

Company Overview

Company Name	TARGET CORP
Ticker	TGT
Current Price	116.69, Pro-forma basis
Current Date	2/23/2026
Target Price	\$188.45
Target Date	2/23/2027
Industry	Consumer Staples
Sector	Consumer
Shares Outstanding	452.8M
Market Cap	\$52.84 Billion
T30 Volume	107,332,700
Beta (1Y Monthly)	0.74

Target Corporation (TGT) is a U.S. general merchandise retailer offering products across key categories such as apparel, home goods, beauty, and food and essentials. It operates nearly 2,000 stores nationwide alongside a strong e-commerce platform with integrated same-day and delivery services.

Investment Thesis

Buy TGT - \$5,000 @ 43 shares in Milner

PROS

Undervalued relative to peers

Revenue diversification

Strategic pivot with new CEO

CONS

Intense competition

No clear economic moat



Historical Factors

Investment Thesis

Historicals

Valuation

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Origins and Evolution

- Founded in 1902 as Dayton Dry Goods Company, Target launched its first discount store in 1962 and grew into a nationwide retailer known for affordable, design-focused merchandise.

Recent Performance

- Steady losses since Covid, small bounce back in recent quarters due to price cuts
- Additional advances include growing revenue from grocery sales

Volatility Measures

- **Beta (1Y Monthly): 0.74 | Annualized volatility: ~25.4%**

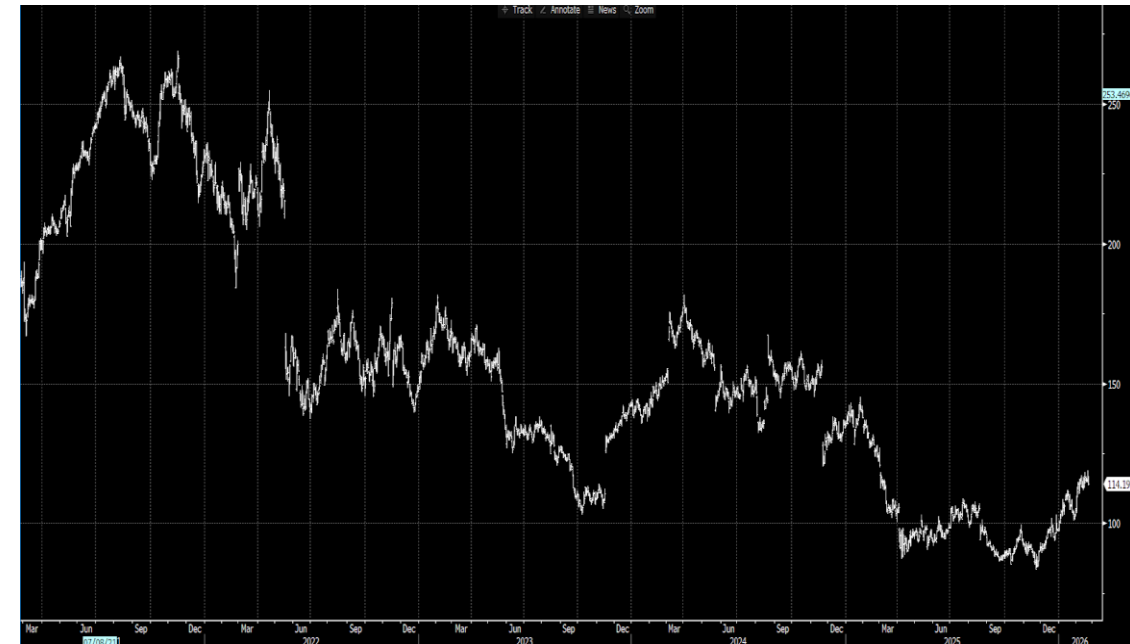
Major historical events

- Expanded aggressively into owned and exclusive brands (e.g., Cat & Jack, Good & Gather, mid 2010s).
- Scaled same-day fulfillment services (Drive Up, Order Pickup) during COVID-19.

