

ModernGraham Valuation

Company Name:

Kohl's Corporation

Company Ticker

KSS

Date of Analysis

8/18/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Fail
5. Earnings Growth	PEmg < 20	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Pass
7. Moderate Price to Assets		

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive
Enterprising

No
Yes

Stage 2: Determination of Intrinsic Value

EPSmg	4.17
MG Growth Estimate	2.10%
MG Value	\$52.93
MG Value based on 3% Growth	\$60.42
MG Value based on 0% Growth	\$35.42
Market Implied Growth Rate	2.45%

MG Opinion

Current Price	\$55.86
% of Intrinsic Value	105.54%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.45
PEmg	13.41
Current Ratio	1.95
PB Ratio	1.88
Dividend Yield	2.90%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.15	Next Fiscal Year Estimate	\$4.17
Jan15	\$4.24	Jan15	\$4.14
Jan14	\$4.05	Jan14	\$4.02
Jan13	\$4.17	Jan13	\$3.88
Jan12	\$4.30	Jan12	\$3.65
Jan11	\$3.66	Jan11	\$3.32
Jan10	\$3.17	Jan10	\$3.11
Jan09	\$2.89	Jan09	\$2.99
Jan08	\$3.39	Jan08	\$2.88
Jan07	\$3.31	Jan07	\$2.49
Jan06	\$2.43	Jan06	\$2.02
Jan05	\$2.04	Jan05	\$1.74
Jan04	\$1.59	Jan04	\$1.51
Jan03	\$1.85	Jan03	\$1.37
Jan02	\$1.45	Jan02	\$1.02
Jan01	\$1.10	Jan01	\$0.74
Jan00	\$0.77	Jan00	\$0.52
Jan99	\$0.59	Balance Sheet Information Apr15 Total Current Assets \$5,829,000,000 Total Current Liabilities \$2,985,000,000 Long-Term Debt \$4,633,000,000 Total Assets \$14,563,000,000 Intangible Assets \$0 Total Liabilities \$8,546,000,000 Shares Outstanding (Diluted Average) 202,000,000	
Jan98	\$0.23		
Jan97	\$0.34		
Jan96	\$0.25		



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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