

Ross Stores, Inc. (ROST)

\$182.40 (Stock Price as of 12/16/2025)

Price Target (6-12 Months): **\$170.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/20/23)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM: C

Value: D

Growth: C

Momentum: A

Summary

Ross Stores' shares outpaced the industry in the past three months, with the strength of its off-price model and consistent execution. The retailer continues to draw value-conscious shoppers with competitive bargains and micro-merchandising that optimizes product allocation and margins. Sales rose 5% year over year in second-quarter fiscal 2025, with broad-based gains across categories and regions. July sales rebounded on early back-to-school demand, which management expects will support 2-3% comps growth in the second half. Ross also maintains solid financial flexibility, with strong cash, declining debt, and consistent shareholder returns. However, margin compression weighed on Ross Stores as tariffs, higher distribution expenses, and SG&A deleverage eroded profitability with cautious guidance despite steady sales momentum.

Data Overview

52 Week High-Low	\$185.85 - \$122.36
20 Day Average Volume (sh)	3,202,231
Market Cap	\$59.6 B
YTD Price Change	21.8%
Beta	1.03
Dividend / Div Yld	\$1.62 / 0.9%
Industry	Retail - Discount Stores
Zacks Industry Rank	Top 28% (67 out of 243)

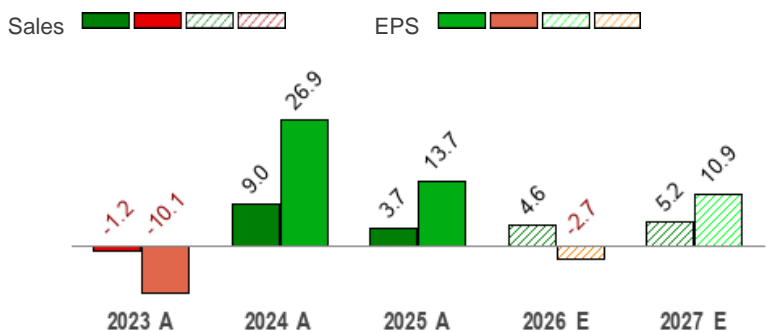
Last EPS Surprise	12.9%
Last Sales Surprise	3.5%
EPS F1 Est- 4 week change	4.2%
Expected Report Date	03/03/2026
Earnings ESP	0.0%

P/E TTM	28.8
P/E F1	29.7
PEG F1	7.6
P/S TTM	2.7

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	5,227 E	5,792 E	5,673 E	6,543 E	23,235 E
2026	4,985 A	5,529 A	5,601 A	6,203 E	22,091 E
2025	4,858 A	5,288 A	5,071 A	5,912 A	21,129 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1.62 E	1.73 E	1.58 E	1.89 E	6.82 E
2026	1.47 A	1.56 A	1.58 A	1.74 E	6.15 E
2025	1.46 A	1.59 A	1.48 A	1.79 A	6.32 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/16/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/17/2025.

