



Michael Fiddelke

Chief Financial Officer



financial community meeting

Prior Financial Algorithm

Sales

low-single
digit growth

Operating Income

mid-single
digit growth

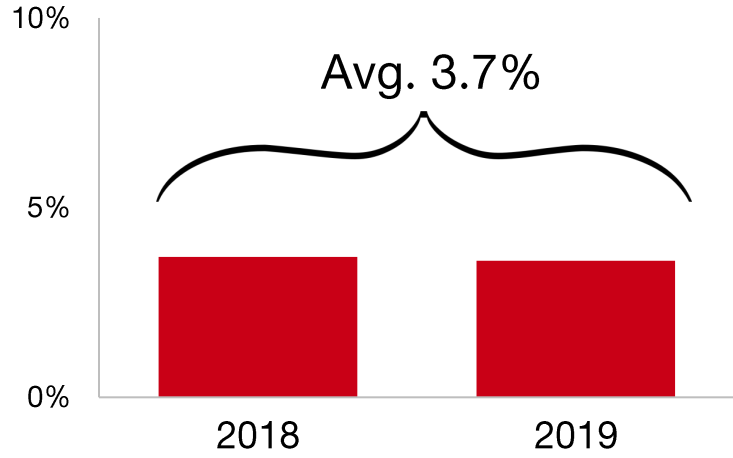
Adjusted EPS

high-single
digit growth

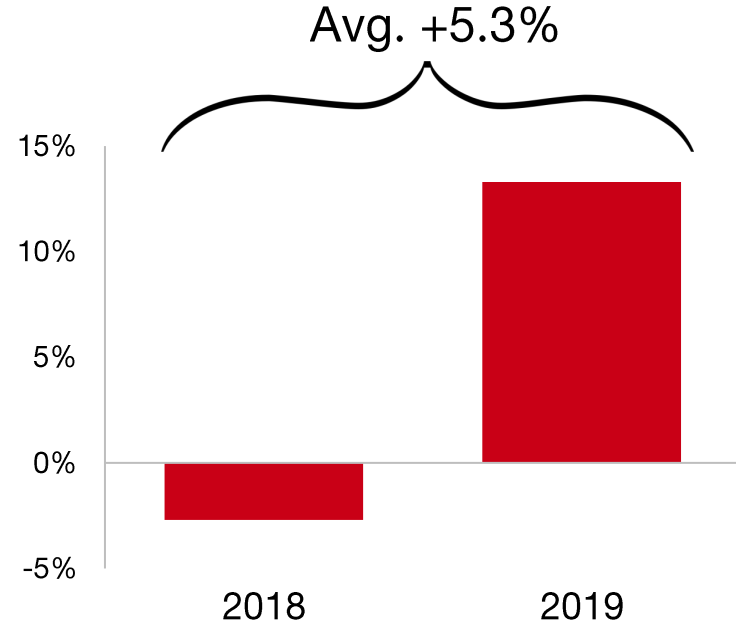
After-Tax ROIC

mid-to-high
teens

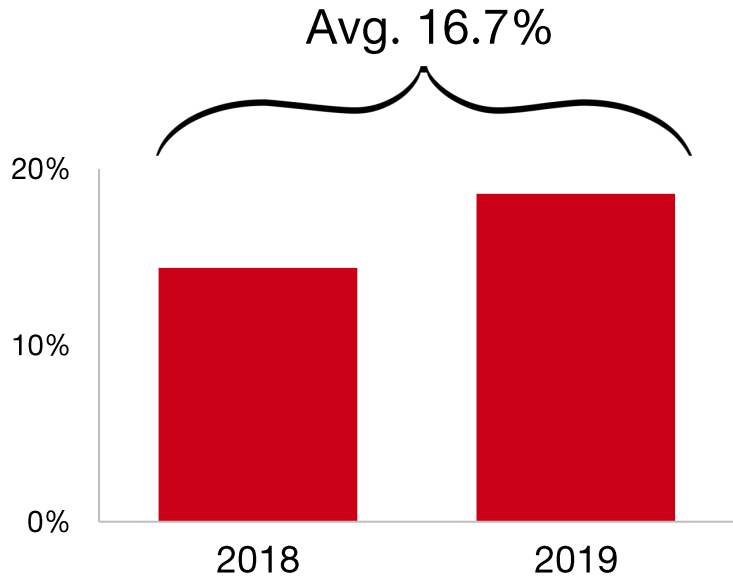
