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The TJX Companies, Inc. F1Q10 (Qtr End 5/2/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Brian Tunick - J.P. Morgan.

Brian Tunick - J.P. Morgan

I guess maybe to Jeff or Carol, just Marmaxx was significantly better than we thought. Maybe if you could just break out how the 140 basis point margin improvement sort of broke out between merchandise margins or leverage and expense savings?

And then maybe, just Carol, maybe update us on your intermediate sort of opportunities for segment margins in the younger divisions?

Carol M. Meyrowitz

Well, margins were very strong. It was really split between markdowns and markups. And Jeff, do you want to go through some of the costs?

Jeffrey G. Naylor

Yes, I mean, the bottom line is we had a comp up 1%. Ordinarily you'd expect on a 1% comp increase to see deleverage and in fact we saw the merchandise margin was up significantly. It represents most of that 140 basis point increase, Brian. We also got a little bit of leverage from expenses, which speaks to the cost reductions efforts that we have in place. But I think if you look overall the 140 basis points, the lion's share of that is merchandise margin, as Carol mentioned.

Carol M. Meyrowitz

And Brian, in terms of the other divisions, really across the board everyone had significant increase in merchandise margin and in pre-tax with the exception of Winners due to the currency issue. But if you look at the U.K. in terms of in addition to the investment they were up 190 basis points. HomeGoods has had a spectacular quarter and they were up pre-tax 153. And A.J.'s, which had a very, very strong comp, tremendous again, pre-tax, over 300% increase.

So we're really across the board. I'm very, very pleased with the execution of all the divisions.

Operator

Your next question comes from Jeff Black - Barclays Capital.

Jeff Black - Barclays Capital

On the regional trends, can you tell us what you're seeing in California these past couple of quarters and in Florida specifically and just what's happening there; if you could, in Texas as well.

Carol M. Meyrowitz

Texas has been pretty good for awhile, so we've seen a pretty positive trend there. And Florida is definitely starting to come back. So, you know, the trend last year was softening in Florida and we're starting to see some increases there. And California is very slowly increasing, so the whole Southwest region is getting a little bit stronger. But we are definitely seeing some improvement and that is over a weaker comp.

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