Overview

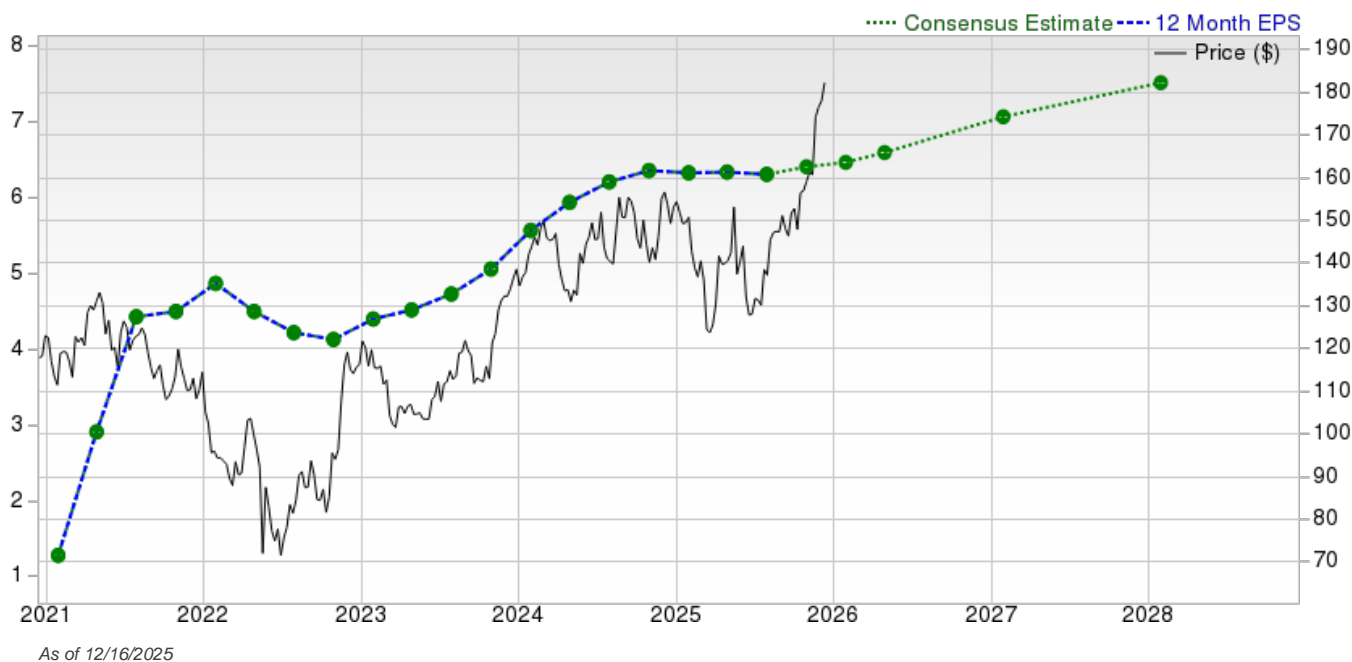
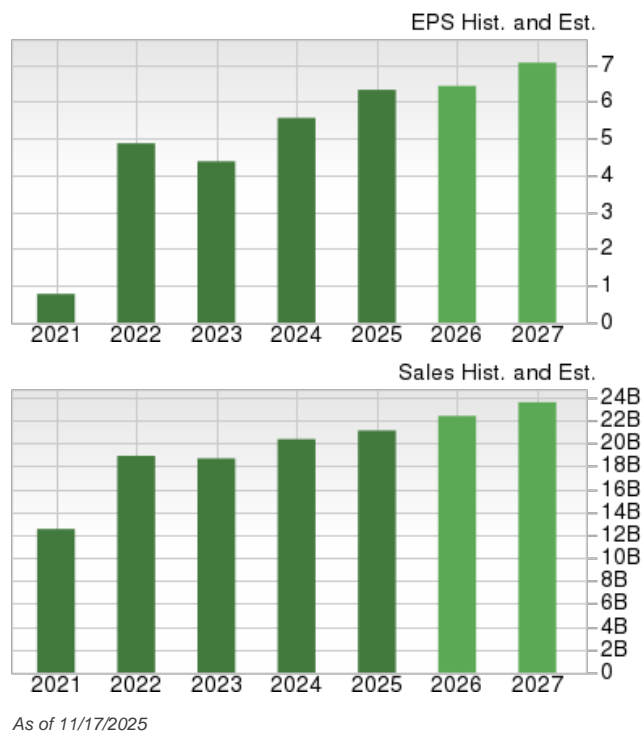
Based in Dublin, CA, Ross Stores Inc. operates as an off-price retailer of apparel and home accessories, primarily in the United States. The company operates its stores under the Ross Dress for Less (Ross) and dd's DISCOUNTS names. The company's stores are located mostly in community and neighborhood shopping centers in heavily populated urban and suburban areas.

Ross Stores primarily offers in-season, branded, and designer apparel, footwear, accessories and other home-related merchandise for everyone in the family. This format primarily targets middle-income households. Prices offered at Ross are generally 20% to 60% below the regular prices of most department and specialty stores.

dd's DISCOUNTS features more moderately-priced first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family. These stores target moderate-income households. The dd's DISCOUNTS stores offer products at a 20% to 70% lesser price than the moderate department and discount stores.

Ross Stores remains focused with its store expansion initiatives over the years. Further, the company's efforts to expand base by making efforts to increase penetration in the existing as well as new markets.

Currently, Ross Stores operates a total of 2,273 locations in 44 states, the District of Columbia, Guam and Puerto Rico, and 364 dd's DISCOUNTS stores across 22 states.



