

Tractor Supply Company

Recommendation **HOLD** ★ ★ ★ ★ ★

Price USD 200.92 (as of market close Sep 09, 2022) **12-Mo. Target Price** USD 216.00 **Report Currency** USD **Investment Style** Large-Cap Blend

Equity Analyst Siye Desta

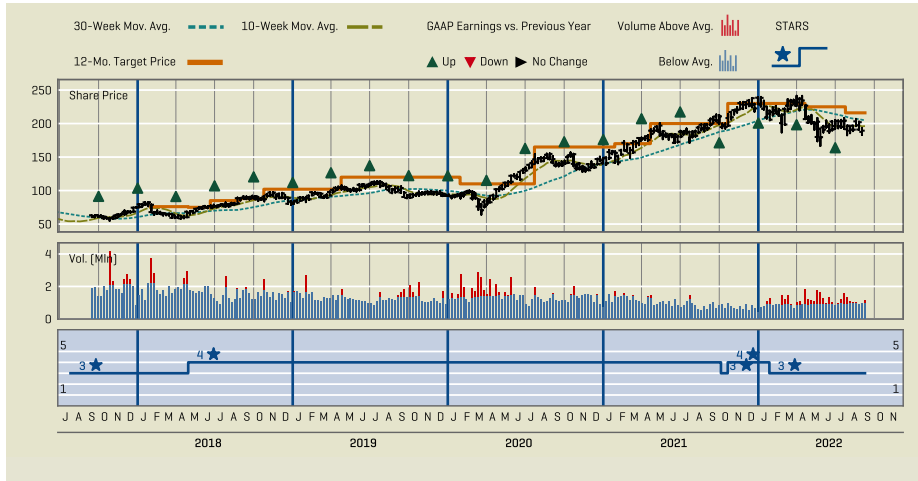
GICS Sector Consumer Discretionary
Sub-Industry Specialty Stores

Summary This specialty retailer supplies recreational farmers, ranchers, and all those who enjoy living rural lifestyles, as well as tradesmen and small businesses.

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

52-Wk Range	USD 241.54 - 166.49	Oper.EPS2022E	USD 9.61	Market Capitalization[B]	USD 22.3	Beta	0.91
Trailing 12-Month EPS	USD 9.06	Oper.EPS2023E	USD 10.10	Yield [%]	1.83	3-yr Proj. EPS CAGR[%]	14
Trailing 12-Month P/E	22.18	P/E on Oper.EPS2022E	20.91	Dividend Rate/Share	USD 3.68	SPGMI's Quality Ranking	A+
USD 10K Invested 5 Yrs Ago	35,748.0	Common Shares Outstg.[M]	111.00	Trailing 12-Month Dividend	USD 3.28	Institutional Ownership [%]	86.0

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 Siye Desta on Aug 01, 2022 06:14 PM ET, when the stock traded at USD 216.00.

Highlights

- ▶ We expect revenues to grow 9.0% in 2022 and 7.5% 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.
- ▶ We expect continued pressure on operating margin over the short and intermediate term as global supply chain disruptions raise freight and manufacturing costs as demand normalizes for higher margin items. We see operating margin of 10.1% in 2022 and remaining flat in 2023 after compression from 10.8% in 2021, due to supply chain disruption created from the pandemic.
- ▶ TSCO's continues to invest heavily in growth, spending heavily on technology, Project Fusion and Side Lot (its store remodeling initiatives), and expanding its total store count. TSCO continues to return cash to shareholders and in January announced a 77% dividend increase to \$0.92 quarterly and plans to spend between \$750M and \$800M on share repurchases in 2022.

Investment Rationale/Risk

- ▶ Our Hold opinion reflects a view that TSCO's valuation is stretched even as the company continues to execute its strategic growth plan and benefit from sustainable tailwinds such as high pet ownership (livestock & pet products make up roughly 50% of sales). The company has embraced the rise of the omni-channel business model by improving its website, mobile app, and expanding to one day delivery, leaving the company well-positioned for future growth. Over the next twelve months, we see continued execution of its long-term strategic plan to open new stores (80 Tractor Supply & 10 Petsense in 2022) and tailwinds from the recent pet adoption trends; primarily in the consumable, usable, and edible category.
- ▶ Risks to our opinion and target price include lower comparable store sales growth, improvement or deterioration of current supply chain disruptions, extreme weather conditions, and competition from larger home improvement stores.
- ▶ Our 12-month target of \$216 is equal to 21.4x our 2023 EPS estimate and in line with TSCO's five-year average forward P/E, given its continued flexible financial position and high level of execution and growth.

