

calculation of EBIT and EBITDA



quarterly, fiscal 2016 to present ^(d)

Background

We have presented earnings from continuing operations before interest expense and income taxes (EBIT) and earnings before interest expense, income taxes, depreciation and amortization (EBITDA), non-GAAP financial measures, because we believe they provide investors with meaningful information about our operational efficiency compared with our competitors by excluding the impact of differences in tax jurisdictions and structures, debt levels, and, for EBITDA, capital investment. These measures are not in accordance with, or an alternative to, generally accepted accounting principles in the United States (GAAP). The most comparable GAAP measure is net earnings from continuing operations. EBIT and EBITDA should not be considered in isolation or as a substitution for analysis of our results as reported under GAAP. Other companies may calculate EBIT and EBITDA differently, limiting the usefulness of the measure for comparisons with other companies.

(millions) (unaudited)	2019		2018				2017 ^(a)			
	1Q	4Q	3Q	2Q	1Q	4Q ^(b)	3Q	2Q	1Q	
Net earnings from continuing operations	\$ 792	\$ 798	\$ 616	\$ 799	\$ 717	\$ 1,088	\$ 476	\$ 670	\$ 675	
+ Provision for income taxes	229	216	97	223	210	(76)	135	307	355	
+ Net interest expense	126	110	115	115	121	131	251	131	140	
Earnings from continuing operations before interest expense and income taxes (EBIT)	1,147	1,124	828	1,137	1,048	1,143	862	1,108	1,170	
+ Depreciation and amortization ^(c)	644	647	592	603	631	668	642	585	581	
EBITDA	\$ 1,791	\$ 1,771	\$ 1,420	\$ 1,740	\$ 1,679	\$ 1,811	\$ 1,504	\$ 1,693	\$ 1,751	

(millions) (unaudited)	2016 ^(a)			
	4Q	3Q	2Q	1Q
Net earnings from continuing operations	\$ 823	\$ 608	\$ 624	\$ 612
+ Provision for income taxes	387	310	315	282
+ Net interest expense	137	138	304	411
Earnings from continuing operations before interest expense and income taxes (EBIT)	1,347	1,056	1,243	1,305
+ Depreciation and amortization ^(c)	614	576	576	553
EBITDA	\$ 1,961	\$ 1,632	\$ 1,819	\$ 1,858

^(a) Beginning with the first quarter 2018, we adopted the new accounting standards for revenue recognition, leases, and pensions. We are presenting certain prior period results on a basis consistent with the new standards and conformed to the current period presentation. We provided additional information about the impact of the new accounting standards on previously reported financial information in a Form 8-K filed on May 11, 2018.

^(b) The fourth quarter 2017 consisted of 14 weeks compared with 13 weeks in the comparable periods presented.

^(c) Represents total depreciation, including amounts classified within Cost of Sales on our Consolidated Statements of Operations.

^(d) Additional information as previously reported is available under "summary financials/archived reports" on investors.target.com.