



Company Analysis Research Project

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Company Overview

TJX Companies, Inc. is a corporation that operates retail franchises TJMaxx, TKMaxx, Marshall's, HomeGoods, HomeSense, Winners, and Sierra in the US, Canada, Europe and Australia. The TJX stated mission is to “deliver great values to their customers everyday,” using a variety of business practices to accomplish this. Working in the off-price apparel and home-fashion market, TJX's business model revolves around offering quality and name-brand products at highly discounted prices of up to 60% below market value (A Global Off-Price Retailer). With their diverse franchises in different industries such as home improvement, clothing, and more, TJX retailers offer a variety of ever-changing inventory. In doing so, they capture a broad market that spans many levels of income, geography, and demographic groups. By consistently providing value and high-quality service to their customers, they are able to keep a strong and loyal customer base that keeps coming back.

In 2022, headed by CEO Ernie Herrman, TJX Companies reached revenues of \$49.27 billion. This has counted TJX companies among one of the strongest players in the value apparel and home fashion retail industry. This revenue stream is well above its next largest competitor Ross Stores, whose revenue has reached \$18.91 billion as of 2022. TJX is traded on the New York Stock Exchange (NYSE), with a 52 week high of 83.13 and a 52 week low of 53.16 as of March 7th, 2022. With their strong loyalty to their customers combined with their focus on growth in retail, wholesale and e-commerce, TJX has proven itself a major player and well-established presence in retail.

Ernie Herrman

CEO/President

**Ken
Canestrari**
Sr Exec
VP/Group
President

**Scott
Goldenberg**
Sr Exec
VP/Finance

**Louise
Greenlees**
Sr Exec
VP/Group
President

**Douglas
Mizzi**
Sr Exec
VP/Group
President

**John
Klinger**
Exec
VP/CFO

Fig 1: Executive Officers

Carol Meyrowitz

Executive Chairman of the Board

**Jose B.
Alvarez**

**Rosemary
T.
Berkery**

**C. Kim
Goodwin**

**Amy B.
Lane**

**Alan M.
Bennett**

**David T.
Ching**

**Michael
F. Hines**

**Jackwyn
L.
Nemerov**

Fig 2: Board of Directors

Competitive Industry Analysis

Economic Environment

Because TJX operates in the international retail and wholesale environment, it is affected by specified macroeconomic factors that impact both the international and domestic US retail industry as a whole, as well as unspecified factors that affect TJX on its own. Like many retailers, TJX Companies is affected by macroeconomic factors such as labor, inflation, and increasingly, technology through the rise of e-commerce. According to the Bureau of Labor Statistics, retail sales jobs are not expected to change, with projected job growth at 3%, though around 600,000 jobs are consistently expected to become available each year due to workers transitioning in and out of the industry (US BLS). This is an improvement over the labor shortages experienced by the industry in 2021 and much of 2022. However, cash inflows through consumer spending and outflows through supply chain issues remain affected by inflation. On one hand, higher costs have driven consumers to spend on value goods instead, which has resulted in stronger sales for TJX and its subsidiaries (Images). Net sales, according to the income statement, have increased from \$32 to \$49 billion. However, issues such as the Russia-Ukraine conflict, which has affected fuel and transportation costs, have resulted in shortages and rising costs in the supply chain, especially since TJX operates internationally (Person). Costs of sales, for instance, have jumped from \$25 to \$35 billion on the TJX income statement.

Currently, economic factors affecting TJX's specific market rely mostly on its investment in home improvement e-commerce and its associated trends. For instance, TJX recently launched an online store for their HomeGoods franchise, capitalizing upon an increasing share of the market relying on online purchases rather than in-person shopping (Press Releases, TJX). Additionally, recent shifts to remote work for labor resulting from the COVID-19 pandemic have resulted in a higher level of consumers looking for discount furniture to invest in their work-from-home office spaces, which has also resulted in higher than average sales in TJX's HomeGoods and HomeSense stores (Press Releases, TJX). For instance, in 2022, sales in HomeGoods and HomeSense stores increased by 32% compared to 2020 (Press Releases, TJX).

