

TJX Companies

Reiterate Buy: market share gains continue

Reiterate Rating: BUY | PO: 115.00 USD | Price: 101.10 USD

Market share gainer as offering resonates with consumer

We reiterate our Buy rating following another strong quarter, which gives us further conviction that TJX is a market share gainer poised to benefit from plentiful inventory availability and trade-down. TJX posted 4Q comps of 5%, above guidance of 3-4% (see our [recap note](#)) driven by increased traffic. 1Q is off to a good start; weather negatively impacted the first two weeks of February though comps remained within the guidance range (+2-3%), and trends improved once weather turned favorable. We are raising our F26 EPS by 1% to \$3.74 to reflect a better margin outlook, and we are raising our PO from \$110 to \$115, 26x P/E F26 (was 25x) to reflect peer multiple expansion.

MM oppty as vendors recognize TJX as important partner

We see further MM opportunity over time from better buying and selective price increases. TJX is increasingly important to vendors as bankruptcies and retail store closures create a need for alternative destinations for product. As vendors see the assortment improve, there is a greater incentive to allocate product to TJX stores. This presents an opportunity for merchants to buy better and support markon. Management sees a lot of further opportunity to continue raising retail selectively.

Reiterated algo of flat to +10bp on 3-4% comp

The F25 pretax margin target of 10.9-11% implies a 10bp y/y improvement on a 2-3% comp; this is slightly better than its reiterated algo of flat to +10bp on a 3-4% comp due to the lapping of one-time headwinds during F24 (ie closing of HG ecomm site) and despite a 10bp headwind from the 53rd week. Mgmt reiterated that every point of comp above plan results in an incremental 15bp of leverage.

Oppty to increase store count by +1300 over long term

The F25 capex guide of \$2-2.1bn is mainly related to new stores, remodels, and relocations, along with investments in DCs. Mgmt noted plans to open 141 net new stores in F25 (+3% y/y), with expansion across all banners. This brings the F25 store count close to 5100, and mgmt sees oppty for at least another 1300 over the long-term. We model F25 SG&A flat (as % of sales) as higher payroll from additional stores and higher wages (mostly in Europe) is offset by lower i/c and the lapping of one-time items.

Estimates (Jan) (US\$)	2023A	2024A	2025E	2026E	2027E
EPS	3.11	3.86	4.03	4.45	4.93
GAAP EPS	2.92	3.86	4.03	4.45	4.93
EPS Change (YoY)	15.2%	24.1%	4.4%	10.4%	10.8%
Consensus EPS (Bloomberg)			4.11	4.54	NA
DPS	1.18	1.18	1.42	1.50	1.50
Valuation (Jan)					
P/E	32.5x	26.2x	25.1x	22.7x	20.5x
GAAP P/E	34.6x	26.2x	25.1x	22.7x	20.5x
Dividend Yield	1.2%	1.2%	1.4%	1.5%	1.5%
EV / EBITDA*	22.1x	18.7x	17.6x	16.1x	14.7x
Free Cash Flow Yield*	2.2%	3.6%	3.1%	3.8%	4.3%

* For full definitions of *IQmethod*SM measures, see page 7.

29 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	110.00	115.00
2025E Rev (m)	56,226.8	55,938.7
2026E Rev (m)	59,561.9	59,473.8
2027E Rev (m)	NA	63,240.0
2025E EPS	4.01	4.03
2026E EPS	4.39	4.45
2027E EPS	NA	4.93
2025E DPS	1.18	1.42

Lorraine Hutchinson, CFA

Research Analyst

BofAS

+1 646 855 0951

lorraine.hutchinson@bofa.com

Melanie Nuñez

Research Analyst

BofAS

+1 646 855 2279

melanie.nunez@bofa.com

Stock Data

Price	101.10 USD
Price Objective	115.00 USD
Date Established	29-Feb-2024
Investment Opinion	B-1-7
52-Week Range	72.92 USD - 102.84 USD
Mkt Val (mn) / Shares Out	120,234 USD / 1,189.3 (mn)
Free Float	99.9%
Average Daily Value (mn)	467.14 USD
BofA Ticker / Exchange	TJX / NYS
Bloomberg / Reuters	TJX US / TJX.N
ROE (2025E)	59.0%
Net Dbt to Eqty (Jan-2024A)	-37.5%
ESGMeter™	High

