

Target Corp

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst E. Levy-CFA

Price

\$69.23 (as of Sep 16, 2016 4:00 PM ET)

12-Mo. Target Price

\$76.00

Report Currency

USD

Investment Style

Large-Cap Growth

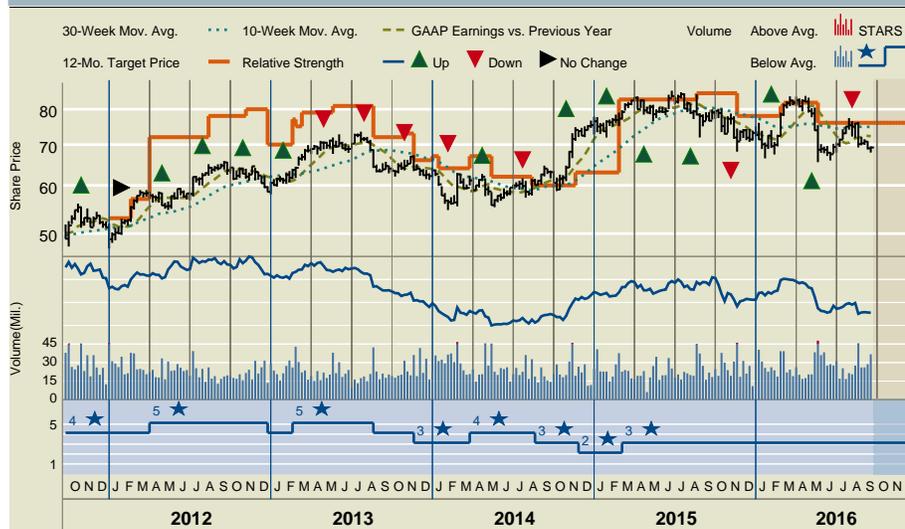
GICS Sector Consumer Discretionary
Sub-Industry General Merchandise Stores

Summary This company operates nearly 1,800 Target, SuperTarget and CityTarget general merchandise stores across the U.S.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	\$84.14–65.50	S&P Oper. EPS 2017E	4.95	Market Capitalization(B)	\$44.203	Beta	0.65
Trailing 12-Month EPS	\$5.40	S&P Oper. EPS 2018E	5.40	Yield (%)	3.47	S&P 3-Yr. Proj. EPS CAGR(%)	10
Trailing 12-Month P/E	12.8	P/E on S&P Oper. EPS 2017E	14.0	Dividend Rate/Share	\$2.40	S&P Quality Ranking	A-
\$10K Invested 5 Yrs Ago	\$15,049	Common Shares Outstg. (M)	638.5	Institutional Ownership (%)	79		

Price Performance



Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects TGT's fairly consistent earnings track record, and its healthy balance sheet and cash flow, in our view, offset by our concerns over a potential loss of market share as a result of aggressive pricing by competitors and challenging consumer spending trends.

Revenue/Earnings Data

Revenue (Million U.S. \$)	1Q	2Q	3Q	4Q	Year
2017	16,196	16,169	--	--	--
2016	17,119	17,427	17,613	21,626	73,785
2015	16,657	16,957	17,254	21,751	72,618
2014	16,706	17,117	17,258	21,516	72,596
2013	16,867	16,779	16,929	22,726	73,301
2012	15,935	16,240	16,402	21,288	69,865

Earnings Per Share (U.S. \$)

2017	1.02	1.07	E0.87	E1.57	E4.95
2016	1.01	1.21	0.76	2.31	5.25
2015	0.89	0.61	0.82	1.49	3.83
2014	0.77	0.95	0.54	0.81	3.07
2013	1.04	1.06	0.96	1.47	4.52
2012	0.99	1.03	0.82	1.45	4.28

Fiscal year ended Jan. 31. Next earnings report expected: Mid November. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.560	Sep 11	Nov 16	Nov 18	Dec 10 '15
0.560	Jan 14	Feb 12	Feb 17	Mar 10 '16
0.560	Mar 10	May 16	May 18	Jun 10 '16
0.600	Jun 8	Aug 15	Aug 17	Sep 10 '16

Dividends have been paid since 1965. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

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Analysis prepared by Equity Analyst E. Levy-CFA on Aug 17, 2016 04:41 PM, when the stock traded at \$70.63.

