



Ross Stores, Inc.

NASDAQ: ROST

BUY

Recommendation: Buy, 23 shares, \$2,041.02

Intrinsic Value: \$108.22

Executive Summary

I recommend initiating a 3% position equal to about 23 shares, in Ross Stores, Inc. (ROST) for the CSUF SMIF portfolio. At its current share price of \$85.60, the stock presents a 26.43% potential upside opportunity when compared against valuation estimates. Based off of DCF valuation ROST currently has an intrinsic value of \$108.22 per share, making this a strong pocket of opportunity. ROST has continually dominated the discount retail industry with a market cap of \$31 billion and steady increases in year over year sales throughout the past decade. With millennials now comprising a large portion of the consumer market, off-priced retailers are expected to experience growth. As a result, Ross Stores, Inc. plans to nearly double its number of stores in operation. Given these factors, as investors navigate unprecedented market conditions, ROST will hedge against the effects of a potential recession while also allowing investors to capture growth and upside potential.

Table 1: Valuation Components	
Ticker:	ROST
Sector: Consumer Discretionary	
Industry: Apparel Retail	
Current Price:	\$85.60
Shares Outstanding:	359
Market Cap	\$30,722
+ Debt	3,479
+ Preferred Stock	
+ Minority Interest	
+ Underfunded Pension	7
- Cash & Equivalents	1,351
Enterprise Value	\$32,857
Beta	0.91
P/E	16.1
52-week high	\$124.16
52-week low	\$56.30
Dividend Yield	1.30%

Table 2: Condensed Financial Data						
	2019	2018	2017	2016	2015	Average
Revenue	\$14,984	\$14,135	\$12,867	\$11,940	\$11,042	\$12,994
<i>Growth</i>	6.01%	9.85%	7.76%	8.13%		7.94%
Gross Profit	\$4,257	\$4,092	\$3,693	\$3,363	\$3,104	\$3,702
<i>Gross Margin</i>	28.41%	28.95%	28.70%	28.17%		28.56%
EBIT	\$2,041	\$2,048	\$1,803	\$1,624	\$1,488	\$1,801
<i>Oper. Margin</i>	13.62%	14.49%	14.01%	13.60%		13.93%
EBITDA	\$2,371	\$2,362	\$2,105	\$1,899	\$1,721	\$2,092
<i>Growth</i>	0.38%	12.21%	10.85%	10.34%		8.45%
Net Income	\$1,587	\$1,363	\$1,118	\$1,021	\$925	\$1,203
	16.43%	21.91%	9.50%	10.38%		14.56%
ROIC	0.10%	0.79%	0.58%	0.50%	0.37%	0.47%
<i>Growth</i>	-87.74%	36.26%	16.34%	35.85%		0.18%
EPS (diluted)	\$4.26	\$3.55	\$2.83	\$2.51	\$2.21	\$3.07
<i>Growth</i>	20.00%	25.44%	12.75%	13.57%		17.94%
Dividend Yield	0.98	0.81	0.83	0.84	0.87	86.60%
<i>Growth</i>	20.99%	-2.41%	-1.19%	-3.45%		3.48%

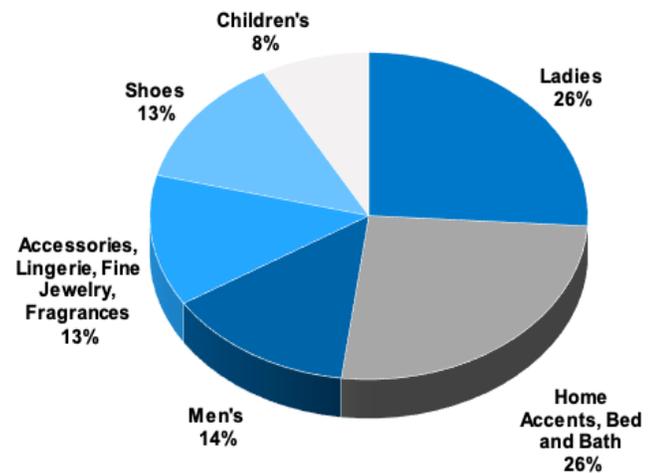
Company Overview

Ross Stores, Inc. operates in the discount retail space. The company has a market capitalization of \$31 billion, making it one of the biggest companies in the industry. The corporation is comprised of two main storefront subsidiaries: Ross Dress for Less and DD's Discounts. Both stores operate under Ross Stores, Inc. providing consumers with clothing and home essentials at deeply discounted prices. The company's presence extends throughout the United States and Guam, with 1,899 stores currently in operation. In the long run, management plans to increase stores to 3,000 U.S. locations with a concentration on its Midwest saturation.

The company operates on a simple business model: utilize efficient, low-cost store designs, capitalize on the close-out purchase model, and employ cost-conscious, high visibility marketing techniques. Through the use of the close-out purchase model, Ross Stores, Inc. can offer in-season discount items resulting in fast inventory turns. As a result of this strategy, the business boasts a return on invested capital of 33.55%, far exceeding its peer's average of 7.19%.

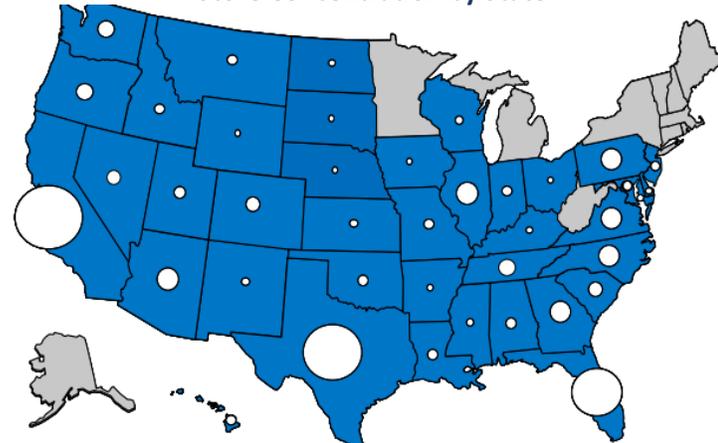
The business segments are composed of women's, men's, and children's apparel, footwear, accessories, and home goods. By retaining industry experts on the executive team, Ross Stores, Inc. can capitalize on these segments with strategic merchandising techniques. After years as the Chief Merchandising Officer and Executive VP, Barbara Rentler now leads the company as CEO. With industry leaders directing the company, Ross Stores, Inc. has been successful in the implementation of its merchandising plans and has been able to achieve an impressive operating margin average of 13.93% far surpassing the industry average of 6.80%.

