



Michael Fiddelke

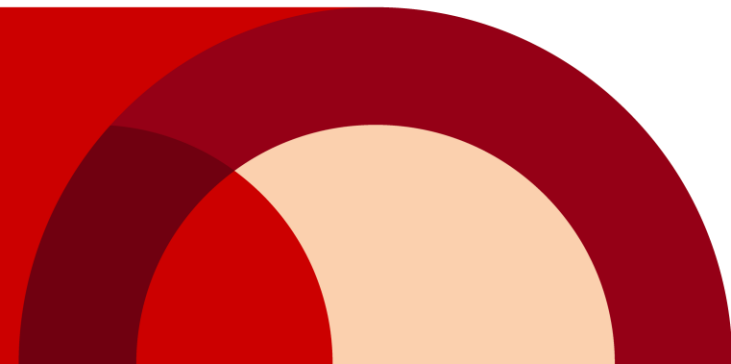
Executive Vice President,
Chief Operating Officer
and Chief Financial Officer







Build on Our Foundation



Expand Our Footprint

Modernize Our Business

Advance Our Strategy





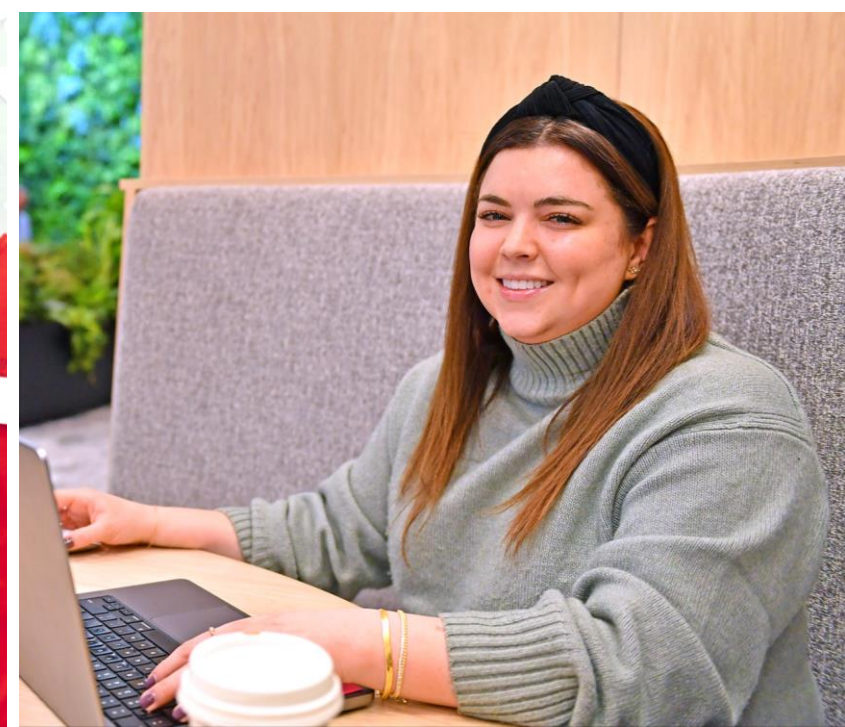


Inventory Positioning

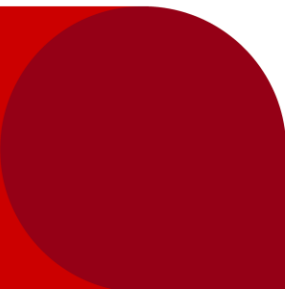
Demand Forecasting

AI + Machine Learning





Renewed Focus on Retail Fundamentals





clean

clean

Tide
purclean
PLANT BASED

Tide
purclean
PLANT BASED

Tide
purclean
PLANT BASED

12.99

12.99

9
Remove stains and fight odors with ingredients you trust

clean
Products formulated without

Downy
ULTRA
NATURE BLENDS

Downy
ULTRA
NATURE BLENDS

12.99

Free \$5 GiftCard

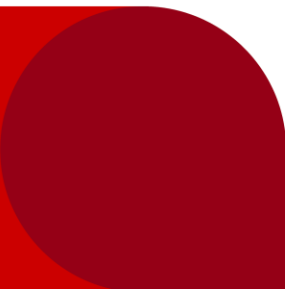
Tide
purclean
eco-box

Tide
purclean
eco-box

dreft
99% Free of Active Baby

dreft

Store teams rolled out training
on 25 best practices in 2023.