Highlights

- Revenues in FY 17 (Jan.) should decline about 5%, mainly reflecting the sales of its pharmacy and clinic operations to CVS in December, but also due to flat to down 2% same-store sales. Improving economic conditions and consumer spending, and increasing customer penetration should be partly offsetting. We expect rapid growth of online and omni-channel sales. Revenue should rise 3.1% in FY 18.
- After the sales of its pharmacy operations, we look for earnings before interest taxes and depreciation (EBITDA) margins to decline in FY 17 versus FY 16, amid a competitive and promotional environment and consumer caution. Margins should be pressured by a greater mix of online sales. Layoffs and other cost reductions towards a goal of about \$2 billion in savings over time should help margins in FY 17 and beyond. Canada losses are classified as discontinued operations.
- We expect TGT to use future free cash flow for share buybacks and dividends increases. We see FY 17 operating EPS of \$4.95, up from an adjusted \$4.69 in FY 16, followed by \$5.40 in FY 18.

Investment Rationale/Risk

- The impact of 2014's data breach has diminished significantly, in our view. A more substantial economic recovery in the U.S. in 2016 could help improve sales results.
- Risks to our recommendation and target price include changes in consumer confidence or spending habits, better-than-expected merchandise success, decreased promotional activity by competitors, less-than-expected costs related to the data breach and a better-than-expected turnaround of its Canadian operations.
- Our 12-month target of \$76 uses 14.1X our depressed FY 17 EPS estimate. This is based on a blend of historical and peer P/E analyses. It is a discount to its 10-year average forward P/E multiple, after a sales and profit warning. Also valuations for retailers have contracted, as consumers appear to prefer to spend income elsewhere. We believe TGT is positioned to return to growth following internal and external challenges. Combined with planned streamlining and efficiency savings, and a resumption of share repurchases, near double digit annual EPS increases are achievable in the future.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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Target Corp

Business Summary August 17, 2016

CORPORATE OVERVIEW. As of February 24, 2016, the company operated 1,792 Target locations, including about 249 SuperTarget stores and eight CityTarget stores in the U.S. Target stores generally cater to middle- and upper-income consumers, carrying a broad assortment of fashion apparel, electronics, home furnishings, household products and other general merchandise at competitive prices. SuperTarget stores are larger and also carry a full line of groceries. CityTargets are slightly smaller and tailored toward urban markets. TGT's website serves as both a sales driver and a marketing vehicle. Target.com offers a more extensive selection of merchandise than the company's physical stores, including exclusive online products. To support sales and earnings growth, TGT offers credit to qualified customers through its REDcard.

Prior to January 15, 2015, it operated a Canadian segment. As of April 12, Target Canada Co. finished its inventory liquidation actions and closed the last of its 133 Canadian retail store.

PRIMARY BUSINESS DYNAMICS. TGT's primary growth drivers are new store openings and same-store sales (sales results for stores open for over one year). The company added a net two Target locations in FY 16 and remodeled 9 stores. This follows shrinkage of a net three Target locations to its store base and remodeling of 39 stores in FY 15. As the rate of store growth in the U.S. slowed following the 2008-2009 recession, we expect that same-store sales will be the primary growth driver going forward.

To drive same-store sales, TGT seeks to appeal to customers that are interested in sophisticated styles and quality by offering fashion newness, trusted brands, and exclusive designer labels such as Maternity by Liz Lange. It also frequently collaborates with well-known designers such as Jason Wu and Missoni offering limited-time collections. Under the "Expect More. Pay Less." brand promise, the company believes it satisfies customer demand for value by matching competitor Wal-Mart's prices on identical and similar items in local markets, and by pricing its differentiated products at deep discounts. This is important for TGT, as it has historically drawn far less traffic from food and grocery than Wal-Mart. However, the company has also been steadily expanding food assortments in its Target stores as a means of driving shopping frequency and improving convenience for shoppers.

