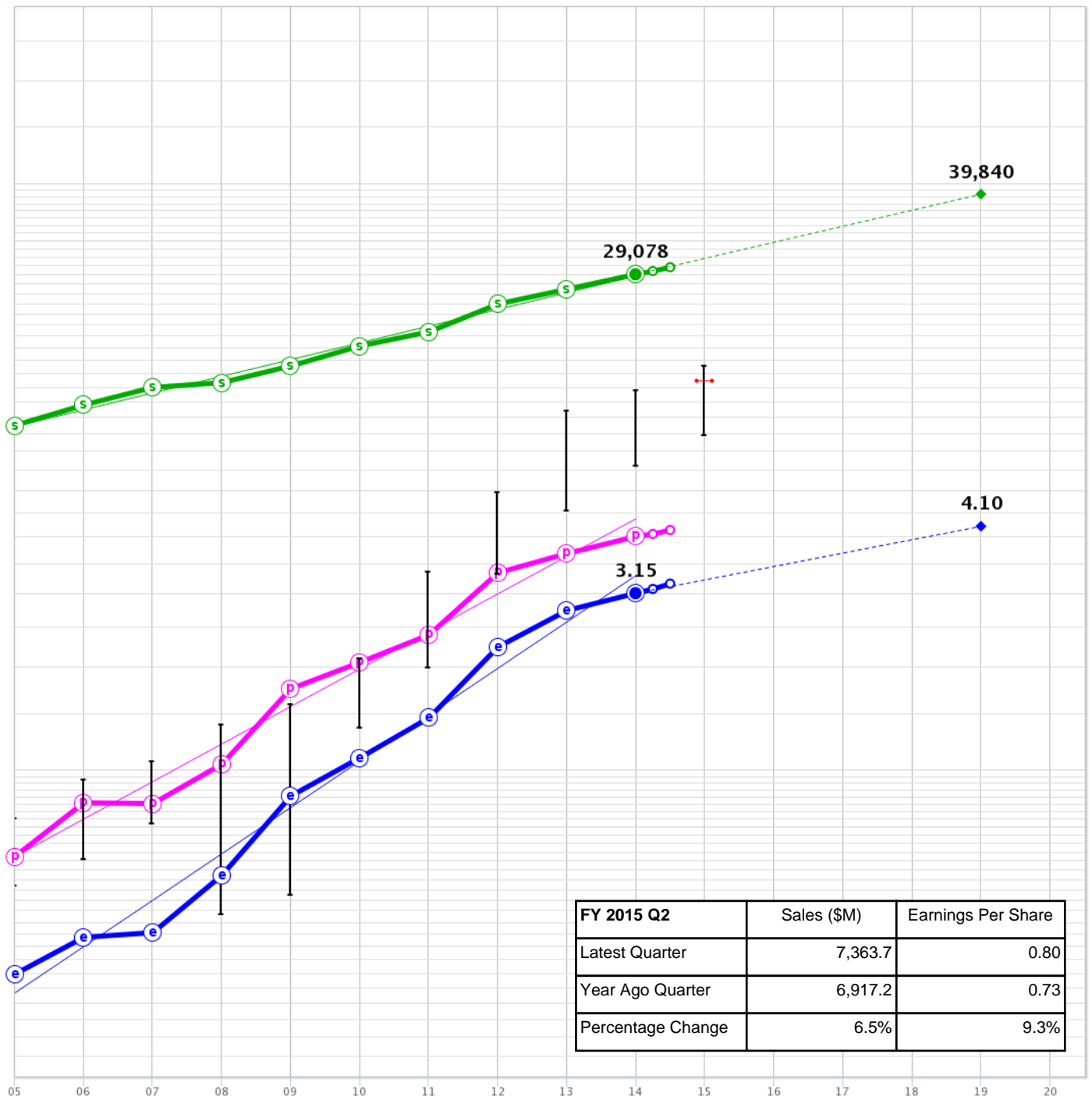


Company	TJX Companies		Date	09/17/15	
Prepared by	HARPER		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Apparel Stores		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	685.3		0.7	89.2	
Debt (\$M)	1,624.0	% to Tot Cap	27.5	% Pot Dil	1.4

# Stock Selection Guide

Symbol: TJX

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |      |  |       |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth       | 6.8% | (3) Historical Earnings Per Share Growth       | 20.0% |
| (2) Estimated Future Sales Growth | 6.5% | (4) Estimated Future Earnings Per Share Growth | 5.4%  |

## 2 EVALUATING Management

TJX Companies

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	6.3%	7.2%	6.7%	7.6%	9.6%	9.9%	10.4%	11.9%	12.1%	12.2%	11.3%
% Earned on Equity	34.3%	32.3%	33.3%	40.4%	39.5%	41.5%	44.9%	53.7%	50.8%	49.3%	48.0%
% Debt To Capital	29.9%	26.1%	28.6%	26.7%	21.5%	20.3%	19.7%	17.4%	23.2%	28.3%	21.8%

## 3 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** 72.5 (9/17/2015)

**HIGH THIS YEAR** 76.93

**LOW THIS YEAR** 58.58

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
5 2010	24.4	18.6	1.65	14.8	11.2	0.29	17.3	1.5
6 2011	34.2	23.5	1.93	17.7	12.2	0.46	23.6	1.9
7 2012	46.7	34.0	2.55	18.3	13.3	0.35	13.5	1.0
8 2013	64.4	43.4	2.94	21.9	14.8	0.55	18.7	1.3
9 2014	69.8	51.9	3.15	22.2	16.5	0.67	21.3	1.3
AVERAGE		34.3		19.0	13.6		18.9	
CURRENT/TTM			3.27			0.84	25.7	
AVERAGE PRICE EARNINGS RATIO 16.3				CURRENT PRICE EARNINGS RATIO 22.2				

## 4 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

Avg. High P/E 22.2 X Estimate High Earnings/Share 4.10 = Forecasted High Price \$ 90.9

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 13.6 X Estimate Low Earnings/Share 3.15 = Forecasted Low Price \$ 42.8

(b) Avg. Low Price of Last 5 Years 34.3

(c) Recent Market Low Price 43.4

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.67}{1.94\%} = 34.6$

Selected Forecasted Low Price \$ 34.3

### C ZONING using 25%-50%-25%

Forecasted High Price 90.9 Minus Forecasted Low Price 34.3 = 56.7 Range. 25% of Range 14.2

Buy Zone 34.3 to 48.4

Hold Zone 48.4 to 76.8

Sell Zone 76.8 to 90.9

Present Market Price of 72.54 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{90.9 - 72.54}{72.54 - 34.3} = \frac{18.4}{38.3} = 0.5$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{90.9 - 72.54}{72.54} = 1.25$  X 100 = 125.36 - 100 = 25.4 % Appreciation

## 5 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.

**A**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.67}{72.54} = 0.01 = 1.2\%$  Current Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{18.9\%}{22.20} = 0.9\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{18.9\%}{17.90} = 1.1\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 4.6 %  
Average Yield 0.9 %  
Annualized Rate of Return 5.5 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 0.2 %  
Average Yield 1.1 %  
Annualized Rate of Return 1.3 %