

Tractor Supply (TSCO)

Tractor Supply Company

200 Powell Place

Brentwood, TN 37027

United States - [Map](#)

Phone: 615-440-4000

Website: <http://www.tractorsupply.com>



Tractor Supply (TSCO)

- Tractor Supply Company is the largest retail farm and ranch store chain in the United States. The Company operates retail stores under the names:
 - Tractor Supply Company
 - Del's Farm Supply
 - operate a Website under the name TractorSupply.com.



Tractor Supply (TSCO)

- Stores are located in towns outlying metropolitan markets and in rural communities, and offer a selection of merchandise, which include:
 - (1) equine, pet and small animal products, including items necessary for their health, care, growth and containment;
 - (2) hardware, truck, towing and tool products;
 - (3) seasonal products, including lawn and garden items, power equipment, gifts and toys;
 - (4) maintenance products for agricultural and rural use; and
 - (5) work/recreational clothing and footwear.



But NO Tractors!



Tractor Supply (TSCO)

- As of December 25, 2012, the Company operated 1,176 retail farm and ranch stores in 45 states
 - Typical stores size of 15,000 to 19,000 square feet of inside selling space along with additional outside selling space
 - Exclusive brands represent approximately 25%, 23% and 21% of total stores sales in fiscal 2012, 2011 and 2010, respectively
 - Use an “everyday value price” strategy to consistently offer products at competitive prices – complimented by strategically planned promotions throughout the year

Tractor Supply (TSCO)

Product Category:

Livestock and Pet

Hardware, Tools, Truck and Towing

Seasonal, Gift and Toy Products

Clothing and Footwear

Agriculture

Total

Percent of Sales

	2012	2011	2010
Livestock and Pet	42%	40%	39%
Hardware, Tools, Truck and Towing	23	23	23
Seasonal, Gift and Toy Products	20	21	22
Clothing and Footwear	9	10	10
Agriculture	6	6	6
Total	100%	100%	100%



Tractor Supply (TSCO)

- Market Niche:
 - Supplying the lifestyle needs of recreational farmers and ranchers and those who enjoy the rural lifestyle (which we refer to as the “*Out Here*” lifestyle, as well as tradesmen and small businesses.
 - By focusing our product assortment on these core customers, we believe we are differentiated from general merchandise, home center and other specialty retailers.



Tractor Supply (TSCO)

- Recreational Farming: 2004 research
 - Provides income to approximately 52,000 US farms, about 2.5% of all farms
 - The South, followed by the Midwest
 - Pick your own / hunting / fishing, etc
 - Locations
 - Rural, nonmetropolitan counties
 - Near metropolitan areas
 - Size / acreage
 - 250 acres to 1,000+ acres



Tractor Supply (TSCO)

- Growth Strategy:
 - (1) Expand geographic market presence
 - (2) Enhance financial performance
 - (3) Enhance product margin
 - Strategic product sourcing / regional allocation
 - Strong exclusive brand offering and optimization of product pricing, transportation and distribution costs
 - (4) Leverage operating costs
 - (5) Expand market opportunities – website
 - (6) Expand through selective acquisition



Tractor Supply (TSCO)

- Growth Strategy:
 - 2013 – plan to open between 100 to 105 new stores
 - 2012 – opened 95 new stores
 - 2011 – opened 85 new stores
 - Have developed a “proven method” for selecting store sites and have identified over 900 additional markets for new Tractor Supply Stores

Tractor Supply (TSCO)

Last 4 Quarters

# Positive Surprises (> 2%)	4
# Negative Surprises (< -2%)	0
# In-Line (within 2%)	0
Avg Surprise	4.5%

Earnings / Earnings Per Share

Earnings Surprise

Investors frequently compare a company's actual earnings to the mean expectation of professional analysts. The difference between the two is referred to as a "positive" or "negative"

