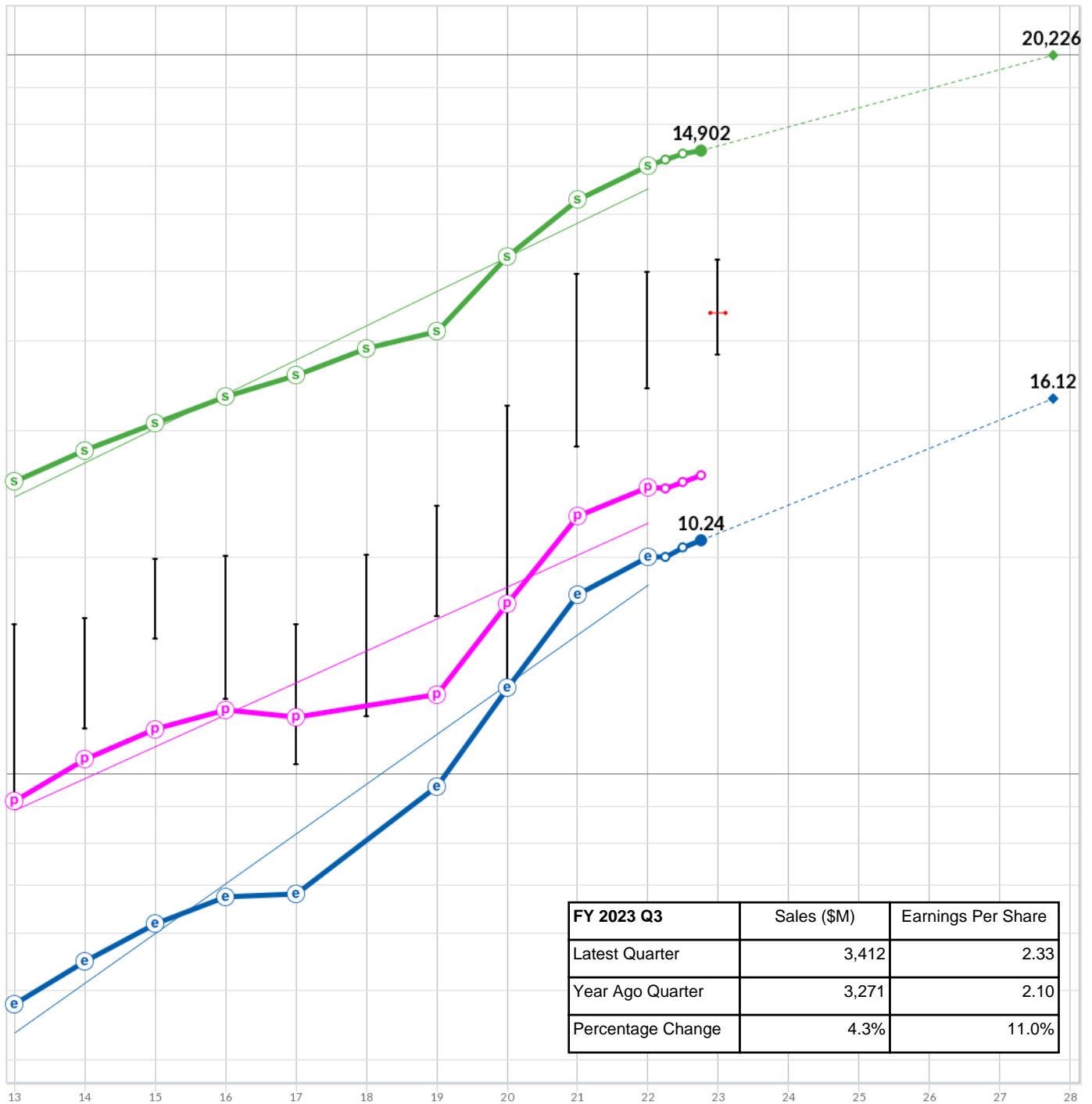


# Stock Selection Guide

|  |                |              |                  |               |     |
|--|----------------|--------------|------------------|---------------|-----|
| Company                                | Tractor Supply |              | Date             | 12/08/23      |     |
| 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)                      | 109.3          | 4.5          | 85.1             |               |     |
| Debt (\$M)                             | 4,977.3        | % to Tot Cap | 70.2             | % Pot Dil     | 0.5 |