Trends/Opportunities Affecting Stock Price

Currently, one of the greatest benefits to TJX's stock price is its operating cash flow, which has reached an astounding \$3.2 billion, with \$6.2 billion available in cash (Press Releases, TJX). In response to this impressive inflow, TJX has shifted its focus to decreasing its liquidity by dramatically increasing its cash flows to shareholders. According to TJX's Letter to Shareholders, TJX has engaged in a massive stock buyback and dividend growth program. TJX's cash and cash equivalents decreased from 34% to 22% of total assets, with much of this being spent on shareholder returns. A record-breaking \$3.4 billion was spent on TJX stock buybacks and dividends. Again according to the Letter to Shareholders, the dividend growth rate reached

21% in 2022, with a 13% return rate for 2022 and quarterly common stock dividends declared consistently. Leveraging its surging cash inflows, TJX has taken the opportunity to initiate a shift in capital structure away from debt and towards equity – for instance, long term debt decreased from 17% to 12% of assets on the standardized balance sheet, a change that may be due to soaring interest rates. This high level of attention to shareholders and available liquidity to return to shareholders has made TJX's stock an attractive investment, reflected in the jump of stock price to around \$80 per share in February 2023 compared to around \$65 just a year before.

Key Issues

One of the largest issues facing TJX Companies surrounds its role as a largely off-price retailer, which involves selling labels that are largely not owned by the company at highly discounted prices. Because sold brands are not usually owned privately by TJX Companies, TJX has less control over quality, manufacturing, and manufacturing supply chains. In a recent incident reported on March 6th, 2023, TJX had to recall nearly 82 thousand office chairs that were manufactured in China and sold at TJX companies storefronts after multiple reports of injury (Chan). Another product, a bookend sold in TK Maxx stores in Ireland, was also recalled for concerns over toxic chemicals present in the product (Wire). Besides recent events, TJX Companies has also had an extensive history of issues regarding quality, which affects both cash flows as well as consumer perception of the company. In 2019, for instance, TJX Companies found itself in legal trouble for selling recalled goods tied to reports of mortality and injury (Intarasuwan). This demonstrates that TJX faces significantly higher risk from distributing goods from suppliers the corporation does not directly control, as opposed to a retailer such as Target Corporation which privately owns and sources many of its labels.

In addition, TJX's off-price model is threatened by rising costs in the supply chain. Rising costs of transportation and materials have resulted in lower profits for the company, especially since TJX is both an international company and a distributor, meaning that TJX Companies has less control over the production and costs of its inventory. However, because of current high demand for discount goods and strong cash flows from sales, TJX has a strong hedge against inflation within the supply chain.

Competitors

TJX's top industry competitors with a similar market focused on off-price or low-to-moderate price retail include Ross, Target and Kohl's. As TJX's closest competitor, Ross Stores operates two franchises, Ross Dress for Less and dd's Discounts. Being the most similar to TJX Companies, Ross Stores' corporate profile centers around their offerings of quality and name brand apparel products at discounts ranging from 20% to 70%, making their offerings highly appealing to discount consumers, especially in a high-inflation market (Overview, Ross Stores). By owning two different franchise names, Ross Stores also adopts a similar strategy to TJX

companies. This diversification attracts a wider market by targeting different consumer levels of income and spending habits, with dd's Discounts offering more moderately priced goods than Ross Dress for Less. However, unlike TJX Companies' international scale of operations, Ross Stores limits its operations to the domestic market within the United States. With revenues of \$19 billion in 2022, it is a considerably smaller retailer than TJX, which achieved \$48 billion in sales during the same period (Mergent Online).

Target Corporation storefronts include Target and CVS. Like TJX, there is an emphasis on capturing a broad market with a wide variety in their inventory and a highly customer-friendly environment. However, rather than an off-price business strategy solely centered on distributing leading brands at highly discounted prices, Target Corporation also focuses on curating a selection of private-label name brands owned by the corporation itself and has also ventured into the grocery wholesale industry. Target operates domestically within the United States, but sources internationally (Overview, Target Corporation). Target boasted \$108 billion in revenue in 2022, though its business strategy makes it a less similar competitor to TJX (Mergent Online).