**Sales
Growth %**



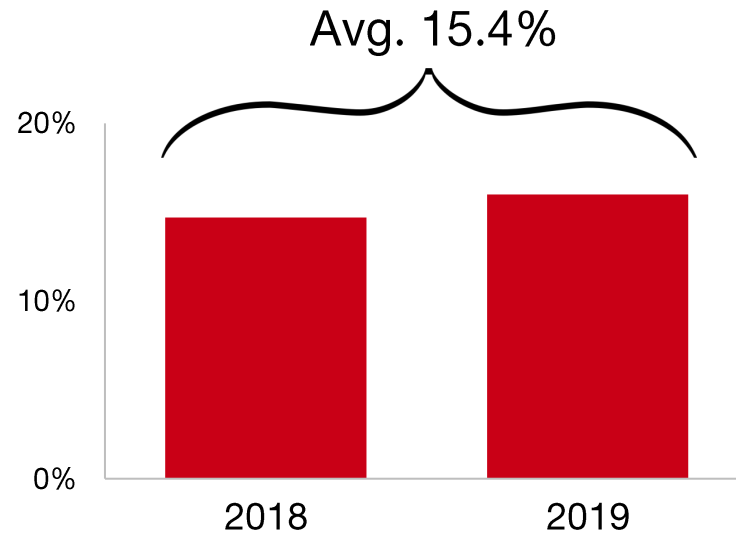
**Operating
Income
Growth**



**Adjusted
EPS
Growth**



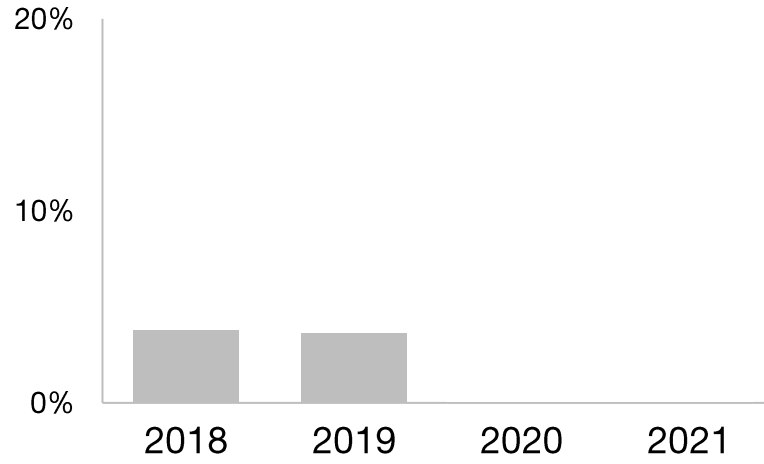
**After-Tax
ROIC**



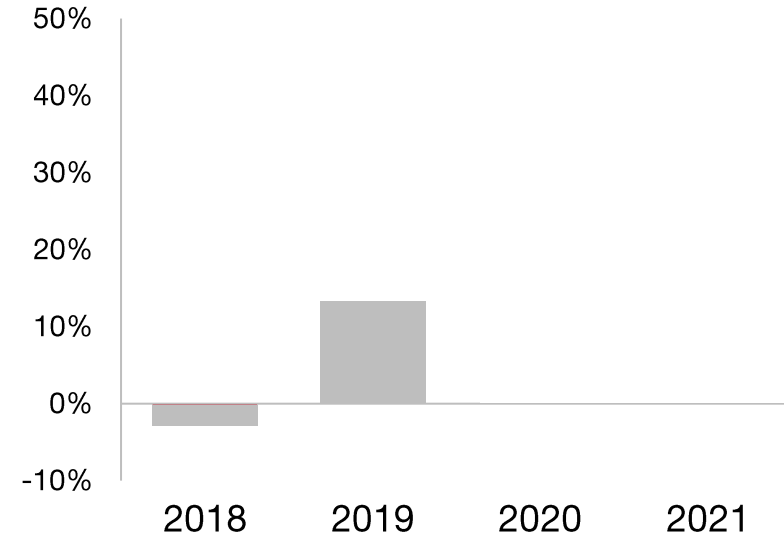




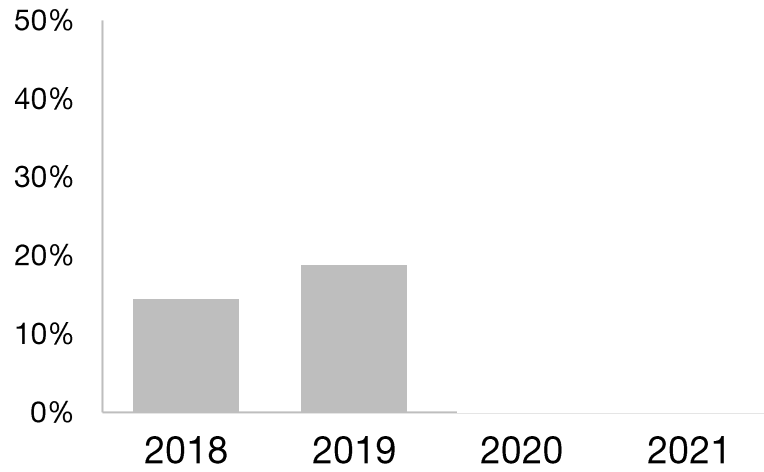
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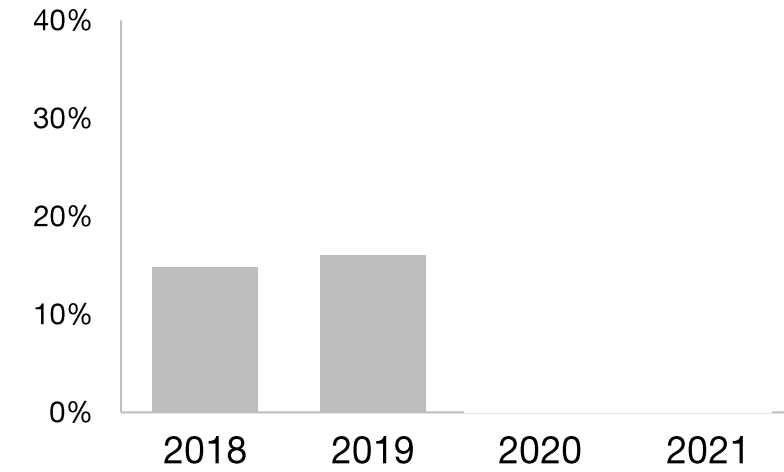
**Operating
Income
Growth**



