

TJX Companies Inc (The)

Recommendation



Price

\$73.74 (as of Sep 15, 2017 4:00 PM ET)

12-Mo. Target Price

\$80.00

Report Currency

USD

Investment Style

Large-Cap Growth

Equity Analyst **T. Amobi, CPA, CFA**

GICS Sector Consumer Discretionary
Sub-Industry Apparel Retail

Summary TJX operates several chains of off-price apparel and home fashion specialty stores in the U.S., Canada, Germany, Poland, Ireland, and the U.K.

Key Stock Statistics (Source CFRA, S&P Global Market Intelligence, Vickers, company reports)

52-Wk Range	\$80.92–66.66	Oper. EPS 2018E	3.91	Market Capitalization(B)	\$50.172	Beta	0.66
Trailing 12-Month EPS	\$3.53	Oper. EPS 2019E	4.23	Yield (%)	1.70	3-Yr. Proj. EPS CAGR(%)	13
Trailing 12-Month P/E	20.9	P/E on Oper. EPS 2018E	18.9	Dividend Rate/Share	\$1.25	S&P Quality Ranking	A+
\$10K Invested 5 Yrs Ago	\$16,872	Common Shares Outstg. (M)	680.4	Institutional Ownership (%)	84		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **T. Amobi, CPA, CFA** on Aug 15, 2017 03:40 PM, when the stock traded at **\$70.17**.

Highlights

- ▶ With the benefit of a 53rd week, net sales are projected to increase 7.1% in FY 18 (Jan.), factoring in management's target for a 1% to 2% increase in global comparable sales, on likely contributions in the U.S. (HomeGoods and Mar-maxx) as well as TJX Canada and other international markets (Europe and Australia). Also, this outlook assumes a relatively modest increase in global selling square footage. We see more market share gains on TJX's value proposition, and an ability to quickly read and react to consumer demand. We see FY 18 net sales up 5.6%.
- ▶ We project adjusted operating margins of 11.4% in FY 18 and 11.5% in FY 19, little changed versus FY 17's 11.6%. Results should reflect higher SG&A costs, including labor and supply chain costs, as well as stores pre-opening expenses, marketing, and e-commerce investments to support growth initiatives. These factors are partly offset by improved merchandise margins, as TJX generally buys opportunistically to help limit its markdown risk.
- ▶ We forecast EPS of \$3.91 in FY 18, within management's target range and noting plans for \$1.3 billion to \$1.8 billion in share buybacks. We see EPS of \$4.23 in FY 19.

Investment Rationale/Risk

- ▶ In mid-August, the company slightly raised its FY 18 EPS target and alluded to market share gains after a slightly better-than-expected 3% increase in Jul-Q comparable sales, on broad-based gains at the domestic and international businesses. We think the company could further consolidate its recent market share gains on relatively steady customer traffic in an otherwise challenging retail environment, thanks in part to a clear value message and frequent in-flow of new assortments for a "treasure hunt" shopping experience.
- ▶ Risks to our recommendation and target price include a sharp decline in customer traffic, or generally lackluster response to product assortments; reduced off-price merchandise availability; intensifying price competition; a major slowdown in international markets; dilutive acquisitions; and currency headwinds.
- ▶ Our 12-month target price is \$80, on FY 18 P/E of 20.4X, versus targeted low-double-digit long-term EPS growth, a notable premium to apparel retail peers given TJX's sizable scale in the relatively attractive off-price channel. The stock recently offered a 1.7% yield (after a 20% dividend hike in February 2017).

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects TJX's leadership position in off-price retail and promising new merchandising, and productivity initiatives that could boost sales and profit margins, offset by an uncertain outlook for consumer discretionary spending.

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2017	7,542	7,882	8,292	9,468	33,184
2016	6,866	7,364	7,754	8,962	30,945
2015	6,491	6,917	7,366	8,304	29,078
2014	6,190	6,442	6,982	7,809	27,423
2013	5,798	5,946	6,411	7,724	25,878
2012	5,220	5,468	5,793	6,710	23,191

Earnings Per Share (\$)

2017	0.76	0.84	0.83	1.03	3.50
2016	0.69	0.80	0.86	0.99	3.33
2015	0.64	0.73	0.85	0.93	3.15
2014	0.62	0.66	0.86	0.81	2.94
2013	0.55	0.56	0.62	0.82	2.55
2012	0.34	0.45	0.53	0.62	1.93

Fiscal year ended Jan. 31. Next earnings report expected: Mid November. EPS Estimates based on CFRA Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.260	Nov 30	Feb 7	Feb 9	Mar 2 '17
0.313	Apr 4	May 9	May 11	Jun 1 '17
0.313	Jun 5	Aug 8	Aug 10	Aug 31 '17
0.313	Sep 15	Nov 8	Nov 9	Nov 30 '17

Dividends have been paid since 1980. Source: Company reports.

