

## Tractor Supply Company (TSCO)

**\$236.82** (As of 05/04/23)

Price Target (6-12 Months): **\$253.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**  
(Since: 01/03/22)  
Prior Recommendation: Outperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**  
Zacks Style Scores: VGM: B  
Value: C | Growth: C | Momentum: A

### Summary

Shares of Tractor Supply have outpaced the industry in the past three months, courtesy its fourth-quarter 2022 results, wherein the top and bottom lines beat the Zacks Consensus Estimate and grew year over year. Results gained from continued market share growth and progress on its strategic initiatives. Also, its Life Out Here Strategy, Neighbor's Club membership program and solid demand for its products bodes well. Pricing efforts and other initiatives contributed to quarterly margins. As a result, it issued upbeat 2023 view. TSCO expects net sales of \$15-\$15.3 billion, with comp growth of 3.5-5.5%. Meanwhile, we estimate sales to be \$15.1 billion and comps growth of 4.8%. However, inflation and rising costs remain headwinds. Transportation costs are likely to continue to be higher year-over-year in the first quarter of 2023.

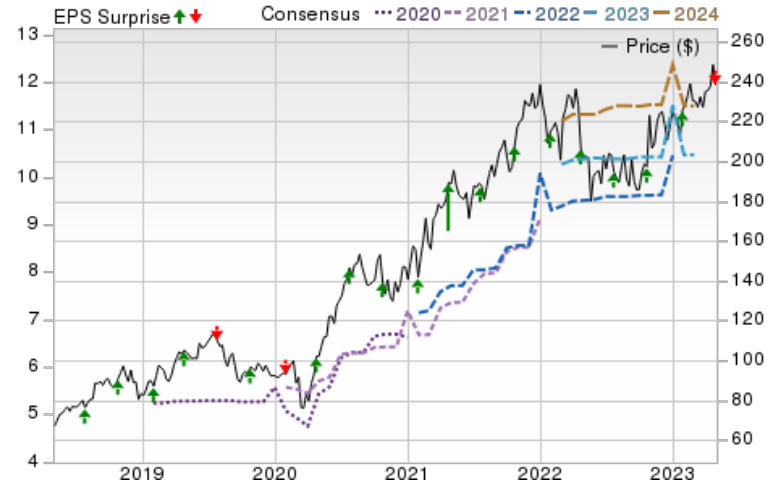
### Data Overview

52 Week High-Low	<b>\$251.17 - \$166.49</b>
20 Day Average Volume (sh)	<b>1,060,068</b>
Market Cap	<b>\$26.7 B</b>
YTD Price Change	<b>8.2%</b>
Beta	<b>0.82</b>
Dividend / Div Yld	<b>\$4.12 / 1.7%</b>
Industry	<a href="#">Retail - Miscellaneous</a>
Zacks Industry Rank	<b>Top 50% (125 out of 249)</b>

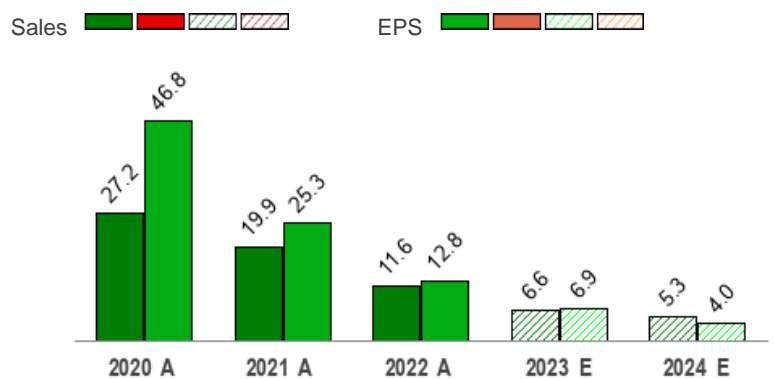
Last EPS Surprise	<b>-2.4%</b>
Last Sales Surprise	<b>-0.1%</b>
EPS F1 Est- 4 week change	<b>0.3%</b>
Expected Report Date	<b>07/20/2023</b>
Earnings ESP	<b>0.1%</b>

P/E TTM	<b>25.1</b>
P/E F1	<b>22.8</b>
PEG F1	<b>2.2</b>
P/S TTM	<b>1.8</b>

### Price, Consensus & Surprise



### Sales and EPS Growth Rates (Y/Y %)



### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2024	3,433 E	4,470 E	3,763 E	4,279 E	15,944 E
2023	3,299 A	4,256 E	3,561 E	4,027 E	15,139 E
2022	3,024 A	3,903 A	3,271 A	4,006 A	14,205 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2024	1.76 E	4.04 E	2.40 E	2.59 E	10.79 E
2023	1.65 A	3.92 E	2.29 E	2.49 E	10.38 E
2022	1.65 A	3.53 A	2.10 A	2.43 A	9.71 A

\*Quarterly figures may not add up to annual.

The data in the charts and tables, except sales and EPS estimates, is as of 05/04/2023. The report's text, and the analyst-provided sales estimates, EPS estimates and price target are as of 04/11/2023.