2023 Financial Results

2013 to 2023

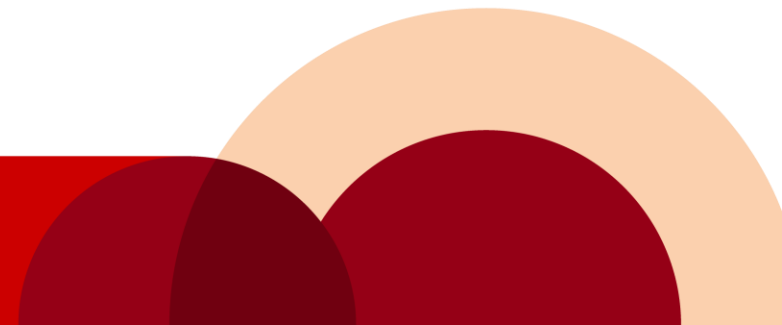
Long-Term Expectations

2024 Outlook



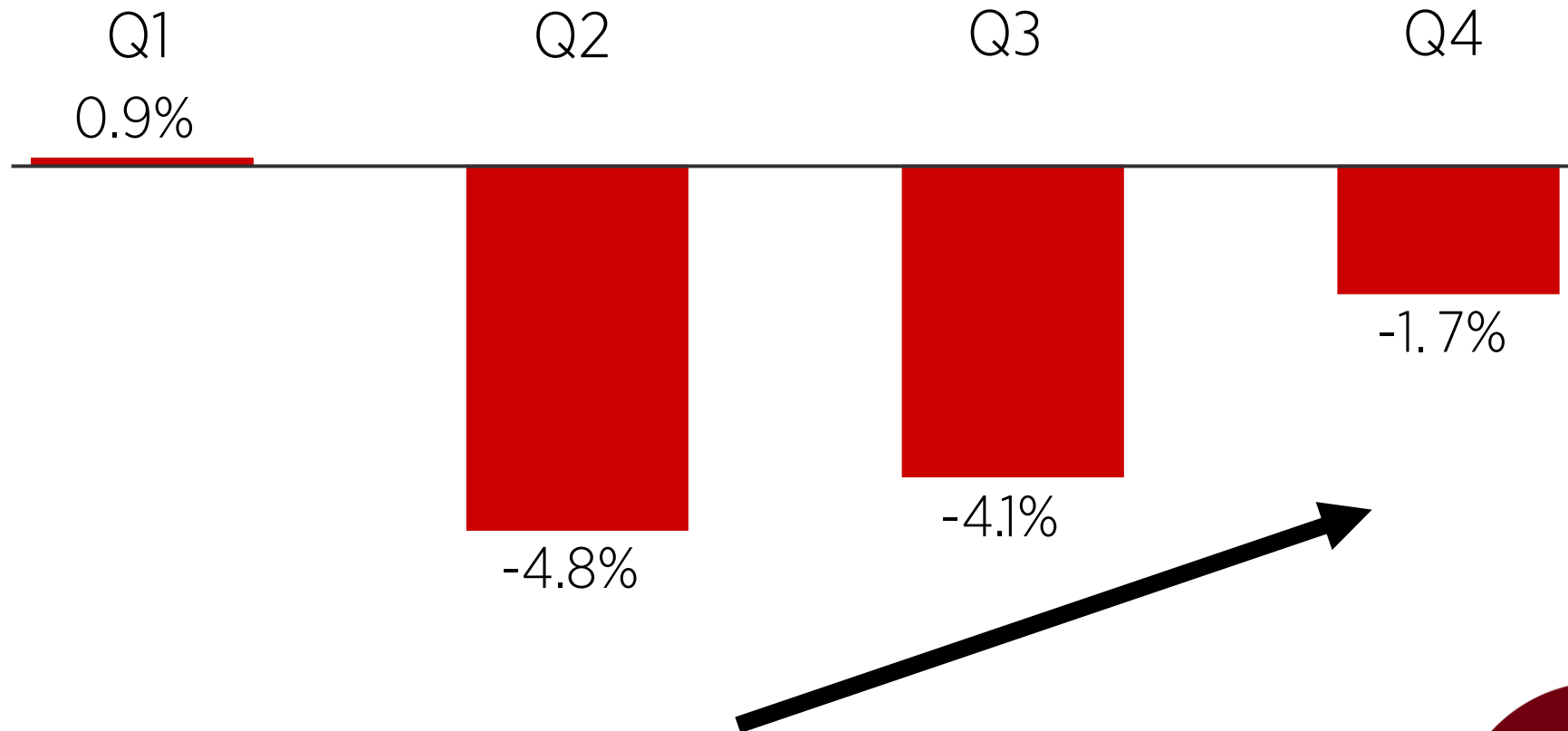
2023 Performance

- Soft topline
- Better-than-expected profitability



2023 Comparable Sales: - 3.7%

Traffic by Quarter



Better Comp Sales

Better Digital Sales

Dramatic Improvement in
Discretionary Categories

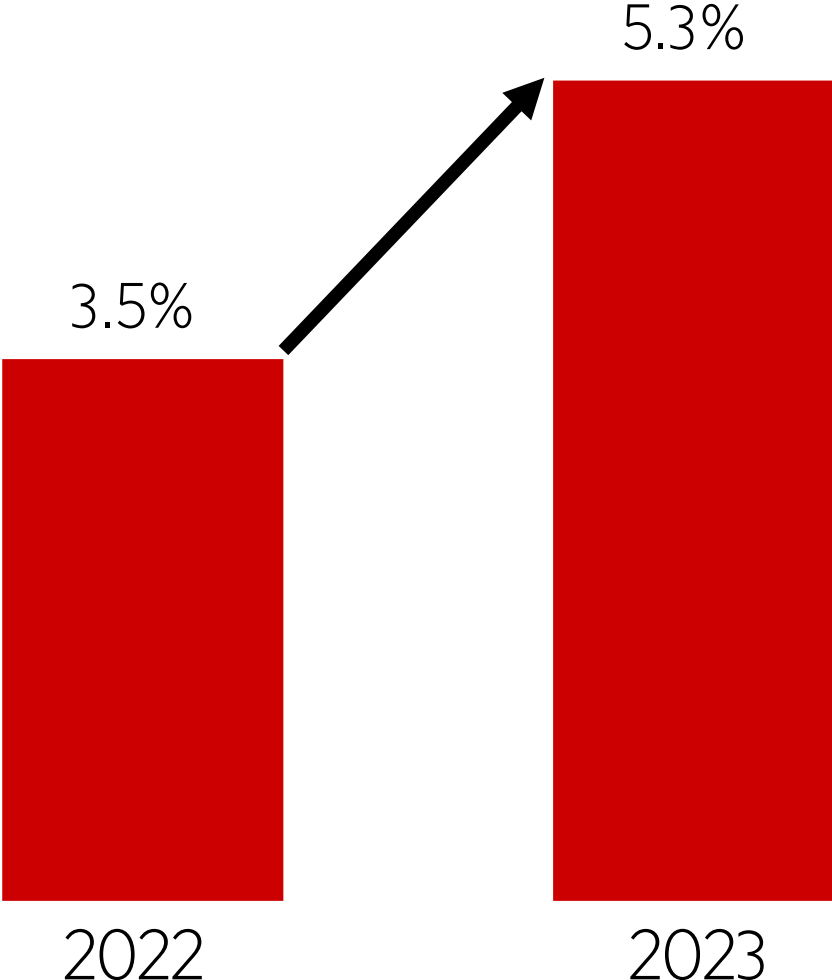


Operating Income

nearly
\$2B

2023 growth
vs 2022

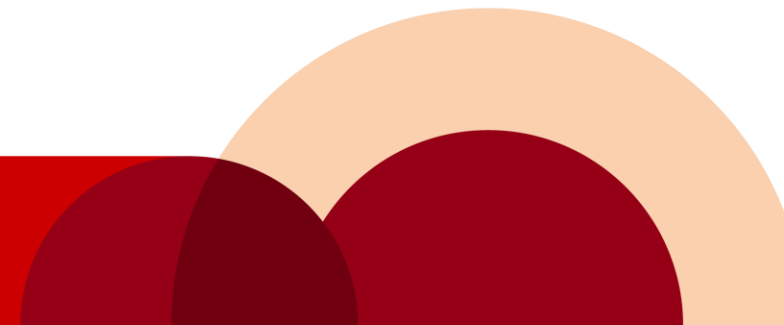
Operating Margin Rate



Operating Margin Drivers

2022

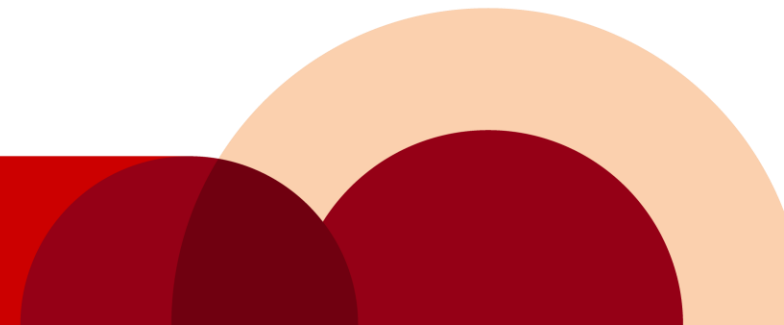
- Markdowns
- Freight and transportation costs
- Shrink



Operating Margin Drivers

2023

- Markdowns
- Freight and transportation costs
- Operational benefits







419
CR

420
CR

422
CR

311
CR

310
CR

309
CR

308
TR

307
NF

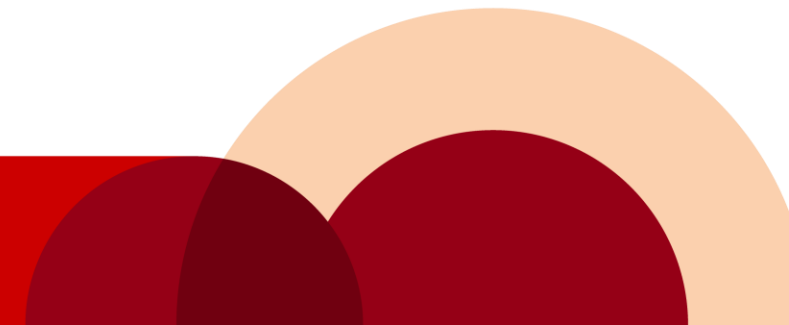
BAD WOOD
NO TRASH
0-435

115

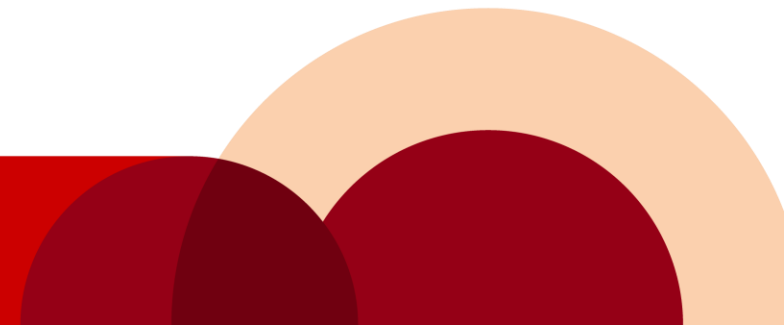
Operating Margin Drivers

2023

- Markdowns
- Freight and transportation costs
- Operational benefits
- Efficiency efforts



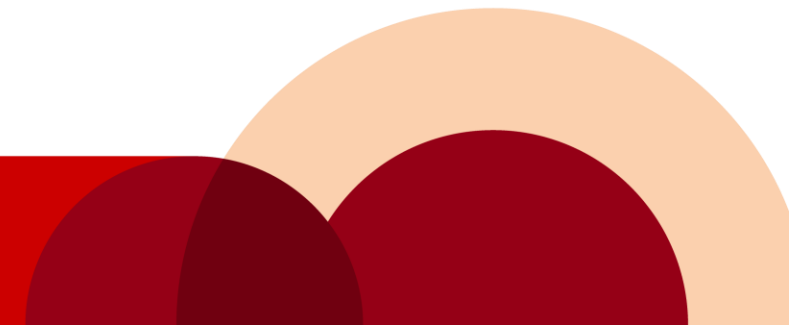
Over \$500 million in permanent efficiency gains in 2023.



Operating Margin Drivers

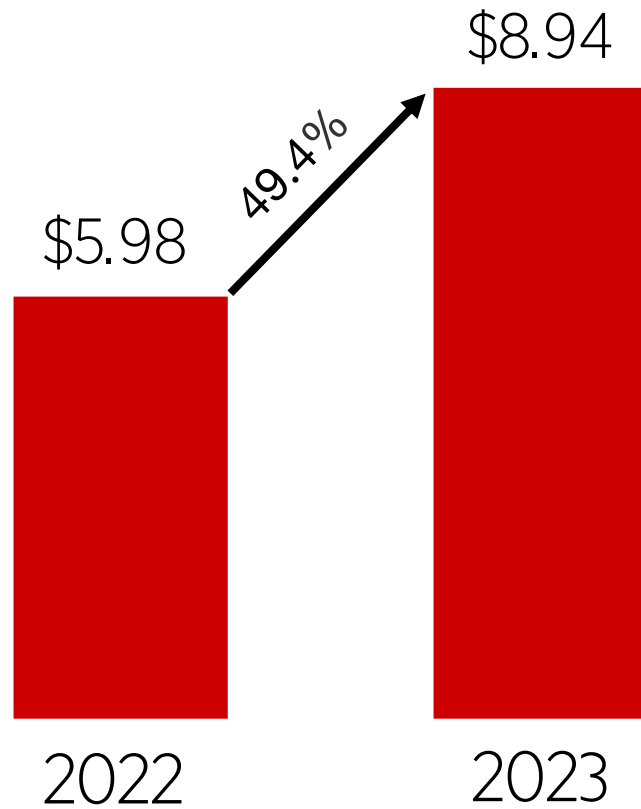
2023

- Markdowns
- Freight and transportation costs
- Operational benefits
- Efficiency efforts
- >20% growth in Roundel

