



NASDAQ: TSCO
Tractor Supply Company

Fundamental Analysis





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Introduction

GICS Sector: Consumer Cyclical

Sub-Industry: Specialty Retail



CEO: Hal Lawton

Tenure: 3.5 years

Tractor Supply Company's management team has an average tenure of **4.9 years**. It is considered experienced.

Source of revenue:

- Tractor Supply Company operates as a rural lifestyle retailer in the United States focusing on supplying the needs of recreational farmers, ranchers, and all those who enjoy living the rural lifestyle (which the company refers to as the “Out Here” lifestyle).
- The company comprehensive selection of merchandise is comprised of the following major product categories:
 - Equine, livestock, pet, and small animal products, including items necessary for their health, care, growth, and containment (i.e., fencing)
 - Hardware, truck, towing, and tool products
 - Seasonal products, including heating, lawn and garden items, power equipment, gifts, and toys
 - Work/recreational clothing and footwear
 - Maintenance products for agricultural and rural use
- Visit my website to learn more.



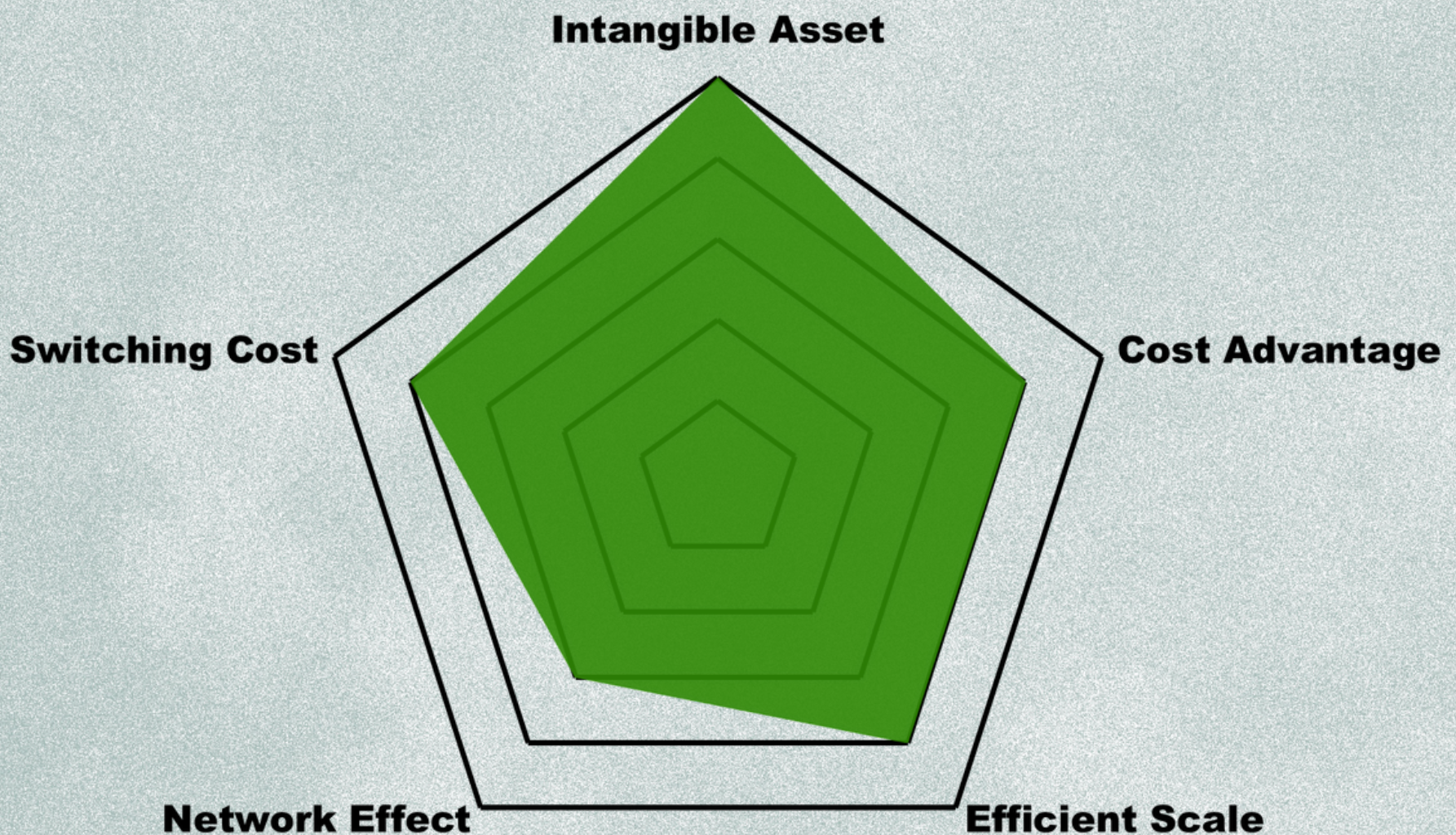
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Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

