

998.7 2517.8 Past Est'd '21-'23 to '27-'29 11.0% 11.0% 11.5%

994.0

2177.1

5 Yrs.

15.5% 19.5%

20.5%

Book Value 9.0% 9.0% 9.5% QUARTERLY SALES (\$ mill.) A Cal-Full Mar.Per.Jun.Per.Sep.Per. Déc.Per. endar Year 2021 2792 3017 12731 2022 3024 3903 3270 4006 4204 2023 3299 4185 3412 3660 14556 3475 14900 2024 3395 4250 3780 2025 3500 4400 3800 4100 15800 EARNINGS PER SHARE A B Full Cal-Mar.Per.Jun.Per.Sep.Per. Dec.Per. Year endar 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 2.33 2.28 10.09

2376.2

Past

10 Yrs.

13.5% 16.5%

17.0% 23.5%

Debt Due Other

Current Liab.

of change (per sh)

Sales "Cash Flow"

Earnings Dividends

2024

2025

1.83

1.95

ANNUAL RATES

4.25 2.75 QUARTERLY DIVIDENDS PAID C Cal-Full Mar.31 Jun.30 Sep.30 Dec.31 Year endar 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 1.03 4.12 2024 1.10 1.10

3.80

2.35

2.50

2.32

10.30

products (27% of 2023 sales); Companion Animal (25%); Seasonal & Recreation (22%); Truck, Tool, & Hardware (16%); Clothing, Gift, & Decor (10%). Operated 2,216 Tractor Supply stores and 198 Pet-

Tractor Supply looks to make a few operational improvements in the back half of 2024. The company opened 17 nameplate stores and four Petsense locations in the first quarter. The current footprint stands at 2,435 stores. Management also intends to develop more garden centers. With new garden builds being smaller than the company's traditional centers, they require half the capital investment. Tractor Supply now has at least 500 garden centers across the chain, with roughly 100 more planned for 2024.

Incremental earnings growth appears likely for the near term. We're estimating full-year earnings of \$10.30 per share this year. Improvements in pricing, mix, and lower shipping costs look to drive a slight expansion in the gross margin. In 2025, prospects of lower interest rates auger well for big-ticket item sales, as do migration trends in rural housing markets, where the majority of Tractor Supply stores are located.

The company continues to expand the store base. Management is targeting 3,000 locations in the United States, with plans to open 80 new Tractor Supply

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stores this year and 90 stores annually from 2025 onward. While most existing stores are already leased, the expansion strategy involves the sale-leaseback of 117 presently owned stores over the next decade. This will provide a quick influx of cash that can be used to fund the expansion without taking on traditional debt, which may prove wise in a higher interest rate environment. New builds will also continue to follow the sale-leaseback strategy. Meanwhile, a 3,000-store footprint may increase the rate at which existing customers are redistributed while imposing higher operating costs, a trend which may weigh slightly on investment returns. This timely equity has some investment merit. It's ranked to outperform the Value Line median over the next year and 18 months. The business also possesses low-risk attributes which make it wellsuited for conservative investors. Capital appreciation potential appears just slightly below average, based on our 2027-2029 Target Price Range of \$325 to \$440 per share, though total returns may still be worthwhile on a risk-adjusted basis.  $Lucas\ Vanarthos$ 

(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-recurring charges: '17, \$0.03; '19, \$0.02; '20, \$0.49. Next earnings report due late July.

tember, and December.
(D) Includes intangibles. In 2023: \$269.5 mill., \$2.50/share.

Company's Financial Strength Stock's Price Stability 85 Price Growth Persistence 80 **Earnings Predictability** 95

June 14, 2024