Stock Selection Guide

Company	Tractor Supply		Date	03/08/24
Prepared by	O'MARA		Data taken from	BI Stock Data
Where traded	NAS	Industry	Specialty Retail	

Capitalization --- Outstanding Amounts		Reference		
Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		108.8	4.6	78.0
Debt ($M)	5,036.0	% to Tot Cap	70.1	% Pot Dil	0.6

Symbol: TSCO

1 VISUAL ANALYSIS of Sales, Earnings, and Price

20,320

14,556

15.74

10.09

FY 2023 Q4	Sales ($M)	Earnings Per Share
Latest Quarter	3,660	2.28
Year Ago Quarter	4,006	2.43
Percentage Change	-8.6%	-6.2%
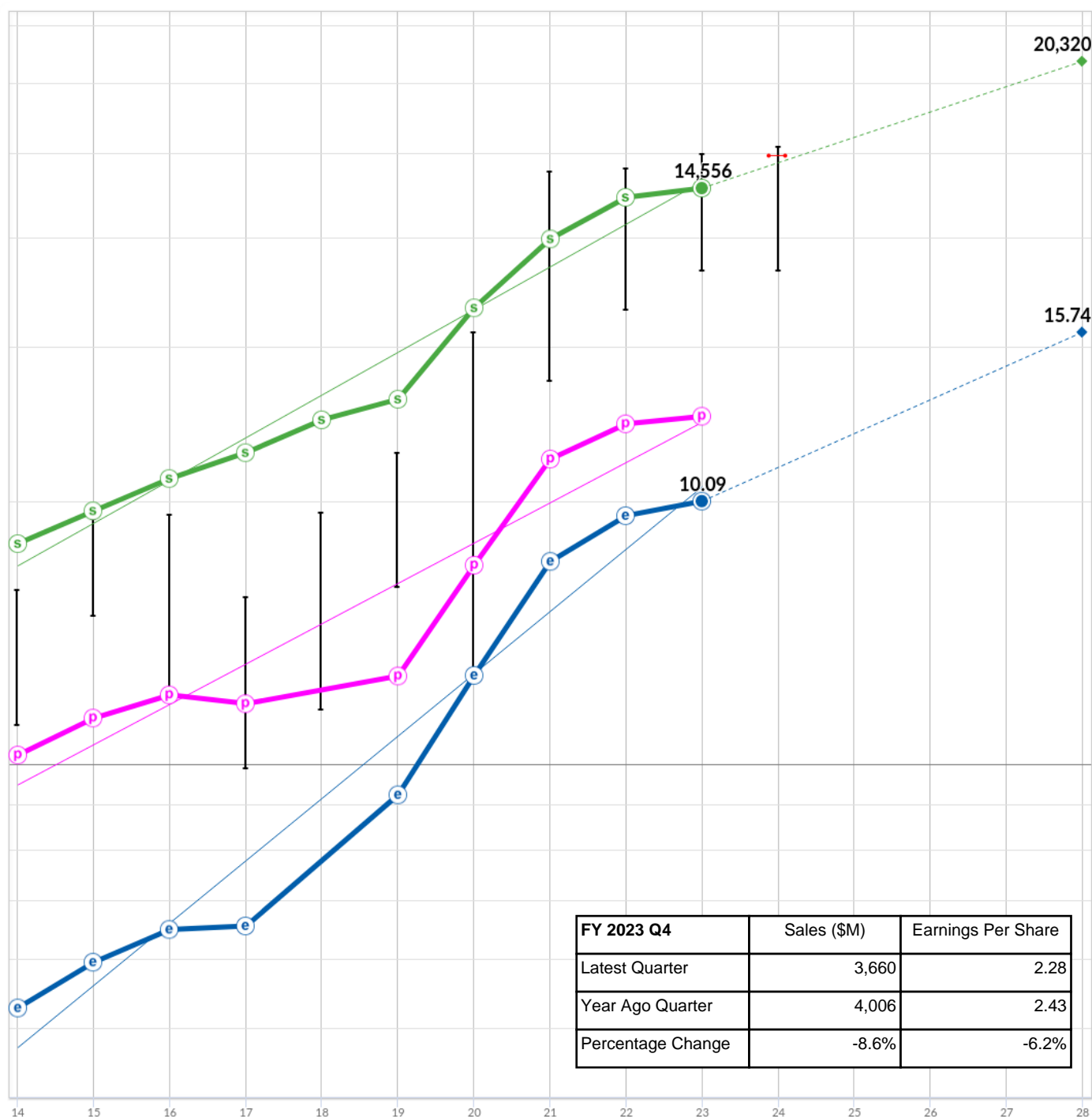
(1) Historical Sales Growth   11.9%