Statistics

- High around \$269, low around \$83
- -39% cumulative 5yr return, -8.55% 1yr, 16.27% YTD
- ROE TTM: 24.87%, ROA TTM: 6.3%

5 – year return



DCF - WACC

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WACC Calculations

Capital Structure

Total Debt	\$19,875.00
Total Equity	\$53,887.44
Debt-to-Total Capitalization	26.9%
Equity-to-Total Capitalization	73.1%

Cost of Debt

Cost of Debt	2.1%
Tax Rate	22.2%
After-Tax Cost of Debt	1.6%

Cost of Equity

Risk-free Rate	3.5%
Market Risk Premium	11.3%
Levered Beta	0.74
Cost of Equity	11.9%

WACC	9.1%
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DCF – Assumptions Base Case

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Valuation Date: 2/20/2026
 Share Price on Valuation Date: \$116.69
 Diluted Shares Outstanding: 461.8

Select Operating Data

Period				Projected Annual Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
				1	2	3	4	5
Revenue	\$109,120.0	\$107,412.0	\$106,566.0	\$103,614.1	\$105,845.4	\$108,637.3	\$110,081.9	\$113,900.0
Growth Rate (%)		(1.6%)	(0.8%)	(2.8%)	2.2%	2.6%	1.3%	3.5%
EBITDA	\$7,082.0	\$9,140.0	\$9,173.0	\$7,889.2	\$8,012.2	\$8,232.8	\$8,629.4	\$8,907.4
EBITDA Margin (%)	6.5%	8.5%	8.6%	7.6%	7.6%	7.6%	7.8%	7.8%
EBIT	\$3,934.0	\$5,809.0	\$5,566.0	\$4,284.8	\$5,665.2	\$5,269.7	\$5,852.8	\$6,401.6
EBIT Margin (%)	3.6%	5.4%	5.2%	4.1%	5.4%	4.9%	5.3%	5.6%
Depreciation & Amortization	\$2,700.0	\$2,801.0	\$2,981.0	\$3,604.4	\$2,347.0	\$2,963.1	\$2,776.6	\$2,505.8
D&A as a % of revenue	2.5%	2.6%	2.8%	3.5%	2.2%	2.7%	2.5%	2.2%



DCF – Assumptions Base Case

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Select Balance Sheet And Other Data

Period				Projected Annual Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
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Cash	\$2,229.0	\$3,805.0	\$4,762.0	4,762.0	4,762.0	4,762.0	4,762.0	4,762.0
Accounts Receivable	-	-	-	-	-	-	-	-
Inventories	13,499.0	11,886.0	12,740.0	12,620.2	13,087.2	13,833.2	14,912.1	16,388.5
Prepaid Expenses	188.0	201.0	226.0	230.5	235.1	239.8	244.6	249.5
Accounts Payable	\$13,487.0	\$12,098.0	\$13,053.0	\$12,884.6	\$13,222.2	\$13,387.5	\$14,080.9	\$14,794.8
Accrued Expenses	1,665.0	1,484.0	1,482.0	1,864.6	2,237.6	2,573.2	3,000.1	3,306.2
Debt	19,073.0	19,646.0	19,875.0	19,875.0	19,875.0	19,875.0	19,875.0	19,875.0
Capital Expenditures	5,528.0	4,806.0	2,891.0	4,021.1	4,894.1	5,383.5	5,587.5	5,783.1
<i>Accounts Receivable Growth (%)</i>				0.0%	0.0%	0.0%	0.0%	0.0%
<i>Inventories Growth (%)</i>				(0.9%)	3.7%	5.7%	7.8%	9.9%
<i>Prepaid Expenses Growth (%)</i>				2.0%	2.0%	2.0%	2.0%	2.0%
<i>Accounts Payable Growth (%)</i>				(1.3%)	2.6%	1.3%	5.2%	5.1%
<i>Accrued Expenses Growth (%)</i>				25.8%	20.0%	15.0%	16.6%	10.2%
<i>Capital Expenditures Growth (%)</i>				39.1%	21.7%	10.0%	3.8%	3.5%



