

TRACTOR SUPPLY CO. NDQ-TSCO

RECENT PRICE **187.60** P/E RATIO **19.4** (Trailing: 20.7; Median: 23.0) RELATIVE P/E RATIO **1.27** DIV'D YLD **2.1%** VALUE LINE **1144**

TIMELINESS 4 Lowered 9/2/22
SAFETY 2 Raised 6/19/20
TECHNICAL 3 Lowered 9/16/22
BETA .80 (1.00 = Market)

High: 39.1 51.9 78.2 79.7 96.3 97.3 78.3 97.6 110.4 157.1 239.5 241.5
 Low: 22.6 34.3 44.3 55.9 74.5 61.5 49.9 58.3 80.3 63.9 138.1 166.5

LEGENDS
 — 14.5 x "Cash Flow" p sh
 Relative Price Strength
 2-for-1 split 9/10
 2-for-1 split 9/13
 Options: Yes
 Shaded area indicates recession

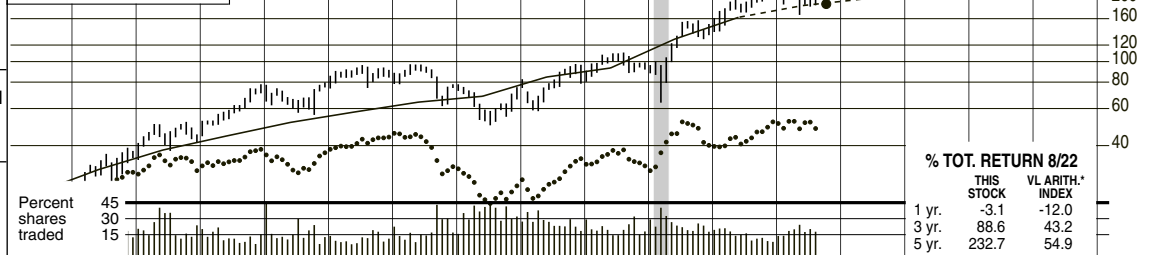
18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$162-\$315 \$239 (25%)

2025-27 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	345	(+85%)	18%
Low	255	(+35%)	10%

Institutional Decisions

	4Q2021	1Q2022	2Q2022
to Buy	483	452	412
to Sell	404	447	515
Hlds(000)	93993	92211	92185



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
14.71	18.03	20.85	22.22	25.00	29.70	33.55	36.98	41.88	46.39	51.83	57.91	64.94	70.68	91.36	112.54	127.55	138.30	Sales per sh ^A	177.00
.83	.98	.99	1.26	1.63	2.13	2.63	3.07	3.56	3.98	4.44	4.74	5.83	6.44	8.80	11.20	12.70	13.70	"Cash Flow" per sh	17.65
.56	.60	.55	.79	1.13	1.51	1.90	2.32	2.66	3.00	3.27	3.33	4.31	4.68	6.87	8.61	9.60	10.35	Earnings per sh ^{A B}	13.60
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3.72	3.77	4.23	5.08	6.41	7.07	7.37	8.93	9.48	10.38	11.11	11.32	12.82	13.26	16.55	17.70	19.10	21.05	Book Value per sh ^D	27.00
161.13	149.94	144.25	144.31	145.55	142.53	139.01	139.65	136.38	134.22	130.80	125.30	121.83	118.17	116.25	113.13	110.00	107.00	Common Shs Outst'g ^E	100.00
23.8	19.9	16.9	13.4	15.4	20.7	23.6	25.8	25.4	29.1	25.5	19.1	18.1	21.0	17.6	21.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	22.0
1.29	1.06	1.02	.89	.98	1.30	1.50	1.45	1.34	1.47	1.34	.96	.98	1.12	.90	1.20			Relative P/E Ratio	1.20
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CAPITAL STRUCTURE as of 6/25/22
 Total Debt \$1026.8 mill. Due in 5 Yrs \$223 mill.
 LT Debt \$1023.3 mill. LT Interest \$25 mill.
 Includes finance leases
 (Total interest coverage: Over 25x) (36% of Cap'l)