## Overview

Headquartered in Brentwood, TN, Tractor Supply Company is the largest retail farm and ranch store chain in the United States. The company focuses on recreational farmers and ranchers as well as tradesmen and small businesses. It offers a wide array of merchandise such as livestock, pet and animal products, maintenance products for agricultural and rural use, hardware and tools, lawn and garden power equipment, truck and towing products, and work apparel.

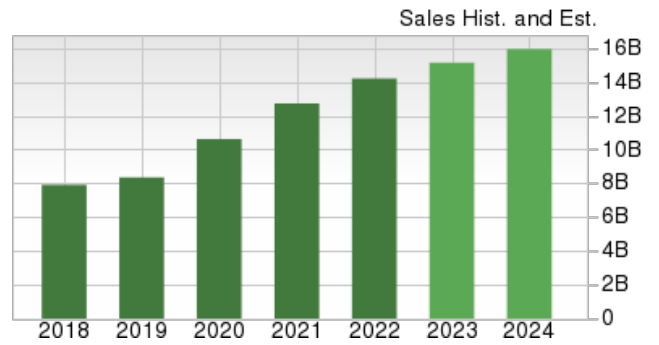
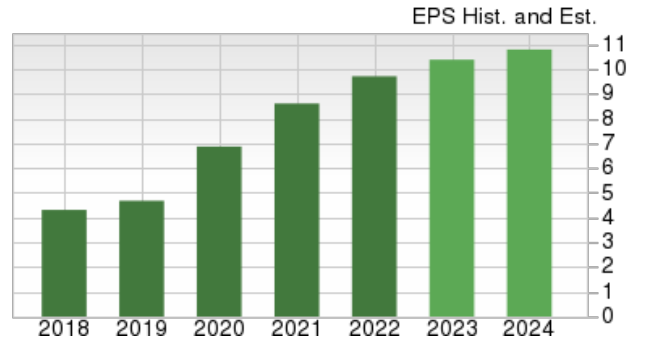
Stores of Tractor Supply are primarily located in rural areas and the suburbs of major cities, which have inside selling space of 15,000–20,000 square feet with a similar area of outside space, used to demonstrate agricultural fencing, livestock equipment and horse stalls. Petsense stores have roughly 5,500 square feet of inside selling space. For Tractor Supply retail locations, the company has a standard design for the new built-to-suit locations, including nearly 15,500 square feet of inside selling space.

Tractor Supply's broad assortment of products is tailored to meet the regional and geographic needs of its markets. Moreover, the retailer's full line of product offerings is supported by a strong in-stock inventory position with an average of 16,000–19,500 unique products per store.

Apart from selling nationally recognized branded merchandise, the company also markets an increasing list of products under its "private-label programs." The latter include Masterhand and Job Smart (tools and tool chests), Dumor and Producers Pride (livestock feed) and Retriever and Paws 'n Claws (pet foods). Further, the company recently acquired 100% stake in Petsense, to fortify its presence in the pet specialty space.

Tractor Supply operates retail stores under the names Tractor Supply Company, Del's Feed & Farm Supply, and Petsense as well as operate websites under the names TractorSupply.com and Petsense.com. Its online selling websites are expected to offer expanded assortment of products beyond in-store as well as boost store traffic through buy online, pickup in-store and ship to store programs.

As of Dec 31, 2022, it operated 2,066 Tractor Supply stores across 49 states and 186 Petsense stores in 23 states.



## Reasons To Buy:

▲ **Robust Sales Trend & Upbeat View:** Tractor Supply posted fourth-quarter 2022 results, wherein the top and bottom lines surpassed the Zacks Consensus Estimate and improved year over year. The company's results have reflected gains from continued market share growth and progress on its strategic initiatives. Moreover, it benefited from its Life Out Here Strategy, Neighbor's Club membership program and healthy demand for its products. The company's earnings of \$2.43 per share improved 25.9% year over year. The 53rd week contributed about 16 cents to earnings per share in the fourth quarter. Net sales advanced 20.7% year over year to \$4,006.4 million. Sales in the fourth quarter included incremental sales from the 53rd week, which added 6.8 percentage points to sales growth. Also, the Orscheln Farm and Home acquisition concluded in October 2022 contributed \$80 million to net sales in the fourth quarter. The improvement was driven by an increase of 8.6% in comps, led by growth in both ticket and transaction. The company's comparable average ticket improved 7%, while the comparable average transaction count rose 2.3%. Sturdy demand for everyday merchandise, including consumable, usable and edible products, as well as year-round products, contributed to comps growth. On a three-year basis, sales advanced 70%, whereas comps rose 46.5%.

Tractor Supply's fourth-quarter results gained from robust demand and strength in Life Out Here Strategy. Its e-commerce business and Neighbor's Club loyalty program are impressive.

Driven by the solid quarterly results, the company issued its guidance for 2023. The company expects net sales of \$15-\$15.3 billion, with comp growth of 3.5-5.5%. We estimate sales to be \$15.1 billion and comps growth of 4.8%. The operating margin is anticipated to be 10.1-10.3%, which is in sync with our estimate of 10.1%. Net income is expected to be \$1.13-\$1.17 billion. Earnings per share are likely to be \$10.30-\$10.60. Also, we predict the bottom line to be \$10.38. Shares of Tractor Supply have inched up 8.1% in the past three months against the industry's 12.4% decline.

