Kontoor Brands Inc. (KTB)

Updated May 28th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$74	**5 Year CAGR Estimate:**	7.1%	**Market Cap:**	$4.1B
Fair Value Price:	$80	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	06/20/26[1]
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.5%	**Dividend Payment Date:**	06/30/26[2]
Dividend Yield:	2.9%	**5 Year Price Target**	$93	**Years Of Dividend Growth:**	6
Dividend Risk Score:	D	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Kontoor Brands is an apparel company that focuses on what it calls "lifestyle apparel". The company, which was spun off from V.F. Corporation (VFC) in 2019, owns some of the world's most iconic denim brands, including *Wrangler* and *Rock & Republic.* Kontoor Brands is a U.S.-focused company, just around 30% of its revenues are generated outside of the United States. Kontoor is headquartered in Greensboro, North Carolina.

Kontoor Brands reported its first quarter financial results on May 7th. The company reported that its revenue rose by 45% compared to the previous year's quarter, to $613 million. Kontoor Brands' revenue performance was way better compared to the recent past, with the Helly Hansen takeover playing a big role in this huge revenue increase. Kontoor Brands was able to grow its adjusted gross margin by a nice 470 basis points over the last year.

Kontoor Brands' earnings-per-share totaled $1.06 during the first quarter. The company experienced strong earnings-per-share growth, at more than 100%, compared to the previous year's quarter, although that was at least partially due to a relatively easy comparison with last year's weak Q1.

For the current year, management is forecasting earnings-per-share of $6.65 at the midpoint of the guidance range, which implies that the company's profits will rise at a nice pace relative to 2025. Revenues are forecasted to grow by roughly 10%. Kontoor Brands in May announced that it will sell the Lee brand later this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	N/A	N/A	N/A	$3.84	$2.61	$4.28	$4.49	$4.45	$4.89	$5.59	***$6.65***	***$7.71***
DPS	N/A	N/A	N/A	$1.12	$0.96	$1.66	$1.86	$1.94	$2.02	$2.09	***$2.12***	***$2.58***
Shares[3]	N/A	N/A	N/A	57.9	58.4	58.8	56.7	56.7	56.3	56.1	***56.0***	***55.0***

Kontoor Brands was spun off not too long ago, thus there is no long-term data available. Due to the nature of the industry Kontoor Brands is active in, it can be expected that this is a vulnerable business during deep recessions. The spread of COVID in the US and around the world hurt Kontoor Brands' fiscal 2020 results badly, for example, and a prolonged recession such as the Great Recession could result in an even bigger earnings decline.

Once the impact of the pandemic had passed, Kontoor recovered to substantially higher profitability levels once again. We estimate that 2026 will be a new record year for the company, following earnings-per-share records in each of the prior four years. Management has stated that sales could grow at a low single-digit rate in the long run, which seems like a reasonable target. The apparel industry isn't growing quickly, but thanks to price increases, some revenue growth should be achievable over time. However, there could be some ups and downs over the years, depending on factors such as economic growth and consumer sentiment. Buybacks should add to Kontoor Brands' earnings-per-share growth. All in all, Kontoor Brands could grow its earnings-per-share by 3% per year, on average, in the long run, we believe.

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[1] Estimated date
[2] Estimated date
[3] In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	N/A	N/A	N/A	10.9	15.7	11.9	8.9	13.9	17.4	11.1	***11.1***	***12.0***
Avg. Yld.	N/A	N/A	N/A	5.3%	3.9%	3.3%	4.7%	3.2%	2.4%	3.4%	***2.9%***	***2.8%***

Kontoor Brands' former parent company V.F. Corporation has oftentimes traded at a high-teens multiple in its history, but since Kontoor Brands was created to separate V.F. Corporation's slow-growing brands from its faster-growing core businesses, a discount for Kontoor Brands is justified. We thus have a 12x earnings multiple fair value target. Today, shares are trading below that target, offering some upside potential.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	N/A	N/A	N/A	29%	37%	39%	41%	44%	41%	37%	***32%***	***33%***

