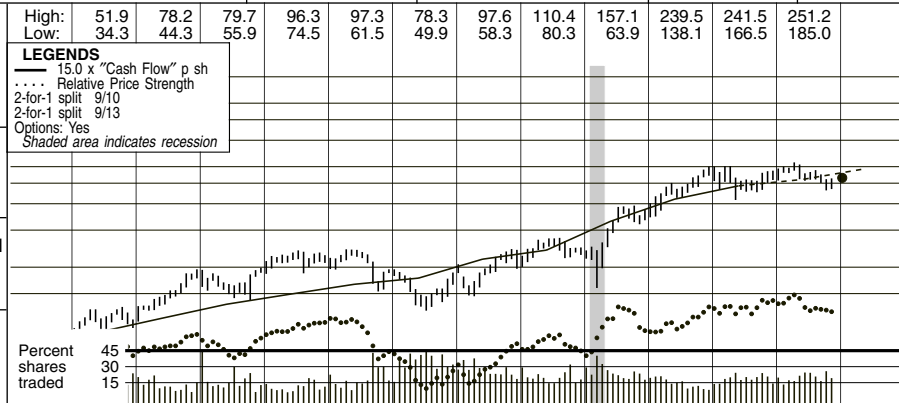


# TRACTOR SUPPLY CO. NDQ-TSCO

RECENT PRICE **212.01** P/E RATIO **18.9** (Trailing: 20.7, Median: 22.0) RELATIVE P/E RATIO **1.14** DIV'D YLD **2.1%** VALUE LINE **1149**

**TIMELINESS** 3 Lowered 7/14/23  
**SAFETY** 2 Raised 6/19/20  
**TECHNICAL** 4 Lowered 12/15/23  
**BETA** .80 (1.00 = Market)

**18-Month Target Price Range**  
 Low-High Midpoint (% to Mid)  
 \$182-\$350 \$266 (25%)



Target Price Range	2026	2027	2028
	640	480	400
	320	240	200
	160	120	80
	60		

**% TOT. RETURN 11/23**

	THIS STOCK	VL ARITH. INDEX
1 yr.	-8.5	1.7
3 yr.	51.3	23.1
5 yr.	129.1	51.6

**2026-28 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	405	(+90%)	19%
Low	300	(+40%)	11%

**Institutional Decisions**

	4Q2022	1Q2023	2Q2023
to Buy	485	485	498
to Sell	446	454	465
Hld's(000)	94274	94046	99084

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
18.03	20.85	22.22	25.00	29.70	33.55	36.98	41.88	46.39	51.83	57.91	64.94	70.68	91.36	112.54	128.60	<b>137.45</b>	<b>156.20</b>	Sales per sh <sup>A</sup>	<b>208.15</b>
.98	.99	1.26	1.63	2.13	2.63	3.07	3.56	3.98	4.44	4.74	5.83	6.44	8.80	11.20	12.96	<b>13.90</b>	<b>15.65</b>	"Cash Flow" per sh	<b>20.65</b>
.60	.55	.79	1.13	1.51	1.90	2.32	2.66	3.00	3.27	3.33	4.31	4.68	6.87	8.61	9.71	<b>10.35</b>	<b>11.60</b>	Earnings per sh <sup>A B</sup>	<b>16.05</b>
--	--	--	.14	.22	.36	.49	.61	.76	.92	1.05	1.20	1.36	1.50	2.08	3.68	<b>4.12</b>	<b>4.56</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>5.50</b>
3.77	4.23	5.08	6.41	7.07	7.37	8.93	9.48	10.38	11.11	11.32	12.82	13.26	16.55	17.70	18.49	<b>20.10</b>	<b>22.85</b>	Book Value per sh <sup>D</sup>	<b>30.60</b>
149.94	144.25	144.31	145.55	142.53	139.01	139.65	136.38	134.22	130.80	125.30	121.83	118.17	116.25	113.13	110.46	<b>109.50</b>	<b>105.00</b>	Common Shs Outst'g <sup>E</sup>	<b>98.00</b>
19.9	16.9	13.4	15.4	20.7	23.6	25.8	25.4	29.1	25.5	19.1	18.1	21.0	17.6	21.9	21.4	<b>20.10</b>	<b>22.85</b>	Avg Ann'l P/E Ratio	<b>22.0</b>
1.06	1.02	.89	.98	1.30	1.50	1.45	1.34	1.47	1.34	.96	.98	1.12	.90	1.18	1.24	<b>1.18</b>	<b>1.24</b>	Relative P/E Ratio	<b>1.20</b>
--	--	--	.8%	.7%	.8%	.8%	.9%	.9%	1.1%	1.7%	1.5%	1.4%	1.2%	1.1%	1.7%	<b>1.1%</b>	<b>1.7%</b>	Avg Ann'l Div'd Yield	<b>1.6%</b>

