

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 2,233 of its namesake banners in 49 states, including 81 Orscheln Farm and Home stores (rebranded as Tractor Supply), along with 202 Petsense by Tractor Supply stores. Stores are generally concentrated in rural communities, as opposed to urban and suburban areas. In fiscal 2023, revenue consisted primarily of livestock, equine & agriculture (27%), companion animal (25%), and seasonal & recreation (22%).

Growth Rates (Compound Annual)

Grade: B	1 Yr	3 Yr	5 Yr	10 Yr
Revenue %	2.5	11.1	13.0	10.9
Operating Income %	3.1	11.5	16.1	11.1
Earnings/Share %	3.9	16.5	18.5	15.8
Dividends %	12.0	40.1	28.0	23.7
Book Value/Share %	7.5	6.4	9.2	8.4
Stock Total Return	20.3	13.2	20.2	16.4
+/- Industry	15.3	13.5	10.2	7.2
+/- Market	-5.9	3.2	5.3	3.5

Profitability Analysis

Grade: A	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	55.6	47.3	47.0	33.1
Return on Assets %	12.2	13.0	7.6	15.2
Revenue/Employee \$K	293.0	275.6	—	0.0
Fixed Asset Turns	2.7	3.1	3.5	—
Inventory Turns	3.1	3.8*	3.9	—
Gross Margin %	36.0	35.2	32.5	—
Operating Margin %	10.2	9.9	7.5	—
Net Margin %	7.7	7.4	4.8	21.0
Free Cash Flow/Rev %	5.6	5.9	5.6	—
R&D/Rev %	—	—	0.1	—

Financial Position (USD)

Grade: A	12-23 \$Mil	03-24 \$Mil
Cash	397	264
Inventories	2646	3049
Receivables	2	0
Current Assets	3264	3519
Fixed Assets	5579	5686
Intangibles	270	270
Total Assets	9188	9555
Payables	1180	1555
Short-Term Debt	30	380
Current Liabilities	2177	2518
Long-Term Debt	1729	1730
Total Liabilities	7038	7431
Total Equity	2150	2124

Valuation Analysis

	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	25.5	23.5	24.1	25.7
Forward P/E	25.3	—	—	—
Price/Cash Flow	18.2	17.6	12.8	17.5
Price/Free Cash Flow	34.9	37.5	20.8	—
Dividend Yield %	1.6	1.4	0.9	1.5
Price/Book	13.3	10.3	11.5	4.5
Price/Sales	1.9	1.7	1.2	—
PEG Ratio	2.5	—	—	—

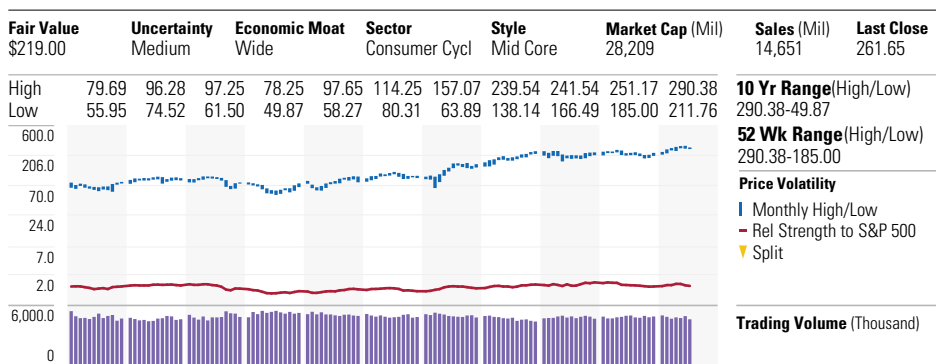
*3Yr Avg data is displayed in place of 5 Yr Avg

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

ESG Risk Rating Assessment



5-Jun-2024



Fair Value	Uncertainty	Economic Moat	Sector	Style	Market Cap (Mil)	Sales (Mil)	Last Close
\$219.00	Medium	Wide	Consumer Cycl	Mid Core	28,209	14,651	261.65
High	79.69	96.28	97.25	78.25	97.65	114.25	157.07
Low	55.95	74.52	61.50	49.87	58.27	80.31	63.89
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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Stock Performance
Total Return %	2.4	9.4	-10.3	0.0	13.2	13.6	52.1	71.2	-4.2	-2.6	22.7	Total Return %
+/- Market	-11.3	8.1	-22.2	-21.8	17.6	-17.9	33.7	42.5	13.9	-28.9	5.8	+/- Market
+/- Industry	-16.1	10.3	-14.0	4.2	8.7	-11.5	33.3	35.7	7.3	-5.7	17.6	+/- Industry
Dividend Yield %	0.8	0.9	1.2	1.4	1.4	1.5	1.1	0.9	1.6	1.9	1.6	Dividend Yield %
Market Cap \$Mil	10750	11476	9950	9386	10165	11041	16342	26992	24851	23248	28209	Market Cap \$Mil