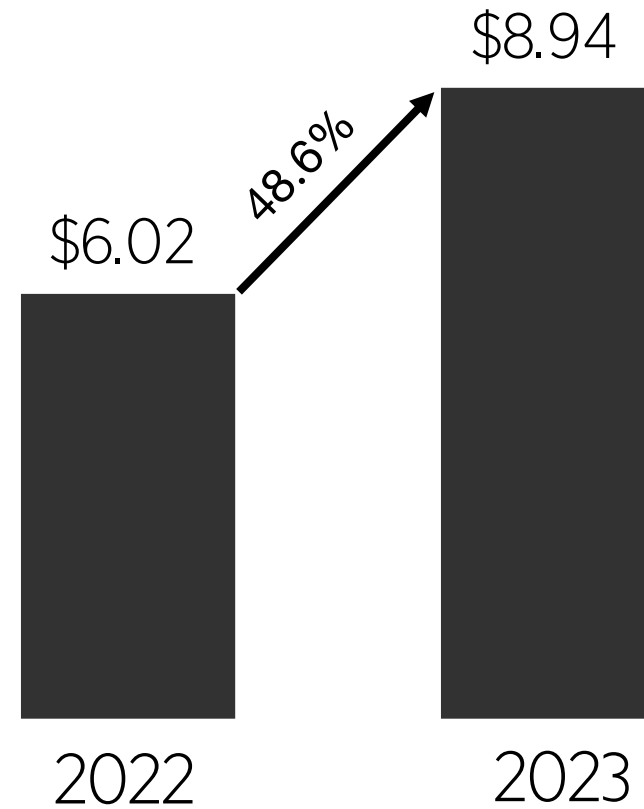


GAAP + Adjusted EPS

GAAP

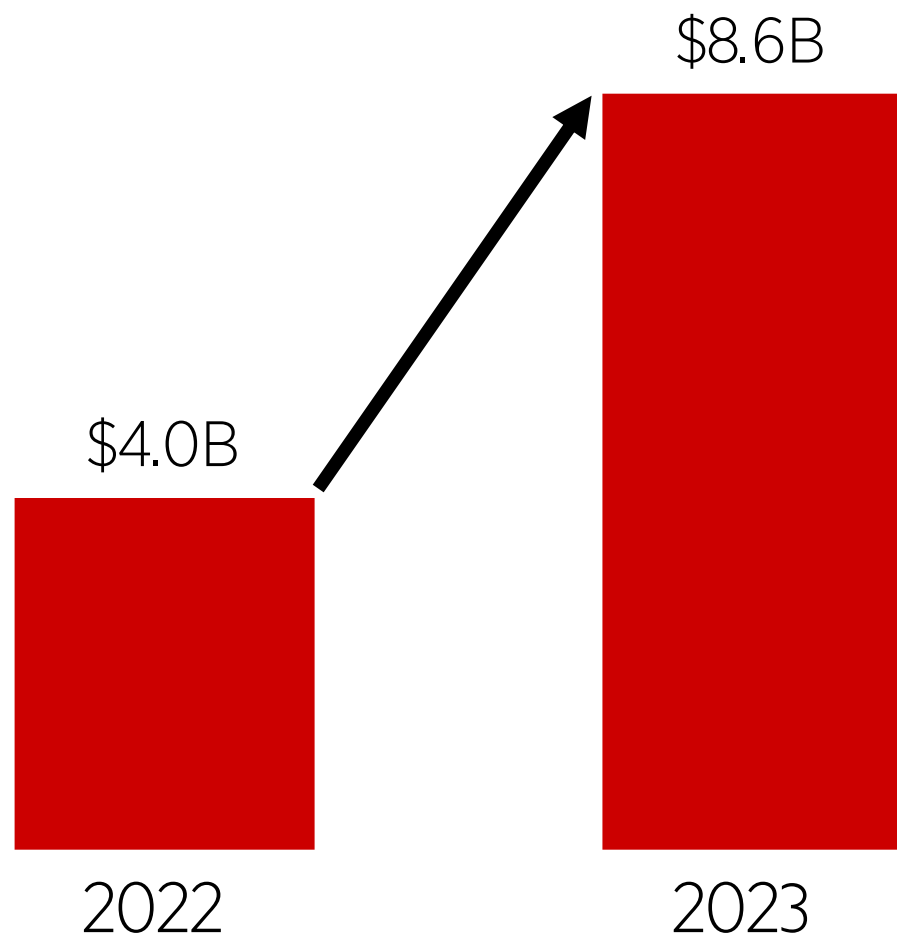


Adjusted EPS

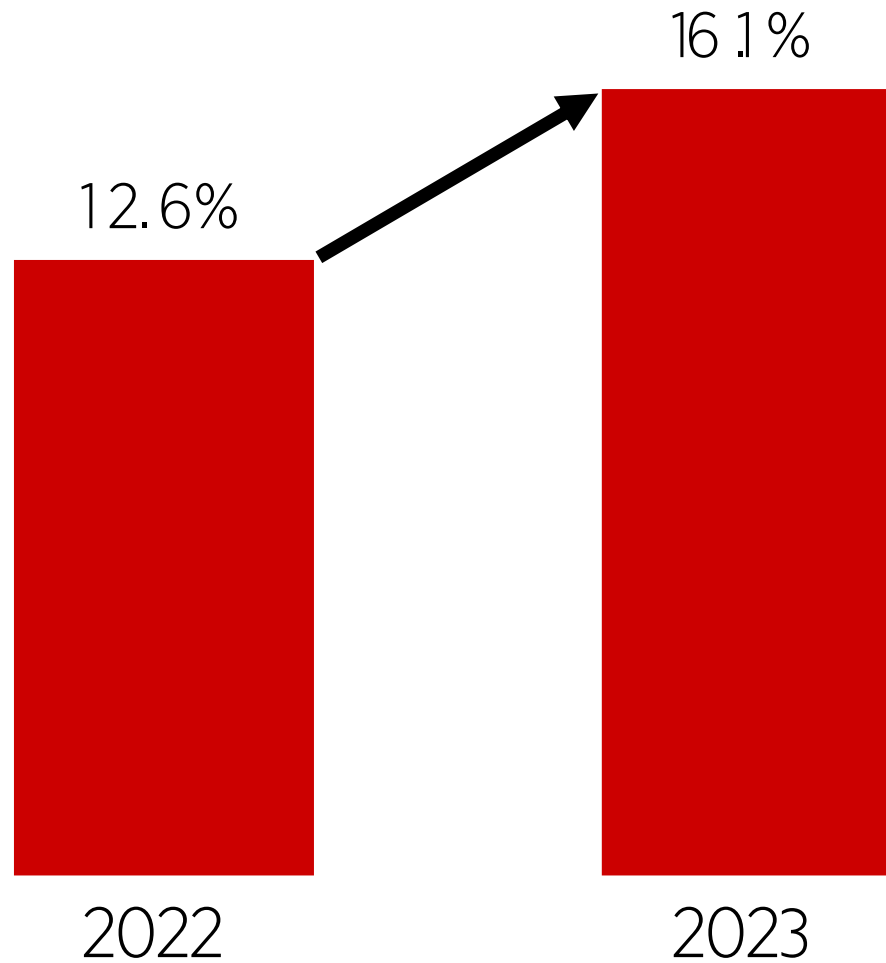


Note: Adjusted EPS is a non-GAAP financial measure most directly comparable to GAAP EPS. Adjusted EPS is reconciled to GAAP EPS in the Summary Financials information posted on our investor relations website

Cash From Operations



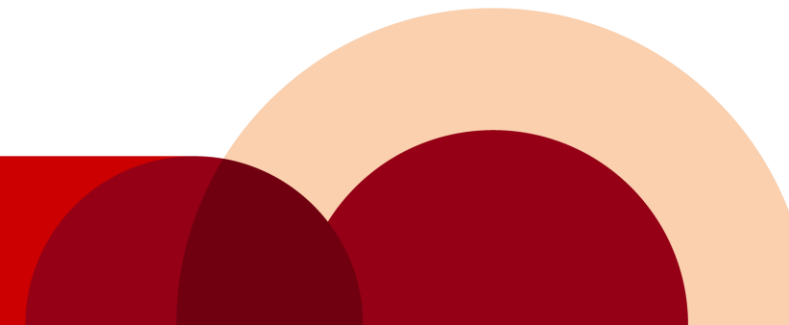
After-Tax ROIC



Note: After-Tax Return on Invested Capital (ROIC) is a ratio based on GAAP information, with the exception of the add-back of operating lease interest to operating income. The calculation of ROIC is in the Summary Financials information posted on our investor relations website.