DCF - Calculations

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Terminal Value

Growth in perpetuity method:

Long term growth rate	2.3%
WACC	9.1%
Free cash flow (t+1)	6,674.0
Terminal Value	98,157.4
Present Value of Terminal Value	\$63,505.7

Enterprise Value to Equity Value

Enterprise Value	\$88,856.5
Less: Net debt	15,113.0
Equity Value	\$73,743.5
Diluted Shares Outstanding	461.8
Equity Value Per Share	\$159.69

DCF

Implied Share Price

Approach	Base	Downside	Upside
Perpetuity	\$159.69	\$122.30	\$170.17



Precedent Transactions

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Precedent Transactions

Date	Target	Buyer	Target Business Description	Transaction Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA
2/1/2024	Vizio	Walmart	Consumer Electronics	\$2,300.00	\$1,680.00	\$75.70	1.37x	30.38x
5/1/2025	Rhode	Elf Beauty	Cosmetics	\$1,000.00	\$212.00	\$72.00	4.72x	13.89x
9/1/2025	Footlocker	Dick's Sporting Goods	Sportswear & Equipment	\$2,400.00	\$8,000.00	\$377.09	0.30x	6.36x
8/1/2025	Walgreens	Sycamore Partners	Pharmacy	\$23,700.00	\$147,777.00	\$410.71	0.16x	57.70x
				Mean			1.64x	27.09x
				Median			0.83x	22.14x
				25 Percentile			0.27x	12.01x
				75 Percentile			2.21x	37.21x
				Standard deviation			2.123	22.744

SUMMARY							
Metrics	Comps	Implied EV	Net Debt	Equity Value	Shares	Share Price	
EV/Sales							
25 Percentile		0.3x	27,899	2,750	25,149	62,146	0.40
75 Percentile		2.2x	232,167	2,750	229,417	62,146	3.69
Mean		1.6x	172,239	2,750	169,489	62,146	2.73
EV/EBITDA							
25 Percentile		12.0x	100,842	2,750	98,092	62,146	1.58
75 Percentile		37.2x	312,518	2,750	309,768	62,146	4.98
Mean		27.1x	227,461	2,750	224,711	62,146	3.62



Comps

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Comparable Companies

Company Name	Market and Financial Data						Valuation		
	Price	Market Cap (M)	Enterprise Value (M)	LTM Sales (M)	LTM EBITDA (M)	Earnings (M)	EV / Sales	EV / EBITDA	P/E
Target									
Target	\$ 116.690	\$ 52,838.000	\$ 68,590.000	\$ 105,242.000	\$ 8,398.000	\$ 3,763.000	0.7x	8.2x	14.04
Comparable companies									
Walmart	\$ 122.990	\$ 980,581.000	\$ 1,005,000.000	\$ 713,163.000	\$ 46,471.000	\$ 21,893.000	1.4x	21.6x	44.79
Kroger	\$ 66.360	\$ 43,975.000	\$ 62,930.000	\$ 147,225.000	\$ 5,427.000	\$ 789.000	0.4x	11.6x	55.74
Kohls Corp	\$ 18.780	\$ 2,100.000	\$ 8,820.000	\$ 15,751.000	\$ 1,247.000	\$ 195.000	0.6x	7.1x	10.77
Dollar Tree	\$ 134.510	\$ 27,436.000	\$ 33,620.000	\$ 18,960.000	\$ 2,210.000	\$ 1,114.000	1.8x	15.2x	24.63
TJX Companies	\$ 158.230	\$ 176,100.000	\$ 182,350.000	\$ 58,979.000	\$ 8,099.000	\$ 5,119.000	3.1x	22.5x	34.40

