Stock Selection Guide

Company	Tractor Supply		Date	09/09/22
Prepared by	O'MARA		Data taken from	BI Stock Data
Where traded	NAS	Industry	Specialty Retail	

Capitalization --- Outstanding Amounts		Reference		
Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		112.3	4.4	80.1
Debt ($M)	3,934.5	% to Tot Cap	67.3 % Pot Dil	0.7

Symbol: TSCO

1 VISUAL ANALYSIS of Sales, Earnings, and Price
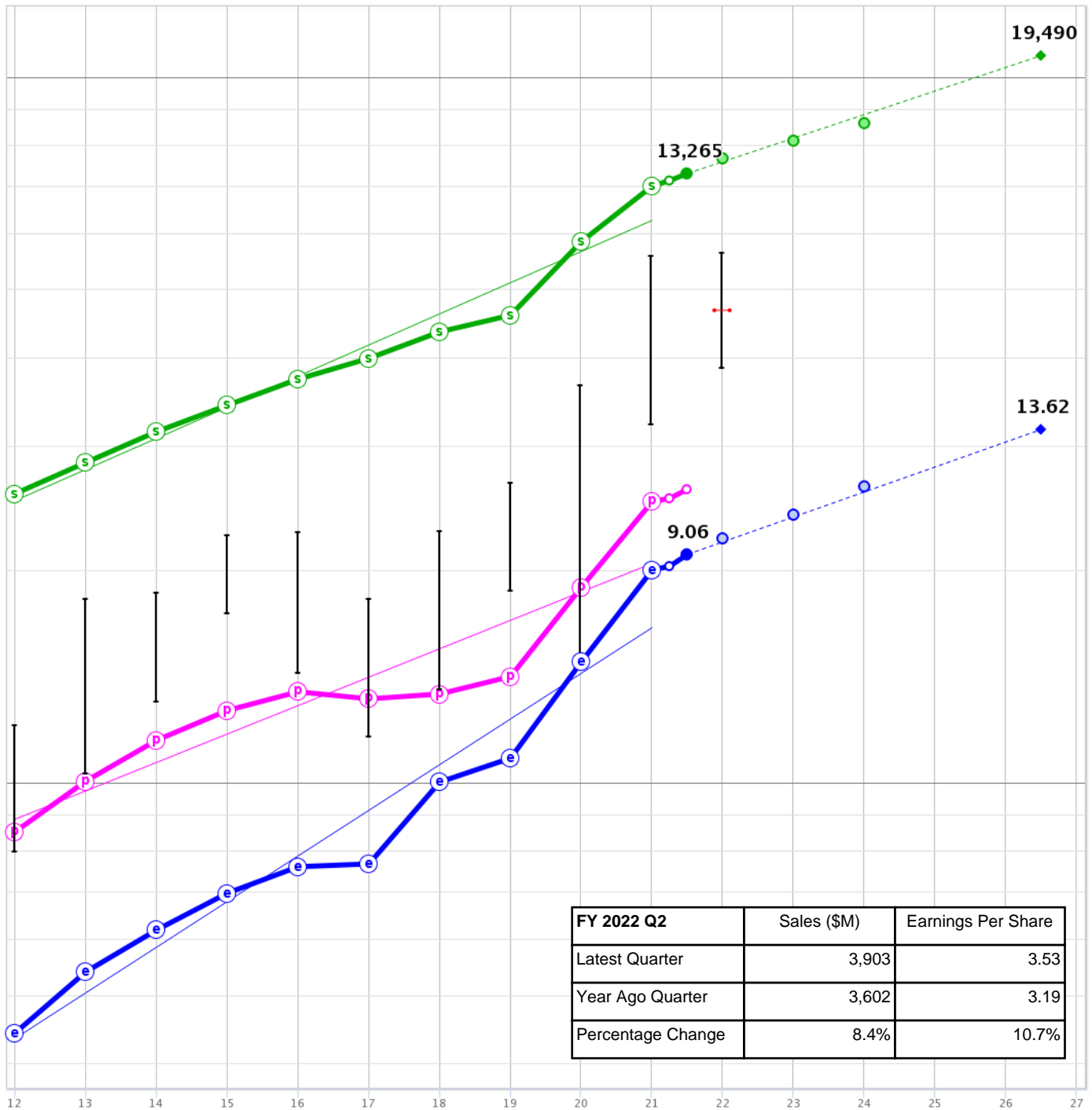
FY 2022 Q2	Sales ($M)	Earnings Per Share
Latest Quarter	3,903	3.53
Year Ago Quarter	3,602	3.19
Percentage Change	8.4%	10.7%

