

TRACTOR SUPPLY CO. NDQ-TSCO

RECENT PRICE **220.95** P/E RATIO **22.1** (Trailing: 24.0 Median: 23.0) RELATIVE P/E RATIO **1.35** DIV'D YLD **1.8%** VALUE LINE **1144**

TIMELINESS 4 Raised 12/9/22
SAFETY 2 Raised 6/19/20
TECHNICAL 2 Raised 12/2/22
BETA .80 (1.00 = Market)

High: 39.1 51.9 78.2 79.7 96.3 97.3 78.3 97.6 110.4
 Low: 22.6 34.3 44.3 55.9 74.5 61.5 49.9 58.3 80.3

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)
 \$185-\$368 \$277 (25%)

2025-27 PROJECTIONS
 Price Gain Ann'l Total
 High 350 (+60%) 14%
 Low 260 (+20%) 6%

Institutional Decisions
 10/2022 20/2022 30/2022
 to Buy 452 412 423
 to Sell 447 515 445
 Hld's(000) 92211 92185 93714



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	128.10	141.10	Sales per sh ^A	182.00
.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	12.75	14.00	"Cash Flow" per sh	18.20
.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	9.63	10.45	Earnings per sh ^{A B}	13.85
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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	18.65	20.55	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	20.00	18.00	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	1.20	1.20	Relative P/E Ratio	1.20
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CAPITAL STRUCTURE as of 9/24/22
 Total Debt \$1081.0 mill. Due in 5 Yrs \$223 mill.
 LT Debt \$1077.9 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 110,463,245 shs
 as of 10/22/22
MARKET CAP: \$24.4 billion (Large Cap)

4664.1	5164.8	5711.7	6226.5	6779.6	7256.4	7911.0	8351.9	10620	12731	14090	15100	Sales (\$mill)	18200
33.6%	34.0%	34.1%	34.4%	34.3%	34.3%	34.3%	34.2%	34.2%	35.4%	35.3%	35.3%	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	2300	2375	Number of Stores	2700
276.5	328.2	370.9	410.4	437.1	427.5	532.4	564.6	806.2	997.1	1080	1150	Income Tax (\$mill)	1420
36.6%	36.2%	36.9%	36.6%	36.5%	36.4%	22.1%	22.3%	22.6%	22.1%	23.0%	23.0%	Net Profit 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%	7.6%	Net Profit Margin	7.8%
569.6	677.2	670.9	814.1	740.6	806.2	856.3	540.3	1514.9	1185.6	1000	1000	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	1075	1075	Long-Term Debt (\$mill)	1075
1025.0	1246.9	1293.6	1393.3	1453.2	1418.7	1561.8	1567.1	1923.8	2002.7	2050	2200	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%	52.5%	52.5%	Return on Shr. Equity	52.5%
22.0%	20.8%	22.2%	22.1%	21.7%	20.7%	24.7%	25.6%	32.8%	37.9%	33.0%	33.0%	Retained to Com Eq	33.0%
19%	21%	23%	25%	28%	31%	28%	29%	22%	24%	38%	37%	All Div'ds to Net Prof	37%

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 2,207 Tractor Supply stores and 180 Pet-sense (small box pet specialty supply) stores as of 9/24/22. Has about 46,000 empl. Off./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.

CURRENT POSITION 2020 2021 9/24/22

Cash Assets	1341.8	878.0	211.2
Receivables	--	--	--
Inventory (Avg Cst)	1783.3	2191.2	2678.2
Other	133.6	181.2	220.4
Current Assets	3258.7	3250.4	3109.8
Accts Payable	976.1	1155.6	1219.6
Debt Due	4.6	3.9	3.1
Other	763.1	905.3	872.5
Current Liab.	1743.8	2064.8	2095.2

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 of change (per sh)

Sales	13.5%	14.5%	12.0%
"Cash Flow"	18.0%	17.0%	13.0%
Earnings	19.5%	17.5%	13.0%
Dividends	30.0%	16.5%	21.5%
Book Value	10.0%	9.0%	9.5%

Tractor Supply's third-quarter results once again made for good reading, with sales and earnings roughly in line with our expectations. The top line rose more than 8%, coming in a hair below our \$3.3 billion forecast. Comparable-store sales were up 5.7%, as the average ticket increased 7.0% (largely due to inflation) and comparable transactions fell 1.3%. The key demand driver remained "every day, needs-based merchandise," for which demand is fairly inelastic. These categories include consumable, usable and edible items, as well as year-round assortments. The company is known for its customer service, and management has done a good job leveraging its consumer data and loyalty programs to drive sales. In terms of profitability, the gross margin slipped 32 basis points from a year earlier, as price hikes were able to offset much, but not all, of the higher product and transportation costs that the retailer incurred. SG&A expenses rose 16 basis points as a percentage of the top line, as growth initiatives and employee compensation overshadowed lower COVID-19-related costs. Earnings per share rose slightly under 8% year over

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	3270.8	3891.7					14090
2023	3300	4225	3625	3950					15100

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	2.10	2.35					9.63
2023	1.75	3.80	2.45	2.45					10.45

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	.92	

year, to \$2.10. Our forecast was \$2.08. **The acquisition of industry peer Orscheln Farm and Home closed on October 12th.** The deal expands TSCO's presence in the Midwest, adding 81 stores (85 were divested to obtain regulatory clearance). These stores will be remodeled to the Tractor Supply brand over the coming months. The purchase should add about \$75 million to the top line in the fourth quarter and at least \$300 million next year, according to management. In 2023, the pact is apt to add \$0.10 a share to the bottom line. We've updated our estimates and projections accordingly. **Tractor Supply stock has climbed nicely since our September full-page report went to press.** That said, our Timeliness Ranking System suggests that the momentum is getting long in the tooth, and the shares are ranked 4 (Below Average) for Timeliness. Capital appreciation potential is also lackluster over the coming 3- to 5-year window. The dividend is a sweetener, as are the low Beta and Above Average (2) rank for Safety, but it does not stand out on its own. *Matthew Spencer, CFA December 16, 2022*

Company's Financial Strength A+
Stock's Price Stability 80
Price Growth Persistence 70
Earnings Predictability 90

(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 January. (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.