Analyst's Risk Assessment

LOW MEDIUM HIGH

Our risk assessment reflects TSCO's specialized market niche, catering to untapped rural areas and consumers with above-average incomes and a below-average cost of living, which we believe differentiates TSCO from other general merchandise retailers, pet retailers, value retailers, and home center retailers. Our view is also supported by structural and sustainable trends, namely a Covid-19 induced urban exodus and a jump in pet adoptions.

Revenue/Earnings Data

Revenue (Million USD)	1Q	2Q	3Q	4Q	Year
2023	E 3,229	E 4,165	E 3,501	E 3,928	E 14,823
2022	3,024	3,903	E 3,284	E 3,767	E 13,978
2021	2,792	3,602	3,018	3,319	12,731
2020	1,959	3,176	2,607	2,878	10,620
2019	1,822	2,354	1,984	2,192	8,352
2018	1,683	2,213	1,882	2,133	7,911

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2023	E 1.86	E 3.76	E 2.07	E 2.41	E 10.10
2022	1.65	3.53	E 2.04	E 2.38	E 9.61
2021	1.55	3.19	1.95	1.93	8.61
2020	0.71	2.90	1.62	1.15	6.38
2019	0.63	1.80	1.04	1.21	4.68
2018	0.57	1.69	0.95	1.11	4.31

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

Amount [USD]	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.9200	Aug 04	Aug 19	Aug 22	Sep 07 '22
0.9200	May 10	May 24	May 25	Jun 08 '22
0.9200	Jan 26	Feb 17	Feb 21	Mar 08 '22
0.5200	Nov 03	Nov 19	Nov 22	Dec 08 '21

Dividends have been paid since 2010. Source: Company reports

Past performance is not an indication of future performance and should not be relied as such.

Forecasts are not a reliable indicator of future performance. Dividends paid in currencies other than the Trading currency have been accordingly converted for display purposes.

Tractor Supply Company

Business Summary Jul 21, 2022

CORPORATE PROFILE. Tractor Supply Company is the largest rural lifestyle retailer in the U.S. The company focuses on supplying the needs of anyone who enjoys living the rural lifestyle. The company's target customers generally have above average income and below average cost of living. Its business is very seasonal primarily due to weather conditions, with sales and its bottom line highest in the second and fourth quarter. During the spring and summer, if weather is abnormally cool, it negatively affects earnings since potential customers are disincentivized to shop for outdoor products. The same is true when the weather is abnormally warm in the fall and winter. In 2021, the company operated 2,181 retail stores in 49 states, which include Tractor Supply and Del's retail stores [2,003 in FY 21] and Petsense retail stores [178].

The company has one reportable segment, which is the retail sale of products that support the rural lifestyle. The company offers its customer a wide range of products, with 16,000 to 22,000 products available per Tractor Supply store along with 170,000 products online. No single product or vendor accounted for more than 10% of the company's sales or purchases for FY 21. The major product categories include equine, livestock, pet, hardware, truck, towing, seasonal products, apparel, and maintenance products. Approximately 375 core vendors accounted for 90% of the company's merchandise. The company also offers exclusive brands which account for 29% of its sales -- the brands include 4 health [pet foods and supplies], Producer's Pride [livestock and horse feed and supplies], American Farmworks [livestock, farm and ranch equipment], Red Shed [gifts, collectibles, and outdoor furniture], Bit & Bridle [apparel and footwear], Redstone [heating products], Blue Mountain [apparel] Retriever [pet foods and supplies], C.E. Schmidt [apparel and footwear], Ridgecut [apparel], Countyline [livestock, farm and ranch equipment], Royal Wing [bird feed and supplies], Dumor [livestock and horse feed and supplies], Strive [pet food], Groundwork [lawn and garden supplies], Traveller [truck and automotive products], Huskee [outdoor power equipment], Treeline [hunting gear and accessories], JobSmart [tools], TSC Tractor Supply Co [trailers, truck tool boxes, and animal bedding], Paws & Claws [pet foods and supplies], and Untamed [pet foods].

CORPORATE STRATEGY. The company's strategy is to continue offering a wide assortment of products to its core customers in the niche rural lifestyle market along with an exceptional shopping experience. The company has done this by focusing on its enhanced omnichannel shopping experience, which includes engaging its customers through its in-store, e-commerce websites, and mobile application. The company has also enhanced the shopping experience for its customers through its buy online and pickup in-store, ship to store capabilities for drive-thru pick up, Neighbor's Club loyalty program, and its Customer Solutions Center.

Tractor Supply Company also believes that given the size of the communities that it targets, there is ample opportunity for new store growth in many existing and new markets. As result, the company opened 80 new Tractor Supply stores and 9 Petsense stores in 2021 with plans to open 75 to 80 new Tractor Supply stores and 10 new Petsense stores in 2022.

