

TJX senses opportunity amid Macy's store closures

Article

The news: TJX reported solid results for the holiday quarter as it continues to be a major beneficiary of shoppers' deal-seeking.

- Net sales rose 13% year over year (YoY) to \$16.4 billion, outpacing FactSet's \$16.2 billion estimate. Comparable sales grew 5%, again beating expectations of a 4.3% rise.

- Adjusted earnings per share (EPS) rose 26% YoY to \$1.12, in line with expectations.

But the company's guidance for Q1 and fiscal 2025 came in softer than analysts expected.

- Comparable store sales are expected to be up 2% to 3% in Q1 as well as for the full fiscal year; consensus estimates were for 3.8% growth and 3.6% growth, respectively.
- Diluted EPS for Q1 are forecast between 84 cents and 86 cents; analysts expected 88 cents.

The big picture: Its weak forecast notwithstanding, TJX is in an exceptionally strong position. The company saw comparable sales growth across all of its divisions in Q4, including its **HomeGoods** business, powered entirely by an increase in overall transactions.

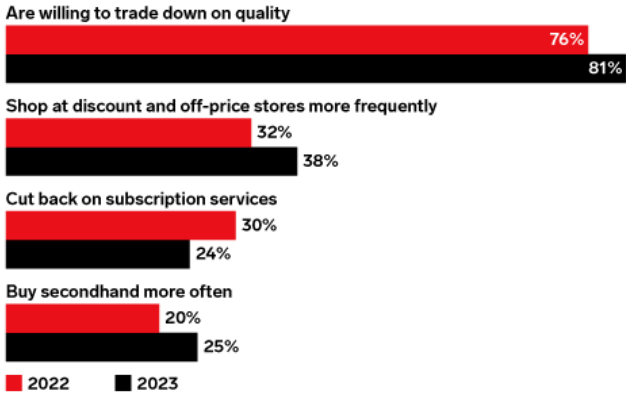
- TJX's selection of quality brands (including a growing assortment of prestige beauty) and its treasure-hunt experience are drawing in shoppers across demographics and income levels and growing the retailer's market share.
- Store visits to **T.J. Maxx** rose steadily throughout the year, building on strong growth in 2022. Traffic rose 7.7% YoY in Q4, and grew slightly in January despite a difficult YoY comparison, [per](#) Placer.ai.

Looking ahead: TJX is confident about its growth prospects for the year, and for good reason.

- Thanks to retailers' inventory woes, TJX has plenty of available merchandise to choose from, which is central to its ability to expand and keep shoppers coming through the doors.
- And [Macy's decision](#) to close 150 stores is a sizable opportunity for TJX to take market share, much as it did in the aftermath of **Bed Bath & Beyond's** bankruptcy.

Select Spending Behavior Changes Among US Shoppers, 2022 & 2023

% of respondents



Note: due to rising inflation

Source: Bread Financial, "The State of the American Shopper," Oct 23, 2023

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