



# Lindsay Corporation (LNN)

Updated April 5<sup>th</sup>, 2025 by Ian Bezek

## Key Metrics

<b>Current Price:</b>	\$120	<b>5 Year CAGR Estimate:</b>	11.9%	<b>Market Cap:</b>	\$1.3 B
<b>Fair Value Price:</b>	\$144	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	05/16/25
<b>% Fair Value:</b>	83%	<b>5 Year Valuation Multiple Estimate:</b>	3.7%	<b>Dividend Payment Date:</b>	05/30/25
<b>Dividend Yield:</b>	1.2%	<b>5 Year Price Target</b>	\$202	<b>Years Of Dividend Growth:</b>	22
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## Overview & Current Events

Lindsay Corporation provides water management and road infrastructure services in the United States and internationally. The business's irrigation segment provides irrigation solutions for farmers and contributed 85% of sales in fiscal year 2024, the infrastructure segment helps with road and bridge repairs and contributed the other 15%. The conflict in Ukraine has caused a disruption in agricultural activity in that region, leading farmers to plant more intensively in North America. Both irrigation and infrastructure benefit from government support payments. The Infrastructure Investments and Jobs Act (IIJA) marked the largest federal investment into infrastructure projects in more than a decade and has boosted Lindsay's infrastructure business. While Lindsay enjoyed a record-breaking 2022, the past two years have seen a slowdown in business tied to the declining price of many farm products.

On April 3<sup>rd</sup>, 2025, Lindsay reported its Q2 2025 results for the period ending February 28<sup>th</sup>, 2025. The business saw diluted earnings-per-share of \$2.44 which improved from the \$1.64 reported the same quarter of last year and dramatically exceeded expectations. Revenues surged 23% year-over-year to \$187 million. These results, at first glance, seem extraordinary. However, they are likely in part an artifact of the tariff situation rather than actual underlying strength. To that point, Lindsay's international revenues skyrocketed 42% while U.S. sales dropped 7%. While a large individual project in the Middle East region helped drive international revenues, a large chunk of the growth was possibly due to firms stocking up on inventories before tariffs go into effect.

The company's infrastructure segment also returned to growth after many quarters of declining results. However, we expect this may fade, particularly if the federal government continues to cut funding for various projects as part of current austerity measures. We leave our 2025 earnings outlook unchanged as we expect the newly-announced tariff program will lead to sharply lower results in the back half of 2025 which will offset Q2's stellar performance.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$2.22	\$2.63	\$2.17	\$2.94	\$1.45	\$3.56	\$3.88	\$5.94	\$6.54	\$6.01	<b>\$6.00</b>	<b>\$8.42</b>
<b>DPS</b>	\$1.09	\$1.13	\$1.17	\$1.21	\$1.24	\$1.26	\$1.30	\$1.34	\$1.37	\$1.41	<b>\$1.44</b>	<b>\$1.75</b>
<b>Shares</b>	11	11	11	11	11	11	11	11	11	11	<b>11</b>	<b>11</b>

Over the last decade, Lindsay has seen earnings-per-share grow at an average annualized rate of 11.7%. While agriculture is a cyclical business, the company has shown fairly steady earnings growth over the past decade. The firm's infrastructure business also helps even out fluctuations. While the firm's core market had been in a significant slump, management believes 2025 will turn the corner as conditions appear to be improving in the grain market, though tariffs complicate the picture. In any case, we expect 7% annualized growth over the longer term.

Over both the past five and ten years, Lindsay has grown its dividend at around a 3% annualized rate. The company announced its latest dividend increase on June 28<sup>th</sup>, 2024, giving investors a 2.9% increase. This boosted the quarterly dividend from 35 cents to 36 cents per share. There is room for faster dividend increases given the firm's substantial earnings growth over the past few years, but management continues to play it safe for now amid the current industry volatility.

*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	36.9	26.9	37.6	31.3	62.1	26.7	37.1	24.5	22.0	20.3	20.0	24.0
Avg. Yld.	1.3%	1.6%	1.4%	1.3%	1.4%	1.3%	0.9%	0.8%	1.0%	1.1%	1.2%	0.9%

Over the last decade, Lindsay has averaged a P/E ratio of 32.5, and over the past five years, Lindsay has averaged a P/E ratio of 26.1. We expect the P/E to settle around 24 in the long run. Today, the stock offers a modest 1.2% dividend yield, which may be low for investors who prioritize dividend income. Investors might consider the company for its exposure to favorable trends in the agriculture and infrastructure sectors.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	49%	43%	54%	41%	86%	35%	34%	23%	21%	23%	24%	21%