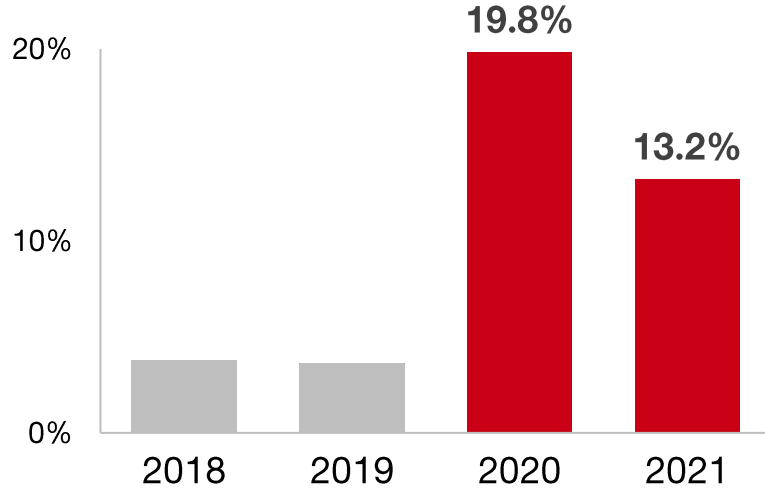
**Adjusted
EPS
Growth**



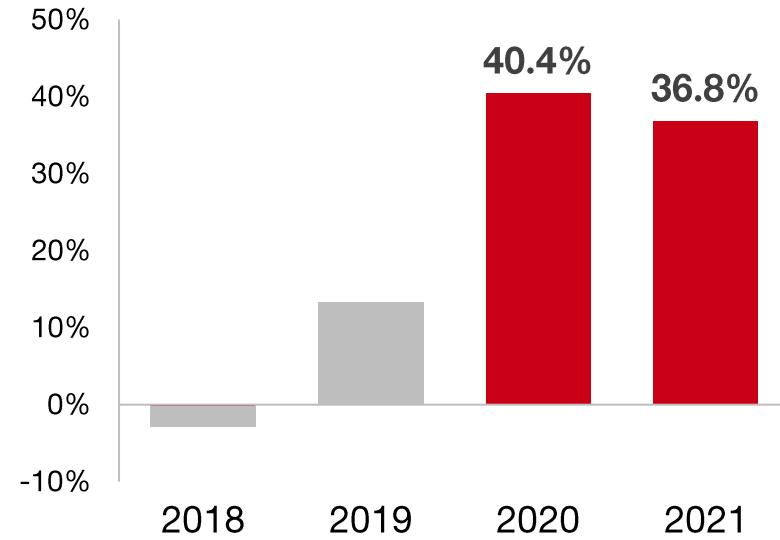
**After-Tax
ROIC**



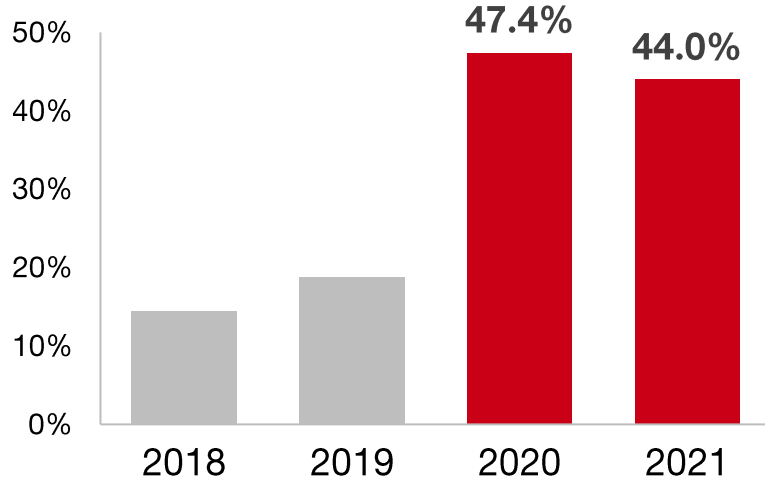
Sales Growth %



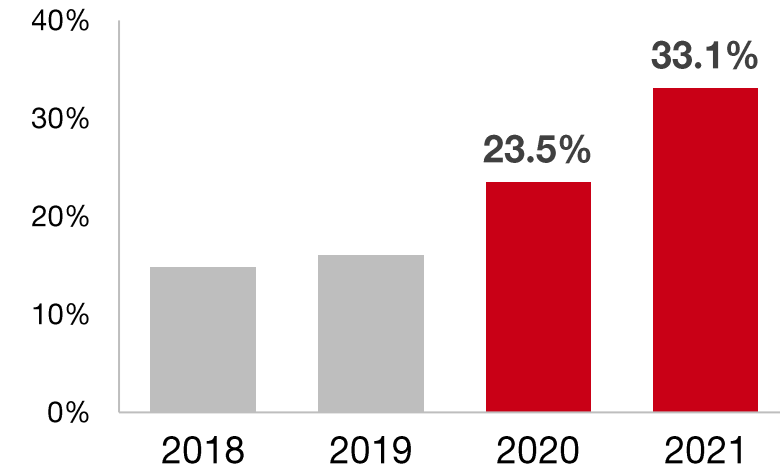
Operating Income Growth



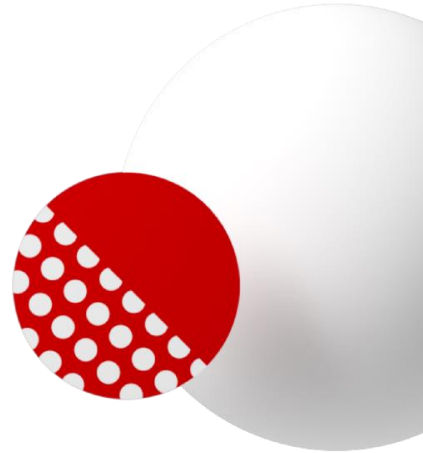
Adjusted EPS Growth



After-Tax ROIC



**The future is
taking shape.**



**We've updated our
financial algorithm.**

Updated Algorithm

Total Revenue

mid-single
digit growth

Operating Income

mid-single
digit growth

Adjusted EPS

high-single
digit growth

CAPEX

\$4-\$5 billion

After-Tax ROIC

high-20%
to 30% range

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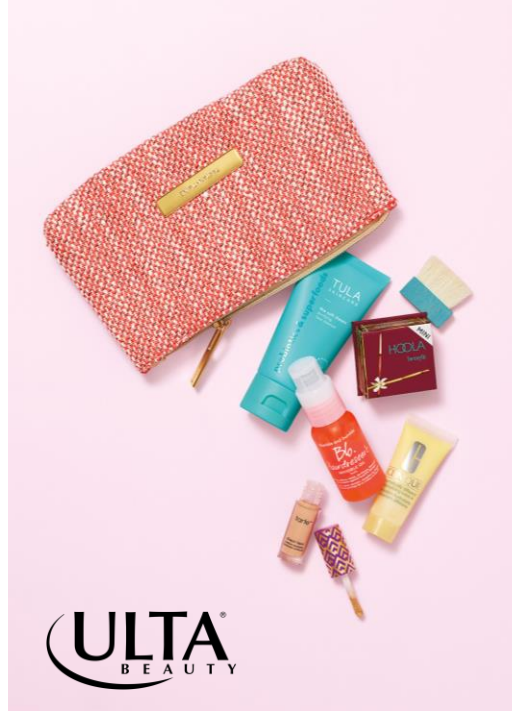
CAPEX

\$4-\$5 billion range

After-Tax ROIC

high-20% to 30% range







**same day
delivery**

Delivered by **Shipt** 



order pickup



drive up

ROUNDEL™

Shipt 



Sortation Centers



Maternity

Cat & Jack

stock up on leggings & bike shorts
\$6 and under



coats & jackets

Cat & Jack

our softest fleece

\$10 and under





circleTM





Thread.
GOODS
CO.