▲ **Sturdy Margins:** In fourth-quarter 2022, Tractor Supply's gross profit rose 21.7% year over year to \$1,363.6 million, while the gross margin expanded 28 basis points (bps) to 34%. Pricing efforts and other initiatives to drive margins partly offset cost inflation, higher transportation costs and the unfavorable product mix. The operating income advanced 22.6% year over year to \$359.2 million in the fourth quarter. Meanwhile, the operating margin expanded 14 bps to 8.97%. For 2023, management envisions a gross margin expansion of 20-40 bps, driven by supply-chain benefits and a recovery in product cost and the mix impact of C.U.E. Also, its operating margin is likely to be 10.1-10.3%.

▲ **Long-term Initiatives:** Tractor Supply's is on track to build up on Tractor Supply's Out Here lifestyle assortment and convenient shopping format to gain new customers and market share. The strategy is essentially based on five key pillars which includes customers, digitization, execution, team members as well as total shareholder return. As part of the plans, it revised the long-term financial growth targets for 2022-2026.

Management still envisions achieving net sales growth of 6-7%, while comps are expected to grow 4-5%. The operating margin is now expected to be 10.1-10.6%, up from the earlier mentioned 9-9.5%. Earnings per share are likely to grow 8-11%, up from the previously projected 8-10%. Earlier, the company launched the Field Activity Support Team ("FAST") and implemented various technology and service enhancements across the enterprise. It is also in the initial phase of transforming its side lots and mature stores to improve space productivity, bringing the latest merchandising strategies to life and advancing efforts to remain nationally strong and locally relevant.

▲ **'ONETractor' Strategy Boosts E-Commerce:** Given the changing consumer trends, Tractor Supply is focused on integrating its physical and digital operations to offer consumers a seamless shopping experience. Incidentally, the company remains on track with the 'ONETractor' strategy that is aimed at connecting store and online shopping. The company's omni-channel investments, include curbside pickup, same day, next-day delivery, a re-launched website and new mobile app.

In the fourth quarter, its e-commerce business witnessed year-over-year mid-single-digit growth, driven by ONETractor capabilities. Also, the Tractor Supply app boasts 4.4 million downloads since its launch in mid-2020. During the quarter, it launched Tractor Supply, Visa Credit Card, which allows customers to earn points on their everyday purchases, both in-store and anywhere Visa is accepted. Tractor Supply exited the fourth quarter with 28 million Neighbor's Club members accounting for 75% of total sales in the quarter. The company's rebranding of Petsense by Tractor Supply and expansion of its Neighbor's Club program to Petsense stores received positive customer feedback. This move will enable it to gain new pet customers for both banners. Management earlier predicted to reach more than \$2 billion in sales by 2026.

▲ **Store-Growth Initiatives:** Tractor Supply is persistently focusing on its growth initiatives, which include expansion of store base and incorporation of technological advancements to induce traffic and drive the top line. The company is well positioned to expand store base, remaining on track to increase its domestic store to 2,500 in the long term. In the fourth quarter, the company opened 39 Tractor Supply stores and six Petsense stores. Management remains on track with its store-opening initiatives. It plans to open 70 Tractor Supply stores and 10-15 Petsense stores in 2023. Additionally, it expects to complete the planned conversion of 81 Orscheln Farm and Home to Tractor Supply stores by the end of 2023. The company will continue the Project Fusion remodels and garden center transformations.

The Project Fusion is the company's state-of-the-art space productivity program built to enrich customer experience in the mature store base. Another key component of the company's space productivity initiatives is the transformation of its Side Lot. It intends to remodel 150 stores and transform side lots across 100 locations in 2022. The company's Project Fusion and Side Lot model transformations have been significant investments towards stores. These store investments target achieving higher market share, and boost productivity of across the existing and new stores. It continues to experience a positive halo impact from the garden center to the present store and vice versa. Addition of the product categories, greater ease of shopping and modern services help the company serves its customers efficiently.

▲ **Shareholder-Friendly Moves:** In fourth-quarter 2022, Tractor Supply returned \$193.7 million to its shareholders, including \$92 million to

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repurchase 0.4 million shares and \$101.7 million as quarterly cash dividends. The company expects to repurchase shares worth \$575-\$675 million in 2023. Earlier, TSCO declared its quarterly dividend of 92 cents, payable Dec 6, of shareholders' record as of Nov 21. Also, it has a dividend payout ratio of 37.9%, an annualized dividend yield of 1.6% and a free cash flow yield of 70%.