IMPACT OF MAJOR DEVELOPMENTS. In December 2013, Target announced the unauthorized access to credit and debit card data of up to 40 million accounts through the point-of-sale system in its U.S. stores between November 27 and December 15, 2013. It subsequently revealed that additional data, including names, mailing and email addresses, and phone numbers was taken from up to 70 million customers. TGT said it was investigating the incident in conjunction with the U.S. Secret Service, Department of Justice and a third-party forensics firm. Target indicated that its sales trends slowed meaningfully following the announcement of the data breach, but that results were showing some improvement about three weeks later. Related to the breach, Target offered all shoppers a 10% discount in its stores the weekend before Christmas, which we expect negatively impacted its gross margin.

In March 2013, TGT announced that it had completed the sale of its credit card receivables portfolio to TD Bank Group for \$5.7 billion, the gross value of outstanding receivables at the time of closing. TD will underwrite, fund and own future receivables in the U.S., and will control risk management policies and regulatory compliance, while Target will continue to perform account servicing functions. Target will continue to earn a substantial portion of the profits generated by the portfolios. TGT intends to use 90% of the sale proceeds to reduce debt, and to apply the remainder to share repurchases over time.

Corporate Information

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Officers

Chrmn & CEO

B.C. Cornell

EVP, Secy & General Counsel

D.H. Liu

COO & EVP

J.J. Mulligan

EVP & CIO

M.E. McNamara

EVP & CFO

C.R. Smith

Board Members

R. S. Austin

D. M. Baker, Jr.

B. C. Cornell

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R. L. Edwards

M. L. Healey

D. R. Knauss

M. C. Lozano

M. E. Minnick

A. M. Mulcahy

D. W. Rice

K. L. Salazar

J. G. Stumpf

H. de Castro

Domicile

Minnesota

Auditor

ERNST & YOUNG

Founded

1902

Employees

341,000

Stockholders

15,416

Target Corp

Quantitative Evaluations						
S&P Capital IQ Fair Value Rank	4+ <table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> </table> <p>LOWEST HIGHEST Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).</p>	1	2	3	4	5
1	2	3	4	5		
Fair Value Calculation	\$78.60 Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that TGT is slightly undervalued by \$9.37 or 13.5%.					
Investability Quotient Percentile	<table border="1"> <tr> <td colspan="2">99</td> </tr> </table> <p>LOWEST = 1 HIGHEST = 100 TGT scored higher than 99% of all companies for which an S&P Capital IQ Report is available.</p>	99				
99						
Volatility	<table border="1"> <tr> <td>LOW</td> <td>AVERAGE</td> <td>HIGH</td> </tr> </table>	LOW	AVERAGE	HIGH		
LOW	AVERAGE	HIGH				
Technical Evaluation	BEARISH Since August, 2016, the technical indicators for TGT have been BEARISH.					
Insider Activity	NA <table border="1"> <tr> <td>UNFAVORABLE</td> <td>NEUTRAL</td> <td>FAVORABLE</td> </tr> </table>	UNFAVORABLE	NEUTRAL	FAVORABLE		
UNFAVORABLE	NEUTRAL	FAVORABLE				

Expanded Ratio Analysis		2016	2015	2014	2013
Price/Sales		0.59	0.64	0.67	0.57
Price/EBITDA		5.96	6.91	7.46	5.59
Price/Pretax Income		8.90	12.72	15.70	9.11
P/E Ratio		13.19	18.98	24.72	13.99
Avg. Diluted Shares Outstg (M)		632.9	640.1	641.8	663.3