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TJX Companies Inc (The)



Business Summary August 15, 2017

CORPORATE OVERVIEW. With more than \$29 billion in annual revenues, TJX Companies is the largest U.S. off-price family apparel and home fashion retailer. As of January 31, 2017, the company's core Marmaxx Group division operated 1,186 T.J. Maxx stores, 1,035 Marshalls stores, 12 Sierra Trading Post stores, sierratradingpost.com, and tjmaxx.com. TJX also operated 579 HomeGoods in the U.S.; 44 HomeSense and 503 T.K. Maxx stores and tkmaxx.com in Europe; and 106 HomeSense, 255 Winners and 57 Marshalls stores in Canada.

Revenues in FY 17 by product categories were clothing and footwear, 54%; jewelry and accessories, 15%; and home fashions, 31%. By geographic markets, the U.S. accounted for 77% of FY 17 revenues, with Europe and Canada accounting for 13% and 10%, respectively.

TJX derives a competitive advantage by offering rapidly changing assortments of quality brand name and designer merchandise at prices usually 20% to 60% below department and specialty store regular prices. With more than 3,800 stores, the company has substantial buying power with more than 18,000 vendors worldwide. TJX purchases later in the buying cycle than department and specialty stores. Generally, purchases are for current selling seasons, with a limited quantity of "pack-away" inventory intended for a future selling season. A combination of opportunistic buying, an expansive distribution infrastructure and a low expense structure enable the company to offer everyday savings to its customers.

PRIMARY BUSINESS DYNAMICS. TJX's primary growth drivers are new store openings and same-store sales (sales results for stores open for all or a portion of two consecutive fiscal years). Over the past few years since FY 13, the company has targeted 4% to 5% annual increases in retail square footage and 2% growth in consolidated same-store sales. TJX believes its current U.S. markets can support 3,000 Marmaxx and 1,000 HomeGoods stores over time. The company also sees potential for about 500 stores in Canada and 975 stores within its current European markets. Including new European markets, TJX views Europe as a 1,900 store opportunity.

The treasure hunt nature of the off-price shopping experience requires the company to continuously replenish its stores with exciting merchandise to drive same-store sales. By maintaining a liquid inventory position, TJX's buyers can buy close to need and into current market trends. However, this approach subjects the company to risks on the timing, quantity and nature of inventory flowing to the stores.

TJX has an opportunity, we think, to leverage e-commerce to reach new customers and to expand its product offering beyond what it currently sells in its stores (thus online sales would complement rather than hurt brick-and-mortar sales). Since FY 11, the company has been testing off-price e-commerce with its T.J. Maxx brand in the U.K. In FY 13, TJX began development of a U.S. e-commerce platform.

IMPACT OF MAJOR DEVELOPMENTS. The company has made a few notable acquisitions over the past few years. In October 2015, it acquired Trade secrets, an off-price retailer that operates 35 stores in Australia, for AUD \$80 million (about US\$59 million). In December 2010, TJX announced plans to consolidate its A.J. Wright division by converting the majority of the stores to its more profitable banners and closing the remaining stores, A.J. Wright's two distribution centers, and its home office. All A.J. Wright stores were subsequently closed, with 90 reopening as T.J. Maxx, Marshalls or HomeGoods stores in spring 2011. The overall financial impact of this action was consistent with the company's estimate of an annual earnings benefit of \$25 million to \$30 million beginning in FY 13, well above A.J. Wright's prior annual earnings of approximately \$10 million, by our calculations.

Earlier, in December 2012, the company acquired Sierra Trading Post, a privately-held off-price Internet retailer of apparel and home fashions for \$200 million in cash. Sierra had more than \$200 million in annual revenues from its online operation and four outlet stores. Consistent with management's expectation, we think the acquisition has been modestly accretive to earnings starting in FY 14. The company launched a small T.J. Maxx e-commerce website in September 2013.