Kohl's business model constitutes a middle ground between Target's private-label approach and TJX's off-price distributor approach, by offering a small selection of private-label brands in addition to off-price major clothing and home goods brands in its diverse inventory. In addition, Kohl's relies heavily on partnerships with other companies in different sales industries such as Sephora, a makeup company, and Amazon.com, Inc. online retail. Kohl's garnered \$19 billion in revenue in 2022, capturing a similar market share to Ross Stores (Mergent Online). However, Kohl's has recently announced that it is transitioning away from general department store retail to focus on active and casual lifestyle goods (Our Business Strategy, Kohl's).

Financial Ratios

<i>Year</i>	2022		2021	
<i>Company</i>	TJX	ROST	TJX	ROST
Short-Term Solvency/Liquidity				
Cash Ratio	0.5948	1.168	0.9691	1.215
Current Ratio	1.2666	1.773	1.4569	1.687
Quick Ratio	0.6971	1.236	1.0554	1.307
Long-Term Solvency/Financial Leverage				
Total Debt Ratio	0.7891	0.702	0.8107	0.741
Debt-Equity Ratio	0.5589	0.604	0.9143	0.744
Equity Multiplier	1.5589	1.604	1.9143	1.744
Times-Interest Earned	31.5508	22.339	33.8246	-1.971
Cash Coverage Ratio	38.5965	26.424	38.1995	2.143
Asset Utilization				
Inventory Turnover	5.8229	6.060	5.6564	6.520
<i>Days' Sales in Inventory</i>	<i>62.6832</i>	<i>60.233</i>	<i>64.5292</i>	<i>55.982</i>
Receivables Turnover	93.7941	158.631	69.6904	108.907
<i>Days' Sales in Receivables</i>	<i>3.8915</i>	<i>2.301</i>	<i>5.2375</i>	<i>3.351</i>
Payables Turnover	7.7739	5.779	5.0864	4.359
<i>Days' Cost in Payables</i>	<i>46.9519</i>	<i>63.163</i>	<i>71.7597</i>	<i>83.729</i>
Total Asset Turnover	1.7058	1.387	1.0429	0.985
Capital Intensity Ratio	0.5862	0.721	0.9588	1.015
Profitability				
Profit Margin	0.0676	0.091	0.0028	0.007
Return on Assets (ROA)	0.1153	0.126	0.0029	0.007
Return on Equity (ROE)	0.5469	0.424	0.0155	0.026
Market Value				
Price-Earnings	29.0258	22.497	852.7564	469.355
Price-Sales	1.9626	2.049	2.4006	3.198
Market-to-Book	15.8732	9.545	13.2270	12.178
EBITDA	0.6585	0.682	1.1955	4.847

Fig. 3: TJX and ROST Financial Ratios Comparison, 2021-2022

TJX Companies saw a decrease in all liquidity ratios from 2021 to 2022, likely attributed to their strong push in investor returns. In long-term solvency, TJX saw a decrease in the total debt equity ratio, equity multiplier, and debt-equity ratio. For long-term solvency, most ratios experienced significant decreases, which indicate a shift in capital structure. All turnover ratios saw increases, indicating an increase in operating efficiency and asset utilization. Profit margin,

ROA, and ROE all increased as well, indicating increasing profitability capabilities. Ross Stores experienced similar trends, indicating that these trends may be market-wide rather than specific to TJX. Some ratios for Ross Stores stood out, such as an increase in current ratio, times interest earned, profit margins, cash coverage ratio from 2021 to 2022. Additionally, Ross experienced decreases in inventory turnover, total debt equity ratio, and capital intensity ratio rather than increases.