Figures based on calendar year-end price

Key Growth Rates and Averages		1 Year	3 Years	5 Years	9 Years
Past Growth Rate (%)					
Sales		1.61	0.20	1.61	2.35
Net Income		35.61	5.37	-0.89	0.30
Ratio Analysis (Annual Avg.)					
Net Margin (%)		4.50	3.53	3.77	3.88
% LT Debt to Capitalization		46.45	45.31	44.42	47.01
Return on Equity (%)		24.64	17.62	17.89	17.66

For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

Company Financials Fiscal Year Ended Jan. 31										
Per Share Data (U.S. \$)										
Tangible Book Value	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Cash Flow	8.74	7.15	6.53	7.75	7.40	6.86	5.98	5.22	5.30	4.93
Earnings	5.25	3.83	3.07	4.52	4.28	4.00	3.30	2.86	3.33	3.21
S&P Capital IQ Core Earnings	NA									
Dividends	2.16	1.90	1.58	1.32	1.10	1.09	0.66	0.60	0.44	0.36
Payout Ratio	41%	50%	51%	29%	26%	25%	20%	21%	13%	11%
Calendar Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Prices:High	85.81	76.65	73.50	58.95	60.97	60.65	51.77	59.55	70.75	60.34
Prices:Low	68.15	54.66	58.01	47.25	45.28	48.23	25.00	25.60	48.85	44.70
P/E Ratio:High	16	20	24	13	14	15	16	21	21	19
P/E Ratio:Low	13	14	19	10	11	12	8	9	15	14
Income Statement Analysis (Million U.S. \$)										
Revenue	73,785	72,618	72,596	73,301	69,865	67,390	65,357	64,948	63,367	59,490
Operating Income	7,350	6,728	6,527	7,513	7,453	7,336	6,696	6,228	6,931	6,565
Depreciation	2,213	2,129	2,223	2,142	2,131	2,084	2,023	1,826	1,659	1,496
Interest Expense	607	597	681	762	869	760	804	894	747	597
Pretax Income	4,923	3,653	3,103	4,609	4,456	4,495	3,872	3,536	4,625	4,497
Effective Tax Rate	32.5%	33.0%	36.5%	34.9%	34.3%	35.0%	35.7%	37.4%	38.4%	38.0%
Net Income	3,321	2,449	1,971	2,999	2,929	2,920	2,488	2,214	2,849	2,787
S&P Capital IQ Core Earnings	NA									
Balance Sheet & Other Financial Data (Million U.S. \$)										
Cash	4,046	2,210	695	788	794	1,712	2,200	864	2,450	813
Current Assets	14,130	14,087	11,573	16,388	16,449	17,213	18,424	17,488	18,906	14,706
Total Assets	40,262	41,404	44,553	48,163	46,630	43,705	44,533	44,106	44,560	37,349
Current Liabilities	12,622	11,736	12,777	14,031	14,287	10,070	11,327	10,512	11,782	11,117
Long Term Debt	11,945	12,705	12,622	14,654	13,697	15,607	15,118	17,371	15,126	8,675
Common Equity	12,957	13,997	16,231	16,558	15,821	15,487	15,347	13,712	15,307	15,633
Total Capital	25,717	26,793	30,013	34,206	31,615	31,213	32,161	31,538	30,903	24,885
Capital Expenditures	1,438	1,786	3,453	3,277	4,368	2,129	1,729	3,547	4,369	3,928
Cash Flow	5,534	4,578	4,194	5,141	5,060	5,004	4,511	4,040	4,508	4,283
Current Ratio	1.1	1.2	0.9	1.2	1.2	1.7	1.6	1.7	1.6	1.3
% Long Term Debt of Capitalization	46.5	47.4	42.1	42.8	38.1	50.0	47.0	55.1	49.0	34.9
% Net Income of Revenue	4.5	3.4	2.7	4.1	4.2	4.3	3.8	3.4	4.5	4.7
% Return on Assets	8.1	5.7	4.3	NA	6.5	6.6	5.6	5.0	7.0	7.7
% Return on Equity	24.6	16.2	12.0	NA	18.7	18.9	17.1	15.3	18.4	18.7