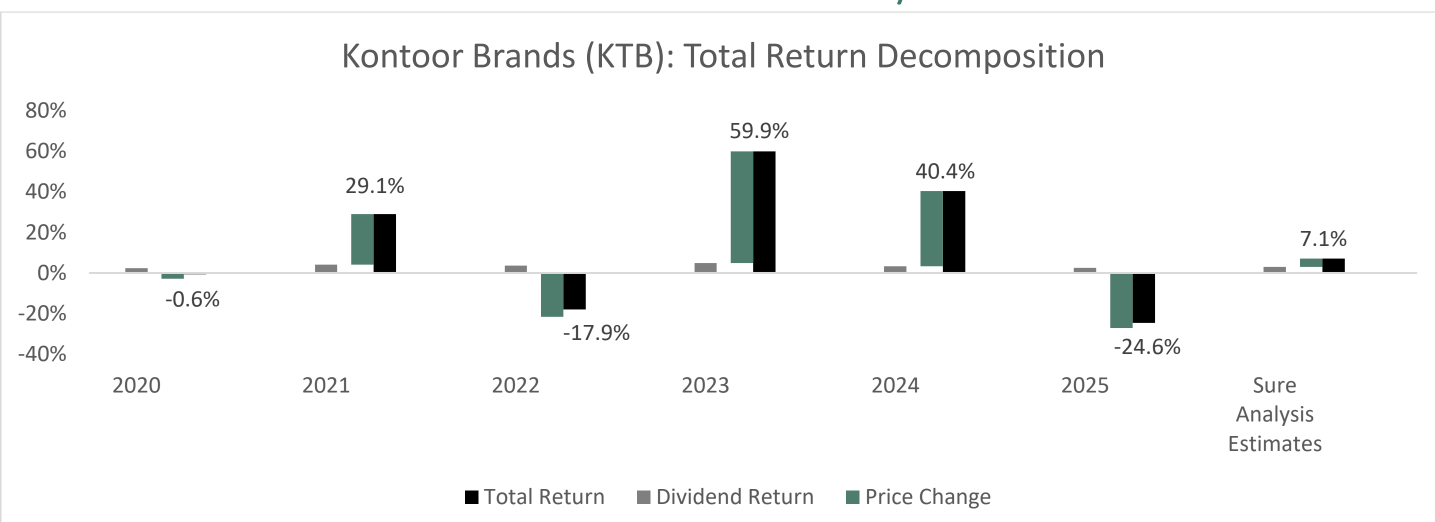
Kontoor Brands had to cut its dividend during the pandemic, which gave the company a bad start when it comes to establishing a dividend growth track record. The dividend payout ratio of less than 40% looks reasonable right now, and Kontoor Brands has increased its dividend reliably following the pandemic, though.

Kontoor Brands' competitive advantage lies in its ownership of some of the world's most popular denim brands that control a large amount of market share in the denim category. The company is vulnerable to economic downturns, which was showcased during the COVID pandemic.

Final Thoughts & Recommendation

Kontoor Brands is a consumer goods company that was created through a spin-off of some lower-growth businesses from V.F. Corporation. We believe that the company's earnings and revenues should grow at a relatively slow pace in the coming years. Shares are trading below of our fair value estimate right now. Forecasted total returns look solid but not great, which is why we rate the company a hold right here.

Total Return Breakdown by Year



Disclaimer

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,926	2,830	2,764	2,549	2,098	2,476	2,631	2,607	2,608	3,152
Gross Profit	1,215	1,172	1,115	1,004	864	1,108	1,134	1,088	1,162	1,423
Gross Margin	41.5%	41.4%	40.3%	39.4%	41.2%	44.7%	43.1%	41.7%	44.5%	45.2%
SG&A Exp.	806	815	782	803	740	825	778	769	819	1,078
D&A Exp.	34	34	31	31	34	37	37	38	43	48
Operating Profit	409	357	333	201	124	283	357	319	342	345
Operating Margin	14.0%	12.6%	12.0%	7.9%	5.9%	11.4%	13.6%	12.2%	13.1%	11.0%
Net Profit	315	116	263	97	68	195	245	231	246	227
Net Margin	10.8%	4.1%	9.5%	3.8%	3.2%	7.9%	9.3%	8.9%	9.4%	7.2%
Free Cash Flow	296	142	(119)	740	180	247	55	319	346	431
Income Tax	95	243	77	39	5	49	74	41	56	71

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets		2,126	2,458	1,517	1,546	1,533	1,582	1,645	1,651	2,583
Cash & Equivalents		81	97	107	248	185	59	215	334	108
Acc. Receivable		240	253	231	242	291	222	201	236	234
Inventories		440	474	458	341	363	597	500	390	567
Goodwill & Int.		291	276	265	302	313	309	301	288	1,040
Total Liabilities		769	735	1,448	1,461	1,385	1,332	1,274	1,250	2,018
Accounts Payable		174	134	147	167	214	206	180	180	245
Long-Term Debt		274	272	914	914	792	800	784	740	1,135
Total Equity		1,358	1,723	69	85	148	251	372	400	565
LTD/E Ratio		0.20	0.16	13.20	10.80	5.34	3.19	2.11	1.85	2.29

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets			11.5%	4.9%	4.4%	12.7%	15.8%	14.3%	14.9%	10.8%
Return on Equity			17.1%	10.8%	88.3%	167%	123%	74.2%	63.7%	47.1%
ROIC			14.5%	6.5%	6.9%	20.2%	24.7%	20.9%	21.4%	16.5%
Shares Out.				57.9	58.4	58.8	56.7	56.7	56.3	56.1
Revenue/Share	51.67	49.97	48.80	44.55	36.26	41.90	46.20	45.80	46.30	56.19
FCF/Share	5.22	2.51	(2.10)	12.94	3.10	4.18	0.97	5.61	6.15	7.67

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.