surprise. Academic research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

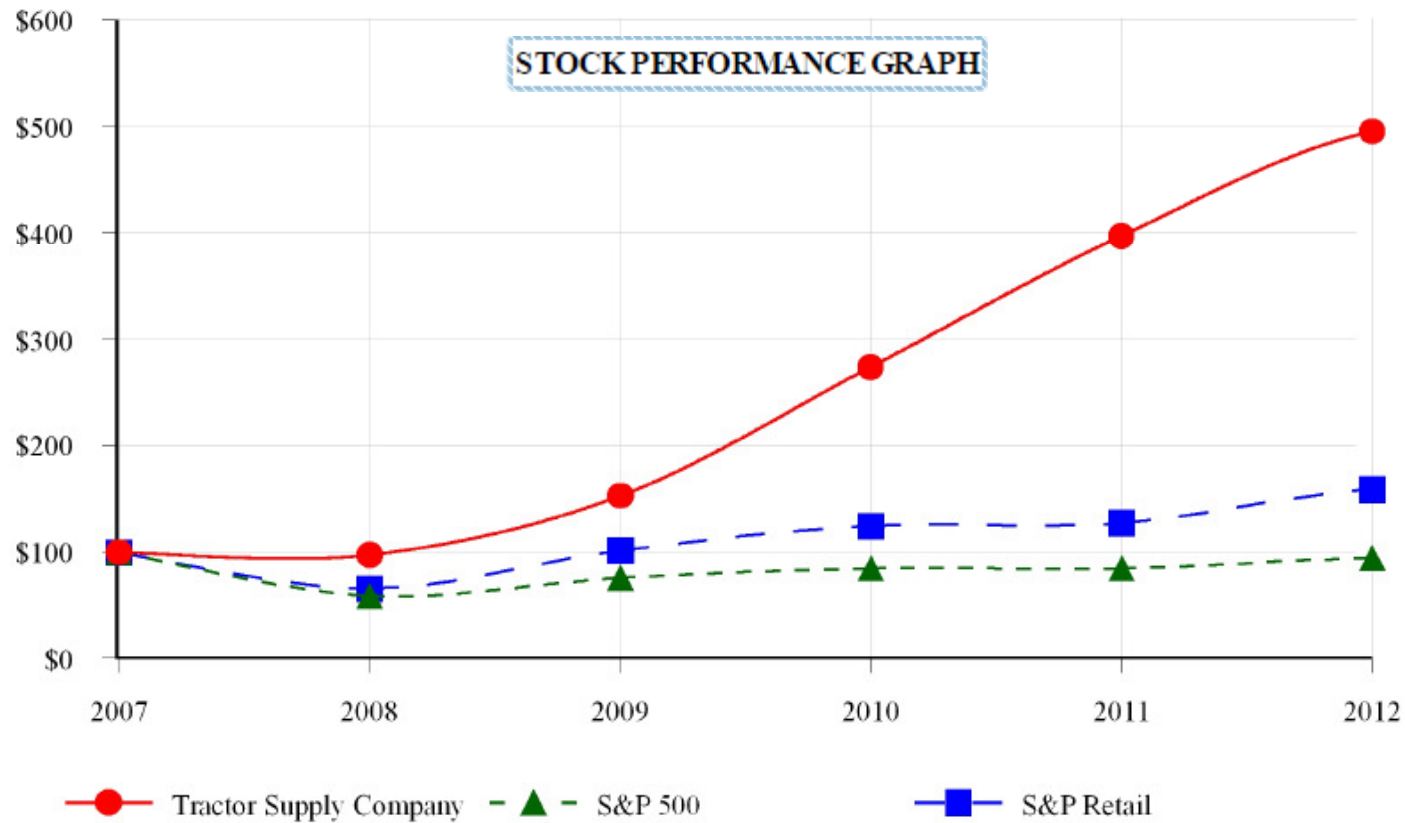
Surprise Summary - Last 12 Quarters

Surprise Type	#	%
Positive Quarters (> 2%)	11	91.7%
Negative Quarters (< -2%)	0	--
In-Line Quarters (within 2%)	1	8.3%

Surprise Detail - Last 6 Periods

Surprise Type	Announce Date	Period End Date	Actual EPS (USD)	Mean EPS (USD)	Surprise (%)
POSITIVE	01/30/13	12/12	1.110	1.032	7.6%
POSITIVE	10/24/12	09/12	0.690	0.670	3.0%
POSITIVE	07/25/12	06/12	1.450	1.393	4.1%
POSITIVE	04/25/12	03/12	0.550	0.533	3.2%
POSITIVE	02/01/12	12/11	0.960	0.923	4.0%
POSITIVE	10/19/11	09/11	0.580	0.519	11.8%

Tractor Supply (TSCO)





Tractor Supply (TSCO)

- What I like...
 - Niche / Wide economic moat
 - Defined growth strategy
 - Consistent performance
 - Well managed company
 - Execution



Tractor Supply (TSCO)

- Possible Red Flags...
 - High P/E
 - Growth slowing
 - Low PAR from Manifest