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## Reasons To Sell:

- ▼ **Stretched Valuation:** In terms of the price-to-earnings (P/E) ratio, Tractor Supply is currently trading at a premium to its industry as well as the S&P 500. The stock has a trailing 12-month P/E ratio of 24.57, which is below the median and high levels of 22.82 and 27.22, respectively, scaled in the past year. This compares to the trailing 12-month P/E ratio of 18.06 and 19.07 for the industry and the S&P 500, respectively.
- ▼ **Higher Costs:** In fourth-quarter 2022, selling, general and administrative (SG&A) expenses, including depreciation and amortization, as a percentage of sales, expanded 14 bps to 25.1%. In dollar terms, SG&A expenses, including depreciation and amortization, rose 21.4% year over year to \$909.6 million. Higher SG&A expenses resulted from the impacts of elevated transaction expenses and early integration costs related to the Orscheln Farm and Home acquisition. Investments in strategic efforts, and team member compensation and benefits also contributed to higher SG&A expenses, partly offset by reduced COVID-19 response costs, and leverage in occupancy and other costs. Management expects transportation costs to continue to be higher year over year in the first quarter of 2023, with recovery in the second half of 2023.
- ▼ **High Debt, a Concern:** Tractor Supply exited the fourth quarter with cash and cash equivalents of \$202.5 million. Its long-term debt (including finance lease liabilities) of \$1,164.1 million moved up 8% sequentially. The company's debt-to-capitalization ratio of 0.36 at the end of the second quarter compares unfavorably with 0.34 at the end of the preceding quarter. Also, the times interest earned ratio stands at 46.8, reflecting a decline from 49.1 in the prior quarter.
- ▼ **Seasonality Risk:** Tractor Supply's business is highly seasonal, with sales and profits soaring in the spring and winter selling seasons on the back of seasonal demand for its merchandise offering. Unseasonable weather, heavy precipitation, drought conditions and early or late frosts may have a material impact on the company's financial condition and its operational results.
- ▼ **Competitive Threat:** Tractor Supply's business is highly competitive, primarily based on customer services, price, store location and assortment of merchandise. It faces stiff competition from local, regional and international players. Being in such a highly competitive industry, Tractor Supply may find it difficult to execute and implement new business strategies, which could adversely impact its operations.
- ▼ **Volatility in Raw Material Prices:** Tractor Supply's business involves the purchase of commodities like grain, steel, petroleum, corn, and cotton, among various other raw materials, whose prices keep fluctuating. Prices of these products are also quite prone to inflationary and deflationary pressures, which in turn can hurt the company's sales, margins and overall financial results. Though the company is focused on minimizing such price volatility, the failure to implement its strategies efficiently may be a cause for concern.

Tractor Supply has been reeling under inflation woes and rising costs. Transportation costs are likely to continue to be higher year over year in the first quarter of 2023.

## Last Earnings Report

### Tractor Supply Q4 Earnings and Sales Beat Estimates

Tractor Supply posted fourth-quarter 2022 results, wherein the top and bottom lines surpassed the Zacks Consensus Estimate and improved year over year. The company's results reflected gains from continued market share growth and progress on its strategic initiatives. Moreover, the company benefited from its Life Out Here Strategy, Neighbor's Club membership program and healthy demand for its products. Management has provided an encouraging view for 2023.

Tractor Supply's earnings of \$2.43 per share improved 25.9% year over year, surpassing the Zacks Consensus Estimate of \$2.34. The 53rd week contributed about 16 cents to earnings per share in the fourth quarter.

Net sales advanced 20.7% year over year to \$4,006.4 million and beat the Zacks Consensus Estimate of \$3,883 million. Sales in the fourth quarter included incremental sales from the 53rd week, which added 6.8 percentage points to sales growth. Also, the Orscheln Farm and Home acquisition concluded in October 2022 contributed \$80 million to net sales in the fourth quarter.

The improvement was driven by an increase of 8.6% in comps, led by growth in both ticket and transaction. The company's comparable average ticket improved 7%, while the comparable average transaction count rose 2.3%. Sturdy demand for everyday merchandise, including consumable, usable and edible products, as well as year-round products, also contributed to comps growth.

### Cost and Margins

The gross profit rose 21.7% year over year to \$1,363.6 million, while the gross margin expanded 28 basis points (bps) to 34%. Pricing efforts and other initiatives to drive margins partly offset cost inflation, higher transportation costs and the unfavorable product mix.

Selling, general and administrative (SG&A) expenses, including depreciation and amortization, as a percentage of sales, expanded 14 bps to 25.1%. In dollar terms, SG&A expenses, including depreciation and amortization, rose 21.4% year over year to \$909.6 million.

Higher SG&A expenses resulted from the impact of elevated transaction expenses, and early integration costs related to the Orscheln Farm and Home acquisition. Investments in strategic efforts, and team member compensation and benefits also contributed to higher SG&A expenses, partly offset by reduced COVID-19 response costs, and leverage in occupancy and other costs.

The operating income advanced 22.6% year over year to \$359.2 million in the fourth quarter. Meanwhile, the operating margin expanded 14 bps to 8.97%. The impacts of the Orscheln Farm and Home acquisition were relatively neutral to operating income in the fourth quarter, which reduced the operating margin rate by 20 bps.

### Financial Position

Tractor Supply ended 2022 with cash and cash equivalents of \$202.5 million, long-term debt of \$1,164.1 million, and total stockholders' equity of \$2,042.4 million. In 2022, the company incurred a capital expenditure of \$773.4 million and generated a cash flow from operating activities of \$1,357 million. Capital expenditure is expected to be \$700-\$775 million for 2023.

In the fourth quarter, Tractor Supply returned \$193.7 million to its shareholders, including \$92 million to repurchase 0.4 million shares and \$101.7 million as quarterly cash dividends. The company expects to repurchase shares worth \$575-\$675 million in 2023.