MAJOR DEVELOPMENTS. The company is building two new distribution centers that are approximately 900,000 sq ft. The distribution center being built in Navarre, Ohio, is expected to be completed in 2022, and the new distribution center being built in Maumelle, Arkansas, is expected to be completed in late 2023. The company's distribution facilities network is important given that 76% of merchandise received by Tractor Supply stores were through its network while the remainder was directly shipped from its vendors to its stores or customers.

The company is also in the process of completing its acquisition of Orscheln Farm and Home, LLC, a farm and ranch retailer with 167 retail stores for approximately \$320 million in an all-cash transaction and announced a \$2.0 billion increase of its existing share repurchase program.

COMPETITIVE LANDSCAPE. Tractor Supply Company competes in a competitive retail industry that is highly fragmented but differentiates itself by focusing on its specialized niche market for customer in the rural lifestyle segment. The company's competitors include general merchandise retailers, home center retailers, pet retailers, specialty and discount retailers, independently owned retail farm and ranch stores, regional farm store chains and farm cooperatives, as well as internet-based retailers.

FINANCIAL TRENDS. In FY 21, the company's 5-year net sales CAGR was 13.43% and net sales increased to \$12.73 billion from \$10.62 billion in FY 20. The comparable store sales growth increased 16.9% in FY 21, lower than the 23.1% increase in FY 20. This was primarily driven by the diminishing positive impacts that Covid-19 travel restrictions had on demand for the company's products.

The company's adjusted operating income increased to \$1.31 billion in FY 21 from \$996.9 million in FY 20, while the adjusted operating margin increased to 10.26% from 9.39% over the respective period. However, this increase was in part attributable to an impairment charge recognized in FY 20 related to Petsense for about \$74 million.

In terms of the company's balance, the company's leverage slightly weakened, and its liquidity slightly improved over the past year. The company's total debt to capital and net debt to EBITDA increased to 66.2% and 1.6x in FY 21 from 64.8% and 1.2x in FY 20, while the company's Current Ratio and Quick Ratio decreased to 1.6x and 0.4x from 1.9x and 1.6x in FY 20.

Corporate information

Investor contact

M. W. Pilkington [615 440 4000]

Office

5401 Virginia Way, Brentwood, Tennessee, 37027

Telephone

615 440 4000

Fax

N/A

Website

www.tractorsupply.com

Officers

Executive VP, CFO & Treasurer

K. D. Barton

Independent Chairman the Board

C. T. Jamison

President, CEO & Director

H. A. Lawton

Executive VP and Chief Technology, Digital Commerce & Strategy Officer

R. D. Mills

Senior VP, General Counsel & Corporate Secretary

N. L. Ellison

President, CEO & Director

H. A. Lawton

Board Members

A. J. Hawaux

C. T. Jamison

D. L. Jackson

E. K. Morris

H. A. Lawton

J. Brown

J. H. Scarlett

M. J. Weikel

R. Cardenas

R. Krishnan

T. A. Kingsbury

Domicile

Delaware

Auditor

Ernst & Young LLP

Founded

1938

Employees

34,000

Stockholders

725

Tractor Supply Company

Quantitative Evaluations					Expanded Ratio Analysis					
Fair Value Rank	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	USD	213.52	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that TSCO is undervalued by USD 12.60 or 6.27%							
Volatility	LOW		AVERAGE		HIGH					
Technical Evaluation	BULLISH	Since July, 2022, the technical indicators for TSCO have been BULLISH"								
Insider Activity	UNFAVORABLE		NEUTRAL			FAVORABLE				
Key Growth Rates and Averages										
Past Growth Rate [%]							1 Year	3 Years	5 Years	
Net Income							33.13	23.27	17.93	
Sales							19.87	17.19	13.43	
Ratio Analysis [Annual Avg.]										
Net Margin [%]							7.83	7.21	6.83	
% LT Debt to Capitalization							16.66	14.41	16.72	
Return on Equity [%]							50.79	43.21	38.96	