Yes

Inconsistent

No

Revenue growing YoY for the past 5 years consistently?



Net income growing YoY for the past 5 years consistently?



Cash flow from operating activities growing YoY for the past 5 years consistently?



Free cash flow is positive for the past 5 years?



Gross margin % is consistent/growing for the past 5 years?



EPS growing for the past 5 years?





Management Effectiveness

Yes

Inconsistent

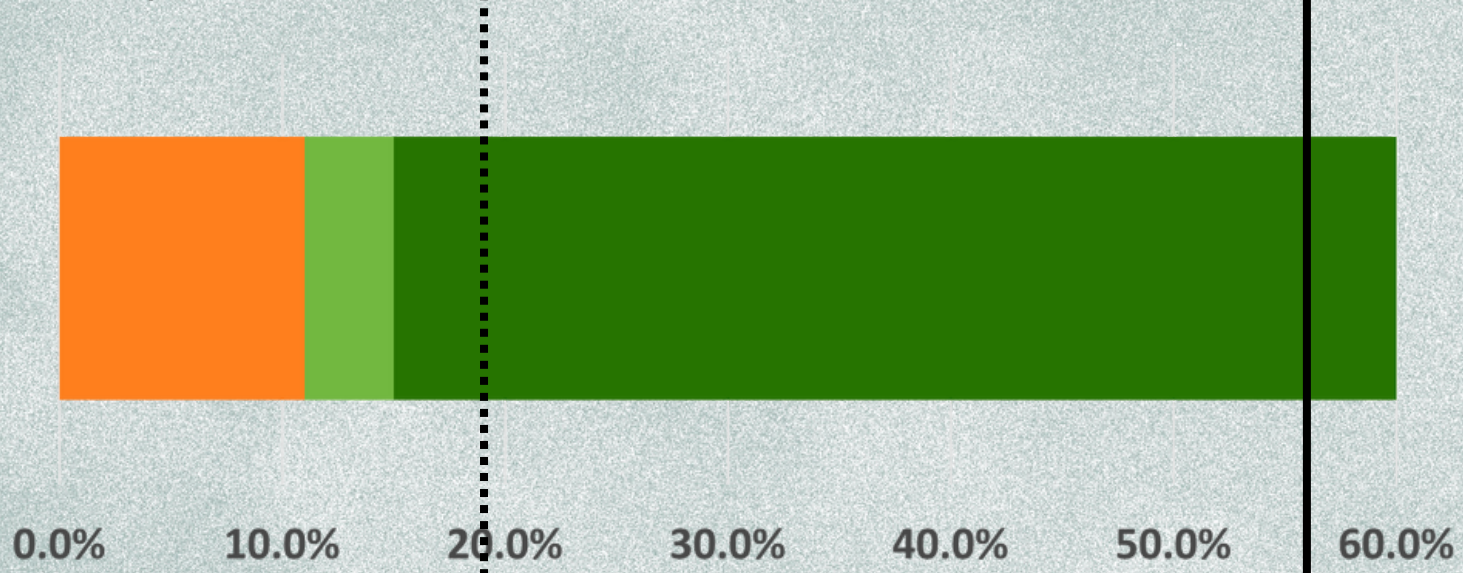
No

ROE is consistently at 12%-15% YoY for the past 5 years?