### Store Update

In the quarter under review, the company opened 39 Tractor Supply stores and six Petsense by Tractor Supply stores. As of Dec 31, 2022, it operated 2,066 Tractor Supply stores across 49 states and 186 Petsense stores in 23 states. On Oct 12, TSCO acquired 81 stores from Orscheln Farm and Home, which will be rebranded as Tractor Supply by the end of 2023. The company opened its ninth distribution center on Jan 18, 2023.

Management expects to continue its store-opening initiatives in 2023. It plans to open 70 Tractor Supply stores and 10-15 Petsense stores in 2023. Additionally, it expects to complete the planned conversion of 81 Orscheln Farm and Home to Tractor Supply stores by the end of 2023. The company will continue the Project Fusion remodels and garden center transformations.

Tractor Supply plans to complete the build-out of its 10th distribution center in 2023. It expects the operations of this distribution center to start in spring 2024.

### 2023 Outlook

Tractor Supply outlined its guidance for 2023. The company expects net sales of \$15-\$15.3 billion, with comp growth of 3.5-5.5%. The operating margin is anticipated to be 10.1-10.3%. Net income is expected to be \$1.13-\$1.17 billion. Earnings per share are likely to be \$10.30-\$10.60. The company's Orscheln acquisition to benefit the bottom line by at least 10 cents in 2023. Also, its effective tax rate is likely to be 22.7%-23%.

Quarter Ending	03/2023
Report Date	Apr 27, 2023
Sales Surprise	-0.08%
EPS Surprise	-2.37%
Quarterly EPS	1.65
Annual EPS (TTM)	9.71



## Recent News

### Tractor Supply's New Distribution Center to Aid Growth - Jan 18, 2023

Tractor Supply launched its largest and ninth distribution center, located in Navarre, OH, which was marked by a grand opening event. This development will help the company to support its expansion plans across the United States and drive growth.

Last year, TSCO reached a milestone by surpassing more than 2,100 Tractor Supply stores across the United States and 50,000 Team Members. The company's sales also witnessed more than 70% growth from the time its first distribution center was opened in 2018.

The new facility will meet growing customer demand in the Ohio and Upper Midwest regions. The distribution center will provide for nearly 250 stores, and help fulfill online orders for customers in Ohio, Michigan, Minnesota and other parts of the Upper Midwest region. Also, the move will create 500 additional jobs in the Stark County area.

## Valuation

Tractor Supply shares are up 6.1% year to date and nearly 0.7% over the trailing 12-month period. Stocks in the Zacks sub-industry is down 7.5% but the Zacks Retail-Wholesale sector is up 6.5%, year to date. Over the past year, the Zacks sub-industry is down 14.3% but the sector is down 13.7%.

The S&P 500 index is up 7.6% year to date and 7.2% in the past year.

The stock is currently trading at 22.19X forward 12-month earnings, which compares to 29.72X for the Zacks sub-industry, 22.22X for the Zacks sector and 18.48X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.91X and as low as 13.05X, with a 5-year median of 20.89X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$253 price target reflects 23.53X forward 12-month earnings.

The table below shows summary valuation data for TSCO

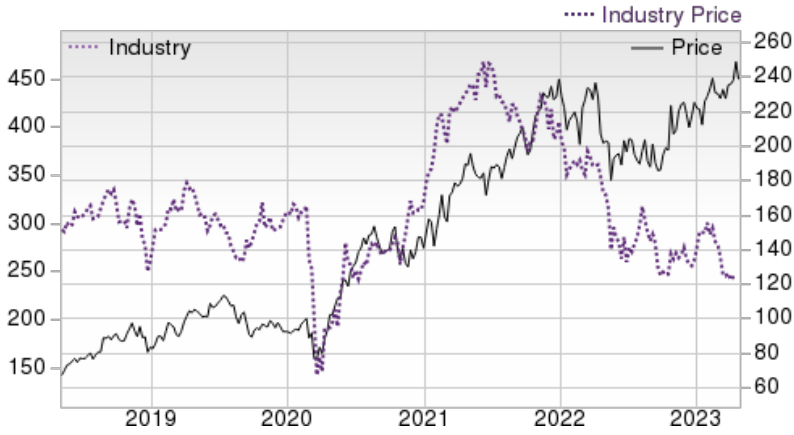
Valuation Multiples - TSCO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.19	29.72	22.22	18.48
	5-Year High	27.91	36.02	34.52	23.95
	5-Year Low	13.05	11.28	20.38	14.75
	5-Year Median	20.89	16.78	24.46	18.18
P/S F12M	Current	1.69	1.9	1.19	3.58
	5-Year High	2.13	1.9	2.1	4.44
	5-Year Low	0.89	0.53	1.09	3.08
	5-Year Median	1.52	1.01	1.74	3.85
EV/EBITDA F12M	Current	13.65	14.67	9.04	11
	5-Year High	17.24	15.32	17.01	14.24
	5-Year Low	8.14	6.15	8.65	9.33
	5-Year Median	13.02	9.59	13.9	12.91