2023 Inventory Shrink Costs

- >\$500 million higher than 2022
 - ~50 bps of Operating Margin Rate pressure
- ~1.2 pp of cumulative Operating Margin Rate pressure since 2019





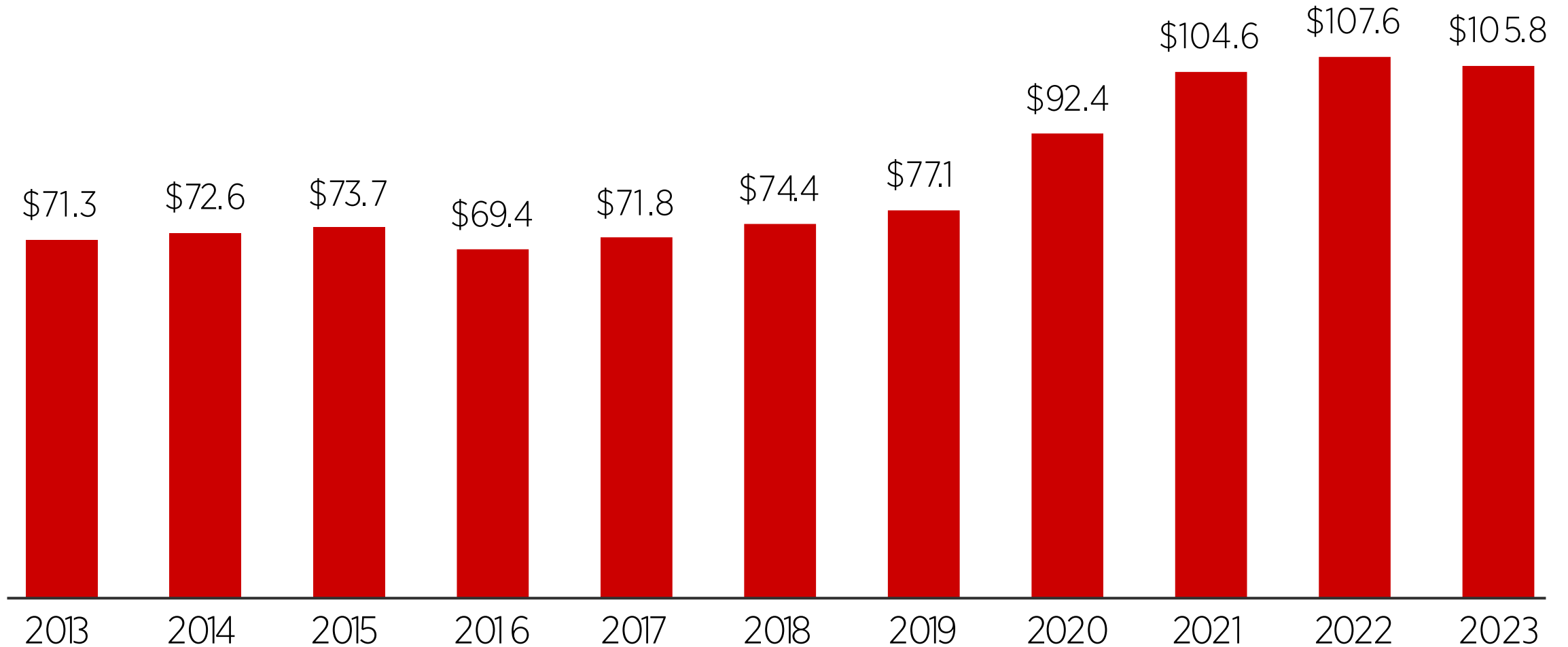
2013 → 2023





Annual Sales

(in billions)

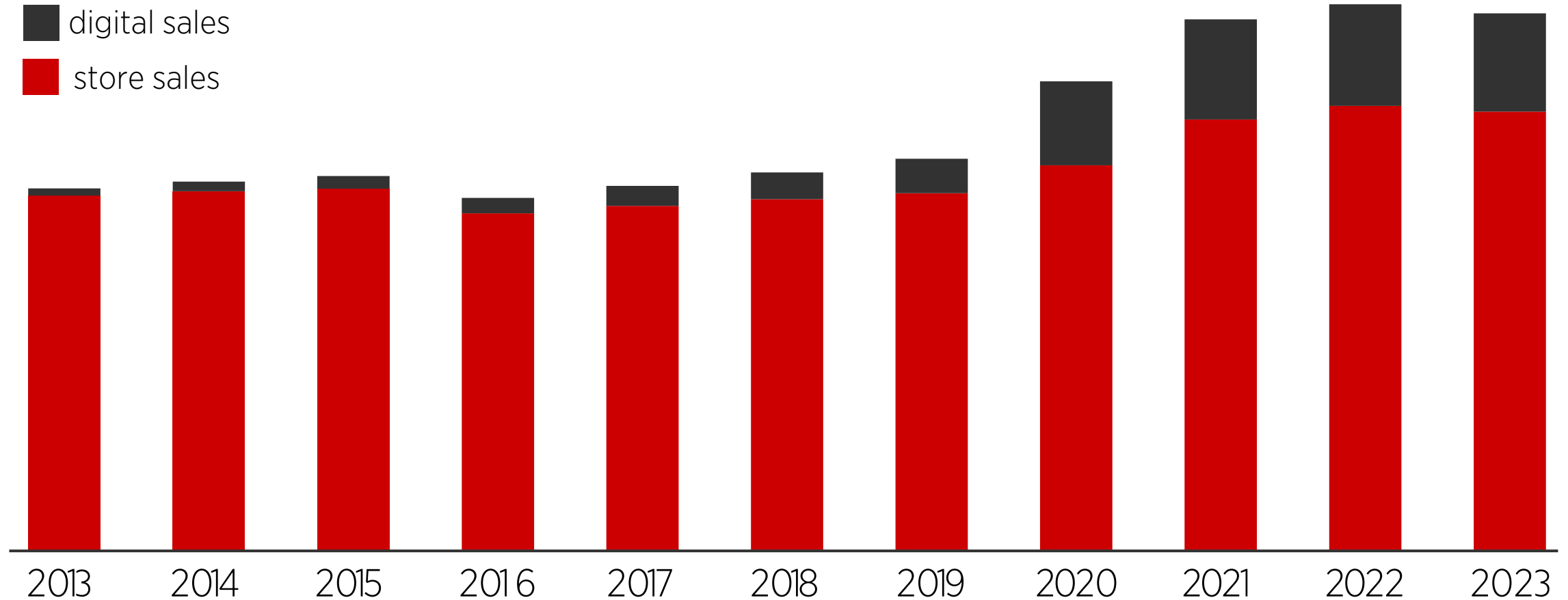


Note: Reflects amounts attributable to continuing operations.

The 2016 sales decline is primarily due to the sale of our pharmacy and clinic businesses, which generated \$3.5 billion in sales in 2015.

* 2023 and 2017 were 53-week years.

Sales Mix by Channel



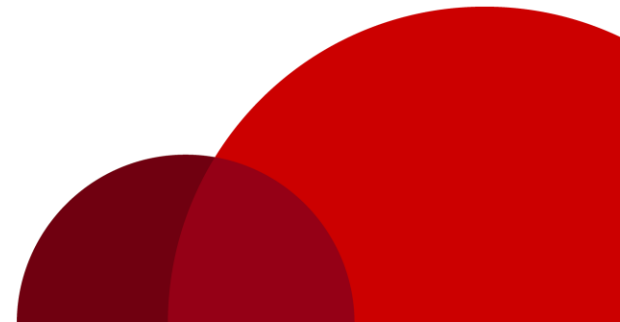
Note: Reflects amounts attributable to continuing operations.

The 2016 sales decline is primarily due to the sale of our pharmacy and clinic businesses, which generated \$3.5 billion in sales in 2015.

