CFRA

Dollar Tree, Inc.

Recommendation	Price	12-Mo. Target Price	Report Currency	Investment Style
BUY ★★★★★	USD 111.07 (as of Sep 20, 2019 4:00 PM ET)	USD 115.00	USD	Large-Cap Value

Equity Analyst Camilla Yanushevsky

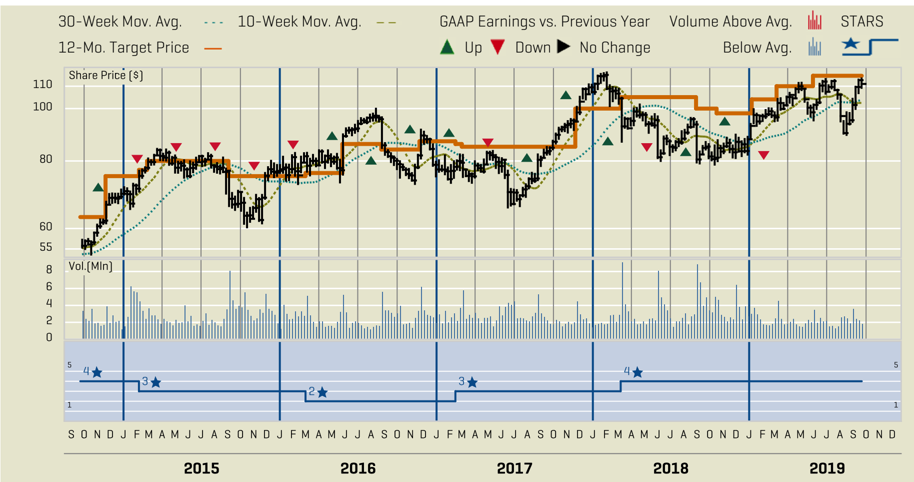
GICS Sector Consumer Discretionary
Sub-Industry General Merchandise Stores

Summary This company is a leading U.S. operator of discount variety stores, with more than 14,800 stores in the U.S. and Canada.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**USD 113.67 - 78.78**	Oper. EPS 2020**E**	**USD 5.02**	Market Capitalization[B]	**USD 26.28**	Beta	**0.54**
Trailing 12-Month EPS	**NM**	Oper. EPS 2021**E**	**USD 6.17**	Yield [%]	**NA**	3-Yr Proj. EPS CAGR[%]	**12**
Trailing 12-Month P/E	**NM**	P/E on Oper. EPS 2020**E**	**22.13**	Dividend Rate/Share	**NA**	SPGMI's Quality Ranking	**B**
$10K Invested 5 Yrs Ago	**$19,483**	Common Shares Outstg.[M]	**236.62**	Institutional Ownership [%]	**98**		

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by Equity Analyst **Camilla Yanushevsky** on Aug 29, 2019 03:23 PM, when the stock traded at **USD 99.60.**

Highlights

- We expect sales to be up 3.7% in FY 20 (Jan.) and 4.5% in FY 21, reflecting renovation of 1,000 Family Dollars, opening of 350 new Dollar Tree and 200 new Family Dollars, as well as re-bannering of 200 Family Dollars, offset by closure of 390 Family Dollars. In FY 20, we forecast comp growth of 2.2%, with Dollar Tree up 2.8%, and Family Dollar up 1%. We forecast comp growth of 2.4% in FY 21, reflective of innovation in offerings like Snack Zone. We expect top performers to be snacks & beverage, health & personal care, and consumables.
- We forecast gross margin will expand to 30.5% in FY 20 and 30.6% in FY 21, reflecting higher domestic freight, shrink and distribution costs, offset by lower merchandise costs. We expect operating margin to narrow to 7.5% in FY 20, reflecting higher SG&A expense driven by higher payroll expenses related to reinvestment in a portion of tax savings, partly offset by lower depreciation & amortization costs and lower store maintenance costs. We expect operating margin to expand to 8.0% in FY 21.
- DLTR has $882M remaining in its current share repurchase program and we see DLTR temporarily halting repurchases in H2 of FY 20.

Investment Rationale/Risk

- Our positive investment view reflects DLTR's sustainable comp momentum (+2.4%) with turnaround in Family Dollar (+2.4%, representing the third consecutive quarter of sequential acceleration), a rapidly expanding footprint amid thousands of closures in retail to date and our larger positive outlook on general merchandisers. We like the industry's gear toward value-conscious consumers, notably during a softer macro environment, which increases the allure of bargain hunting. (Q2 personal savings was $1.32T vs. $1.25T in Q4 2018; the Q2 savings rate was 8.1% vs. Q4's 7.8% and we see savings rate above 9% this year.)
- Risks to our view include margin headwinds from List 1, 2, 3 and 4 tariffs. While tariffs threaten to reduce consumer confidence, a primary driver of the industry, we view DLTR as a compelling tariff play, given DLTR generates a large portion of its sales in necessities like food and consumables (76%), where demand leans more inelastic.
- Our 12-month target of $115 is 22.9x our FY 20 estimate of $5.02, above the 3-year historical forward P/E average.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects DLTR's history of steady earnings growth and strong cash flow generation. With the exception of more discretionary categories, demand for the company's merchandise is generally stable.

