StreetAccount Consensus Metrics Preview - Target Q4 Earnings
Tuesday, February 25, 2014 06:33:01 PM (GMT)

- Scheduled to report Q4 results on 26-Feb before the open
  - **FactSet**:
    - **Q4**
      - Revenue $21.45B
      - EPS $0.81
    - **Q1**
      - Revenue $17.31B
      - EPS $0.88
    - **Fiscal 2014**
      - Revenue $75.75B
      - EPS $4.22
      - Comps +1.1%
  - **StreetAcount** (12-18 estimates for comps/consolidated margins, 4-14 for segments):
    - **Q4**
      - US
        - Comps (2.7%)
        - Sales $20.87B
        - Gross margin 27.5%
        - SG&A 18.5%
      - Canada
        - Sales $597.3M
        - Gross margin 8.7%
        - SG&A 51.3%
      - Consolidated
        - Gross margin 27.1%
        - SG&A 19.6%
        - Operating margin 4.5%
    - **Q1**
      - US
        - Comps (0.6%)
        - Gross margin 30.5%
        - SG&A 20.5%
      - Canada
        - Sales $670.6M
        - Gross margin 24.7%
        - SG&A 39.2%
        - EPS contribution ($0.17)
      - Consolidated
        - Gross margin 30.3%
        - SG&A 21.3%
        - Operating margin 5.8%
    - **Fiscal 2014**
      - Canada
        - EPS contribution ($0.54)
  - **Analyst Commentary**: given the outsized focus on the initial F14 outlook, below we highlight some comments from recent previews in order to provide some context around what the Street expects management to lay out.
    - **Stifel** analyst David Schick
      - "Given headwinds, we think it may be prudent to lower FY17 expectations ($8.00 now simply too high given incremental headwinds)."
    - **Nomura** analyst Robert Drbul
      - "Finally, we would also look for any update regarding share repurchase plans for 2014. Despite original plans for $4bn of buybacks, we believe some costs and concerns stemming from the data breach may have impacted these plans."

- **MKM** analyst Patrick McKeever
    - "That said, we believe RedCard usage continues to be hurt, and we would not be surprised if FY14 guidance were to embed very cautious assumptions around the impact of the breach. We also would not be surprised if management were to back off its 11/21/13 guidance for up to $4 billion in share repurchase in FY14 given uncertainty around the ultimate financial liability of the breach."
- **Deutsche Bank** analyst Paul Trussell
    - "We believe that Target will guide to EPS growth that is far greater than the company has done in recent years, as FY13 resulted in almost 20% EPS dilution due to its entrance in Canada. For this reason, we see the company guiding to EPS in a range of $3.84-$4.16..."
    - "On the U.S., the lack of a bounce in TGT's discretionary categories in 2H13 (home in particular) despite the improved top-line of peers has us concerned that the customer has moved on to other shopping outlets. Moving to Canada, ongoing markdown pressure, combined with tough competition from discount/grocery peers, likely make FY14 another year of significant dilution."

Industries: Retail (Department & Discount)
Primary Identifiers: TGT-US
Related Identifiers: TGT-US
Subjects: All Earnings, Earnings Preview