Symbol: TSCO

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |       |  |       |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth       | 11.6% | (3) Historical Earnings Per Share Growth       | 17.3% |
| (2) Estimated Future Sales Growth | 6.3%  | (4) Estimated Future Earnings Per Share Growth | 9.5%  |

## 2 EVALUATING Management

Tractor Supply

|                           | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | Last 5 Year Avg. |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------------|
| % Pre-tax Profit on Sales | 10.0% | 10.3% | 10.4% | 10.2% | 9.3%  | 8.6%  | 8.7%  | 9.1%  | 10.1% | 9.9%  | 9.3%             |
| % Earned on Equity        | 27.4% | 29.5% | 30.1% | 29.2% | 30.2% | 35.1% | 36.9% | 39.5% | 48.2% | 55.2% | 43.0%            |
| % Debt To Capital         | 0.1%  | 0.4%  | 10.8% | 17.2% | 24.6% | 22.0% | 63.4% | 64.8% | 66.2% | 67.6% | 56.8%            |

## 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** 212.07 (12/08/23)

**52-WEEK HIGH** 251.17

**52-WEEK LOW** 185.00

|                                    | 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  |
| 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          |
| 2022                               | 241.5 | 166.5 | 9.71      | 24.9                 | 17.1                               | 3.68      | 37.9        | 2.2          |
| AVERAGE                            |       | 101.4 |           | 24.2                 | 16.0                               |           | 28.5        |              |
| CURRENT/TTM                        |       |       | 10.24     | 24.5                 | 18.1                               | 4.12      | 40.2        |              |
| AVERAGE PRICE EARNINGS RATIO: 20.1 |       |       |           |                      | CURRENT PRICE EARNINGS RATIO: 20.7 |           |             |              |

## 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 21.0 X Estimate High Earnings/Share 16.12 = Forecasted High Price \$ 338.5

### 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 101.4

(c) Recent Market Low Price 138.1

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{4.12}{2.35\%} = 175.5$

Selected Forecasted Low Price \$ 170.0

### C ZONING using 25%-50%-25%

Forecasted High Price 338.5 Minus Forecasted Low Price 170.0 = 168.5 Range. 25% of Range 42.1

Buy Zone 170.0 to 212.1

Hold Zone 212.1 to 296.4

Sell Zone 296.4 to 338.5

Present Market Price of 212.07 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{338.5 - 212.07}{212.07} = 0.5963$   
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{338.5 - 212.07}{212.07 - 170.0} = 3.0$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{338.5 - 212.07}{212.07} = 1.5963$  X 100 = 159.63 - 100 = 59.6 % 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  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{3.68}{212.07} = 0.0194 = 1.9\%$  Current Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{27.3\%}{21.00} = 1.3\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{27.3\%}{17.70} = 1.5\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

