

Over the past year, KSS shares are down 16.4%, versus a gain of 19.9% for the broader market. The 52 week trading range is \$17.68 to \$35.77. The Argus A6 target price is \$34 representing a 31.5% gain from the current level.

Kohl's operates about 1,170 department stores in 49 states that sell moderately priced private-label and national brand clothing, shoes, accessories, cosmetics, and home furnishings.

Growth Analysis	GAAP Data					Growth Rates		
	2019	2020	2021	2022	2023	1-Year	3-Year	5-Year
Revenue (B)	20.2	20.0	16.0	19.4	18.1	-7%	-9%	-5%
Gross Margin	40%	39%	35%	41%	37%	-11%	-6%	1%
Operating Income	1.5B	1.2B	-300.0M	1.7B	246.0M	-85%	-80%	-83%
Interest Expense (M)	256.0	207.0	284.0	260.0	304.0	17%	47%	2%
Pre Tax Income	1.0B	901.0M	-546.0M	1.2B	-58.0M	NM	NM	NM
Net Income (M)	801.0	691.0	-163.0	938.0	-19.0	NM	NM	NM
EPS	4.84	4.37	-1.06	6.32	-1.15	NM	NM	NM
Dividend/Share	2.44	2.68	.70	1.00	2.00	100%	-25%	-9%
Shares Outstanding (M)	165.0	158.0	154.0	148.0	120.0	-19%	-24%	-29%
Market Cap (B)	11.3	6.8	6.8	8.8	3.9	-56%	-42%	-64%
Book Value (B)	5.53	5.45	5.20	4.66	2.42	-48%	-56%	-55%

Financial Condition	GAAP Data					Growth Rates		
	2019	2020	2021	2022	2023	1-Year	3-Year	5-Year
Cash / Short Term Inv.	934.0M	723.0M	2.3B	1.6B	153.0M	-90%	-79%	-88%
Current Assets (B)	4.8	4.6	5.8	5.0	3.7	-26%	-20%	-30%
Current Liabilities (B)	2.7	2.8	3.0	3.3	3.1	-5%	12%	18%
Working Capital	2.1B	1.9B	2.8B	1.7B	621.0M	-64%	-67%	-77%
Short-Term Debt (M)	Nil	Nil	Nil	Nil	360.0	Nil	Nil	Nil
Long Term Debt (B)	1.9	1.9	2.5	1.9	1.6	-14%	-12%	-41%
Total Debt (B)	3.5	6.1	6.7	6.8	7.6	12%	24%	68%
Shareholders Equity (B)	5.5	5.4	5.2	4.7	3.8	-19%	-31%	-31%

Ratio Analysis						Trend		
	2019	2020	2021	2022	2023	1-Year	3-Year	5-Year
Operating Margin	7%	6%	-2%	9%	1%	Lower	Lower	Lower
Net Margin	4%	3%	-1%	5%	0%	Lower	Lower	Lower
ROE	15%	13%	-3%	19%	0%	Lower	Lower	Lower
ROA	6%	5%	-1%	6%	0%	Lower	Lower	Lower
Current Ratio	1.8	1.7	1.9	1.5	1.2	Lower	Lower	Lower
Interest Coverage	5.1	5.4	-.9	5.7	.8	Lower	Lower	Lower
Dividend Payout Ratio	50%	61%	Nil	16%	Nil	Nil	Nil	Nil
L-T Debt/Equity	61%	107%	124%	140%	186%	Higher	Higher	Higher
Total Debt/Total Cap	38%	52%	55%	58%	65%	Higher	Higher	Higher

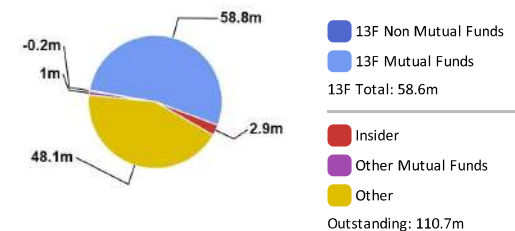
Valuation Analysis						Trend		
	2019	2020	2021	2022	2023	1-Year	3-Year	5-Year
Price - Year End	68.69	42.75	44.06	59.71	32.37	Lower	Lower	Lower
52-Week High	82.05	75.48	47.65	64.06	63.11	Lower	Lower	Lower
52-Week Low	58.38	42.75	11.51	43.13	24.06	Lower	Lower	Lower
P/E High	17.0	17.3	Nil	10.1	Nil	Nil	Nil	Nil
P/E Low	12.1	9.8	Nil	6.8	Nil	Nil	Nil	Nil
P/S High	.7	.6	Nil	.5	.4	Lower	Lower	Lower
P/S Low	.5	.3	Nil	.3	.2	Lower	Lower	Lower
P/B High	2.5	2.2	Nil	1.7	1.7	Higher	Lower	Lower
P/B Low	1.8	1.2	Nil	1.1	.7	Higher	Lower	Lower
Yield High	2.97%	3.55%	1.48%	1.56%	3.17%	Higher	Lower	Lower
Yield Low	4.18%	6.27%	6.12%	2.32%	8.31%	Higher	Higher	Higher
Return	6%	-38%	3%	36%	-46%	Lower	Lower	Nil