Mean	1.5x	15.6x	34.06
Median	1.4x	15.2x	34.4x
25 Percentile	0.6x	11.6x	24.63
75 Percentile	1.8x	21.6x	44.79
Standard deviation	1.077	6.577	17.439



Weighted Valuation

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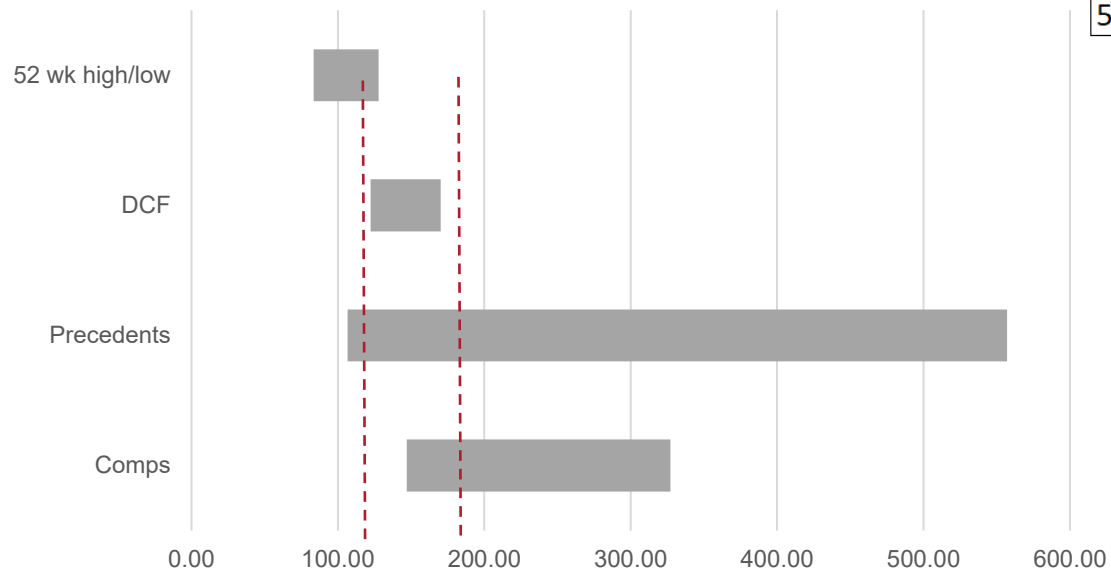
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Valuation Summary - Equity Value per Share



Football Field Data

	Low bar	Difference	High Bar
Comps	147.00	180.08	327.08
Precedents	106.66	450.35	557.02
DCF	122.30	47.87	170.17
52 wk high/low	83.44	44.45	127.89

Implied Stock Price

Total DCF	\$159.69
Comparables	\$226.66
Precedent Transactions	\$400.04

Weights

DCF	70%
Comparables	25%
Precedent Transactions	5%

Target Price 188.45

Current price 116.69



Industry Trends – 2008-Present

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2008-2012: Housing Crises Resilience

- Defensive sector rotated into staples during financial crisis
- Experienced increased price sensitivity among consumers
- High focus on cost control and cash flow

2013-2019: Omnichannel & Digital Shift

- Amazon disrupts market through delivery and digital presence – biggest players adapt and respond
- Increased innovation through data-driven inventory management, efficient logistics, and increased automated processes
- Heavy price competition – compresses margins