FINANCIAL TRENDS. In the five-year period from FY 13 to FY 17, the company posted compound annual growth rate (CAGR) in revenues and operating income of 7.4% and 9.5%, respectively. It also generated positive comparable sales through the period, including growth of 5%, 2% and 3% in FY 16, FY 15 and FY 14, respectively, as well as 7% and 4% in FY 13 and FY 12.

Meanwhile, operating margins have been little changed over the last several years, despite a slight decline to 11.6% in FY 17. Over the longer term, the company expects to sustain its EPS growth in the range of 10% to 13%.

Corporate Information

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SVP & Treas

M.B. Reynolds

Board Members

Z. Abdalla

A. M. Bennett

E. L. Herrman

A. B. Lane

J. L. Nemerov

W. B. Shire

J. B. Alvarez

T. Ching

M. F. Hines

C. M. Meyrowitz

J. F. O'Brien

Domicile

Delaware

Founded

1956

Employees

235,000

Stockholders

132,600

TJX Companies Inc (The)



Quantitative Evaluations

Fair Value Rank	5+	1	2	3	4	5
		LOWEST				HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **\$87.60** Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that TJX is Undervalued by \$13.86 or 18.8%.

Investability Quotient Percentile **100**
LOWEST = 1 HIGHEST = 100
TJX scored higher than 100% of all companies for which a Report is available.

Volatility **LOW** **AVERAGE** **HIGH**

Technical Evaluation **BULLISH** Since August, 2017, the technical indicators for TJX have been BULLISH.

Insider Activity **UNFAVORABLE** **NEUTRAL** **FAVORABLE**

Expanded Ratio Analysis

	2016	2015	2014	2013
Price/Sales	1.66	1.72	1.82	1.84
Price/EBITDA	11.88	11.89	12.78	13.18
Price/Pretax Income	14.03	14.05	15.01	15.48
P/E Ratio	22.54	22.52	23.31	24.99
Avg. Diluted Shares Outstg (M)	683.3	703.5	726.4	747.6

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	6.42	6.13	7.27	6.84
Net Income	2.82	5.86	11.93	14.80

Ratio Analysis (Annual Avg.)

Net Margin (%)	7.36	7.59	7.32	6.40
% LT Debt to Capitalization	27.38	26.04	23.00	22.09
Return on Equity (%)	53.15	53.15	51.72	47.22

Company Financials Fiscal Year Ended Jan. 31

Per Share Data (\$)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tangible Book Value	NA	5.97	5.78	5.56	4.63	4.06	3.75	3.31	2.37	2.28
Cash Flow	NA	4.24	3.99	3.70	3.23	2.56	2.21	1.93	1.49	1.22
Earnings	NA	3.33	3.15	2.94	2.55	1.93	1.65	1.42	1.04	0.83
Core Earnings	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dividends	NA	0.81	0.67	0.55	0.44	0.36	0.29	0.24	0.21	0.14
Payout Ratio	NA	24%	21%	19%	17%	14%	15%	17%	15%	16%
Calendar Year	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Prices:High	NA	76.93	69.84	64.09	46.67	32.75	24.25	20.32	18.76	16.23
Prices:Low	NA	63.53	51.91	42.36	31.72	21.28	17.88	9.58	8.90	12.87
P/E Ratio:High	NA	23	22	22	18	17	15	14	18	20
P/E Ratio:Low	NA	19	16	14	12	11	11	7	9	16

Income Statement Analysis (Million \$)

Revenue	NA	30,945	29,078	27,423	25,878	23,191	21,942	20,288	19,000	18,647
Operating Income	NA	4,321	4,195	3,899	3,615	2,933	2,661	2,426	1,833	1,811
Depreciation	NA	617	589	549	509	486	458	435	398	365
Interest Expense	NA	60.3	55.4	46.1	40.8	35.7	39.1	39.5	38.1	39.9
Pretax Income	NA	3,658	3,550	3,319	3,077	2,411	2,164	1,952	1,451	1,243
Effective Tax Rate	NA	37.7%	37.6%	35.6%	38.0%	38.0%	38.1%	37.8%	37.0%	37.9%
Net Income	NA	2,278	2,215	2,137	1,907	1,496	1,340	1,214	915	772
Core Earnings	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Balance Sheet & Other Financial Data (Million \$)