Reasons To Buy:

▲ **Off-Price Model:** Shares of Ross Stores have rallied 21.4% in the past three months against the industry's 2.1% decline. Ross Stores operates a chain of off-price retail apparel and home accessories stores, which target value-conscious men and women, aged 25 to 54 in middle-to-upper middle-class households. The company has a proven business model as the competitive bargains it offers continue to make its stores attractive destinations for customers in all economic scenarios. Moreover, the off-price model offers strong value proposition and micro-merchandising that drive better product allocation and margins. Overall, gains at the core business demonstrated consumers' continued focus on value and the company's ability to deliver the value bargains to customers.

Ross Stores benefits from positive customer response for its merchandise across both banners, which has been boosting its sales.

▲ **Favorable Demand Trends:** Ross Stores continues to benefit from positive customer response for its merchandise across both banners, which has been boosting the top-line performance. In second-quarter fiscal 2025, the company's top line improved 5% year over year, supported by a 2% gain in comparable store sales (comps). Management highlighted that sales trends improved sequentially from the first quarter, with broad-based strength across nearly all merchandise categories and most regions. Cosmetics was the best-performing category, while the Southeast and Midwest were the strongest geographies.

The dd's DISCOUNTS outpaced Ross stores, showing solid traffic and basket growth that reinforced its value-focused positioning. Importantly, July marked a sharp rebound in sales, driven by early back-to-school momentum, which management believes bodes well for the second half of the year despite ongoing macroeconomic uncertainties. As a result, for the third and fourth quarters of fiscal 2025, the company anticipates comps growth of 2-3% each. The improvement in comps is driven by favorable trends across most merchandising categories, with strong performance across most departments in July. This reflects the company's continued confidence in its business amid the ongoing macroeconomic and geopolitical uncertainties. Our model projects comparable sales growth of 2.9% in Q3, 2.0% in Q4, and 1.8% for the full fiscal year 2025.

▲ **Store Expansion Plan:** Ross Stores has been consistent with the execution of its store expansion plans. The company's store expansion efforts are focused on continually increasing penetration in the existing as well as new markets. In second-quarter fiscal 2025, it opened 28 Ross Dress for Less and three dd's DISCOUNTS stores in different states. These locations are part of the company's broader goal of adding 90 stores in fiscal 2025, comprising about 80 Ross and 10 dd's DISCOUNTS stores. ROST's store outlook does not include its plans to close about 10-15 older stores. In the latest development, ROST has concluded its store-expansion plans for fiscal 2025 by opening 40 stores recently. The company has inaugurated 36 Ross Dress for Less (Ross) and four dd's DISCOUNTS outlets in 17 various states this September and October. Including the latest openings, ROST has added 90 new stores in the current fiscal year. Together, Ross Dress for Less and dd's DISCOUNTS currently operate a total of 2,273 locations in 44 states, the District of Columbia, Guam and Puerto Rico, and 364 dd's DISCOUNTS stores across 22 states.

▲ **Financial Flexibility & Sustained Shareholder Returns:** Ross Stores' cash and cash equivalents at the end of second-quarter fiscal 2025 declined 17.5% to \$3.8 billion year over year. However, the company's cash position remains sufficient to fund its short-term obligations of about \$499.1 million as of Aug. 2, 2025. Its long-term debt of \$1 billion declined 32.8% year over year.

Ross Stores also remains committed to returning good value to shareholders in the form of share repurchases and dividends. In the fiscal second quarter, it repurchased 1.9 million shares for \$262 million under its two-year \$2.1 billion authorization announced in March 2024. The company is on track to buy back a total of \$1.05 billion worth of shares in fiscal 2025. ROST's board of directors recently approved a quarterly cash dividend of 40.5 cents per share, payable Sept. 30, 2025, to its stockholders of record as of Sept. 9. The company's share buybacks and increased dividends underscore its commitment to returning excess cash to shareholders. ROST has an annualized dividend yield of 1.1% and a dividend payout ratio of 24.5%. It has a free cash flow yield of 3.70%.

Reasons To Sell:

▼ **Margin Compression:** Ross Stores experienced margin pressure in second-quarter fiscal 2025 despite healthy sales growth, as operating margin declined 95 basis points (bps) to 11.5%. The drop was largely caused by tariff-related costs, which reduced profitability by 90 bps. Higher distribution expenses from the ramp-up of a new Arizona distribution center and the shift away from vendor pre-ticketing added further cost headwinds. Merchandise margin also contracted by 30 bps, reflecting both tariffs and occupancy deleverage, though some relief came from lower freight and buying costs. While management has taken steps to offset these pressures, including expanding its closeout mix and renegotiating with vendors, sustained tariff exposure continues to weigh on profitability. We anticipate the operating margin to decline 80 bps to 11.5% for fiscal 2026.