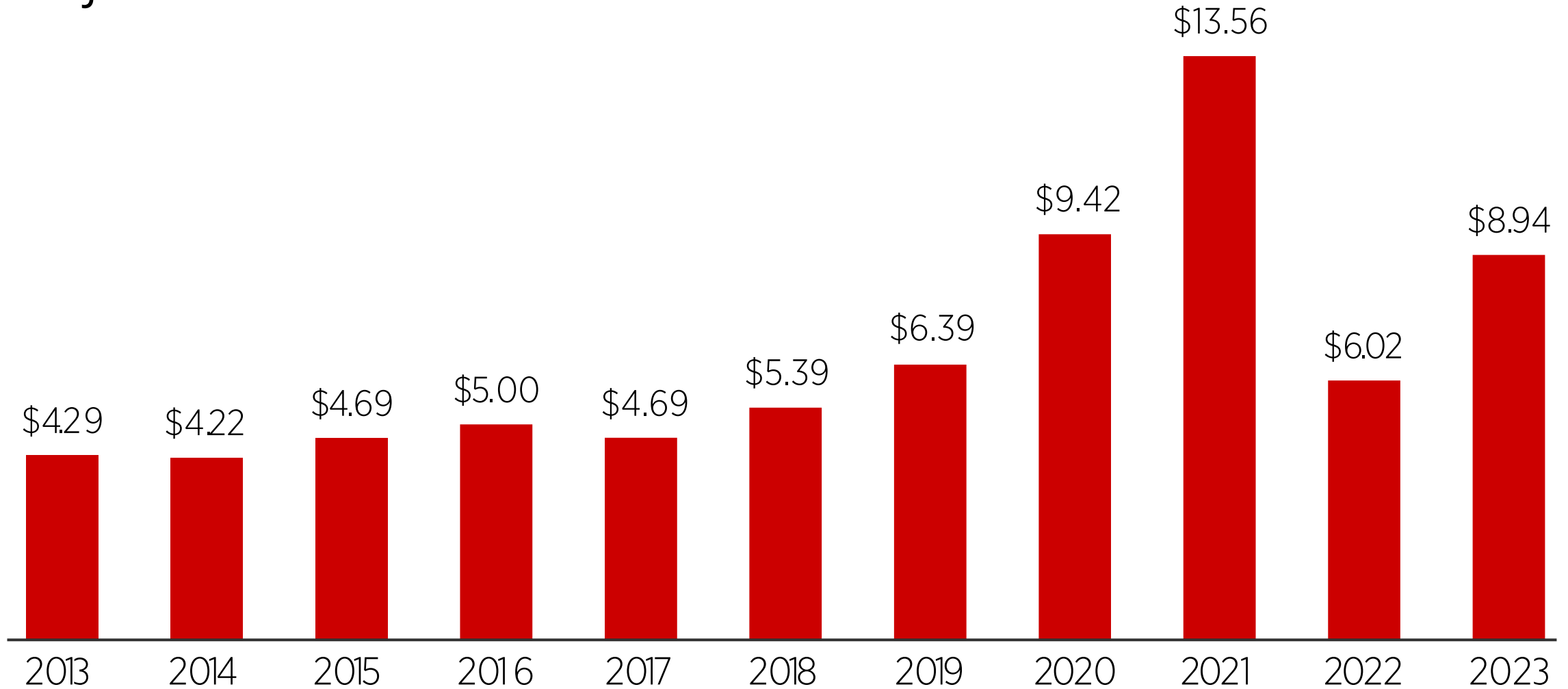
* 2023 and 2017 were 53-week years.

Sam e-Day Services

- \$1 2.5 billion in 2023 sales
- ~ 70% of digital growth since 2013

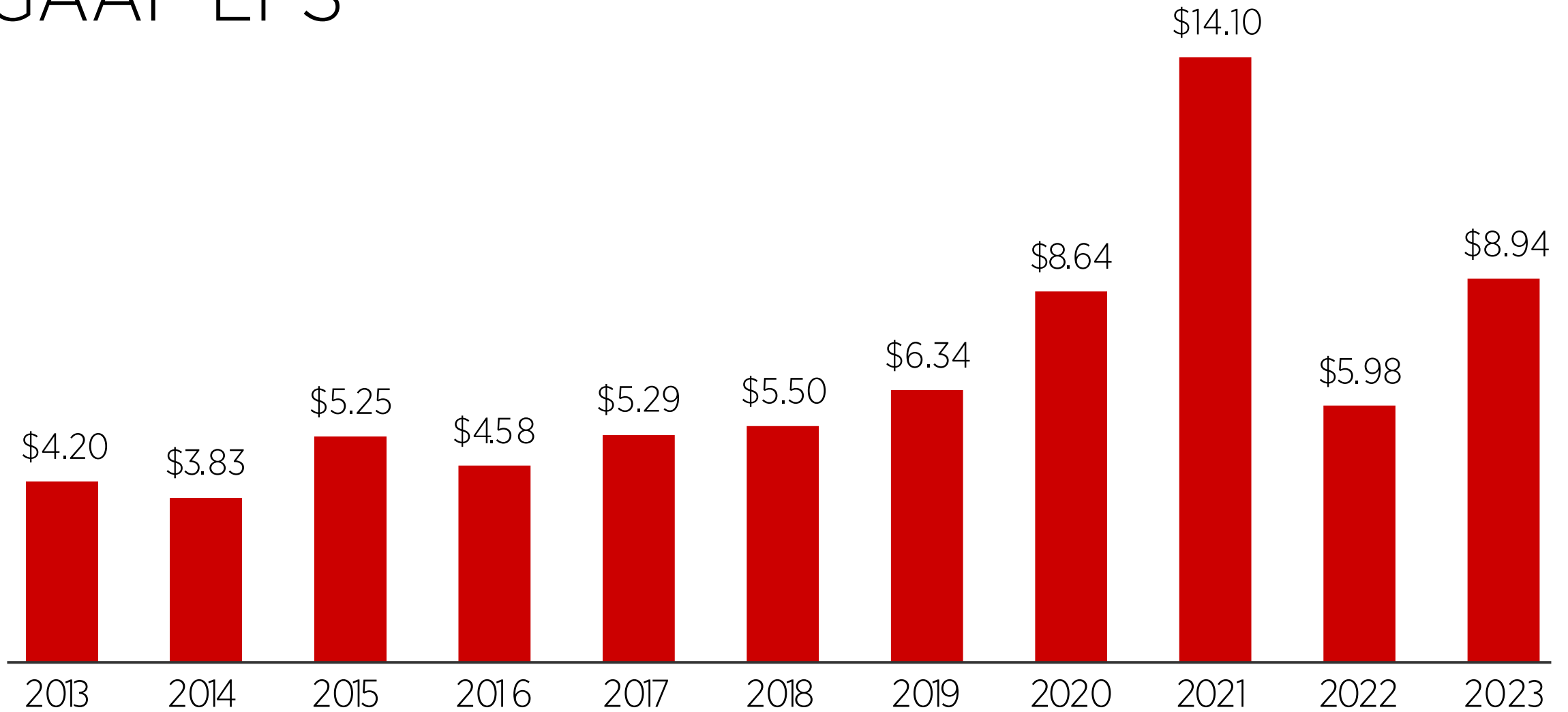


Adjusted EPS



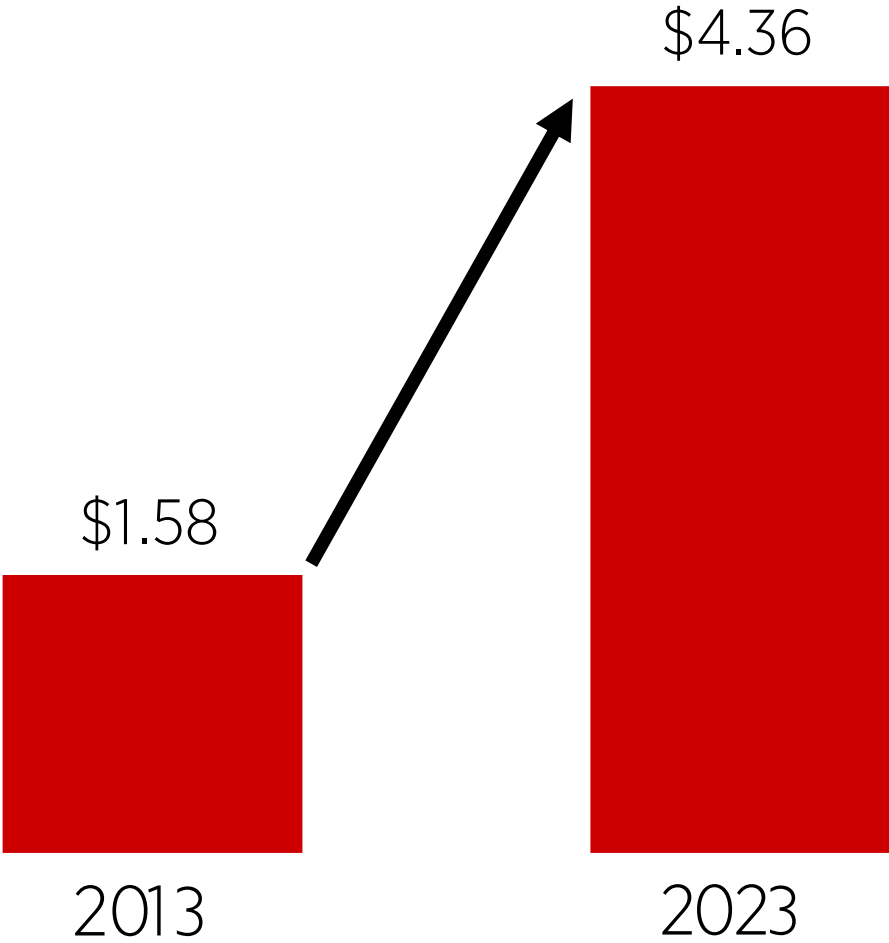
Note: Adjusted EPS is a non-GAAP financial measure most directly comparable to GAAP EPS. Adjusted EPS is reconciled to GAAP EPS in the Summary Financials information posted on our investor relations website.
* 2023 and 2017 were 53-week years.