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2020	5,809	5,741	--	--	--
2019	5,554	5,526	5,539	6,205	22,823
2018	5,287	5,281	5,317	6,361	22,246
2017	5,086	4,996	5,002	5,636	20,719
2016	2,177	3,011	4,945	5,365	15,498
2015	2,000	2,031	2,095	2,476	8,602

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2021	**E** 1.33	**E** 1.19	**E** 1.35	**E** 2.30	**E** 6.17
2020	1.12	0.76	**E** 1.12	**E** 2.00	**E** 5.02
2019	0.67	1.15	1.18	-9.69	-6.69
2018	0.85	0.98	1.01	4.36	7.21
2017	0.98	0.72	0.72	1.35	3.78
2016	0.34	-0.46	0.35	0.97	1.26

Fiscal year ended Jan 31. Next earnings report expected: Late Nov. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid in the last year.

Dollar Tree, Inc.

Business Summary August 29, 2019

CORPORATE OVERVIEW. Dollar Tree, Inc. (DLTR) is a leading operator of discount variety stores. As of February 2, 2019, DLTR operated 15,237 stores under the Dollar Tree, Family Dollar and Dollar Tree Canada banners. The Dollar Tree segment, which includes Dollar Tree and Dollar Tree Canada stores, offers merchandise at the fixed price point of a dollar. The segment primarily serves middle income customers in suburban locations. By merchandising mix, consumables accounted 48.7% of FY 19 (Jan.) sales, 46.6% variety; and 4.7% seasonal. Family Dollar segment consists of 8,236 stores, with merchandise priced between $1.00 and $10.00. By merchandising mix, consumables accounted for 76.2% of revenues; home products 8.2%; apparel and accessories 6.3%; and seasonal and electronics 9.3%. Family Dollar banner primarily serves lower income customers in urban and rural locations.

CORPORATE STRATEGY. Going forward, we expect DLTR to continue to grow the Dollar Tree and Family Dollar banners, pursue opportunities to relocate or remodel locations within its existing store base and develop digital tools and technology to provide consumers with more shopping access points. To support new store growth and enhance productivity, we expect DLTR to continue to invest in its distribution center network, primarily in Canada, which we view to be an under-penetrated market.

Additionally, we expect increased customer traffic and average transaction amounts to drive same-store-sales growth momentum. Initiatives in place include an assortment expansion in beverage and snacks, hair care and frozen food, as well as updates to front-end checkout to provide customers with an improved shopping experience. That said, we also view the sale of private brand items as an important element of DLTR's sales growth and gross margin enhancement plans. We note, however, that an increase in sales of DLTR's private brands can adversely impact the sale of vendors' products, which, in turn, has the risk of adversely impacting DLTR's relationship with certain vendors.

MARKET PROFILE. DLTR operates in the highly competitive discount retail industry, with competition from other general merchandise, discount, food, furniture, arts and crafts and dollar store retailers, which market both in-store and online. DLTR’s main competitors include Dollar General, Big Lots, Fred’s, 99 Cents Only and various local, independent operators, as well as Walmart, Target, Kroger, Aldi, Lidl, Walgreens, CVS and RiteAid, among others. We believe DLTR's key differentiator is its gear towards value conscious consumers, notably during a slowing economy, where we expect consumers to divert more disposable income to savings. According to the Bureau of Economic Analysis, personal saving was $1.32 trillion in the second quarter of 2019, compared with $1.25 trillion in the fourth quarter of 2018. The personal saving rate -- personal saving as a percentage of disposable personal income -- was 8.1% in the second quarter of 2019, compared with 7.8% in the fourth quarter of 2018. We see the personal saving rate rising about 9% this year, alongside more consumers hunting for bargains.

LEGAL/REGULATORY ISSUES. President Trump’s 25% duties on $200 billion worth of Chinese imports, effective May 10, 2019, heavily target the U.S. textiles, apparel & luxury goods industry and can adversely impact DLTR’s ability to produce and market its offerings at competitive prices. Further, tariffs threaten to reduce consumer confidence, a primary driver of the industry. That said, we view DLTR as a tariff safe haven, as company generates a large portion of the sales in necessities like food and consumables.