Argus Rating:	BUY
Rating Since:	12/06/23
Current Price:	\$25.85
Target Price:	\$34.00
Market Cap:	\$2.9 billion
Dividend:	\$2.00
Yield:	7.7%
Beta:	2.53
Sector:	Consumer Discretionary
Industry:	Retail

Argus A6 Sub-component Scores

Score	Category
H	High
M	Medium
L	Low
M	Industry
Earnings revisions, analyst conviction, performance and historical industry weighting.	
M	Management
Consistency of growth & financial strength.	
M	Safety
Liquidity, dividend yield, market cap, debt leverage and stock price beta.	
H	Financial Strength
Balance sheet debt and liquidity ratios.	
H	Growth
Normalized earnings estimates and sales trends.	
M	Value
Price/earnings, price/sales ratios, trend lines, and DCF valuation.	

Vicker's Institutional & Insider Holdings



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Peer Comparison Table: Consumer Discretionary

Ticker	Company	Price(\$)	Market Cap (Millions \$)	5-yr EPS Growth Rate	Current FY P/E	Net Margin	1-yr EPS Growth Rate	Argus Rating
JWN	NORDSTROM INC	18.70	3,035.62	-42%	7.80	1%	37%	HOLD
KSS	KOHL'S CORP	25.85	2,861.91	Nil	Nil	-1%	Nil	BUY
CRI	CARTER'S INC	74.71	2,751.18	2%	12.66	7%	-19%	HOLD
FL	FOOT LOCKER INC	28.64	2,696.79	61%	13.26	1%	-58%	HOLD
MODG	TOPGOLF CALLAWAY BRANDS CORP	14.44	2,664.43	95%	39.32	2%	-55%	HOLD
Peer Average			2,802	23%	15	2%	-19%	

Our rating on the Consumer Discretionary sector is Over-Weight. Employment remains high and wages are rising. In addition, consumers are still taking overdue vacations, benefiting leisure, hospitality, gaming, and restaurants. Retail inventories are normalizing, and automotive demand is brisk.

The sector accounts for 10.7% of the S&P 500. The creation of the Communication Services sector in 2018 removed companies in areas including theatrical filmed entertainment, publishing, advertising, broadcasting, and cable & satellite communications. We believe that the net impact of the change has been a moderate reduction in Consumer Discretionary EPS growth and a slight boost in the weighted dividend yield.

We think investors should consider allocating 11%-12% of their diversified portfolios to the group. The sector is outperforming the market thus far in 2023, with a gain of 33.0% as of the end of November. It underperformed in 2022, with a decline of 37.6%, and in 2021, with a gain of 23.7%.

Consumer Discretionary earnings are expected to increase 36.9% in 2023 and 15.0% in 2024 after a decline of 20.7% in 2022 and growth of 59.8% in 2021. On valuation, the 2024 projected P/E ratio is 24, above the market multiple. The sector's debt ratios are high, with an average debt-to-cap ratio of 52%. Yields are below average at 0.7%.

Key Sector Trends

Restaurants

- Restaurant chains are using digital ordering to improve store productivity, reduce labor costs, and increase same-store sales.
- To boost sales, some major restaurant chains are encouraging takeout orders, expanding curbside pickup capabilities, and working with third-party delivery services.
- They are also working to increase check size by highlighting higher-margin alcoholic drinks and appetizers, and attracting customers to their bar areas with special events.
- To attract consumers on a budget while minimizing the impact on margins, many restaurants are avoiding promotions and discounts and are instead offering a selection of low-cost value meals.
- Top Stock Picks: Chipotle Mexican Grill, Darden Restaurants

Lodging and Travel

- In Las Vegas, RevPAR has improved in recent months and appears to be in the early stages of a multiyear upturn.

