

Company: The TJX Companies Inc.	Ticker: TJX	Price: \$78.16	Industry: Retail Sub Industry: Off-Price and Discount Retail
Target Price: \$89.81 Stop Loss: \$60 52 Week High/Low: 53.69 - 79.99	TTM P/E: 27.91 Forward P/E: 22.27 EPS: 2.80	Beta: 0.90 Credit Rating: A Rating Outlook: Stable	Market Cap: 90.748B Avg. Vol. (12 M): 5,267,510 Div. Yield: 1.51%

Company Background:

The TJX Companies Inc. is a group of multinational off-price retail department stores, comprised of retail brands T.J. Maxx, Marshalls, HomeGoods, Sierra, HomeSense, Winners, and T.K. Maxx. They offer name brand family apparel and home furnishings, among other products, at heavily discounted prices. The company currently operates in the US, Canada, Europe, and Australia, with a majority of the focus being on its US locations, but plans to invest heavily into its international growth during the upcoming years.

Industry Outlook:

The COVID-19 pandemic has created incredible visibility for off-price and discount stores as inflation causes people to seek out ways to save money. With the potential of a recession looming, this trend is expected to continue, with more people looking to off-price to save money while still keeping in style. Post economic downturns, we anticipate that the sector will continue to boast high revenues due to the customer base it is likely to retain from the current period of time.

Investment Thesis:

The business model employed by TJX wherein they sell name-brand products at discounted prices proves to work exceptionally well during times of economic uncertainty while other retail companies often face problems, and the new customers found during this time are often retained outside an economic downturn. TJX also has a strong future plan in place, looking to grow internationally and invest more heavily in their ecommerce platforms. This plan is supplemented by investments in distribution networks to ensure increased efficiency in fulfilling customer orders. TJX remains dedicated to shareholder value, and has increased dividends each year for almost the past 25 years, sans 2020. Finally, management took actions during the pandemic to strengthen their financial position, leaving them with increased financial liquidity and flexibility to pursue future plans.

Investment Risks:

Name brand companies are looking to potentially walk away from distributing to the off-price sector as it is the least profitable option for them. While TJX continues to have thousands of suppliers in its portfolio, having some name brands walk away would reduce their differentiation from their competitors. Ongoing supply chain issues also adversely affect the company, especially with incremental rises in freight transportation costs resulting in increased expenses. TJX also rents its storefront properties, and increased inflation has caused these rents to increase as well. Finally, quality control issues have resulted in products being recalled and TJX's reputation being affected.

3-5 takeaway's from last quarter investor call transcript:

- Q3 FY23 comp store sales at Marmaxx increased 3% driven by strong apparel sales
- Returned \$843 million to shareholders in Q3 FY23 through share repurchases and dividends
- Incremental wage costs negatively impacted pretax profit margin by 0.8 percentage points.
- The movement in foreign currency exchange rates had a three percentage point negative impact on the Company's net sales growth in the third quarter of Fiscal 2023 versus the prior year.

5-Year Financial Performance:



Discounted Cash Flow Valuation:

Terminal Year FCF	\$ 7,379,145.00
WACC	8.98%
Terminal Value	\$ 127,116,308.75
PGR	3.00%
PV of Cash Flows	\$ 20,520,006.39
PV Terminal Value	\$ 82,695,807.68
Enterprise Value	\$ 103,215,814.07
Cash	\$ 6,226,765
Debt	\$ 3,354,841.00
Equity Value	\$ 106,087,738.07
Shares outstanding	1,181,189
Current share price	\$ 77.99
Implied Share Price	\$ 89.81
Margin of Safety	15.16%

Relative Valuation:

ESG:

	Market Cap (billions)	Revenue	P/E	EPS	EV/EBITDA	Dividend Yield	Total Debt	ROA	ROE
BURL	10.077	8.82	56.49	2.72	24.66	0%	4.59	4.15%	24.95%
ROST	32.843	18.51	22.42	4.22	14.72	1.29%	5.63	9.31%	36.73%
KSS	3.668	18.9	6.3	4.99	5.48	6.24%	7.59	4.76%	14.32%
FIVE	8.402	2.91	32.76	4.62	23.05	0%	1.43	7.19%	22.03%
TJX	84.757	49.64	26.07	2.8	17.19	1.60%	12.63	10.31%	56.94%
Mean	13.7475	12.285	29.4925	4.1375	16.9775	2%	4.81	7.14%	24.51%
Median	9.2395	13.665	27.59	4.42	18.885	1%	5.11	7.19%	23.49%

- Rating improved from BBB to A MSCI rating in the past year
- Average as compared to other companies within the retail-consumer discretionary industry
- Decarbonization target in place for near future
- Social goals to increase diversity of employment