IMPACT OF MAJOR DEVELOPMENTS. In January 2019, activist investor, Starboard Value, which has a 1.7% stake in DLTR, asked DLTR to divest its under-performing Family Dollar banner and replace seven directors of its 12-member board. On April 5, 2019, Starboard Value announced its withdrawal of director nominations for DLTR's board. We see a decision to end proxy fight as merited, given progress DLTR has made to right-size its portfolio. In Jan-Q, same-store sales in underperforming Family Dollar posted strongest quarterly FY 19 comp, up 1.4%, suggesting positive results in renovated stores, for which DLTR said delivered average comp lifts of more than 10%. On March 6, 2019, DLTR said it plans to complete at least 1,000 renovations, 390 closures and 200 rebanners at Family Dollar, which we see driving sustainable comp improvements and long-term value creation.

In January 2015, Family Dollar Stores, Inc. shareholders approved the sale of the company for $74.50 in cash and DLTR common stock, or about $9.2 billion on an enterprise value basis. The value was subsequently increased based on $59.60 cash per FDO share plus 0.3036 DLTR shares. The transaction closed in July 2015. The Federal Trade Commission approval required divestment 330 stores of the combined company. The sales of these stores closed in November 2015.

Before 2015, DLTR also added stores through mergers and acquisitions. In FY 07, the company acquired the 138-store Deal$-Nothing Over a Dollar chain, which operates in 16 states, from SUPERVALU, Inc. for about $30.5 million of store-related assets and $22.2 million of store and distribution center inventory.

FINANCIAL TRENDS. Revenues increased 2.6% in FY 19, after increasing 7.4% in FY 18. Aggregate same-store sales were up 1.7% and 1.9%, respectively, during those periods. Gross margin narrowed 120 basis points to 30.4% in FY 19, after expanding 80 basis points to 31.6% in FY 18.

Looking at DLTR's balance sheet, DLTR's liquidity position weakened slightly between FY 15 and FY 19. The current ratio stood at 2.0x in FY 19 compared to 2.3x in FY 15. The quick ratio stood at 0.2x in FY 19 compared to 1.0x in FY 15. During the same time frame, DLTR's solvency position weakened. Total debt to equity ratio stood at 75.6% in FY 19 compared to 38.2% in FY 15. Total debt to capital stood at 43.0% in FY 19 compared to 27.7% in FY 15. Looking at profitability ratios, return on assets stood at 7.5% in FY 19, compared to 21.4% in FY 15. Return on capital stood at 9.9% in FY 19 compared to 30.3% in FY 15. Return on equity stood at -24.8% in FY 19 compared to 40.5%.

Corporate Information

Investor Contact
R. Guiler (757-321-5000)

Office
500 Volvo Parkway, Chesapeake, Virginia 23320

Telephone
757-321-5000

Website
www.dollartree.com

Officers

President, CEO & Director
G. M. Philbin

Chief Financial Officer
K. S. Wampler

Chief Legal Officer, General Counsel & Corporate Secretary
W. A. Old

Senior VP & Principal Accounting Officer
K. E. Mallas

Executive Chairman
B. Sasser

Board Members

A. S. Barron
B. Sasser
C. A. Wheeler
C. M. Hall
C. P. Zeithaml
G. M. Bridgeford
G. M. Philbin
J. G. Naylor
L. E. Lewis
S. P. Stahl
T. A. Saunders
T. E. Whiddon
T. W. Dickson

Domicile
Virginia

Founded
1986

Employees
119,650

Stockholders
2,507

Auditor
KPMG LLP - Klynveld Peat Marwick Goerdeler

Dollar Tree, Inc.

Quantitative Evaluations

Fair Value Rank **NR**

1	2	3	4	5
LOWEST				HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **NA**

Volatility LOW | AVERAGE | HIGH

Technical Evaluation **BULLISH** Since September, 2019, the technical indicators for DLTR have been BULLISH.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2019	2018	2017	2016
Price/Sales	1.01	1.16	0.85	1.17
Price/EBITDA	9.50	9.89	7.47	10.56
Price/Pretax Income	-17.57	15.18	13.19	40.55
P/E Ratio	-14.46	15.09	19.59	64.54
Avg. Diluted Shares Outsg.(M)	238	238	237	224

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Sales	2.60	13.77	23.83
Net Income	NM	77.93	21.67

Ratio Analysis (Annual Avg.)			
Net Margin (%)	NM	NM	NM
% LT Debt to Capitalization	43.05	NA	NA
Return on Equity (%)	-24.81	NA	NA