Financial Analysis

Competitor Ratio Comparison: Ross Stores

Upon conducting a review of the liquidity ratio, it was observed that while both Ross and TJX experienced a decrease from 2021 to 2022, Ross demonstrated a more liquid position, with a cash ratio of 1.215 in 2021 to 1.168 in 2022, in contrast to TJX's cash ratio of .9691 in 2021 to .5948 in 2022. Moreover, Ross experienced an increase in current ratio from 1.687 in 2021 to 1.773 in 2022, whereas TJX had a decrease from 1.45 in 2021 to 1.266 in 2022. Even with the quick ratio, Ross demonstrated a slight decrease from 1.307 in 2021 to 1.236 in 2022, while TJX had a more significant decrease from 1.0554 in 2021 to 0.6971 in 2022. In summary, Ross seems to be in a better position concerning liquidity and the ability to pay off short-term debt. However,

Regarding their solvency ratios, Ross and TJX showed no significant differences, with both companies decreasing their debt-equity ratio. Ross decreased by 6% from 2021 to 2022, while TJX decreased by 3% from 2021 to 2022. Furthermore, both companies had a debt-equity ratio of less than 1. Together with the equity multiplier also decreasing for both companies, this indicates a decrease in financial leverage and a shift in capital structure towards equity. The two companies differ in their times interest earned ratio, with Ross experiencing a significant increase from -1.917 in 2021 to 22.339 in 2022, while TJX experienced a slight decrease from 33.82 in 2021 to 31.55 in 2022. This suggests that Ross was able to generate a more substantial amount of income compared to TJX, indicating how much Ross improved their income and their ability to pay off interest.

In terms of asset utilization, Ross had a decrease of 7.5% in inventory turnover, while TJX had an increase of 3% from 2021 to 2022. This is evident in the Days' Sales in Inventory, with Ross experiencing an increase from 56 days in 2021 to 60.23 days in 2022, while TJX had a decrease from 64.52 days in 2021 to 62.7 days in 2022. This indicates that TJX is improving their ability to sell inventory more quickly, while Ross has the potential to do the same. If Ross continues to decrease its inventory turnover, it may be viewed unfavorably, especially when involved in price fashion. This could lead to overstock and poor company performance.

Both companies bounced back in their profitability ratios, with Ross's profit margin increasing from .007 in 2021 to .091 in 2022 and TJX increasing from .0028 in 2021 to .0676 in 2022. They both had increased ROA, with Ross increasing from .007 in 2021 to .126 in 2022, while TJX increased from .0029 in 2021 to .1153 in 2022. However, they both made up for it by

having a high asset turnover, with TJX having 1.7058 in 2022, and Ross having 1.387 in 2022, indicating that they are efficient in generating revenue with their assets.

In 2021, the price-earnings ratio of Ross and TJX companies was 469.355 and 852.7564, respectively, which was almost double the amount compared to Ross. However, in 2022, both companies saw a decrease in this ratio, with Ross at 22.497 and TJX at 29.0258. This suggests that they were both overvalued in 2021, with the stock price correcting itself to better reflect the company's true valuation in 2022. Additionally, Ross Stores' market-to-book ratio decreased from 12.178 in 2021 to 9.545 in 2022, while TJX's increased from 13.2270 in 2021 to 15.8732 in 2022. This suggests that TJX is trading at a higher value than what their book value is recording, indicating that they may be overvalued. On the other hand, Ross has a strong market-to-book ratio, as it has been decreasing, indicating that they are still overvalued, but not as much as TJX companies. This overall trend may reflect a positive boom in investor confidence towards the off-price retail industry.

Qualitative Factors Impacting Future Performance

Following the COVID-19 pandemic, an increase in consumer demand for more affordable brand name clothing and home decor are just two of the factors currently propelling the record sales that TJX companies are currently seeing. The diversity in the subsidiaries of TJX companies means that even if a certain market segment such as HomeGoods were to fail, while TJX companies would take an initial hit, the overall corporation would survive because of the other markets TJX has a foothold in. Additionally, TJX does not target a general customer demographic amongst its various subsidiaries, but rather, holds a different target customer base for each individual company. Furthermore, a majority of sales that TJX companies reported in the last fiscal year came from the United States with international sales totaling a relatively small 16% of the total \$44.6 billion generated in net sales.

Specifically focusing on the most profitable sector of the TJX subsidiaries, being MarMaxx (consisting of Marshalls and TJ Maxx), the company's biggest competitor, Ross, continues to increase their own gross sales year over year. However, considering that MarMaxx is still the clear leader in the off-price retail segment and therefore holds the biggest market share, there is no cause for worry from a stockholders' perspective.

