CM442

INVESTOR PRESENTATION

target

April 17, 2025

AGENDA

1. 2024 Financial Performance Recap
2. Intangible Strengths
3. Strategies for Long-Term Growth
4. Why Invest? The Big Picture
5. Q+A

MEET THE TEAM

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1 2024 Performance Recap

2024 FINANCE RECAP

$106.6B Total Revenue

$5.6B Operating Income

$4.1B Net Earnings

$8.86 Diluted EPS

2 Intangible Strengths & Brand Equity

VISION & MISSION

VISION

To co-create an equitable and regenerative future together with our guests, partners, and communities.

MISSION

To help all families discover the joy of everyday life.

COMMITMENTS

- Expect more, pay less
- Best shopping experience
- Healthy, happy, valued team
- Ethical business practice

PEOPLE

RECOGNIZED BY FORTUNE AS THE SECOND BEST *LARGE WORKPLACE IN RETAIL* IN 2023

Culture focused on *caring, growing, winning together*

***5% of pre-tax profits* given back to communities through the Target Foundation**

PURPOSE

TRIPLE BOTTOM LINE

Mindset focused on growth, community impact and sustainability

TARGET FORWARD

Drives sustainability through climate action, product efficiency, and sustainable packaging

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Strategic Growth Pillars

1) EXPAND AND REVITALIZE PHYSICAL STORES

- **$38 BILLION** IN BUILDINGS AND IMPROVEMENTS IN 2024
- **300** NEW STORES THIS DECADE
- UPGRADING **2,000** PRE-EXISTING STORES

2) STRATEGIC PARTNERSHIPS

EXISTING SHOP-IN-SHOPS

Ulta 2021 → 610 shops

$635 million beauty growth

UPCOMING SHOP-IN-SHOPS

Warby Parker 2025 → 5 shops later this year

Active Customers increased 7.8% in FY24

Prospective Shop-In-Shops:

West Elm:

Sustainable practices

High end materials

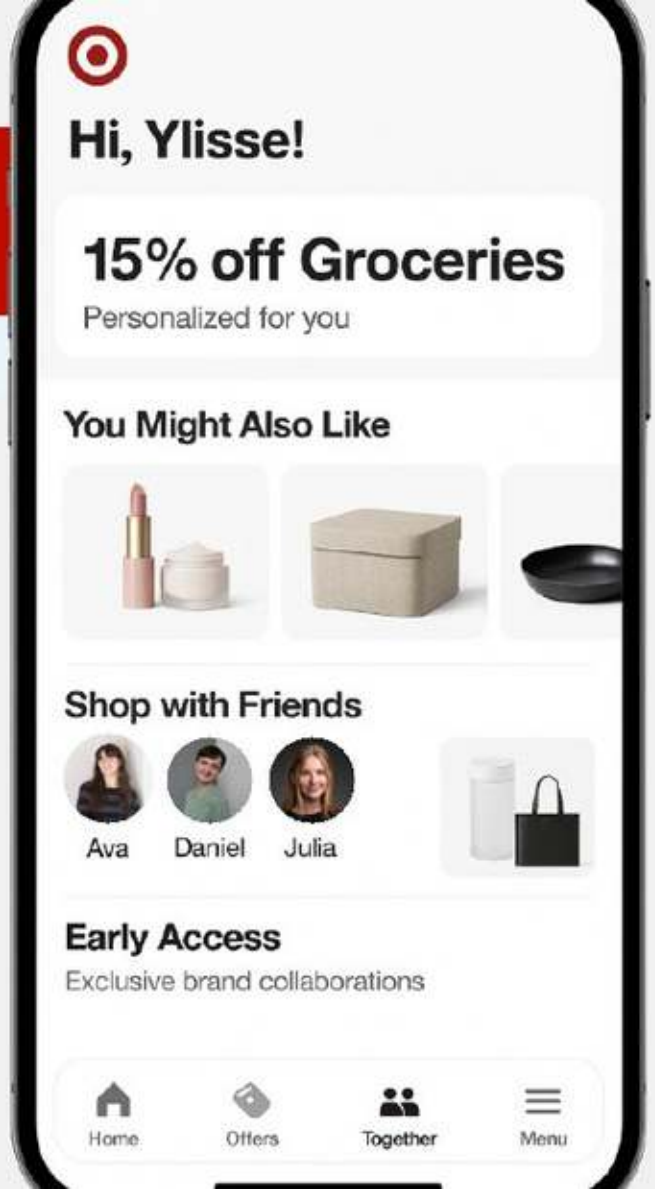
3) TARGET TOGETHER

What is it?

- Personalized Offers
- Social Shopping
- Exclusive Access

Why it matters!

Target Together is a **scalable, data-rich platform** that boosts retention, emotional stickiness, and monetization through personalization.



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Why Invest?
The Big Picture.

Redefining Value in Retail

THANK YOU!

ANY QUESTIONS?

BACKUP SLIDES

- Lower Q4 Sales
- DEI Initiatives
- New Stores
- Target Together
- Employee-Related Costs
- Why West Elm?
- Financial Metrics (w/ change)
- Financial Metrics (2022-2024)
- Income Statement & Cash Flow
- Target Sectors Earnings FY 2024

What's behind Target's lower Q4 sales and how is the company responding?

