**Nova Research Group**

**30 Nov 2025**

# TJ Maxx & Companies (NYSE: TJX)

## Company Overview

TJX Companies, Inc. (NYSE: TJX) is the leading off-price apparel and home fashions retailer in the United States and worldwide. Its major divisions include T.J. Maxx, Marshalls, HomeGoods, Sierra, and HomeSense in the U.S., Winners, HomeSense, and Marshalls in Canada, and T.K. Maxx and HomeSense in Europe and Australia. TJX offers brand-name and designer merchandise at discounts between 20-60% compared to traditional retail prices. The company's flexible buying model and global sourcing capabilities allow it to respond quickly to changing consumer trends and keep its product assortment fresh. Headquartered in Framingham, Massachusetts, TJX operates more than 4900 stores across nine countries and relies on a treasure-hunt shopping experience to attract consistent customer traffic and maintain a strong value reputation. With 655 stores, they're also the largest major off-price realtor in Europe. Ernie Herrman, CEO and President, has guided the company through evolving consumer and economic environments since assuming leadership in 2016. Carol Meyrowitz, former CEO from 2007 to 2016 and now Executive Chairman of the Board, provides her extensive experience in buying, marketing, and international operations. John Klinger, appointed CFO in 2023, contributes strong financial and operational expertise developed through senior finance roles within TJX. The management's continuity, long-term experience, and proven ability to manage through economic cycles strengthen investor confidence in TJX's sustained growth and profitability

## Recommendation: BUY

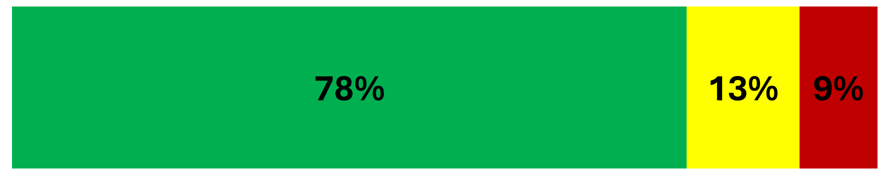



Figure 1: Street Sentiment Analysis

**52-Wk Range:** $111.73–154.66
**Current Price:** $150.33
**P/E (TTM):** 33.15
**EPS (TTM):** $4.40
**Market Cap (BN):** $162.33
**Beta:** 0.92
**Yield:** 1.18%
**Price Target:** $178.46