Company Financials Fiscal year ending Jan. 31

Per Share Data (USD)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tangible Book Value	-0.18	-5.55	-13.58	-18.26	7.87	4.80	6.65	5.07	5.21	4.94
Free Cash Flow	3.99	3.71	4.70	1.45	3.00	2.13	1.60	1.81	1.34	1.55
Earnings	-6.69	7.21	3.78	1.26	2.90	2.72	2.68	2.01	1.55	1.19
Earnings (Normalized)	4.17	4.52	3.53	2.25	2.97	2.72	2.49	2.01	1.60	1.18
Dividends	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Payout Ratio (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prices: High	114.89	116.65	99.93	84.22	72.59	60.19	56.81	43.32	29.00	17.40
Prices: Low	78.78	65.63	72.52	60.31	49.59	38.43	37.12	24.25	15.67	10.98
P/E Ratio: High	25.9	27.6	68.6	67.7	24.7	21.2	53.8	45.8	52.8	54.7
P/E Ratio: Low	11.1	18.2	21.8	24.8	18.2	15.8	15.3	31.3	33.4	41.9

Income Statement Analysis (Million USD)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue	22,823	22,246	20,719	15,498	8,602	7,840	7,395	6,631	5,882	5,231
Operating Income	1,801	2,005	1,709	1,234	1,070	971	921	783	657	514
Depreciation + Amortization	621	611	638	488	206	191	175	164	160	158
Interest Expense	215	292	373	428	80	15	3	3	6	5
Pretax Income	-1,309	1,704	1,329	448	954	954	979	780	630	508
Effective Tax Rate	-21.5	-0.6	32.6	37.0	37.2	37.5	36.7	37.4	36.9	36.9
Net Income	-1,591	1,714	896	282	599	597	619	488	397	321
Net Income (Normalized)	992	1,075	835	502	615	597	574	488	411	318

Balance Sheet and Other Financial Data (Million USD)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cash	422	1,098	870	740	864	268	400	288	486	599
Current Assets	4,293	4,576	3,938	3,936	1,995	1,379	1,474	1,209	1,333	1,306
Total Assets	13,501	16,333	15,702	15,901	3,493	2,772	2,752	2,329	2,381	2,290
Current Liabilities	2,096	2,859	2,106	2,095	862	686	676	581	533	476
Long Term Debt	4,265	4,762	6,170	7,238	683	757	257	250	250	250
Total Capital	9,908	12,860	11,711	11,753	2,468	1,941	1,939	1,610	1,726	1,697
Capital Expenditures	817	632	565	481	326	330	312	250	179	165
Cash from Operations	1,766	1,510	1,673	803	943	794	678	687	519	581
Current Ratio	2.05	1.60	1.87	1.88	2.31	2.01	2.18	2.08	2.50	2.74
% Long Term Debt of Capitalization	43.0	37.0	52.7	61.6	27.7	39.0	13.3	15.5	14.5	14.7
% Net Income of Revenue	-6.97	7.71	4.33	1.82	6.97	7.61	8.38	7.36	6.75	6.13
% Return on Assets	7.54	7.82	6.76	7.95	21.35	21.97	22.65	20.78	17.60	14.86
% Return on Equity	-24.8	27.3	18.3	9.1	40.5	42.1	41.1	34.8	27.5	23.9

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted.
E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Dollar Tree, Inc.

Sub-Industry Outlook

Our fundamental outlook for general merchandisers is positive. Sales at general merchandisers have increased 1.7% year-to-date through August 31. Sub-industry sales increased 3.2% in 2018, following a 2.5% gain in 2017, according to the U.S. Census Bureau. Looking ahead, we see these figures accelerating in FY 20 and FY 21, as industry players buck the current retail trend and accelerate growth of new stores. We expect Dollar General to execute on more than 2,075 real estate projects, including over 975 openings, 1,000 remodels and 100 store relocations in FY 20. Similarly, we expect Dollar Tree to execute on the renovation of 1,000 Family Dollars, the opening of 350 new Dollar Tree stores and 200 new Family Dollar stores as well as the re-bannering of 200 Family Dollar stores. These aggressive store fleet expansions come amid nearly 8,000 announced U.S. retail store closures, according to Coresight Research.

We like the general merchandising industry's defensive features and gear toward value-conscious consumers, notably during a slowing economic environment, where we expect consumers to divert more disposable income to savings and see bargain hunting picking up pace. According to the Bureau of Economic Analysis, personal saving was $1.32 trillion in the second quarter of 2019, compared with $1.25 trillion in the fourth quarter of 2018. The personal saving rate -- personal saving as a percentage of disposable personal income -- was 8.1% in the second quarter of 2019, compared with 7.8% in the fourth quarter of 2018. We see the personal saving rate rising about 9% this year.