(2) Estimated Future Sales Growth   6.9%

(3) Historical Earnings Per Share Growth   17.8%

(4) Estimated Future Earnings Per Share Growth   9.3%

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	10.3%	10.4%	10.2%	9.3%	8.6%	8.7%	9.1%	10.1%	9.9%	9.8%	9.5%
% Earned on Equity	29.5%	30.1%	29.2%	30.2%	35.1%	36.9%	39.5%	48.2%	55.2%	51.7%	46.3%
% Debt To Capital	0.4%	10.8%	17.2%	24.6%	22.0%	63.4%	64.8%	66.2%	67.6%	70.1%	66.4%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 250.35 (03/08/24)   **52-WEEK HIGH** 255.65   **52-WEEK LOW** 185.00

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2019	114.3	80.3	4.66	24.5	17.2	1.36	29.2	1.7
2020	157.1	63.9	6.38	24.6	10.0	1.50	23.5	2.3
2021	239.5	138.1	8.61	27.8	16.0	2.08	24.2	1.5
2022	241.5	166.5	9.71	24.9	17.1	3.68	37.9	2.2
2023	251.2	185.0	10.09	24.9	18.3	4.12	40.8	2.2
AVERAGE		126.8		24.7	17.2		31.1	
CURRENT/TTM			10.09	25.3	18.3	4.40	43.6	
AVERAGE PRICE EARNINGS RATIO: 21.0					CURRENT PRICE EARNINGS RATIO: 24.8			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E   23.0   X Estimate High Earnings/Share   15.74   =   Forecasted High Price $ 362.0

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   14.4   X Estimate Low Earnings/Share   10.09   =   Forecasted Low Price $ 145.3

(b) Avg. Low Price of Last 5 Years   126.8

(c) Recent Market Low Price   166.5

(d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}} = \dfrac{4.40}{2.35\%} = 187.4$

Selected Forecasted Low Price $ 200.0

C ZONING   using 25%-50%-25%

Forecasted High Price   362.0   Minus Forecasted Low Price   200.0   =   162.0   Range.   25% of Range   40.5

Buy Zone   200.0   to   240.5

Hold Zone   240.5   to   321.5

Sell Zone   321.5   to   362.0

Present Market Price of   250.35   is in the   **HOLD**   Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\dfrac{\text{High Price} \quad 362.0 \quad \text{Minus Present Price} \quad 250.35}{\text{Present Price} \quad 250.35 \quad \text{Minus Low Price} \quad 200.0} = \dfrac{111.66}{50.35} = 2.2$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\dfrac{\text{High Price} \quad 362.0}{\text{Closing Price} \quad 250.35} = 1.4460 \quad X \quad 100 = 144.60 - 100 = 44.6$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\dfrac{\text{Indicated Annual Dividend} \quad 4.40}{\text{Closing Price} \quad 250.35} = 0.0176 = 1.8\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E   **AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \dfrac{27.3\%}{23.00} = 1.2\%$ $\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \dfrac{27.3\%}{18.70} = 1.5\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	7.7 %	Annualized Appreciation	3.3 %
Average Yield	1.2 %	Average Yield	1.5 %
Annualized Rate of Return	8.8 %	Annualized Rate of Return	4.7 %