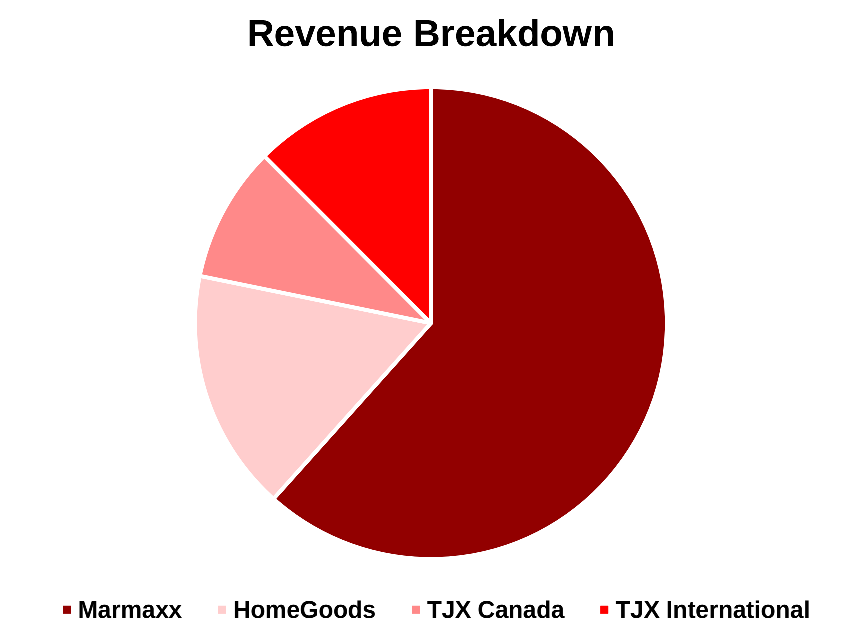



Figure 2: TJX Revenue Breakdown

## Industry Overview

The off-price retail industry continues to outperform the broader retail market as consumers increasingly prioritize value amid ongoing inflation and economic uncertainty. According to Statista and Morgan Stanley, the global off-price retail market is expected to grow at a 6 to 8% CAGR through 2027, outpacing overall retail expansion. This growth is driven by consumers "trading down" from premium and department stores toward discount formats that offer branded merchandise at lower prices. Industry leaders like TJX Companies, Ross Stores, and Burlington continue to benefit from this shift, supported by flexible inventory sourcing, resilient store traffic, and the "treasure-hunt" shopping experience that keeps customers engaged. As Bloomberg notes, off-price chains have maintained strong foot traffic and sales growth even as e-commerce momentum slows, highlighting their operational resilience. While the sector remains healthy, competition is evolving. The industry is consolidating around a few large players with significant scale advantages in buying power, logistics, and vendor relationships. However, competitive pressure has risen from discount divisions of Walmart and Target. According to J.P. Morgan's 2025 U.S. Retail Outlook, consumer "value-seeking" behavior is expected to persist, especially given cost pressures from tariffs, providing support for off-price chains. Despite tighter competition, the industry outlook remains favorable, supported by strong consumer demand for affordability, continued store expansion, and steady long-term growth prospects for market leaders like TJX.

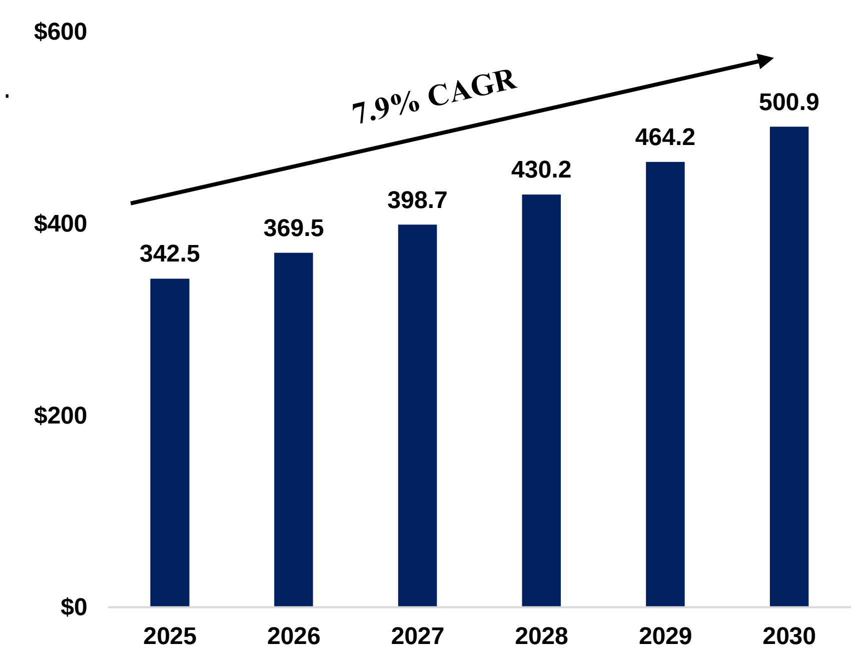



Figure 3: CAGR Forecast (Source: Market.us)

# Investment Thesis

TJX Companies has a clear long term strategy focused on expanding its global footprint from about 4900 stores to roughly 7000, supported by moves that show confidence in the scalability of the off price model across markets. The company is strengthening its international reach through acquisitions and partnerships, including a 35% non controlling stake in the UAE based Brands for Less group, which operates over 100 stores across the UAE and Saudi Arabia, and a deeper joint venture with Grupo Axo to open more locations in Mexico. TJX also announced plans on its Q3 earnings call to expand into Spain throughout 2026, which is expected to support TJX International earnings and help grow overall market share. This strategic expansion is backed by the resilience of the off price model, which performs well in both weak and strong economic environments by capturing trade down behavior and driving steady traffic through the “treasure hunt” shopping experience. TJX typically grows revenue at around 6%, with the trailing twelve months rising 5.8% and the prior year growing over 8%, while full price retailers like Macy’s and Kohl’s reported negative revenue growth of 3.44% and 7.23%. Its competitive advantages are extensive. TJX has relationships with more than 21000 vendors worldwide, far more than Ross and Burlington who each rely on fewer than 9000, giving TJX consistent access to high quality closeout merchandise at low cost. Even as freight and sourcing costs rose across the industry, TJX still delivered a gross margin of 28.9% , up sixty basis points year over year, while both Ross and Burlington saw margin declines. This cost advantage is reinforced by intangible strengths such as the treasure hunt experience, rapid inventory turns, rising store traffic which increased about 6 to 8%in early 2025, and customers spending roughly 20% more time in TJX stores than in traditional retailers. Off price shopping has become routine for most adults in the United States, and these value driven customers face real switching costs because alternatives require more time and offer less consistency. All of these factors work together to strengthen TJX’s brand loyalty, support its global expansion strategy, and reinforce the company’s durable moat.