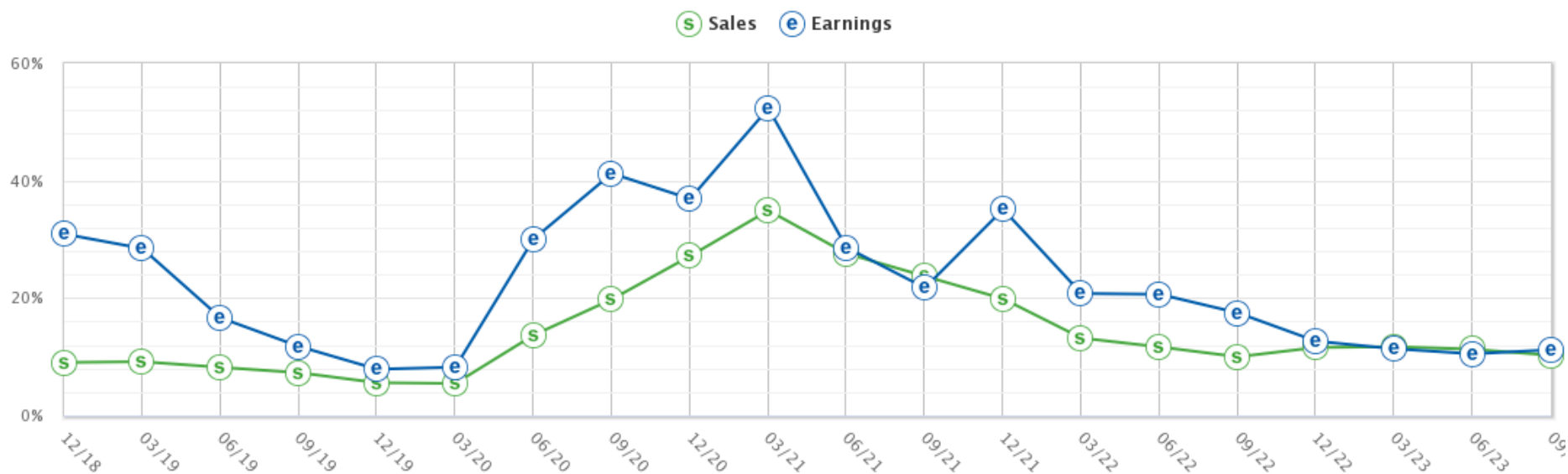
Annualized Appreciation 9.8 %  
 Average Yield 1.3 %  
 Annualized Rate of Return 11.1 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 6.1 %  
 Average Yield 1.5 %  
 Annualized Rate of Return 7.7 %

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data



| Quarterly Data |      |         |                |        |         |         |         |                 | Last 12 Months Data |                |        |          |            |        |         |      |                |
|----------------|------|---------|----------------|--------|---------|---------|---------|-----------------|---------------------|----------------|--------|----------|------------|--------|---------|------|----------------|
| Period         | EPS  |         | Pre-Tax Profit |        |         | Sales   |         | Income Tax Rate | EPS                 | Pre-Tax Profit |        | Sales    | Income Tax |        | %Change |      |                |
|                | \$   | %Change | \$ Mil         | %Sales | %Change | \$ Mil  | %Change |                 |                     | \$             | \$ Mil |          | %Sales     | \$ Mil | %Rate   | EPS  | Pre-Tax Profit |
| 09/23          | 2.33 | 11.0    | 331.4          | 9.7    | 10.4    | 3,412.0 | 4.3     | 23.1            | 10.24               | 1,459.1        | 9.8    | 14,902.3 | 326.2      | 22.4   | 11.2    | 8.7  | 10.2           |
| 06/23          | 3.83 | 8.5     | 547.0          | 13.1   | 5.6     | 4,184.7 | 7.2     | 23.0            | 10.01               | 1,427.9        | 9.7    | 14,761.1 | 315.5      | 22.1   | 10.5    | 7.1  | 11.3           |
| 03/23          | 1.65 | 0.0     | 231.8          | 7.0    | -2.3    | 3,299.2 | 9.1     | 21.0            | 9.71                | 1,398.9        | 9.7    | 14,479.8 | 310.7      | 22.2   | 11.4    | 8.1  | 11.7           |
| 12/22          | 2.43 | 25.9    | 349.0          | 8.7    | 21.8    | 4,006.4 | 20.7    | 22.4            | 9.71                | 1,404.3        | 9.9    | 14,204.7 | 312.1      | 22.2   | 12.6    | 9.7  | 11.6           |
| 09/22          | 2.10 | 7.7     | 300.2          | 9.2    | 3.1     | 3,270.8 | 8.4     | 22.0            | 9.21                | 1,341.9        | 9.9    | 13,517.6 | 299.5      | 22.3   | 17.5    | 14.7 | 10.0           |
| 06/22          | 3.53 | 10.7    | 517.9          | 13.3   | 8.1     | 3,903.4 | 8.4     | 23.5            | 9.06                | 1,332.7        | 10.0   | 13,264.7 | 300.5      | 22.5   | 20.6    | 18.6 | 11.7           |
| 03/22          | 1.65 | 6.5     | 237.2          | 7.8    | 6.2     | 3,024.1 | 8.3     | 21.1            | 8.72                | 1,294.0        | 10.0   | 12,962.9 | 289.6      | 22.4   | 20.8    | 19.4 | 13.2           |