Cash	NA	2,448	2,776	2,444	2,048	1,602	1,818	1,745	454	733
Current Assets	NA	6,773	6,715	6,068	5,712	5,133	5,100	4,804	3,626	3,992
Total Assets	NA	11,499	11,128	10,201	9,512	8,282	7,972	7,464	6,178	6,600
Current Liabilities	NA	4,402	3,930	3,518	3,761	3,063	3,133	2,895	2,768	2,761
Long Term Debt	NA	1,624	1,624	1,274	775	774	774	774	384	853
Common Equity	NA	4,307	4,264	4,230	3,666	3,209	3,100	2,889	2,135	2,131
Total Capital	NA	5,931	5,888	5,504	4,440	3,984	3,874	3,664	2,646	3,028
Capital Expenditures	NA	889	912	947	978	803	707	429	583	527
Cash Flow	NA	2,894	2,804	2,686	2,416	1,982	1,798	1,649	1,313	1,137
Current Ratio	NA	1.5	1.7	1.7	1.5	1.7	1.6	1.7	1.3	1.5
% Long Term Debt of Capitalization	NA	27.4	27.6	23.2	17.4	19.4	20.0	21.1	14.5	28.2
% Net Income of Revenue	NA	7.4	7.6	7.8	7.4	6.5	6.1	6.0	4.8	4.1
% Return on Assets	NA	20.1	20.8	21.7	NA	18.4	17.4	17.8	14.3	12.2
% Return on Equity	NA	53.2	52.2	54.1	NA	47.4	44.7	48.3	42.9	34.9

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated, NA-Not Available, NM-Not Meaningful, NR-Not Ranked, UR-Under Review.

TJX Companies Inc (The)

Sub-Industry Outlook

Our fundamental outlook for apparel retailers is neutral. According to the U.S. Census Bureau, sales at clothing and clothing accessories stores edged up 1.7% in 2015, to \$255.0 billion, versus 0.8%, 3.8%, and 5.5% gains in 2014, 2013, and 2012, respectively. Through the first half of 2016, sales were essentially flat at \$127.4 billion. While consumer spending has benefited from sharply lower gasoline prices, we believe a shift in spending from nondurables to durables (e.g., cars and household goods) and, to some extent luxury goods, has negatively impacted apparel sales. We also see increasing competition for share of customer wallet from international retailers expanding in the U.S.

In the near term, we look for relatively stagnant growth in apparel sales -- potentially through the 2016 holiday selling season and into 2017 -- amid some persisting promotional activity and despite a constant influx of new fashion assortments. We believe off-price retailers are best positioned to gain market share, given their attractive value pricing, frequent inflow of new merchandise, and ability to quickly move in and out of product categories based on customer demand.

Conversely, certain companies that cater to teens and young adults have seemed relatively vulnerable to demographic shifts and intense competition from "fash fashion" retailers, resulting in a major rationalization of their stores base, particularly in North America. Meanwhile, the adults apparel market also remains intensely competitive in a highly promotional retail environment.

Nonetheless, with continued acceleration in direct-to-consumer sales via e-commerce development and a focus on omni-channel initiatives, we believe companies that use customer feedback from social media sites as a tool to

improve their products and services will gain a competitive edge. We also expect apparel retailers to focus their expansion on outlet centers in order to reach cost-conscious consumers who might otherwise not shop their brands and to raise brand awareness among international shoppers.

Given a relatively soft but gradually improving outlook for consumer spending, as well as a relatively promotional retail environment amid some lingering weakness in customer traffic, we believe several companies have planned their inventories cautiously to limit their markdown exposure through the holiday selling season. We also look for apparel retailers to maintain expense discipline in support of higher earnings.