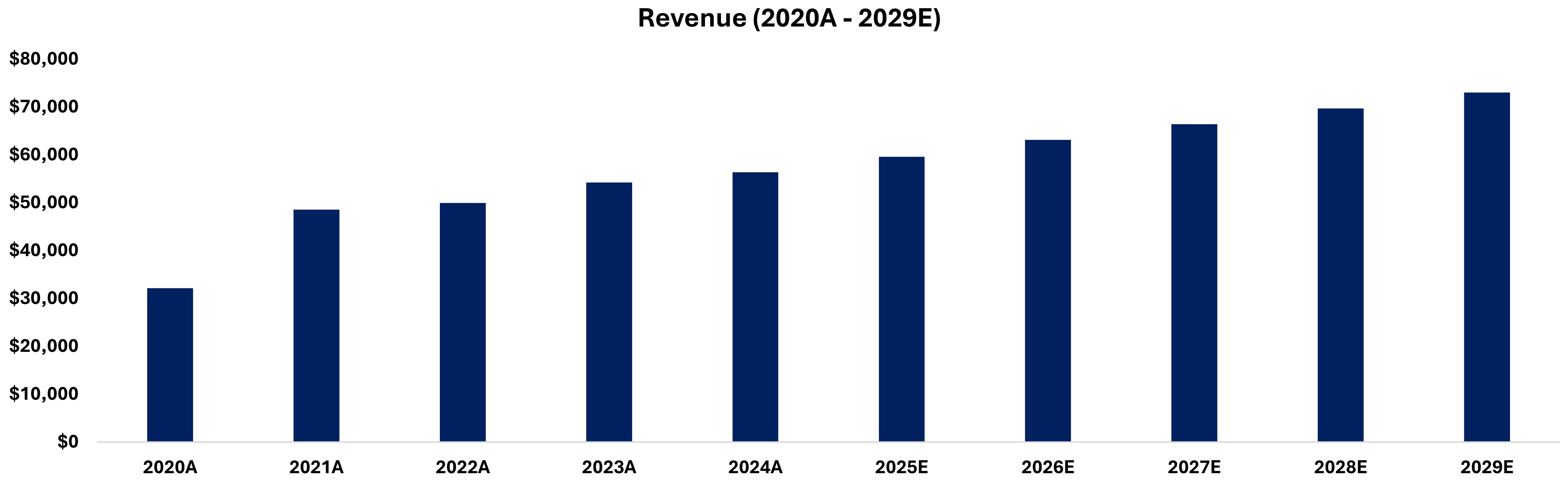
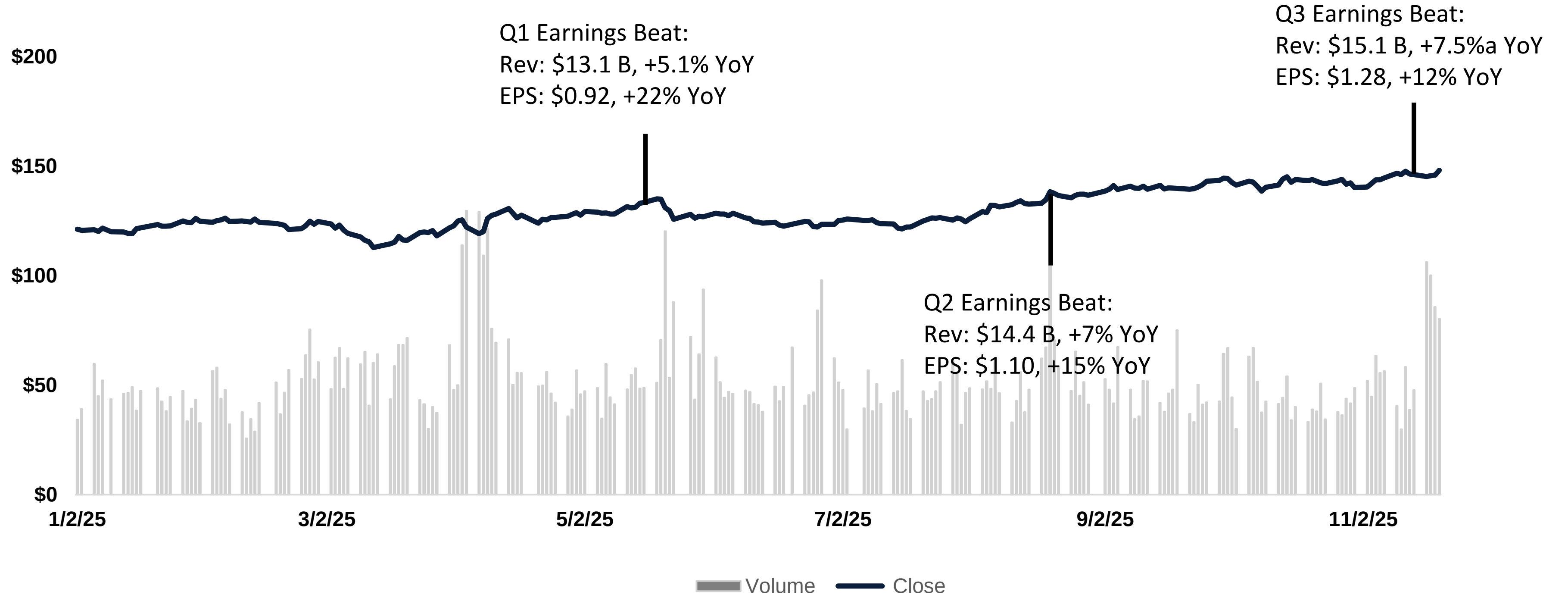



