

**The TJX Companies, Inc.**  
**Financial Reconciliations**

**Explanation of Non-GAAP Financial Measures**

The Company reports its financial results in accordance with generally accepted accounting principles in the U.S. (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods and between results in prior periods and expectations for future periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance.

The tables below provide supplemental non-GAAP financial data and corresponding reconciliations to GAAP financial measures. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

**Table 1: Reconciliation of Reported Earnings Per Share from Continuing Operations**

	<u>Q4</u>		<u>FY</u>	
	<u>FY18</u>	<u>FY19</u>	<u>FY18</u>	<u>FY19</u>
<b>EPS from continuing operations</b>	<b>\$0.69</b>	<b>\$0.68</b>	<b>\$2.02</b>	<b>\$2.43</b>
<i>Y/Y EPS Growth</i>		<i>(1%)</i>		<i>20%</i>
<u>Adjustments for items impacting comparability</u>				
Pension settlement charge <sup>(1)</sup>				<i>0.02</i>
Impairment charge <sup>(2)</sup>	<i>0.05</i>		<i>0.05</i>	
Impact of extra week	<i>(0.06)</i>		<i>(0.06)</i>	
Impact of tax-related items <sup>(3)</sup>	<i>(0.09)</i>	<i>(0.08)</i>	<i>(0.09)</i>	<i>(0.34)</i>
<b>Adjusted EPS excluding charges</b>	<b><u>\$0.59</u></b>	<b><u>\$0.59</u></b>	<b><u>\$1.93</u></b>	<b><u>\$2.11</u></b>
<i>Adjusted Y/Y EPS Growth</i>		<i>0%</i>		<i>9%</i>

**Note: Figures may not foot due to rounding.**

(1) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

(2) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra.

(3) FY19 benefit is primarily due to a lower corporate tax rate. FY18 benefit is primarily due to the deferred tax liability revaluation and lower corporate tax rate, net of Associate bonuses, retirement plan contributions, and contributions to charitable foundations.

**Table 2: Reconciliation of Q4 FY18 to Q4 FY19 Margins <sup>(1)</sup>**

<b><u>FY18 Q4:</u></b>	Total TJX	Marmaxx	HomeGoods	TJX Canada	TJX International
FY18 Q4 profit margin	10.1%	12.7%	13.5%	12.6%	7.4%
<i>FY18 tax-related items <sup>(2)</sup></i>	0.9	-	-	-	-
<i>Impairment charge <sup>(3)</sup></i>	0.9	1.5	-	-	-
<i>Impact of 14<sup>th</sup> week</i>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.5)</u>	<u>(0.6)</u>	<u>(0.5)</u>
FY18 Q4 adjusted profit margin excluding Q4 charges and 14 <sup>th</sup> week	11.5%	13.8%	13.0%	12.0%	6.9%
<i>Impact of foreign currency <sup>(4)</sup></i>	<u>0.1</u>	-	-	<u>0.7</u>	<u>0.4</u>
FY18 Q4 adjusted profit margin ex-fx, Q4 charges and 14 <sup>th</sup> week	<u>11.6%</u>	<u>13.8%</u>	<u>13.0%</u>	<u>12.7%</u>	<u>7.3%</u>
<b><u>FY19 Q4:</u></b>					
FY19 Q4 profit margin	10.6%	13.3%	12.5%	10.1%	6.2%
<i>Impact of foreign currency <sup>(4)</sup></i>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.5</u>	<u>0.6</u>
FY19 Q4 adjusted profit margin ex-fx	10.7%	13.3%	12.5%	10.7%	6.8%

**Note: Figures may not foot due to rounding.**

(1) Profit margin is pretax profit margin for total TJX and segment profit margin for each of our business segments.

(2) FY18 benefit is primarily due to the deferred tax liability revaluation and lower corporate tax rate, net of Associate bonuses, retirement plan contributions, and contributions to charitable foundations.

(3) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra.

(4) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore Q4 FY18 does not include an adjustment for translation.

**Table 3: Reconciliation of FY18 to FY19 Margins** <sup>(1), (2)</sup>

<b><u>FY18 Full Year Actual:</u></b>	Total TJX	Marmaxx	HomeGoods	TJX Canada	TJX International
FY18 profit margin on a GAAP basis	10.8%	13.3%	13.2%	14.6%	5.1%
<i>FY18 tax-related items</i> <sup>(3)</sup>	0.3	-	-	-	-
<i>Impairment charge</i> <sup>(4)</sup>	0.3	0.4	-	-	-
<i>Impact of 53<sup>rd</sup> week</i>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>(0.1)</u>	<u>(0.2)</u>
FY18 adjusted profit margin excluding Q4 charges and 53 <sup>rd</sup> week	11.2%	13.6%	13.0%	14.4%	4.9%
<i>Impact of foreign currency</i> <sup>(5)</sup>	<u>0.0</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>
FY18 adjusted profit margin ex-fx, Q4 charges and 53 <sup>rd</sup> week	11.2%	13.6%	13.0%	14.5%	5.0%
<b><u>FY19 Full Year Actual:</u></b>					
FY19 profit margin on a GAAP basis	10.7%	13.5%	11.6%	14.3%	5.4%
<i>Pension settlement charge</i> <sup>(6)</sup>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FY19 adjusted profit margin excluding charge	10.8%	13.5%	11.6%	14.3%	5.4%
<i>Impact of foreign currency</i> <sup>(5)</sup>	<u>0.0</u>	<u>-</u>	<u>-</u>	<u>(0.0)</u>	<u>0.0</u>
FY19 adjusted profit margin ex-fx and charge	10.8%	13.5%	11.6%	14.2%	5.5%