GAAP EPS

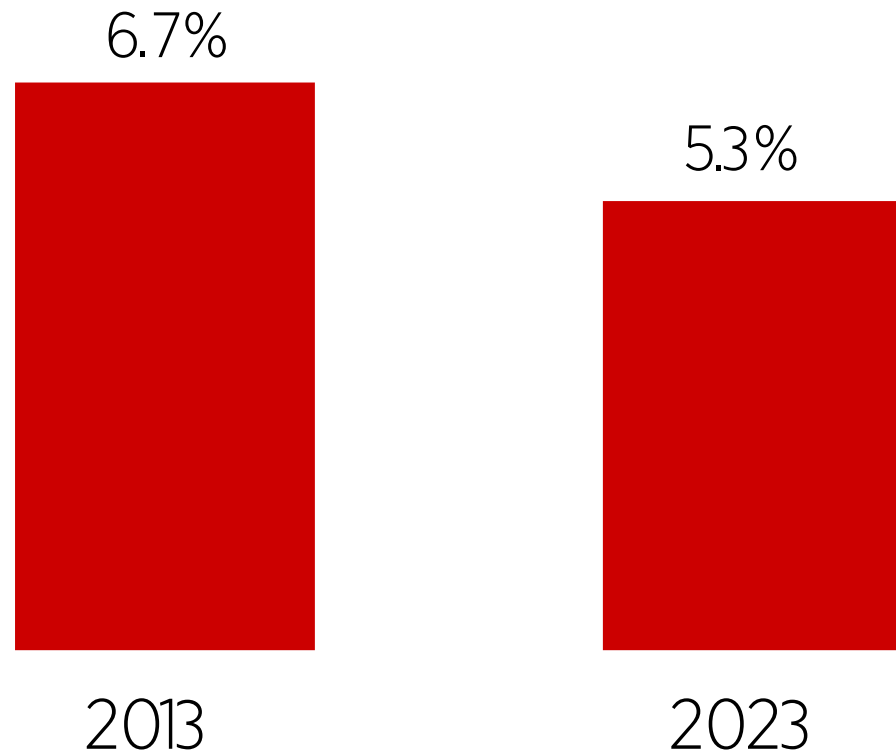


* 2023 and 2017 were 53-week years.