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DC: distribution center

MM: merchandise margin

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iQprofileSM TJX Companies

iQmethodSM – Bus Performance*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Return on Capital Employed	20.1%	23.6%	23.2%	23.8%	24.7%
Return on Equity	59.2%	65.5%	59.0%	56.3%	52.8%
Operating Margin	9.7%	10.7%	10.9%	11.1%	11.4%
Free Cash Flow	2,627	4,335	3,708	4,526	5,120

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash Realization Ratio	1.1x	1.4x	1.3x	1.3x	1.3x
Asset Replacement Ratio	1.6x	1.8x	1.8x	1.6x	1.5x
Tax Rate	24.6%	25.0%	26.0%	26.0%	26.0%
Net Debt-to-Equity Ratio	-33.3%	-37.5%	-31.8%	-33.6%	-39.2%
Interest Cover	NM	NA	NA	NA	NA

Income Statement Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Sales	49,936	54,217	55,939	59,474	63,240
% Change	2.9%	8.6%	3.2%	6.3%	6.3%
Gross Profit	13,787	16,266	16,863	17,929	19,064
% Change	-0.4%	18.0%	3.7%	6.3%	6.3%
EBITDA	5,747	6,761	7,193	7,893	8,621
% Change	6.8%	17.6%	6.4%	9.7%	9.2%
Net Interest & Other Income	(6)	170	117	89	77
Net Income (Adjusted)	3,661	4,474	4,585	4,964	5,395
% Change	11.5%	22.2%	2.5%	8.3%	8.7%

Free Cash Flow Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Net Income from Cont Operations (GAAP)	3,661	4,474	4,585	4,964	5,395
Depreciation & Amortization	887	964	1,117	1,273	1,407
Change in Working Capital	NA	NA	NA	NA	NA
Deferred Taxation Charge	64	(7)	0	0	0
Other Adjustments, Net	(528)	626	48	331	359
Capital Expenditure	(1,457)	(1,722)	(2,042)	(2,042)	(2,042)
Free Cash Flow	2,627	4,335	3,708	4,526	5,120
% Change	30.5%	65.0%	-14.5%	22.1%	13.1%
Share / Issue Repurchase	(1,934)	(2,199)	(2,215)	(2,315)	(2,315)
Cost of Dividends Paid	(1,339)	(1,484)	(1,616)	(1,674)	(1,640)
Change in Debt	0	(500)	(1)	0	(998)

Balance Sheet Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash & Equivalents	5,477	5,600	5,476	6,020	6,193
Trade Receivables	1,041	1,099	1,104	1,174	1,248
Other Current Assets	5,938	5,965	6,229	6,501	6,782
Property, Plant & Equipment	5,783	6,571	7,496	8,265	8,900
Other Non-Current Assets	10,110	10,512	10,503	10,567	10,636
Total Assets	28,349	29,747	30,808	32,527	33,758
Short-Term Debt	500	0	0	0	0
Other Current Liabilities	9,805	10,451	10,591	11,083	11,598
Long-Term Debt	2,859	2,862	2,861	2,861	1,863
Other Non-Current Liabilities	8,821	9,132	9,124	9,182	9,244
Total Liabilities	21,985	22,445	22,576	23,126	22,705
Total Equity	6,364	7,302	8,232	9,401	11,054
Total Equity & Liabilities	28,349	29,747	30,808	32,527	33,758

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Retailing-Specialty

Company Description

The TJX Companies is the largest global off-price retailer with over 3,000 stores worldwide. The company offers brand-name merchandise at a 20-60% discount to department and specialty store prices. Its stores are generally known for their treasure hunt experience. The core TJX customer is a middle to upper-middle income female, between 25 and 54 years old, who is fashion and value conscious.

Investment Rationale

Our Buy rating reflects our view that TJX will continue to drive comps higher domestically as it captures new customers with strong inventory management and excellent execution. Internationally, we expect the company to improve comps and segment operating margins for its Europe and Canada businesses. Longer term, we see the potential for global square footage growth across multiple concepts.

Stock Data

Average Daily Volume 4,620,599

Quarterly Earnings Estimates

	2024	2025
Q1	0.76A	0.84E
Q2	0.85A	0.93E
Q3	1.03A	1.11E
Q4	1.22A	1.15E


Exhibit 1: TJX Income Statement

TJX posted 4Q comps of 5%, above guidance of 3-4% driven by increased traffic.