As of 04/10/2023

Source: Zacks Investment Research

**Industry Analysis** Zacks Industry Rank: Top 50% (125 out of 249)

**Top Peers**



Company (Ticker)	Rec	Rank
Archer Daniels Midla... <b>(ADM)</b>	Neutral	<b>3</b>
Bath & Body Works, I... <b>(BBWI)</b>	Neutral	<b>3</b>
DICK'S Sporting Good... <b>(DKS)</b>	Neutral	<b>2</b>
Kingfisher PLC <b>(KGFHY)</b>	Neutral	<b>2</b>
Sally Beauty Holding... <b>(SBH)</b>	Neutral	<b>3</b>
Ulta Beauty Inc. <b>(ULTA)</b>	Neutral	<b>2</b>
Petco Health and Wel... <b>(WOOF)</b>	Neutral	<b>4</b>

**Industry Comparison** Industry: Retail - Miscellaneous

	TSCO	X Industry	S&P 500	ADM	BBWI	DKS
<b>Zacks Recommendation (Long Term)</b>	Neutral	-	-	Neutral	Neutral	Neutral
<b>Zacks Rank (Short Term)</b>	<b>3</b>	-	-	<b>3</b>	<b>3</b>	<b>2</b>
<b>VGM Score</b>	<b>B</b>	-	-	<b>C</b>	<b>A</b>	<b>A</b>
Market Cap	26.66 B	1.31 B	29.65 B	40.86 B	7.85 B	12.21 B
# of Analysts	17	3.5	14	8	9	12
Dividend Yield	1.69%	0.00%	1.76%	2.40%	2.33%	2.81%
<b>Value Score</b>	<b>C</b>	-	-	<b>A</b>	<b>A</b>	<b>A</b>
Cash/Price	0.01	0.15	0.04	0.23	0.15	0.15
EV/EBITDA	15.81	4.72	13.37	5.85	7.11	6.39
PEG Ratio	2.24	1.82	2.07	1.73	0.93	1.94
Price/Book (P/B)	13.92	1.50	3.10	1.64	NA	4.64
Price/Cash Flow (P/CF)	18.70	6.55	12.27	7.56	7.72	8.16
P/E (F1)	22.82	11.60	17.63	11.03	11.60	10.56
Price/Sales (P/S)	1.84	0.47	2.41	0.40	1.04	0.99
Earnings Yield	4.31%	4.82%	5.65%	9.06%	8.62%	9.47%
Debt/Equity	0.85	0.34	0.63	0.31	-2.20	0.61
Cash Flow (\$/share)	13.01	1.82	9.00	9.92	4.44	17.48
<b>Growth Score</b>	<b>C</b>	-	-	<b>F</b>	<b>A</b>	<b>B</b>
Hist. EPS Growth (3-5 yrs)	24.65%	15.33%	10.18%	24.00%	15.76%	51.72%
Proj. EPS Growth (F1/F0)	6.90%	9.28%	5.65%	-13.38%	-12.94%	12.13%
Curr. Cash Flow Growth	12.98%	-2.48%	6.69%	38.62%	-36.29%	-24.31%
Hist. Cash Flow Growth (3-5 yrs)	19.26%	8.30%	9.84%	18.69%	-6.80%	20.40%
Current Ratio	1.47	1.47	1.23	1.51	1.64	1.88
Debt/Capital	46.07%	31.58%	39.93%	24.42%	NA	37.90%
Net Margin	7.49%	5.10%	11.88%	4.36%	10.58%	8.43%
Return on Equity	55.53%	14.31%	17.48%	18.39%	-31.34%	45.97%
Sales/Assets	1.75	1.32	0.55	1.71	1.48	1.37
Proj. Sales Growth (F1/F0)	6.60%	0.00%	4.68%	-2.10%	-1.30%	3.00%
<b>Momentum Score</b>	<b>A</b>	-	-	<b>B</b>	<b>C</b>	<b>C</b>
Daily Price Chg	0.56%	-0.67%	-0.70%	-0.66%	-0.81%	-0.15%
1 Week Price Chg	-4.10%	-1.61%	0.86%	-3.01%	-1.49%	-2.62%
4 Week Price Chg	3.74%	-0.21%	0.01%	-5.53%	-3.81%	1.84%
12 Week Price Chg	5.22%	-8.09%	-0.66%	-8.06%	-22.37%	8.02%
52 Week Price Chg	14.43%	-7.08%	-4.87%	-17.70%	-36.90%	38.80%
20 Day Average Volume	1,060,068	291,653	1,806,210	2,517,562	3,103,658	1,049,171
(F1) EPS Est 1 week change	0.28%	0.00%	0.00%	-0.35%	0.00%	0.00%
(F1) EPS Est 4 week change	0.28%	0.00%	0.00%	0.89%	-0.41%	0.00%
(F1) EPS Est 12 week change	0.33%	0.00%	-0.28%	0.91%	-20.56%	13.07%
(Q1) EPS Est Mthly Chg	0.68%	0.00%	0.00%	-5.40%	-1.53%	-0.80%