**CAPITAL STRUCTURE as of 9/30/23**  
 Total Debt \$1731.6 mill. Due in 5 Yrs \$200 mill.  
 LT Debt \$1728.3 mill. LT Interest \$45.0 mill.  
 Includes finance leases  
 (Total interest coverage: Over 25x) (45% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$365 mill.  
**No Defined Benefit Pension Plan**  
**Pfd Stock None**

**Common Stock** 108,114,204 shs as of 10/28/23  
**MARKET CAP: \$22.9 billion (Large Cap)**

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
5164.8	5711.7	6226.5	6779.6	7256.4	7911.0	8351.9	10620	12731	14204	<b>15050</b>	<b>16400</b>	Sales (\$mill)	<b>20400</b>						
34.0%	34.1%	34.4%	34.3%	34.3%	34.2%	34.4%	35.4%	35.2%	35.0%	<b>36.0%</b>	<b>36.0%</b>	Gross Margin	<b>36.0%</b>						
11.9%	12.3%	12.4%	12.3%	11.7%	11.1%	11.3%	12.1%	12.4%	12.5%	<b>12.6%</b>	<b>12.5%</b>	Operating Margin	<b>12.5%</b>						
1276	1382	1488	1738	1853	1940	2024	2105	2181	2333	<b>2425</b>	<b>2505</b>	Number of Stores	<b>2685</b>						
328.2	370.9	410.4	437.1	427.5	532.4	564.6	806.2	997.1	1088.7	<b>1140</b>	<b>1240</b>	Net Profit (\$mill)	<b>1605</b>						
36.2%	36.9%	36.6%	36.5%	36.4%	22.1%	22.3%	22.6%	22.1%	22.5%	<b>22.5%</b>	<b>22.5%</b>	Income Tax Rate	<b>23.0%</b>						
6.4%	6.5%	6.6%	6.4%	5.9%	6.7%	6.8%	7.6%	7.8%	7.7%	<b>7.6%</b>	<b>7.6%</b>	Net Profit Margin	<b>7.9%</b>						
677.2	670.9	814.1	740.6	806.2	856.3	540.3	1514.9	1185.6	781.6	<b>1400</b>	<b>1200</b>	Working Cap'l (\$mill)	<b>1000</b>						
1.2	5.0	167.0	289.8	433.7	410.4	396.9	1017.4	1019.2	1198.7	<b>1730</b>	<b>1750</b>	Long-Term Debt (\$mill)	<b>1850</b>						
1246.9	1293.6	1393.3	1453.2	1418.7	1567.1	1923.8	2002.7	2042.4	<b>2200</b>	<b>2400</b>	Shr. Equity (\$mill)	<b>3000</b>							
26.3%	28.6%	26.4%	25.2%	23.5%	27.5%	29.3%	27.9%	33.4%	33.6%	<b>29.0%</b>	<b>31.5%</b>	Return on Total Cap'l	<b>33.0%</b>						
26.3%	28.7%	29.5%	30.1%	30.1%	34.1%	36.0%	41.9%	49.8%	53.3%	<b>52.0%</b>	<b>54.0%</b>	Return on Shr. Equity	<b>53.5%</b>						
20.8%	22.2%	22.1%	21.7%	20.7%	24.7%	25.6%	32.8%	37.9%	33.3%	<b>31.0%</b>	<b>33.6%</b>	Retained to Com Eq	<b>35.5%</b>						
21%	23%	25%	28%	31%	28%	29%	22%	24%	38%	<b>40%</b>	<b>38%</b>	All Div'ds to Net Prof	<b>34%</b>						

**CURRENT POSITION**

	2021	2022	9/30/23
Cash Assets	878.0	202.5	421.7
Receivables	--	--	--
Inventory (Avg Cst)	2191.2	2709.6	2834.2
Other	181.2	245.7	278.2
Current Assets	3250.4	3157.8	3534.1
Accts Payable	1155.6	1398.3	1412.2
Debt Due	3.9	3.2	3.3
Other	905.3	974.7	903.3
Current Liab.	2064.8	2376.2	2318.8

**BUSINESS:** Tractor Supply Co. is a specialty retailer supplying the lifestyle needs of recreational farmers and ranchers. It also serves tradesmen and small businesses. The company provides livestock and pet products (50% of 2022 sales); hardware, tools, truck, and towing (19%); seasonal products (such as snow blowers and mowers), gifts, and toys (21%); clothing and footwear (7%); and agriculture (3%). Operated 2,164 Tractor Supply stores and 189 Pet-sense stores as of 4/1/23. Has about 49,000 empls. Off./dir. own less than 1% of common; The Vanguard Group, 11.8%; Blackrock, 9.1% (3/23 Proxy). Chrmn: Cynthia Jamison. Pres. & CEO: Hal Lawton, Inc.: Delaware. Addr.: 5401 Virginia Way, Brentwood, TN 37027. Tel.: 615-440-4000. Internet: www.tractorsupply.com.

