Tractor Supply Co TSCO ★★★

Tractor Supply is the largest operator of retail farm and ranch stores in the United States. The company targets recreational farmers and ranchers and has little exposure to commercial and industrial farm operations. Currently, the company operates 2,198 of its namesake banners in 49 states, including 81 Orscheln Farm and Home stores (to be converted to Tractor Supply banners), along with 195 Petsense by Tractor Supply stores. Stores are generally concentrated in rural communities, as opposed to urban and suburban areas. In fiscal 2022, revenue consisted primarily of livestock and pet (50%), hardware, tools, and truck (19%), and seasonal gift and toy (21%).

Fair Value $212.00	**Uncertainty** Medium	**Economic Moat** Wide	**Sector** Consumer Cycl	**Style** Mid Core	**Market Cap** (Mil) 21,383	**Sales** (Mil) 14,902	**Last Close** 197.78

High	78.17	79.69	96.28	97.25	78.25	97.65	114.25	157.07	239.54	241.54	251.17
Low	44.18	55.95	74.52	61.50	49.87	58.27	80.31	63.89	138.14	166.49	185.00

10 Yr Range (High/Low) 251.17-44.18
52 Wk Range (High/Low) 251.17-185.00

Price Volatility
| Monthly High/Low
— Rel Strength to S&P 500
▼ Split

Trading Volume (Thousand)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	**Stock Performance**
	76.7	2.4	9.4	-10.3	0.0	13.2	13.6	52.1	71.2	-4.2	-10.3	Total Return %
	44.3	-11.3	8.1	-22.2	-21.8	17.6	-17.9	33.7	42.5	13.9	-30.5	+/- Market
	25.8	-16.1	10.3	-14.0	4.2	8.7	-11.5	33.3	35.7	7.3	-7.2	+/- Industry
	0.6	0.8	0.9	1.2	1.4	1.4	1.5	1.1	0.9	1.6	2.1	Dividend Yield %
	10834	10750	11476	9950	9386	10165	11041	16342	26992	24851	21383	Market Cap $Mil

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TTM	**Financials (USD)**
	5165	5712	6227	6780	7256	7911	8352	10620	12731	14205	14902	Revenue $Mil
	34.0	34.2	34.4	34.3	34.3	34.2	34.4	35.4	35.2	35.0	35.6	Gross Margin %
	515	589	651	694	686	702	743	1066	1307	1435	1504	Oper Income $Mil
	10.0	10.3	10.5	10.2	9.5	8.9	8.9	10.0	10.3	10.1	10.1	Operating Margin %
	328	371	410	437	423	532	562	749	997	1089	1130	Net Income $Mil
	2.32	2.66	3.00	3.27	3.30	4.31	4.66	6.38	8.61	9.71	10.25	Earnings Per Share $
	0.49	0.61	0.76	0.92	1.05	1.20	1.36	1.50	2.08	3.68	4.01	Dividends $
	142	139	137	134	128	123	121	117	116	112	110	Shares Mil
	8.48	9.02	9.96	11.20	10.94	12.27	12.62	16.14	17.86	17.61	19.53	Book Value Per Share $
	334	409	456	651	631	694	812	1395	1139	1357	1669	Oper Cash Flow $Mil
	-218	-161	-236	-226	-250	-279	-217	-294	-628	-773	-849	Cap Spending $Mil
	115	249	220	425	381	416	594	1101	510	584	820	Free Cash Flow $Mil

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TTM	**Profitability**
	18.2	18.8	18.6	17.3	15.3	17.9	13.4	12.1	13.5	13.4	13.2	Return on Assets %
	28.9	29.2	30.6	30.7	29.4	35.7	36.0	42.9	50.8	53.8	55.8	Return on Equity %
	2.86	2.90	2.83	2.69	2.62	2.66	1.99	1.72	1.72	1.75	1.74	Asset Turnover
	6.4	6.5	6.6	6.5	5.8	6.7	6.7	7.1	7.8	7.7	7.6	Net Margin %
	1.5	1.6	1.7	1.8	2.0	2.0	3.4	3.7	3.9	4.2	4.4	Financial Leverage