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## Analyst Earnings Model

### Tractor Supply Company (TSCO)

In \$MM, except per share data

	2020A	2021A	2022A				2023E				2024E	2025E		
	FY	FY	1QA	2QA	3QA	4QA	FY	1QE	2QE	3QE	4QE	FY	FY	
FY Ends December 31st	Dec-20	Dec-21	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	Dec-23	Dec-24	Dec-25
<b>Income Statement</b>														
<b>Net Sales</b>	<b>\$10,620.4</b>	<b>\$12,731.1</b>	<b>\$3,024.1</b>	<b>\$3,903.4</b>	<b>\$3,270.8</b>	<b>\$4,006.4</b>	<b>\$14,204.7</b>	<b>\$3,294.4</b>	<b>\$4,256.1</b>	<b>\$3,561.2</b>	<b>\$4,027.2</b>	<b>\$15,138.9</b>	<b>\$15,944.4</b>	<b>\$16,881.9</b>
YoY % Chng	27.2%	19.9%	8.3%	8.4%	8.4%	20.7%	11.6%	8.9%	9.0%	8.9%	0.5%	6.6%	5.3%	5.9%
Cost of Merchandise Sold	\$6,858.8	\$8,254.0	\$1,967.6	\$2,517.2	\$2,105.0	\$2,642.8	\$9,232.5	\$2,153.6	\$2,725.9	\$2,288.5	\$2,643.5	\$9,811.4	\$10,375.8	\$10,963.4
YoY % Chng	25.2%	20.3%	8.8%	8.8%	8.9%	20.2%	11.9%	9.4%	8.3%	8.7%	0.0%	6.3%	5.8%	5.7%
<b>Gross Profit</b>	<b>\$3,761.5</b>	<b>\$4,477.2</b>	<b>\$1,056.5</b>	<b>\$1,386.3</b>	<b>\$1,165.8</b>	<b>\$1,363.6</b>	<b>\$4,972.2</b>	<b>\$1,140.8</b>	<b>\$1,530.2</b>	<b>\$1,272.7</b>	<b>\$1,383.8</b>	<b>\$5,327.5</b>	<b>\$5,568.6</b>	<b>\$5,918.4</b>
YoY % Chng	31.0%	19.0%	7.4%	7.7%	7.4%	21.7%	11.1%	8.0%	10.4%	9.2%	1.5%	7.1%	4.5%	6.3%
Selling, General and Administrative Expenses	\$2,478.5	\$2,900.3	\$734.6	\$777.9	\$772.2	\$909.6	\$3,194.2	\$805.0	\$843.1	\$836.5	\$901.5	\$3,386.1	\$3,575.2	\$3,780.1
YoY % Chng	28.3%	17.0%	6.0%	5.6%	7.5%	20.9%	10.1%	9.6%	8.4%	8.3%	(0.9%)	6.0%	5.6%	5.7%
Depreciation and Amortization	\$217.1	\$270.2	\$77.6	\$83.4	\$87.2	\$94.8	\$343.1	\$85.0	\$113.1	\$97.8	\$114.6	\$410.6	\$437.5	\$464.4
YoY % Chng	10.8%	24.4%	29.3%	28.5%	24.9%	25.7%	27.0%	9.5%	35.6%	12.2%	20.9%	19.7%	6.6%	6.1%
Impairment of Goodwill and Other Intangible Assets	\$69.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
YoY % Chng														
<b>Total Operating Expenses</b>	<b>\$2,764.6</b>	<b>\$3,170.5</b>	<b>\$812.2</b>	<b>\$861.2</b>	<b>\$859.4</b>	<b>\$1,004.4</b>	<b>\$3,537.3</b>	<b>\$890.0</b>	<b>\$956.2</b>	<b>\$934.4</b>	<b>\$1,016.2</b>	<b>\$3,796.7</b>	<b>\$4,012.7</b>	<b>\$4,244.5</b>
YoY % Chng	29.9%	14.7%	7.8%	7.4%	9.0%	21.4%	11.6%	9.6%	11.0%	8.7%	1.2%	7.3%	5.7%	5.8%
<b>EBITDA</b>	<b>\$1,214.1</b>	<b>\$1,576.9</b>	<b>\$321.9</b>	<b>\$608.4</b>	<b>\$393.6</b>	<b>\$454.0</b>	<b>\$1,778.0</b>	<b>\$335.8</b>	<b>\$687.1</b>	<b>\$436.2</b>	<b>\$482.2</b>	<b>\$1,941.4</b>	<b>\$1,993.4</b>	<b>\$2,138.4</b>
YoY % Chng	29.3%	29.9%	10.8%	10.5%	7.2%	23.2%	12.8%	4.3%	12.9%	10.8%	6.2%	9.2%	2.7%	7.3%
<b>Operating Income</b>	<b>\$996.9</b>	<b>\$1,306.7</b>	<b>\$244.3</b>	<b>\$525.0</b>	<b>\$306.4</b>	<b>\$359.2</b>	<b>\$1,434.9</b>	<b>\$250.8</b>	<b>\$574.1</b>	<b>\$338.3</b>	<b>\$367.6</b>	<b>\$1,530.8</b>	<b>\$1,555.9</b>	<b>\$1,674.0</b>
YoY % Chng	34.1%	31.1%	6.0%	8.1%	3.1%	22.6%	9.8%	2.7%	9.3%	10.4%	2.3%	6.7%	1.6%	7.6%