That said, we note potential headwinds to margins from the implementation of President Trump's List 1, 2, 3 and 4 tariffs. In our view, the tariffs currently in place are too large for general merchandisers to absorb and will mean higher prices for the U.S. consumer. Tariffs also threaten to reduce consumer confidence, a key industry driver. That said, many industry players, such as Dollar General and Dollar Tree, generate a large portion of sales in necessities like food and consumables where we believe demand leans more inelastic and, as such, we see sub-industry's margins staying resilient. (Consumables accounted for 77.5% of Dollar General's sales in FY 19 and 48.7% of Dollar Tree's.)

That said, we recognize increasing competitive pressures in the food and consumables category from Aldi's expanding U.S. footprint. (The German family-owned discount supermarket chain plans to operate 2,500 stores in the U.S. by 2022, which would make it the third largest grocery store by count in the U.S.) We also see intensifying competition in home furnishings from Walmart and Amazon, notably for Big Lots, which generates about 50% of its sales in the furniture, soft home and hard home category. On February 8, Walmart announced the launch of a new home brand, MoDRN, exclusively for Walmart's digital platform. Similarly, Amazon rolled out Amazon Showroom, a visualization tool that assists users to make online furniture purchasing decisions in early January. The roll-out follows Amazon's launch of its third private label furniture brand, Ravenna Home, in October 2018.

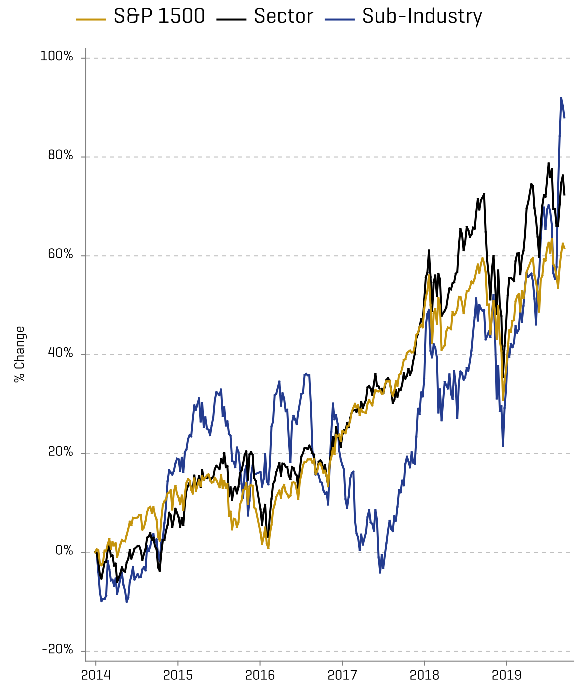
Year-to-date through September 13, the S&P Composite 1500 General Merchandise Stores Index increased 44.7% versus the S&P 1500 Composite Index, which rallied 19.7%. In 2018, the sub-industry index was flat compared to the 6.8% decline for the broader benchmark.

/Camilla Yanushevsky

Industry Performance

GICS Sector: **Consumer Discretionary**
Sub-Industry: **General Merchandise Stores**

Based on S&P 1500 Indexes
Five-Year market price performance through Sep 21, 2019



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.
Source: S&P Global Market Intelligence

Sub-Industry: General Merchandise Stores Peer Group*: General Merchandise Stores

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. (M)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc.	Yield (%)	Return on Equity (%)	LTD to Cap (%)
Dollar Tree, Inc.	**DLTR**	**NasdaqGS**	**USD**	**111.07**	**26,282**	**15.6**	**28.8**	**NM**	**NA**	**Nil**	**-24.8**	**43.0**
Big Lots, Inc.	BIG	NYSE	USD	22.90	893	10.4	-44.7	7	28.46	5.2	23.0	30.9
Canadian Tire Corporation, Limited	CTC.A	TSX	CAD	148.82	10,953	11.9	-5.5	13	96.72	2.8	14.3	18.4
Dollar General Corporation	DG	NYSE	USD	156.23	40,162	12.6	42.6	50	149.12	0.8	25.3	30.7
Dollarama Inc.	DOL	TSX	CAD	47.96	15,098	-6.6	12.4	28	24.07	0.4	NM	113.4
Fred's, Inc.	FRED.Q	OTCPK	USD	0.0700	2	-77.5	-96.5	NM	NA	Nil	-79.2	6.1
Ollie's Bargain Outlet Holdings, Inc.	OLLI	NasdaqGM	USD	62.54	3,977	-22.6	-32.8	30	72.80	Nil	15.5	NA
Pan Pacific International Holdings Corporation	DQJC.Y	OTCPK	USD	16.39	10,373	8.0	34.5	96	NA	0.5	15.0	55.3
Ryohin Keikaku Co., Ltd.	RYKK.Y	OTCPK	USD	18.96	4,979	12.2	-37.6	18	NA	1.8	18.5	0.3
Tuesday Morning Corporation	TUES	NasdaqGS	USD	1.660	74	20.3	-44.7	NM	NA	Nil	-7.1	16.8
Wesfarmers Limited	WFAF.Y	OTCPK	USD	13.44	30,453	2.1	-25.7	8	NA	7.3	11.9	20.6