Stock Performance Analysis

Prior to analyzing TJX and its competitors' betas, it was expected that Target, with its substantial revenue and market share, would possess the largest beta, whereas Kohl's would have the smallest. However, what was overlooked was that Kohl's, being the largest department store chain, actually possessed the largest beta of 1.684 due to its elevated risk when compared to other competitors. According to Yahoo Finance, Target followed with a beta of 1.046, Ross with 0.98, and finally TJX with 0.906 (Yahoo). The beta coefficient of 0.906 for TJX suggests that its

stock price exhibits less volatility than competitors, and investors can anticipate the company to perform 9.4% worse than the index in up markets, and 9.4% better in down markets. Apart from Kohl's, our other two competitors performed in line with our expectations, as Target's beta was slightly above one, and Ross's was close to ours.

TJX's 52-week percentage return of 33.57% indicates an increase in value by 33.57% over the past year, surpassing the S&P 500's return of -3.70%, which indicates a decline in value by about 3.7%. TJX has outperformed the market, but not to a significant degree. Ross is also performing strongly, with a percentage return of 32.08%, whereas Target and Kohl's have negative returns of -21.34% and -45.38%, respectively (Yahoo). From these negative values, it is evident that our competitors, apart from Ross, underperformed the overall market in the last 52 weeks. Additionally, Target underperformed due to over-ordering to maintain full shelves during the pandemic, leading to supply chain issues. However, with inflation and other factors in play, Target is experiencing difficulty getting inventory from seaports to delivery. Kohl's is also struggling due to similar issues as Target, along with a sudden transition of their CEO. On the other hand, TJX and Ross have performed well, as in this inflationary environment, more shoppers seek discounted merchandise. Due to their pricing initiatives, they were able to offset freight and wage costs, maintaining their pre-tax margin.

TJX faces a variety of risks, which are common to other companies in the industry. These risks include operational, economic, competition, merchandise, legal and regulatory, and foreign exchange risks. Given the current economic climate due to the COVID-19 pandemic, TJX's risk management team should focus on operational risks such as supply chain disruptions, merchandise theft, and cyber threats. Comparatively, we would expect Target and Kohl's to have a greater risk profile than Ross and TJX because higher beta implies higher risk and expected return.

While TJX typically does not disclose information regarding its capital projects or investment plans, it does provide general information on its capital expenditures during investor presentations. In recent years, the company has been expanding and renovating more stores, with 103 new and 130 renovated stores in 2021. Additionally, they have made more investments in technology and supply chain, including RFID technology to track inventory and improving partnerships with suppliers and manufacturers.

As a relatively large company with various business opportunities, TJX would likely want to compare investment opportunities using either internal rate of return (IRR) or net present value (NPV) methods. However, calculating an appropriate discount rate for NPV can present challenges. Like most firms, TJX appears to finance through debt securities such as bonds and notes, as well as common and preferred stock, and borrowing.

Conclusion

In our opinion, we would advise the firm to keep their options open and wait for a lower stock price. Based on changes in the company's financial ratios and fluctuations in stock price, it is apparent that while TJX is doing extremely well as a budget off-price retailer during a high inflationary period, it is likely that the company is currently somewhat overvalued, especially given the risks in the supply chain. For instance, a share of TJX Companies stock is trading at a price of roughly \$78, compared to \$83 just a month ago. The steep reduction in liquidity from the year before indicates that the current high rates of growth and return in the dividend are likely not entirely sustainable and will likely not be a regular occurrence. The sudden recent growth in off-price retail is also highly dependent on current inflationary trends pushing consumers towards off-price goods. Therefore, TJX will likely face a downward correction in stock price in the short term.

In the long term, investors can expect high returns through TJX's prioritization of high dividend growth rates. Risk on the investment tends to also be lower, as evidenced by multiple points, such as the tendency of the company to use their liquid assets to buy back stock, the diverse markets targeted by TJX's wide portfolio of subsidiaries, and its e-commerce. Additionally, TJX Companies stock price has historically flourished and outpaced the general return rate in the market indices such as S&P 500, and is doing exceptionally well currently given the recent popularity of off-price retail. Thus, to reiterate, TJX is a good candidate for a portfolio investment, but we recommend investors to wait for a lower stock price.