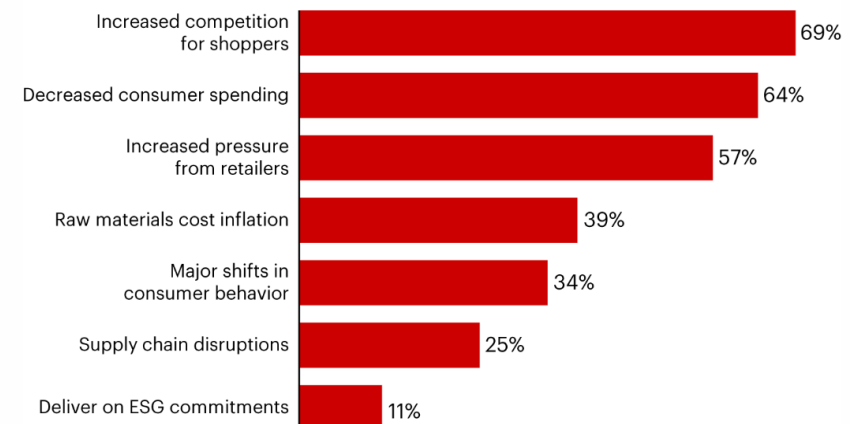
2020-2022: COVID-19 Shock

- Spiked demand in food, clothing, and household essentials
- Supply chain bottlenecks due to panic buying, manufacturing disruptions, and port congestions, causing a strategic shift to resilience – led to margin volatility
- Ecommerce acceleration

2023-Present:

- **Value & Price Sensitivity:** Many players have cut prices and offered discounts, balancing the delicate trade-off between volumes and margins
- **In-house offerings:** As price sensitivity increases, staples players have gone heavily into in-house, private brands. This brings in customers and protects margins in the long-term
- **Margin Recovery & Cost Discipline:** Input costs have moderated and operating leverage has been improving as promotions have stabilized consumer volumes

Share of executives selecting as a top three challenge in 2025



Source: Bain Consumer Products Annual Report Executive Survey, September 2024 (n=96)



PESTEL Analysis

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P

Political

Exposure to U.S. trade policy and tariffs

Ongoing scrutiny around corporate governance and retail regulation

E

Economical

Highly sensitive to consumer spending trends

Inflation affects input costs

S

Social

Consumer preferences shifting omnichannel shopping

Brand perception influenced by social and cultural positioning

T

Technological

Investment in e-commerce and same-day fulfillment

Use of data analytics for inventory management and personalized marketing

E

Environmental

Pressure to reduce carbon footprint and improve sustainable sourcing

Packaging reduction and private-label sustainability initiatives

L

Legal

Wage transparency settlement and false advertising cases

Potential liability from data breaches



Competitive Landscape

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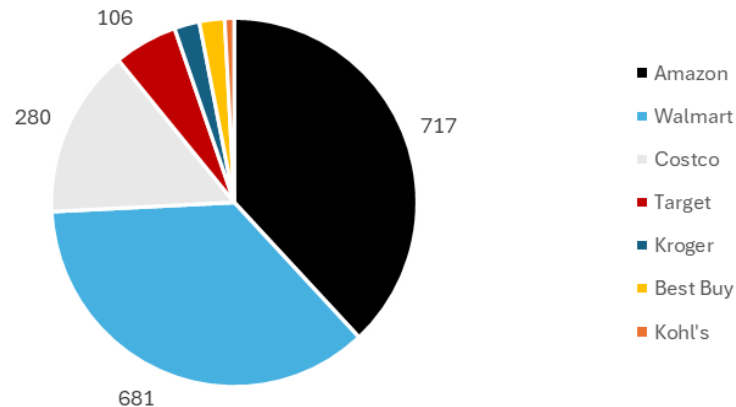
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Revenue by Competitor



Top 3 Rated Retail Brands



Competitive Advantages:

- Target's owned-brands accounted for \$30b, a third of its revenue
 - Design is completely focused on the customer, creates brand loyalty
- More integrated & used loyalty programs than competitors
- Strong focus on quality value instead of price – leading to strong in-house and outsourced brands
- Customer experience is often better due to staff culture, store aesthetics, and "cheap chic" positioning
- Investing in AI-driven merchandising, supply-chain optimization, and in-store modernization

Competitive Risks:

- Very price-sensitive market, and Target is often priced out of products such as groceries
- Narrow geographic market – Target is highly concentrated in the US, unlike some competitors
- In 2025, Target ended price-matching techniques, and now only matches its own prices, leaving room for higher levels of customer churn
- Consumer trends are showing signs of diverted spending across retailers instead of customer loyalty towards one or two brands



Porter's Five Forces

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Threat of new entrants (Moderate)

- Strong brand recognition and economies of scale create high barriers to entry
- Digital-native retailers can enter niche segments with lower upfront costs

Threat of substitutes (High)

- Consumers can substitute purchases with online marketplaces, warehouse clubs, dollar stores, or specialty retailers
- Private-label expansion and omnichannel convenience help mitigate substitution risk

Bargaining power of buyers (Moderate)

- Consumers are price-sensitive and can easily switch to competitors
- Low switching costs and high price transparency

Bargaining power of suppliers (Moderate)

- Target's scale gives it leverage over many vendors
- Reliance on major national brands limits negotiating power in certain categories.

Threat of rivals (High)

- Intense competition from Walmart, Amazon, Costco, and other mass merchandisers
- Price competition is significant, particularly in essentials and grocery



Business Model

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Business Structure:

- Large-format U.S. general merchandise retailer
- Core categories: apparel, home goods, beauty, essentials, food & beverage
- Mix of national brands and owned & exclusive brands (e.g., Cat & Jack, Good & Gather, Up & Up)

Revenue Model & Channels:

- Sells directly to consumers through ~2,000 U.S. stores and e-commerce platform
- Stores serve as both retail locations and fulfillment hubs
- Same-day services: Drive Up, Order Pickup, and home delivery

Competitive Strategy:

- Differentiation through owned brands and exclusive partnerships
- Loyalty ecosystem (Target Circle), promotions, and personalized marketing
- Focus on omnichannel convenience and integrated fulfillment

Core Capabilities:

- Merchandising and owned-brand development
- Supply chain and fulfillment infrastructure
- Data analytics and customer insights
- Nationwide store-based distribution network



Management

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Leadership & Management Stability:

- Retiring CEO Brian Cornell has led Target since 2014, overseeing its omnichannel transformation and owned-brand expansion
- New CEO Michael Fiddelke, previously served as COO and has a 20-year history at Target
- CFO and senior leadership team have multi-year tenure with retail and merchandising experience

Board Composition:

- Members bring experience across retail, consumer brands, technology, and finance
- Governance structure aligned with large-cap public company standards

Executive Compensation:

- Compensation structure weighted heavily toward equity-based incentives
- Designed to align management performance with long-term shareholder value

Insider Activity:

- Insider trading activity generally limited and disclosed per SEC requirements
- Outgoing CEO Brian Cornell sold 45,000 shares in May 2025. He still owns more than 350,000 shares

Qualitative Advantages:

- Strong brand equity and customer loyalty
- Proven ability to adapt to changing consumer trends (e-commerce, same-day fulfillment)
- Scale-driven purchasing power and national store footprint



SWOT Analysis

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Strengths

Diverse product offerings allow many different segments of business to thrive, reducing concentration risk

Brand recognition and loyal customer base creates more predictable revenue streams and recurring pools of customers

Strong customer supply chain with customers being able to acquire their goods in multiple ways

Opportunities

Growth of private label portfolio leading to higher margins and increased brand loyalty

Smaller store footprints have the potential for Target to put more stores in new geographies for less rent costs

Growth of everyday essentials and groceries could be a huge component for growth

Weaknesses

Cheaper options in a troubling economy which potentially leads to diminishing market share to cheaper competitors

Reliance on United States markets as Target has no stores outside of the US

Complex global operations could lead to supply chain disruptions especially with product import times and

Threats

Pricing pressures from cheaper competitors as supply chains become cheaper and more efficient

Political polarization due to past behaviors of the brand promoting political ideologies