Segment Weightings



* Fiscal 2018

Store Concentration by State



SWOT Analysis

- **Strengths:**
 - Advantage of closeouts in market
 - Dividends paid quarterly, since 1994, pointing to a stable cash flow
 - Low beta of 0., with a high operating margin of 13.93%
 - Healthy debt/EBITDA ratio of 0.13 vs. an industry average of 2.29
- **Weaknesses:**
 - Suppliers with manufacturing concentrations in China will result in less product availability
 - Price to sales ratio 2.53 vs. industry average of 1.70

- **Opportunities:**
 - Online retail capitalization to expand customer audience and decrease operating costs
 - Climate change creating excess merchandise in department stores presents an in-season buying opportunity within the close-out buying model
 - Expanding millennial market with proven spending habits on tech instead of full-priced retail
- **Threats:**
 - Draw down of \$800 million revolving credit line due to economic slowdown
 - Gross margin missed by .40% in Q4 as a result of tariff implementation

Catalysts

Catalyst 1: As the Millennial generation ages, and therefore play a more significant role in the consumer market, priorities among those spending have shifted. As reported by Forbes, “66% of Millennials would switch brands if offered at least a 30% discount”. With the Ross Stores, Inc. off-price operating model offering customers discounts of 20% - 60%, the target market is quickly growing fostering promising profitability for the retailer

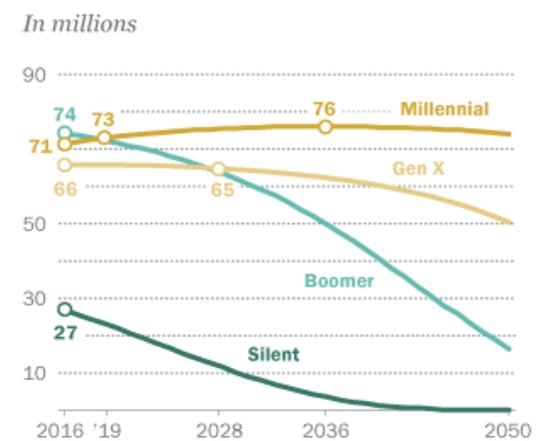
Catalyst 2:

The expansion of Ross Stores, Inc. provides the opportunity for an increase in revenue and further reinvestment. As reported in the company’s investor relations report, the long-term goal is to operate 3,000 stores. With such a substantial increase in stores, combined with expert merchandising buyers, we can expect to see positive upside for shareholders. Ross Stores, Inc. has demonstrated financial responsibility over the past decade and has paid quarterly dividends to its investors since 1994. As a result of the growth opportunity from an increase in brick and mortar stores, and also the ability to drive sales through the online marketplace, Ross Stores, Inc. has excellent potential for expansion.

Catalyst 3:

As COVID-19 ravages through the markets, the U.S. economy is experiencing turmoil. Multiple leading economic indicators have been negatively impacted, providing signs of a market contraction. With unemployment claims increasing at a skyrocketing rate by 30.69% from the week of, February 14th through March 13th,

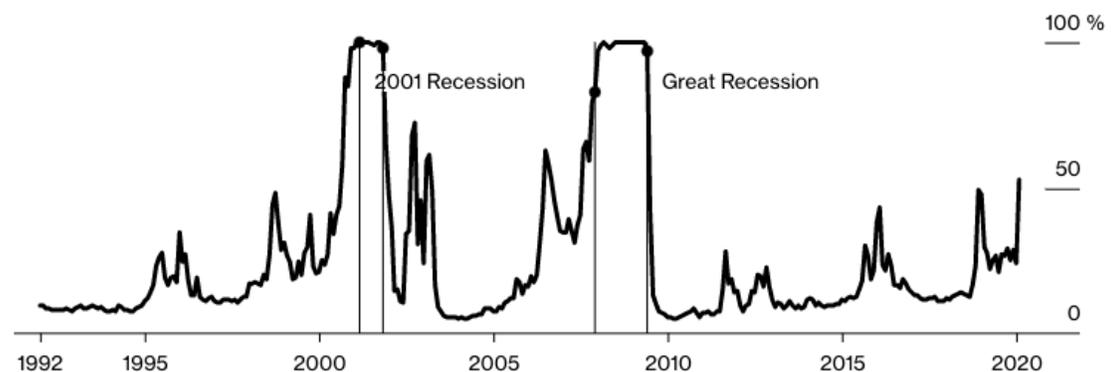
Projected population by generation



Source: www.pewresearch.org

Risks Mount

Probability of U.S. recession within 12 months



Source: Bloomberg Economics

consumers will now have less disposable income as a result of the shrinking job market. As the virus continues to take its toll on the economy, it is expected that unemployment percentages may shift from their near all-time low of 3.5% to a whopping 10%. For the month of February, it is also imperative to note the decline in consumer spending in the retail space at -0.5%, missing the expected 0.2% growth initially projected. As the economic landscape continues to change and consumers grapple with the financial constraints of a possible recession, Ross Stores, Inc. should experience a rise in product demand, making this an increasingly attractive buy for investors.