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Target Corp

Sub-Industry Outlook

Our fundamental outlook for general merchandisers (or discounters) is neutral. While we see benefits for discounters as we believe consumers remain cost-conscious and are focusing on buying everyday necessities and seeking out lower-priced goods, we remain concerned about increased pricing competition in a slowly growing macro-economic environment. Low food and gas inflation may support low-income consumer spending growth, but we think consumers are saving more of their disposable income than in the recent past.

In the discount market, retailers compete heavily on low prices, as core assortments of basic consumables tend to be the same. Profit margins are generally better on more discretionary-purchase merchandise, but we think such items carry more markdown risk for retailers. We believe increased levels of direct sourcing and close-out buys (inventory liquidated by vendors or other retailers) have enabled some discounters to lower product costs, raise profit margins, and improve the quality of merchandise, while keeping prices fixed in recent years. In our view, this has created a better price-value proposition for customers.

In addition to low prices, many discounters are broadening their customer appeal with increased marketing and expanded assortments of "treasure hunt" items (or "buzz builders") that create excitement in the store, and convenience foods that better meet customers' frequent fill-in food shopping needs. While a broader food assortment has positioned discounters to compete more directly with drugstores, supermarkets, and convenience stores for customer dollars, we think discounters offer consumers a more compelling value proposition. Also, with most once cash-only chains now accepting debit/credit cards, we believe many

middle- and upper-income consumers are trading down to discounters from national drugstore and supermarket chains for everyday needs.

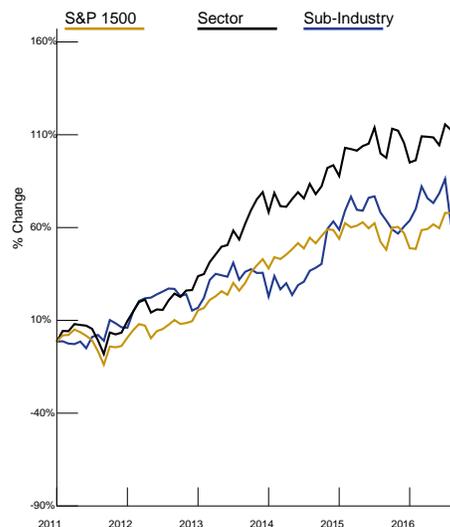
Year to date through Aug 31, the S&P General Merchandise Stores Index was 0.7% higher compared to an 6.8% gain for the S&P 1500 Index. In 2015, the sub-industry index decreased 1.7%, slightly under-performing the 1.0% decline for the S&P 1500.

Efraim Levy, CFA

Industry Performance

GICS Sector: Consumer Discretionary
Sub-Industry: General Merchandise Stores

Based on S&P 1500 Indexes
Five-Year market price performance through Sep 17, 2016



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : General Merchandise Stores Peer Group*: Discounters - General

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Target Corp	TGT	44,203	69.23	84.14/65.50	0.65	3.5	13	78.60	A-	99	4.5	46.5
Big Lots	BIG	2,453	47.28	56.30/33.78	0.96	1.8	15	58.70	B+	97	2.8	8.0
Dollar Tree	DLTR	19,029	81.10	99.93/60.31	0.28	Nil	27	110.50	B+	97	1.8	61.6
Fred's Inc 'A'	FRED	370	9.95	17.14/9.58	1.03	2.4	NM	8.60	B-	73	NM	11.5
Tuesday Morning	TUES	274	6.15	9.23/5.01	1.53	Nil	77	5.50	C	43	0.4	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Target Corp

S&P Capital IQ Analyst Research Notes and other Company News

August 31, 2016

On August 24, 2016, Jeffrey J. Jones II notified Target Corporation that he will resign as Executive Vice President and Chief Marketing Officer, effective September 9, 2016.