Stock Price Chart



Fig. 4: TJX Closing Stock Price, since January 1st, 2021

Appendix

Appendix A: TJX Balance Sheet

As Reported Annual Balance Sheet

Report Date	01/29/2022	01/30/2021	02/01/2020
Currency	USD	USD	USD
Audit Status	Not Qualified ⓘ	Not Qualified	Not Qualified ⓘ
Consolidated	Yes	Yes	Yes
Scale	Thousands	Thousands	Thousands
Cash & cash equivalents	6,226,765	10,469,570	3,216,752
Accounts receivable, net	517,623	461,139	386,261
Merchandise inventories	5,961,573	4,337,389	4,872,592
Prepaid expenses & other current assets	438,099	434,977	415,017
Federal, state & foreign income taxes recoverable	114,537	36,262	-
Total current assets	13,258,597	15,739,337	8,890,622
Land & buildings	1,911,569	1,668,381	1,426,222
Leasehold costs & improvements	3,652,280	3,568,829	3,541,413
Furniture, fixtures & equipment	6,871,777	6,525,615	6,404,643
Total property at cost	12,435,626	11,762,825	11,372,278
Less accumulated depreciation & amortization	7,164,799	6,726,729	6,047,230
Net property at cost	5,270,827	5,036,096	5,325,048
Non-current deferred income taxes, net	184,971	127,191	12,132
Operating lease right of use assets	8,853,934	8,989,998	9,060,332
Goodwill	96,662	98,998	95,546
Other assets	796,467	821,935	761,323
Total assets	28,461,458	30,813,555	24,145,003
Current portion of long-term debt	-	749,684	-
Accounts payable	4,465,427	4,823,397	2,672,557
Employee compensation & benefits, current	1,116,529	946,229	771,740
Dividends payable	311,808	315,604	281,703
Accrued capital additions	185,695	89,110	125,361
Occupancy costs, including rent, utilities & real estate taxes	399,015	314,850	283,383
Merchandise credits & gift certificates	685,202	576,187	500,844
Sales tax collections & value added tax taxes	267,867	115,409	195,059
All other current liabilities	1,278,881	1,114,070	883,684
Accrued expenses & other current liabilities	4,244,997	3,471,459	3,041,774
Current portion of operating lease liabilities	1,576,561	1,677,605	1,411,216
Federal, state & foreign income taxes payable	181,155	81,523	24,700
Total current liabilities	10,468,140	10,803,668	7,150,247
Employee compensation & benefits, long term	647,214	679,661	514,788
Tax reserve, long term	277,076	264,104	255,371
Asset retirement obligation	66,292	58,385	52,214
All other long-term liabilities	25,138	61,752	28,743
Other long-term liabilities	1,015,720	1,063,902	851,116
Non-current deferred income taxes, net	44,175	37,164	142,170
Long-term operating lease liabilities	7,575,590	7,743,216	7,816,633
Senior unsecured notes	3,373,874	6,118,070	2,244,844
Current maturities of long-term debt, net of debt issuance costs	-	(749,684)	-
Debt issuance cost	(19,033)	(35,465)	(8,219)
Long-term debt	3,354,841	5,332,921	2,236,625
Common stock	1,181,189	1,204,698	1,199,100
Additional paid-in capital	-	260,515	-
Foreign currency translation	(488,247)	(441,532)	(457,120)
Deferred benefit costs	(198,903)	(164,802)	(215,483)
Cash flow hedge on debt	-	263	(568)
Accumulated other comprehensive income (loss)	(687,150)	(606,071)	(673,171)
Retained earnings (accumulated deficit)	5,508,953	4,973,542	5,422,283
Total shareholders' equity	6,002,992	5,832,684	5,948,212