Risk

During the Coronavirus economic crumble, ROST initiated a limit increase for its revolving credit line. The credit line has a limit of \$800 million, up from its initial 2016 limit of \$600 million, with a maturity of July 1, 2024. While none of the credit line is currently in use, and this may only be a precautionary liquidity measure, this presents an increase in the risk of future debt obligations if the credit line is deployed. This risk must, however, also be weighed against the company's credit rating of BBB+ negating some of the risk posed by this action.

Valuation, Recommendation, & Risks

As a result of the factors above I recommend buying 23 shares of ROST as a value buy for the CSUF SMIF portfolio. After completing a DCF model on the company (Appendix on Page 9), we arrived at an intrinsic value of \$108.22 per share - providing SMIF with a great opportunity. With a market price of \$85.60 and an expected future value of around \$108.22, the stock presents a 26.43% upside potential. Taking a more in-depth look at the financials, the current ratio of Ross Stores, Inc. demonstrates a healthy financial picture being greater than 1 at 1.27 and nearly in line with the industry average of 1.47. With a liquidity measure larger than one, it is clear that ROST can cover its near-term obligations without becoming distressed. On the other hand, the company's 0.59 quick ratio in comparison to its peer's average of 0.44 showcases the company's ability to withstand the impacts of potential slowdowns. In addition, ROST leads the industry with an excellent operating margin of 13.38%, nearly double the industry average of 6.80%. Combining its above-average operating margin with the projected store expansions, growth factors, and strong valuation result, Ross Stores, Inc. is a profitable investment. Through the addition 23 shares of Ross Stores, Inc. to the portfolio, CSUF will be able to achieve better sector allocation and a defensive holding within the consumer discretionary sector

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Appendix

Expanded Dodson Screening Criteria for Financial Condition and Attractive Valuation							
CRITERIA	METRIC	CURRENT METRIC	5-YR. AVG. or HIGH	Industry Average	Kohl's Peer #1	TJX Peer #2	Burlington Peer #3
Operating Solvency	Current Ratio	1.27	1.54	1.47	1.68	1.24	0.97
Operating Solvency	Quick Ratio	0.59	0.71	0.44	0.4	0.56	0.44
Leverage	Long-term Debt/Equity	87.03	27.42	84.55	107.19	169.01	629.32
Leverage	Total Debt/EBITDA	0.13	0.16	2.29	1.51	0.42	1.19
Profitability	Return on Equity	49.84%	40.59%	13.26%	12.59%	59.51%	109.33%
Profitability	Return on Invested Capital	33.55%	0.56%	7.19%	6.84%	27.82%	18.03%
Profitability	Operating Margin	13.38%	13.93%	6.80%	6.07%	10.59%	8.49%
Valuation (equity)	Dividend Growth	0.91%	3.48%	2.45%	9.84%	17.95%	n/a
Valuation (equity)	Price/Earnings	13.00	27.50	15.70	3.9	14.8	16.1
Valuation (equity)	Price/Funds from Ops. [REITs]	n/a	n/a	n/a	n/a	n/a	n/a
Valuation (equity)	Price/Sales	2.53	1.74	1.70	0.34	1.74	2.01
Valuation (equity)	Price	69.56	69.20	63.85	17	42.51	120.45
Valuation (equity)	PEG ratio	1.40		1.30	-1.85	1.6	1.59
Valuation (equity)	Enterprise Value/EBITDA	11.43	13.31	11.60	5.33	9.4	9.6

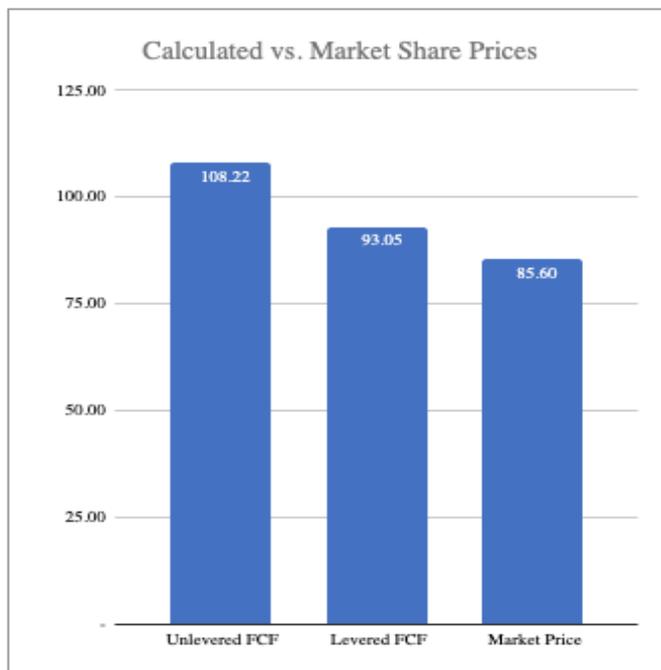
Discounted Cash Flow Analysis: Ross Stores, Inc.

March 26, 2020

Ticker: ROST

Valuation

	Unlevered FCF	Levered FCF
Equity Value	38,841	33,397
Number of Shares Outstanding	359	359
Stock Price Based on DCF Method (\$)	108.22	93.05
Current Stock Price (\$)	85.60	85.60
% Overvalued (Undervalued)	-21%	-8%

**Assumptions***Discount Rate Calculations*

0.91	Beta
0.84%	Risk Free Rate
8.56%	Market Rate of Return
7.86%	Cost of Equity
0.00%	Cost of Debt
7.78%	WACC

Revenue Growth Rates

6.50%	2021
7.00%	2022
7.50%	2023
8.00%	2024
8.00%	2025
2.00%	Terminal Growth Rate

Unlevered FCF Calculation

0.1338	EBIT-to-Sales Ratio
0.2635	Tax Rate
(0.0000)	PP&E-to-Sales Ratio
0.0219	Depreciation-to-Sales Ratio
0.0693	Net Working Capital-to-Sales Ratio