	1Q24	2Q24	3Q24	4Q24	F2024	1Q25 E	2Q25 E	3Q25 E	4Q25 E	F2025E	1Q26 E	2Q26 E	3Q26 E	4Q26 E	F2026E	1Q27 E	2Q27 E	3Q27 E	4Q27 E	F2027E
	Apr 23	Jul 23	Oct 23	Jan 24		Apr 24	Jul 24	Oct 24	Jan 25		Apr 25	Jul 25	Oct 25	Jan 26		Apr 26	Jul 26	Oct 26	Jan 27	
Marmaxx	7,366.0	7,903.0	8,107.0	10,037.0	33,413	7,725.9	8,208.3	8,419.2	9,855.1	34,208	8,162.0	8,683.3	8,913.5	10,437.0	36,196	8,642.7	9,194.0	9,435.6	11,047.6	38,320
Home Goods	1,966.0	2,011.0	2,208.0	2,805.0	8,990	2,160.1	2,210.9	2,418.8	2,899.9	9,690	2,353.4	2,408.1	2,638.4	3,162.5	10,562	2,565.4	2,624.4	2,873.7	3,443.9	11,507
Canada	1,038.0	1,223.0	1,317.0	1,468.0	5,046	1,058.3	1,246.2	1,344.9	1,417.4	5,067	1,101.1	1,296.5	1,396.5	1,471.8	5,266	1,143.3	1,346.0	1,449.7	1,527.8	5,467
International (Europe and Australia)	1,413.0	1,621.0	1,633.0	2,101.0	6,768	1,478.8	1,695.4	1,708.7	2,090.8	6,974	1,582.2	1,811.9	1,824.0	2,231.4	7,450	1,688.3	1,933.0	1,945.3	2,379.3	7,946
Net Sales	11,783.0	12,758.0	13,265.0	16,411.0	54,217.0	12,423.0	13,360.8	13,891.6	16,263.3	55,938.7	13,198.8	14,199.9	14,772.4	17,302.7	59,473.8	14,039.6	15,097.4	15,704.3	18,398.6	63,240.0
Cost of sales	8,374.0	8,910.0	9,139.0	11,528.0	37,951.0	8,717.0	9,331.0	9,570.7	11,456.8	39,075.5	9,261.4	9,917.0	10,177.5	12,189.0	41,544.9	9,851.4	10,543.8	10,819.6	12,961.0	44,175.8
Gross profit	3,409.0	3,848.0	4,126.0	4,883.0	16,266.0	3,706.0	4,029.8	4,320.9	4,806.5	16,863.2	3,937.4	4,282.9	4,594.9	5,113.7	17,928.9	4,188.2	4,553.6	4,884.7	5,437.6	19,064.2
SG & A expense	2,238.0	2,559.0	2,578.0	3,094.0	10,469.0	2,446.1	2,621.5	2,645.9	3,074.2	10,787.7	2,564.5	2,749.7	2,773.2	3,221.3	11,308.8	2,690.1	2,884.0	2,904.6	3,372.3	11,851.0
Operating profit	1,171.0	1,289.0	1,548.0	1,789.0	5,797.0	1,259.8	1,408.3	1,675.0	1,732.3	6,075.5	1,372.8	1,533.2	1,821.6	1,892.4	6,620.1	1,498.1	1,669.6	1,980.1	2,065.3	7,213.2
Interest expense/(income)	(37.0)	(38.0)	(41.0)	(54.0)	(170.0)	(37.0)	(30.0)	(25.0)	(25.0)	(117.0)	(22.1)	(22.1)	(22.1)	(22.5)	(88.7)	(17.1)	(17.1)	(20.0)	(23.3)	(77.4)
Pretax income	1,208.0	1,327.0	1,589.0	1,843.0	5,967.0	1,296.8	1,438.3	1,700.0	1,757.3	6,192.5	1,394.9	1,555.3	1,843.7	1,914.9	6,708.8	1,515.2	1,686.7	2,000.1	2,088.6	7,290.6
Taxes	317.0	338.0	398.0	440.0	1,493.0	334.6	374.0	442.0	456.9	1,607.4	362.7	404.4	479.4	497.9	1,744.3	394.0	438.5	520.0	543.0	1,895.5