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TTM	Financials (USD)
Revenue \$Mil	5712	6227	6780	7256	7911	8352	10620	12731	14205	14556	14651	Revenue \$Mil
Gross Margin %	34.2	34.4	34.3	34.3	34.2	34.4	35.4	35.2	35.0	35.9	36.0	Gross Margin %
Oper Income \$Mil	589	651	694	686	702	743	1066	1307	1435	1479	1498	Oper Income \$Mil
Operating Margin %	10.3	10.5	10.2	9.5	8.9	8.9	10.0	10.3	10.1	10.2	10.2	Operating Margin %
Net Income \$Mil	371	410	437	423	532	562	749	997	1089	1107	1122	Net Income \$Mil
Earnings Per Share \$	2.66	3.00	3.27	3.30	4.31	4.66	6.38	8.61	9.71	10.09	10.27	Earnings Per Share \$
Dividends \$	0.61	0.76	0.92	1.05	1.20	1.36	1.50	2.08	3.68	4.12	4.19	Dividends \$
Shares Mil	139	137	134	128	123	121	117	116	112	110	109	Shares Mil
Book Value Per Share \$	9.02	9.96	11.20	10.94	12.27	12.62	16.14	17.86	17.61	19.53	19.70	Book Value Per Share \$
Oper Cash Flow \$Mil	409	456	651	631	694	812	1395	1139	1357	1334	1572	Oper Cash Flow \$Mil
Cap Spending \$Mil	-161	-236	-226	-250	-279	-217	-294	-628	-773	-754	-753	Cap Spending \$Mil
Free Cash Flow \$Mil	249	220	425	381	416	594	1101	510	584	580	819	Free Cash Flow \$Mil

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TTM	Profitability
Return on Assets %	18.8	18.6	17.3	15.3	17.9	13.4	12.1	13.5	13.4	12.5	12.2	Return on Assets %
Return on Equity %	29.2	30.6	30.7	29.4	35.7	36.0	42.9	50.8	53.8	52.8	55.6	Return on Equity %
Asset Turnover	2.90	2.83	2.69	2.62	2.66	1.99	1.72	1.72	1.75	1.65	1.59	Asset Turnover
Net Margin %	6.5	6.6	6.5	5.8	6.7	6.7	7.1	7.8	7.7	7.6	7.7	Net Margin %
Financial Leverage	1.6	1.7	1.8	2.0	2.0	3.4	3.7	3.9	4.2	4.3	4.5	Financial Leverage

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	03-24	Financial Health (USD)
Long-Term Debt \$Mil	—	150	264	401	381	366	984	986	1164	1729	1730	Long-Term Debt \$Mil
Total Equity \$Mil	1294	1393	1453	1419	1562	1567	1924	2003	2042	2150	2124	Total Equity \$Mil
Debt/Equity	0.00	0.12	0.20	0.31	0.26	1.53	1.68	1.79	1.92	2.17	2.21	Debt/Equity
Working Capital \$Mil	671	768	741	806	856	540	1515	1186	782	1087	1002	Working Capital \$Mil

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TTM	Valuation
Price/Earnings	31.2	28.6	24.0	22.2	20.5	20.5	21.8	30.5	24.4	21.0	25.5	Price/Earnings
P/E vs. Market	0.0	0.0	—	—	0.0	0.0	0.0	0.0	—	—	1.0	P/E vs. Market
Price/Sales	2.0	1.9	1.6	1.3	1.3	1.4	1.7	2.3	1.9	1.6	1.9	Price/Sales
Price/Book	8.7	8.6	6.8	6.8	6.8	7.4	8.7	13.4	12.8	11.0	13.3	Price/Book
Price/Cash Flow	27.5	24.2	22.2	13.9	16.1	15.1	11.8	22.0	28.5	14.2	18.2	Price/Cash Flow

Quarterly Results (USD)	Revenue \$	Jun	Sep	Dec	Mar
Most Recent	4184.0	3411.0	3659.0	3394.0	
Previous	3903.0	3270.0	4006.0	3299.0	
Rev Growth %	Jun	Sep	Dec	Mar	
Most Recent	7.2	4.3	-8.7	2.9	
Previous	8.4	8.4	20.7	9.1	
Earnings Per Share \$	Jun	Sep	Dec	Mar	
Most Recent	3.83	2.33	2.28	1.83	
Previous	3.53	2.10	2.43	1.65	

Close Competitors

	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%
The Home Depot Inc	330842	151830	22.4	1363.0
Lowe's Companies Inc	121546	85394	17.1	—

Major Fund Holders

	% of shares
AllianceBernstein US L/C Growth Eqty MF	1.01
TIGER S&P500	0.00
Invesco World Dev Countries Eq Mother	0.00

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Stock Detail Report

Disclosure Statement

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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

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

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.