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	09-23	**Financial Health (USD)**
	—	—	150	264	401	381	366	984	986	1164	1728	Long-Term Debt $Mil
	1247	1294	1393	1453	1419	1562	1567	1924	2003	2042	2111	Total Equity $Mil
	0.00	0.00	0.12	0.20	0.31	0.26	1.53	1.68	1.79	1.92	2.18	Debt/Equity
	677	671	768	741	806	856	540	1515	1186	782	1215	Working Capital $Mil

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TTM	**Valuation**
	35.5	31.2	28.6	24.0	22.2	20.5	20.5	21.8	30.5	24.4	19.3	Price/Earnings
	0.0	0.0	0.0	—	—	0.0	0.0	0.0	0.0	—	0.9	P/E vs. Market
	2.2	2.0	1.9	1.6	1.3	1.3	1.4	1.7	2.3	1.9	1.5	Price/Sales
	9.1	8.7	8.6	6.8	6.8	6.8	7.4	8.7	13.4	12.8	10.1	Price/Book
	34.4	27.5	24.2	22.2	13.9	16.1	15.1	11.8	22.0	28.5	13.1	Price/Cash Flow

Growth Rates (Compound Annual)

Grade: B	1 Yr	3 Yr	5 Yr	10 Yr
Revenue %	11.6	19.4	14.4	11.8
Operating Income %	9.8	24.5	15.9	12.6
Earnings/Share %	12.8	27.7	24.1	17.7
Dividends %	76.9	39.4	28.5	26.2
Book Value/Share %	4.6	11.8	10.4	9.7
Stock Total Return	-9.9	14.2	18.3	11.3
+/- Industry	-4.0	8.8	8.8	3.5
+/- Market	-24.8	4.8	5.3	-0.5

Profitability Analysis

Grade: A	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	55.8	43.8	52.6	31.2
Return on Assets %	13.2	14.1	8.6	11.8
Revenue/Employee $K	304.1	271.9	—	0.0
Fixed Asset Turns	3.0	4.0	3.9	—
Inventory Turns	3.5	3.8*	3.9	—
Gross Margin %	35.6	34.8	32.5	—
Operating Margin %	10.1	9.6	8.0	—
Net Margin %	7.6	7.2	5.5	18.8
Free Cash Flow/Rev %	5.5	6.2	6.0	—
R&D/Rev %	—	—	0.1	—

Financial Position (USD)

Grade: A	12-22 $Mil	09-23 $Mil
Cash	203	422
Inventories	2710	2834
Receivables	0	0
Current Assets	3158	3534
Fixed Assets	5037	5359
Intangibles	253	267
Total Assets	8490	9205
Payables	1408	1446
Short-Term Debt	30	380
Current Liabilities	2376	2319
Long-Term Debt	1164	1728
Total Liabilities	6448	7094
Total Equity	2042	2111

Valuation Analysis

	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	19.3	23.3	19.4	20.8
Forward P/E	18.7	—	—	—
Price/Cash Flow	13.1	16.9	10.9	14.7
Price/Free Cash Flow	26.6	33.1	16.9	—
Dividend Yield %	2.1	1.3	1.1	1.8
Price/Book	10.1	9.3	9.8	3.7
Price/Sales	1.5	1.6	1.0	—
PEG Ratio	2.0	—	—	—

*3Yr Avg data is displayed in place of 5 Yr Avg

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Quarterly Results (USD)

Revenue $	Dec	Mar	Jun	Sep
Most Recent	4006.0	3299.0	4184.0	3411.0
Previous	3319.0	3024.0	3903.0	3270.0

Rev Growth %	Dec	Mar	Jun	Sep
Most Recent	20.7	9.1	7.2	4.3
Previous	15.3	8.3	8.4	8.4

Earnings Per Share $	Dec	Mar	Jun	Sep
Most Recent	2.43	1.65	3.83	2.33
Previous	1.93	1.65	3.53	2.10

Close Competitors

	Mkt Cap $Mil	Rev $Mil	P/E	ROE%
The Home Depot Inc	309447	153714	19.9	1151.3
Lowe's Companies Inc	114897	93228	15.3	—