Ross Stores faces margin headwinds from tariffs and rising costs, while cautious guidance reflects ongoing macro and consumer pressures.

▼ **Cautious Guidance Amid Tariff Pressures:** Ross Stores' outlook for the remainder of fiscal 2025 reflects a careful balance between steady sales momentum and ongoing cost headwinds. While management provided a slightly optimistic view for comps growth in the second half, its EPS guidance is conservative given persistent macroeconomic and geopolitical uncertainty. Third-quarter fiscal 2025 EPS is expected to decline to \$1.31-\$1.37 versus \$1.48 last year, with roughly 7-8 cents of that decline attributed to tariffs. For fiscal 2025, EPS is forecast to be \$6.08 to \$6.21, below the \$6.32 achieved in fiscal 2024, as tariffs are projected to reduce earnings by 22-25 cents. While Ross has made progress in mitigating these impacts through vendor negotiations, sourcing diversification and closeout buying, management acknowledged that elevated duties continue to weigh on profitability. This cautious approach underscores both the near-term earnings risk and the uncertainty surrounding future trade policy developments.

▼ **Distribution and SG&A Cost Pressures:** Ross Stores faced additional expense headwinds in the fiscal second quarter from both distribution and SG&A expenses, which compounded the margin pressure already created by tariffs. The opening of a new distribution center in Arizona, while a necessary investment to support long-term capacity and growth, added near-term deleverage as start-up costs weighed on profitability. Distribution-related expenses were further elevated by tariff-related processing, particularly due to a shift away from vendor pre-ticketing. At the same time, SG&A expenses deleveraged by 25 bps, partly tied to CEO transition costs. Though relatively modest, these costs added to overall margin erosion and reflect the financial impact of leadership changes. Our model predicts SG&A expenses to increase 8.1% year over year to \$900 million in the third quarter and 6.5% to \$3.4 billion in fiscal 2026.

▼ **Dip in Consumer Sentiment May Impact Sales:** Ross Stores' customers remain sensitive to macroeconomic factors, including interest rate hikes, an increase in fuel and energy costs, credit availability and high household debt levels, which may negatively impact their sentiment. Lower disposable income remains concerning. On the last earnings call, management noted that while inflation is moderating, the prices of necessities like housing, food and gasoline continue to be elevated and pressure the low-to-moderate-income customers' discretionary spend. This can compel consumers to avoid discretionary spending and focus on necessities for the time being. This may adversely impact the company's growth and profitability.

Last Earnings Report

Ross Stores Tops Q2 Earnings Estimate, Expects Modest Pressures in Q3

Ross Stores reported second-quarter fiscal 2025 results with earnings beating the Zacks Consensus Estimate, though sales fell slightly short. Net sales rose compared with the prior year, but earnings per share declined.

Ross Stores delivered earnings of \$1.56 per share, beating the Zacks Consensus Estimate of \$1.52. The bottom line declined 1.9% from \$1.59 in the second quarter of fiscal 2024. The fiscal second-quarter EPS included an 11-cent per share negative impact from tariff-related costs.

FY Quarter Ending **1/31/2025**

Earnings Reporting Date	Nov 20, 2025
Sales Surprise	3.47%
EPS Surprise	12.86%
Quarterly EPS	1.58
Annual EPS (TTM)	6.40

Total sales of \$5,529 million rose 5% year over year, but marginally missed the Zacks Consensus Estimate of \$5,533 million. The comparable store sales (comps) improved 2%. The company noted that sales trends improved sequentially from the fiscal first quarter, reflecting broad-based strength. Nearly all major merchandise categories posted positive momentum, while most regions across the business also delivered stronger results, signaling a healthier demand environment as the quarter progressed. In the fiscal second-quarter, cosmetics emerged as the top-performing merchandise category, while the Southeast and Midwest led by region.

Insight Into ROST's Q2 Performance

The cost of goods sold ("COGS") was \$4 billion, up 5.5% year over year. As a percentage of sales, COGS was 72.4%, marking a year-over-year increase of 70 basis points (bps).