August 18, 2016

Target Corporation has appointed Preston Mosier as senior vice president of fulfillment operations. Mosier will oversee Target's direct-to-consumer fulfillment centers, as well as the process improvement, customer experience and product management functions related to direct fulfillment. He will report to Target's executive vice president and chief supply chain and logistics officer, Arthur Valdez. Mosier brings expertise in managing direct-to-consumer delivery, including optimizing last-mile operations and using data and automation to move product more efficiently. He spent 10 years in various leadership positions at Amazon building direct-delivery capabilities within a growing, large-scale operation. Most recently, he spent four years with Liquidity Services as vice president of operations leading efforts to improve profitability and capacity within supply chain networks for some of the technology and retail companies.

August 17, 2016

02:01 pm ET ... S&P GLOBAL REITERATES HOLD OPINION ON SHARES OF TARGET CORP. (TGT 71.07***): Our 12-month target of \$76 is 14.1X our FY 18 (Jan.) EPS estimate of \$5.40 (down \$0.30), based on a blend of historical and peer P/E analysis. Valuations for traditional retailers have contracted as consumers appear to spend their discretionary income elsewhere. We reduce FY 17's EPS estimate by \$0.30 to \$4.95. Posts adjusted Jul-Q EPS of \$1.23 vs. \$1.21, above our \$1.15 forecast. Same-store sales dropped 1.1%. With weakness in grocery, technology and pharmacy (due to transition to CVS pharmacies in Target stores), we see softer second half comparable-sales and margin trends. /E. Levy-CFA

July 22, 2016

Target Corp. has appointed Ben Cook as senior vice president of global logistics, inventory allocation and replenishment. In his new role, Cook will help lead the effort to optimize supply chain processes, including last-mile delivery to customers' doorsteps at Target. Prior to this appointment, Cook worked for Apple as director of logistics and supply chain in the US. He has also worked with Kimberly-Clark and The Home Depot.

July 15, 2016

Target Corporation announced Don Liu as executive vice president, chief legal officer and general counsel, effective August 22, 2016. Liu will oversee all legal, corporate governance and government affairs matters for the company. He will report to chairman and chief executive officer Brian Cornell and serve as a member of Target's leadership team. Liu replaces Tim Baer who will be retiring in July 2017 after 23 years with the company. Baer joined Dayton Hudson as assistant general counsel in 1994. He will serve in an advisory role for the next 12 months, supporting Liu's transition to Target and ensuring the process is seamless. Liu joins Target from Xerox Corporation where he has served as executive vice president, general counsel and corporate secretary since 2007. In that role, he was responsible for all of Xerox's legal and government affairs matters.

June 2, 2016

Target.com announced that it has appointed Jason Goldberger to the newly created role of chief digital officer and president. Goldberger will report to Target's chairman and CEO, Brian Cornell, as members of the retailer's leadership team, effective June 5, 2016.

May 18, 2016

12:55 pm ET ... S&P GLOBAL REITERATES HOLD OPINION ON SHARES OF TARGET (TGT 67.17***): We lower our 12-month target by \$6 to \$76, 14.5X our FY 17 (Jan.) EPS estimate of \$5.25 (down \$0.10), based on a blend of historical and peer P/E analysis. Valuations for traditional retailers have contracted again, as consumers appear to require promotions and/or are spending their discretionary income elsewhere. We reduce FY 18's EPS estimate by \$0.10 to \$5.70. TGT posts adjusted Apr-Q EPS of \$1.29 vs. \$1.10, above our \$1.20 forecast despite slight sales miss. Margins were better than expected, but we see pressure on sales ahead amid weaker comparable-sales trends. /E. Levy-CFA