**Note: Figures may not foot due to rounding.**

(1) Profit margin is pretax profit margin for total TJX and segment profit margin for each of our business segments.

(2) FY18 was a 53-week year.

(3) FY18 benefit is primarily due to the deferred tax liability revaluation and lower corporate tax rate, net of Associate bonuses, retirement plan contributions, and contributions to charitable foundations.

(4) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra.

(5) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore FY18 does not include an adjustment for translation.

(6) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

**Table 4: Reconciliation of Q4 and Full Year FY18 Gross Margin and Selling, General and Administrative Expenses**

<b><u>Gross Margin</u></b>	<b><u>Q4</u></b>	<b><u>FY18</u></b>
FY18 gross margin	28.4%	28.9%
<i>Impact of extra week</i>	<u>(0.4)</u>	<u>(0.1)</u>
FY18 adjusted gross margin	<u>27.9%</u>	<u>28.8%</u>
<b><u>Selling, General and Administrative Expenses</u></b>		
FY18 selling, general and administrative expenses	17.3%	17.8%
<i>FY18 tax-related items <sup>(1)</sup></i>	(0.9)	(0.3)
<i>Impact of extra week</i>	<u>0.0</u>	<u>0.0</u>
FY18 adjusted selling, general and administrative expenses	<u>16.4%</u>	<u>17.5%</u>

*Note: Figures may not foot due to rounding.*

(1) FY18 benefit is primarily due to the deferred tax liability revaluation and lower corporate tax rate, net of Associate bonuses, retirement plan contributions, and contributions to charitable foundations.

**Table 5: Reconciliation of FY19 to FY20 Estimated Earnings per Share**

	FY		
	<u>FY19</u>	FY20 Full Year Guidance	
		<u>Low</u>	<u>High</u>
<b>EPS from continuing operations</b>	<b>\$2.43</b>	<b>\$2.55</b>	<b>\$2.60</b>
<i>Y/Y EPS Growth</i>		<b>5%</b>	<b>7%</b>
<u>Adjustments for items impacting comparability</u>			
<i>Pension settlement charge <sup>(1)</sup></i>	<i>0.02</i>		
<b>Adjusted EPS</b>	<b><u>\$2.45</u></b>	<b><u>\$2.55</u></b>	<b><u>\$2.60</u></b>
<i>Adjusted Y/Y EPS Growth</i>		<b>4%</b>	<b>6%</b>

**Note: Figures may not foot due to rounding.**

(1) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

**Table 6: Reconciliation of Last Nine Months FY19 to Last Nine Months FY20 Estimated Earnings per Share**

	Last 9 Months		
	<u>FY19</u>	FY20 Last 9 Months Guidance	
		<u>Low</u>	<u>High</u>
<b>EPS from continuing operations</b>	<b>\$1.86</b>	<b>\$2.02</b>	<b>\$2.06</b>
<i>Y/Y EPS Growth</i>		<b>9%</b>	<b>11%</b>
<u>Adjustments for items impacting comparability</u>			
<i>Pension settlement charge <sup>(1)</sup></i>	<i>0.02</i>		
<b>Adjusted EPS</b>	<b><u>\$1.88</u></b>	<b><u>\$2.02</u></b>	<b><u>\$2.06</u></b>
<i>Adjusted Y/Y EPS Growth</i>		<b>7%</b>	<b>10%</b>

**Note: Figures may not foot due to rounding.**

(1) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

**Table 7: Reconciliation of FY19 to FY20 Estimated Margins <sup>(1)</sup>**

<b><u>FY19 Full Year Actual:</u></b>	Total TJX	Marmaxx	HomeGoods	TJX Canada	TJX International
FY19 profit margin on a GAAP basis	10.7%	13.5%	11.6%	14.3%	5.4%
<i>Pension settlement charge <sup>(2)</sup></i>	<u>0.1</u>	–	–	–	–
FY19 adjusted profit margin excluding charge	10.8%	13.5%	11.6%	14.3%	5.4%
<i>Impact of foreign currency <sup>(3)</sup></i>	<u>0.0</u>	–	–	<u>(0.0)</u>	<u>0.0</u>
FY19 adjusted profit margin ex-fx and charge	10.8%	13.5%	11.6%	14.3%	5.4%
<b><u>FY20 Full Year Guidance:</u></b>					
FY20 estimated profit margin on a GAAP basis	10.2% - 10.4%	13.1% - 13.3%	10.2% - 10.4%	12.8%- 13.0%	4.5%- 4.7%
<i>Estimated impact of foreign currency <sup>(3)</sup></i>	<u>(0.0)</u>	–	–	<u>(0.1)</u>	<u>(0.1)</u>
FY20 estimated adjusted profit margin ex-fx	10.2% - 10.4%	13.1% - 13.3%	10.2% - 10.4%	12.8%- 13.0%	4.4% - 4.6%

