



## FEATURED OPTIONS RADAR REPORT



### Kohl's Bulls Position for Long Term Recovery

Ticker/Price: KSS (\$28.80)

#### Analysis:

**Kohl's (KSS)** with 1,500 January 2022 \$27.50 puts sold to open today for \$6.50 in stock replacements and follows buyers in the Jan. 2022 \$22.50 ITM calls yesterday and buyers of more than 5,000 December \$22.50 calls recently. KSS has seen over 7800 December \$30 calls bought in the last week as well and the December \$27.50 calls with buyers on 11/9 over 3000X. Shares are working out of a multi-month base this week with the re-opening thesis in play as well as earnings and now firmly back above its 200-day for the first time since early 2019. KSS has a big gap from February back to \$45. The \$4.3B company trades 16.28X earnings, 0.25X sales, and 12X FCF with a lot of cash on the balance sheet and limited near-term maturities. KSS is in the middle of a multi-year transformation after they changed leadership in 2018 and their CEO laid out some big initiatives this week to drive topline growth in 2021 including a major focus on active lifestyle products including apparel, footwear, athleisure, and outdoor. Active has become a major driver for the topline and KSS plans to expand SKUs with key national brands and increase space dedicated to the product by 20%. They're also rolling out their own private label athleisure brand, FLX, in March which allows them to build on success of the Champion brand which grew 95% in Q3. KSS is also looking at expanding their partnership with Amazon returns, testing self-check out and self-return, and other ways to optimize their floor space. Analysts have an average target for shares of \$33. CSFB raising estimates this morning citing better profitability and they also think that restarting the dividend in the first half of 2021 could bring back a big audience for the stock versus peers. Citi with a \$33 PT noting that margin expansion is well within reach as management has done a better job of managing costs and inventories in Q3. Short interest is 15% and down from its peak in 2018 around 21.8%. Hedge fund ownership rose 20% in Q3, Point72 a buyer of stock and now a five fund holder. KSS has also seen insiders active in 2020 with two directors buying stock in March and April, the former being over \$350,000 in stock at \$35.

#### Hawk Vision:



**Hawk's Perspective:** KSS looks to have room up to \$35+ though hard to chase these moves especially considering preference for higher quality TGT, WMT, COST, BURL.

**Confidence Ranking:** \$\$