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

| Quarterly Data |      |         |                |        |         |         |         |                 |      | Last 12 Months Data |        |          |       |            |       |         |                |       |
|----------------|------|---------|----------------|--------|---------|---------|---------|-----------------|------|---------------------|--------|----------|-------|------------|-------|---------|----------------|-------|
| Period         | EPS  |         | Pre-Tax Profit |        |         | Sales   |         | Income Tax Rate | EPS  | Pre-Tax Profit      |        |          | Sales | Income Tax |       | %Change |                |       |
|                | \$   | %Change | \$ Mil         | %Sales | %Change | \$ Mil  | %Change |                 |      | \$                  | \$ Mil | %Sales   |       | \$ Mil     | %Rate | EPS     | Pre-Tax Profit | Sales |
| 12/21          | 1.93 | 67.8    | 286.5          | 8.6    | 62.4    | 3,319.3 | 15.3    | 22.8            | 8.62 | 1,280.1             | 10.1   | 12,731.1 | 279.2 | 21.8       | 35.1  | 32.2    | 19.9           |       |
| 09/21          | 1.95 | 20.4    | 291.1          | 9.6    | 18.8    | 3,017.9 | 15.8    | 22.9            | 7.84 | 1,170.0             | 9.5    | 12,290.1 | 255.7 | 21.9       | 21.7  | 19.7    | 23.7           |       |
| 06/21          | 3.19 | 10.0    | 479.2          | 13.3   | 9.1     | 3,601.6 | 13.4    | 22.8            | 7.51 | 1,123.8             | 9.5    | 11,878.7 | 243.6 | 21.7       | 28.6  | 26.4    | 27.6           |       |
| 03/21          | 1.55 | 118.3   | 223.3          | 8.0    | 107.8   | 2,792.3 | 42.5    | 18.8            | 7.22 | 1,084.0             | 9.5    | 11,453.5 | 235.3 | 21.7       | 52.3  | 48.0    | 34.9           |       |
| 12/20          | 1.15 | -5.0    | 176.4          | 6.1    | -5.0    | 2,878.3 | 31.3    | 23.0            | 6.38 | 968.1               | 9.1    | 10,620.4 | 218.1 | 22.5       | 36.9  | 33.8    | 27.2           |       |
| 09/20          | 1.62 | 58.8    | 245.0          | 9.4    | 56.1    | 2,606.6 | 31.4    | 22.2            | 6.44 | 977.4               | 9.8    | 9,933.9  | 218.6 | 22.4       | 41.2  | 36.9    | 19.8           |       |
| 06/20          | 2.90 | 61.1    | 439.3          | 13.8   | 55.6    | 3,176.3 | 34.9    | 22.9            | 5.84 | 889.3               | 9.6    | 9,311.4  | 198.9 | 22.4       | 30.1  | 26.1    | 13.7           |       |
| 03/20          | 0.71 | 12.7    | 107.5          | 5.5    | 9.2     | 1,959.2 | 7.5     | 22.1            | 4.74 | 732.4               | 8.6    | 8,488.9  | 162.8 | 22.2       | 8.2   | 5.9     | 5.4            |       |
| 12/19          | 1.21 | 9.0     | 185.6          | 8.5    | 5.5     | 2,191.8 | 2.7     | 22.3            | 4.66 | 723.4               | 8.7    | 8,351.9  | 160.7 | 22.2       | 7.9   | 5.9     | 5.6            |       |
| 09/19          | 1.02 | 7.4     | 156.9          | 7.9    | 5.5     | 1,984.1 | 5.4     | 22.2            | 4.56 | 713.7               | 8.6    | 8,293.4  | 158.3 | 22.2       | 11.8  | 3.9     | 7.3            |       |
| 06/19          | 1.80 | 6.5     | 282.4          | 12.0   | 5.2     | 2,353.8 | 6.3     | 22.4            | 4.49 | 705.5               | 8.6    | 8,190.9  | 155.3 | 22.0       | 16.6  | 3.3     | 8.2            |       |
| 03/19          | 0.63 | 10.5    | 98.5           | 5.4    | 9.1     | 1,822.2 | 8.3     | 22.0            | 4.38 | 691.6               | 8.6    | 8,050.4  | 152.9 | 22.1       | 28.4  | 3.3     | 9.2            |       |
| 12/18          | 1.11 | 27.6    | 175.9          | 8.2    | -2.0    | 2,133.3 | 9.2     | 22.2            | 4.32 | 683.4               | 8.6    | 7,911.0  | 149.2 | 21.8       | 30.9  | 1.6     | 9.0            |       |