Levered FCF Calculation

0.1009	CFO-to-Sales Ratio
(0.0001)	PP&E-to-Sales Ratio
-	Debt Issuance-to-Sales Ratio
0.0693	NWC-to-Sales Ratio

DCF ANALYSIS: UNLEVERED FCF CALCULATION

Source Data from 10-K and 10-Q Reports at <https://www.sec.gov/edgar/searchedgar/companysearch.html>

Numbers in millions unless otherwise indicated

Revenue Growth	7.46%	6.01%			
Historical Financials	2020	2019	2018		
Total Revenue (IS)	16,039	14,984	14,135		
Operating Income (IS)	2,146	2,041	2,048		
Provision for Income Tax (IS)	503	463	678		
Pre-tax Income (IS)	2,164	2,051	2,041		
Depreciation, Amortization, and Depletion (CF)	351	330	313		
Purchase/Sale of Prop, Plant, Equip: Net (CF)	1	4	2		
Cash, Eq. and Short Term Investments (BS)	1,351	1,425			
Total Current Assets (BS)	3,433	3,404			
Total Current Liabilities (BS)	2,702	2,010			
Current Debt (BS)	565	-			
Long-term Debt (BS)	2,923	312			
Historical Ratios	2020	2019	2018	Assumed	
EBIT-to-Sales Ratio	13.38%	13.62%	14.49%	13.38%	
Tax Rate (Income Tax / Pre-tax Income)	23.24%	22.57%	33.22%	26.35%	
PP&E-to-Sales Ratio	0.00%	-0.02%	-0.02%	0.00%	
Depreciation-to-Sales Ratio	2.19%	2.21%	2.22%	2.19%	
NWC-to-Sales Ratio	4.56%	9.31%		6.93%	
Projected Cash Flows	2021	2022	2023	2024	2025
Revenue Growth Rate	6.50%	7.00%	7.50%	8.00%	8.00%
Total Revenue	15,958	17,075	18,356	19,824	21,410
EBIT	2,135	2,285	2,456	2,652	2,865
Less: Tax	(563)	(602)	(647)	(699)	(755)
Plus: Depreciation	351	371	391	411	431
Less: Capital Expenditures	4	4	3	3	3
Net Working Capital	956	1,184	1,272	1,374	1,484
Less: Increase in Net Working Capital	(225)	(227)	(89)	(102)	(110)
Free Cash Flow	1,702	1,830	2,114	2,266	2,434
Terminal Growth Rate g (after 5 years)	2.00%				
WACC	7.78%				
Terminal Enterprise Value	42,953				
PV of Free Cash Flow at Time Zero	1,580	1,576	1,689	1,679	31,206
Vo (\$)	37,729				
Net Debt (Current Debt + LT Debt - Cash)	(1,113)				
Equity Value (Vo - Net Debt)	38,841				
Number of Shares Outstanding	359				
Stock Price Based on DCF Method (\$)	108.22				
Current Stock Price (\$)	85.60				
% Overvalued (Undervalued)	-20.9%				

12/2019 10-Q	Quarterly Report (for intra-year tracking)			
	3 months ending 11/02		3 months ending 11/02	
	2019	2018	2019	2018
Revenue	14,984	14,135	14,984	14,135
2019/2018 % Growth	6.0%		6.0%	
Operating Income	2,041	2,048	2,041	2,048
2019/2018 % Growth			-0.3%	
Depreciation			330	313
2019/2018 % Growth			5.5%	
Capital Expenditures			(414)	(371)
2019/2018 % Growth			11.4%	
"Owner Earnings"			1,958	1,990
2019/2018 % Growth			-1.6%	

7.40% Annualized Revenue Growth Rate

Sensitivity Analysis Table

	WACC				
Terminal Growth Rate	5.78%	6.78%	7.78%	8.78%	9.78%
0.00%	115.87	98.65	85.87	76.02	68.19
1.00%	135.48	111.96	95.40	83.11	73.63
2.00%	165.46	130.84	108.22	92.29	80.47
3.00%	217.00	159.71	126.41	104.65	89.32
4.00%	326.47	209.36	154.23	122.18	101.24

WEIGHTED AVERAGE COST OF CAPITAL (CAPM) CALCULATION

Numbers in millions unless otherwise indicated

INPUTS

Current Market Value of Stock	85.60
Shares Outstanding	359
Risk Free Rate (US Treasury 10-Year), rf	0.84% <i>RZ</i>
*Average 3-yr. beta from 3 sources	0.91 0.40
Market Rate of Return, rM (S&P 500 Annualized)	8.56%
Short Term Debt (BS)	-
Long Term Debt (BS)	312
Book Equity Value (BS)	214
Interest Expense (IS)	-
Income Before Taxes (IS)	2,051
Income Tax Expense (IS)	463

Market Return, rM Calculation

Date	S&P 500 Price	Return	Running 5-Year		
10/1/2006	1,377.94				
10/1/2007	1,549.38	12.44%			
10/1/2008	968.75	-37.47%			
10/1/2009	1,036.19	6.96%			
10/1/2010	1,183.26	14.19%	Mean	Median	Annualized
10/1/2011	1,253.30	5.92%	0.41%	6.96%	-1.88%
10/1/2012	1,412.16	12.68%	0.45%	6.96%	-1.84%
10/1/2013	1,756.54	24.39%	12.83%	12.68%	12.64%
10/1/2014	2,018.05	14.89%	14.41%	14.19%	14.26%
10/1/2015	2,079.36	3.04%	12.18%	12.68%	11.94%
10/1/2016	2,126.15	2.25%	11.45%	12.68%	11.15%
10/1/2017	2,575.26	21.12%	13.14%	14.89%	12.77%
10/1/2018	2,755.88	7.01%	9.66%	7.01%	9.43%