Tax rate	26.2%	25.5%	25.0%	23.9%	25.0%	25.8%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Net Income	891.0	989.0	1,191.0	1,403.0	4,474.0	962.2	1,064.3	1,258.0	1,300.4	4,585.0	1,032.2	1,150.9	1,364.3	1,417.0	4,964.5	1,121.3	1,248.1	1,480.1	1,545.5	5,395.0
Earnings per share	\$0.76	\$0.85	\$1.03	\$1.22	\$3.86	\$0.84	\$0.93	\$1.11	\$1.15	\$4.03	\$0.92	\$1.03	\$1.23	\$1.28	\$4.45	\$1.02	\$1.14	\$1.36	\$1.42	\$4.93
Diluted share count	1,165.0	1,161.0	1,158.0	1,152.0	1,159.0	1,146.6	1,141.1	1,135.7	1,130.3	1,138.4	1,124.6	1,119.0	1,113.3	1,107.7	1,116.1	1,102.0	1,096.3	1,090.7	1,085.0	1,093.5
Dividends/share	\$0.30	\$0.30	\$0.30	\$0.30	\$1.18	\$0.30	\$0.38	\$0.38	\$0.38	\$1.42	\$0.38	\$0.38	\$0.38	\$0.38	\$1.50	\$0.38	\$0.38	\$0.38	\$0.38	\$1.50
Change in dividend																				
Margins																				
Gross profit margin	28.9%	30.2%	31.1%	29.8%	30.0%	29.8%	30.2%	31.1%	29.6%	30.1%	29.8%	30.2%	31.1%	29.6%	30.1%	29.8%	30.2%	31.1%	29.6%	30.1%
bp change y/y	102	254	198	366	239	90	0	0	(20)	14	0	0	0	0	(0)	0	0	0	0	(0)
	48	199	229	137	155	138	199	229	117	169										
SG&A expense	19.0%	20.1%	19.4%	18.9%	19.3%	19.7%	19.6%	19.0%	18.9%	19.3%	19.4%	19.4%	18.8%	18.6%	19.0%	19.2%	19.1%	18.5%	18.3%	18.7%
bp change y/y	63	169	148	182	143	70	(44)	(39)	5	(2)	(26)	(26)	(27)	(29)	(27)	(27)	(26)	(28)	(29)	(28)
SG&A Growth	6.8%	17.7%	18.0%	25.1%	17.3%	9.3%	2.4%	2.6%	-0.6%	3.0%	4.8%	4.9%	4.8%	4.8%	4.8%	4.9%	4.9%	4.7%	4.7%	4.8%
SG&A ratio vs. 2020	64	236	139	136	144	134	192	100	141	141										
Operating margin	9.9%	10.1%	11.7%	10.9%	10.7%	10.1%	10.5%	12.1%	10.7%	10.9%	10.4%	10.8%	12.3%	10.9%	11.1%	10.7%	11.1%	12.6%	11.2%	11.4%
bp change y/y vs 2020	39	84	50	184	96	20	44	39	(25)	17	26	26	27	29	27	27	26	28	29	27
	-16	-37	90	1	11	4	7	129	-24	27										
Pretax margin	10.3%	10.4%	12.0%	11.2%	11.0%	10.4%	10.8%	12.2%	10.8%	11.1%	10.6%	11.0%	12.5%	11.1%	11.3%	10.8%	11.2%	12.7%	11.4%	11.5%
% change y/y		2H	11.6%							6					21					25
Total Sales	3.3%	7.7%	9.0%	13.0%	8.6%	5.4%	4.7%	4.7%	-0.9%	3.2%	6.2%	6.3%	6.3%	6.4%	6.3%	6.4%	6.3%	6.3%	6.3%	6.3%
EBIT	7.6%	17.5%	13.9%	35.9%	19.3%	7.6%	9.3%	8.2%	-3.2%	4.8%	9.0%	8.9%	8.8%	9.2%	9.0%	9.1%	8.9%	8.7%	9.1%	9.0%
EPS	13.0%	24.0%	19.5%	37.4%	24.2%	9.7%	9.5%	7.7%	-5.5%	4.3%	9.4%	10.3%	10.6%	11.2%	10.4%	10.9%	10.7%	10.7%	11.3%	10.9%