- Following a drop in lodging company stocks due to the coronavirus, we favor large-cap names with clean balance sheets and solid businesses.

In the U.S., lodging industry recoveries usually last, on average, seven years, with the previous upturn lasting 10 years.

- Top Stock Picks: Airbnb, Marriott, Booking Holdings

Gaming

- The resumption of gaming in Las Vegas and the easing of COVID restrictions in Macau are benefiting some casino companies' top and bottom lines.
- Top Stock Picks: Las Vegas Sands, Boyd Gaming

Retailers

- Retailers are facing pressure from uncertain economic conditions and unfavorable currency effects, but are working to offset the impact through price hikes and reduced promotions.
- Higher food and fuel costs are leaving consumers with less cash for discretionary purchases.
- Retailers are learning more about their customers through the use of rewards programs, which expand their customer databases. They are also using data analytics to assess the effectiveness of marketing campaigns, and website clicks to gauge interest in particular products.
- We continue to favor companies that have unique products, a leading e-commerce presence, and the ability to compete effectively against online-only retailers.
- While rising mortgage rates have raised concerns about an already expensive housing market, only about 5% of homes turn over each year. We believe that homeowners who stay put will go to Home Depot and Lowe's to spruce up their houses and yards.
- Margins and earnings at retailers are now benefiting from lower overseas freight and logistics costs as supply-chain challenges diminish. We expect this trend to continue over the remainder of 2023.
- Retailers are offering more discounts and promotions to incentivize consumers. Some consumers are trading down from expensive items to more value-oriented brands.
- Top Stock Picks: Williams-Sonoma, Home Depot, TJX, Ulta Beauty

Argus A6 Quantitative Universe

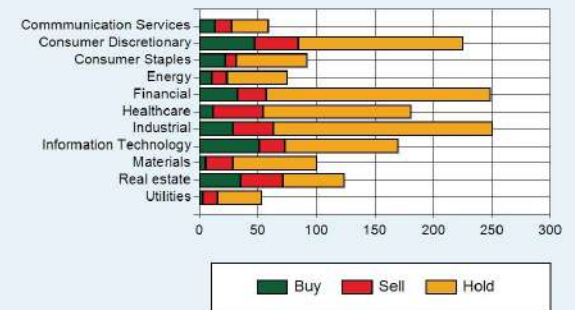
Our A6 Quantitative Universe includes more than 1,500 companies that are diversified across all asset classes and industry sectors. Ratings for these companies are derived through a proprietary algorithm we have designed and tested so that the ratings are based on our fundamental Six-Point System. Our A6 Quantitative Ratings include sub-ratings for each of the six factors.

The A6 algorithm is designed to capture and analyze financial trends for each company under coverage. Companies are measured against their historical record, peer group, and the broad market. For each covered company, the A6 algorithm generates a subrating for growth, financial strength, industry outlook, management, risk/safety and valuation. These scores are totaled and provide an overall rating for each company. The A6 algorithm rates stocks on growth based on normalized earnings estimates and sales trends, among other factors. Our financial strength ranking is based primarily on balance sheet debt and liquidity ratios. For risk, we factor in liquidity, dividend yield, market cap, debt leverage and stock price beta. Our valuation subrating includes factors such as price/earnings and price/sales ratios, trend lines, and discounted cash flow valuations. Ratings are reviewed weekly.

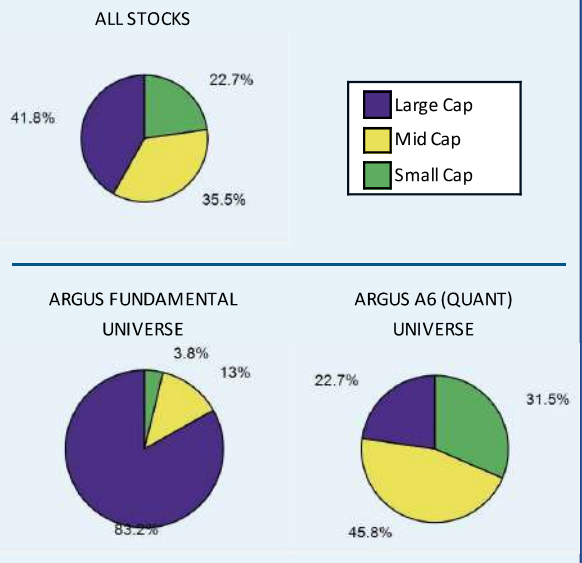
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CURRENT RATING DISTRIBUTION

