

Kohl's Corporation Reports First Quarter Financial Results

MENOMONEE FALLS, Wis.--(BUSINESS WIRE)--May 14, 2015-- Kohl's Corporation (NYSE:KSS). Kohl's Corporation today reported results for the quarter ended May 2, 2015.

(\$ in millions)	Quarter		
	2015	2014	Change
Sales	\$ 4,123	\$ 4,070	1.3%
Comparable store sales	1.4%	(3.4)%	-
Gross margin	36.9%	36.8 %	17 bp
Net income	\$ 127	\$ 125	2%
Diluted earnings per share	\$ 0.63	\$ 0.60	5%

Kevin Mansell, Kohl's chairman, chief executive officer and president, said, "Sales were modestly below our original expectations for the quarter, but accelerated in the March/April combined period after a weak February. We are very pleased with our earnings results, with a more balanced promotional calendar driving merchandise margin combined with strong expense control."

Dividend

On May 13, 2015, Kohl's Board of Directors declared a quarterly cash dividend on the Company's common stock of \$0.45 per share. The dividend is payable June 24, 2015 to shareholders of record at the close of business on June 10, 2015.

Store Update

Kohl's opened two new stores during the quarter. The Company now operates 1,164 stores in 49 states, compared with 1,160 stores at the same time last year.

First Quarter 2015 Earnings Conference Call

Kohl's will host its quarterly earnings conference call at 8:30 am ET on May 14, 2015. The phone number for the conference call is (800) 230-1074. Replays of the call will be available for 30 days by dialing (800) 475-6701. The conference ID for both the live call and the replay is 346894. The conference call and replays are also accessible via the Company's web site at <http://www.kohlscorporation.com/InvestorRelations/event-calendar.htm>.

About Kohl's

Kohl's (NYSE: KSS) is a leading specialty department store with 1,164 stores in 49 states. With a commitment to inspiring and empowering families to lead fulfilled lives, the company offers amazing national and exclusive brands, incredible savings and inspiring shopping experiences in-store, online at Kohls.com and via mobile devices. Committed to its communities, Kohl's has raised more than \$274 million for children's initiatives nationwide through its Kohl's Cares® cause merchandise program, which operates under Kohl's Cares, LLC, a wholly-owned subsidiary of Kohl's Department Stores, Inc. For additional information about Kohl's philanthropic and environmental initiatives,

visit www.Kohls.com/Cares. For a list of store locations and information, or for the added convenience of shopping online, visit www.Kohls.com.

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YouTube (<http://www.youtube.com/Kohls>)

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KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In Millions, except per share data)
(Unaudited)

	<u>Three Months Ended</u>	
	<u>May 2, 2015</u>	<u>May 3, 2014</u>
Net sales	\$ 4,123	\$ 4,070
Cost of merchandise sold	<u>2,600</u>	<u>2,574</u>
Gross margin	1,523	1,496
Operating expenses:		
Selling, general, and administrative	1,016	1,000
Depreciation and amortization	<u>227</u>	<u>216</u>
Operating income	280	280
Interest expense, net	<u>84</u>	<u>85</u>
Income before income taxes	196	195
Provision for income taxes	<u>69</u>	<u>70</u>
Net income	<u>\$ 127</u>	<u>\$ 125</u>
Basic net income per share	\$ 0.64	\$ 0.60
Average number of shares	200	206
Diluted net income per share	\$ 0.63	\$ 0.60
Average number of shares	202	208
As a percent of net sales:		
Gross margin	36.9%	36.8%
Selling, general and administrative expenses	24.6%	24.6%
Operating income	6.8%	6.9%
Net income	3.1%	3.1%

KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Millions)
(Unaudited)

	May 2, 2015	May 3, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,195	\$ 717
Merchandise inventories	4,165	3,981
Deferred income taxes	129	137
Other	340	304
Total current assets	5,829	5,139
Property and equipment, net	8,518	8,677
Other assets	216	298
Total assets	\$ 14,563	\$ 14,114
 <u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 1,645	\$ 1,382
Accrued liabilities	1,140	1,078
Income taxes payable	87	73
Current portion of capital lease and financing obligations	113	112
Total current liabilities	2,985	2,645
Long-term debt	2,793	2,792
Capital lease and financing obligations	1,840	1,919
Deferred income taxes	358	339
Other long-term liabilities	570	562
Shareholders' equity	6,017	5,857
Total liabilities and shareholders' equity	\$ 14,563	\$ 14,114

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)
(Unaudited)

	Three Months Ended	
	May 2, 2015	May 3, 2014
Operating activities		
Net income	\$ 127	\$ 125
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	227	216
Share-based compensation	14	11
Excess tax benefits from share-based compensation	(9)	(2)
Deferred income taxes	(23)	5
Other non-cash revenues and expenses	10	5
Changes in operating assets and liabilities:		
Merchandise inventories	(349)	(105)
Other current and long-term assets	28	15
Accounts payable	134	17
Accrued and other long-term liabilities	(69)	(44)
Income taxes	12	(64)
Net cash provided by operating activities	<u>102</u>	<u>179</u>
Investing activities		
Acquisition of property and equipment	(176)	(176)
Other	1	4
Net cash used in investing activities	<u>(175)</u>	<u>(172)</u>
Financing activities		
Treasury stock purchases	(147)	(167)
Shares withheld for taxes on vested restricted shares	(18)	(14)
Dividends paid	(90)	(80)
Proceeds from financing obligations	—	3
Capital lease and financing obligation payments	(27)	(29)
Proceeds from stock option exercises	134	24
Excess tax benefits from share-based compensation	9	2
Net cash used in financing activities	<u>(139)</u>	<u>(261)</u>
Net decrease in cash and cash equivalents	(212)	(254)
Cash and cash equivalents at beginning of period	<u>1,407</u>	<u>971</u>
Cash and cash equivalents at end of period	<u>\$ 1,195</u>	<u>\$ 717</u>