**Figure 4: Revenue Projection**

# YTD Stock Chart



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# Risks & Mitigants

**Failure by merchants to improve product-mix:** TJX relies on its 1200+ merchants to select the right mix of categories and brands for different stores. There could be significant losses suffered if merchants fail to capture the consumer tastes or latest fashion trends. **Mitigant:** Data Driven Merchandising – TJX uses advanced analytics and now AI to capture consumer decision-making, aiding in store optimization, inventory forecasts, and more.

**Rapidly changing consumer landscape:** There could be imminent risks associated with the fashion and retail industry, which is more prone to demand fluctuations amid the rapidly changing consumer preferences. Despite the flexibility of TJX's operating model whereby merchants execute the purchases, there are also considerable risks with brand image. **Mitigant:** "Treasure-Hunt" Model and Store Refreshes: TJX's decentralized buying teams and weekly store refreshes allow stores to rapidly adjust merchandise assortments in response to trend shifts, giving it structural advantage over traditional retailers.

**Tariffs & Inflation:** As with any retail company, tariffs and supply-chain disruptions could cause cost pressures to TJX's business model, especially from overseas vendors. **Mitigants:** Low Direct Import Exposure & Discount Model: TJX imports less than 10% of its goods from China. With over 21000 venders in 100+ countries, the company's dependence on any one vendor or area is very low. As new cost-pressures hit consumers, a shift in demand is set to take place from premium/brand retail to off-price/discount models. This could mitigate the tariff risk and even benefit TJX as consumers look for new ways to save money.