The company's operating income of \$638.3 million declined 3.2% year over year. The operating margin of 11.5% was down 95 bps year over year, due to tariff-related costs.

Sneak Peek Into ROST's Other Financials

Ross Stores ended the fiscal second quarter with cash and cash equivalents of \$3.8 billion, after funding business growth and capital requirements. The company has a long-term debt of \$1.02 billion and a total shareholders' equity of \$5.7 billion.

In the fiscal second quarter, Ross Stores repurchased 1.9 million shares for \$262 million under its two-year \$2.1 billion authorization announced in March 2024. The company is on track to buy back a total of \$1.05 billion worth of shares in fiscal 2025.

ROST's Store Update

In second-quarter fiscal 2025, the company opened 28 new Ross and 3 dd's DISCOUNTS stores. These openings highlight ROST's growth across both new and existing markets, including several locations in the New York Metro area and its first three stores in Puerto Rico. As of Aug. 2, 2025, ROST had 2,233 stores, including 1,873 stores in 44 states, the District of Columbia, Guam and Puerto Rico, and 360 dd's DISCOUNTS stores in 22 states.

For the third quarter of fiscal 2025, the company expects to open 40 stores, including 36 Ross and 4 dd's locations. For fiscal 2025, the company remains on track to open approximately 90 new stores, including about 80 Ross and 10 dd's DISCOUNTS locations. These do not reflect the company's plans to close or relocate 10-15 older stores.

What ROST Expects for Q3 & FY25

Ross Stores expects to offset most of the tariff impact, although modest pressure is anticipated in the third quarter of fiscal 2025, with greater mitigation projected in the fourth quarter.

For the third and fourth quarters of fiscal 2025, the company anticipates comps growth of 2-3% each. The company expects earnings of \$1.31-\$1.37 for the fiscal third quarter, down from \$1.48 in the prior-year period, with the guidance factoring in an estimated 7-8 cents per share negative impact from tariffs. For the fiscal fourth quarter, the company anticipates EPS of \$1.74-\$1.81 compared with \$1.79 reported in the year-ago quarter. The fiscal fourth-quarter guidance includes an impact of 4-6 cents per share from tariffs.

For the fiscal third quarter, the company expects total sales to improve 5-7% year over year. It expects operating margin to be 10.1-10.5% for the fiscal third quarter, including a negative impact of 50-60 bps from tariff-related costs. The operating margin guidance also includes an unfavorable timing of packaway-related costs and continued deleverage from the opening of a new distribution center in the quarter.

The company anticipates net interest income of \$27 million for the fiscal third quarter, with a tax rate of 25%. ROST expects shares outstanding to be 323 million at the end of third-quarter fiscal 2025.

Given that the company performs in line with its third and fourth quarter projections, management expects fiscal 2025 EPS to be \$6.08-\$6.21 compared with \$6.32 reported in fiscal 2024. The company expects fiscal 2025 EPS to include about 22-25 cents of negative impact from the ongoing tariff headwind.

Recent News

Ross Stores Opens 40 Outlets – Oct 13, 2025

Ross Stores continues to strengthen its presence by introducing new stores. In the latest development, ROST has concluded its store-expansion plans for fiscal 2025 by opening 40 stores recently.

The company has inaugurated 36 Ross Dress for Less (Ross) and four dd's DISCOUNTS outlets in 17 various states this September and October. Including the latest openings, ROST has added 90 new stores in the current fiscal year.

Valuation

Ross Stores shares are up 3.6% in the year-to-date period and nearly 6% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 4.9% and 5.6%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector is up 6.3% and 10.5%, respectively.

The S&P 500 index is up 13.9% in the year-to-date period and 15.9% in the past year.

The stock is currently trading at 23.32X forward 12-month earnings, which compares to 30.31X for the Zacks sub-industry, 24.58X for the Zacks sector and 23.26X for the S&P 500 index.

Over the past five years, the stock has traded as high as 79.52X and as low as 13.69X, with a 5-year median of 22.25X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$165 price target reflects 24.58X forward 12-month earnings.