May 18, 2016

Target Corporation announced the hire of Mark Tritton as executive vice president and chief merchandising officer after Kathryn Tesija left the position. In this role, Tritton will oversee enterprise buying, product design and development, sourcing, visual merchandising strategy, and merchandising transformation and operations for the retailer. Target also announced that Jason Goldberger will assume the newly created role of chief digital officer and president, Target.com. Both Tritton and Goldberger will report to Target's chairman and chief executive officer, Brian Cornell, as members of the retailer's leadership team, effective June 5. Tritton joins Target from Nordstrom, where he was executive vice president and president of Nordstrom Product Group, overseeing the merchandising, design, manufacturing, marketing and omni-channel distribution of more than 50 private label brands across Nordstrom's full-price and off-price retail portfolio. During his tenure with the company, he led his team to double its private label business, created distinct brand assets and helped establish Nordstrom as a global benchmark for retailers taking an integrated approach to stores and digital merchandising. Prior to that, Tritton held leadership positions at Timberland and Nike, where he helped build both brands and expand them across global regions and channels in product and retail functions. In this newly created role, Goldberger will be responsible for enhancing Target's digital experiences and developing new digital capabilities. The appointments are effective from June 5, 2016.

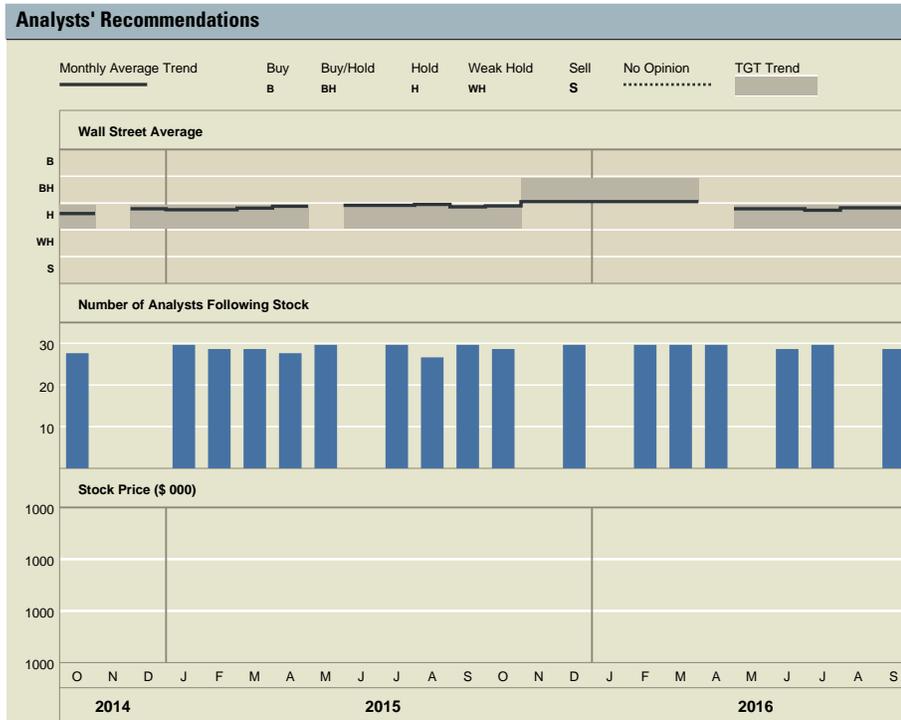
March 3, 2016

01:12 pm ET ... S&P CAPITAL IQ REITERATES HOLD OPINION ON SHARES OF TARGET CORP. (TGT 79.07***): We increase our 12-month target price by \$1 to \$82. We trim our FY 17 (Jan.) EPS estimate by \$0.05 to \$5.35, but keep our FY 18 projection at \$5.80. Our 12-month target equates to 15.4X our FY 17 view, based on historical and peer P/E analysis, as we use its 3-year average forward P/E multiple. We expect TGT to average about 10% EPS over the next few years, on a combination of operational improvement (from higher revenues and greater operating efficiencies) and accretive share repurchases. A steadily rising dividend (5% to 10% per year) should add to total return potential. /E. Levy-CFA