Leases, Uncapitalized Annual rentals \$3435 mill.
No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 111,000,088 shs as of 7/23/22
MARKET CAP: \$20.8 billion (Large Cap)

4664.1	5164.8	5711.7	6226.5	6779.6	7256.4	7911.0	8351.9	10620	12731	14030	14800	Sales (\$mill)	17700
33.6%	34.0%	34.1%	34.4%	34.3%	34.3%	34.2%	34.2%	35.4%	35.2%	35.0%	35.1%	Gross Margin	35.2%
11.3%	11.9%	12.3%	12.4%	12.3%	11.7%	11.1%	11.3%	12.1%	12.4%	12.4%	12.4%	Operating Margin	12.5%
1176	1276	1382	1488	1738	1853	1940	2024	2105	2181	2265	2340	Number of Stores	2600
276.5	328.2	370.9	410.4	437.1	427.5	532.4	564.6	806.2	997.1	1085	1140	Net Profit (\$mill)	1390
36.6%	36.2%	36.9%	36.6%	36.5%	36.4%	36.4%	36.4%	22.6%	22.1%	23.0%	22.1%	Income Tax Rate	23.0%
5.9%	6.4%	6.5%	6.6%	6.4%	5.9%	6.7%	6.8%	7.6%	7.8%	7.7%	7.7%	Net Profit Margin	7.9%
569.6	677.2	670.9	814.1	740.6	806.2	856.3	540.3	1514.9	1185.6	1000	850	Working Cap'l (\$mill)	700
1.2	1.2	5.0	167.0	289.8	433.7	410.4	396.9	1017.4	1019.2	1025	1025	Long-Term Debt (\$mill)	1025
1025.0	1246.9	1293.6	1393.3	1453.2	1418.7	1561.8	1567.1	1923.8	2002.7	2100	2250	Shr. Equity (\$mill)	2700
27.0%	26.3%	28.6%	26.4%	25.2%	23.5%	27.5%	29.3%	27.9%	33.4%	34.5%	35.0%	Return on Total Cap'l	37.5%
27.0%	26.3%	28.7%	29.5%	30.1%	30.1%	34.1%	36.0%	41.9%	49.8%	51.5%	50.5%	Return on Shr. Equity	51.5%
22.0%	20.8%	22.2%	22.1%	21.7%	20.7%	24.7%	25.6%	32.8%	37.9%	32.5%	31.5%	Retained to Com Eq	32.0%
19%	21%	23%	25%	28%	31%	28%	29%	22%	24%	38%	39%	All Div'ds to Net Prof	39%

CURRENT POSITION

	2020	2021	6/25/22
Cash Assets	1341.8	878.0	530.8
Receivables	--	--	--
Inventory (Avg Cst)	1783.3	2191.2	2485.1
Other	133.6	181.2	214.5
Current Assets	3258.7	3250.4	3230.4
Accts Payable	976.1	1155.6	1280.5
Debt Due	4.6	3.9	3.5
Other	763.1	905.3	958.2
Current Liab.	1743.8	2064.8	2242.2

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '19-'21 to '25-'27
Sales	13.5%	14.5%	11.5%
"Cash Flow"	18.0%	17.0%	12.5%
Earnings	19.5%	17.5%	12.5%
Dividends	30.0%	16.5%	21.5%
Book Value	10.0%	9.0%	9.5%

QUARTERLY SALES (\$ mill.)^A

Cal-ender	Mar.	Per.	Jun.	Per.	Sep.	Per.	Dec.	Per.	Full Year
2019	1822.2	2353.8	1984.1	2191.8					8351.9
2020	1959.2	3176.3	2606.6	2878.3					10620.4
2021	2792.3	3601.6	3017.9	3319.3					12731.1
2022	3024.1	3903.4	3300	3802.5					14030
2023	3100	4200	3600	3900					14800