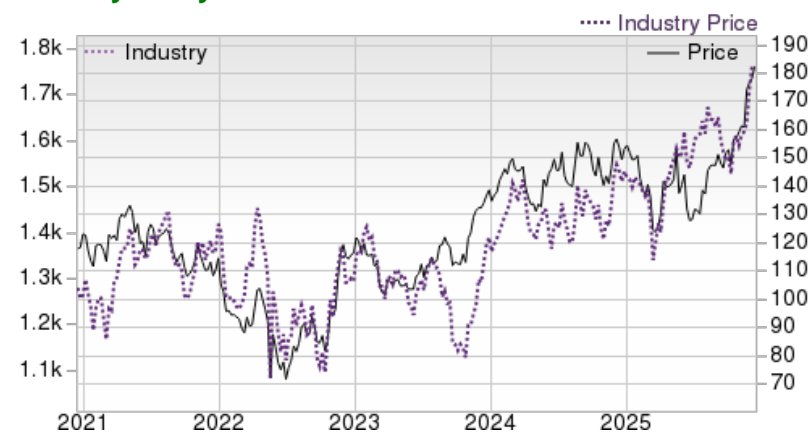
The table below shows summary valuation data for ROST

Valuation Multiples - ROST					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.32	30.31	24.58	23.26
	5-Year High	79.52	33.77	34.63	23.58
	5-Year Low	13.69	21.19	21.44	15.72
	5-Year Median	22.25	24.5	24.73	21.2
P/S F12M	Current	2.2	1.7	1.63	5.33
	5-Year High	3.37	1.88	2.04	5.52
	5-Year Low	1.25	1.26	1.19	3.84
	5-Year Median	2.08	1.61	1.53	5.02
EV/EBITDA F12M	Current	15.79	23.94	13.1	13.78
	5-Year High	47.75	28.59	27	18.63
	5-Year Low	9.12	15.51	11.19	11.47
	5-Year Median	15.21	21.95	14.58	14.7

As of 10/14/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 28% (67 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Costco Wholesale Cor...(COST)	Outperform	3
Dollar General Corpo...(DG)	Outperform	3
Burlington Stores, I...(BURL)	Neutral	3
Dollar Tree, Inc. (DLTR)	Neutral	2
Target Corporation (TGT)	Neutral	3
The TJX Companies, I...(TJX)	Neutral	3
Big Lots, Inc. (BIGGQ)	NA	
PriceSmart, Inc. (PSMT)	NA	

Industry Comparison⁽¹⁾ Industry: Retail - Discount Stores

	ROST	X Industry	S&P 500	BURL	DLTR	PSMT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	NA
Zacks Rank (Short Term)	3	-	-	3	2	
VGM Score	C	-	-	D	A	
Market Cap	59.60 B	29.26 B	39.20 B	16.95 B	26.08 B	4.01 B
# of Analysts	7	7.5	22	5	9	0
Dividend Yield	0.88%	0.60%	1.4%	0.00%	0.00%	0.97%
Value Score	D	-	-	C	B	
Cash/Price	0.07	0.04	0.04	0.03	0.02	0.08
EV/EBITDA	18.65	15.31	14.73	16.79	13.84	12.52
PEG Ratio	7.67	3.52	2.24	1.78	1.94	NA
Price/Book (P/B)	10.13	8.93	3.35	11.10	7.72	3.20
Price/Cash Flow (P/CF)	23.96	18.39	15.24	19.47	17.32	16.92
P/E (F1)	29.75	27.86	19.90	27.86	22.99	NA
Price/Sales (P/S)	2.71	1.37	3.09	1.51	1.38	0.76
Earnings Yield	3.49%	3.59%	5.01%	3.59%	4.35%	NA%
Debt/Equity	0.17	0.41	0.57	1.32	0.70	0.12
Cash Flow (\$/share)	7.69	7.69	8.99	13.84	7.57	7.68
Growth Score	C	-	-	D	A	NA
Hist. EPS Growth (3-5 yrs)	21.21%	10.69%	8.16%	9.17%	-3.84%	12.20%
Proj. EPS Growth (F1/F0)	-2.69%	11.36%	8.57%	18.36%	11.76%	NA
Curr. Cash Flow Growth	10.62%	10.62%	6.75%	24.86%	-3.86%	6.57%
Hist. Cash Flow Growth (3-5 yrs)	4.83%	4.58%	7.43%	4.33%	-4.96%	11.12%
Current Ratio	1.52	1.13	1.18	1.21	0.96	1.34
Debt/Capital	14.74%	27.56%	38.01%	56.89%	41.23%	10.60%
Net Margin	9.47%	3.31%	12.78%	5.01%	-15.40%	2.81%
Return on Equity	36.75%	29.79%	17.00%	41.02%	30.23%	12.34%
Sales/Assets	1.49	1.64	0.53	1.24	1.19	2.45
Proj. Sales Growth (F1/F0)	4.60%	5.37%	5.77%	8.00%	-37.00%	NA
Momentum Score	A	-	-	C	B	
Daily Price Chg	1.20%	0.48%	-0.16%	1.26%	1.00%	1.04%
1 Week Price Chg	2.37%	1.87%	-0.44%	-2.09%	6.07%	0.41%
4 Week Price Chg	15.60%	10.26%	2.16%	-1.79%	26.53%	12.09%
12 Week Price Chg	27.38%	12.71%	1.83%	4.21%	38.83%	12.31%
52 Week Price Chg	22.92%	22.92%	12.22%	-6.34%	87.31%	37.46%
20 Day Average Volume	3,202,231	3,202,231	2,744,252	1,339,548	3,536,478	157,783
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-0.52%	0.33%	NA
(F1) EPS Est 4 week change	4.21%	2.74%	0.00%	2.74%	3.72%	NA
(F1) EPS Est 12 week change	4.36%	2.97%	0.69%	2.97%	3.97%	NA
(Q1) EPS Est Mthly Chg	4.43%	1.32%	0.00%	2.10%	3.68%	NA