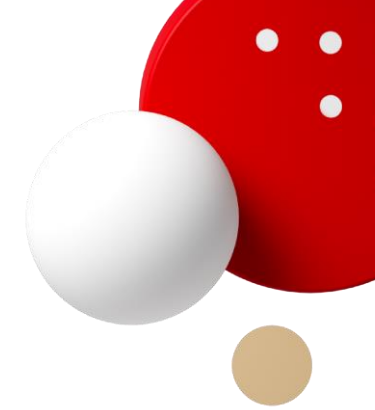
Skinny
100% New
High-Rise
High-Rise Only
Curvy

Naomi
TARGET



forward

Other Revenue





Other Revenue Contributors



ROUNDEL™



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Profit Rates **vs** Topline Growth

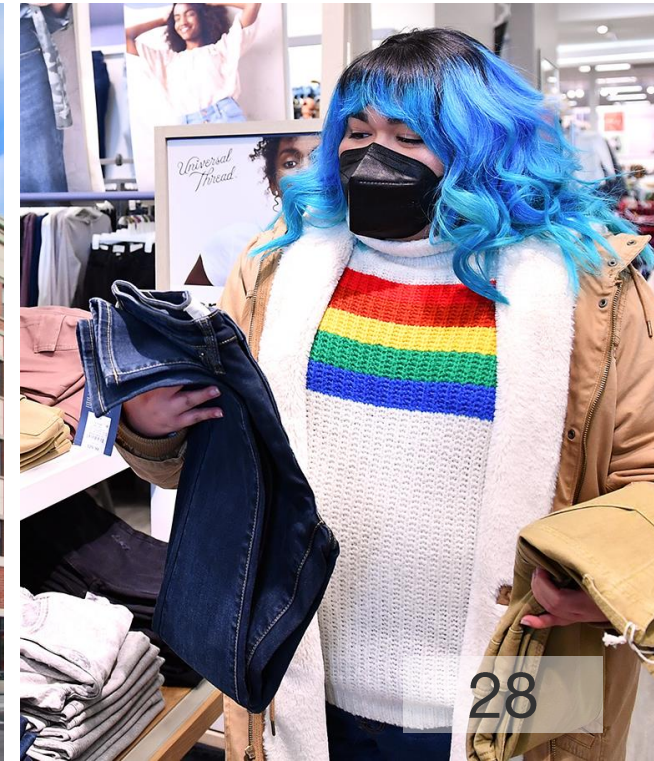
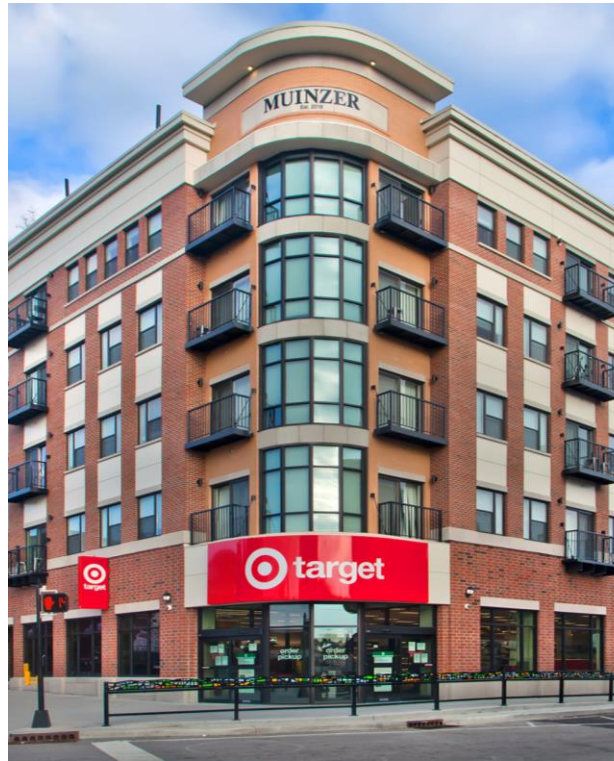




**A durable model anticipates
continual investment.**

Driving Efficiencies

Reinvesting in Growth



Operating Margin Drivers

Gross Margin Drivers

- Merchandise mix
- Channel mix
- Merchandising strategies

SG&A Expense Drivers

- Leverage
- Efficiency gains
- Team investments

D&A Expense Drivers

- Leverage
- Accelerated depreciation

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Capital Deployment

Capital Deployment Priorities

- Fully invest in our business
- Support the dividend with annual growth
- Repurchase shares within middle-A credit ratings

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CAPEX

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CAPEX Priorities

- Store investments
 - New locations
 - Remodels
 - Fulfillment retrofits
 - National-brand partnerships
- Upstream supply chain capacity
- DC automation



2021 Operating Cash Flow:
\$8.6 billion

Shareholder Returns

- Dividends
 - Annual growth
 - 40% payout ratio over time
- Continued share repurchases