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

August 29, 2019
09:50 am ET... CFRA Maintains Buy Opinion on Shares of Dollar Tree, Inc. (104.25****): We keep our 12-month target at $115, a forward P/E of 22.9x our FY 20 (Jan.) estimate of $5.02, above the 3-year historical forward P/E average. We keep FY 21's at $6.17. DLTR posts Jul-Q EPS of $0.76 vs. $1.15, missing consensus. Revenues rose 3.9% to $5.7B, beating consensus. Our positive view reflects DLTR's sustainable comp momentum (+2.4%) with turnaround in Family Dollar (+2.4%, representing third consecutive quarter of sequential acceleration), a rapidly expanding footprint amid thousands of closures in retail to date, and our larger positive outlook on general merchandisers. We like the industry's gear toward value-conscious consumers, notably during a softer macro environment, which increases the allure of bargain hunting. While tariffs threaten to reduce consumer confidence, a primary driver of the industry, we view DLTR as a compelling tariff play, given DLTR generates a large portion of its sales in necessities like food and consumables, where demand leans more inelastic. /Camilla Yanushevsky

August 15, 2019
10:26 am ET... CFRA Maintains Neutral Retailing Outlook (15.96***): Retail sales rose 0.7% in July, following a 0.3% gain in June, the Census Bureau reported. These figures suggest that the U.S. consumer remains healthy, amid low unemployment and modest wage growth, and that Wednesday's industry-wide sell-off, following Macy's earnings report (M 16 ***) was over-done. Despite significant macroeconomic noise surrounding tariffs, we remain bullish on general merchandisers (Dollar General and Dollar Tree) and value retailers (Five Below, TJX, and Ross Stores). With personal savings accelerating, we see these players thriving as bargain hunting picks up pace. On department stores, valuation stands at record-low levels, but we see industry players in for more pain, given their lower hand in the trade war and long-term headwinds as consumer bypass wholesalers and connect directly with brands. On home furnishings and computer electronics, we see sales decelerating in H2. In our view, consumers were accelerating purchases in H1 in anticipation of price hikes. /Camilla Yanushevsky

August 01, 2019
02:02 pm ET... CFRA Maintains Neutral Retailing Outlook (70.33**): President Trump announced today that U.S. will impose a 10% tariff on $300 billion worth of Chinese goods, beginning September 1. In our view, the tariff will take a big bite out of retailers' profits and consumers' wallets. It will force retailers to pass on costs, and co.'s margins will also take a hit as price hikes will likely come with a drop in demand. We highlight high risk in electronics space, given the complexities of redrawing supply chain, and notably for those retailers like Best Buy (BBY 70 **) that primarily function as distributors, where bargaining power is low. That said, we see safe havens among general merchandisers Dollar General (DG 132 *****) and Dollar Tree (DLTR 95 ****), which generate a large portion sales in necessities like food and consumables. While value retailers, like Five Below (FIVE 112 ****), have announced selective price hikes, we believe that demand among the group leans more inelastic, given psychological savings proposition. /Camilla Yanushevsky

June 17, 2019
01:01 pm ET... CFRA Maintains Neutral Retailing Outlook (66.54**): Seven days of testimony regarding proposed $300B tariff start today and more than 300 businesses are expected to testify, including BBY, VFC and American Apparel & Footwear Association. In our view, $300B tariff, if effective, will be detrimental to the U.S. consumer. It'll force retailers to pass on costs, and companies' margins will also take a hit as price hikes will likely come with a drop in demand. We highlight high risk in electronics space, given complexities of redrawing supply chain, and notably for those retailers, such as Best Buy, who primarily function as distributors, and, as such, for which bargaining power is low. That said, we see safe havens among general merchandisers, Dollar General and Dollar Tree, which generate a large portion of the sales in necessities like food and consumables. While value retailers, like Five Below, have announced selective price hikes, we believe that demand among this group leans more inelastic, given the psychological savings proposition. /Camilla Yanushevsky

