Ross Stores (ROST)

Updated August 26th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$241	**5 Year CAGR Estimate:**	2.7%	**Market Cap:**	$77 B
Fair Value Price:	$164	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	9/8/2026
% Fair Value:	147%	**5 Year Valuation Multiple Estimate:**	-7.5%	**Dividend Payment Date:**	9/30/2026
Dividend Yield:	0.7%	**5 Year Price Target**	$263	**Years Of Dividend Growth:**	6
Dividend Risk Score:	A	**Sector:** Consumer Discretionary		**Rating:**	Hold

Overview & Current Events

Ross Stores operates 1,952 stores with off-price apparel and home fashion in 44 states. It also operates 376 dd's DISCOUNTS stores in 23 states and has a market cap of $77 billion. The retailer offers attractive merchandise at a 20%-60% discount compared to the regular prices of department and specialty stores. Prior to 2020, Ross Stores had grown its revenue and its earnings-per-share every single year for more than a decade. This record is a testament to the strength of its business model and the quality of its management, which executes its growth plan in an exemplary way.

In mid-August, Ross Stores reported (8/20/26) results for the second quarter of 2026. Sales and comparable sales grew 13% and 10%, respectively, over last year's quarter and earnings-per-share surged 71%, from $1.56 to $2.66, thanks to strong business momentum and tariff refunds. The company beat the analysts' estimates by $0.12 and thus it has now exceeded the analysts' estimates in 21 of the last 22 quarters. In reference to tariffs, very few clothes are directly imported but more than half of merchandize has been produced in China. Thanks to accelerated momentum and an expected benefit of $0.60 per share from tariff refunds, management raised its guidance for earnings-per-share in 2026 from $7.50-$7.74 to $8.61-$8.77. Given the exceptional record of Ross Stores in beating estimates and the tendency of management to issue cautious guidance, we have raised our forecast from $7.70 to $8.70. We still view the headwinds from cost inflation and tariffs as temporary and remain confident in the bright long-term outlook of Ross Stores.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.83	$3.55	$4.26	$4.60	$0.78	$4.87	$4.38	$5.56	$6.32	$6.61	***$8.70***	***$14.01***
DPS	$0.54	$0.64	$0.90	$1.02	$0.29	$1.14	$1.24	$1.34	$1.47	$1.62	***$1.78***	***$2.74***
Shares[1]	391.9	379.7	368.4	356.9	355.2	351.2	342.0	335.0	329.0	322.0	***315.0***	***305.0***

Ross Stores has grown its earnings-per-share more than 7-fold since 2009, from $0.89 to $6.61 in 2025. Moreover, it still has growth prospects ahead. The company currently has 2,328 stores while management is confident for a potential of 3,600 stores in the U.S. It has raised this number, from 2,900 previously, thanks to the large number of retail bankruptcies caused by the pandemic. As a result, the company can still grow its store count meaningfully. As the retailer normally opens about 100 new stores per year, it is evident that it has about a decade of growth ahead.

Ross Stores has missed the analysts' estimates only four times in the last 50 quarters. Moreover, it has grown its earnings-per-share by 9.9% per year on average over the last decade. We expect 10.0% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.4	19.7	20.1	22.2	125.6	24.4	20.8	20.5	22.9	22.7	***27.7***	***18.8***
Avg. Yld.	0.9%	1.0%	1.0%	1.0%	0.3%	1.0%	1.4%	1.2%	1.0%	1.1%	***0.7%***	***1.0%***

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Ross Stores (ROST)

Updated August 26th, 2026 by Aristofanis Papadatos

Ross Stores has surged 64% in the last 12 months thanks to strong business performance and thus it is currently trading at a price-to-earnings ratio of 27.7, which is much higher than its 10-year average price-to-earnings ratio of 18.8. If the stock trades at its historical valuation level in five years, it will incur a -7.5% annualized valuation drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	19.1%	19.2%	21.1%	22.2%	37.2%	23.4%	28.3%	24.1%	23.3%	24.5%	***20.5%***	***19.5%***