| 09/18          | 0.95 | 31.9    | 148.7          | 7.9    | 2.9     | 1,881.6 | 9.3     | 21.5            | 4.08 | 687.1               | 8.9    | 7,730.6  | 178.7 | 26.0       | 21.1  | 0.2     | 7.1            |       |
| 06/18          | 1.69 | 35.2    | 268.5          | 12.1   | 5.4     | 2,213.2 | 9.7     | 22.8            | 3.85 | 682.9               | 9.0    | 7,570.7  | 203.1 | 29.7       | 16.0  | 0.1     | 7.5            |       |
| 03/18          | 0.57 | 23.9    | 90.3           | 5.4    | -3.5    | 1,682.9 | 7.6     | 20.9            | 3.41 | 669.2               | 9.1    | 7,375.2  | 222.7 | 33.3       | 5.6   | -0.8    | 7.3            |       |
| 12/17          | 0.87 | -7.4    | 179.6          | 9.2    | -6.9    | 1,952.8 | 1.9     | 38.9            | 3.30 | 672.5               | 9.3    | 7,256.4  | 248.5 | 37.0       | 0.9   | -2.3    | 7.0            |       |
| 09/17          | 0.72 | 7.5     | 144.5          | 8.4    | 2.5     | 1,721.7 | 11.6    | 36.4            | 3.37 | 685.9               | 9.5    | 7,220.1  | 248.4 | 36.2       | 7.0   | 2.6     | 10.9           |       |
| 06/17          | 1.25 | 7.8     | 254.8          | 12.6   | 3.0     | 2,017.8 | 8.9     | 37.0            | 3.32 | 682.3               | 9.7    | 7,041.1  | 247.3 | 36.2       | 6.4   | 2.5     | 9.3            |       |
| 03/17          | 0.46 | -8.0    | 93.6           | 6.0    | -12.6   | 1,564.1 | 6.6     | 35.6            | 3.23 | 674.8               | 9.8    | 6,875.9  | 244.2 | 36.2       | 4.9   | 1.8     | 8.1            |       |
| 12/16          | 0.94 | 14.6    | 193.0          | 10.1   | 11.6    | 1,916.5 | 16.4    | 36.0            | 3.27 | 688.3               | 10.2   | 6,779.6  | 251.3 | 36.5       | 9.0   | 6.3     | 8.9            |       |
| 09/16          | 0.67 | 4.7     | 140.9          | 9.1    | 1.8     | 1,542.7 | 4.5     | 36.5            | 3.15 | 668.2               | 10.3   | 6,509.6  | 243.0 | 36.4       | 5.4   | 2.5     | 5.6            |       |
| 06/16          | 1.16 | 3.6     | 247.3          | 13.4   | 1.2     | 1,852.5 | 4.5     | 36.8            | 3.12 | 665.7               | 10.3   | 6,442.6  | 242.8 | 36.5       | 7.6   | 4.9     | 6.5            |       |
| 03/16          | 0.50 | 19.0    | 107.1          | 7.3    | 16.4    | 1,467.8 | 10.2    | 36.8            | 3.08 | 662.7               | 10.4   | 6,363.0  | 242.5 | 36.6       | 12.8  | 10.2    | 8.6            |       |
| 12/15          | 0.82 | 1.2     | 172.9          | 10.5   | -2.4    | 1,646.6 | 3.9     | 35.4            | 3.00 | 647.6               | 10.4   | 6,226.5  | 237.1 | 36.6       | 12.8  | 10.2    | 9.0            |       |
| 09/15          | 0.64 | 16.4    | 138.4          | 9.4    | 13.9    | 1,475.6 | 8.5     | 36.9            | 2.99 | 651.8               | 10.6   | 6,164.2  | 240.8 | 37.0       | 18.2  | 16.8    | 11.2           |       |
| 06/15          | 1.12 | 17.9    | 244.3          | 13.8   | 16.0    | 1,772.9 | 11.9    | 37.3            | 2.90 | 634.9               | 10.5   | 6,048.5  | 234.6 | 37.0       | 18.9  | 18.0    | 12.2           |       |
| 03/15          | 0.42 | 20.0    | 92.0           | 6.9    | 17.5    | 1,331.4 | 12.5    | 36.9            | 2.73 | 601.3               | 10.3   | 5,859.4  | 221.4 | 36.8       | 15.4  | 14.6    | 11.3           |       |
| 12/14          | 0.81 | 19.1    | 177.1          | 11.2   | 20.0    | 1,584.3 | 12.0    | 36.7            | 2.66 | 587.6               | 10.3   | 5,711.7  | 217.4 | 37.0       | 14.4  | 14.3    | 10.6           |       |
| 09/14          | 0.55 | 19.6    | 121.5          | 8.9    | 19.9    | 1,360.0 | 12.6    | 37.0            | 2.53 | 558.1               | 10.1   | 5,542.6  | 204.2 | 36.6       |       |         |                |       |
| 06/14          | 0.95 | 8.6     | 210.7          | 13.3   | 6.7     | 1,583.8 | 8.8     | 36.7            | 2.44 | 537.9               | 10.0   | 5,390.7  | 195.6 | 36.4       |       |         |                |       |