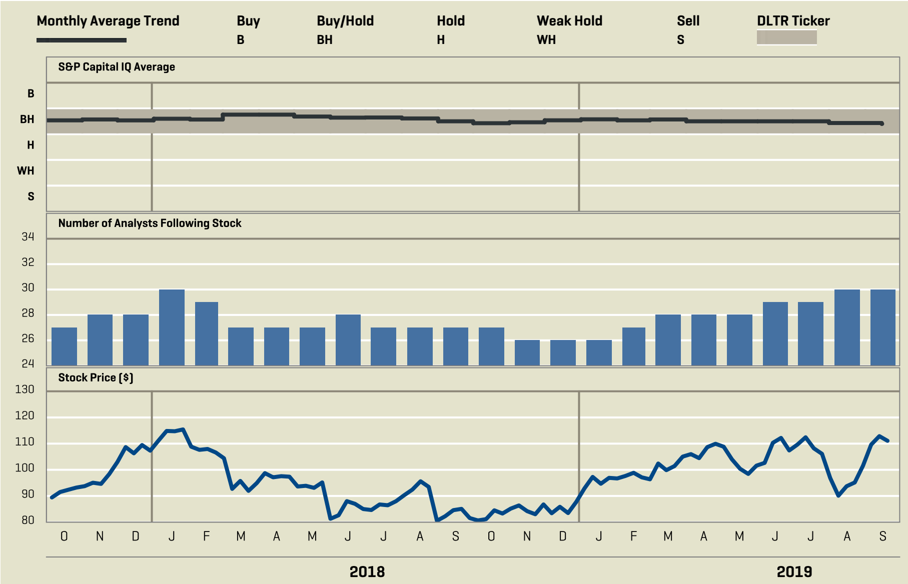
June 03, 2019
02:54 pm ET... CFRA Maintains Neutral Retailing Outlook (128.67*****): May's retail sell-off (SPDR Retail ETF down nearly 13%, marking worst month since November 2008) was overdone, in our view. Expectations coming out of a strong holiday season were set way too high, as evidenced by a string of disappointing earnings results. Despite lingering tariff concerns and accelerating savings rate trends, we don't see the consumer going into hibernation anytime soon. We see compelling Buy opportunities across three 'thematic' investments: (1) value; (2) expanding retail empire; and (3) social activism. (1) Value trumps tariffs in our books. We have Buys on TJX, ROST, FIVE, DG and DLTR. (2) Rapid store openers to outshine in midst of avalanche of closings. We highlight TJX, ROST, ULTA, FIVE, DG, DLTR and TSCO. (3) Social activism is a key differentiator. According to PR firm Edelman, 64% of people will buy or boycott a brand solely because of its position on social or political issues. We recommend DKS, AEO and ANF. /Camilla Yanushevsky

May 30, 2019
09:31 am ET... CFRA Maintains Buy Opinion on Shares of Dollar Tree, Inc. (94.6****): We lift our 12-month target $5 to $115, a forward P/E of 22.9x our FY 20 (Jan.) estimate of $5.02 (cut from $5.74), above the 3-year historical forward P/E average. We lower FY 21's to $6.17 from $6.52. DLTR posts Apr-Q EPS of $1.14 vs. $1.19, meeting the Street. Sales rose 4.6% to $5.8B, beating the Street. Our positive view reflects sustainable comps (+2.2%) with turnaround in Family Dollar (+1.9%), expanding footprint (500+) amid thousands of retail store closures and our positive industry outlook. We like the industry's gear toward value-conscious consumers, notably during a softer macro environment, which increases the allure of bargain hunting. (Q1 personal savings were $1.11T vs. $1.07T in Q4; we see saving rates above 7% this year.) While we recognize margin risks from an escalation of U.S.-China trade tensions, value trumps tariffs in our book. General merchandise sales are up 1.8% year-to-date according to the Census Bureau and we see figures accelerating in the latter half. /Camilla Yanushevsky

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

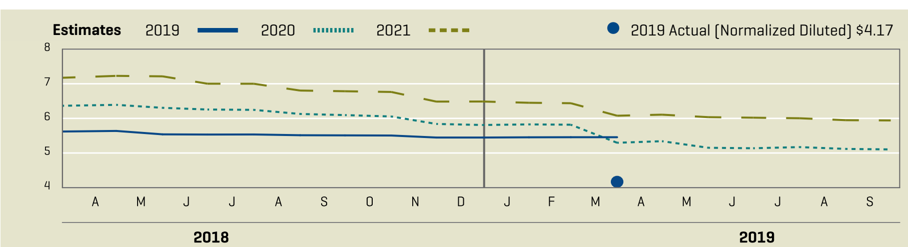
Dollar Tree, Inc.