OUTPUTS

Market Value of Equity	E	30,722	99%
Re = Cost of Equity = rf + Beta x (rM - rf)	Re	7.86%	
Market Value of Debt	D	312	1%
Cost of Debt	Rd	0.00%	
Corporate Tax Rate	Tc	22.57%	
V = E + D	V	31,034	
$(E/V) \times Re + (D/V) \times Rd \times (1 - Tc) = WACC$		7.78%	
Debt/Market Equity Ratio		0.01	
Debt/Book Equity Ratio		1.46	
<i>Book</i>			
Debt		312	
Equity		214	
<i>Market</i>			
Debt		312	
Equity		30,722	

	Mean	Median	Annualized
12-Year	7.28%	9.73%	5.95%
10-Year	11.24%	9.84%	11.02%
7-Year	12.20%	12.68%	11.91%
5-Year	9.66%	7.01%	9.43%
3-Year	10.13%	7.01%	9.84%

Ross Stores, Inc.

ROST 778296103 2746711 NASDAQ Common stock

Source: FactSet Fundamentals

	JAN '20	JAN '19	JAN '18	JAN '17	JAN '16	JAN '15	JAN '14	JAN '13	JAN '12	JAN '11
	364 Days	364 Days	371 Days	364 Days	364 Days	364 Days	364 Days	371 Days	364 Days	364 Days
	Preliminary									
Sales	16,039	14,984	14,135	12,867	11,940	11,042	10,230	9,721	8,608	7,866
Cost of Goods Sold (COGS) incl. D&A	11,536	10,726	10,043	9,174	8,577	7,938	7,361	7,011	6,241	5,730
COGS excluding D&A	11,185	10,396	9,729	8,871	8,302	7,705	7,155	6,826	6,081	5,569
Depreciation & Amortization Expense	351	330	313	303	275	233	206	185	160	161
Depreciation	-	330	313	303	275	233	206	185	160	161
Gross Income	4,503	4,257	4,092	\$3,693	\$3,363	\$3,104	\$2,869	\$2,710	\$2,368	\$2,136
SG&A Expense	2,357	2,217	2,044	1,890	1,739	1,615	1,526	1,438	1,304	1,230
Other SG&A	2,357	2,217	2,044	\$1,890.00	\$1,739.00	\$1,615.00	\$1,526.00	\$1,438.00	\$1,304.00	\$1,230.00
EBIT (Operating Income)	2,146	2,041	2,048	\$1,803.00	\$1,624.00	\$1,488.00	\$1,343.00	\$1,272.00	\$1,063.00	\$907.00
Nonoperating Income - Net	18	27	11	3	1	0	1	1	1	1
Nonoperating Interest Income	18	27	11	3	1	0	1	1	1	1
Interest Expense	-	16	19	20	13	3	0	8	11	11
Gross Interest Expense	-	19	20	20	20	14	11	11	12	11
Interest Capitalized	-	2	1	0	7	11	11	4	1	0
Pretax Income	2,164	2,051	2,041	1,786	1,612	1,485	1,343	1,265	1,053	897
Income Taxes	503	463	678	669	591	561	506	478	396	342
Income Taxes - Current Domestic	-	432	713	677	535	536	521	517	374	360
Income Taxes - Deferred Domestic	-	32	-35	-9	56	25	-15	-39	22	-18
Consolidated Net Income	1,661	1,587	1,363	1,118	1,021	925	837	787	657	555
Net Income	1,661	1,587	1,363	1,118	1,021	925	837	787	657	555
Net Income available to Common	1,661	1,587	1,363	1,118	1,021	925	837	787	657	555
Per Share										
EPS (recurring)	-	4.26	3.55	2.83	2.51	2.21	1.94	1.77	1.43	1.16
EPS (diluted)	5	4	4	2.83	2.51	2.21	1.94	1.77	1.43	1.16
Diluted Shares Outstanding	361.18	372.68	384.33	394.96	406.41	418.08	431.61	445.57	459.96	479.61
Total Shares Outstanding	-	368	367	380.09	402.34	414.94	426.84	441.44	453.73	472.25
Earnings Persistence	67.08	91.73	90.24	88.49	89.32	82.49	73.51	76.14	68.7	80.15
Dividends per Share	1	1	1	0.54	0.47	0.4	0.34	0.28	0.22	0.16
Payout Ratio	22.2	21.1	18	19.1	18.7	18.1	17.5	15.9	15.4	13.8
EBITDA										
EBITDA	2,497	2,371	2,362	2,105	1,899	1,721	1,549	1,457	1,223	1,067
EBIT	\$ 2,146.00	\$ 2,041.00	\$ 2,048.00	1,803	1,624	1,488	1,343	1,272	1,063	907
Depreciation & Amortization Expense	\$ 351.00	\$ 330.00	\$ 313.00	303	275	233	206	185	160	161

All figures in millions of U.S. Dollar except per share items.

Ross Stores, Inc.