Company Financials Fiscal year ending Dec 31										
Per Share Data [USD]	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tangible Book Value	17.21	16.07	12.21	11.80	10.33	10.15	10.30	9.41	8.85	7.30
Free Cash Flow	4.45	9.46	4.96	3.39	2.99	3.20	1.62	1.80	0.83	1.59
Earnings	8.61	6.38	4.66	4.31	3.30	3.27	3.00	2.66	2.32	1.90
Earnings [Normalized]	8.61	6.87	4.68	4.31	3.33	3.27	3.00	2.66	2.32	1.90
Dividends	2.08	1.50	1.36	1.20	1.05	0.92	0.76	0.61	0.49	0.36
Payout Ratio [%]	23.97	23.32	28.93	27.63	31.67	27.97	25.12	22.66	20.86	18.56
Prices: High	238.28	157.07	114.25	97.65	78.25	97.25	96.28	79.14	77.00	51.87
Prices: Low	138.14	63.89	80.31	58.27	49.87	61.50	74.52	55.95	42.92	34.25
P/E Ratio: High	27.70	22.90	24.40	22.70	23.50	29.70	32.10	29.80	33.20	27.30
P/E Ratio: Low	16.00	9.30	17.20	13.50	15.00	18.80	24.80	21.00	18.50	18.00
Income Statement Analysis [Million USD]										
Revenue	12,731	10,620	8,352	7,911	7,256	6,780	6,227	5,712	5,165	4,664
Operating Income	1,370	1,188	743.00	702.00	686.00	694.00	651.00	589.00	515.00	437.00
Depreciation + Amortization	270.00	217.00	196.00	177.00	166.00	143.00	124.00	115.00	100.00	89.00
Interest Expense	27.00	29.00	20.00	18.00	14.00	6.00	3.00	2.00	1.00	1.00
Pretax Income	1,280	968.00	723.00	683.00	673.00	688.00	648.00	588.00	514.00	436.00
Effective Tax Rate	22.10	22.60	22.30	22.10	37.20	36.50	36.60	36.90	36.20	36.60
Net Income	997.00	749.00	562.00	532.00	423.00	437.00	410.00	371.00	328.00	276.00
Net Income [Normalized]	839.60	724.60	452.10	427.10	420.30	430.20	404.80	367.20	321.30	272.30
Balance Sheet and Other Financial Data [Million USD]										
Cash	878.00	1,342	85.00	89.00	110.00	54.00	64.00	51.00	143.00	139.00
Current Assets	3,250	3,259	1,788	1,794	1,655	1,518	1,439	1,274	1,209	1,130
Total Assets	7,768	7,049	5,289	3,085	2,869	2,675	2,371	2,035	1,903	1,707
Current Liabilities	2,065	1,744	1,248	938.00	849.00	777.00	671.00	603.00	532.00	561.00
Long Term Debt	986.00	984.00	367.00	381.00	401.00	264.00	150.00	N/A	N/A	N/A
Total Capital	5,922	5,465	4,277	2,002	1,881	1,755	1,561	1,299	1,248	1,026
Capital Expenditures	628.00	294.00	217.00	279.00	250.00	226.00	236.00	161.00	218.00	153.00
Cash from Operations	1,139	1,395	812.00	694.00	631.00	651.00	456.00	409.00	334.00	378.00
Current Ratio	1.57	1.87	1.43	1.91	1.95	1.95	2.14	2.11	2.27	2.02
% Long Term Debt of Capitalization	16.70	18.00	8.60	19.00	21.30	15.00	9.60	N/A	N/A	N/A
% Net Income of Revenue	7.80	7.10	6.70	6.70	5.80	6.40	6.60	6.50	6.40	5.90
% Return on Assets	11.56	12.04	11.09	14.73	15.48	17.19	18.46	18.71	17.82	16.54
% Return on Equity	50.80	42.90	35.90	35.70	29.40	30.70	30.50	29.20	28.90	27.20

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.

Tractor Supply Company

Sub-Industry Outlook

Our fundamental outlook for the specialty stores sub-industry is positive as we see more positive factors moving through 2022 than negative ones. We expect sales and margins to fall under pressure as demand falls and inflation remains elevated which will be a headwind for the sub-industry. We expect those headwinds to be partially offset by growth in store count combined with realized operating efficiencies.

In June, The University of Michigan's Index of Consumer Sentiment was 50.0, the lowest level since the survey started. In May, U.S. Retail and Food Services Sales were down 0.3% compared to the prior month and Retail Trade Sales were down 0.4% from the prior month. If you strip out Gas Stations [+43.2%] and Food Service [+17.5%], these numbers would be much lower. Personal savings rates have dropped below pre-pandemic levels as government stimulus has worked its way through the economy.

To flourish throughout the pandemic specialty stores had to reevaluate their business models and pivot quickly to survive. These retailers had to find new ways to deliver products to consumers such as curbside pick-up, buy online pick-up in-store, and one- or two-day delivery. Many had to invest heavily in technology to integrate these new options into their websites and apps. DICK'S Sporting Goods was one company within the sub-industry that had great success in pivoting. In just three days early in the pandemic DKS was able to pivot and provide consumers multiple new options in how they got their products that generated revenue and earnings growth in 2020, which accelerated in 2021.

Many retailers within the specialty store sub-industry rely on expanding their store footprint or store count to grow revenues and expand margins which grinded to a halt in 2020 as lockdowns and restrictions put these retailers in a much more defensive financial position. In 2021, specialty store retailers eased back into pre-pandemic plans and began once again opening new stores across the U.S. We expect capex to return to pre-pandemic levels in 2022 for the sub-industry,

which will be a positive for retailers in this space as they continue to open new stores, grow revenues and help offset margin pressures.

