Tractor Supply Company (TSCO)

Updated May 7th, 2025 by Samuel Smith

Key Metrics

Current Price:	$51.0	**5 Year CAGR Estimate:**	6.9%	**Market Cap:**	$27 B
Fair Value Price:	$41.6	**5 Year Growth Estimate:**	9.3%	**Ex-Dividend Date:**	5/25/25[1]
% Fair Value:	123%	**5 Year Valuation Multiple Estimate:**	-4.0%	**Dividend Payment Date:**	6/11/25[2]
Dividend Yield:	1.8%	**5 Year Price Target**	$65	**Years Of Dividend Growth:**	15
Dividend Risk Score:	B	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Tractor Supply Company is a retailer that sells farm and ranch products. Its customers include recreational farmers & ranchers, tradesmen and small businesses. Its offerings include clothing, pet supplies, trailers and accessories, lawn & garden supplies, heating systems, tools, fencing, lawnmowers, and power generators. The company was founded in 1938, is headquartered in Brentwood, TN, and is currently valued at market cap of $27 billion.

On April 24, 2025, Tractor Supply Company reported its financial results for the first quarter of 2025. The company achieved net sales of $3.47 billion, marking a 2.1% increase compared to the same period in 2024. This growth was primarily driven by the opening of 15 new Tractor Supply stores and two new Petsense by Tractor Supply stores, as well as contributions from the Allivet acquisition. However, comparable store sales declined by 0.9%, reflecting a 2.9% decrease in average ticket size, partially offset by a 2.1% increase in transaction count. The decline in comparable store sales was attributed to softness in spring seasonal goods and big-ticket categories, while consumable, usable, and edible products, along with winter seasonal merchandise, showed strength. Gross profit rose by 2.8% to $1.26 billion, with gross margin improving by 25 basis points to 36.2%, driven by disciplined product cost management and the execution of an everyday low price strategy. Selling, general, and administrative expenses increased by 5.1% to $1.01 billion, representing 29.0% of net sales, up from 28.2% in the prior year, due to planned growth investments and the operation of the company's 10th distribution center. Operating income decreased by 5.3% to $249.1 million, and net income declined by 9.5% to $179.4 million. Diluted earnings per share were $0.34, down from $0.37 in the first quarter of 2024. In response to increased market uncertainty, including the introduction of new tariffs, the company updated its fiscal year 2025 guidance, projecting net sales growth of 4% to 8%, comparable store sales growth of 0% to 4%, and earnings per diluted share between $2.00 and $2.18. For the second quarter of 2025, Tractor Supply anticipates net sales growth of approximately 3% to 4%, flat to 1% growth in comparable store sales, and earnings per diluted share between $0.79 and $0.81. The company returned $216.4 million to shareholders during the quarter through share repurchases and dividends, demonstrating its commitment to delivering shareholder value amid a challenging retail environment.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.60	$0.65	$0.67	$0.86	$0.94	$1.37	$1.72	$1.92	$2.02	$2.04	***$2.08***	***$3.25***
DPS	$0.12	$0.15	$0.18	$0.24	$0.27	$0.30	$0.42	$0.74	$0.82	$0.88	***$0.92***	***$1.45***
Shares[1]	670	655	625	605	585	580	565	550	540	534	***532***	***500***

Tractor Supply has recorded very compelling growth through the last decade. Its earnings-per-share rose by mid-teens annually from 2015-2024. 2025's earnings-per-share were well over three times as high as what the company earned during 2015.

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[1] Estimate

[2] Estimate

1. Shares in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

This growth was made possible by several contributing factors, including comparable store sales growth, the opening of new stores, margin expansion, and share repurchases. These factors will likely persist going forward, which is why the earnings-per-share growth outlook for Tractor Supply remains pretty high despite the company facing very tough comparable metrics and a potential economic downturn in the coming years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	25.8	25.4	29.1	25.5	19.1	19	20.5	19.7	26.2	24.3	***24.5***	***20.0***
Avg. Yld.	0.8%	0.9%	0.9%	1.1%	1.5%	1.2%	1.2%	2.0%	1.5%	1.8%	***1.8%***	***2.2%***

TSCO operates in an attractive niche market of the large brick-and-mortar retail industry. The company has produced consistent and attractive growth over the last decade. After slightly reducing our fair value multiple estimates to account for rising interest rates, the increased prospect of a recession, and the expectation of decelerating growth rates in the near term as the company faces abnormally high comparable numbers, we see shares trading above fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	20%	23%	27%	28%	29%	22%	24%	39%	41%	43%	***44%***	***45%***

Since 2011, Tractor Supply has paid dividends, and the payout has risen considerably since. This was made possible by a combination of earnings growth, share buybacks, and a rising payout ratio.

