not assume that Costco's premium will expand. It simply assumes that the market will continue to recognise today's quality difference between Costco and Walmart.

Weighting

Vireo's standard weighting for a compounder is 60% DCF, 20% EV/EBITDA and 20% P/E. Using that mix, the target falls to about \$609 with the template DCF of \$356.82, or about \$695 with the separate DCF of \$501.25; both would result in SELL.

The reason for not using that weighting is the relative-led approach agreed with Max. At a 5.09% risk-free rate, the DCF values Costco far below the level at which the market is actually pricing this type of business. It is therefore more useful as a floor than as a major part of the target.

Blended math

$66.7\% \times \$970.62 + 33.3\% \times \$989.11 + 0\% \times \$356.82 = \$976.78.$

The P/E value comes from 43.35× FY2027E EPS of \$22.39, producing \$970.62. The EV/EBITDA approach applies 29.73× to FY2026 EBITDA of \$14.36bn, adds \$12.7bn of net cash including leases and divides by 444.4m shares, producing \$989.11.

The assumption that changes the rating

With 100% of the current premium to Walmart retained, the two Walmart-based valuation methods simply reproduce Costco's own current multiples: 43.35× P/E and 29.73× EV/EBITDA. In that sense, they confirm the current price more than they test it.

That leaves the target resting mainly on the FY2027 EPS estimate of \$22.39 versus consensus of \$22.82. The break-even point is about \$22.61: above it, the call is HOLD; below it, the call is SELL. Each \$0.10 change in EPS is worth about \$2.89 on the target. Walmart is still used as the anchor because it shows that Costco's premium is already low at 13.5%, so there is no obvious reason to cut it further in the base case.

DCF floor

The DCF floor quoted here is \$356.82, or roughly \$357, from Vireo's template. The separate DCF estimate is \$501.25, or roughly \$501. Both are substantially below the market-based valuation.

The disagreement comes from the assumptions. The template uses five years, end-year discounting, an 8.94% WACC and 4.0% terminal growth, while the separate model uses a longer ten-year forecast, mid-year discounting and terminal growth linked to a 30% return on new capital. The difference is therefore not simply a disagreement about Costco's operations; it is mainly a disagreement over the value assigned to long-term cash flows (terminal reinvestment, horizon and timing); both models use the same 8.94% WACC.

Rating

On the desk's own bands, the total return is -0.7%, which is 0.7 points below the HOLD threshold. On consensus FY2027 EPS, the return is +0.6%, or 0.6 points above it. The call therefore sits directly on the edge, with only \$0.43 of FY2027 EPS separating the two outcomes: \$22.39 in the estimate versus \$22.82 consensus.

The reason to round to HOLD rather than SELL is that the gap is smaller than the uncertainty around the EPS estimate, and there has been no deterioration in the underlying business. Costco is still growing sales and membership, generating strong cash flow and earning materially more on capital than Walmart. The 12-month +7.6% figure is not used as support for the rating.

PRICE TARGET DERIVATION

Method	Weight	Implied Value	Key Assumptions
Primary: Forward P/E vs Walmart	66.7%	USD 970.62	43.35x on FY2027E EPS \$22.39. Walmart 39.54x + Costco's full premium (lowest since 2022).
Secondary: EV/EBITDA vs Walmart	33.3%	USD 989.11	29.73x on FY2026 EBITDA \$14.36bn; net cash incl. leases \$12.7bn. Walmart 22.83x + full premium.
Tertiary: FCFF DCF (floor)	0%	USD 356.82	WACC 8.94%, g 4.0%, 5 years, end-year (template). Own 10-year mid-year DCF: \$501.25.
BLENDED TARGET	100%	USD 976.78	$66.7\% \times \$970.62 + 33.3\% \times \$989.11 + 0\% \times \$356.82 = \$976.78$

7. CATALYSTS

September sales

Excluding gas and FX, comparable sales for September increased by 7.6% (US: 8.0%) compared to the 6.6% run rate for FY2026. The reported comparable sales increased by 11.4%, and net sales were \$30.02 billion, up 13.0%. Shares increased by only 0.7% on the day. The next catalyst is expected sales for October in early November. After that, Q1 FY2027 results are expected on 10 December. The sensitivity to fair value has increased to \$2.89 per \$0.10 change in FY2027 EPS from \$2.68.

Q1 FY2027 results

The main catalyst is Q1 FY2027 results on 10 December 2026 after the close. The key question is whether earnings start moving toward or above the \$22.82 consensus, with the same \$2.89 target sensitivity for each \$0.10 change in FY2027 EPS. Reaching consensus gives a target of \$989.20, which is roughly flat on price; the +0.6% is total return including the dividend.

Other events

Costco announced its regular \$1.47 per share quarterly dividend on 14 October. There was no special dividend. Net cash is \$15.1 billion. The last special dividend was paid in January 2024. The next fee increase is assumed in FY2031, although none has been announced since September 2024.