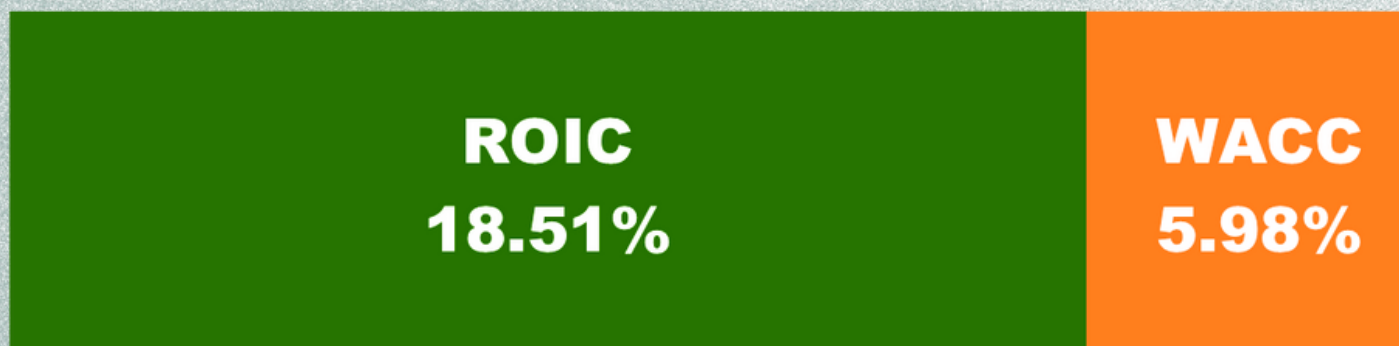


Industry ROE: 19.0%

ROE: 56.6%



ROIC is consistently at 12%-15% YoY for the past 5 years?



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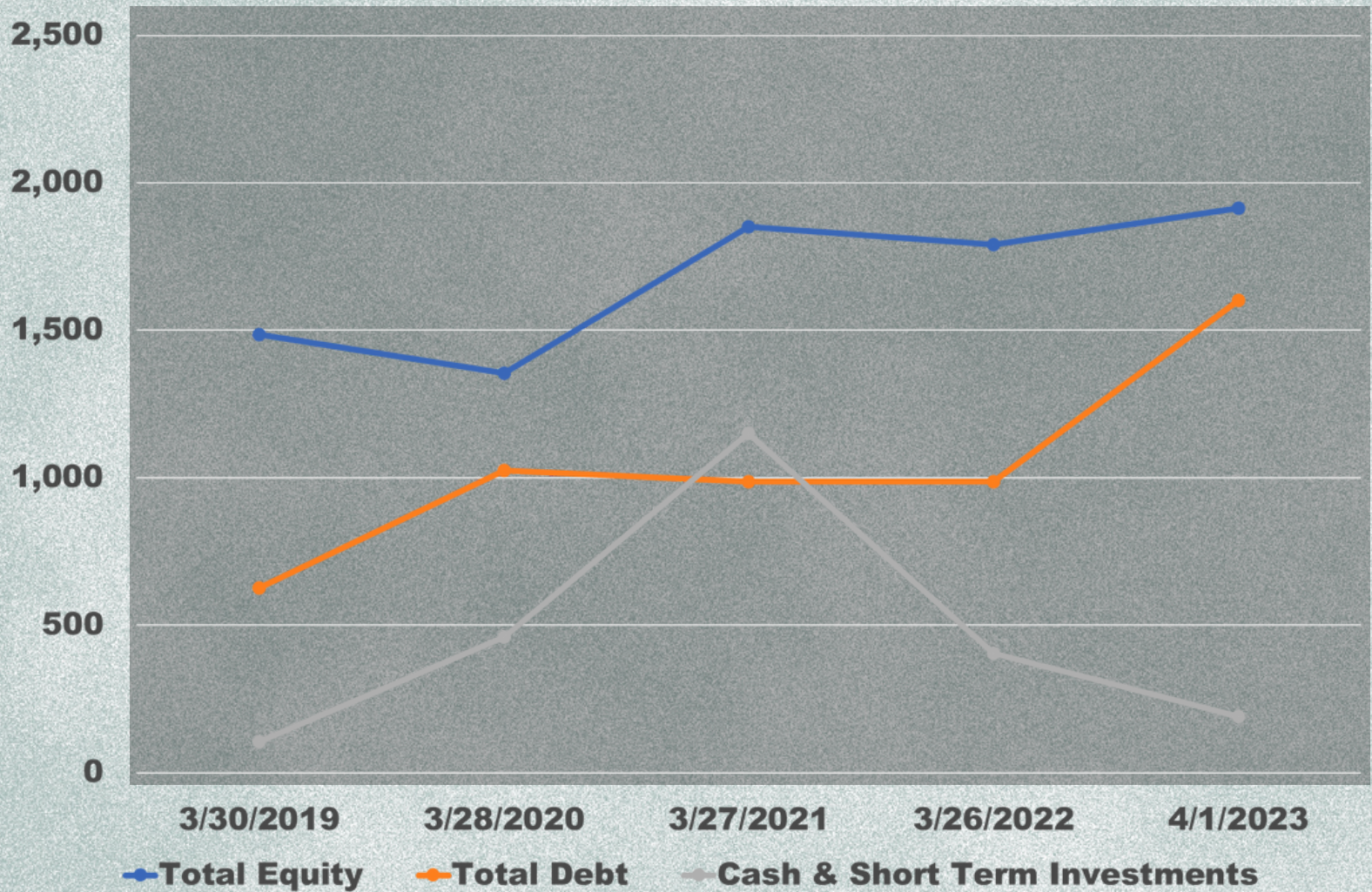
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Financial Health