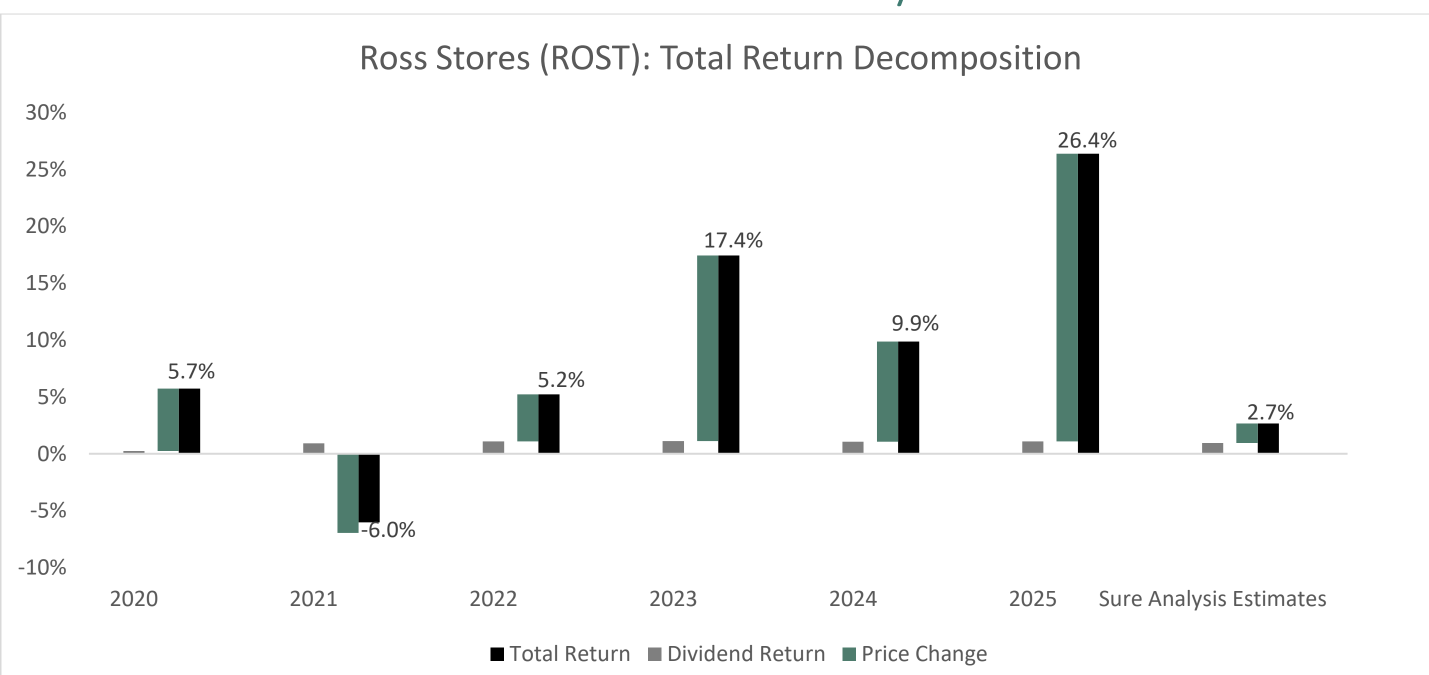
The key behind the exceptional growth record of Ross Stores is the fact that it offers great discounts on popular brands. It creates a treasure-hunting experience, which is appealing to consumers and constitutes a moat. This unique shopping experience helps explain why Ross Stores is one of the few retailers that have not been affected by Amazon. Moreover, while the U.S. economy has been growing for more than a decade, consumers have become increasingly price-conscious in recent years. Therefore, Ross Stores appeals to a wide range of consumers. With that said, competition has become increasingly heated in the retail sector.