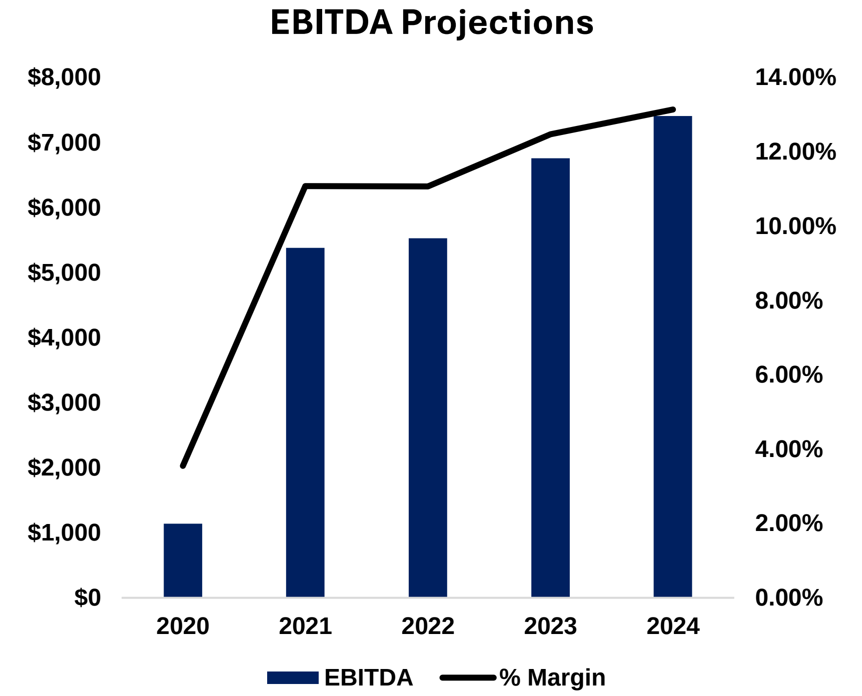


Figure 6: EBITDA Projections

| WACC | |
|---|---|
| Risk Free Rate | 4.03% |
| Beta | 0.76 |
| Market Risk Premium | 4.33% |
| **Cost of Equity** | **7.32%** |
| | |
| Interest Expense/Debt | 2.72% |
| Tax Rate | 24.97% |
| **Cost of Debt** | **2.04%** |
| | |
| Shareholder's Equity | 8393 |
| Debt | 2866 |
| **Total Capital** | **11259** |
| | |
| WOD | 25.46% |
| WOE | 74.54% |
| | |
| **WACC** | **5.98%** |

Figure 7: WACC Calculation

| **$178.49** | 4.98% | 5.48% | 5.98% | 6.48% | 6.98% |
|---|---|---|---|---|---|
| 1.50% | $185.01 | $161.45 | $143.15 | $128.54 | $116.60 |
| 2.00% | $212.57 | $181.69 | $158.58 | $140.64 | $126.31 |
| 2.50% | $251.24 | $208.73 | **$178.45** | $155.78 | $138.19 |
| 3.00% | $309.45 | $246.68 | $204.98 | $175.28 | $153.05 |
| 3.50% | $406.98 | $303.79 | $242.22 | $201.32 | $172.19 |

Figure 8: Price Sensitivity

| Ticker | EV | EV/EBITDA | EV/Revenue | P/E |
|---|---|---|---|---|
| NYSE: ROST | 53.40 | 16.43x | 2.48x | 25.47x |
| NYSE: BURL | 22.70 | 19.56x | 2.06x | 32.95x |
| NYSE: TJX | 170.83 | 21.46x | 2.90x | 32.19x |
| | | | | |
| Average | | 18.00x | 2.27x | 29.21x |
| **Median** | | **18.00x** | **2.27x** | **29.21x** |
| High | | 19.56x | 2.48x | 32.95x |
| Low | | 16.43x | 2.06x | 25.47x |

Figure 9: Comps Model

# DCF/Comps Overview

Our DCF valuation model for TJX indicates the company is heavily undervalued by most analysts. A WACC of 5.98% indicates stability and strong financial health of the company. Combined with an assumed terminal growth rate of 2.5%, our base case yields a valuation of $178.49. With the company currently trading at around $150, this presents an upside of 18.70% when looking at a 5-yr growth exit. We believe many analysts are underestimating the revenue growth TJX could see over the next 5 years, as they aren't considering the growth in stores/international reach as well as the company's newfound potential in the higher income demographic, as relayed by the Q3 Earnings Call. The sensitivity analysis reveals even more potential for the company with more favorable assumptions ranging up beyond $400.

From a comparable analysis perspective, TJX comes across as somewhat overvalued by most metrics, however, this premium is more than justified by the company's competitive advantages outlined in the thesis. They also don't tell the whole story as forward looking prospects are much more positive for TJX than for either of its main competitors. Additionally, the company's expanding margins, with EBITDA for example, warrant a higher premium.

