

ModernGraham Valuation

Company Name:

Target Corporation

Company Ticker TGT

Date of Analysis

8/21/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$40,201,862,258	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-24.55%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.73	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.55	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.05	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	24.13	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.08
MG Growth Estimate	-3.66%
MG Value	\$3.67
MG Value based on 3% Growth	\$44.73
MG Value based on 0% Growth	\$26.22
Market Implied Growth Rate	7.12%

MG Opinion

Current Price	\$70.12
% of Intrinsic Value	1912.18%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.21
Graham Number	\$44.15
PEmg	22.73
Current Ratio	1.05
PB Ratio	3.55
Current Dividend	\$2.24
Dividend Yield	3.19%
Number of Consecutive Years of Dividend Growth	20

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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.41	Next Fiscal Year Estimate	\$3.08
Jan2016	\$5.31	Jan2016	\$2.59
Jan2015	-\$2.56	Jan2015	\$1.71
Jan2014	\$3.07	Jan2014	\$3.84
Jan2013	\$4.52	Jan2013	\$4.08
Jan2012	\$4.28	Jan2012	\$3.76
Jan2011	\$4.00	Jan2011	\$3.44
Jan2010	\$3.30	Jan2010	\$3.14
Jan2009	\$2.86	Jan2009	\$3.08
Jan2008	\$3.33	Jan2008	\$3.09
Jan2007	\$3.21	Jan2007	\$2.85
Jan2006	\$2.71	Jan2006	\$2.51
Jan2005	\$3.51	Jan2005	\$2.25
Jan2004	\$1.76	Jan2004	\$1.57
Jan2003	\$1.78	Jan2003	\$1.42
Jan2002	\$1.21	Jan2002	\$1.20
Jan2001	\$1.38	Jan2001	\$1.12
Jan2000	\$1.23	Balance Sheet Information 7/1/2016	
Jan1999	\$0.99	Total Current Assets	\$11,503,000,000
Jan1998	\$0.80	Total Current Liabilities	\$11,003,000,000
Jan1997	\$0.48	Long-Term Debt	\$12,063,000,000
		Total Assets	\$37,288,000,000
		Intangible Assets	\$0
		Total Liabilities	\$25,711,000,000
		Shares Outstanding (Diluted Average)	586,800,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Target Corporation Stock Analysis – 2015 Update \\$TGT](#)
- [17 Companies in the Spotlight This Week – June 21, 2014](#)
- [Target Corp Annual Valuation – 2014 \\$TGT](#)
- [17 Companies in the Spotlight This Week – 3/22/14](#)
- [Target Corporation \(TGT\) Quarterly Valuation – March 2014](#)

Other ModernGraham posts about related companies

- [TJX Companies Inc Valuation – August 2016 \\$TJX](#)
- [Dollar General Corp Valuation – August 2016 \\$DG](#)
- [Coach Inc Valuation – August 2016 \\$COH](#)
- [Tiffany & Co Valuation – August 2016 \\$TIF](#)
- [Best Buy Co Valuation – July 2016 \\$BBY](#)
- [GameStop Corp Valuation – July 2016 \\$GME](#)
- [Urban Outfitters Inc Valuation – July 2016 \\$URBN](#)
- [Macy's Inc Valuation – July 2016 \\$M](#)
- [Costco Wholesale Corp Valuation – July 2016 \\$COST](#)
- [Amazon Inc Valuation – July 2016 \\$AMZN](#)