ROST 778296103 2746711 NASDAQ Common stock

Source: FactSet Fundamentals

	JAN '20	JAN '19	JAN '18	JAN '17	JAN '16	JAN '15	JAN '14	JAN '13	JAN '12	JAN '11
	364 Days	364 Days	371 Days	364 Days	364 Days	364 Days	364 Days	371 Days	364 Days	364 Days
	Preliminary									
Assets										
Cash & Short-Term Investments	1,351	1,425	1,303	1,125	779	717	456	668	669	837
Cash Only	1,351	1,424	1,302	1,125	777	716	444	667	669	834
Total Short Term Investments	-	0	1	0	2	1	12	1	1	3
Short-Term Receivables	102	97	88	75	74	73	63	60	51	45
Accounts Receivables, Net	102	97	88	75	74	73	63	60	51	45
Accounts Receivables, Gross	102	97	88	75	74	73	63	60	51	45
Inventories	1,832	1,750	1,642	1,513	1,419	1,373	1,257	1,209	1,130	1,087
Finished Goods	1,832	1,750	1,642	1,513	1,419	1,373	1,257	1,209	1,130	1,087
Other Current Assets	147	132	119	100	100	100	91	95	74	74
Prepaid Expenses	-	-	-	-	-	87	81	74	69	-
Miscellaneous Current Assets	147	132	119	100	100	13	10	20	6	74
Total Current Assets	3,433	3,404	3,151	2,813	2,372	2,263	1,867	2,031	1,924	2,043
Net Property, Plant & Equipment	5,707	2,475	2,382	2,328	2,343	2,274	1,875	1,493	1,242	984
Property, Plant & Equipment - Gross	-	5,257	4,908	4,591	4,340	4,034	3,482	2,916	2,536	2,153
Buildings	-	1,126	1,109	1,101	1,084	952	479	373	338	241
Construction in Progress	-	172	102	70	90	294	510	259	132	69
Other Property, Plant & Equipment	-	3,959	3,697	3,420	3,165	2,788	2,492	2,284	2,066	1,843
Operating Lease Right-of-Use Assets	3,054	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	2,782	2,526	2,263	1,997	1,760	1,606	1,422	1,294	1,170
Total Investments and Advances	-	54	55	56	57	59	54	53	54	14
Other Long-Term Investments	-	54	55	56	57	59	54	53	54	14
Intangible Assets	-	-	-	-	-	3	3	3	3	3
Goodwill	-	0	0	0	0	3	3	3	3	3
Deferred Tax Assets	-	161	164	235	215	207	197	161	127	95
Other Assets	208	141	134	112	97	104	97	90	79	72
Tangible Other Assets	208	141	134	112	97	104	97	90	79	72
Total Assets	9,348	6,235	5,886	5,544	5,084	4,910	4,094	3,832	3,428	3,211
Liabilities & Shareholders' Equity										
ST Debt & Curr. Portion LT Debt	565	0	85	0	0	0	0	0	0	0
Accounts Payable	1,297	1,177	1,059.80	1,021.70	945.6	1,000.70	779.5	807.5	761.7	767.5
Income Tax Payable	14	38	0	16.2	0	17.2	18.3	53.5	31.1	57.7
Other Current Liabilities	827	795	781.6	714.6	657.3	641.5	595.3	561.5	553.2	527.2
Accrued Payroll	364.4	363	349.9	316.5	280.8	256.1	235.3	241.1	254.3	239.9
Miscellaneous Current Liabilities	462	432	431.7	398.1	376.5	385.3	359.9	320.4	299	287.3
Total Current Liabilities	2,702	2,010	1,926.40	1,752.50	1,602.80	1,659.40	1,393.10	1,422.60	1,346.10	1,352.30
Long-Term Debt	2,923.40	312	312	396.5	396	398.4	150	150	150	150
Long-Term Debt excl Lease Obligations	313	312.4	312	396.5	396	398.4	150	150	150	150
Capital and Operating Lease Obligations	2,611	0	0	0	0	0	0	0	0	-
Provision for Risks & Charges	0	0	0	97.5	0	0	0	0	0	0
Deferred Tax Liabilities	150	285	249.4	356.3	345.4	293.2	256.1	245.3	235.6	186.1
Other Liabilities	214.1	321.7	348.5	193.5	268.2	279.5	287.6	246.8	203.6	190
Other Liabilities (excl. Deferred Income)	214	322	348.5	193.5	268.2	279.5	287.6	246.8	203.6	190
Total Liabilities	\$ 5,989	\$ 2,929	2,836.30	2,796.30	2,612.50	2,630.50	2,086.70	2,064.70	1,935.30	1,878.40
Common Equity	3,359	3,306	3,049	2,748	2,472	2,279	2,007	1,767	1,493	1,333
Common Stock Par/Carry Value	-	4	4	4	4	2	2	2	2	1
Additional Paid-In Capital/Capital Surplus	-	1,376	1,292	1,216	1,122	1,016	936	867	789	741
Retained Earnings	-	2,299	2,071	1,801	1,575	1,422	1,191	989	763	637
Unrealized Gain/Loss Marketable Securities	-	0	0	0	0	0	0	1	1	0
Treasury Stock	-	-373	-318	-273	-230	-161	-122	-92	-62	-46
Total Shareholders' Equity	3,359	3,306	3,049	2,748	2,472	2,279	2,007	1,767	1,493	1,333
Total Equity	3,359	3,306	3,049	2,748	2,472	2,279	2,007	1,767	1,493	1,333
Total Liabilities & Shareholders' Equity	9,348	6,235	5,886	5,544	5,084	4,910	4,094	3,832	3,428	3,211
Per Share										
Book Value per Share	-	8.98	8.31	7.23	6.14	5.49	4.7	4	3.29	2.82
Tangible Book Value per Share	-	8.98	8.31	7.23	6.14	5.49	4.7	4	3.28	2.82

All figures in millions of U.S. Dollar except per share items.

Ross Stores, Inc.

