

## Costco 1Q profit edges higher, sales climb

The Associated Press

A strong turnaround in a key sales figure and rising revenue despite lower gasoline prices helped Costco Wholesale Corp. post a slight increase in its fiscal first-quarter profit on Thursday.

The nation's largest wholesale-club operator has been helped by sales of food and everyday items to recession-weary consumers during the economic downturn, but has recently seen purchases of some nonfood items rise slightly.

Costco, based in Issaquah, Wash., has been among the stronger retailers during the recession because of its focus on lower prices and everyday necessities. But its sales still took a hit last fall when shoppers clamped down on spending after being stung by the financial meltdown.

The sales increases are an encouraging sign for Costco. Sales at stores open at least a year, an important measurement for retailers, rose 3 percent. This is a significant improvement from the previous quarter, when the sales figure fell 5 percent.

At U.S. warehouse clubs open at least a year, sales rose 1 percent. The overseas gain was considerably higher, with sales surging 13 percent at international clubs open at least a year, primarily because a weakening dollar led to overseas sales translating back into more dollars.

Sales at stores open at least a year are a key indicator of retailer performance because they measure growth at existing stores rather than newly opened ones.

Removing the impact of lower gas prices and the weaker dollar, the U.S. sales figure grew 2 percent and the international figure 8 percent.

The chain earned \$266 million, or 60 cents per share, for the three months ended Nov. 22, on par with the expectations of analysts polled by Thomson Reuters. These estimates typically exclude one-time items.

Sales rose 6 percent to \$17.3 billion from \$16.4 billion as Costco made more money from its membership fees and net sales increased to \$16.92 billion from \$16.04 billion. Wall Street predicted total revenue of \$17.32 billion.

Costco currently runs 566 warehouses, including 413 in the U.S. and Puerto Rico, 77 in Canada, 21 in the U.K., seven in Korea, six in Taiwan, nine in Japan, one in Australia and 32 in Mexico.

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