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CAPEX

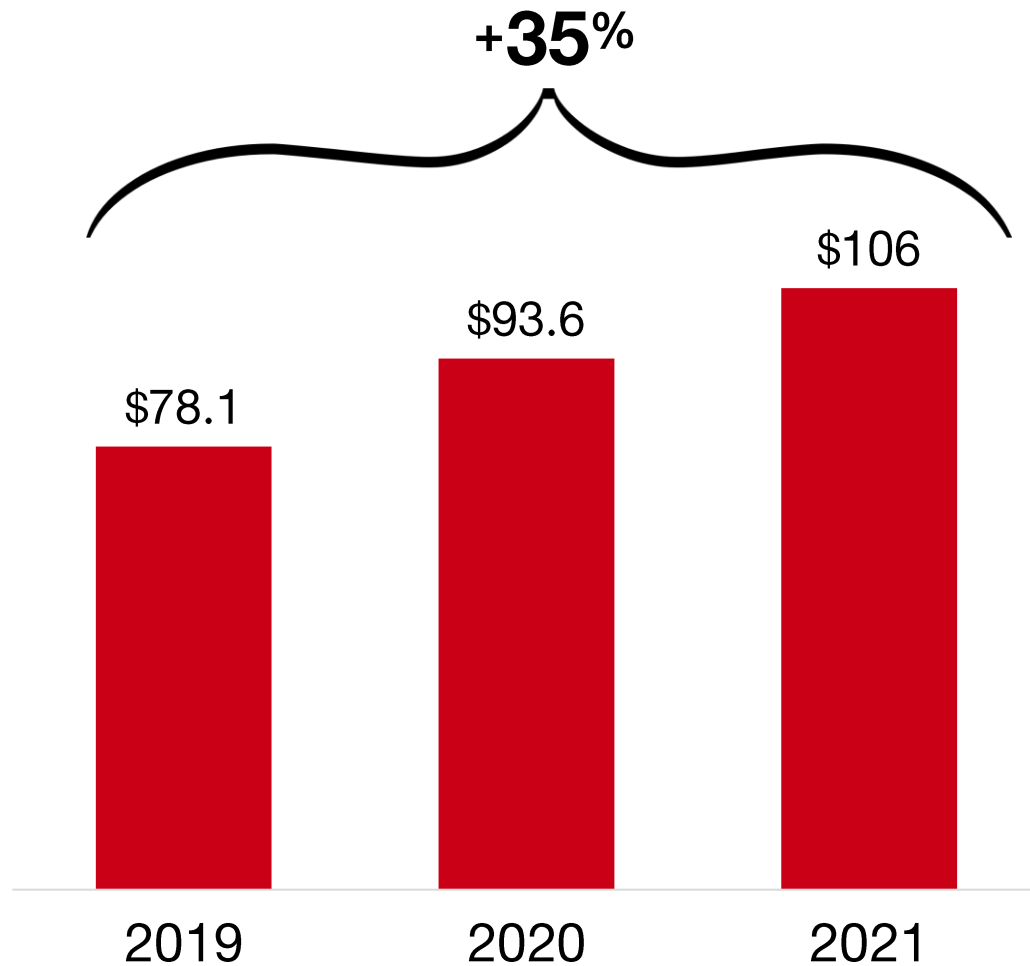
\$4-\$5 billion range

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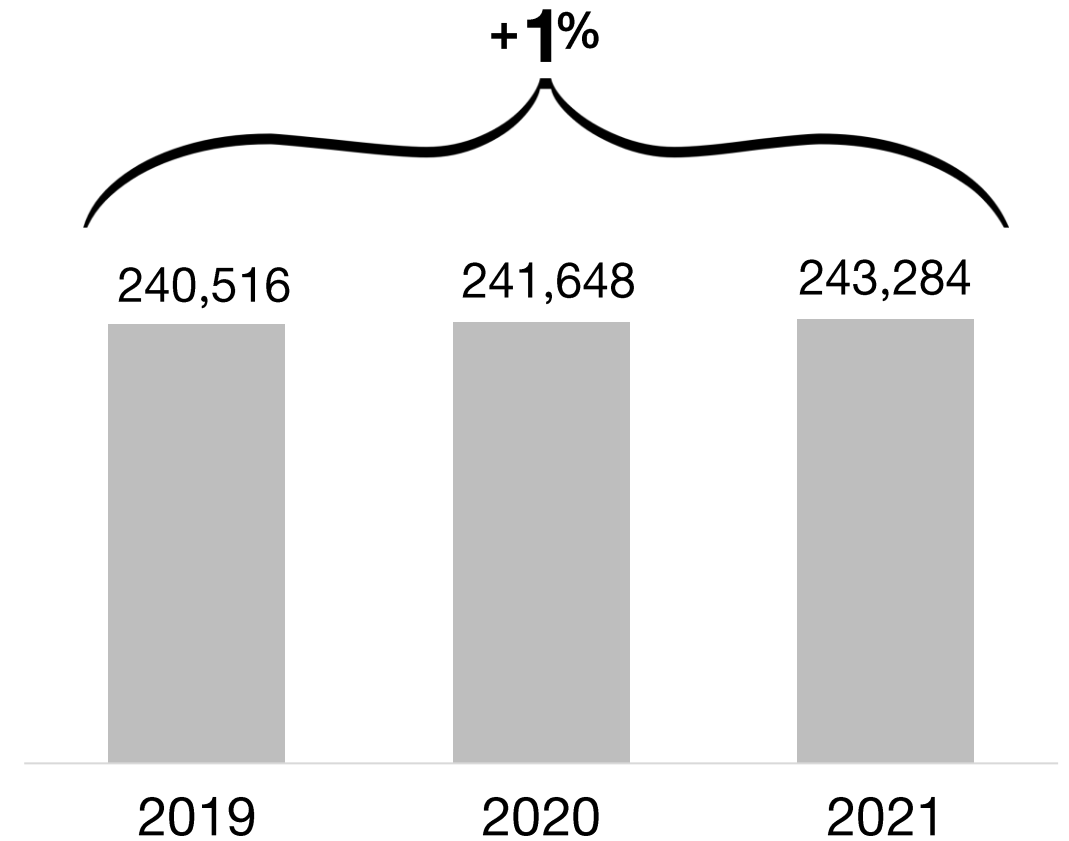
Revenue

(in billions)



Stores Square Footage

(in millions)