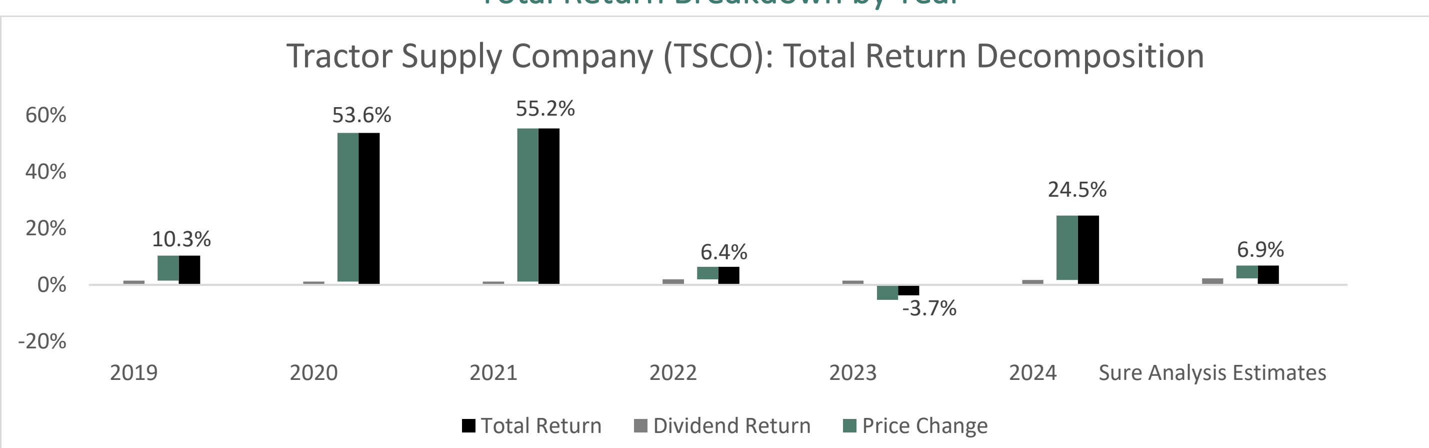
Many brick-and-mortar retailers feel the impact that Amazon (AMZN) and other online retailers are having on traffic at their stores, but Tractor Supply is relatively safe from the e-commerce threat. Many of the items the company sells are large and complex, and therefore not easily purchased online or shipped to customers' homes. This serves as a major advantage versus many other brick-and-mortar retailers.

Tractor Supply also does not have a lot of competition in the niche market it serves. Profits declined by 10% from 2007 to 2008, during a recession, but recovered quickly and hit a new record high in 2009. We believe that Tractor Supply is not as vulnerable to recessions and economic downturns as other retail industries.

Final Thoughts & Recommendation

Tractor Supply is a strong company with a significant growth runway still ahead of it. Given that we expect annualized total returns moving forward of 6.9% through the next half decade as a result of strong growth and a small but growing dividend, partially offset by expected multiple compression, we rate the stock a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	6,227	6,780	7,256	7,911	8,352	10,620	12,731	14,205	14,556	14,883
Gross Profit	2,143	2,325	2,492	2,703	2,872	3,762	4,477	4,972	5,228	5,397
Gross Margin	34.4%	34.3%	34.3%	34.2%	34.4%	35.4%	35.2%	35.0%	35.9%	36.3%
SG&A Exp.	1,369	1,488	1,640	1,823	1,933	2,479	2,900	3,194	3,356	3,482
D&A Exp.	124	143	166	177	196	217	270	343	393	447
Operating Profit	651	694	686	702	743	1,066	1,307	1,435	1,479	1,468
Operating Margin	10.4%	10.2%	9.5%	8.9%	8.9%	10.0%	10.3%	10.1%	10.2%	9.9%
Net Profit	410	437	423	532	562	749	997	1,089	1,107	1,101
Net Margin	6.6%	6.4%	5.8%	6.7%	6.7%	7.1%	7.8%	7.7%	7.6%	7.4%
Free Cash Flow	220	425	381	416	594	1,101	510	584	580	637
Income Tax	237	251	250	151	161	219	283	316	325	312

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,371	2,675	2,869	3,085	5,289	7,049	7,767	8,490	9,188	9,805
Cash & Equivalents	64	54	109	86	84	1,342	878	203	397	251
Inventories	1,284	1,370	1,453	1,590	1,603	1,783	2,191	2,710	2,646	2,840
Goodwill & Int. Ass.	10	126	124	124	124	56	56	253	270	270
Total Liabilities	978	1,222	1,450	1,523	3,722	5,125	5,765	6,448	7,038	7,535
Accounts Payable	427	520	577	620	643	976	1,156	1,398	1,180	1,236
Long-Term Debt	150	274	426	407	396	984	986	1,164	1,729	1,832
Shareholder's Equity	1,393	1,453	1,419	1,562	1,567	1,924	2,003	2,042	2,150	2,270
LTD/E Ratio	0.11	0.19	0.30	0.26	0.25	0.51	0.49	0.57	0.80	0.81

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	18.6%	17.3%	15.2%	17.9%	13.4%	12.1%	13.5%	13.4%	12.5%	11.6%
Return on Equity	30.5%	30.7%	29.4%	35.7%	35.9%	42.9%	50.8%	53.8%	52.8%	49.8%
ROIC	28.9%	26.7%	23.7%	27.9%	28.6%	30.7%	33.8%	35.1%	31.3%	27.6%
Shares Out.	670	655	625	605	585	580	565	550	540	534
Revenue/Share	9.10	10.13	11.32	12.81	13.83	18.09	21.98	25.33	26.53	27.58
FCF/Share	0.32	0.63	0.59	0.67	0.98	1.87	0.88	1.04	1.06	1.18

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.