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# Revenue Build

| Revenue Buildout: TJX | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *USD($) in millions* | **2020A** | **2021A** | **2022A** | **2023A** | **2024A** | **2025E** | **2026E** | **2027E** | **2028E** | **2029E** | |
| **Revenue** | **$ 32,137** | **$ 48,550** | **$ 49,936** | **$ 54,217** | **$ 56,360** | **$ 59,985** | **$ 63,579** | **$ 67,089** | **$ 70,563** | **$ 74,141** | |
| *YoY Growth %* | - | 51.07% | 2.85% | 8.57% | 3.95% | 6.43% | 5.99% | 5.52% | 5.18% | 5.07% | |
| **TJX Stores** | **$ 32,137** | **$ 48,550** | **$ 49,936** | **$ 54,217** | **$ 56,360** | **$ 59,985** | **$ 63,579** | **$ 67,089** | **$ 70,563** | **$ 74,141** | |
| Marmaxx | 19363 | 29483 | 30545 | 33413 | 34604 | 36853 | 39064 | 41213 | 43274 | 45437 | |
| HomeGoods | 6096 | 8995 | 8264 | 8990 | 9386 | 10005 | 10606 | 11216 | 11832 | 12424 | |
| TJX Canada | 2836 | 4343 | 4912 | 5046 | 5189 | 5371 | 5559 | 5725 | 5897 | 6074 | |
| TJX International | 3842 | 5729 | 6215 | 6768 | 7181 | 7755 | 8350 | 8935 | 9560 | 10205 | |
| **Disagregated Revenue** | | | | | | | | | | | |
| **TJX Stores** | | | | | | | | | | | |
| Marmaxx | $ 19,363 | $ 29,483 | $ 30,545 | $ 33,413 | $ 34,604 | $ 36,853 | $ 39,064 | $ 41,213 | $ 43,274 | $ 45,437 | |
| *% Growth* | | | | | | **6.50%** | **6.00%** | **5.50%** | **5.00%** | **5.00%** | |
| *Bear* | | | | | | 5.50% | 5.00% | 4.50% | 4.00% | 4.00% | |
| *Base* | - | 52.26% | 3.60% | 9.39% | 3.56% | 6.50% | 6.00% | 5.50% | 5.00% | 5.00% | Step: 1.00% |
| *Bull* | | | | | | 7.50% | 7.00% | 6.50% | 6.00% | 6.00% | |
| HomeGoods | $ 6,096 | $ 8,995 | $ 8,264 | $ 8,990 | $ 9,386 | $ 10,005 | $ 10,606 | $ 11,216 | $ 11,832 | $ 12,424 | |
| *% Growth* | | | | | | **6.60%** | **6.00%** | **5.75%** | **5.50%** | **5.00%** | |
| *Bear* | | | | | | 5.60% | 5.00% | 4.75% | 4.50% | 4.00% | |
| *Base* | - | 47.56% | -8.13% | 8.79% | 4.40% | 6.60% | 6.00% | 5.75% | 5.50% | 5.00% | Step: 1.00% |
| *Bull* | | | | | | 7.60% | 7.00% | 6.75% | 6.50% | 6.00% | |
| TJX Canada | $ 2,836 | $ 4,343 | $ 4,912 | $ 5,046 | $ 5,189 | $ 5,371 | $ 5,559 | $ 5,725 | $ 5,897 | $ 6,074 | |
| *% Growth* | | | | | | **3.50%** | **3.50%** | **3.00%** | **3.00%** | **3.00%** | |
| *Bear* | | | | | | 2.75% | 2.75% | 2.25% | 2.25% | 2.25% | |
| *Base* | - | 53.14% | 13.10% | 2.73% | 2.83% | 3.50% | 3.50% | 3.00% | 3.00% | 3.00% | Step: 0.75% |
| *Bull* | | | | | | 4.25% | 4.25% | 3.75% | 3.75% | 3.75% | |
| TJX International | $ 3,842 | $ 5,729 | $ 6,215 | $ 6,768 | $ 7,181 | $ 7,755 | $ 8,350 | $ 8,935 | $ 9,560 | $ 10,205 | |
| *% Growth* | | | | | | **8.00%** | **7.67%** | **7.00%** | **7.00%** | **6.75%** | |
| *Bear* | | | | | | 7.00% | 6.67% | 6.00% | 6.00% | 5.75% | |
| *Base* | - | 49.12% | 8.48% | 8.90% | 6.10% | 8.00% | 7.67% | 7.00% | 7.00% | 6.75% | Step: 1.00% |
| *Bull* | | | | | | 9.00% | 8.67% | 8.00% | 8.00% | 7.75% | |
| **Product Mix** | **2020A** | **2021A** | **2022A** | **2023A** | **2024A** | **2025E** | **2026E** | **2027E** | **2028E** | **2029E** | |
| Marmaxx | 60.25% | 60.73% | 61.17% | 61.63% | 61.40% | 61.44% | 61.44% | 61.43% | 61.33% | 61.29% | |
| HomeGoods | 18.97% | 18.53% | 16.55% | 16.58% | 16.65% | 16.68% | 16.68% | 16.72% | 16.77% | 16.76% | |
| TJX Canada | 8.82% | 8.95% | 9.84% | 9.31% | 9.21% | 8.95% | 8.74% | 8.53% | 8.36% | 8.19% | |
| TJX International | 11.96% | 11.80% | 12.45% | 12.48% | 12.74% | 12.93% | 13.13% | 13.32% | 13.55% | 13.76% | |