Appendix B: TJX Consolidated Statements of Income

As Reported Annual Income Statement

Report Date	01/29/2022	01/30/2021	02/01/2020
Currency	USD	USD	USD
Audit Status	Not Qualified [†]	Not Qualified	Not Qualified [†]
Consolidated	Yes	Yes	Yes
Scale	Thousands	Thousands	Thousands
Net sales	48,549,982	32,136,962	41,716,977
Cost of sales, including buying & occupancy costs	34,713,812	24,533,815	29,845,780
Selling, general & administrative expenses	9,081,238	7,020,917	7,454,988
Loss on early extinguishment of debt	242,248	312,233	-
Interest expense	123,196	199,038	61,400
Capitalized interest	3,684	5,384	2,314
Interest income	4,436	12,920	49,060
Interest income (expense), net	(115,076)	(180,734)	(10,026)
Income (loss) before income taxes - United States	3,934,151	642,482	3,742,227
Income (loss) before income taxes - foreign	463,457	(553,219)	663,956
Income (loss) before income taxes	4,397,608	89,263	4,406,183
Current provision (benefit) for income taxes - federal	766,200	189,854	708,508
Current provision (benefit) for income taxes - state	270,480	36,246	250,830
Current provision (benefit) for income taxes - foreign	122,325	4,985	181,061
Deferred provision (benefit) for income taxes - federal	(32,562)	(97,705)	9,409
Deferred provision (benefit) for income taxes - state	(25,723)	(25,406)	(8,203)
Deferred provision (benefit) for income taxes - foreign	14,073	(109,181)	(7,615)
Provision (benefit) for income taxes	1,114,793	(1,207)	1,133,990
Net income (loss)	3,282,815	90,470	3,272,193
Weighted average shares outstanding - basic	1,199,990	1,199,927	1,208,163
Weighted average shares outstanding - diluted	1,215,591	1,214,703	1,226,519
Year end shares outstanding	1,181,188.731	1,204,698.124	1,199,099.768
Net earnings (loss) per share - basic	2.74	0.08	2.71
Net earnings (loss) per share - diluted	2.7	0.07	2.67
Cash dividends declared per share	1.04	0.26	0.92
Total number of employees	340,000	320,000	286,000
Number of common stockholders	1,984	2,045	2,095
Foreign currency translation adjustments	(46,715)	15,588	(3,943)

Appendix C: TJX Consolidated Statements of Cash Flows

As Reported Annual Cash Flow

Report Date	01/29/2022	01/30/2021	02/01/2020
Currency	USD	USD	USD
Audit Status	Not Qualified ⓘ	Not Qualified	Not Qualified ⓘ
Consolidated	Yes	Yes	Yes
Scale	Thousands	Thousands	Thousands
Net income (loss)	3,282,815	90,470	3,272,193
Depreciation & amortization	868,002	870,758	867,303
Loss on property disposals & impairment charges	8,601	83,794	16,054
Deferred income tax provision (benefit)	(44,450)	(230,690)	(6,233)
Share-based compensation	189,048	58,519	124,957
Loss on early extinguishment of debt	242,248	312,233	-
Accounts receivable	(61,452)	(71,091)	(42,998)
Merchandise inventories	(1,657,753)	588,756	(296,541)
Income taxes recoverable	(78,275)	10,707	-
Prepaid expenses & other current assets	32,563	(57,450)	(51,261)
Accounts payable	(338,091)	2,111,189	29,338
Accrued expenses & other liabilities	658,817	584,502	345,745
Income taxes payable	99,682	52,791	(128,342)
Net operating lease liabilities	(129,062)	200,243	-
Other operating activities, net	(15,208)	(42,842)	(63,675)
Net cash flows from operating activities	3,057,485	4,561,889	4,066,540
Property additions	(1,044,794)	(568,021)	(1,223,116)
Investment in Familia	-	-	(230,156)
Purchases of investments	(21,888)	(29,100)	(28,838)
Sales & maturities of investments	20,296	18,524	12,720
Other investing activities	-	-	7,419
Net cash flows from investing activities	(1,046,386)	(578,597)	(1,461,971)
Payments on revolving credit facilities	-	(1,000,000)	-
Proceeds from long-term debt including revolving credit facilities	-	5,986,873	-
Payments of long-term debt & extinguishment expenses	(2,975,518)	(1,418,358)	-
Payments for debt issuance expenses	-	(42,377)	-
Payments for repurchase of common stock	(2,176,298)	(201,500)	(1,551,992)
Proceeds from issuance of common stock	229,439	211,189	232,106
Cash payments of employee tax withholdings for performance based stock awards	(25,548)	(29,309)	(23,423)
Cash dividends paid	(1,251,833)	(278,256)	(1,071,562)
Net cash flows from financing activities	(6,199,758)	3,228,262	(2,414,871)
Effect of exchange rate changes on cash	(54,146)	41,264	(3,175)
Net increase (decrease) in cash & cash equivalents	(4,242,805)	7,252,818	186,523
Cash & cash equivalents at beginning of year	10,469,570	3,216,752	3,030,229
Cash & cash equivalents at end of year	6,226,765	10,469,570	3,216,752
Cash paid for interest on debt	138,733	153,045	56,322
Cash paid for income taxes	1,118,879	146,008	1,280,680