8. RISKS TO OUR THESIS

Downside

The main downside mechanism is multiple compression. Costco is a high-duration stock, so a higher required return can push the P/E lower even if earnings continue to grow.

Risk	Trigger to watch	Valuation impact
Market de-rating	Costco falls back toward the 39.3x October 2023 multiple	\$811 / -18.0%

Premium narrows	Costco keeps only 50% of today's Walmart premium	\$913.31 / -7.1% total return
Earnings disappoint	FY2027 EPS falls below the current \$22.39 estimate	-\$2.89 per \$0.10 EPS miss

Higher investment spending is not included as a separate target risk because the DCF carries 0% weight in the final valuation. It matters for cash flow, but it does not directly change the blended target under the current methodology.

The rate risk is particularly important because Costco's earnings yield is only 2.08% against a 5.09% Treasury yield. The market is effectively accepting a very low earnings yield in exchange for expected growth, quality and defensiveness. If investors become less willing to pay for those qualities, the multiple can fall quickly.

Upside

The upside case needs a much larger earnings outcome. A BUY at roughly \$1,072 would require FY2027 EPS of about \$25.55 at today's multiple, around 12% above consensus.

Risk / reward range

The bear case is \$834.81, a -15.0% total return. The bull case is \$988.76, or +0.6% total return. The skew partly comes from how the scenarios are built: the bear case also reduces the Costco premium to Walmart, while the bull case keeps today's premium. At 150% of today's premium on the bull-case fundamentals, fair value would be about \$1,055, or roughly +7.2% (about \$1,042, or +6.0%, on base-case fundamentals).

The skew is therefore mainly a reason to keep watching the premium to Walmart, rather than a reason on its own to prefer HOLD over BUY.

9. ESG NOTE

Labour costs are the clearest ESG factor with a direct financial impact. Costco has approximately 355,000 employees, and its US average hourly wage was approximately \$32 in FY2025. The March 2025 wage agreement also increased the top of the pay scale from \$29.20 to \$30.20, followed by another \$1 per hour in each of the next two years.

The financial sensitivity is meaningful because SG&A equals 9.15% of sales. Every 10bp change in SG&A is estimated to affect pre-tax profit by about \$297m, EPS by around \$0.50, and target value by approximately \$13 per share. Labour inflation therefore matters directly to the margin assumptions even though Costco's overall operating model remains strong.

10. MANAGEMENT AND OWNERSHIP

Ron Vachris has been CEO since 1 January 2024, after serving as President and COO. His background is directly tied to Costco's operations, which provides continuity rather than a major strategic break. Gary Millerchip has been CFO since March 2024.

The relevant point for the investment case is that the current leadership team is operating within an established model rather than attempting to change the basic economics of the business. The membership-led, low-margin warehouse strategy remains intact.

Insiders own only 0.09% of the company, while institutions own approximately 73.8%–76.5%. Vanguard holds about 8.9% across its two entities, BlackRock about 7.6% and State Street 4.15%.

There were approximately \$4.3m of insider sales and no purchases from April through September 2026. Recent sales included 801 shares by Frates and 2,200 shares by Adamo on 29 September at \$915.93. The selling is worth noting, but without corresponding purchases or a change in operating guidance, it is not strong enough to change the investment case.

MANAGEMENT TEAM

Name	Role	Background
Ron Vachris	Chief Executive Officer and President	CEO since 1-Jan-2024; President since Feb-2022; previously President and COO. (2025 proxy)
Gary Millerchip	Executive Vice President and CFO	CFO since Mar-2024; previously CFO of Kroger. (2025 proxy; prior role single-source)
Hamilton E. James	Non-executive Chair	Chair since 2017; director since 1988; former Executive Vice Chairman, Blackstone. (2025 proxy)

11. CONCLUSION

The conclusion comes down to the valuation edge and the risk of a multiple change.

Costco remains HOLD at \$976.78, based on $66.7\% \times \$970.62 + 33.3\% \times \$989.11 + 0\% \times \$356.82 = \$976.78$.

The single most important reason is that Costco's 13.5% premium to Walmart is already at its lowest level in the series, while Costco still earns a 39.3% ROIC versus 13.3% for Walmart.

The main risk is a market-wide de-rating at higher rates, with the October 2023 multiple implying \$811. The rating still holds because Costco has maintained its relative valuation while the Walmart premium has already compressed materially.

The first rating signal is FY2027 EPS versus the \$22.82 consensus, followed by the premium to Walmart; the 10-year Treasury yield remains the key macro input behind the de-rating risk.

ANALYST CERTIFICATION

I, Debjit Mukherjee, certify that the views expressed in this report accurately reflect my personal views about Costco Wholesale Corporation (NASDAQ: COST) and its securities. I have not received and will not receive direct or indirect compensation related to the specific recommendations expressed herein. This report represents my independent analysis based on publicly available information. Disclosure: No position in Costco.

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