**Figure 10: Revenue Build**

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# DCF Model

| DCF Valuation | 2021A | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E | 2028E | 2029E |
|---|---|---|---|---|---|---|---|---|---|
| EBIT | $4,513 | $4,642 | $5,797 | $6,302 | $7,129 | $8,298 | $9,091 | $10,091 | $11,159 |
| *% of Sales* | *9.30%* | *9.30%* | *10.69%* | *11.18%* | *11.88%* | *13.05%* | *13.55%* | *14.30%* | *15.05%* |
| Income Tax | $1,115 | $1,138 | $1,493 | $1,619 | $1,775 | $2,075 | $2,291 | $2,546 | $2,807 |
| *% of Sales* | *2.30%* | *2.28%* | *2.75%* | *2.87%* | *2.96%* | *3.26%* | *3.42%* | *3.61%* | *3.79%* |
| EBIAT | $3,398 | $3,504 | $4,304 | $4,683 | $5,354 | $6,222 | $6,800 | $7,546 | $8,352 |
| *% of Sales* | *7.00%* | *7.02%* | *7.94%* | *8.31%* | *8.93%* | *9.79%* | *10.14%* | *10.69%* | *11.27%* |
| D&A | $868 | $887 | $964 | $1,104 | $1,201 | $1,183 | $1,258 | $1,337 | $1,422 |
| *% of Sales* | *1.79%* | *1.78%* | *1.78%* | *1.96%* | *2.00%* | *1.86%* | *1.88%* | *1.89%* | *1.92%* |
| Change in NWC | ($2,144) | ($640) | $62 | ($230) | $87 | ($15) | ($68) | ($179) | ($131) |
| *% of Sales* | *-4.42%* | *-1.28%* | *0.11%* | *-0.41%* | *0.15%* | *-0.02%* | *-0.10%* | *-0.25%* | *-0.18%* |
| CapEx | $1,045 | $1,457 | $1,722 | $1,918 | $1,610 | $1,823 | $1,862 | $1,990 | $2,074 |
| *% of Sales* | *2.15%* | *2.92%* | *3.18%* | *3.40%* | *2.68%* | *2.87%* | *2.77%* | *2.82%* | *2.80%* |
| EBITDA | $5,381 | $5,529 | $6,761 | $7,406 | $8,255 | $9,445 | $10,260 | $11,282 | $12,373 |
| *% of Sales* | *11.08%* | *11.07%* | *12.47%* | *13.14%* | *13.76%* | *14.86%* | *15.29%* | *15.99%* | *16.69%* |
| **Unlevered Free Cash Flow** | $5,365 | $3,574 | $3,484 | $4,099 | $4,858 | $5,598 | $6,264 | $7,071 | $7,831 |
| **NPV Free Cash Flow** | $5,365 | $3,574 | $3,484 | $4,099 | $4,584 | $4,984 | $5,262 | $5,605 | $5,858 |

| | |
|---|---|
| **NPV FCF Total** | **$26,293** |
| Terminal Value | $230,713 |
| NPV TV | $172,571 |
| **Enterprise Value** | $198,864 |
| (-) Debt | $2,866 |
| (+) Cash | $5,335 |
| **Equity Value** | **$201,333** |
| Shares Outstanding | 1,128 |
| **Implied Share Price** | **$178.49** |
| Current Price | 150.37 |
| **Upside(Downside)** | **18.70%** |

| | | | | | |
|---|---|---|---|---|---|
| WACC: | 5.98% | Current Share Price: | 150.37 | Fair Share Price (Bull): | $203.43 |
| TGR: | 2.50% | Upside: | 18.70% | **Fair Share Price (Base):** | **$178.49** |
| | | | | Fair Share Price (Bear): | $157.26 |

**Figure 11: DCF Model**