Dividend Per Share



Operating Margin Rate



Pressure From

- Inventory shrink
- Higher digital penetration

Capital Deployment Priorities

Invest in our business

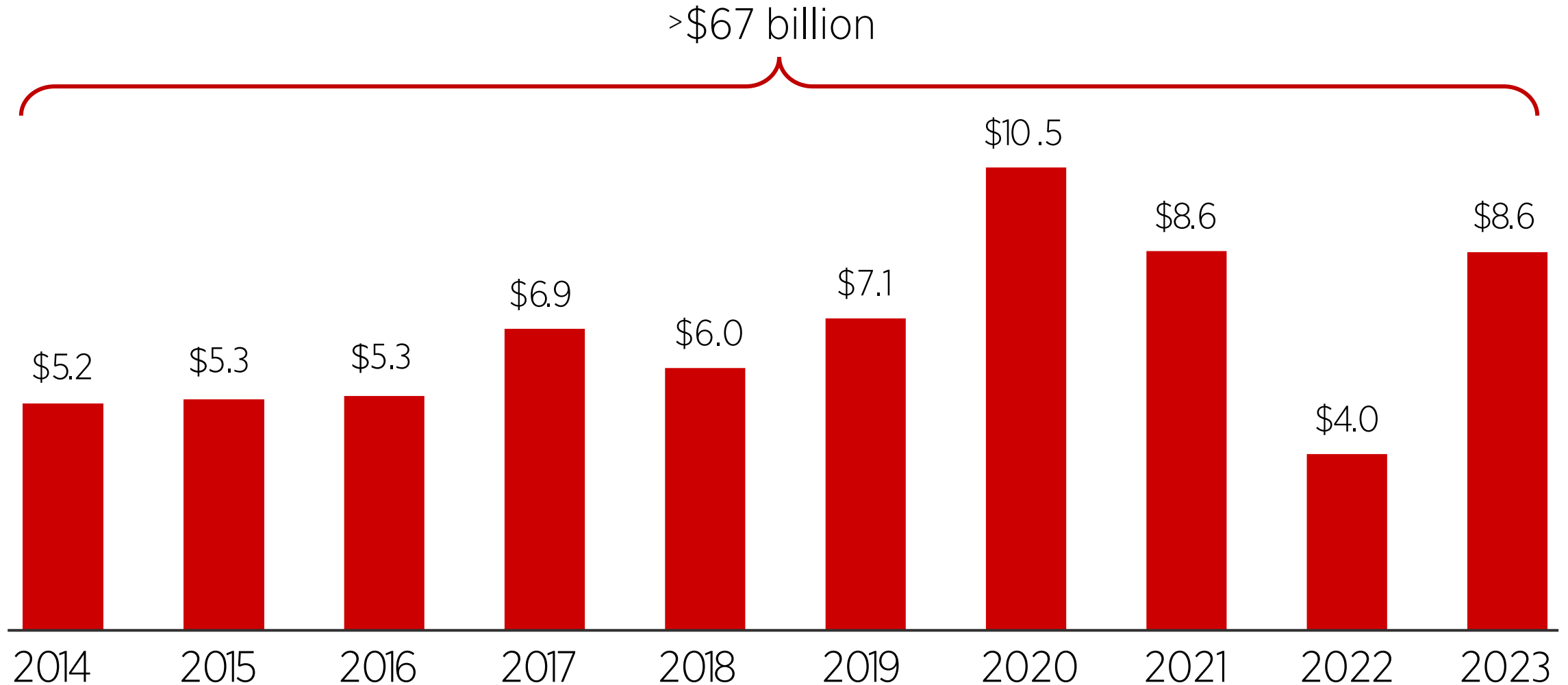
➤ **Support** the dividend

➤ **Repurchase** shares

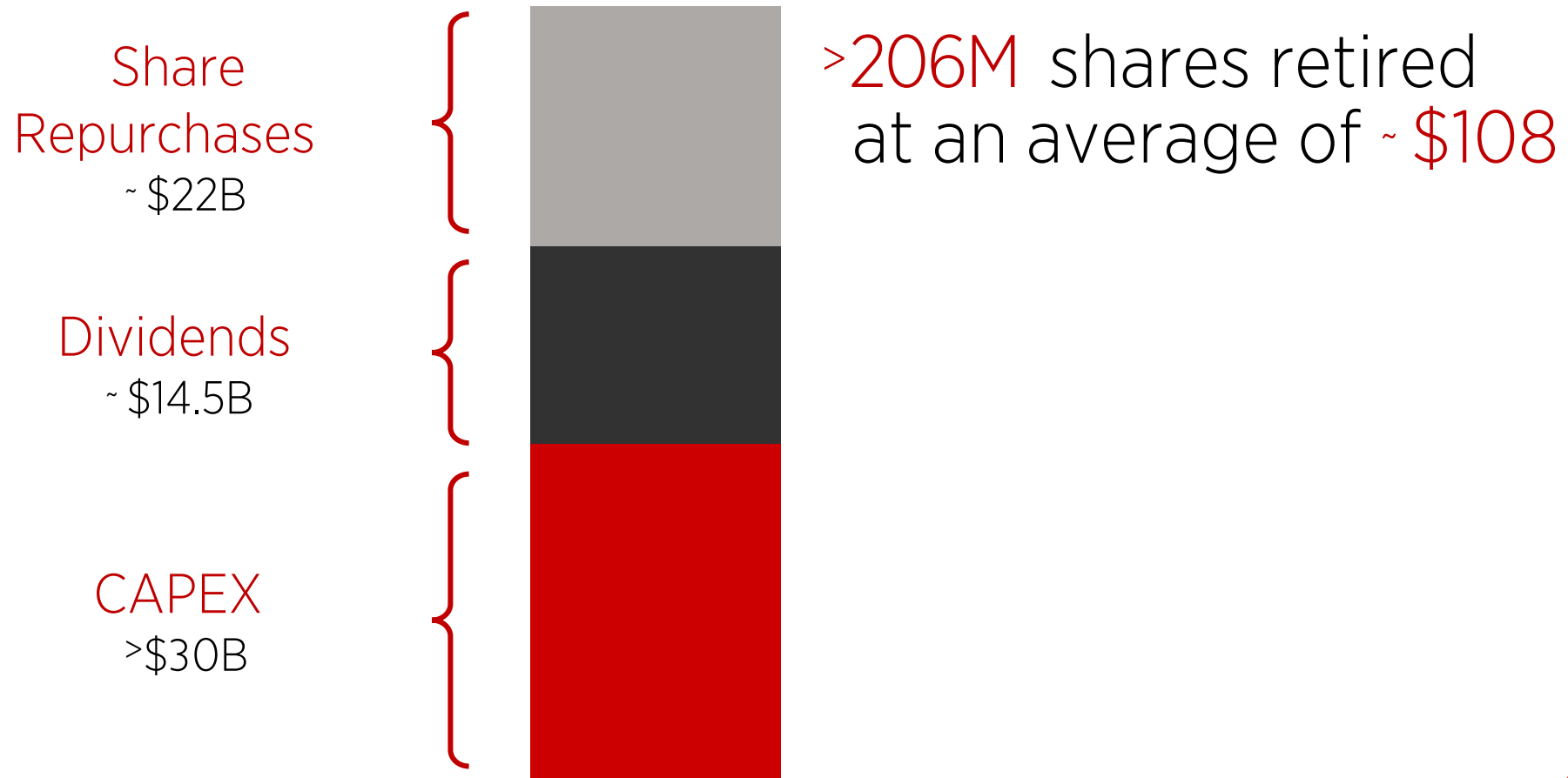


Cash From Operations

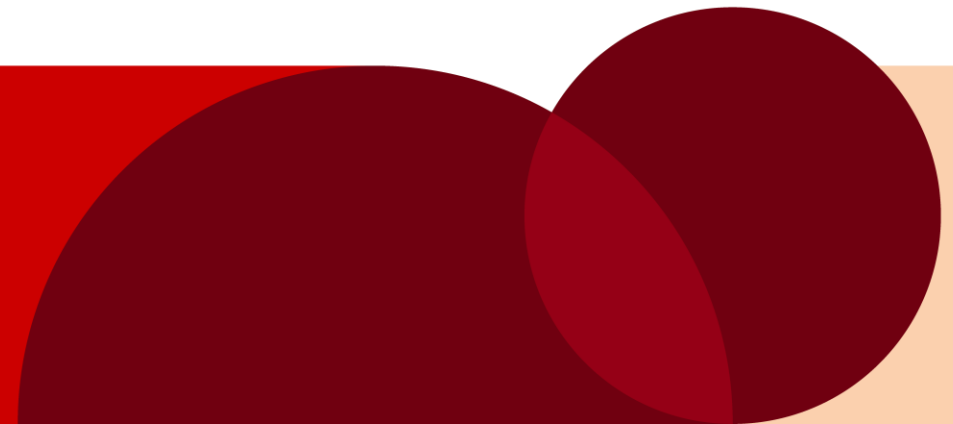
(in billions)



Capital Deployment

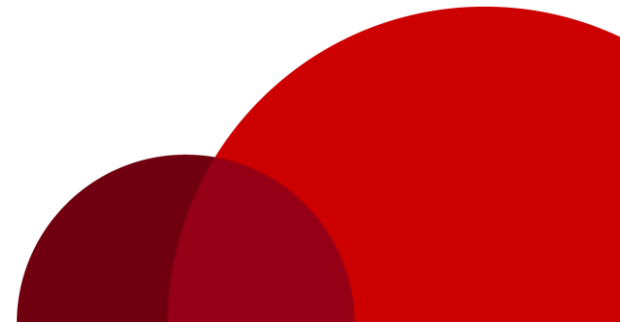


Long -Term Expectations



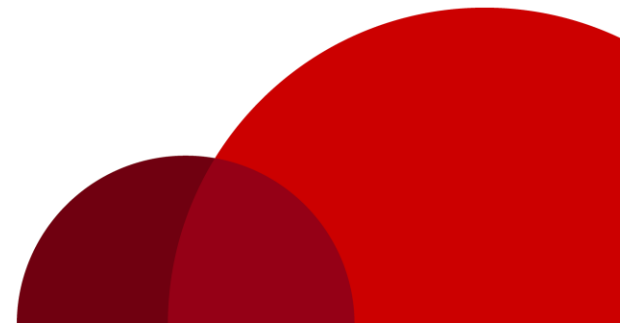
Revenue Growth Drivers

- Comparable sales
- New stores
- Other revenue



Revenue Growth Drivers

- Low-to mid-single digit comp growth in a typical year
 - Invest in the vast majority of store locations over the next decade





 target

PARKING

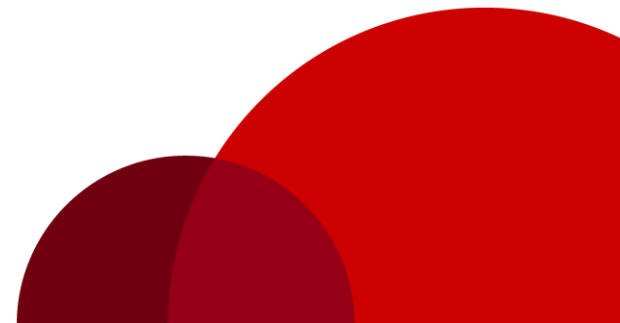
FIRE LANE

STOP
Yield to Pedestrians



Revenue Growth Drivers

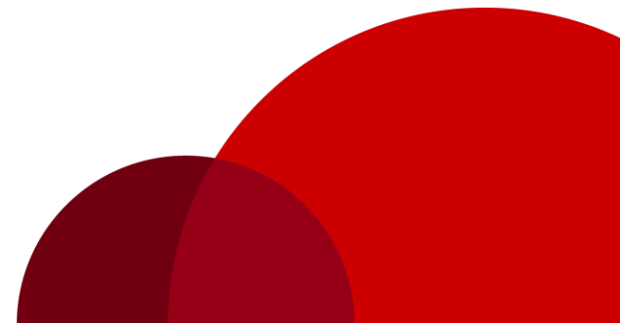
- Low-to mid-single digit comp growth in a typical year
 - Invest in the vast majority of store locations over the next decade
- Open >300 new locations over the next decade
 - Incremental sales of ~ \$1.5B in ten years





Other Revenue Growth Drivers

- Roundel ad business
 - Contributed >\$1.5B in value in 2023
- Growing contribution from Target+