Interest Expense, Net	\$28.8	\$26.6	\$7.1	\$7.1	\$6.2	\$10.2	\$30.6	\$10.4	\$14.3	\$13.3	\$17.3	\$55.3	\$60.5	\$64.6
YoY % Chng	45.0%	(7.5%)	(2.1%)	5.9%	1.3%	56.5%	15.1%	47.0%	101.4%	114.1%	69.2%	80.7%	9.3%	6.7%
<b>Pre-Tax Income</b>	<b>\$968.1</b>	<b>\$1,280.1</b>	<b>\$237.2</b>	<b>\$517.9</b>	<b>\$300.2</b>	<b>\$349.0</b>	<b>\$1,404.3</b>	<b>\$240.4</b>	<b>\$559.8</b>	<b>\$325.0</b>	<b>\$350.3</b>	<b>\$1,475.5</b>	<b>\$1,495.4</b>	<b>\$1,609.4</b>
YoY % Chng	33.8%	32.2%	6.2%	8.1%	3.1%	21.8%	9.7%	1.4%	8.1%	8.3%	0.4%	5.1%	1.3%	7.6%
Income Tax	\$219.2	\$283.0	\$50.0	\$121.5	\$66.0	\$78.1	\$315.6	\$55.3	\$128.7	\$74.7	\$80.6	\$339.4	\$343.9	\$370.2
YoY % Chng	36.1%	29.1%	19.1%	11.3%	(0.9%)	19.8%	11.5%	10.6%	6.0%	13.2%	3.2%	7.5%	1.3%	7.6%
Tax Rate	22.6%	22.1%	21.1%	23.5%	22.0%	22.4%	22.5%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
<b>Net Income, Adjusted</b>	<b>\$806.2</b>	<b>\$997.1</b>	<b>\$187.2</b>	<b>\$396.5</b>	<b>\$234.1</b>	<b>\$270.9</b>	<b>\$1,088.7</b>	<b>\$185.1</b>	<b>\$431.0</b>	<b>\$250.2</b>	<b>\$269.7</b>	<b>\$1,136.1</b>	<b>\$1,151.4</b>	<b>\$1,239.2</b>
YoY % Chng	43.4%	23.7%	3.2%	7.1%	4.3%	22.4%	9.2%	(1.1%)	8.7%	6.9%	(0.4%)	4.4%	1.3%	7.6%
<b>Net Income, GAAP</b>	<b>\$749.0</b>	<b>\$997.1</b>	<b>\$187.2</b>	<b>\$396.5</b>	<b>\$234.1</b>	<b>\$270.9</b>	<b>\$1,088.7</b>	<b>\$185.1</b>	<b>\$431.0</b>	<b>\$250.2</b>	<b>\$269.7</b>	<b>\$1,136.1</b>	<b>\$1,151.4</b>	<b>\$1,239.2</b>
YoY % Chng	33.2%	33.1%	3.2%	7.1%	4.3%	22.4%	9.2%	(1.1%)	8.7%	6.9%	(0.4%)	4.4%	1.3%	7.6%
Diluted Shares Outstanding	117.4	115.8	113.5	112.3	111.6	111.3	112.1	110.6	109.9	109.2	108.5	109.5	106.7	103.9
YoY % Chng	(2.7%)	(1.4%)	(3.2%)	(3.3%)	(3.2%)	(3.1%)	(3.2%)	(2.6%)	(2.2%)	(2.1%)	(2.5%)	(2.3%)	(2.6%)	(2.6%)
<b>Diluted EPS, Adjusted</b>	<b>\$6.87</b>	<b>\$8.61</b>	<b>\$1.65</b>	<b>\$3.53</b>	<b>\$2.10</b>	<b>\$2.43</b>	<b>\$9.71</b>	<b>\$1.67</b>	<b>\$3.92</b>	<b>\$2.29</b>	<b>\$2.49</b>	<b>\$10.38</b>	<b>\$10.79</b>	<b>\$11.93</b>
YoY % Chng	47.4%	25.3%	6.5%	10.7%	7.7%	25.9%	12.8%	1.5%	11.1%	9.1%	2.3%	6.8%	4.0%	10.5%
<b>Diluted EPS</b>	<b>\$6.38</b>	<b>\$8.61</b>	<b>\$1.65</b>	<b>\$3.53</b>	<b>\$2.10</b>	<b>\$2.43</b>	<b>\$9.71</b>	<b>\$1.67</b>	<b>\$3.92</b>	<b>\$2.29</b>	<b>\$2.49</b>	<b>\$10.38</b>	<b>\$10.79</b>	<b>\$11.93</b>
YoY % Chng	36.9%	35.0%	6.5%	10.7%	7.7%	25.9%	12.8%	1.5%	11.1%	9.1%	2.3%	6.8%	4.0%	10.5%
Dividends per Share	\$1.50	\$2.08	\$0.92	\$0.92	\$0.92	\$0.92	\$3.68	\$1.01	\$1.01	\$1.01	\$1.01	\$4.05	\$4.45	\$4.90
YoY % Chng	10.3%	38.7%	76.9%	76.9%	76.9%	76.9%	76.9%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

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The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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## Zacks Style Scores

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	A
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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