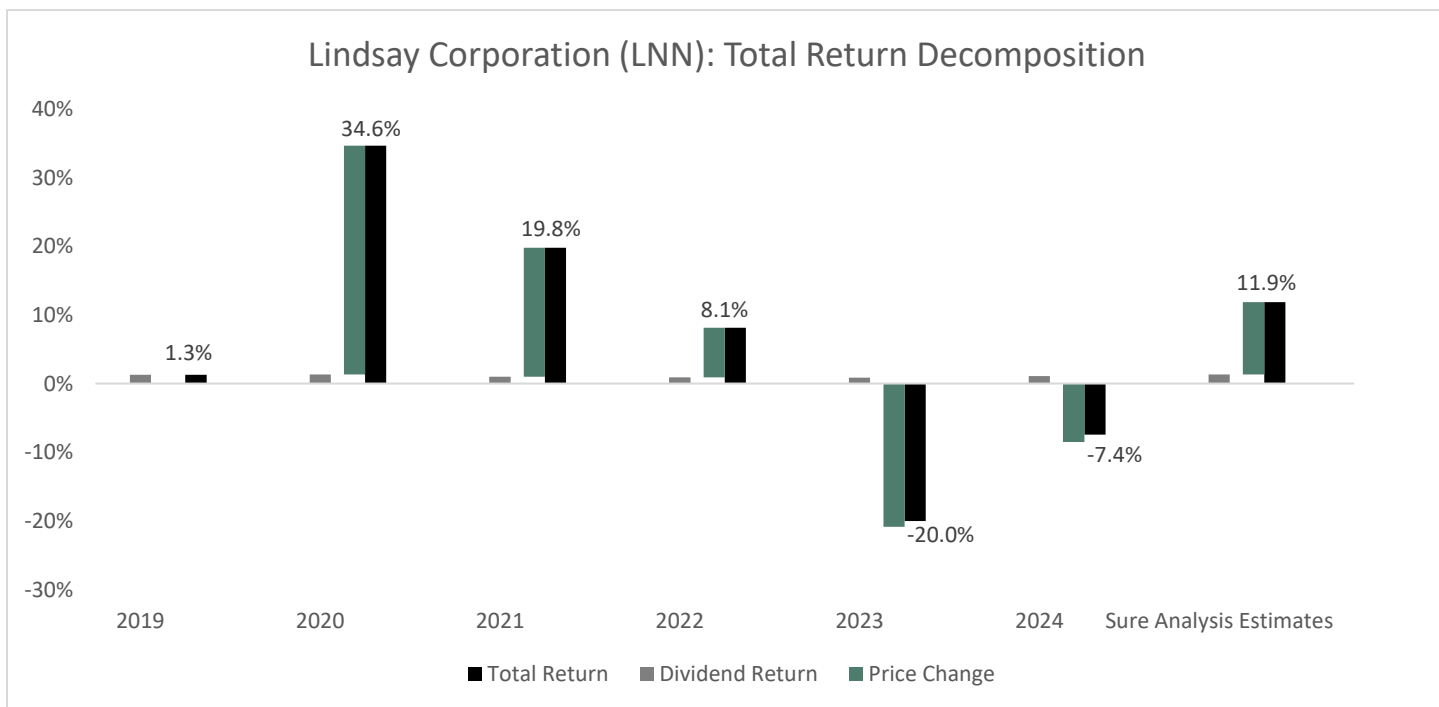
Lindsay has averaged a payout ratio of 41% over the past 10 years. It is far below that today. We project that the dividend will be safe since the low payout ratio signifies that the dividend is well-covered from earnings.

Even though the business is in a cyclical industry, Lindsay has a very safe balance sheet, with minimal net debt. In addition, the company has remained profitable even during down periods for crop prices which speaks to the firm's stability. Lindsay has historically benefited from geographic diversification, but in recent years, it has seen multiple international markets including Ukraine, Russia, and Brazil run into sharp headwinds.

## Final Thoughts & Recommendation

Lindsay Corporation offers investors an opportunity to invest in a business that will indirectly benefit from the rising tides of stronger ag prices and potential government spending on infrastructure. Lindsay is managing current industry volatility reasonably well. Shares remain well below our fair value estimate following Q2 earnings. Our total return outlook is for Lindsay to deliver 11.9% per year compounded. Shares earn a hold rating today.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	560	516	518	548	444	475	568	771	674	607
Gross Profit	156	149	145	151	115	153	150	199	213	191
Gross Margin	27.9%	28.8%	28.0%	27.7%	25.8%	32.1%	26.5%	25.8%	31.6%	31.5%
SG&A Exp.	93	98	87	96	95	84	83	89	93	987
D&A Exp.	16	17	17	17	14	19	19	20	19	21
Operating Profit	51	34	41	39	6	54	54	95	102	77
Op. Margin	9.0%	6.7%	7.8%	7.1%	1.4%	11.4%	9.5%	12.3%	15.1%	12.7%
Net Profit	26	20	23	20	2	39	43	65	72	66
Net Margin	4.7%	3.9%	4.5%	3.7%	0.5%	8.1%	7.5%	8.4%	10.7%	10.9%
Free Cash Flow	34	22	31	23	(19)	25	17	(13)	101	67
Income Tax	20	9	13	14	(0)	10	8	22	28	13

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	536	488	506	500	500	571	637	711	746	760
Cash & Equivalents	139	101	122	161	127	121	127	105	161	191
Acc. Receivable	74	81	74	69	76	85	94	138	145	117
Inventories	75	75	86	79	92	105	145	194	156	154
Goodwill & Int.	129	124	120	92	89	91	88	85	111	110
Total Liabilities	248	236	236	223	232	272	299	317	290	279
Accounts Payable	39	32	37	31	29	30	45	60	44	37
Long-Term Debt	117	117	117	116	116	116	116	116	115	115
Total Equity	289	252	270	277	268	299	338	393	456	481
LTD/E Ratio	0.41	0.47	0.43	0.42	0.43	0.39	0.34	0.29	0.25	0.24

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.9%	4.0%	4.7%	4.0%	0.4%	7.2%	7.1%	9.7%	9.9%	8.8%
Return on Equity	7.8%	7.5%	8.9%	7.4%	0.8%	13.6%	13.4%	17.9%	17.1%	14.2%
ROIC	6.7%	5.2%	6.1%	5.2%	0.6%	9.7%	9.8%	13.6%	13.4%	11.4%
Shares Out.	11	11	11	11	11	11	11	11	11	11
Revenue/Share	47.25	47.25	48.44	50.85	41.08	43.71	51.67	69.87	60.94	55.10
FCF/Share	2.87	1.98	2.86	2.12	(1.80)	2.26	1.59	(1.14)	9.12	6.06

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

### Disclaimer

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