USD Millions



Current Ratio: 1.47



Debt-to-EBITDA: 2.62



Interest Coverage: 39.6



Debt Servicing Ratio: 2.28%



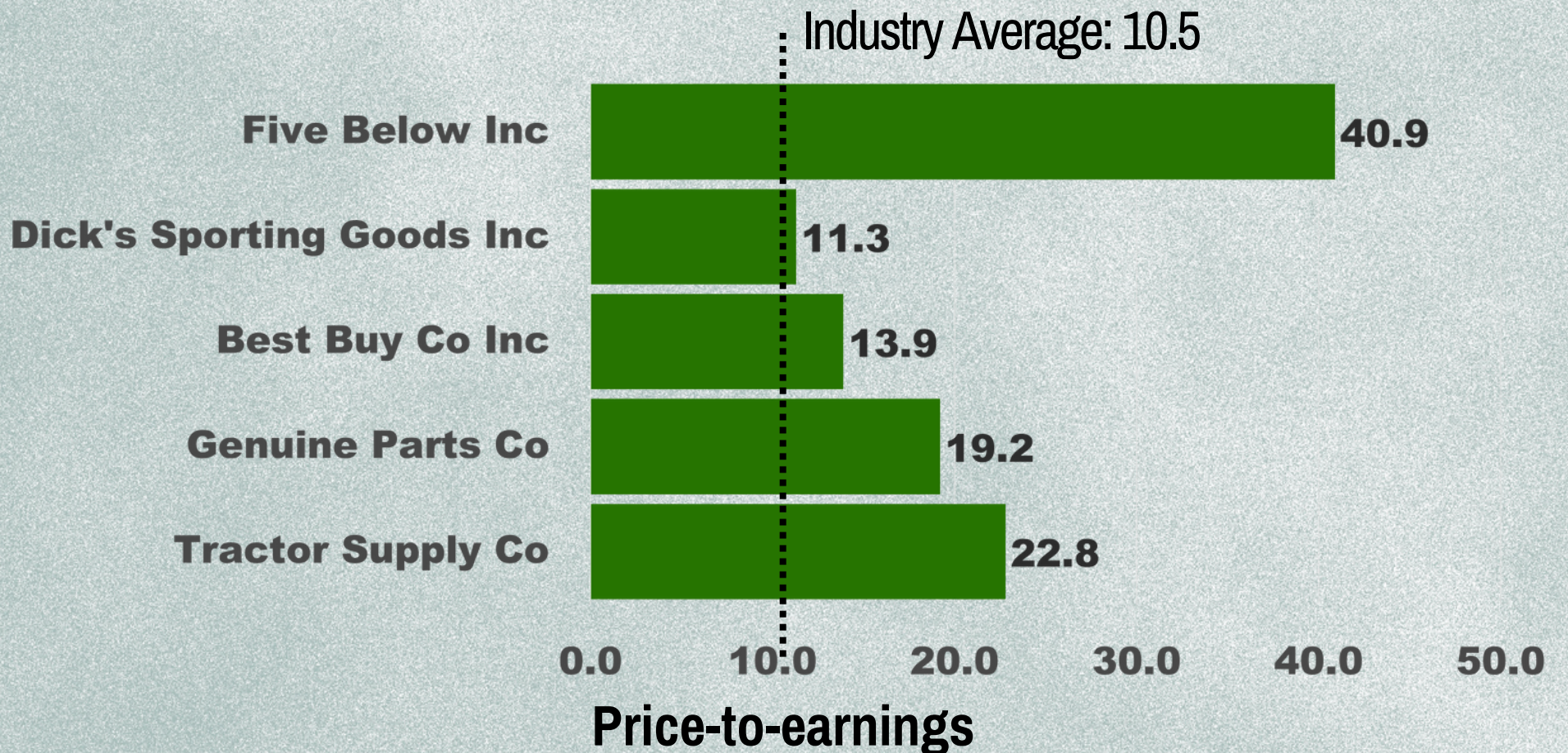
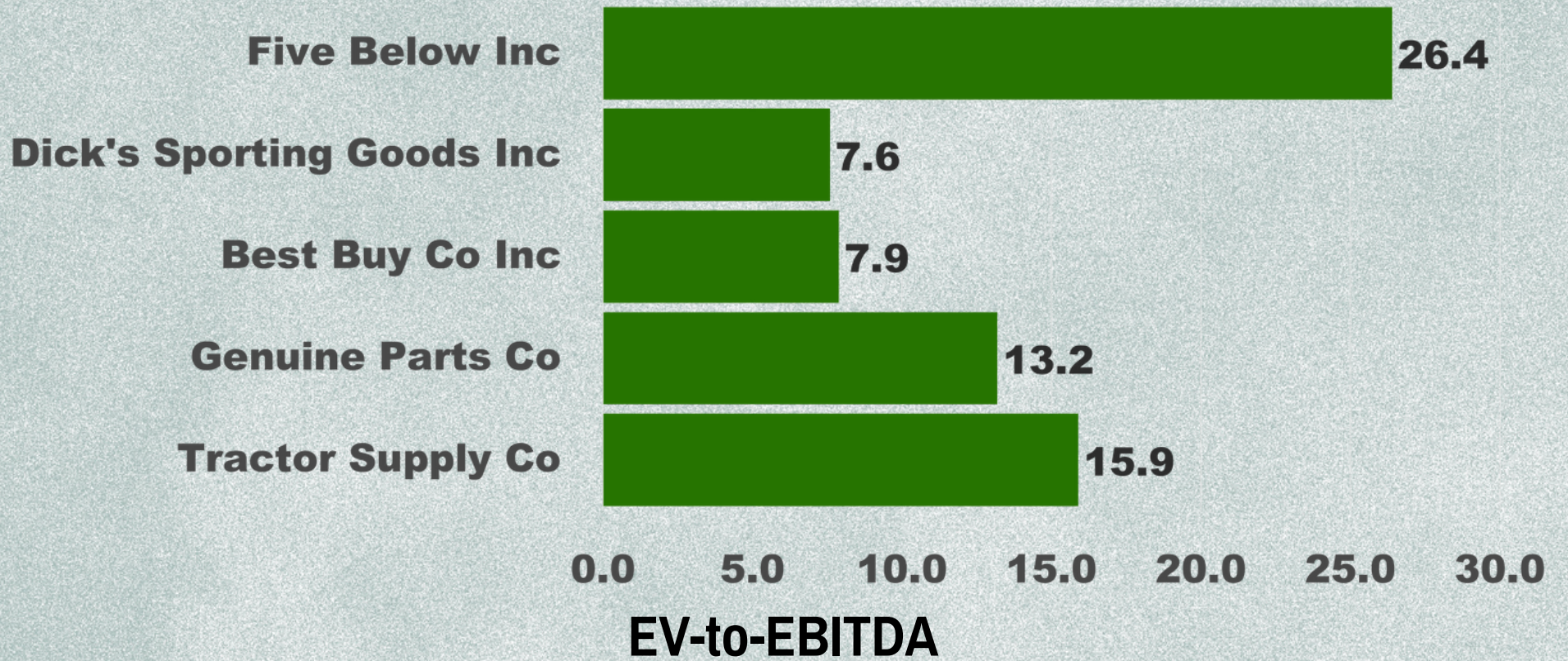
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Relative Valuation