2022 Expectations

Bloomberg

Supply Chain Experts Say Buckle Up For Another Bumpy Year



Photographer: Tim Rue/Bloomberg

By [Brendan Murray](#)
December 22, 2021, 6:00 AM CST

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ECONOMY | ECONOMIC DATA

Tight Labor Market, Supply Constraints Point to Persistent Inflation

Latest U.S. economic data show layoffs are falling and prices are rising



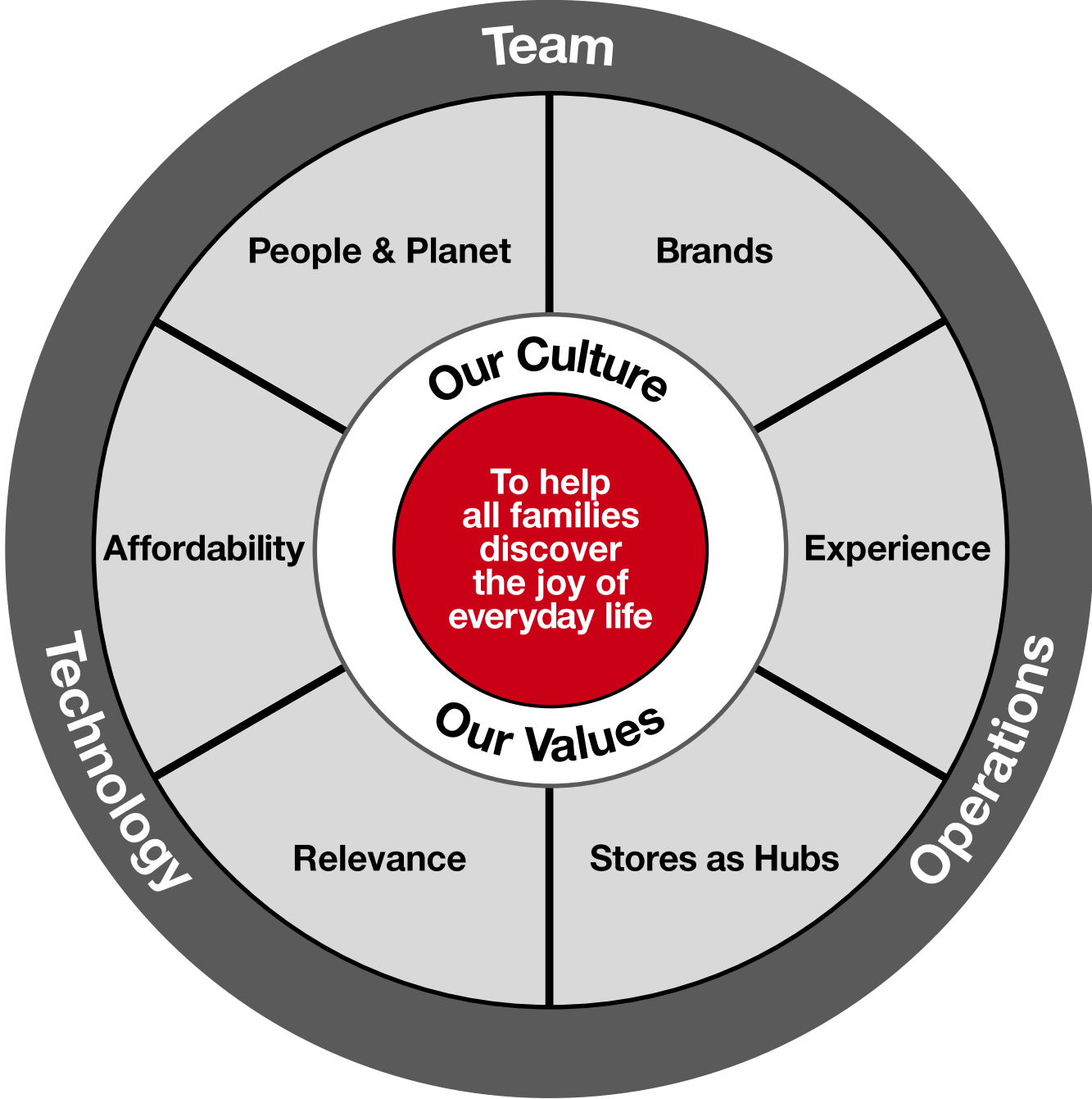
Employers Competing for Workers Turn to Signing Bonuses and Freebies

The New York Times

Inflation probably climbed at fastest pace in four decades in January.

Consumer Price Index data released on Thursday could show the biggest annual price increase since early 1982.







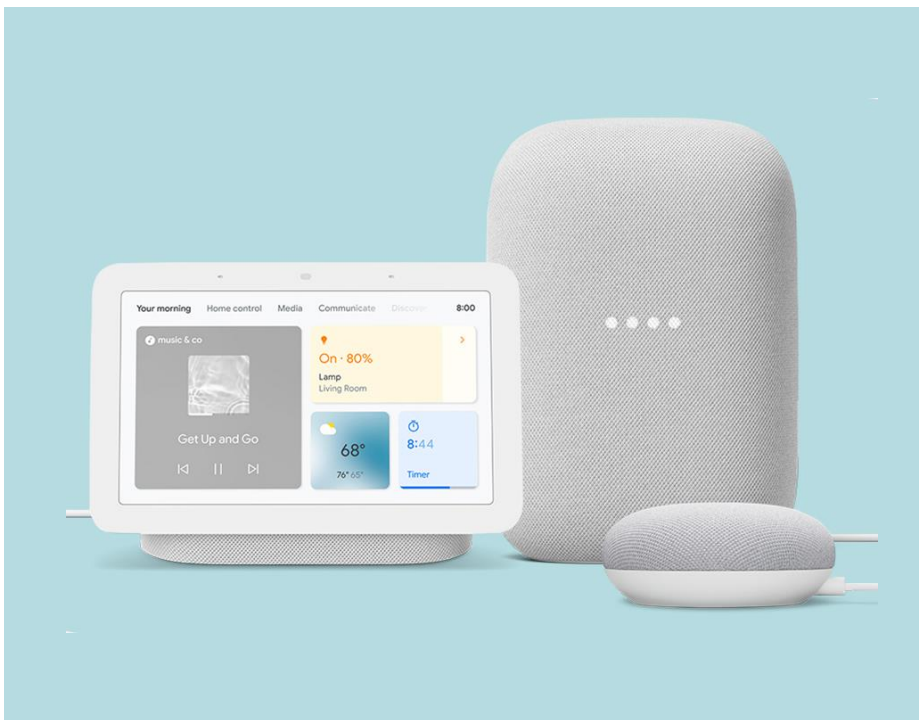
order pickup

STOP

STOP

Order Pickup







20
\$ 9.99 and under!

Household Supplies



Free GiftCard with purchase

Help Center Scan, Call, Find. Download the Target app! for interactive map.

Priced Right Daily

\$ 6.19

Priced Right Daily

\$ 5.99

Low price!