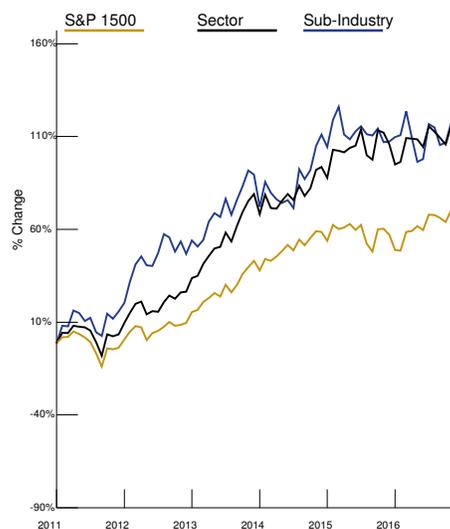
Year to date in 2016 through November 18, the S&P Apparel Retail Index was up 5.5%, versus a 7.7% advance for the S&P 1500 Composite Index. In 2015, the sub-industry index dipped 1.8%, versus a 1.0% decline for the broader market benchmark.

--Tuna N. Amobi, CFA, CPA

Industry Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Apparel Retail

Based on S&P 1500 Indexes
Five-Year market price performance through Sep 16, 2017



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Apparel Retail Peer Group*: Off-Price Apparel Retailers

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	S&P Quality Ranking	IQ %ile	Return on Revenue (%)	LTD to Cap (%)
TJX Companies	TJX	50,172	73.74	80.92/66.66	0.66	1.7	21	87.60	A+	100	7.4	27.4
Ascena Retail Group	ASNA	435	2.23	8.19/1.65	1.45	Nil	NM	2.50	C	25	NM	45.4
Ross Stores	ROST	23,409	60.71	69.81/52.85	0.76	1.1	20	72.80	A+	100	8.6	13.8
Stein Mart	SMRT	62	1.43	7.88/1.00	1.85	21.0	NM	NA	B-	77	1.7	67.6

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

TJX Companies Inc (The)

Analyst Research Notes and other Company News

August 15, 2017

11:40 am ET ... CFRA KEEPS BUY OPINION ON SHARES OF TJX COMPANIES (TJX 71.74****): We cut our 12-month target price by \$3 to \$80 (1.8% yield), on premium FY 18 (Jan.) P/E of 20.5X vs. peers. We raise FY 18 and FY 19 EPS estimates by \$0.02 and \$0.01 to \$3.91 and \$4.23. Jul-Q EPS of \$0.85 vs. \$0.84, was \$0.01 above consensus estimate. Sales rose 6% as customer traffic drove broad-based gains in comp sales (up 7% each at HomeGoods and TJX Canada vs. up 2% and 1% at Marmaxx and TJX International). EBIT margins shed 100 basis points, mainly on inventory hedges. TJX slightly raises its FY 18 EPS target (including a 53rd week) and noted further market share gains. /T. Amobi, CPA, CFA

May 16, 2017

11:37 am ET ... CFRA KEEPS BUY OPINION ON SHARES OF TJX COMPANIES (TJX 73.77****): We raise FY 18 (Jan.) EPS estimate by \$0.05 to \$3.89 and keep FY 19's at \$4.22. Apr-Q EPS of \$0.82 vs. \$0.76, was \$0.03 above consensus estimate. Sales rose 3% on a modest 1% increase in comp sales (up 3% each at HomeGoods and TJX Canada vs. flat at Marmaxx and TJX International). EBIT margins narrowed 30 basis points, mainly on wage increases. TJX alludes to market share gains, and with Jul-Q notably off to a "solid" start, it affirms its FY 18 financial targets, including 1%-2% higher comp sales. We keep our 12-month target price of \$83, on premium FY18 P/E of 21.3X vs. peers. /T. Amobi, CPA, CFA

February 22, 2017

11:02 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF TJX COMPANIES (TJX 76.39****): With more share buybacks, we raise FY18 (Jan.) EPS estimate by \$0.04 to \$3.84 and set FY19's at \$4.22. Jan-Q EPS of \$1.03 vs. \$0.99, was \$0.03 above Capital IQ consensus. Sales rose 6%, with encouragingly 3% higher comps, with notable broad-based gains in the U.S. (Marmaxx, HomeGoods) and internationally (Canada, Europe, Australia). With added supply chain costs, total segment EBIT margins shed 70 basis points. TJX cautiously sees FY18 comps up 1% to 2%. We keep our 12-month target price of \$83 (1.6% implied yield on 20% dividend hike), on premium FY18 P/E of 21.6X vs. peers. /T. Amobi, CPA, CFA

November 30, 2016

The TJX Companies, Inc. announced that Jackwyn Nemerov has been elected to its Board of Directors. Ms. Nemerov, 65, is the former President and Chief Operating Officer of Ralph Lauren Corporation, a position she held from November 2013 to November 2015, and previously served as its Executive Vice President. During her 12-year tenure with Ralph Lauren, from 2004 through her retirement in 2015, Ms. Nemerov led the Wholesale, Retail, Worldwide Licensing, and International businesses along with the full scope of company operations across Design, Merchandising, Marketing, Sourcing, Manufacturing, Supply Chain, and E-commerce.