Source: Company filings and reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 2: TJX Balance Sheet

We reiterate our Buy rating following another strong quarter, which gives us further conviction that TJX is a market share gainer poised to benefit from plentiful inventory availability and trade-down.

Balance Sheet	1Q24	2Q24	3Q24	4Q24	F2024	1Q25 E	2Q25 E	3Q25 E	4Q25 E	F2025E	1Q26 E	2Q26 E	3Q26 E	4Q26 E	F2026E	1Q27 E	2Q27 E	3Q27 E	4Q27 E	F2027E
	Apr 21	Jul 21	Oct 21	Jan 22		Apr 21	Jul 21	Oct 21	Jan 22		Apr 21	Jul 21	Oct 21	Jan 22		Apr 21	Jul 21	Oct 21	Jan 22	
Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Current assets</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and equivalents	5,025.0	4,550.0	4,290.0	5,600.0	5,600.0	4,590.6	4,625.5	4,267.8	5,476.5	5,476.5	4,727.0	4,885.0	4,642.7	6,019.9	6,019.9	5,368.3	5,681.7	4,588.0	6,192.9	6,192.9
Short term investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1,129.0	1,203.0	1,231.0	1,099.0	1,099.0	1,237.9	1,251.1	1,277.8	1,104.0	1,104.0	1,279.8	1,298.3	1,331.3	1,173.7	1,173.7	1,361.1	1,380.8	1,415.8	1,248.1	1,248.1
Merchandise inventory	6,441.0	6,585.0	8,285.0	5,965.0	5,965.0	6,714.9	6,870.4	8,650.0	6,229.1	6,229.1	7,011.2	7,172.9	9,028.9	6,501.5	6,501.5	7,316.7	7,484.7	9,419.5	6,782.2	6,782.2
Prepaid expense & other current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Current deferred income taxes</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Assets	12,595.0	12,338.0	13,806.0	12,664.0	12,664.0	12,543.4	12,747.0	14,195.6	12,809.6	12,809.6	13,018.0	13,356.2	15,002.9	13,695.1	13,695.1	14,046.0	14,547.3	15,423.3	14,223.2	14,223.2
<i>Net Property Plant & Equipment</i>	5,899.0	6,166.0	6,262.0	6,571.0	6,571.0	6,745.1	7,012.0	7,269.9	7,495.7	7,495.7	7,628.5	7,856.0	8,076.0	8,264.9	8,264.9	8,361.9	8,555.3	8,742.5	8,899.6	8,899.6
Operating lease assets	9,177.0	9,406.0	9,289.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0	9,396.0
Property under capital lease	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current Deferred Taxes & Other assets	915.0	917.0	900.0	1,021.0	1,021.0	964.7	960.3	942.5	1,011.8	1,011.8	1,024.9	1,020.6	1,002.3	1,076.5	1,076.5	1,090.2	1,085.1	1,065.5	1,144.7	1,144.7
<i>Goodwill</i>	95.0	95.0	94.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
Total Assets	28,681.0	28,922.0	30,351.0	29,747.0	29,747.0	29,744.2	30,210.3	31,899.0	30,808.1	30,808.1	31,162.4	31,723.8	33,572.1	32,527.5	32,527.5	32,989.1	33,678.7	34,722.3	33,758.4	33,758.4
Liabilities and Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Current liabilities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	4,304.0	4,438.0	5,425.0	3,862.0	3,862.0	4,487.0	4,630.4	5,664.0	4,033.0	4,033.0	4,685.0	4,834.2	5,912.1	4,209.3	4,209.3	4,889.1	5,044.4	6,167.9	4,391.1	4,391.1
Accrued expenses & other	4,121.0	4,261.0	4,533.0	4,969.0	4,969.0	4,289.8	4,462.3	4,747.1	4,938.3	4,938.3	4,557.7	4,742.6	5,048.1	5,253.9	5,253.9	4,848.1	5,042.3	5,366.6	5,586.7	5,586.7
Current portion of operating lease assets	1,609.0	1,618.0	1,682.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0	1,620.0
<i>Federal & state inc tax payable</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	10,534.0	10,317.0	11,640.0	10,451.0	10,451.0	10,396.8	10,712.7	12,031.1	10,591.3	10,591.3	10,862.7	11,196.8	12,580.2	11,083.2	11,083.2	11,357.2	11,706.7	13,154.5	11,597.8	11,597.8
<i>Non-current liabilities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other long term liabilities	865.0	915.0	908.0	924.0	924.0	912.0	958.2	950.9	915.7	915.7	968.9	1,018.4	1,011.2	974.2	974.2	1,030.7	1,082.8	1,075.0	1,035.9	1,035.9
Noncurrent deferred inc tax	133.0	132.0	133.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0
Capital lease obligation, less crmnt portion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term operating lease liabilities	7,867.0	8,089.0	7,976.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0	8,060.0
<i>Long-term debt</i>	2,860.0	2,861.0	2,861.0	2,862.0	2,862.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	2,861.0	1,863.0	1,863.0	1,863.0
Total Liabilities	22,259.0	22,314.0	23,518.0	22,445.0	22,445.0	22,377.8	22,739.9	24,051.0	22,576.0	22,576.0	22,900.6	23,284.2	24,660.4	23,126.5	23,126.5	23,456.9	23,858.5	24,300.4	22,704.7	22,704.7
Total Stockholders Equity	6,422.0	6,608.0	6,833.0	7,302.0	7,302.0	7,366.4	7,470.4	7,848.0	8,232.1	8,232.1	8,261.8	8,439.6	8,911.7	9,401.0	9,401.0	9,532.3	9,820.2	10,421.8	11,053.7	11,053.7
TOTAL LIABILITIES AND EQUITY	28,681.0	28,922.0	30,351.0	29,747.0	29,747.0	29,744.2	30,210.3	31,899.0	30,808.1	30,808.1	31,162.4	31,723.8	33,572.1	32,527.5	32,527.5	32,989.1	33,678.7	34,722.3	33,758.4	33,758.4

