Tractor Supply Company (TSCO)

Updated July 31st, 2025 by Samuel Smith

Key Metrics

Current Price:	$57.0	**5 Year CAGR Estimate:**	4.5%	**Market Cap:**	$31 B
Fair Value Price:	$42.0	**5 Year Growth Estimate:**	9.1%	**Ex-Dividend Date:**	8/25/25[1]
% Fair Value:	136%	**5 Year Valuation Multiple Estimate:**	-5.9%	**Dividend Payment Date:**	9/11/25[2]
Dividend Yield:	1.6%	**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 $31 billion.

On July 24, 2025, Tractor Supply Company reported its financial results for the second quarter of 2025. Net sales increased 4.5% to $4.44 billion from $4.25 billion in the prior year, driven by new store openings and a 1.5% rise in comparable store sales, with a 1.0% increase in transaction count and 0.5% growth in average ticket. Diluted earnings per share rose 2.8% to $0.81 from $0.79. Gross profit grew 5.4% to $1.64 billion, with the gross margin rate improving to 36.9% from 36.6%, due to effective cost management and pricing strategies. Selling, general, and administrative expenses increased 6.8% to $1.06 billion, rising as a percentage of sales to 23.9% from 23.4%, reflecting growth investments and fixed cost deleverage, partially offset by cost control efforts. Operating income was up 2.9% to $577.8 million, and net income increased 1.1% to $430.0 million.

The company repurchased 1.4 million shares for $73.9 million and paid $122.0 million in dividends, totaling $195.9 million returned to shareholders. It opened 24 new Tractor Supply stores and two new Petsense by Tractor Supply stores, closing one Petsense store. Tractor Supply reaffirmed its fiscal 2025 outlook, expecting net sales growth of 4% to 8%, comparable store sales of 0% to 4%, and diluted EPS of $2.00 to $2.18, while adjusting share repurchases to $325–$375 million, reflecting a disciplined capital approach amidst economic uncertainties.

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	***$2.10***	***$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	***530***	***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.

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.

[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.

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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	***27.1***	***20.0***
Avg. Yld.	0.8%	0.9%	0.9%	1.1%	1.5%	1.2%	1.2%	2.0%	1.5%	1.8%	***1.6%***	***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 well 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.

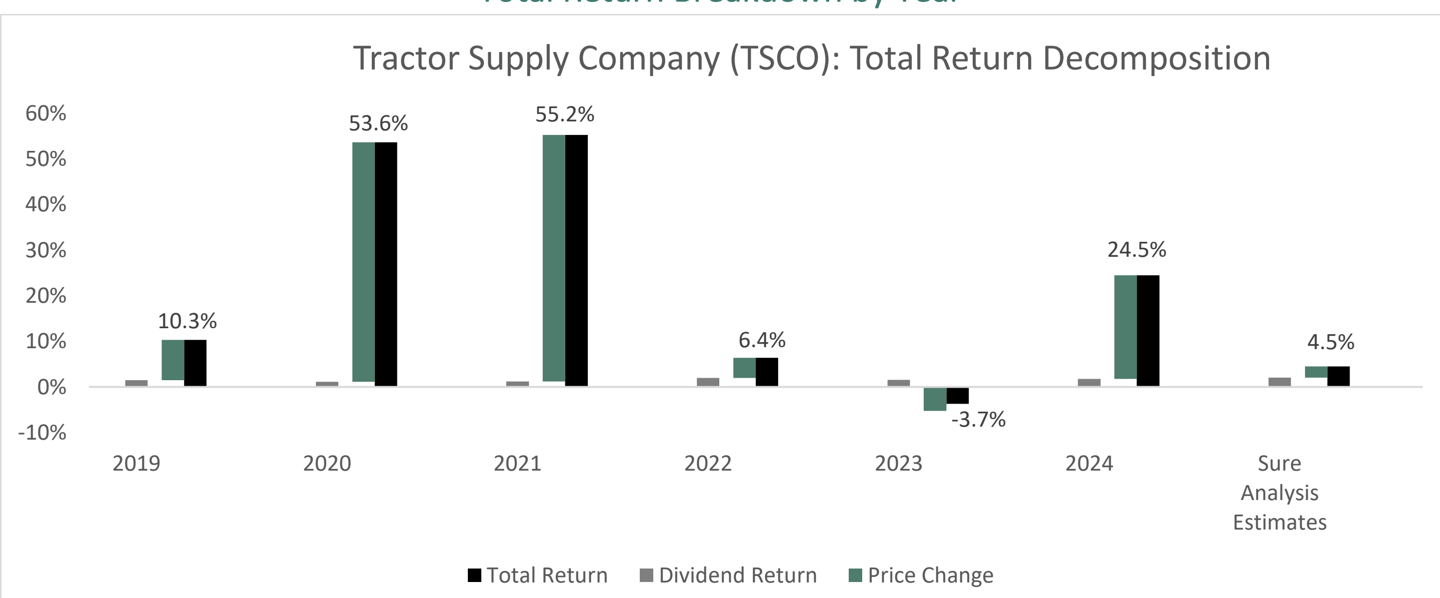
Many brick-and-mortar retailers feel the impact that Amazon (AMZN) and other online retailers are having on traffic at their stores, but Tractor Supply is relatively safe from the e-commerce threat. Many of the items the company sells are large and complex, and therefore not easily purchased online or 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 4.5% 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.