Q4 sales were impacted by economic instability and shifting consumer behavior.

Consumers remain cautious but continue to seek "newness."

Valentine's Day 2025 saw record sales—proof of strong demand for curated, seasonal offerings.

How is Target addressing recent consumer concerns and boycotts related to DEI initiatives?

- We've acknowledged concerns and adjusted some programs
- Core commitment to inclusivity remains unwavering
- Target supports community through initiatives like:

Annual Giving Campaign

National Volunteer Week

Pro bono community programs across stores

New Stores

Lake Tahoe, California

- First Target in Lake Tahoe
- 64,000 square feet
- 100+ team members
- Includes one shop-in-shop: Target

Surprise West, Arizona

- Largest Target location
- 151,000 square feet
- 200+ team members
- Three shop-in-shops: Disney, CVS, Starbucks

Denton, Texas

- Located near two universities: University of North Texas and Texas Woman's University
- 149,000 quare feet
- 200+ team members
- Apple shop-in-shop

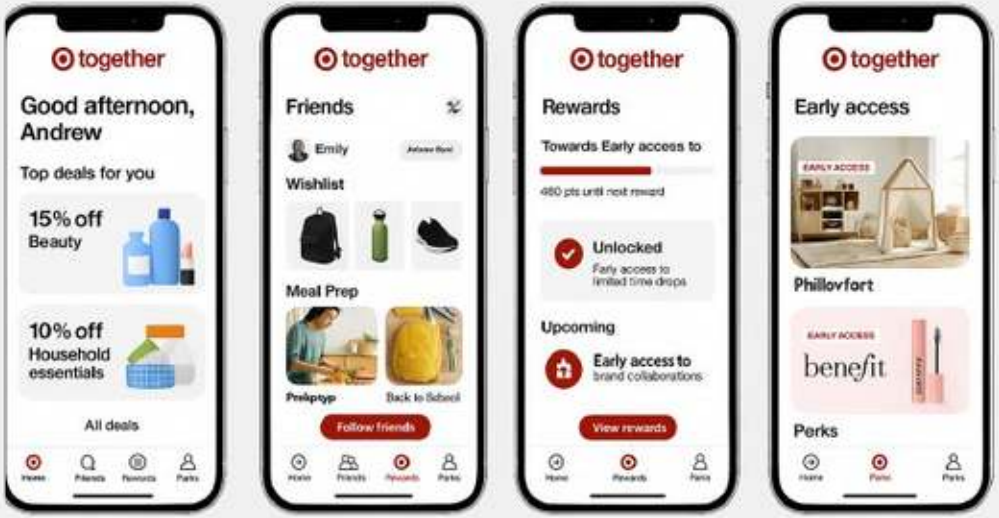
Target Together

Demographic:

- 22-45 years old
- Between May and July 2024, **approximately 18% of all transactions** used Target Circle card

Features:

- Personalized Offers: Discounts based on top spending categories + promotions in under-engaged ones
- "Shop with Friends": view wishlists, baby registries, school bundles, and household planning tools
- Early drops on brand collabs, seasonal launches, and Target-owned brand perks



Why did employee-related costs rise in 2024?

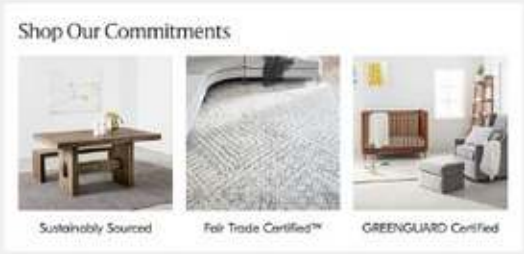
SG&A rose 0.6% due to wage increases and better benefits.

Target believes happy employees = better guest service.

These investments support talent attraction and retention, essential to our competitive edge.

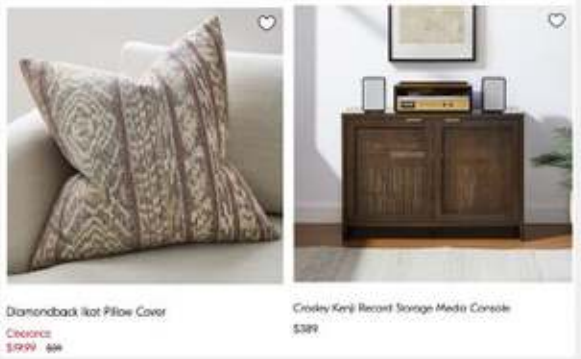
Why West Elm?