5.19

Save with purchase
50% off

Free GiftCard
Buy 2, get a Free \$5 GiftCard

Fresh clean scents 100% biodegradable packaging



Continued Growth in 2022

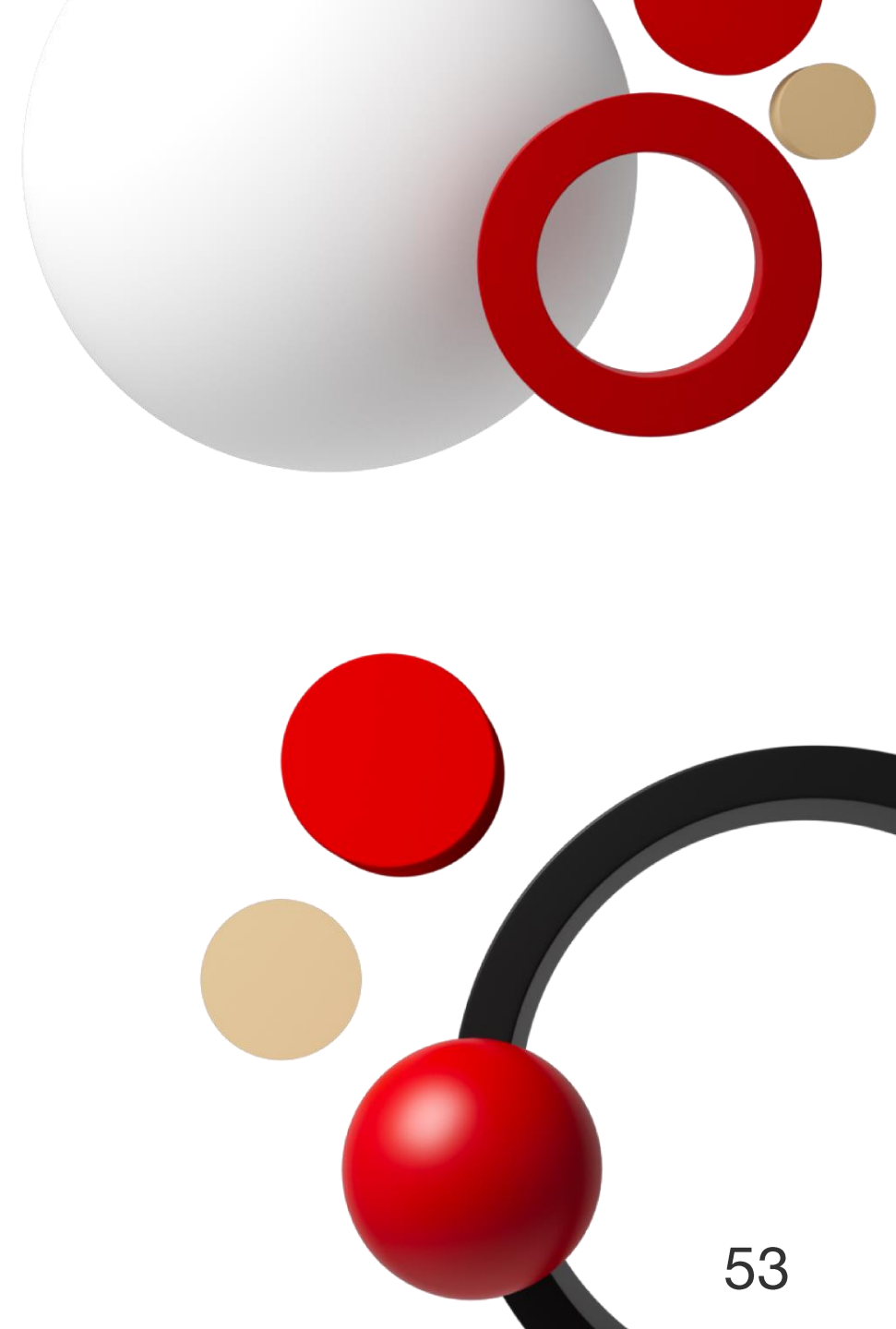
2022 Total Revenue:
low-to-mid single digit increase

**2022 Operating Margin Rate:
8% or higher**

2022 Operating Margin Investments

- Team
- Growth capacity
- Markdown rates
- Value and affordability

Unbeatable Value for Our Guests



2022 Expectations

- Revenue growth: low-to-mid single digit increase
- Operating income: low-single digit growth
- CAPEX: \$4 to \$5 billion
- Quarterly dividend: 20% to 30% increase per share
- Share repurchases: \$7+ billion
- Adjusted EPS: high-single digit growth