Source: Company filings and reports, BofA Global Research estimates

BofA GLOBAL RESEARCH





Exhibit 3: TJX Cash Flow Statement

The F25 capex guide of \$2-2.1bn is mainly related to new stores, remodels, and relocations, along with investments in DCs.

	1Q24	2Q24	3Q24	4Q24	F2024	1Q25 E	2Q25 E	3Q25 E	4Q25 E	F2025E	1Q26 E	2Q26 E	3Q26 E	4Q26 E	F2026E	1Q27 E	2Q27 E	3Q27 E	4Q27 E	F2027E
	Apr 23	Jul 23	Oct 23	Jan 24		Apr 24	Jul 24	Oct 24	Jan 25		Apr 25	Jul 25	Oct 25	Jan 26		Apr 26	Jul 26	Oct 26	Jan 27	
Statement of Cash Flows																				
Net income	891.0	989.0	1,191.0	1,403.0	4,474.0	962.2	1,064.3	1,258.0	1,300.4	4,585.0	1,032.2	1,150.9	1,364.3	1,417.0	4,964.5	1,121.3	1,248.1	1,480.1	1,545.5	5,395.0
Depreciation and amortization	232.0	235.0	245.0	252.0	964.0	266.9	272.1	282.1	296.2	1,117.3	308.2	311.5	320.0	333.1	1,272.8	344.0	345.7	352.8	364.9	1,407.3
Loss on early extinguishment of debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property disposals and asset impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax provision	16.0	0.0	(3.0)	(20.0)	(7.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock compensation	34.0	36.0	44.0	46.0	160.0	37.4	39.6	48.4	50.6	176.0	41.1	43.6	53.2	55.7	193.6	45.3	47.9	58.6	61.2	213.0
Excess tax from stock compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in accounts receivable	(37.0)	22.0	(4.0)	16.0	(3.0)	(138.9)	(13.2)	(26.7)	173.8	(5.0)	(175.8)	(18.5)	(33.0)	157.5	(69.8)	(187.3)	(19.8)	(34.9)	167.7	(74.3)
Change in inventories	(624.0)	(110.0)	(1,794.0)	2,383.0	(145.0)	(749.9)	(155.6)	(1,779.6)	2,420.9	(264.1)	(782.0)	(161.7)	(1,856.0)	2,527.4	(272.3)	(815.2)	(168.1)	(1,934.8)	2,637.3	(280.7)
Change in prepaid expenses and other	73.0	(101.0)	11.0	77.0	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in accounts payable	507.0	112.0	1,047.0	(1,602.0)	64.0	625.0	143.4	1,033.6	(1,631.0)	171.0	652.0	149.2	1,077.9	(1,702.8)	176.3	679.8	155.2	1,123.5	(1,776.8)	181.7
Change in accrued expenses	(364.0)	158.0	362.0	333.0	489.0	(679.2)	172.5	284.8	191.2	(30.7)	(380.6)	184.9	305.5	205.8	315.6	(405.9)	194.3	324.3	220.1	332.8
Change in income taxes payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Other cash from operations</u>	<u>17.0</u>	<u>0.0</u>	<u>72.0</u>	<u>(88.0)</u>	<u>1.0</u>	<u>44.3</u>	<u>50.6</u>	<u>10.5</u>	<u>(104.5)</u>	<u>0.9</u>	<u>40.1</u>	<u>53.8</u>	<u>11.1</u>	<u>(111.2)</u>	<u>(6.1)</u>	<u>42.7</u>	<u>57.2</u>	<u>11.8</u>	<u>(118.2)</u>	<u>(6.5)</u>
Net cash from operations	745.0	1,341.0	1,171.0	2,800.0	6,057.0	367.9	1,573.8	1,111.2	2,697.6	5,750.4	735.2	1,713.7	1,243.2	2,882.6	6,574.6	824.6	1,860.6	1,381.3	3,101.8	7,168.3