**Note: Figures may not foot due to rounding.**

(1) Profit margin is pretax profit margin for total TJX and segment profit margin for each of our business segments.

(2) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

(3) Foreign currency includes the impact of translation as well as the mark-to-market adjustment of our inventory derivatives. Foreign currency translation only impacts year over year comparisons, therefore FY19 does not include an adjustment for translation.

**Table 8: Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow**

	<b>Full Year</b>	
	<b><u>FY18</u></b> <b>(In millions)</b>	<b><u>FY19</u></b> <b>(In millions)</b>
Net cash provided by operating activities	<b>\$ 3,026</b>	<b>\$ 4,088</b>
Capital spending	(1,058)	(1,125)
<b>Free cash flow</b>	<b><u>1,968</u></b>	<b><u>2,963</u></b>

*Note: Figures may not foot due to rounding.*



**Table 9: Calculation of Return on Invested Capital**

Although ROIC is a standard financial measure, numerous methods exist for calculating a company's ROIC. The method used by management to calculate our ROIC may differ from the methods used by other companies to calculate their ROIC. As a result, for industry benchmarking purposes, we have relied on an ROIC definition commonly used by third party analysts, defined as net income from continuing operations divided by average invested capital during that period. The average invested capital was considered to be average of total shareholder's equity, short-term borrowings, current portion of long-term debt, long-term debt, and capital leases.

This is different from the method of calculating ROIC shown below that we use for internal purposes and have reported in the past.

**Calculation for Adjusted PreTax Income**

	Full Year	
	FY18 (In millions)	FY19 (In millions)
<b>Pretax Income</b>		
	<b>\$3,857</b>	<b>\$4,173</b>
Pension settlement charge <sup>(1)</sup>		\$36
Impairment charge <sup>(2)</sup>	\$99	
Impact of 53 <sup>rd</sup> week	(\$113)	
Impact of FY18 tax-related items <sup>(3)</sup>	\$100	
<b>Adjusted Pretax Income</b>	<b><u>\$3,942</u></b>	<b><u>\$4,209</u></b>

**Calculation of Return on Invested Capital**

	FY18 (In millions)	FY19 (In millions)	
	<b>Numerator</b>		
Adjusted pretax income	<b>\$3,942</b>	<b>\$4,209</b>	
Add interest expense	\$32	\$9	
Add rent expense	\$1,591	\$1,649	
Tax rate			26.7%
Adjusted tax rate <sup>(4)</sup>	36.9%	36.9%	
<b>Adjusted Operating Income</b>	<b><u>\$3,514</u></b>	<b><u>\$3,700</u></b>	<b><u>\$4,302</u></b>
<b>Denominator</b>			
Average long term debt	\$2,229	\$2,232	
Average shareholder's equity	\$4,829	\$5,098	
Average 8x rent	\$12,106	\$12,961	
Average ending cash and short term investments	(\$3,369)	(\$3,147)	
<b>Average Invested Capital</b>	<b><u>\$15,796</u></b>	<b><u>\$17,143</u></b>	<b><u>\$17,143</u></b>
	<b>At adjusted tax rate</b>		<b>At reported tax rate <sup>(5)</sup></b>
<b>Return on Invested Capital (ROIC)</b>	<b>22%</b>	<b>22%</b>	<b>25%</b>

Note: Figures may not foot due to rounding.

(1) In Q3 FY19, the Company purchased a group annuity contract under which the pension benefit obligations for certain U.S. retirees and beneficiaries under the Company's pension plan were transferred to an insurer. As a result of this transaction, the pension plan's total liability has been re-measured, resulting in a non-cash settlement charge to the Company that reduced third quarter Fiscal 2019 pretax income by \$36 million.

(2) During Q4 FY18, the Company took a \$99 million impairment charge, primarily goodwill, related to Sierra.

(3) FY18 benefit is primarily due to the deferred tax liability revaluation and lower corporate tax rate, net of Associate bonuses, retirement plan contributions, and contributions to charitable foundations.

(4) Estimated effective income tax rate for FY18 and FY19 as if the 2017 Tax Cuts and Jobs Act had not been enacted. The FY18 reported tax rate is 32.4%.

(5) Represents FY19 ROIC at the reported tax rate to allow for comparison to FY20 guidance.