Factors Influencing 2022 Profitability

Front Half

- Annualizing government stimulus
- Continued cost pressures

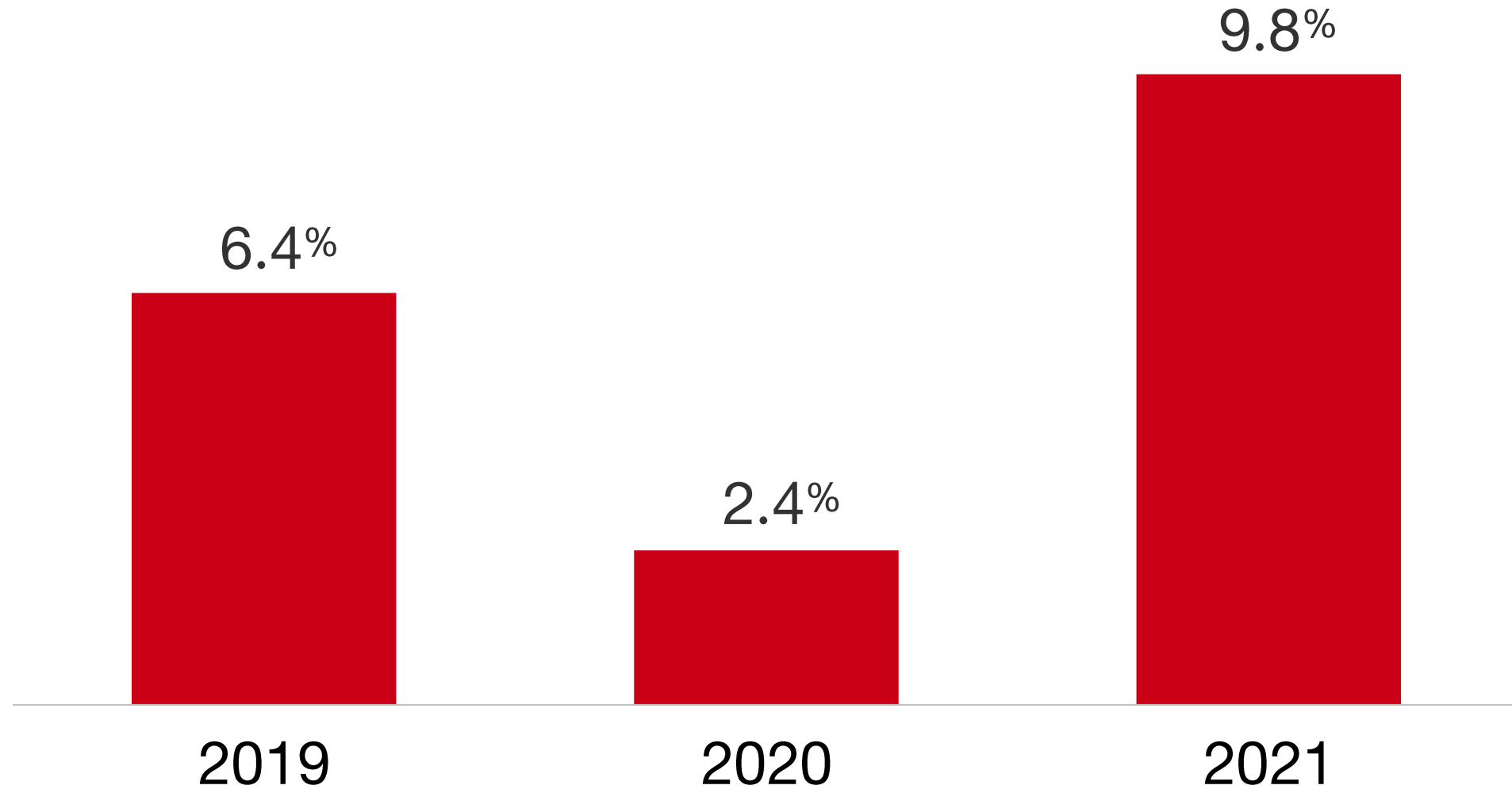
Back Half

- Annualizing cost pressures in 2021
- Supply chain and merchandising adjustments

Profit Cadence Within the Year

- Variable by quarter
- Generally improves as year progresses

Q1 Operating Income Rate



Q1 2022 Expected Operating Margin Rate

- High relative to history
- Well below 2021 rate of 9.8%



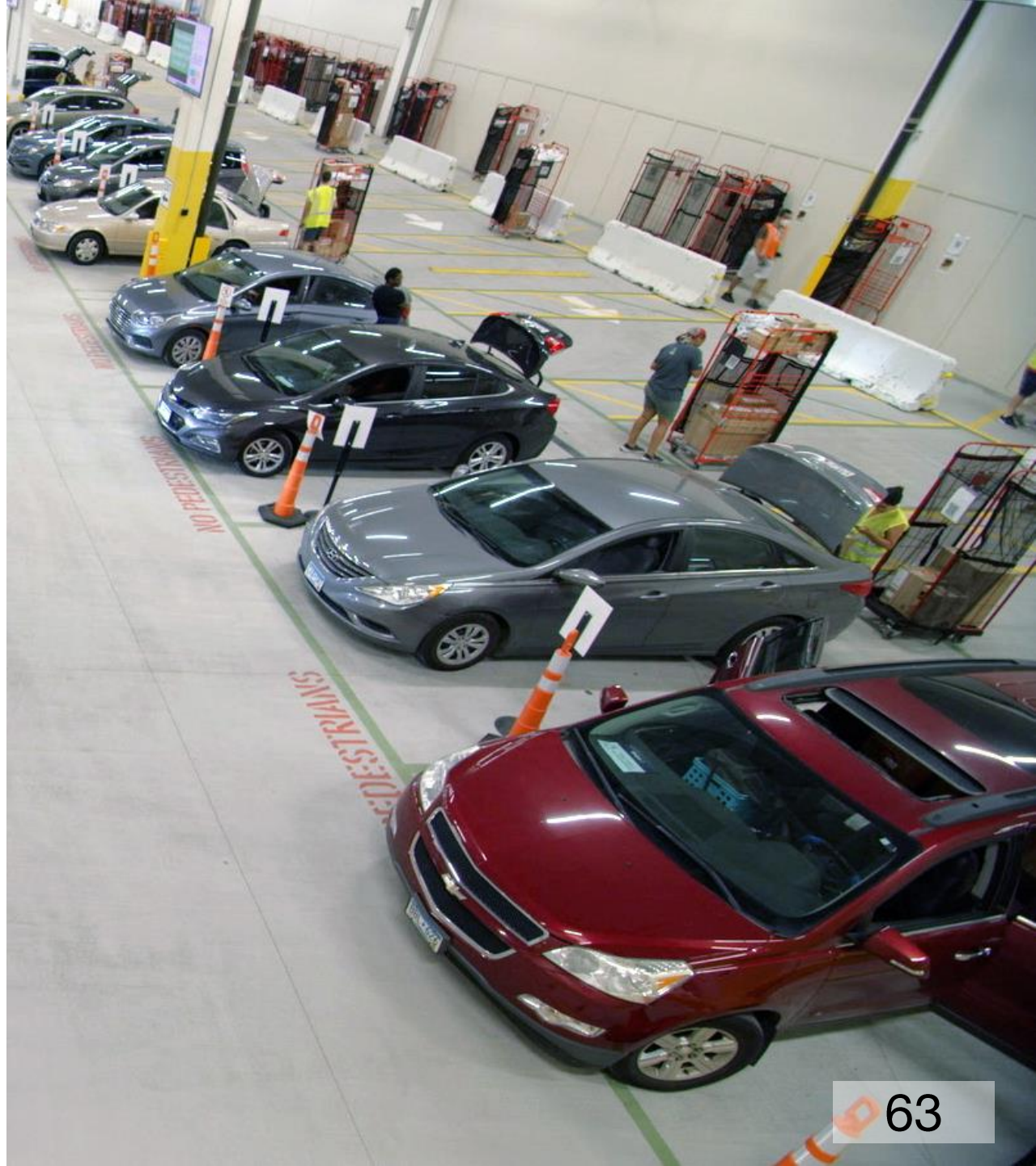
Efficiency **and** Disciplined Expense Management



>50%

**reduction in average
per-unit digital
fulfillment costs
since 2018**







Team Member Investments

- Steady income
- Career growth
- Education
- Benefits



Service

Satisfaction

Engagement

Visits





**Caring for and investing
in our team is our best
long-term investment.**