Property additions	(361.0)	(459.0)	(460.0)	(442.0)	(1,722.0)	(441.0)	(539.0)	(540.0)	(522.0)	(2,042.0)	(441.0)	(539.0)	(540.0)	(522.0)	(2,042.0)	(441.0)	(539.0)	(540.0)	(522.0)	(2,042.0)
Proceeds from repayments of notes	10.0	8.0	(18.0)	33.0	33.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net from acquisitions & disc. ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Other cash from investing</u>	<u>(11.0)</u>	<u>(6.0)</u>	<u>16.0</u>	<u>(27.0)</u>	<u>(28.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net cash from investing	(362.0)	(457.0)	(462.0)	(436.0)	(1,717.0)	(441.0)	(539.0)	(540.0)	(522.0)	(2,042.0)	(441.0)	(539.0)	(540.0)	(522.0)	(2,042.0)	(441.0)	(539.0)	(540.0)	(522.0)	(2,042.0)
Net change in LT borrowings	0.0	(500.0)	0.0	0.0	(500.0)	(1.0)	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(998.0)	0.0	(998.0)
Net change in ST borrowings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment on capital lease obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchase of common stock	(492.0)	(549.0)	(646.0)	(797.0)	(2,484.0)	(625.0)	(625.0)	(625.0)	(625.0)	(2,500.0)	(650.0)	(650.0)	(650.0)	(650.0)	(2,600.0)	(650.0)	(650.0)	(650.0)	(650.0)	(2,600.0)
Sale/issuance of common stock	28.0	53.0	122.0	82.0	285.0	28.0	53.0	122.0	82.0	285.0	28.0	53.0	122.0	82.0	285.0	28.0	53.0	122.0	82.0	285.0
Excess tax benefits from stock comp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(343.0)	(382.0)	(380.0)	(379.0)	(1,484.0)	(338.2)	(427.9)	(425.9)	(423.8)	(1,615.9)	(421.7)	(419.6)	(417.5)	(415.4)	(1,674.2)	(413.3)	(411.1)	(409.0)	(406.9)	(1,640.3)
<u>Other cash from financing</u>	<u>(30.0)</u>	<u>1.0</u>	<u>0.0</u>	<u>(3.0)</u>	<u>(32.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net cash from financing	(837.0)	(1,377.0)	(904.0)	(1,097.0)	(4,215.0)	(936.2)	(999.9)	(928.9)	(966.8)	(3,831.9)	(1,043.7)	(1,016.6)	(945.5)	(983.4)	(3,989.2)	(1,035.3)	(1,008.1)	(1,935.0)	(974.9)	(4,953.3)
Foreign exchange rate impact	2.0	18.0	(65.0)	43.0	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net increase (decrease) in cash	(452.0)	(475.0)	(260.0)	1,310.0	123.0	(1,009.4)	34.9	(357.7)	1,208.7	(123.5)	(749.5)	158.1	(242.3)	1,377.2	543.4	(651.7)	313.5	(1,093.7)	1,604.9	173.0
Beginning cash balance	5,477.0	5,025.0	4,550.0	4,290.0	5,477.0	5,600.0	4,590.6	4,625.5	4,267.8	5,600.0	5,476.5	4,727.0	4,885.0	4,642.7	5,476.5	6,019.9	5,368.3	5,681.7	4,588.0	6,019.9
Ending cash balance	5,025.0	4,550.0	4,290.0	5,600.0	5,600.0	4,590.6	4,625.5	4,267.8	5,476.5	5,476.5	4,727.0	4,885.0	4,642.7	6,019.9	6,019.9	5,368.3	5,681.7	4,588.0	6,192.9	6,192.9