November 15, 2016

10:30 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF TJX COMPANIES (TJX 73.48****): We reduce our 12-month target price by \$5 to \$83 (1.4% yield), on premium FY 18 (Jan.) P/E of 21.8X vs. peers and 10-year average of 17.8X. We raise FY 17 EPS estimate by \$0.08 to \$3.50 and keep FY 18's at \$3.80. Oct-Q adjusted EPS of \$0.91 vs. \$0.86, was \$0.04 above Capital IQ consensus. Sales rose 7% (up 9% ex-forex) on 5% higher comps, with notable North America gains in the U.S. (Marmaxx, HomeGoods) and TJX Canada (vs. other markets). With higher SG&A costs, EBIT margins shed 40 basis points. TJX slightly raises its FY 17 EPS target, with comps seen up 4% (vs. prior 3%-4%). /T. Amobi, CPA, CFA

August 16, 2016

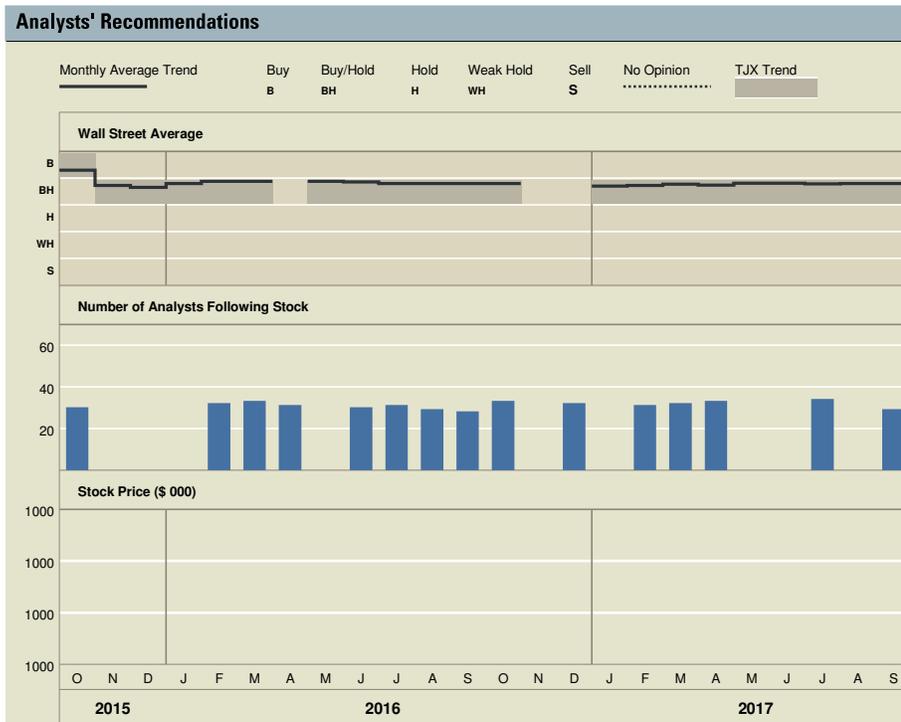
11:08 am ET ... S&P GLOBAL KEEPS BUY OPINION ON SHARES OF TJX COMPANIES (TJX 80.99****): We raise our 12-month target by \$6 to \$88 (1.3% yield), on premium FY 17 (Jan.) P/E of 25.7X vs. peers and 5-year average of 20.0X. We raise our FY 17 EPS estimate by \$0.02 to \$3.42 and keep FY 18's at \$3.80. Jul-Q EPS of \$0.84, vs. \$0.80, was \$0.06 and \$0.03 above our and Capital IQ consensus estimates. Net sales rose 7% (up 9% ex-forex) on 4% higher comp sales, on broad gains in the U.S. (Marmaxx, HomeGoods) and international markets (Canada, Europe, Australia). With higher labor costs, EBIT margins shed 50 basis points. TJX now sees '16 comp sales up 3%-4% (vs. prior 2%-3%). /T. Amobi, CPA, CFA