**Management has updated the long-term strategy.** The new objective is to reach 3,000 locations in the U.S., reflecting a 200-store increase from the previous plan. This expansion includes a commitment to open 80 new stores in 2024 and a further 90 stores annually from 2025 onward. Additionally, leadership is actively involved in a sale-leaseback initiative for 117 existing stores over the next eight to 10 years, with the aim of securing funds for the expansion. New stores will also be sold and leased in a similar manner. Management anticipates that the sales generated from these additional stores will more than compensate for the increased lease expenses. Assuming TSCO continues to repurchase a fair amount of outstanding shares, these factors augur well for per-share earnings growth out to 2026-2028.

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22 to '26-'28
Sales	13.0%	14.5%	11.0%
"Cash Flow"	16.5%	18.0%	11.0%
Earnings	18.0%	19.5%	11.5%
Dividends	22.5%	14.5%	14.5%
Book Value	9.5%	9.5%	9.5%

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

Cal-ender	Mar.	Per.	Jun.	Per.	Sep.	Per.	Dec.	Per.	Full Year
2020	1959	3176	2606	2878	10620				
2021	2792	3601	3017	3319	12731				
2022	3024	3903	3270	4006	14204				
2023	3299	4185	3412	<b>4154</b>	<b>15050</b>				
2024	<b>3610</b>	<b>4590</b>	<b>3925</b>	<b>4275</b>	<b>16400</b>				

**EARNINGS PER SHARE <sup>A B</sup>**

Cal-ender	Mar.	Per.	Jun.	Per.	Sep.	Per.	Dec.	Per.	Full Year
2020	.71	2.90	1.62	1.64	6.87				
2021	1.55	3.19	1.95	1.92	8.61				
2022	1.65	3.53	2.10	2.43	9.71				
2023	1.65	3.83	2.33	<b>2.54</b>	<b>10.35</b>				
2024	<b>1.95</b>	<b>4.40</b>	<b>2.50</b>	<b>2.75</b>	<b>11.60</b>				

**QUARTERLY DIVIDENDS PAID <sup>C</sup>**

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.31	.35	.35	.35	1.36
2020	.35	.35	.40	.40	1.50
2021	.52	.52	.52	.52	2.08
2022	.92	.92	.92	.92	3.68
2023	1.03	1.03	1.03		

**Tractor Supply reported mixed results in the recent third quarter.** Comparable store sales held steady year over year, with declines in demand for seasonal and big-ticket items offset by strong performance in core year-round merchandise. Contributions from the Orschlen Farm and Home acquisition helped increase net sales 4.3%, to \$3.41 billion. In January, the company opened its largest distribution center (a 900,000 square foot facility in Navaree, Ohio), which continues to lower shipping costs, and drove a 1% expansion in the gross margin, to 36.7%. While the distribution center resulted in slightly higher depreciation and onboarding costs, per-share earnings came in at a solid \$2.33.

**The near-term profit outlook is encouraging.** Aided by the recent gross margin gains, we're expecting a seasonally-strong December period to bring full-year 2023 profit to \$10.35 per share. TSCO also opened 20 new locations in the recent period. Continued new store development and a rebound in comparable store sales should result in decent earnings gains in 2024.

**Neutrally ranked Tractor Supply shares have some investment merit.** Upside potential over the next 18 months looks to be solid. Moreover, the midpoint of our 2026-2028 Target Price Range of \$355 suggests above-average returns over that period.

Lucas Vanarthos  
 December 15, 2023

(A) Fiscal year ends on the last Saturday in December. Quarterly figures may not add to total due to rounding. (B) Diluted earnings per share. Excludes non-recurring charges: '17, \$0.03; '19, \$0.02; '20, \$0.49. Next earnings report due late January. (C) Dividends paid in early March, June, September, and December. (D) Includes intangibles. In 2022: \$253.3 mill., \$2.30/share. (E) In mill. adjusted for stock splits.

Company's Financial Strength	A+
Stock's Price Stability	85
Price Growth Persistence	80
Earnings Predictability	95