Brand

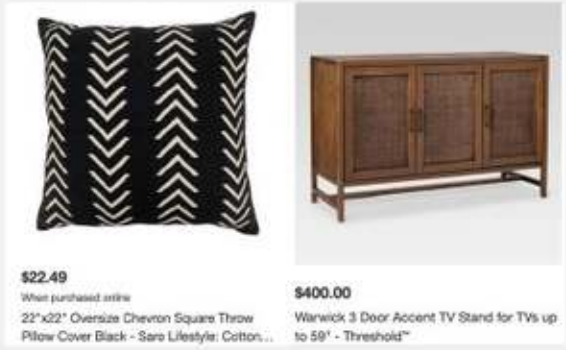


Products

West Elm



Target



FINANCIAL METRICS (W/ CHANGE)

	2024	2023	Change
Total Revenue	$106.6B	$107.4B	▼ 0.74%
Operating Income	$5.6B	$5.7B	▼ 1.75%
Net Earnings	$4.1B	$4.1B	0.00%
Diluted EPS	$8.86	$8.94	▼ 0.89%

FINANCIAL METRICS (2022-2024)

	2024	2023	2022
Total Revenue	$106.6B	$107.4B	$109.1B
Operating Income	$5.6B	$5.7B	$3.8B
Net Earnings	$4.1B	$4.1B	$2.7B
Diluted EPS	$8.86	$8.94	$5.98

INCOME STATEMENT & CASH FLOW

TARGET CORPORATION

Consolidated Statements of Financial Position

(millions, except footnotes) (unaudited)	February 1, 2025	February 3, 2024
Assets		
Cash and cash equivalents	$ 4,762	$ 3,805
Inventory	12,740	11,886
Other current assets	1,952	1,807
Total current assets	19,454	17,498
Property and equipment		
Land	6,735	6,547
Buildings and improvements	38,752	37,066
Fixtures and equipment	8,917	8,765
Computer hardware and software	3,710	3,428
Construction-in-progress	1,185	1,703
Accumulated depreciation	(26,277)	(24,413)
Property and equipment, net	33,022	33,096
Operating lease assets	3,763	3,362
Other noncurrent assets	1,530	1,400
Total assets	$ 57,769	$ 55,356
Liabilities and shareholders' investment		
Accounts payable	$ 13,053	$ 12,098
Accrued and other current liabilities	6,110	6,090
Current portion of long-term debt and other borrowings	1,636	1,116
Total current liabilities	20,799	19,304
Long-term debt and other borrowings	14,304	14,922
Noncurrent operating lease liabilities	3,582	3,279
Deferred income taxes	2,303	2,480
Other noncurrent liabilities	2,115	1,939
Total noncurrent liabilities	22,304	22,620
Shareholders' investment		
Common stock	38	38
Additional paid-in capital	6,996	6,761
Retained earnings	8,090	7,093
Accumulated other comprehensive loss	(458)	(460)
Total shareholders' investment	14,666	13,432
Total liabilities and shareholders' investment	$ 57,769	$ 55,356

Common Stock Authorized 6,000,000,000 shares, $0.0833 par value; 455,566,995 and 461,675,441 shares issued and outstanding as of February 1, 2025, and February 3, 2024, respectively.

TARGET CORPORATION

Consolidated Statements of Cash Flows

(millions) (unaudited)	Twelve Months Ended February 1, 2025	Twelve Months Ended February 3, 2024 [a]
Operating activities		
Net earnings	$ 4,091	$ 4,138
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation and amortization	2,981	2,801
Share-based compensation expense	304	251
Deferred income taxes	(180)	298
Noncash losses / (gains) and other, net	26	94
Changes in operating accounts:		
Inventory	(854)	1,613
Other assets	(308)	(85)
Accounts payable	1,008	(1,216)
Accrued and other liabilities	299	727
Cash provided by operating activities	7,367	8,621
Investing activities		
Expenditures for property and equipment	(2,891)	(4,806)
Proceeds from disposal of property and equipment	3	24
Other investments	28	22
Cash required for investing activities	(2,860)	(4,760)
Financing activities		
Additions to long-term debt	741	—
Reductions of long-term debt	(1,139)	(147)
Dividends paid	(2,046)	(2,011)
Repurchase of stock	(1,007)	—
Shares withheld for taxes on share-based compensation	(99)	(127)
Cash required for financing activities	(3,550)	(2,285)
Net increase in cash and cash equivalents	957	1,576
Cash and cash equivalents at beginning of period	3,805	2,229
Cash and cash equivalents at end of period	$ 4,762	$ 3,805

[a] 2023 consisted of 53 weeks compared with 52 weeks in 2024.

TARGET SECTORS EARNINGS FY 2024

TARGET CORPORATION

Operating Results

Net Sales (millions) (unaudited)	Three Months Ended February 1, 2025	Three Months Ended February 3, 2024 [a]	Twelve Months Ended February 1, 2025	Twelve Months Ended February 3, 2024 [a]
Apparel and accessories	$ 4,344	$ 4,410	$ 16,505	$ 16,485
Beauty	3,444	3,424	13,173	12,538
Food and beverage	6,520	6,774	23,828	23,899
Hardlines	6,150	6,196	15,784	16,162
Home furnishings and décor	5,087	5,530	16,699	17,760
Household essentials	4,786	5,046	18,614	18,746
Other merchandise sales	97	87	217	213
Merchandise sales	30,428	31,467	104,820	105,803
Advertising revenue [b]	190	167	649	522
Credit card profit sharing	142	159	576	667
Other	155	126	521	420
Net sales	$ 30,915	$ 31,919	$ 106,566	$ 107,412