Intrinsic Valuation

Estimated intrinsic value: **\$111.24**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$660M

Projected growth rate: 7% - 9%

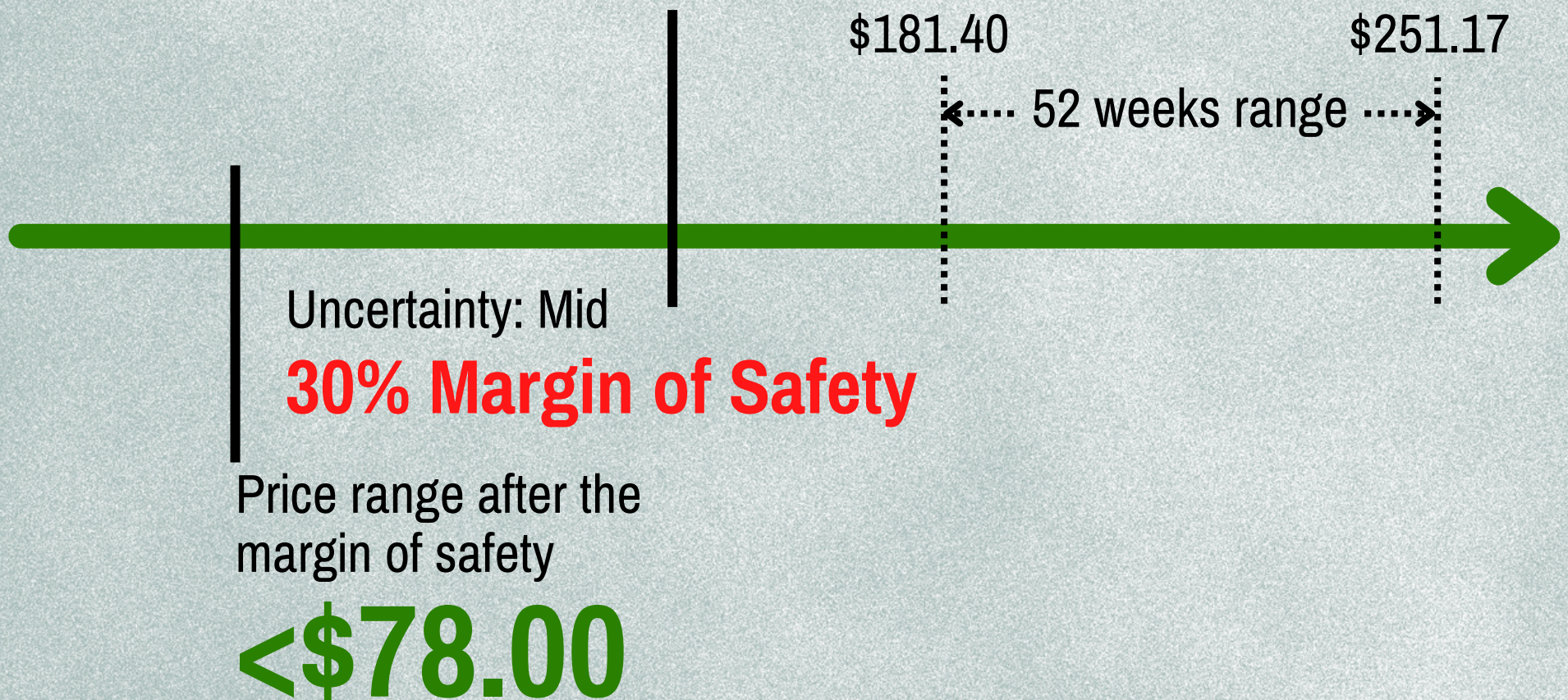
Beta: 0.8

Discount rate: 7.0%

Date of calculation: 5 July 2023

Estimated intrinsic value of
Tractor Supply Company

\$111.24



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