



FLASH REPORT



THE TJX COMPANIES (TJX) 3Q17 RESULTS: ANOTHER STRONG QUARTER

	3Q17	3Q16	YoY Change
Revenues (USD Bil.)	\$8.29	\$7.75	6.9%
Gross Margin	29.5%	29.0%	50 bps
SG&A/Sales	17.6%	16.7%	90 bps
Operating Margin	11.7%	11.3%	40 bps
Adjusted EPS	\$0.91	\$0.86	5.8%

Source: Company reports/Fung Global Retail & Technology

- The TJX Companies reported adjusted 3Q17 EPS of \$0.91 versus the consensus estimate of \$0.87.
- Total revenues were \$8.29 billion versus expectations of \$8.22 billion. Comps increased by 5%, beating expectations of 3.5%, driven by customer traffic. Momentum in both sales and traffic continued in the period. Comps were up 5% at Marmaxx, 6% at HomeGoods and 8% at TJX Canada, and were flat at TJX Europe.
- Full-year guidance now calls for EPS of \$3.46–\$3.48, up from \$3.39–\$3.43 previously and versus consensus of \$3.48. The guidance range includes a negative impact of 3% related to wage increases and 3% related to foreign exchange. Comps are expected to increase by 4% versus 3%–4% previously.

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During the third quarter, the company increased its store count by 110, for a total of 3,785 stores. The company increased its square footage by 4% over the year-ago period.

OUTLOOK

The company provided 4Q17 guidance for EPS of \$0.96–\$0.98 versus \$0.98–\$1.00 previously, based on comp growth of 1%–2% versus consensus of 2.5%. The company's guidance includes a negative impact of 3% related to wage increases and 6% related to foreign exchange. Marmaxx comps are also expected to increase by 1%–2%. Total revenue is expected to be \$9.3–\$9.4 billion versus consensus of \$9.47 billion.

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For fiscal year 2018, the company expects wage increases to have a negative impact of 3% on EPS.



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Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Shoshana Pollack

Senior Research Associate

HONG KONG:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

LONDON:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

NEW YORK:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com