

Kohl's outperforms peers in strongest holiday season in years

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Kohl's Corp reported far stronger same-store sales for November and December than its peers, vindicating the U.S. department store operator's tweaks to its business and offering more evidence of a strong Christmas for retailers.



Photo: Kohl's

Kohl's shares jumped nearly 9 percent on Monday to \$59.07, their highest since December 2016, following the sales performance that puts the company on track for its best holiday quarter in three years.

The company's 6.9 percent rise in sales at stores open for at least a year topped the 1-4 percent growth posted by J.C. Penney Co Inc and Macy's Inc. JC Penney shares fell nearly 1 percent, while Macy's was down 2.2 percent.

“Unlike peers JCP and Macy’s, KSS enjoyed consistent results in both November and December, with traffic in store positive while digital sales came in well ahead of the YTD trend of mid-to-high teens,” Gordon Haskett analyst Chuck Grom said.

Kohl’s report follows a report by MasterCard Advisors in late December that showed shoppers spent more than \$800 billion in stores and online between Nov. 1 and Dec. 24, a new record.

Kohl’s has revamped its beauty departments and brought in popular brands such as Under Armour, while also partnering directly with Amazon.com.

“Kohl’s has an excellent mix of low price private label apparel offerings coupled with plenty of desirable national brands compared to Macy’s and Penney,” said Ken Perkins, president of industry research firm Retail Metrics.

Store checks conducted by the firm found Kohl’s to be one of the busiest department store chains during the holiday season, underscoring a 2017 theme that showed retailers not based in malls were generating better traffic.

“Even if Kohl’s has a very weak January the department store chain is poised to turn in its strongest quarterly same store sales gain in at least 3 years when it racked up a 3.7 percent gain in the fourth quarter of 2014,” Perkins said.

Kohl’s said it now expects fiscal 2017 earnings per share to come in between \$4.10 and \$4.20, versus its previous forecast of \$3.72 to \$3.92.

Analysts on average expect the company to report a profit of \$3.64 for the year, according to Thomson Reuters I/B/E/S.

The company said its forecast does not include the impact of recent changes in the U.S. tax code, which are expected to boost its effective tax rate.