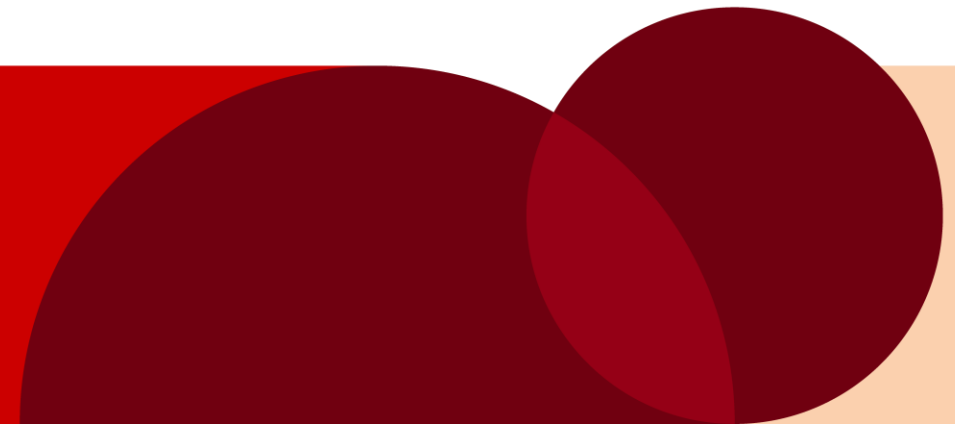


Expected Revenue Growth

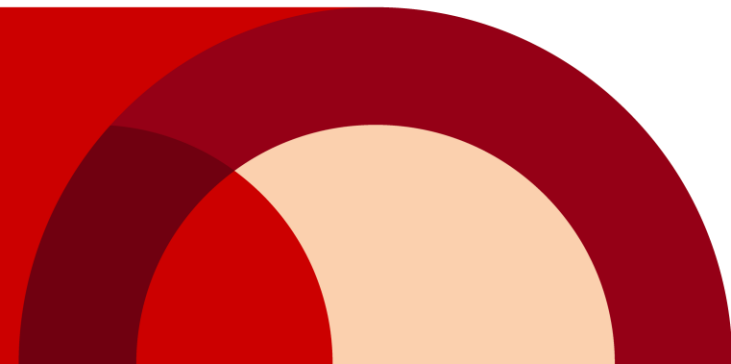
~ 4% = > \$50B

or more in a
typical year

over the
next decade

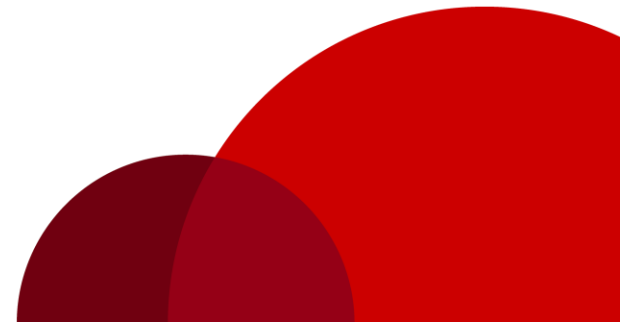


Long-Term Operating Margin Rate:
6% or higher over time



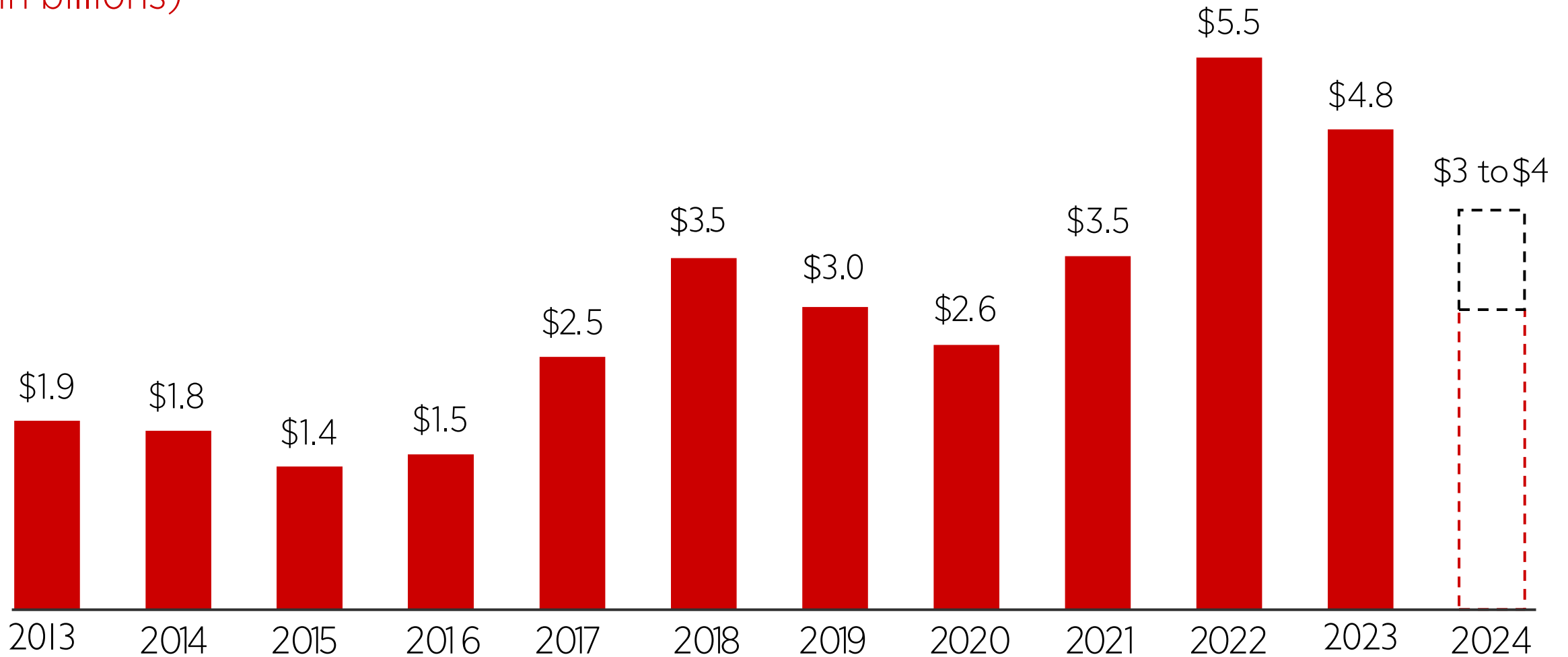
CAPEX Considerations

- Bottom-up plan, based on strategic and financial criteria
- Follow the evolving needs of the business



CAPEX

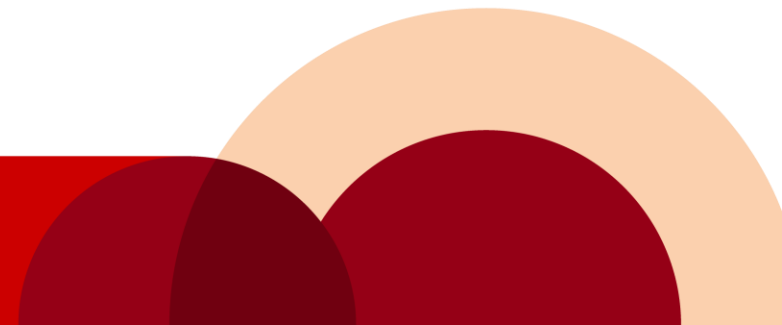
(in billions)



Note: Reflects amounts attributable to continuing operations.

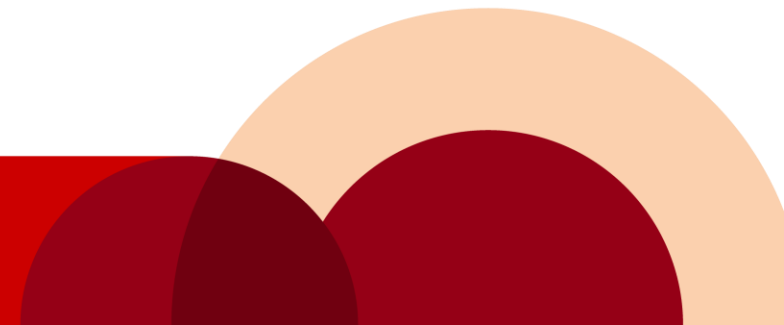
Long-Term Capital Deployment

- CAPEX: \$3.5B-\$5.5B in 2025 and beyond
- Dividends
 - Continued annual growth in per-share dividend
 - 40% payout ratio over time
- Share repurchases
 - Meaningful contributor to EPS over time
 - Within the limits of middle-A credit ratings

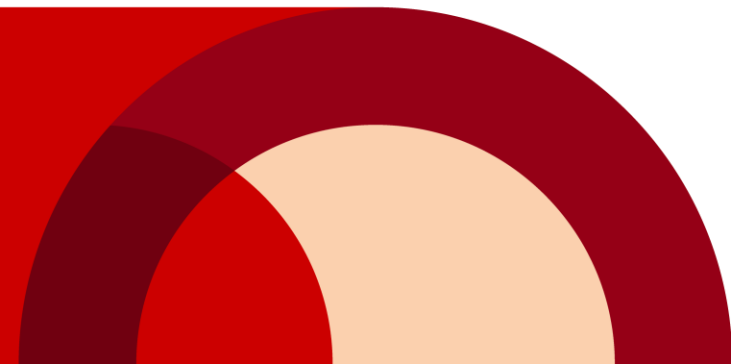


Long-Term Shareholder Returns

- High-single digit EPS growth in a typical year
- Annual growth in the per-share dividend



After-Tax ROIC:
high teens over time

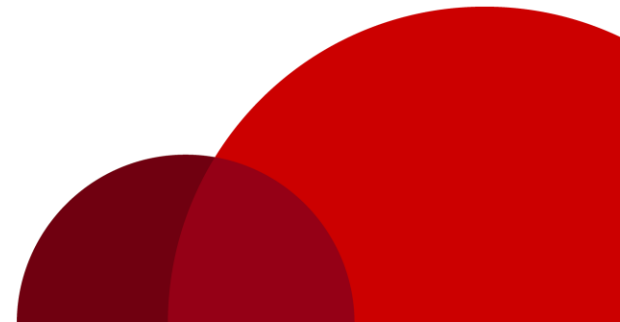


2024 Expectations



2024 Comparable Sales Expectations

- 0 to +2% range for the year
 - Decline in Q1
 - Growth in Q2 through Q4



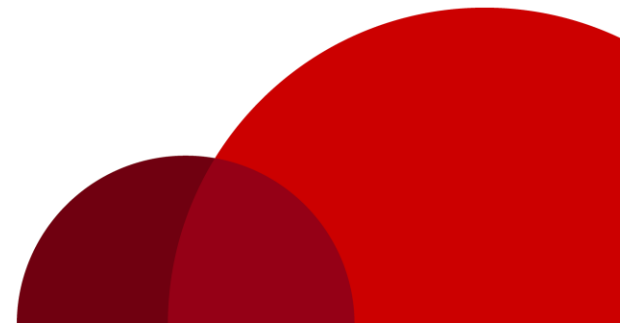
2024 Operating Margin Expectations

- Impact of inventory shrink approximately flat
- Deleveraging rate pressure on SG&A
- Favorable freight and transportation costs
- Outsized growth in Roundel
- Continued benefits from efficiency efforts

Modest Improvement in Operating Margin Rate

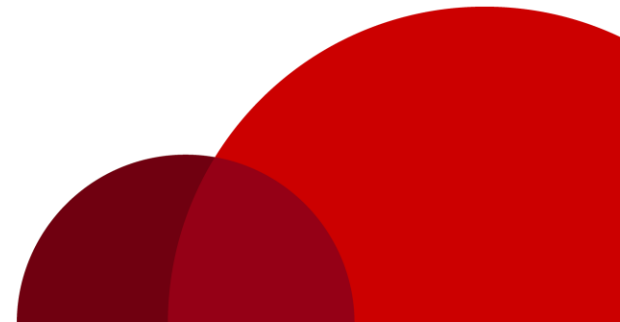
2024 GAAP + Adjusted EPS Expectations

- Full-year: \$8.60 to \$9.60
 - Midpoint represents growth of 2% vs. 2023
 - Equivalent to a mid-to high-single digit increase on a 52-week to 52-week basis



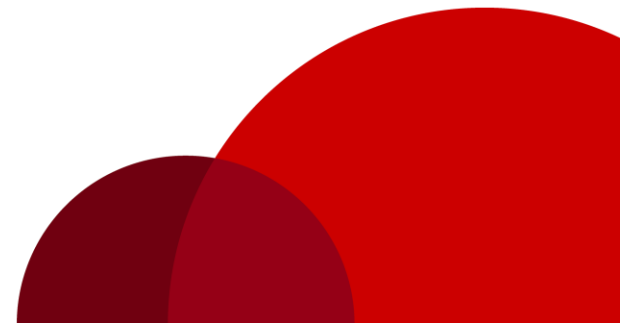
Q1 2024 Expectations

- \$1.70 to \$2.10 for GAAP and Adjusted EPS
- 3% to 5% decline in comparable sales



2024 Capital Deployment Expectations

- CAPEX of \$3-\$4 billion
- Strong cash generation
- Recommend increase in per-share dividend
- Share repurchases within limits of middle-A ratings
 - Potential to resume repurchases later in the year





Thank You