EARNINGS PER SHARE^{A B}

Cal-ender	Mar.	Per.	Jun.	Per.	Sep.	Per.	Dec.	Per.	Full Year
2019	.63	1.80	1.04	1.21					4.68
2020	.71	2.90	1.62	1.64					6.87
2021	1.55	3.19	1.95	1.93					8.61
2022	1.65	3.53	2.08	2.34					9.60
2023	1.70	3.80	2.45	2.40					10.35

QUARTERLY DIVIDENDS PAID^C

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.27	.31	.31	.31	1.20
2019	.31	.35	.35	.35	1.36
2020	.35	.35	.40	.40	1.50
2021	.52	.52	.52	.52	2.08
2022	.92	.92	.92		

BUSINESS: Tractor Supply Co. is a specialty retailer supplying the lifestyle needs of recreational farmers and ranchers. It also serves tradesmen and small businesses. The company provides livestock and pet products (47% of 2021 sales); hardware, tools, truck, and towing (21%); seasonal products (such as snow blowers and mowers), gifts, and toys (21%); clothing and footwear (8%); and agriculture (3%). Operated 2,016 Tractor Supply/Del's and 178 Pet-sense (small box pet specialty supply) stores as of 6/25/22. Has about 46,000 empl./dir. own less than 1% of common; two funds 20.9%, (3/22 Proxy). Chrmn: Cynthia Jamison. Pres. & CEO: Hal Lawton, Inc.: Delaware. Addr.: 5401 Virginia Way, Brentwood, TN 37027. Tel.: 615-440-4000. Internet: www.tractorsupply.com.

Tractor Supply put together another solid quarter in the June interim, with both sales and earnings coming in slightly above our expectations. Sales were up 8% from a year earlier, to \$3.903 billion, nearly matching our \$3.900 billion forecast. Comparable-store sales increased 5.5%. As has been the case with many retailers, of late, the sales growth was driven by a higher average ticket (in this case up 7.5%), mainly due to inflationary pressures and resulting price increases. This worked to offset a 2.0% decrease in transactions. Management noted that the growth was driven by "everyday, needs-based merchandise, including consumable, usable and edible (CUE) products." Given the larger share of wallet that went to things like groceries and gasoline in the second quarter, this wasn't shocking. It's also likely that the company benefited from strength in the oil patch. In terms of profitability, the gross margin narrowed 24 basis points, as price hikes largely offset product cost inflation and higher transportation expenses. On the other hand, SG&A expenses dipped as a percentage of sales, thanks to falling

COVID-19-related costs and more-normalized rates of incentive compensation. All told, earnings of \$3.53 a share were \$0.03 ahead of our call and up 11% on a year-over-year basis.

Guidance was raised. After the strong first half (which included consistent sales), as well as increased visibility into inventories and expenses, management felt comfortable enough to raise its sales and earnings guidance. The top line forecast was lifted by \$300 million at the midpoint, to a range of \$13.95 billion-\$14.05 billion. Likewise, same-store sales growth is apt to be in the 5.2%-5.8% range, up from 3.0%-4.5%. Operating margin guidance was essentially unchanged, which resulted in the share-net forecast moving to \$9.48-\$9.60, up from \$9.20-\$9.50.

Tractor Supply is in tune with its customers. We think it will navigate the current inflationary environment well and see a long runway for growth over the coming three to five years. At the recent price (down slightly from three months ago), capital gains potential is about average but looks better on a risk-adjusted basis.

Matthew Spencer, CFA September 16, 2022

(A) Fiscal year ends on the last Saturday in December. (B) Diluted earnings per share. Excludes non-recurring charges: '17, \$0.03; '19, \$0.02; '20, \$0.49. Next earnings report due late October. (C) Dividends paid in early March, June, September, and December. (D) Includes intangibles. In 2021: \$55.5 mill., \$0.49/share. (E) In mill. adjusted for stock splits.

Company's Financial Strength A+
Stock's Price Stability 75
Price Growth Persistence 65
Earnings Predictability 90