(1) Historical Sales Growth	10.7%	(3) Historical Earnings Per Share Growth		16.1%
(2) Estimated Future Sales Growth	8.0%	(4) Estimated Future Earnings Per Share Growth		8.5%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
% Pre-tax Profit on Sales	9.3%	10.0%	10.3%	10.4%	10.2%	9.3%	8.6%	8.7%	9.1%	10.1%	9.2%
% Earned on Equity	25.8%	27.4%	29.5%	30.1%	29.2%	30.2%	35.1%	36.9%	39.5%	48.2%	38.0%
% Debt To Capital	0.1%	0.1%	0.4%	10.8%	17.2%	24.6%	22.0%	63.4%	64.8%	66.2%	48.2%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 200.92 (09/09/22)   **52-WEEK HIGH** 241.54   **52-WEEK LOW** 166.49

	A	B	C	D	E	F	G	H
Year	**Price**		**Earnings**	**Price Earnings Ratio**		**Dividend**	**% Payout**	**% High Yield**
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2017	78.3	49.9	3.30	23.7	15.1	1.05	31.8	2.1
2018	97.7	58.3	4.31	22.7	13.5	1.20	27.8	2.1
2019	114.3	80.3	4.66	24.5	17.2	1.36	29.2	1.7
2020	157.1	63.9	6.38	24.6	10.0	1.50	23.5	2.3
2021	239.5	138.1	8.61	27.8	16.0	2.08	24.2	1.5
AVERAGE		78.1		23.9	15.5		27.3	
CURRENT/TTM			9.06			3.68	40.6	
AVERAGE PRICE EARNINGS RATIO: 19.7					CURRENT PRICE EARNINGS RATIO: 22.2			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

     Avg. High P/E   21.5   X Estimate High Earnings/Share   13.62   =   Forecasted High Price $ 292.9

B LOW PRICE - NEXT 5 YEARS

     (a) Avg. Low P/E   14.4   X Estimate Low Earnings/Share   8.72   =   Forecasted Low Price $ 125.6

     (b) Avg. Low Price of Last 5 Years   78.1

     (c) Recent Market Low Price   63.9

     (d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{3.68}{2.35\%} = 156.7$

                                            Selected Forecasted Low Price $ 162.0

C ZONING   using 25%-50%-25%

     Forecasted High Price   292.9   Minus Forecasted Low Price   162.0   =   130.9   Range.   25% of Range   32.7

              Buy Zone   162.0   to   194.7

              Hold Zone   194.7   to   260.2

              Sell Zone   260.2   to   292.9

         Present Market Price of   200.92   is in the   **HOLD**   Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

    $\frac{\text{High Price} \quad 292.9 \quad \text{Minus Present Price} \quad 200.92}{\text{Present Price} \quad 200.92 \quad \text{Minus Low Price} \quad 162.0} = \frac{91.98}{38.92} = 2.4$ To 1

E PRICE TARGET   (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

    $\frac{\text{High Price} \quad 292.9}{\text{Closing Price} \quad 200.92} = 1.4578 \quad X \quad 100 = 145.78 - 100 = 45.8$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend} \quad 2.08}{\text{Closing Price} \quad 200.92} = 0.0183 = 1.8\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E   **AVERAGE YIELD - USING FORECAST AVERAGE P/E**

    $\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{27.3\%}{21.50} = 1.3\%$ $\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{27.3\%}{17.95} = 1.5\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	7.8 %	Annualized Appreciation	4.0 %
Average Yield	1.3 %	Average Yield	1.5 %
Annualized Rate of Return	9.1 %	Annualized Rate of Return	5.5 %