We expect operating margins for the specialty store sub-industry to fall under pressure as we move into 2022 as demand normalizes and consumer savings falls back to normal levels from lack of stimulus. We also see margin pressure from employee wages as more people return to the labor market and retailers bring back employees. We expect operating margin for the sub-industry to compress in 2022 but expect it to compress less than other retailers as many companies within the sub-industry open new stores and benefit from economies of scale.

We continue to like the niche positioning of the majority of retailers within the sub-industry and believe the sub-industry will outperform as they continue to aggressively open new stores, consolidate, and invest in technology.

Year-to-date as of June 30, 2022, the S&P Specialty Store Index was down 29.4% versus a loss of just 20.5% for the S&P 1500 Index. In 2021, the S&P Specialty Store Index was up 53.6% versus a 26.7% gain for the S&P 1500 Index. The sub-industry's five-year CAGR is 8.3%, slightly below the 9.0% growth for the S&P 1500 Index.

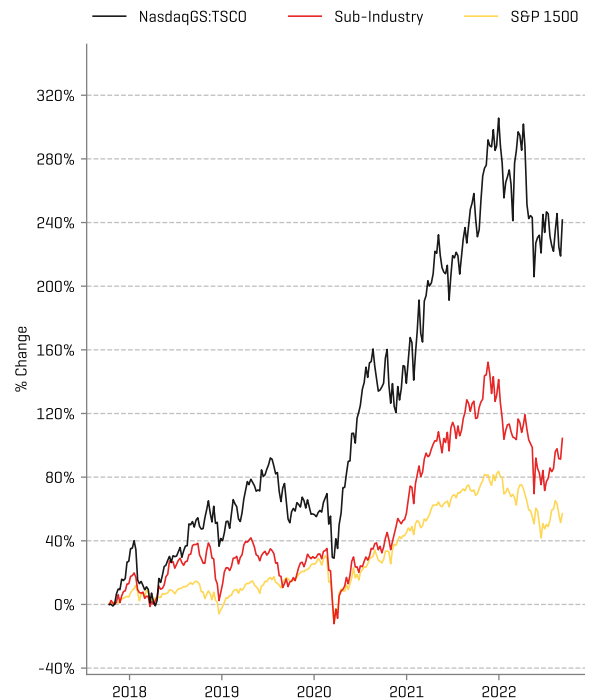
/ Zachary Warring

Industry Performance

GICS Sector: Consumer Discretionary Sub-Industry: Specialty Stores

Based on S&P 1500 Indexes

Five-Year market price performance through Sep 10, 2022



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

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: CFRA, S&P Global Market Intelligence

Sub-Industry: Specialty Stores Peer Group*: Specialty 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 [%]
Tractor Supply Company	TSCO	NasdaqGS	USD	199.79	22,177.0	4.8	0.2	22.0	213.52	1.8	52.9	16.9
Academy Sports and Outdoors, Inc.	ASO	NasdaqGS	USD	48.28	3,849.0	13.6	11.2	7.0	N/A	0.6	43.2	20.2
Bath & Body Works, Inc.	BBWI	NYSE	USD	39.12	8,934.0	8.6	-39.3	9.0	N/A	2.0	-54.2	142.7
DICK'S Sporting Goods, Inc.	DKS	NYSE	USD	113.28	8,972.0	15.5	-15.6	8.0	155.42	1.7	48.0	28.0
Five Below, Inc.	FIVE	NasdaqGS	USD	139.10	7,721.0	3.6	-23.6	33.0	138.69	N/A	22.0	N/A
Leslie's, Inc.	LESL	NasdaqGS	USD	14.59	2,670.0	-5.2	-39.8	19.0	N/A	N/A	-55.5	103.4
National Vision Holdings, Inc.	EYE	NasdaqGS	USD	36.19	2,855.0	15.2	-38.6	36.0	N/A	N/A	9.5	28.9
Pet Valu Holdings Ltd.	PET	TSX	CAD	34.10	2,410.0	32.9	27.0	25.0	N/A	0.7	-98.2	61.1
Petco Health and Wellness Company, Inc.	WOOF	NasdaqGS	USD	15.43	4,100.0	2.4	-29.7	34.0	N/A	N/A	5.2	30.6
Signet Jewelers Limited	SIG	NYSE	USD	57.96	2,680.0	-3.0	-22.6	5.0	31.72	1.4	22.2	4.4
Ulta Beauty, Inc.	ULTA	NasdaqGS	USD	445.34	22,811.0	18.5	18.4	21.0	756.33	N/A	62.0	N/A

*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.