Source: Company filings and reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

TJX Companies (TJX)

Our price objective of \$115 reflects a P/E of 26x our F2026 (C2025) estimates. We believe TJX deserves to trade at a premium to specialty retailers (average 19x) as it has outperformed the retail industry domestically, has a solid international growth opportunity, significant square footage growth potential, a strong track record of returning excess cash to shareholders in a normalized environment, and high returns on invested capital.

Downside risks to our PO are weaker comps than we model, margin pressure as TJX absorbs wage and supply chain expenses, macro pressures weighing on consumer demand, as well as potential weakness in Europe.

Analyst Certification

I, Lorraine Hutchinson, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Softline Retailing and Dept Stores Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amer Sports Inc	AS	AS US	Lorraine Hutchinson, CFA
	Bath & Body Works Inc	BBWI	BBWI US	Lorraine Hutchinson, CFA
	Burlington Stores	BURL	BURL US	Lorraine Hutchinson, CFA
	Crocs, Inc.	CROX	CROX US	Christopher Nardone
	Deckers Outdoor Corp	DECK	DECK US	Christopher Nardone
	European Wax Center	EW CZ	EW CZ US	Lorraine Hutchinson, CFA
	lululemon athletica Inc	LULU	LULU US	Lorraine Hutchinson, CFA
	Oddity Tech	ODD	ODD US	Lorraine Hutchinson, CFA
	PVH Corp	PVH	PVH US	Christopher Nardone
	Ralph Lauren	RL	RL US	Christopher Nardone
	Ross Stores Inc	ROST	ROST US	Lorraine Hutchinson, CFA
	Tapestry Inc.	TPR	TPR US	Lorraine Hutchinson, CFA
	TJX Companies	TJX	TJX US	Lorraine Hutchinson, CFA
	Urban Outfitters	URBN	URBN US	Lorraine Hutchinson, CFA
	Victoria's Secret & Co	VSCO	VSCO US	Alice Xiao
NEUTRAL				
	American Eagle	AEO	AEO US	Christopher Nardone
	Birkenstock	BIRK	BIRK US	Lorraine Hutchinson, CFA
	FIGS, Inc.	FIGS	FIGS US	Alice Xiao
	Foot Locker	FL	FL US	Lorraine Hutchinson, CFA
	Levi Strauss & Co.	LEVI	LEVI US	Christopher Nardone
	Nike	NKE	NKE US	Lorraine Hutchinson, CFA
	Signet Jewelers	SIG	SIG US	Lorraine Hutchinson, CFA
	Ulta Beauty	ULTA	ULTA US	Lorraine Hutchinson, CFA
	Under Armour Inc	UAA	UAA US	Lorraine Hutchinson, CFA
UNDERPERFORM				
	Aritzia	YATZ	ATZ CN	Alice Xiao
	Aritzia	ATZAF	ATZAF US	Alice Xiao
	Carter's Inc	CRI	CRI US	Christopher Nardone
	Gap Inc.	GPS	GPS US	Lorraine Hutchinson, CFA
	Kohl's	KSS	KSS US	Lorraine Hutchinson, CFA
	Nordstrom	JWN	JWN US	Lorraine Hutchinson, CFA
	Revolve	RVLV	RVLV US	Alice Xiao
	V F Corp	VFC	VFC US	Lorraine Hutchinson, CFA
RSTR				
	Macy's	M	M US	Lorraine Hutchinson, CFA

US - Softline Retailing and Dept Stores Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

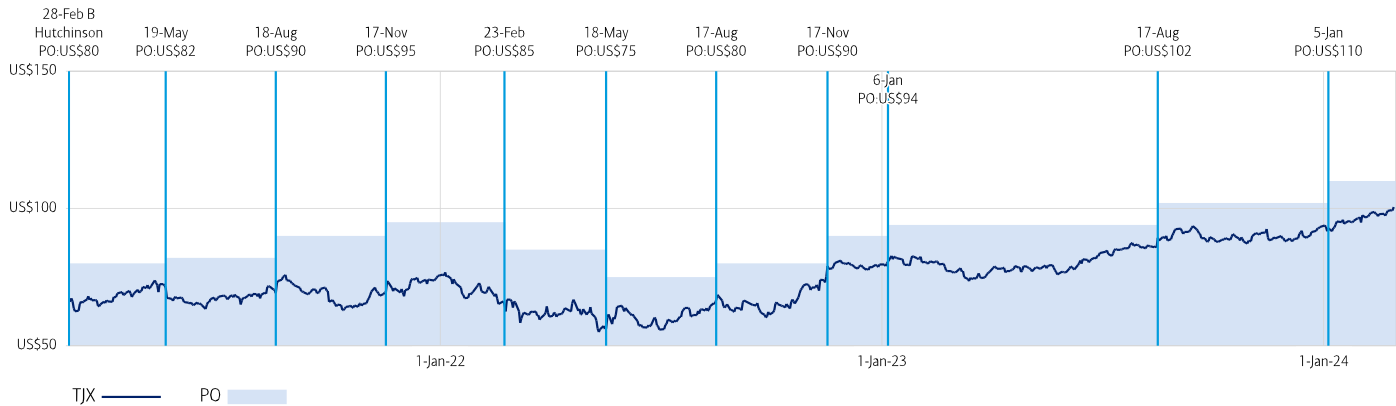
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Disclosures

Important Disclosures

TJX Companies (TJX) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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