Major Fund Holders

	% of shares
AllianceBernstein US L/C Growth Eqty MF	0.81
TIGER S&P500	0.00
MUAM S&P500 Index Mother Fund	0.00

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Stock Detail Report
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Economic Moat
The Morningstar Economic Moat Rating is a structural feature that Morningstar believes positions a firm to earn durable excess profits over a long period of time, with excess profits defined as returns on invested capital above our estimate of a firm's cost of capital. The economic moat rating is not an indicator of the investment performance of the investment highlighted in this report. Narrow-moat companies are those that Morningstar believes are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those that Morningstar believes will earn excess returns for 10 years, with excess returns more likely than not to remain for at least 20 years. Firms without a moat, including those that have a substantial

threat of value destruction-related risks related to environmental, social, and governance; industry disruption; financial health; or other idiosyncratic issues, are more susceptible to competition. Morningstar has identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Fair Value
Each stock's fair value is estimated by utilizing a proprietary discounted cash flow model (DCF). This model assumes that the stock's value is equal to the total of the free cash flows of the company is expected to generate in the future, discounted back to the present at the rate commensurate with the riskiness of the cash flows. As with any DCF model, the ending value is highly sensitive to Morningstar's projections of future growth.

Fair Value Uncertainty
The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors. Based on these factors, analysts classify the stock into one of several uncertainty levels: Low, Medium, High, Very High, or Extreme. Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases.

Financials
Earnings per share $ (EPS), diluted EPS, is calculated by dividing net income net of preferred dividends by a weighted average of total shares outstanding plus additional common shares that would have been outstanding if the dilutive common share would have been issued for the trailing 12 months (TTM).

Dividend per share $ is the dollar amount of dividends paid out by the company in a particular period to its common shareholders, as reported by the company.

Growth Rates
All the figures in the Growth section represent the compounded or annualized growth rate. These figures are collected for revenue, net income, EPS, equity per share, and dividends.

Last Close $
The stock price shown represents the market price of the stock as of the close of trading on the release date noted at the top of the investment detail page.

Market
Standard & Poor's 500: A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

Market Capitalization $ mil
The value of a company as determined by the market price of its outstanding common stock. It is calculated by multiplying the market price as of the close of trading as of the last day of the most recent month-end by the number of shares outstanding as of the most recently completed fiscal quarter. It may be used as an indicator of how investors value a company's future prospects.

Morningstar Rating
The Morningstar Rating for Stocks is a forward-looking, analyst-driven measure of a stock's current price relative to the analyst's estimate of what the shares are worth. Stock star ratings indicate whether a stock, in the equity analyst's educated opinion, is cheap, expensive, or fairly priced. To rate a stock, analysts estimate what they think it is worth (its "fair value"), using a detailed, long-term cash flow forecast for the company. A stock's star rating depends on whether its

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current market price is above or below the fair value estimate. Those stocks trading at large discounts to their fair values receive the highest ratings (4 or 5 stars). Stocks trading at large premiums to their fair values receive lower ratings (1 or 2 stars). A 3-star rating means the current stock price is close to the analyst's fair value estimate.

Profitability

Return on Assets (ROA) is the percentage a company earns on its assets in a given year (year 1, 2, etc.). The calculation is net income divided by end-of-year total assets, then multiplied by 100.

Return on Equity (ROE) is the percentage a company earns on its total equity in a given year (Year 1, 2, etc.). The calculation is net income divided by end-of-year net worth, multiplied by 100.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Asset Turnover represents how many dollars in revenue a company has generated per each dollar of assets. It is calculated by dividing total revenues for the period by total assets for the same period.

Financial leverage is calculated by dividing total assets by total shareholders' equity.

Profitability Analysis

The below referenced items are reported as both a current value and a 5-year average figure.

Return on Equity % is the percentage a company earns on its total equity in a given year. The calculation is net income divided by end-of-year net worth.

Return on Assets % is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets.

Revenue/Employee $K looks at a company's sales in relation to the number of employees it has. This ratio is most useful when compared against other companies in the same industry. Ideally, a company wants the highest revenue per employee possible, as it denotes higher productivity.