Tractor Supply Company

Analyst Research Notes and other Company News

July 25, 2022

12:34 PM ET... CFRA Keeps Hold Opinion on Shares of Tractor Supply Company [TSCO 194.89***]:

We lower our 12-month target by \$9 to \$216, 21.4x our '23 EPS of \$10.10 [lowered from \$11.00; '22 lowered to \$9.61 from \$9.90], which is in line with TSCO's five-year forward P/E. Q2 EPS of \$3.53 [+11% Y/Y] beat by a penny on revenue of 3,903M [+8% Y/Y], \$10M above consensus. The beat was driven by comparable store sales growth [+5.5%], due to ticket growth [+7.5%] despite a lower transaction count [-2.0%], while gross margins fell 23.4 bps due to cost inflation, transportation costs, and a shift in product mix. TSCO raised its 2022 sales guidance range by \$300M and reaffirmed operating margins of 10.2%. While TSCO's Q2 results and guidance were positive and we remain constructive on its long-term fundamentals, concerns of recession and the impact of higher inflation persist. We maintain a Hold rating, given the inability to ignore the negative impacts of inflation, which is not only resulting in higher costs, but also starting to negatively impact consumer spending, particularly among lower-income customers. / Siye Desta

April 21, 2022

08:12 AM ET... CFRA Maintains Hold Opinion on Shares of Tractor Supply Company [TSCO 220.00***]:

We lower our 12-month price target by \$5 to \$225, based on 22.8x our 2022 EPS estimate and in line with the company's 3-year average forward P/E. We maintain our 2022 and 2023 EPS estimates of \$9.90 and \$11.00, respectively. TSCO posts Q4 normalized EPS of \$1.65 vs. \$1.55, \$0.23 above consensus estimates on revenues of \$3.02B vs. \$2.79B and \$81M above estimates. Q1 gross margin compressed just 29 bps to 34.9% as the company was able to offset higher product and freight costs with price management actions. SG&A expenses improved 11 bps as a percentage of revenue, impacted by lower Covid response costs and normalized incentive compensation. TSCO continues to repurchase shares aggressively buying back \$296M worth in Q1. TSCO has enjoyed many tailwinds since the pandemic began, which we see fading and growth returning to pre-pandemic levels. We continue to believe in management as they boost store count and maintain a strong balance sheet, but see the valuation as stretched in a weakening economic environment. / Zachary Warring

January 27, 2022

12:35 PM ET... CFRA Lowers Opinion on Shares of Tractor Supply Company to Hold from Buy [TSCO 213.00***]:

We maintain our 12-month price target of \$230, 23.2x our 2022 estimate and slightly above the company's 3-year average forward P/E of 22.5x. We lower our FY 22 EPS estimate by \$0.60 to \$9.90 and initiate our FY 23 EPS estimate at \$11.00. TSCO posts Q4 EPS of \$1.93 vs. \$1.64, \$0.08 above consensus on revenues of \$3.3B vs. \$2.9B and \$87M above consensus. Adjusted operating margin was 8.8%, down slightly from 9.0% in Q4 2020 due mainly to higher transportation costs. The company raised their quarterly dividend 77% to \$0.92 and authorized a \$2B increase in the current share repurchase program, with plans to repurchase up to \$800B in 2022. TSCO gave long-term revenue growth targets between 6% and 7%, with operating margin between 10.1% and 10.6%. TSCO plans to open 80 new Tractor Supply stores, remodel 150 stores, and add side lots to 100 locations in 2022. We continue to be constructive on the underlying business and believe TSCO continues to execute flawlessly but see limited upside in share price. / Zachary Warring

October 21, 2021

08:51 AM ET... CFRA Raises Opinion on Shares of Tractor Supply Company to Buy from Hold [TSCO 205.00***]:

We raise our 12-month target price by \$30 to \$230, 21.9x our 2022 estimate, in line with the 3-year average forward P/E. We raise our 2021 EPS estimate by \$1.00 to \$9.00 and our 2022 estimate by \$1.50 to \$10.50. TSCO posts Q3 EPS of \$1.95 vs. \$1.62, \$0.29 above consensus on revenue that was up 15.8% Y/Y and 5.6% above expectations. Operating margin was 9.8%, up slightly from 9.7% in Q3 2020 due mainly to lower SG&A cost. Gross margin was 36.0% down slightly from 36.4% in Q3 2020, due to higher transportation and product cost. The company, like many other retailers across the globe, is battling longer freight times and higher cost due to supply chain disruptions, which management is continuing to prove they can manage. The company raised its guidance across the board and now plans to repurchase over \$750M worth of shares in 2021. We are impressed with management's execution, a strong balance sheet, and the comparable store sales growth of 13.1%, and now see more upside. / Zachary Warring

October 05, 2021

11:42 AM ET... CFRA Lowers Opinion on Shares of Tractor Supply Company to Hold From Buy [TSCO 198.00***]:

We keep our 12-month target at \$200, 22.2x our 2022 estimate of \$9.00 [up from \$8.19], slightly above the three-year average forward P/E. TSCO posts Q2 EPS of \$3.19 vs. \$2.90, \$0.23 above consensus on revenue that was up 13% Y/Y and 4% above expectations. Comparable store sales were up 10.5%, driven by both a 5% increase in transaction count and 6% increase in average ticket price. Gross margin did decline 67 bps Y/Y to 35.8%, due mainly to higher transportation costs, which were partially offset by pricing power. Operating margin remained flat due to lower Covid-19 costs, which were offset by higher wage rates. The company, like many other retailers across the globe are battling longer freight times and higher costs due to supply chain disruptions, which will constrain top and bottom-line growth over the next six months. We remain confident that the company will continue to execute on its long-term strategic plans and grow revenues mid to high single digits, but we believe the valuation is now stretched. / Zachary Warring

August 09, 2021

03:53 PM ET... CFRA Maintains Buy Opinion on Shares of Tractor Supply Company [TSCO 187.54***]:

TSCO reported Q2 EPS of \$3.19 vs. \$2.90, \$0.23 above consensus on revenue that was up 13% Y/Y and 4% above expectations. Comparable store sales were up 10.5%, driven by both a 5% increase in transaction count and 6% increase in average ticket price. While all geographic regions and categories grew, growth was particularly driven by everyday merchandise, including consumables, usable, edible, and seasonal items. Gross margin did decline 67 bps Y/Y to 35.8% due to higher transportation cost and the merchandise mix noted above, but this was still above the pre-pandemic level two years ago. Operating margins improved slightly by 6 bps due to lower Covid-19 costs. We continue to think investors are underappreciating TSCO's growth potential, with shares embedding expectations of only low-to-mid single digit revenue growth after this year and stable margins. We maintain our target price of \$200, equal to 24.4x our 2022 EPS estimate that we increase by \$0.49 to \$8.19; we increase 2021 by \$0.46 to \$8.00. / Chris Kuiper, CFA

April 22, 2021

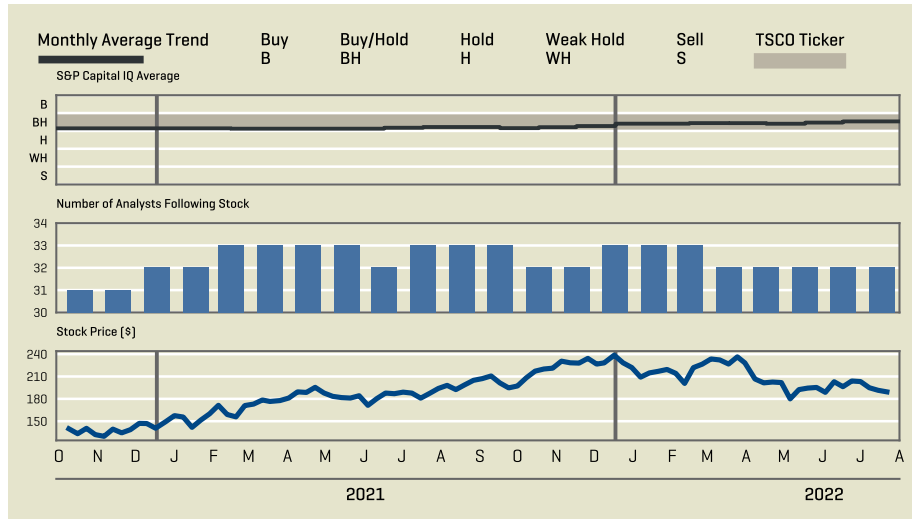
09:44 AM ET... CFRA Maintains Buy Opinion on Shares of Tractor Supply Company [TSCO 186.32***]:

We lift our 12-month target by \$30 to \$200, 26.0x our 2022 EPS estimate of \$7.70 [lifted from \$7.10], above 3-year historic average to reflect TSCO's niche model; strong demand for consumable, usable and edible products; robust digital growth [triple digit for 4th straight quarter], and financial flexibility, which will support its market share seize. We lift 2021's to \$7.54 from \$6.85. TSCO posts Q1 EPS of \$1.55 vs. \$0.71, a beat. Revenues increased 43% to \$2.8B, beating consensus, with comps up 38.6%, driven by average transaction count and ticket gains of 21.0% and 17.6%, respectively. We maintain Buy to reflect our opinion that the market underappreciates structural and sustainable tailwinds, namely significant potential for market gains as 2020 trends like all-time high pet ownership (livestock & pet products 47% of 2020 sales; TSCO expanding pet-washes and vet clinics), rural revitalization [where TSCO is uniquely positioned], and self-reliant lifestyle movement persist through 2021 and beyond. / 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.