Analysts' Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	11	37	11	12
Buy/Hold	6	20	6	6
Hold	12	40	13	10
Weak Hold	1	3	0	1
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	**30**	**100**	**30**	**29**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est	Low Est.	# of Est.	Est. P/E
2021	5.94	6.22	5.65	25	18.7
2020	5.10	5.41	4.86	24	21.8
2021 vs. 2020	▲16%	▲15%	▲16%	▲4%	▼-14%
Q3'21	1.30	1.37	1.21	11	85.3
Q3'20	1.13	1.20	1.04	23	98.4
Q3'21 vs. Q3'20	▲15%	▲14%	▲16%	▼-52%	▼-13%

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Wall Street Consensus Opinion

BUY/HOLD

Wall Street Consensus vs. Performance

For fiscal year 2020, analysts estimate that DLTR will earn USD $5.10. For the 2nd quarter of fiscal year 2020, DLTR announced earnings per share of USD $0.76, representing 14.9% of the total revenue estimate. For fiscal year 2021, analysts estimate that DLTR's earnings per share will grow by 16% to USD $5.94.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

CFRA Equity Research is produced and distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"; together with its affiliates and subsidiaries, "CFRA"). Certain research is produced and distributed by CFRA MY Sdn Bhd (Company No. 683377-A) (formerly known as Standard & Poor's Malaysia Sdn Bhd) ("CFRA Malaysia"). Certain research is distributed by CFRA UK Limited ("CFRA UK"). CFRA UK and CFRA Malaysia are wholly-owned subsidiaries of CFRA US.

Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value PEG Ratio - P/E-to-Growth Ratio PV - Present Value
R&D - Research & Development ROCE - Return on Capital Employed ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

Disclosures

S&P GLOBAL™ is used under license. The owner of this trademark is S&P Global Inc. or its affiliate, which are not affiliated with CFRA Research or the author of this content.
Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports:

Global STARS Distribution as of March 31, 2019

Ranking	North America	Europe	Asia	Global
Buy	35.5%	32.4%	39.4%	35.4%
Hold	54.8%	54.4%	41.7%	53.2%
Sell	9.7%	13.2%	18.9%	11.3%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. Quantitative Stock Reports are prepared by CFRA. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers; all of the views expressed in the Quantitative Stock Reports accurately reflect the output of CFRA's algorithms and programs. Analysts generally update STARS Stock Reports at least four times each year. Quantitative Stock Reports are generally updated weekly. No part of analyst, CFRA, CFRA affiliate, or CFRA subsidiary compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in any Stock Report.

About CFRA Equity Research's Distributors:

This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd (Company No. 683377-A) (formerly known as Standard & Poor's Malaysia Sdn Bhd) ("CFRA Malaysia") , which is regulated by Securities Commission Malaysia, (No. CMSL/A0181/2007) under license from CFRA US. These parties and their subsidiaries maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

General Disclosure

Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, **, the English version will control and supersede any ambiguities associated with any part or section of a Research Report that has been issued in a foreign language.** Neither CFRA nor its affiliates guarantee the accuracy of the translation.

Neither CFRA nor its affiliates guarantee the accuracy of the translation. The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this analysis, CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA. The Content shall not be used for any unlawful or unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees or agents do not guarantee the accuracy, completeness, timeliness or availability of the Content.

Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance.

This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Recommendations in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.
CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any recommendation or rating. Additional information on a subject company may be available upon request.
CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.
The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.

Other Disclaimers and Notices

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2019, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."
Certain information in this report may be provided by Securities Evaluations, Inc. ("SE"), a wholly owned subsidiary of Intercontinental Exchange. SE is a registered investment adviser with the United States Securities and Exchange Commission (SEC). SE's advisory services include evaluated pricing and model valuation of fixed income securities, derivative valuations and Odd-Lot Pricing that consists of bid- and ask-side evaluated prices for U.S. Municipal and U.S. Corporate Securities (together called valuation services). Such information is subject to the following disclaimers and notices: "No content (including credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SE. The Content shall not be used for any unlawful or unauthorized purposes. SE and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively SE Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. SE Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. SE PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION.

For residents of the European Union/European Economic Area:

Research reports are originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at 1PO Box 698, Titchfield House, 69-85 Tabernacle Street, London, EC2A 4RR, United Kingdom). CFRA UK Limited is regulated by the UK Financial Conduct Authority (No. 775151).

For residents of Malaysia:

Research reports are originally produced and distributed by CFRA MY Sdn Bhd (Company No. 683377-A) (formerly known as Standard & Poor's Malaysia Sdn. Bhd) ("CFRA Malaysia"), a wholly-owned subsidiary of CFRA US. CFRA Malaysia is regulated by Securities Commission Malaysia (License No. CMSL/A0181/2007).

For residents of all other countries:

Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.