ROST 778296103 2746711 NASDAQ Common stock

Source: FactSet Fundamentals

	JAN '20	JAN '19	JAN '18	JAN '17	JAN '16	JAN '15	JAN '14	JAN '13	JAN '12	JAN '11
	364 Days	364 Days	371 Days	364 Days	364 Days	364 Days	364 Days	371 Days	364 Days	364 Days
	Preliminary									
Operating Activities										
Net Income / Starting Line	1,661	1,588	1,363	1,117.70	1,020.70	924.7	837.3	786.8	657.2	554.8
Depreciation, Depletion & Amortization	351	330	313	302.5	274.8	233	206.1	185.5	159.9	160.7
Depreciation and Depletion	-	330.4	313	302.5	274.8	233	206.1	185.5	159.9	160.7
Deferred Taxes & Investment Tax Credit	32	32	(35)	-8.7	56.4	25.1	-15.3	-39	21.7	-18
Deferred Taxes	32	31.8	-34.9	-8.7	56.4	25.1	-15.3	-39	21.7	-18
Other Funds	95	96	81.1	74.6	71	53.3	47.6	49.8	41.3	37.2
Funds from Operations	2,139	2,045	1,722	1,486.00	1,422.90	1,236.10	1,075.80	983.1	880	734.7
Changes in Working Capital	32	22	(41)	72.8	-96.6	136.8	-53.8	-3.4	-59.9	-61.7
Inventories	-81.9	-108.7	-128.8	-93.8	-46.4	-115.5	-47.9	-79.2	-43.2	-214.4
Accounts Payable	114	111	41	83.1	-41.5	204.2	-4.1	40.1	-11.6	102.9
Other Assets/Liabilities	0	20	47	83.5	-8.7	48.1	-1.7	35.6	-5.2	49.9
Net Operating Cash Flow	2,172	2,067	1,681	1,558.90	1,326.30	1,372.90	1,022.00	979.6	820.1	673.1
Investing Activities										
Capital Expenditures	(556)	(414)	(371)	-297.9	-367	-646.7	-550.5	-424.4	-416.3	-198.7
Capital Expenditures (Fixed Assets)	(556)	(414)	(371)	-297.9	-367	-646.7	-550.5	-424.4	-416.3	-198.7
Sale of Fixed Assets & Businesses	-	0	16	-	-	-	-	-	0	0
Purchase/Sale of Investments	1	4	2	5.1	4.5	7.7	-13.3	-1.3	-55.5	1.8
Purchase of Investments	-	0	0	0	0.7	4.3	14.9	7.5	60.1	6.8
Sale/Maturity of Investments	0.5	3.5	2.4	5.1	5.2	12	1.6	6.2	4.6	8.6
Net Investing Cash Flow	(555)	(410)	(353)	-292.8	-362.5	-639	-563.8	-425.7	-471.8	-196.8
Financing Activities										
Cash Dividends Paid	(370)	-337.2	(248)	-214.6	-192.3	-168.5	-147.9	-125.7	-102	-77.3
Common Dividends	(370)	(337)	-247.5	-214.6	-192.3	-168.5	-147.9	-125.7	-102	-77.3
Change in Capital Stock	(1,314)	(1,109)	(902)	-724.8	-748.7	-567.1	-560.8	-460.4	-448.6	-348.1
Repurchase of Common & Preferred Stk.	(1,336)	(1,129)	(920)	-743.3	-768.9	-589	-579.9	-479.4	-465.9	-384.5
Sale of Common & Preferred Stock	22	20	19	18.5	20.2	22	19.1	19	17.3	36.5
Proceeds from Stock Options	22	20	18.5	18.5	20.2	22	19.1	19	17.3	36.5
Issuance/Reduction of Debt, Net	0	-85	0	0	0	245.7	0	0	0	0
Change in Long-Term Debt	0	(85)	0	0	0	245.7	0	0	0	0
Issuance of Long-Term Debt	-	0	0	0	0	245.7	0	0	0	0
Reduction in Long-Term Debt	0	(85)	0	0	0	0	0	0	0	0
Other Funds	-	0	0	23.3	42.3	29.4	26.9	29.1	18.2	14.7
Other Sources	-	0	0	23.3	42.3	29.4	26.9	29.1	18.2	14.7
Net Financing Cash Flow	(1,683)	(1,532)	(1,150)	-916.1	-898.7	-460.4	-681.8	-557	-532.4	-410.6
Net Change in Cash	(67)	125	179	350	65	273.4	-223.6	-3.1	-184.1	65.6
Free Cash Flow	1,616	1,652.80	1,309.90	1,261.00	959.3	726.2	471.5	555.2	403.8	474.4
Free Cash Flow per Share	5	4.4	3.4	3.2	2.4	1.7	1.1	1.2	0.9	1
Free Cash Flow Yield (%)	4	5	4	4.9	4.2	3.8	3.2	4.2	3.4	6

All figures in millions of U.S. Dollar except per share items.

Liquidity (%)

	5Y Avg	JAN '20 364 DAYS PRELIMINARY	JAN '19 364 DAYS	JAN '18 371 DAYS	JAN '17 364 DAYS	JAN '16 364 DAYS	JAN '15 364 DAYS	JAN '14 364 DAYS	JAN '13 371 DAYS	JAN '12 364 DAYS	JAN '11 364 DAYS
Current Ratio	1.5	1.3	1.7	1.6	1.6	1.5	1.4	1.3	1.4	1.4	1.5
Quick Ratio	0.7	0.6	0.8	0.8	0.7	0.6	0.5	0.4	0.6	0.6	0.7
Cash Ratio	0.6	0.5	0.7	0.7	0.6	0.5	0.4	0.3	0.5	0.5	0.6
Cash & ST Inv/Current Assets (%)	39.1	39.4	41.9	41.3	40.0	32.8	31.7	24.4	32.9	34.8	41.0
CFO/Current Liabilities (%)	88.4	80.4	102.8	87.3	88.9	82.7	82.7	73.4	68.9	60.9	49.8

Leverage (%)