Analyst Earnings Model⁽²⁾

Ross Stores, Inc. (ROST)

In \$MM, except per share data

	2023A	2024A	2025A	2026E					2027E				2028E
	FY	FY	FY	1QA	2QA	3QE	4QE	FY	1QE	2QE	3QE	4QE	FY
FY Ends January 31st	Jan-23	Jan-24	Jan-25	30-Apr-25	31-Jul-25	31-Oct-25	31-Jan-26	Jan-26	30-Apr-26	31-Jul-26	31-Oct-26	31-Jan-27	Jan-27
Jan-28													
Income Statement													
Total Revenue	\$18,695.8	\$20,376.9	\$21,129.2	\$4,985.0	\$5,529.2	\$5,373.9	\$6,202.9	\$22,091.0	\$5,226.6	\$5,792.1	\$5,673.1	\$6,543.0	\$23,234.7
YoY % Chng	(1.2%)	9.0%	3.7%	2.6%	4.6%	6.0%	4.9%	4.6%	4.8%	4.8%	5.6%	5.5%	5.2%
Cost of Goods Sold	\$13,946.2	\$14,801.6	\$15,260.5	\$3,581.4	\$4,002.2	\$3,908.9	\$4,577.1	\$16,069.6	\$3,725.2	\$4,152.3	\$4,075.5	\$4,793.4	\$16,746.4
YoY % Chng	1.7%	6.1%	3.1%	2.6%	5.5%	7.6%	5.4%	5.3%	4.0%	3.8%	4.3%	4.7%	4.2%
Gross Profit	\$4,749.6	\$5,575.3	\$5,868.7	\$1,403.6	\$1,527.0	\$1,465.0	\$1,625.8	\$6,021.4	\$1,501.4	\$1,639.8	\$1,597.6	\$1,749.5	\$6,488.4
YoY % Chng	(8.8%)	17.4%	5.3%	2.6%	2.1%	1.9%	3.6%	2.6%	7.0%	7.4%	9.0%	7.6%	7.8%
Selling, General and Administrative	\$2,759.3	\$3,267.7	\$3,283.1	\$797.1	\$888.7	\$900.7	\$908.5	\$3,495.0	\$837.6	\$928.8	\$945.1	\$964.0	\$3,675.5
YoY % Chng	(4.0%)	18.4%	0.5%	2.7%	6.3%	8.1%	8.5%	6.5%	5.1%	4.5%	4.9%	6.1%	5.2%
EBITDA	\$2,385.0	\$2,727.1	\$3,032.4	\$722.4	\$764.7	\$690.2	\$846.4	\$3,023.7	\$791.2	\$845.4	\$789.9	\$928.3	\$3,354.8
YoY % Chng	(11.5%)	14.3%	11.2%	3.2%	(0.4%)	(3.6%)	(0.2%)	(0.3%)	9.5%	10.6%	14.4%	9.7%	11.0%
Depreciation & Amortization (Excluding Stock-Based Compensation)	\$394.7	\$419.4	\$446.8	\$115.9	\$126.4	\$125.9	\$129.0	\$497.2	\$127.4	\$134.4	\$137.5	\$142.7	\$541.9
YoY % Chng	9.4%	6.3%	6.5%	6.2%	16.4%	12.6%	10.1%	11.3%	9.8%	6.3%	9.2%	10.6%	9.0%
Operating Income	\$1,990.3	\$2,307.7	\$2,585.6	\$606.5	\$638.3	\$564.4	\$717.4	\$2,526.5	\$663.8	\$711.1	\$652.4	\$785.6	\$2,812.9
YoY % Chng	(14.7%)	15.9%	12.0%	2.6%	(3.2%)	(6.6%)	(1.9%)	(2.3%)	9.5%	11.4%	15.6%	9.5%	11.3%