May 17, 2016

10:09 am ET ... S&P GLOBAL KEEPS BUY OPINION ON SHARES OF TJX

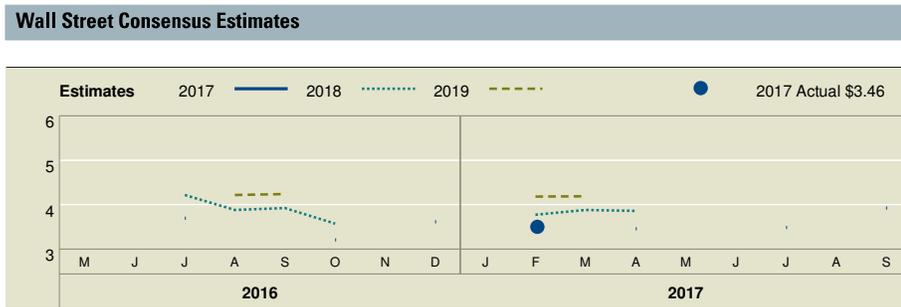
COMPANIES (TJX 75.97****): We raise our 12-month target price by \$2 to \$82 (1.4% yield after a recent 24% dividend hike), on premium FY 17 (Jan.) P/E of 24.1X vs. peers and 10-year average of 17.8X. Noting TJX's upward guidance revision, we raise FY 17 EPS estimate by \$0.08 to \$3.40, and keep FY 18's at \$3.80. Jan-Q EPS of \$0.76 vs. \$0.69, was \$0.05 above Capital IQ consensus. Net sales rose 10%, on a stronger-than-expected 7% increase in comp sales, with broad gains across domestic and international divisions. But with higher wages and supply chain investments, margins slightly narrowed 20 basis points. /T. Amobi, CPA, CFA

TJX Companies Inc (The)



Of the total 28 companies following TJX, 28 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	16	57	14	0
Buy/Hold	7	25	7	0
Hold	5	18	6	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	28	100	27	0



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2019	4.26	4.71	4.10	26	17.3
2018	3.93	4.00	3.89	25	18.8
2019 vs. 2018	▲ 8%	▲ 18%	▲ 5%	▲ 4%	▼ -8%
Q3'19	1.09	1.11	1.06	11	67.7
Q3'18	1.00	1.03	0.98	25	73.7
Q3'19 vs. Q3'18	▲ 9%	▲ 8%	▲ 8%	▼ -56%	▼ -8%

A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Argus Research Company
- Atlantic Equities LLP
- BMO Capital Markets Equity Research
- BofA Merrill Lynch
- Citigroup Inc
- Cowen and Company
- Credit Suisse
- Deutsche Bank
- Evercore ISI
- Goldman Sachs
- Guggenheim Securities, LLC
- JP Morgan
- Jefferies LLC
- MKM Partners LLC
- Morgan Stanley
- Morningstar Inc.
- Nomura Securities Co. Ltd.
- Northcoast Research
- RBC Capital Markets
- Roe Equity Research, LLC
- Sanford C. Bernstein & Co., Inc.
- SunTrust Robinson Humphrey, Inc.
- Susquehanna Financial Group, LLLP
- Telsey Advisory Group LLC
- UBS Investment Bank
- Wells Fargo Securities, LLC
- William Blair & Company L.L.C.
- Wolfe Research, LLC.

Wall Street Consensus vs. Performance

For fiscal year 2018, analysts estimate that TJX will earn US\$ 3.93. For the 2nd quarter of fiscal year 2018, TJX announced earnings per share of US\$ 0.85, representing 22% of the total annual estimate. For fiscal year 2019, analysts estimate that TJX's earnings per share will grow by 8% to US\$ 4.26.

TJX Companies Inc (The)



Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

Core Earnings

Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

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Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value

FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

TJX Companies Inc (The)



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Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports:

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2017

Ranking	North America	Europe	Asia	Global
Buy	37.4%	25.9%	36.6%	35.4%
Hold	55.1%	56.1%	39.4%	53.5%
Sell	7.5%	18.0%	24.0%	11.1%
Total	100%	100%	100%	100%

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TJX Companies Inc (The)

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