Ross Stores had raised its dividend for 25 consecutive years until 2020. Its capital expenses have remained below half of its operating cash flows every year in the last decade, resulting in high free cash flows. However, the retailer was forced to suspend its dividend in 2020 due to the pandemic. Ross Stores proved resilient in previous recessions, as consumers were particularly price-sensitive. However, this downturn was much fiercer, as it forced the company to close its stores for nearly two months and social distancing was a strong headwind for this business. Nevertheless, the retailer has fully recovered from the pandemic, with record earnings-per-share in each of the last three years.

Final Thoughts & Recommendation

Ross Stores is a high-quality discount retailer with a wide moat and solid growth prospects over the next several years. With that said, the stock has surged 64% in the last 12 months thanks to strong business performance and hence it has become less attractive. It could offer a 2.7% average annual return over the next five years, as 10.0% growth of earnings-per-share and a 0.7% dividend may be partly offset by a -7.5% valuation headwind. The stock maintains its hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Ross Stores (ROST)

Updated August 26th, 2026 by Aristofanis Papadatos

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	12867	14135	14984	16,039	12,532	18,916	18,696	20,377	21,129	22,751
Gross Profit	3693	4092	4257	4,503	2,693	5,207	4,750	5,575	5,869	6,303
Gross Margin	28.7%	29.0%	28.4%	28.1%	21.5%	27.5%	25.4%	27.4%	27.8%	27.7%
SG&A Exp.	1890	2044	2217	2,357	2,503	2,874	2,759	3,268	3,283	3,596
D&A Exp.	303	313	330	351	364	361	395	419	447	509
Operating Profit	1803	2048	2041	2,146	190	2,333	1,990	2,308	2,586	2,707
Operating Margin	14.0%	14.5%	13.6%	13.4%	1.5%	12.3%	10.6%	11.3%	12.2%	11.9%
Net Profit	1118	1363	1587	1,661	85	1,723	1,512	1,875	2,091	2,145
Net Margin	8.7%	9.6%	10.6%	10.4%	0.7%	9.1%	8.1%	9.2%	9.9%	9.4%
Free Cash Flow	1261	1310	1653	1,616	1,841	1,181	1,035	1,752	1,637	2,208
Income Tax	669	678	463	503	21	536	475	597	666	697

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5309	5722	6074	9,348	12,718	13,640	13,416	14,300	14,905	16,670
Cash & Equivalents	1112	1290	1413	1,351	4,819	4,922	4,552	4,872	4,731	4,615
Accounts Receivable	75	88	97	102	115	119	146	131	144	181
Inventories	1513	1642	1750	1,832	1,509	2,262	2,023	2,192	2,445	2,631
Total Liabilities	2561	2673	2768	5,989	9,427	9,580	9,128	9,429	9,396	10,482
Accounts Payable	1022	1060	1177	1,296	2,257	2,372	2,010	1,956	2,126	2,386
Long-Term Debt	396	397	312	313	2,513	2,452	2,457	2,461	2,215	4,484
Shareholder's Equity	2748	3049	3306	3,359	3,291	4,060	4,289	4,871	5,509	6,187
LTD/E Ratio	0.14	0.13	0.09	0.09	0.76	0.60	0.57	0.51	0.40	0.84

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	22.0%	24.7%	26.9%	21.5%	0.8%	13.1%	11.2%	13.5%	14.3%	13.1%
Return on Equity	42.8%	47.0%	50.0%	49.8%	2.6%	46.9%	36.2%	40.9%	40.3%	36.7%
ROIC	37.2%	41.4%	44.9%	45.6%	1.8%	28.0%	22.8%	26.6%	27.8%	19.0%
Shares Out.	391.9	379.7	368.4	356.9	355.2	351.2	345.2	337.4	331.0	324.4
Revenue/Share	32.58	36.78	40.21	44.41	35.34	53.48	54.16	60.39	63.84	70.13
FCF/Share	3.19	3.41	4.43	4.47	5.19	3.34	3.00	5.19	4.95	6.80

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.