

# ModernGraham Valuation



Company Name:

Tractor Supply  
Company

Company Ticker TSCO

Date of Analysis

10/27/2015

## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,075,900,224	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.05	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	334.53%	Pass
6. Moderate PEmg Ratio	PEmg < 20	38.64	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.16	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.05	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.25	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.33
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$89.85</b>
MG Value based on 3% Growth	\$33.84
MG Value based on 0% Growth	\$19.84
Market Implied Growth Rate	15.07%

### MG Opinion

Current Price	\$90.18
% of Intrinsic Value	100.37%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

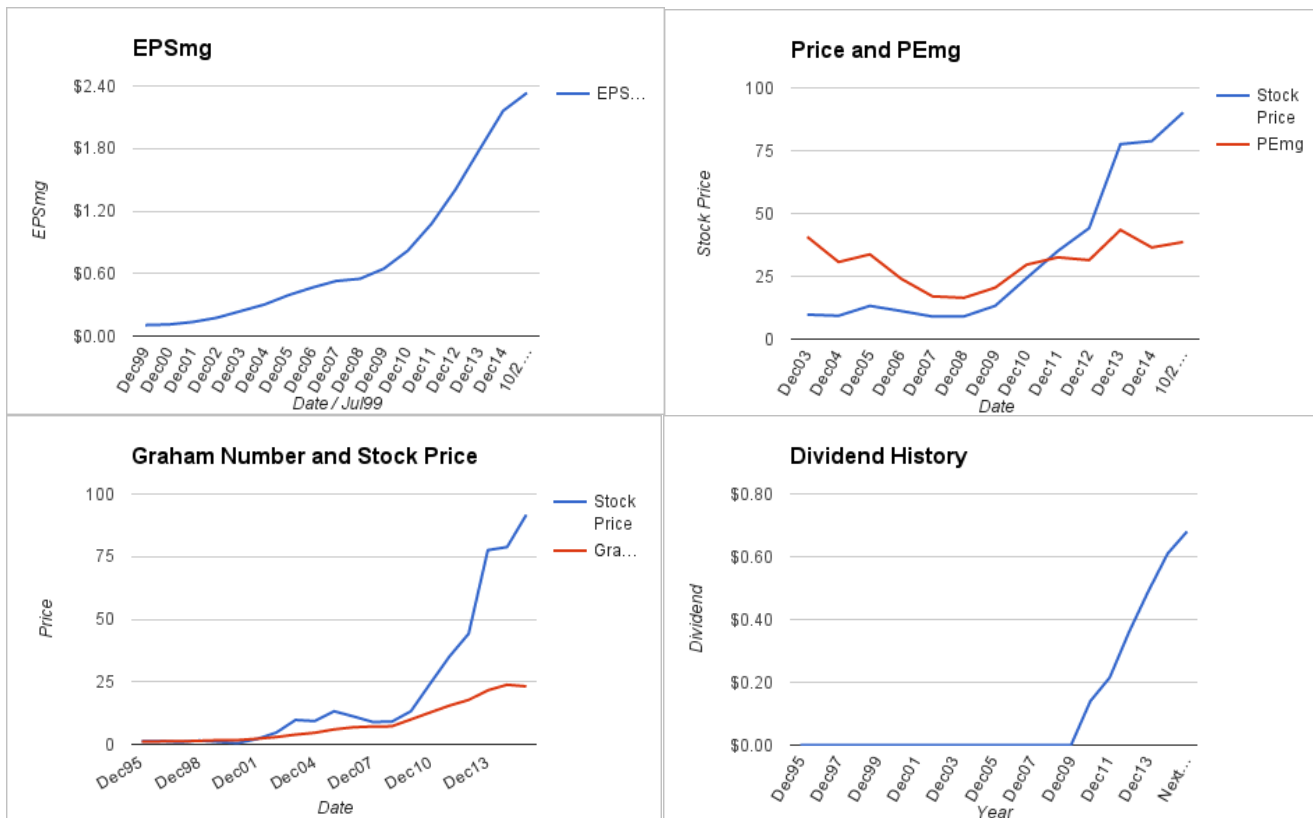
Net Current Asset Value (NCAV)	\$3.46
Graham Number	\$23.16
PEmg	38.64
Current Ratio	2.05
PB Ratio	9.16
Dividend Yield	0.75%
Number of Consecutive Years of Dividend Growth	6

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.42	Next Fiscal Year Estimate	\$2.33
Dec14	\$2.66	Dec14	\$2.16
Dec13	\$2.32	Dec13	\$1.79
Dec12	\$1.90	Dec12	\$1.40
Dec11	\$1.51	Dec11	\$1.08
Dec10	\$1.13	Dec10	\$0.82
Dec09	\$0.82	Dec09	\$0.65
Dec08	\$0.55	Dec08	\$0.55
Dec07	\$0.60	Dec07	\$0.53
Dec06	\$0.56	Dec06	\$0.47
Dec05	\$0.52	Dec05	\$0.39
Dec04	\$0.39	Dec04	\$0.30
Dec03	\$0.35	Dec03	\$0.24
Dec02	\$0.24	Dec02	\$0.18
Dec01	\$0.18	Dec01	\$0.14
Dec00	\$0.12	Dec00	\$0.11
Dec99	\$0.13	Dec99	\$0.11
Dec98	\$0.11	<b>Balance Sheet Information Sep15</b>	
Dec97	\$0.08	Total Current Assets	\$1,573,364,000
Dec96	\$0.09	Total Current Liabilities	\$765,722,000
Dec95	\$0.09	Long-Term Debt	\$200,746,000
		Total Assets	\$2,440,586,000
		Intangible Assets	\$10,258,000
		Total Liabilities	\$1,103,326,000
		Shares Outstanding (Diluted Average)	135,830,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

### Recommended Reading:

Other ModernGraham posts about the company

- [The Best Companies of the Retail Industry – August 2015](#)
- [The 16 Best Stocks For Value Investors This Week – 8/1/15](#)
- [Tractor Supply Company Analysis – Initial Coverage \\$TSCO](#)

Other ModernGraham posts about related companies

- [Coach Inc. Valuation – October 2015 Update \\$COH](#)
- [Dollar Tree Stores Inc. Valuation – October 2015 Update \\$DLTR](#)
- [TJX Companies Inc. Valuation – October 2015 Update \\$TJX](#)
- [Tiffany and Company Valuation – October 2015 Update \\$TIF](#)
- [Urban Outfitters Inc. Analysis – October 2015 Update \\$URBN](#)
- [Staples Inc. Analysis – September 2015 Update \\$SPLS](#)
- [Fossil Group Inc. Analysis – September 2015 Update \\$FOSL](#)
- [Ross Stores Inc. Analysis – August 2015 Update \\$ROST](#)
- [The Best Companies of the Retail Industry – August 2015](#)
- [Bed Bath & Beyond Inc. Analysis – August 2015 Update \\$BBBY](#)