

| Cash Assets | 878.0 | 202.5 | 620.0 |
| :---: | :---: | :---: | :---: |
| Receivables |  |  |  |
| Inventory (Avg Cst) | 2191.2 | 2709.6 | 2660.1 |
| Other | 181.2 | 245.7 | 297.2 |
| Current Assets | 3250.4 | 3157.8 | 3577.3 |
| Accts Payable | 1155.6 | 1398.3 | 1272.2 |
| Debt Due | 3.9 | 3.2 | 2.9 |
| Other | 905.3 | 974.7 | 962.4 |
| Current Liab. | 2064.8 | 2376.2 | 2237.5 |


| ANNUAL RATES | Past | Past | Est'd '20-'22 |
| :--- | :---: | :---: | :---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to'26-'28 |
| Sales | $13.0 \%$ | $14.5 \%$ | $11.0 \%$ |
| "Cash Flow"' | $16.5 \%$ | $18.0 \%$ | $11.0 \%$ |
| Earnings | $18.0 \%$ | $19.5 \%$ | $11.5 \%$ |
| Dividends | $22.5 \%$ | $14.5 \%$ | $14.5 \%$ |
| Book Value | $9.5 \%$ | $9.5 \%$ | $9.5 \%$ |


| Calendar | QUARTERLY SALES (\$ mill.) AMar.Per.Jun.Per.Sep.Per. Dec.Per. |  |  |  | Full <br> Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 2020 | 1959 | 3176 | 2606 | 2878 | 10620 |
| 2021 | 2792 | 3601 | 3017 | 3319 | 12731 |
| 2022 | 3024 | 3903 | 3270 | 4006 | 14204 |
| 2023 | 3299 | 4185 | 3605 | 3861 | 14950 |
| 2024 | 3610 | 4590 | 3925 | 4275 | 16400 |
| Calendar | EARNINGS PER SHARE A B Mar.Per.Jun.Per.Sep.Per. Dec.Per. |  |  |  | Full Year |
| 2020 | . 71 | 2.90 | 1.62 | 1.64 | 6.87 |
| 2021 | 1.55 | 3.19 | 1.95 | 1.92 | 8.61 |
| 2022 | 1.65 | 3.53 | 2.10 | 2.43 | 9.71 |
| 2023 | 1.65 | 3.83 | 2.45 | 2.47 | 10.40 |
| 2024 | 2.05 | 4.43 | 2.60 | 2.92 | 12.00 |
| Cal- | QUARTERLY DIVIDENDS PAID C |  |  |  | Full |
| endar |  |  |  |  | Year |
| 2019 | . 31 | . 35 | . 35 | . 35 | 1.36 |
| 2020 | . 35 | . 35 | . 40 | . 40 | 1.50 |
| 2021 | . 52 | . 52 | . 52 | . 52 | 2.08 |
| 2022 | . 92 | . 92 | . 92 | . 92 | 3.68 |
| 2023 | 1.03 | 1.03 | 1.03 |  |  |

BUSINESS: Tractor Supply Co. is a specialty retailer supplying the lifestyle needs of recreational farmers and ranchers. It also serves tradesmen and small businesses. The company provides livestock and pet products ( $50 \%$ of 2022 sales); hardware, tools, truck, and towing (19\%); seasonal products (such as snow blowers and mowers), gifts, and toys ( $21 \%$ ); clothing and footwear (7\%); and ag-
Tractor Supply put an impressive second quarter in the books, earning $\$ 3.83$ per share. Financial results for the farm and ranch retailer continue to benefit from the Orschlen Farm and Home acquisition and recent store openings. In January, the company opened its largest distribution center (a 900,000 square foot facility in Navaree, Ohio), which continues to lower shipping costs, however, onboarding expenses limited some of the cost-saving potential in the period. Modest comparable-store sales growth of $2.5 \%$ reflected price increases taken in recent quarters, partially offset by some softness in demand for seasonal goods and bigticket items. Management expects similar, or slightly lower, same-store sales growth through the remainder of 2023. Comparative results in the third quarter will be favorably impacted by the Orscheln acquisition, which occurred in the fourth quarter of last year. Our full-year earnings-pershare forecast of $\$ 10.40$ includes a $\$ 0.20$ benefit related to the anticipated saleleaseback of several stores (described below) in the latter part of 2023.
Management recently updated the
riculture (3\%). Operated 2,164 Tractor Supply stores and 189 Petsense stores as of $4 / 1 / 23$. Has about 49,000 empls. Off./dir. own less than $1 \%$ of common; The Vangaurd Group, 11.8\%; Blackrock, 9.1\% (3/23 Proxy). Chrmn: Cynthia Jamison. Pres. \& CEO: Hal Lawton. Inc.: Delaware. Addr.: 5401 Virginia Way, Brentwood, TN 37027. Tel.: 615-440-4000. Internet: www.tractorsupply.com.
long-term strategy. A new target of 3,000 locations in the U.S. represents a 200 store increase from the prior blueprint, and includes a step-up to 80 openings in 2024, and 90 stores per year starting in 2025. Leadership is also engaging in the sale-leaseback of 117 existing stores over the next eight to ten years, in order to fund the new development program. The first 10-15 of these transactions are expected to occur in the second half of this year. New stores will also be sold and leased in a similar fashion, which should enable fixed-fee lease contracts and added control in development. Sales from the additional stores should more than offset the added lease expenses. We think a larger store footprint and a reduced share count, assuming the company continues to repurchase stock, augur well for per share earnings growth in 2024, and out to 2026-2028. Good-quality Tractor Supply shares are attractive. Performance over the next 18 months looks to be strong. Moreover, the midpoint of our 2026-2028 Target Price Range of $\$ 355$ suggests aboveaverage returns over that period.
Lucas Vanarthos
September 15, 2023

[^0]Company's Financial Strength
Stock's Price Stability Stock's Price Stability
Price Growth Persistence
Earnings Predictability


[^0]:    (A) Fiscal year ends on the last Saturday in December. Quarterly figures may not add to total due to rounding.
    (B) Diluted earnings per share. Excludes non- tember, and December. recurring charges: '17, \$0.03; '19, \$0.02; '20, (D) Includes intangibles. In 2022: $\$ 253.3$ mill., \$0.49. Next earnings report due late October. \$2.30/share.