Appendix D: TJX Consolidated Statement of Retained Earnings

As Reported Annual Retained Earnings

Report Date	01/29/2022	01/30/2021	02/01/2020
Currency	USD	USD	USD
Audit Status	Not Qualified ⓘ	Not Qualified	Not Qualified ⓘ
Consolidated	Yes	Yes	Yes
Scale	Thousands	Thousands	Thousands
Previous retained earnings (accumulated deficit)	4,973,542	5,422,283	4,461,744
Cumulative effect of accounting change	-	-	403
Cash dividends declared on common stock	1,248,037	311,970	1,111,788
Recognition (reversal) of share-based compensation	-	(54,404)	-
Issuance of common stock under stock incentive plan & related tax effect	(347)	(439)	-
Common stock repurchased	1,499,020	172,398	1,200,269
Retained earnings (accumulated deficit)	5,508,953	4,973,542	5,422,283

Appendix E: TJX Financial Ratios

<i>Year</i>	2022		2021	
<i>Company</i>	TJX	ROST	TJX	ROST
Short-Term Solvency/Liquidity				
Cash Ratio	0.5948	1.168	0.9691	1.215
Current Ratio	1.2666	1.773	1.4569	1.687
Quick Ratio	0.6971	1.236	1.0554	1.307
Long-Term Solvency/Financial Leverage				
Total Debt Ratio	0.7891	0.702	0.8107	0.741
Debt-Equity Ratio	0.5589	0.604	0.9143	0.744
Equity Multiplier	1.5589	1.604	1.9143	1.744
Times-Interest Earned	31.5508	22.339	33.8246	-1.971
Cash Coverage Ratio	38.5965	26.424	38.1995	2.143
Asset Utilization				
Inventory Turnover	5.8229	6.060	5.6564	6.520
<i>Days' Sales in Inventory</i>	<i>62.6832</i>	<i>60.233</i>	<i>64.5292</i>	<i>55.982</i>
Receivables Turnover	93.7941	158.631	69.6904	108.907
<i>Days' Sales in Receivables</i>	<i>3.8915</i>	<i>2.301</i>	<i>5.2375</i>	<i>3.351</i>
Payables Turnover	7.7739	5.779	5.0864	4.359
<i>Days' Cost in Payables</i>	<i>46.9519</i>	<i>63.163</i>	<i>71.7597</i>	<i>83.729</i>
Total Asset Turnover	1.7058	1.387	1.0429	0.985
Capital Intensity Ratio	0.5862	0.721	0.9588	1.015
Profitability				
Profit Margin	0.0676	0.091	0.0028	0.007
Return on Assets (ROA)	0.1153	0.126	0.0029	0.007
Return on Equity (ROE)	0.5469	0.424	0.0155	0.026
Market Value				
Price-Earnings	29.0258	22.497	852.7564	469.355
Price-Sales	1.9626	2.049	2.4006	3.198
Market-to-Book	15.8732	9.545	13.2270	12.178
EBITDA	0.6585	0.682	1.1955	4.847

Appendix F: TJX Excel Calculations (Common Size Financial Statements, Financial Ratios)[TJX Mergent.xlsx](#)[ROST Mergent.xlsx](#)**Appendix G: TJX Stock Tracker**[BUS 342 TJX Master Stock Tracker](#)

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