VISUAL ANALYSIS of Sales, Earnings, and Price

Symbol: TJX

<table>
<thead>
<tr>
<th>FY 2017 Q2</th>
<th>Sales ($M)</th>
<th>Earnings Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latest Quarter</td>
<td>8,358</td>
<td>0.85</td>
</tr>
<tr>
<td>Year Ago Quarter</td>
<td>7,882</td>
<td>0.84</td>
</tr>
<tr>
<td>Percentage Change</td>
<td>6.0%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

(1) Historical Sales Growth 7.0%
(2) Estimated Future Sales Growth 7.0%
(3) Historical Earnings Per Share Growth 17.8%
(4) Estimated Future Earnings Per Share Growth 10.6%
This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

### 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

### EVALUATING Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-tax Profit on Sales</th>
<th>% Earned on Equity</th>
<th>% Debt To Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>6.7%</td>
<td>33.3%</td>
<td>28.6%</td>
</tr>
<tr>
<td>2008</td>
<td>7.6%</td>
<td>40.4%</td>
<td>26.7%</td>
</tr>
<tr>
<td>2009</td>
<td>9.6%</td>
<td>39.5%</td>
<td>21.5%</td>
</tr>
<tr>
<td>2010</td>
<td>9.9%</td>
<td>41.5%</td>
<td>20.3%</td>
</tr>
<tr>
<td>2011</td>
<td>10.4%</td>
<td>44.9%</td>
<td>19.7%</td>
</tr>
<tr>
<td>2012</td>
<td>11.9%</td>
<td>53.7%</td>
<td>17.4%</td>
</tr>
<tr>
<td>2013</td>
<td>12.1%</td>
<td>50.7%</td>
<td>23.2%</td>
</tr>
<tr>
<td>2014</td>
<td>12.2%</td>
<td>49.3%</td>
<td>28.3%</td>
</tr>
<tr>
<td>2015</td>
<td>11.8%</td>
<td>50.8%</td>
<td>28.4%</td>
</tr>
<tr>
<td>2016</td>
<td>11.2%</td>
<td>51.7%</td>
<td>34.8%</td>
</tr>
<tr>
<td>Last 5 Year Avg.</td>
<td>11.8%</td>
<td>51.2%</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

### PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

#### CLOSING PRICE

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Earnings</th>
<th>Price Earnings Ratio</th>
<th>Dividend</th>
<th>% Payout</th>
<th>% High Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>46.7</td>
<td>34.0</td>
<td>2.55</td>
<td>18.3</td>
<td>0.35</td>
<td>13.5</td>
</tr>
<tr>
<td>2013</td>
<td>64.4</td>
<td>43.4</td>
<td>2.94</td>
<td>21.9</td>
<td>0.55</td>
<td>18.7</td>
</tr>
<tr>
<td>2014</td>
<td>69.8</td>
<td>51.9</td>
<td>3.15</td>
<td>22.2</td>
<td>0.67</td>
<td>21.3</td>
</tr>
<tr>
<td>2015</td>
<td>76.9</td>
<td>63.5</td>
<td>3.33</td>
<td>23.1</td>
<td>0.81</td>
<td>24.2</td>
</tr>
<tr>
<td>2016</td>
<td>83.6</td>
<td>66.8</td>
<td>3.46</td>
<td>24.2</td>
<td>1.25</td>
<td>36.1</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>51.9</td>
<td>21.9</td>
<td>21.9</td>
<td>19.3</td>
<td>1.25</td>
<td>22.8</td>
</tr>
</tbody>
</table>

### EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

#### A HIGH PRICE - NEXT 5 YEARS

\[
\text{Avg. High P/E} \times \text{Estimate High Earnings/Share} = \text{Forecasted High Price} = 108.7
\]

#### B LOW PRICE - NEXT 5 YEARS

\[
\begin{align*}
\text{(a) Avg. Low P/E} & = 12.1 \\
\text{(b) Avg. Low Price of Last 5 Years} & = 51.9 \\
\text{(c) Recent Market Low Price} & = 63.5 \\
\text{(d) Price Dividend Will Support} & = \frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.25}{1.87\%} = 66.8 \\
\end{align*}
\]

#### C ZONING

\[
\begin{align*}
\text{Forecasted High Price} - \text{Forecasted Low Price} & = 108.7 - 41.9 = 66.8 \\
\text{Range} & = 25\% \text{ of Range} = 11.8 \\
\text{Present Market Price of} & = 73.42 \\
\text{is in the} & = \text{HOLD Zone}
\end{align*}
\]

#### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

\[
\begin{align*}
\text{High Price} - \text{Present Price} & = 108.7 - 73.42 = 35.24 \\
\text{Minus Present Price} & = 73.42 - 61.5 = 11.92 \\
\text{Present Price} & = 73.42 \\
\text{Minus Low Price} & = 73.42 - 61.5 = 11.92 \\
\text{To 1} & = 3.2 \\
\end{align*}
\]

#### E PRICE TARGET

\[
\begin{align*}
\text{High Price} & = 108.7 \\
\text{Closing Price} & = \frac{73.42}{1.4800} \times 100 = 148.00 - 100 = 48.0 \% \text{ Appreciation}
\end{align*}
\]

### 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

\[
\begin{align*}
\text{A Indicated Annual Dividend} & = \frac{1.25}{73.42} = 0.0170 = 1.7\% \text{ Current Yield} \\
\text{B AVERAGE YIELD - USING FORECAST HIGH P/E} & = \frac{22.8\%}{18.60} = 1.2\% \\
\text{AVERAGE YIELD - USING FORECAST AVERAGE P/E} & = \frac{22.8\%}{15.35} = 1.5\% \\
\text{C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E} & = \frac{8.2\%}{1.2\%} \\
\text{COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E} & = \frac{4.1\%}{1.5\%} \\
\end{align*}
\]