Operating Margin % is used to measure pricing strategy and operating efficiency. It is calculated by dividing operating income by net sales. Also known as operating profit margin or net profit margin.

Net Margin % is equal to annual net income divided by revenues.

Free Cash Flow/Rev % is free cash flow divided by sales for the same time period. Free cash flow is calculated by subtracting capital spending from cash flow from operations for the same time period. It is the money left over after investment, and it can be used to pay dividends, buy back stock, or pay down debt.

Quantitative Economic Moat

The Quantitative Economic Moat measures the strength and stability of a firm's competitive advantage. It is derived from two random forest algorithms which probabilistically determine whether a company has a wide, narrow, or no economic moat.

Quantitative Fair Value

The Quantitative Fair Value is the estimated value of a stock based on a random forest model trained on our analyst-covered coverage universe. This model attempts to mimic our analysts' views to divine a fair-price for securities not covered by analysts.

Quantitative Uncertainty Rating

The Quantitative Uncertainty Rating is estimated based on the volatility exhibited during the fair value estimation process—the more volatile the assignment of fair values, the higher our uncertainty rating.

Quantitative Star Rating

The Quantitative Star Rating is a synthesis of the quantitative fair value and quantitative uncertainty rating. Higher star ratings indicate attractive prices, while few stars indicate unattractive prices. In addition, the breakpoints at which a stock becomes attractive widen as we become more uncertain.

Stock Grades

The grading system is a letter-based system from A through F, with A being the highest. The Growth Grade shows how well the company's growth compares with the Morningstar universe. Growth is measured by revenue per share. The Profitability Grade shows how well a company's profitability, as measured by return on equity, compares with the Morningstar universe. The Financial Health Grade compares a company's enterprise value with the book value of its liabilities, rewarding those firms that have a low probability of enterprise value falling below the value of liabilities.

Stock Performance

Total Return represents shareholders' gains from a stock over a given period of time (YTD, one month, three month, one-, three-, and five year). Total return includes both capital gains and losses and dividend payments. It is calculated by taking the change in the stock's price as of the close of trading of the respective period, assuming dividends are not reinvested, then dividing by the initial stock price, and expressing the result as a percentage. Returns for periods longer than one year are annualized. Returns do not include brokerage commission or the effects of taxation.

Style

The Morningstar Style consists of nine categories that provide an overview of the investment strategy. The style is comprised of a combination of market capitalization of the security and the investment style (value, blend, or growth).

Valuation

Price/Earnings (PE) is the current price divided by the company's trailing 12-month earnings per share.

Price/Book (PB) is the most recent stock price divided by the most recent book value per share.

Price/Sales (PS) is the current price divided by the company's sales per share over the trailing 12 months.

Price/Cash Flow (PC) is the most recent price divided by the cash flow per share of the latest fiscal year.

Valuation Analysis

The below referenced items are reported as both a current value and a 5-year average figure.

Price/Earnings is the stock's price divided by the company's earnings per share.

Forward P/E ratio is the most-recent stock price divided by the mean EPS estimate for the current fiscal year. This number gives some indication of how cheap or expensive a stock is compared with consensus earnings estimates. The

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lower the forward P/E, the cheaper the stock. Reuters Estimates data is used in the denominator of this calculation.

Price/Cash Flow is the stock's price divided by the cash-flow per share of the latest fiscal year.

Price/Free Cash Flow is the free cash flow divided by its "enterprise value", or market capitalization plus net debt. This number tells you what cash return you would get if you bought the entire company, including its debt.

Dividend Yield % is a percentage calculated by dividing total dividends by the current market price and multiplying by 100.

Price/Book is the stock price divided by the book value per share.

Price/Sales is the stock's price divided by the company's sales per share.

PEG Ratio is Forward P/E ratio divided by the company's EPS Growth % Five-Year Mean Estimate. The Forward P/E ratio used in the numerator of this ratio is calculated by taking the current share price and dividing by the mean EPS estimate for the current fiscal year. The denominator is the average estimate of long-term EPS growth, derived from all polled analysts' estimates from Reuters Estimates.

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