February 24, 2016

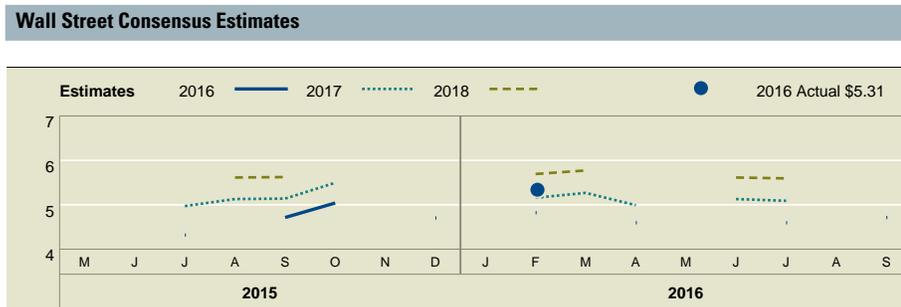
12:59 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF TARGET (TGT 76.50***): We increase our 12-month target by \$3 to \$81, 15X our FY 17 (Jan.) EPS estimate of \$5.40 (up \$0.20), based on a blend of historical and peer P/E analysis. Valuations for retailers have contracted, as consumers are spending their discretionary income elsewhere. We initiate FY 18's EPS estimate at \$5.80. TGT posts adjusted Jan-Q EPS of \$1.52 vs. \$1.49, between our \$1.50 forecast, and the \$1.54 Capital IQ consensus estimate, helped by positive comparable store sales growth and 34% higher digital sales. Cash flows should support accretive share buybacks and its 2.9% dividend yield. /E. Levy-CFA

Target Corp



Of the total 29 companies following TGT, 28 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	5	18	6	6
Buy/Hold	2	7	2	1
Hold	18	64	17	18
Weak Hold	1	4	1	1
Sell	2	7	2	2
No Opinion	0	0	0	0
Total	28	100	28	28



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2018	5.39	6.05	4.93	25	12.8
2017	4.96	5.06	4.81	25	14.0
2018 vs. 2017	▲ 9%	▲ 20%	▲ 2%	0%	▼ -9%
Q3'18	0.97	1.08	0.88	9	71.4
Q3'17	0.84	0.93	0.75	22	82.4
Q3'18 vs. Q3'17	▲ 15%	▲ 16%	▲ 17%	▼ -59%	▼ -13%

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

HOLD

Companies Offering Coverage

- Argus Research Company
- BMO Capital Markets Equity Research
- Barclays
- BofA Merrill Lynch
- Buckingham Research Group Inc.
- Citigroup Inc
- Cleveland Research Company
- Consumer Edge Research, LLC
- Cowen and Company
- Credit Suisse
- Daiwa Securities Co. Ltd.
- Deutsche Bank
- Erste Group Bank AG
- Evercore ISI
- Goldman Sachs
- JP Morgan
- Jefferies LLC
- MKM Partners LLC
- Macquarie Research
- Miller Tabak & Co., LLC
- Morgan Stanley
- Morningstar Inc.
- Nomura Securities Co. Ltd.
- Piper Jaffray Companies
- Robert W. Baird & Co.
- Sanford C. Bernstein & Co., Inc.
- Telsey Advisory Group LLC
- UBS Investment Bank
- Wolfe Research, LLC.

Wall Street Consensus vs. Performance

For fiscal year 2017, analysts estimate that TGT will earn US\$ 4.96. For the 2nd quarter of fiscal year 2017, TGT announced earnings per share of US\$ 1.16, representing 23% of the total annual estimate. For fiscal year 2018, analysts estimate that TGT's earnings per share will grow by 9% to US\$ 5.39.

Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

S&P Capital IQ Equity Research

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Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of June 30, 2016

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Buy	24.6%	17.8%	30.0%	23.7%
Hold	48.0%	57.8%	45.0%	49.6%
Sell	27.4%	24.4%	25.0%	26.7%
Total	100%	100%	100%	100%

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