	5Y Avg	JAN '20 364 DAYS PRELIMINARY	JAN '19 364 DAYS	JAN '18 371 DAYS	JAN '17 364 DAYS	JAN '16 364 DAYS	JAN '15 364 DAYS	JAN '14 364 DAYS	JAN '13 371 DAYS	JAN '12 364 DAYS	JAN '11 364 DAYS
LT Debt/Total Equity	27.4	87.0	9.5	10.2	14.4	16.0	17.5	7.5	8.5	10.0	11.3
LT Debt/Total Capital	17.4	42.7	8.6	9.1	12.6	13.8	14.9	7.0	7.8	9.1	10.1
LT Debt/Total Assets	11.3	31.3	5.0	5.3	7.2	7.8	8.1	3.7	3.9	4.4	4.7
Total Debt/Total Assets	12.8	37.3	5.0	6.7	7.2	7.8	8.1	3.7	3.9	4.4	4.7
Net Debt/Total Equity	-8.4	63.6	-33.6	-29.7	-26.5	-15.5	-14.0	-15.2	-29.3	-34.8	-51.6
Total Debt/Equity	31.3	103.8	9.5	13.0	14.4	16.0	17.5	7.5	8.5	10.0	11.3
Net Debt/Total Capital	-12.5	31.2	-30.7	-26.3	-23.2	-13.4	-11.9	-14.2	-27.0	-31.6	-46.3
Total Debt/Total Capital	19.5	50.9	8.6	11.5	12.6	13.8	14.9	7.0	7.8	9.1	10.1

Profitability (%)

	5Y Avg	JAN '20 364 DAYS PRELIMINARY	JAN '19 364 DAYS	JAN '18 371 DAYS	JAN '17 364 DAYS	JAN '16 364 DAYS	JAN '15 364 DAYS	JAN '14 364 DAYS	JAN '13 371 DAYS	JAN '12 364 DAYS	JAN '11 364 DAYS
Gross Margin	28.5	28.1	28.4	29.0	28.7	28.2	28.1	28.0	27.9	27.5	27.2
SG&A to Sales	14.6	14.7	14.8	14.5	14.7	14.6	14.6	14.9	14.8	15.1	15.6
Operating Margin	13.8	13.4	13.6	14.5	14.0	13.6	13.5	13.1	13.1	12.4	11.5
Pretax Margin	13.8	13.5	13.7	14.4	13.9	13.5	13.5	13.1	13.0	12.2	11.4
Net Margin	9.6	10.4	10.6	9.6	8.7	8.5	8.4	8.2	8.1	7.6	7.1
Free Cash Flow Margin	9.6	10.1	11.0	9.3	9.8	8.0	6.6	4.6	5.7	4.7	6.0
Return on Assets (%)	22.6	21.3	26.2	23.8	21.0	20.4	20.5	21.1	21.7	19.8	18.3
Return on Equity (%)	46.5	49.8	50.0	47.0	42.8	43.0	43.1	44.4	48.3	46.5	44.6
Return on Common Equity	46.5	49.8	50.0	47.0	42.8	43.0	43.1	44.4	48.3	46.5	44.6
Return on Total Capital	55.9	41.0	57.8	62.2	60.0	58.6	61.6	65.9	71.4	68.0	65.0
Return on Invested Capital	39.0	33.6	45.5	41.9	37.2	36.8	38.3	41.1	44.2	42.0	39.8
Cash Flow Return on Invested Capital	50.9	43.9	59.2	51.7	51.9	47.8	56.8	50.2	55.0	52.5	48.2

Per Share

	JAN '20 364 DAYS PRELIMINARY	JAN '19 364 DAYS	JAN '18 371 DAYS	JAN '17 364 DAYS	JAN '16 364 DAYS	JAN '15 364 DAYS	JAN '14 364 DAYS	JAN '13 371 DAYS	JAN '12 364 DAYS	JAN '11 364 DAYS
Sales per Share	34.01	30.95	27.75	24.97	22.65	20.67	18.88	17.31	14.99	13.50
Growth (%)	9.90	11.51	11.14	10.27	9.58	9.48	9.06	15.50	11.03	13.79
EPS (recurring)	2.67	2.39	2.09	1.77	1.66	1.57	1.46	1.29	0.99	0.87
Growth (%)	11.82	13.97	18.59	6.49	5.84	7.48	13.32	30.27	13.59	22.08
EPS (diluted)	2.67	2.43	2.02	1.73	1.67	1.58	1.47	1.27	0.97	0.83
Growth (%)	9.79	20.30	16.76	3.90	5.71	7.14	15.29	31.88	17.19	16.20
Dividends per Share	0.92	0.78	0.63	0.52	0.42	0.35	0.29	0.23	0.19	0.15
Growth (%)	17.95	24.80	20.19	23.81	20.00	20.69	26.09	21.05	26.67	25.00
Book Value per Share	-	4.15	4.10	3.49	3.25	3.11	3.00	2.53	2.15	1.99
Growth (%)	-	1.19	17.47	7.51	4.24	3.80	18.47	17.83	8.05	12.72
Tangible Book Value per Share	-	3.95	3.90	3.22	2.99	2.89	2.78	2.31	2.03	1.87
Growth (%)	-	1.29	21.07	7.96	3.43	3.94	20.08	14.06	8.28	13.22
Cash Flow per Share	3.32	3.25	2.34	2.71	2.15	2.14	1.78	2.04	1.24	1.22
Growth (%)	2.12	38.66	-13.62	26.10	0.54	19.91	-12.47	64.53	1.83	-8.46
Free Cash Flow per Share	2.32	2.35	1.52	1.94	1.50	1.49	1.13	1.38	0.72	0.78
Growth (%)	-1.48	54.52	-21.47	29.40	0.57	31.71	-18.18	92.31	-7.92	-27.52
Diluted Shares Outstanding (M)	1,226.52	1,259.25	1,292.21	1,328.86	1,366.50	1,407.09	1,452.75	1,495.11	1,547.54	1,625.65
Basic Shares Outstanding (M)	-	1,241.15	1,273.65	1,311.29	1,346.97	1,385.38	1,426.94	1,467.18	1,522.22	1,600.58
Total Shares Outstanding (M)	-	1,217.18	1,256.02	1,292.64	1,326.99	1,369.47	1,410.03	1,447.80	1,493.40	1,558.63