Interest (Income) Expense, Net	\$2.8	(\$164.1)	(\$171.6)	(\$34.4)	(\$32.3)	(\$27.2)	(\$28.7)	(\$122.7)	(\$29.3)	(\$30.6)	(\$23.5)	(\$25.7)	(\$109.2)
YoY % Chng	(96.2%)	(5,874.7%)	(4.5%)	25.1%	25.4%	36.0%	27.7%	28.5%	14.7%	5.3%	13.5%	10.7%	11.0%
Pre-Tax Income	\$1,987.5	\$2,471.8	\$2,757.2	\$640.9	\$670.6	\$591.6	\$746.1	\$2,649.2	\$693.1	\$741.7	\$676.0	\$811.3	\$2,922.1
YoY % Chng	(12.0%)	24.4%	11.5%	0.6%	(4.5%)	(8.5%)	(3.2%)	(3.9%)	8.2%	10.6%	14.3%	8.7%	10.3%
Income Tax	\$475.4	\$597.3	\$666.4	\$161.6	\$162.6	\$147.9	\$186.5	\$658.7	\$173.3	\$185.4	\$169.0	\$202.8	\$730.5
YoY % Chng	(11.3%)	25.6%	11.6%	8.4%	(7.3%)	(6.4%)	1.4%	(1.2%)	7.2%	14.0%	14.3%	8.7%	10.9%
Tax Rate	24.0%	24.0%	24.2%	25.0%	24.2%	25.0%	25.0%	24.9%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income	\$1,512.0	\$1,874.5	\$2,090.7	\$479.2	\$508.0	\$443.7	\$559.6	\$1,990.5	\$519.9	\$556.3	\$507.0	\$608.4	\$2,191.6
YoY % Chng	(12.2%)	24.0%	11.5%	(1.8%)	(3.6%)	(9.2%)	(4.6%)	(4.8%)	8.5%	9.5%	14.3%	8.7%	10.1%
Basic Shares Outstanding	343.5	335.2	328.6	324.9	323.0	321.2	319.5	322.1	319.5	319.5	319.5	319.5	319.5
YoY % Chng	(2.3%)	(2.4%)	(2.0%)	(1.9%)	(1.9%)	(2.0%)	(2.0%)	(2.0%)	(1.7%)	(1.1%)	(0.5%)	0.0%	(0.8%)
Diluted Shares Outstanding	345.2	337.4	331.0	327.0	324.8	323.0	321.3	324.0	321.3	321.3	321.3	321.3	321.3
YoY % Chng	(2.4%)	(2.3%)	(1.9%)	(2.0%)	(2.0%)	(2.1%)	(2.2%)	(2.1%)	(1.7%)	(1.1%)	(0.5%)	0.0%	(0.8%)
Basic EPS	\$4.40	\$5.59	\$6.36	\$1.48	\$1.57	\$1.38	\$1.75	\$6.18	\$1.63	\$1.74	\$1.59	\$1.90	\$6.86
YoY % Chng	(10.2%)	27.0%	13.8%	0.7%	(1.9%)	(7.3%)	(2.7%)	(2.8%)	9.9%	10.9%	14.9%	8.7%	10.9%
Diluted EPS	\$4.38	\$5.56	\$6.32	\$1.47	\$1.56	\$1.37	\$1.74	\$6.15	\$1.62	\$1.73	\$1.58	\$1.89	\$6.82
YoY % Chng	(10.1%)	26.9%	13.7%	0.7%	(1.9%)	(7.2%)	(2.7%)	(2.8%)	10.1%	11.0%	14.9%	8.7%	11.0%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	C
Momentum Score	A
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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