Retail crime as goods become more expensive and prosecution of petty theft continuing to hover in lower frequencies



Final Recommendation

Investment Thesis

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Investment Thesis/Company Overview – **BUY TGT**

Industry Analysis – Large-scale discount retail steady demand and margin stability driven by scale

Business Model – Omnichannel mass-merchandise retailer leveraging 1,900+ stores, private labels, and integrated digital fulfillment to drive traffic

Governance – Experienced management team with consistent operational execution

Risks and Growth – Faces intense competition from Walmart and Amazon, but has growth potential through private-label expansion and retail media monetization

Recommendation – Buy \$5,000 in Milner TGT, target price: \$188.45, investment horizon 1-year



The image features a background of a financial newspaper page, showing various stock market data, including a 'HIGHEST MOVING' section and a 'K+S' section. A large, semi-transparent red rectangle is overlaid on the page, covering most of the content. In the center of this red area, the word 'Exhibits' is written in a bold, white, sans-serif font. The newspaper text is partially legible, showing stock names like 'ImgnTech' and 'Share Price', and numerical values such as '350', '300', '250', '20', '19', '18', '17', '16', '15', '14', '13', '12', '11', '10', '9', '8', '7', '6', '5', '4', '3', '2', '1'. There are also some callouts like 'Change on day 1.95' and 'Change on day 32.30'.

Exhibits

DCF Downside

Select Operating Data								
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Revenue	\$109,120.0	\$107,412.0	\$106,566.0	\$103,155.9	\$105,219.0	\$107,744.3	\$108,929.4	\$110,563.4
Growth Rate (%)		-1.57%	-0.79%	(3.2%)	2.0%	2.4%	1.1%	1.5%
EBITDA	\$7,082.0	\$9,140.0	\$9,173.0	\$7,854.3	\$7,964.8	\$8,165.1	\$7,189.3	\$7,297.2
EBITDA Margin (%)	6.5%	8.5%	8.6%	7.6%	7.6%	7.6%	6.6%	6.6%
EBIT	3,934.0	1,750.0	1,800.0	\$4,265.8	\$5,631.7	\$5,226.4	\$3,703.6	\$2,874.6
EBIT Margin (%)	3.6%	1.6%	1.7%	4.1%	5.4%	4.9%	3.4%	2.6%
Depreciation & Amortization	\$2,385.0	\$2,415.0	\$2,529.0	\$3,588.5	\$2,333.1	\$2,938.7	\$3,485.7	\$4,422.5
D&A as a % of revenue	2.2%	2.2%	2.4%	3.5%	2.2%	2.7%	3.2%	4.0%

Select Balance Sheet And Other Data								
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Accounts Receivable Growth (%)				0.0%	0.0%	0.0%	0.0%	0.0%
Inventories Growth (%)				(0.9%)	1.7%	2.0%	9.9%	9.9%
Prepaid Expenses Growth (%)				2.0%	2.0%	2.0%	2.0%	2.0%
Accounts Payable Growth (%)				(1.3%)	2.6%	3.3%	5.2%	5.1%
Accrued Expenses Growth (%)				25.8%	20.0%	15.0%	16.6%	10.2%
Capital Expenditures Growth (%)				39.1%	21.7%	10.0%	8.0%	6.0%

WACC Calculations	
Capital Structure	
Total Debt	\$19,875.00
Total Equity	\$53,887.44
Debt-to-Total Capitalization	26.9%
Equity-to-Total Capitalization	73.1%

Cost of Debt	
Cost of Debt	3.1%
Tax Rate	22.2%
After-Tax Cost of Debt	2.4%

Cost of Equity	
Risk-free Rate	3.7%
Market Risk Premium	11.3%
Levered Beta	0.75
Cost of Equity	12.1%

WACC	9.5%
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DCF Downside

Terminal Value

Growth in perpetuity method:

Long term growth rate	1.5%
WACC	9.5%
Free cash flow (t+1)	6,004.2
Terminal Value	74,979.4
Present Value of Terminal Value	\$47,612.0

Enterprise Value to Equity Value

Enterprise Value	\$71,589.6
Less: Net debt	15,113.0
Equity Value	\$56,476.6
Diluted Shares Outstanding	461.8
Equity Value Per Share	\$122.30



DCF Upside

Select Operating Data

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EBITDA Margin (%)	6.5%	8.5%	8.6%	7.6%	7.8%	7.8%	8.0%	8.0%
EBIT	3,934.0	5,809.0	5,566.0	\$4,284.8	\$5,923.2	\$5,532.7	\$6,064.2	\$8,282.0
EBIT Margin (%)	3.6%	5.4%	5.2%	4.1%	5.6%	5.1%	5.5%	7.2%
Depreciation & Amortization	\$2,385.0	\$2,415.0	\$2,529.0	\$3,604.4	\$2,352.7	\$2,974.9	\$2,792.4	\$902.3
D&A as a % of revenue	2.2%	2.2%	2.4%	3.5%	2.2%	2.7%	2.5%	0.8%

Select Balance Sheet And Other Data

Period				Projected Annual Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
				1	2	3	4	5
Cash	\$2,229.0	\$3,805.0	\$4,762.0	4,762.0	4,762.0	4,762.0	4,762.0	4,762.0
Accounts Receivable	-	-	-	-	-	-	-	-
Inventories	13,499.0	11,886.0	12,740.0	12,620.2	12,832.3	13,090.2	14,386.1	15,810.3
Prepaid Expenses	188.0	201.0	226.0	230.5	235.1	239.8	244.6	249.5
Accounts Payable	\$13,487.0	\$12,098.0	\$13,053.0	\$12,884.6	\$13,222.2	\$13,387.5	\$14,080.9	\$14,794.8
Accrued Expenses	1,665.0	1,484.0	1,482.0	1,864.6	2,237.6	2,573.2	3,000.1	3,306.2
Debt	19,073.0	19,646.0	19,875.0	19,875.0	19,875.0	19,875.0	19,875.0	19,875.0
Capital Expenditures	5,528.0	4,806.0	2,891.0	4,021.1	4,894.1	5,383.5	5,587.5	5,783.1
Accounts Receivable Growth (%)				0.0%	0.0%	0.0%	0.0%	0.0%
Inventories Growth (%)				(0.9%)	1.7%	2.0%	9.9%	9.9%
Prepaid Expenses Growth (%)				2.0%	2.0%	2.0%	2.0%	2.0%
Accounts Payable Growth (%)				(1.3%)	2.6%	1.3%	5.2%	5.1%
Accrued Expenses Growth (%)				25.8%	20.0%	15.0%	16.6%	10.2%
Capital Expenditures Growth (%)				39.1%	21.7%	10.0%	3.8%	3.5%

WACC Calculations

Capital Structure

Total Debt	\$19,875.00
Total Equity	\$53,887.44
Debt-to-Total Capitalization	26.9%
Equity-to-Total Capitalization	73.1%

Cost of Debt

Cost of Debt	2.1%
Tax Rate	22.2%
After-Tax Cost of Debt	1.6%

Cost of Equity

Risk-free Rate	3.5%
Market Risk Premium	11.3%
Levered Beta	0.74
Cost of Equity	11.9%

WACC

9.1%



DCF Upside

Terminal Value

Growth in perpetuity method:

Long term growth rate	2.5%
WACC	9.1%
Free cash flow (t+1)	6,909.5
Terminal Value	104,700.5
Present Value of Terminal Value	\$67,739.0

Enterprise Value to Equity Value

Enterprise Value	\$93,697.5
Less: Net debt	15,113.0
Equity Value	\$78,584.5
Diluted Shares Outstanding	461.8
Equity Value Per Share	\$170.17