Tractor Supply Company

Analysts Recommendations



Wall Street Consensus Opinion

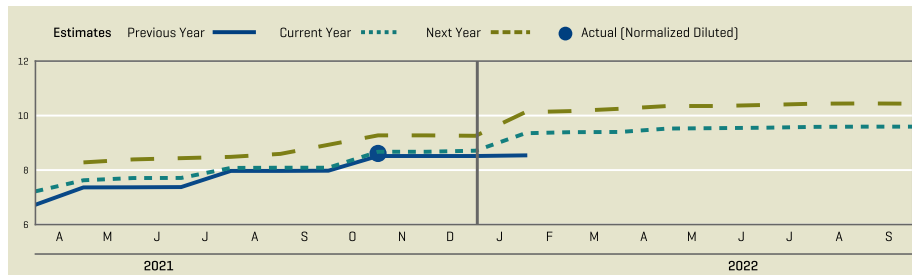
Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2022, analysts estimate that TSCO will earn USD 9.59. For fiscal year 2023, analysts estimate that TSCO's earnings per share will grow by 8.86% to USD 10.44.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	15	47	15	14
Buy/Hold	3	9	3	3
Hold	12	38	12	13
Weak hold	1	3	1	1
Sell	0	0	0	0
No Opinion	1	3	1	1
Total	32	100	32	32

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2023	10.44	10.85	9.99	28	19.14
2022	9.59	9.76	9.52	29	20.83
2023 vs. 2022	▲ 9%	▲ 11%	▲ 5%	▼ -3%	▼ -8%
Q3'23	2.33	2.41	2.21	10	85.87
Q3'22	2.07	2.17	1.93	25	96.49
Q3'23 vs. Q3'22	▲ 12%	▲ 11%	▲ 15%	▼ -60%	▼ -11%

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.

Tractor Supply Company

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 [MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index]], based on a 12-month time horizon. STARS was designed to help 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 S&P Capital IQ Earnings & Dividend Rankings 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 capsize 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	C	Lowest
B+	Average	D	In Reorganization
NC	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.

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 Depositary Receipts (ADRs) and American Depositary 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.

★★★ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★★ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★★★ 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 MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Tractor Supply Company

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

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

Quantitative Stock Reports:

Quantitative rankings 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 rankings 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 rankings. 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 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 June 30, 2022

Ranking	North America	Europe	Asia	Global
Buy	42.0%	43.9%	48.4%	43.5%
Hold	51.4%	50.9%	42.2%	49.7%
Sell	6.6%	5.2%	9.5%	6.8%
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 analysts' or CFRA's compensation was, is, or will be directly or indirectly related to the specific rankings or views expressed in any Stock Report.

About CFRA Equity Research:

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] ("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 between such versions. Neither CFRA nor its affiliates guarantee the accuracy of any 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. 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 in this Research Report 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, or used for any unlawful or unauthorized purposes. Neither CFRA nor its third-party providers, as well as its/their directors, officers, shareholders, employees or agents, guarantee the accuracy, completeness, timeliness or availability of the content herein

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. Statements 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 anything in this report, 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 particular viewpoint 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 © 2018, 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."

Tractor Supply Company

CFRA's Research Reports may be distributed in certain localities, countries and/or jurisdictions by independent third parties or independent intermediaries and/or distributors ("Intermediaries"). Intermediaries are not acting as agents or representatives of CFRA. In territories where an Intermediary distributes CFRA's Research Reports, the Intermediary, and not CFRA, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory authorities, including laws in connection with the distribution of third party research reports, licensing requirements, supervisory and record keeping obligations that the Intermediary may have under the applicable laws and regulations of the territories where it distributes the Research Reports.

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 New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA, 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] ["CFRA Malaysia"], a wholly-owned subsidiary of CFRA US. CFRA Malaysia is regulated by Securities Commission Malaysia [License No. CMSL/A0181/2007].

For Recipients in Canada:

This report is not prepared subject to Canadian disclosure requirements and may not be suitable for Canadian investors.

For residents of Singapore:

Recipients of the Research reports in Singapore should contact the Intermediary of the Research Reports in respect to any matters arising from, or in connection with, the analysis of the report. Where the recipient is not an accredited, expert or institutional investor as defined by the Securities and Futures Act, the Intermediary accepts legal responsibility for the contents of Research Reports in respect of such recipient in accordance with applicable law. When reports are distributed by Intermediaries in Singapore, the Intermediary, and not CFRA, is solely responsible for ensuring that the recipients of the Research Reports understand the information contained in the Research Reports and that such information is suitable based on the customer's profile and investment objectives.

For residents of all other countries:

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

Copyright © 2022 CFRA. All rights reserved. CFRA and STARS are registered trademarks of CFRA.