**Quarterly Growth Trend Data**

Graph: Trailing 4 Quarters, Last 5 Years of Data

| Quarterly Data |      |         |                |        |         |         |         |                 | Last 12 Months Data |                |        |         |       |            |       |         |                |       |
|----------------|------|---------|----------------|--------|---------|---------|---------|-----------------|---------------------|----------------|--------|---------|-------|------------|-------|---------|----------------|-------|
| Period         | EPS  |         | Pre-Tax Profit |        |         | Sales   |         | Income Tax Rate | EPS                 | Pre-Tax Profit |        |         | Sales | Income Tax |       | %Change |                |       |
|                | \$   | %Change | \$ Mil         | %Sales | %Change | \$ Mil  | %Change |                 |                     | \$             | \$ Mil | %Sales  |       | \$ Mil     | %Rate | EPS     | Pre-Tax Profit | Sales |
| 03/14          | 0.35 | 12.9    | 78.3           | 6.6    | 15.5    | 1,183.7 | 9.0     | 37.6            | 2.37                | 524.6          | 10.0   | 5,262.6 | 191.7 | 36.5       |       |         |                |       |
| 12/13          | 0.68 |         | 147.6          | 10.4   |         | 1,415.1 |         | 35.0            |                     |                |        |         |       |            |       |         |                |       |
| 09/13          | 0.46 |         | 101.3          | 8.4    |         | 1,208.1 |         | 36.1            |                     |                |        |         |       |            |       |         |                |       |
| 06/13          | 0.88 |         | 197.4          | 13.6   |         | 1,455.8 |         | 37.4            |                     |                |        |         |       |            |       |         |                |       |
| 03/13          | 0.31 |         | 67.7           | 6.2    |         | 1,085.8 |         | 35.0            |                     |                |        |         |       |            |       |         |                |       |