* Tractor Supply Company (NASDAQ: TSCO), the largest rural lifestyle retailer in the United States, today reported financial results for its third quarter ended September 24, 2022.
* Net sales for the third quarter of 2022 increased 8.4% to $3.27 billion from $3.02 billion in the third quarter of 2021. Comparable store sales increased 5.7%, as compared to an increase of 13.1% in the prior year's third quarter. Comparable store sales for the third quarter of 2022 were driven by comparable average ticket growth of 7.0%, partially offset by a comparable average transaction count decline of 1.3%. Comparable store sales growth reflects continued strength in every day, needs-based merchandise, including consumable, usable and edible (“C.U.E.”) products and year-round product categories.
* Gross profit increased 7.4% to $1.17 billion from $1.09 billion in the prior year's third quarter, and gross margin decreased 32 basis points to 35.6% from 36.0% in the prior year's third quarter. The gross margin rate decrease was primarily attributable to product mix from the robust growth of C.U.E. products as the Company's price management actions and other margin driving initiatives were able to offset the impact from significant product cost inflation pressures and higher transportation costs.
* Net income increased 4.3% to $234.1 million from $224.4 million, and diluted earnings per share increased 7.7% to $2.10 from $1.95 in the third quarter of 2021.
* The Company repurchased approximately 0.6 million shares of its common stock for $123.6 million and paid quarterly cash dividends totaling $101.9 million, returning $225.5 million of capital to shareholders in the third quarter of 2022.
* The Company opened 11 new Tractor Supply stores and two new Petsense by Tractor Supply stores in the third quarter of 2022.
* October SSG still appropriate.
* Tractor Supply will report 4th Q and final year-end figures on January 26, 2023.
* Value Line noted in December, “Tractor Supply stock has climbed nicely since our September full-page report went to press. That said, our Timeliness Ranking System suggests that the momentum is getting long in the tooth, and the shares are ranked 4 (Below Average) for Timeliness. Capital appreciation potential is also lackluster over the coming 3- to 5-year window. The dividend is a sweetener, as are the low Beta and Above Average (2) rank for Safety, but it does not stand out on its own.”
* In contrast, CFRA states, “We expect revenues to grow 10.3% in 2022 and 6.6% in 2023 after impressive 19.9% growth in 2021, driven primarily from elevated interest in home and garden remodeling throughout the Covid-19 pandemic. We see sales growth normalizing towards pre-pandemic levels in the mid to high-single digits heading into 2023 as the company continues to execute its long-term strategic plan to aggressively expand its store footprint, remodel stores and add side lots to hundreds of stores.”
* Club bought stock in October for $185. Closed Monday at 217.48. Up 17.6%.
* Represents 4.3% of Club portfolio.