Brady Corporation (BRC)

Updated May 20th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$71	**5 Year CAGR Estimate:**	11.1%	**Market Cap:**	$3.4 B
Fair Value Price:	$82	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	07/10/25
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.9%	**Dividend Payment Date:**	07/31/25
Dividend Yield:	1.4%	**5 Year Price Target**	$115	**Years Of Dividend Growth:**	39
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Brady Corporation was founded in 1914, generates annual revenue of more than $1.5 billion, and has a $3.4 billion market capitalization. It manufactures and markets specialty materials. Beginning with the third quarter of fiscal year 2023, the company began reporting results for geographic regions as opposed to product lines. This includes the Americas & Asia and Europe & Australia. Brady Corporation's products include absorbents, labels, pipes and valves, signs, tags, tapes, and printers.

On September 5th, 2024, Brady Corporation increased its quarterly dividend 2.1% to $0.24, extending the company's dividend growth streak to 39 consecutive years.

On May 16th, 2025, Brady Corporation reported results for the third quarter of fiscal year 2025, which ended April 30th, 2025. For the quarter, revenue grew 11.4% to $382.6 million, but this was $4 million less than expected. Adjusted earnings-per share of $1.22 compared favorably to $1.09 in the prior year and was in-line with estimates.

Organic revenue improved 1.6% for the quarter with the Americas & Asia region growing 5.4% and Europe & Australia falling 5.4%. As with prior quarters, acquisitions greatly aided results while currency exchange and divestitures were small headwinds to results for the period. Gross profit margin contracted 50 basis points to 51.0% for the period.

Brady Corporation provided an updated guidance for fiscal year 2025 as well. The company now expects adjusted earnings-per-share in a range of $4.48 to $4.63 for the year, compared to $4.45 to $4.70 for the year and $4.40 to $4.70 previously. At the midpoint, this would represent an increase of 8.1% from the prior fiscal year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.27	$1.56	$1.84	$2.12	$2.46	$2.32	$2.65	$3.15	$3.64	$4.22	***$4.56***	***$6.40***
DPS	$0.80	$0.81	$0.82	$0.83	$0.85	$0.87	$0.88	$0.90	$0.92	$0.94	***$0.96***	***$1.06***
Shares[1]	51.3	50.5	51.4	52	50	52	52	50	50	48	***48***	***47***

Brady Corporation grew earnings per share at a rate of more than 14% annually over both the last decade and the last 5 years. We reaffirm our expected earnings growth rate of at least 7% through 2030, up from 5% previously. We feel that this is an appropriate starting place for earnings growth due to the low base for earnings-per-share that occurred in 2015 and the high base expected for the current fiscal year. In addition, recent results have been strong and the company has guided towards high single-digit growth for the current fiscal year.

Dividend growth has been near 2% over the last 10- and five-year periods of time. We believe dividend growth will remain muted, but we note the nearly 40 years of dividend growth for the company.

[1] Share count 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	20.2	16.2	19.6	17.7	18.3	24.0	20.6	15.0	14.2	17.0	***15.6***	***18.0***
Avg. Yld.	3.1%	3.2%	2.3%	2.2%	1.9%	1.7%	1.6%	1.9%	1.8%	1.3%	***1.4%***	***0.9%***

Shares of Brady Corporation are unchanged since our March 3rd, 2025 report. Based on estimates for earnings for fiscal year 2025, Brady Corporation's stock trades with a price-to-earnings ratio of 15.6. We reaffirm our five-year target P/E ratio of 18 from 19 as this is more in-line with the stock's average valuation over the last decade. As a result, the stock appears undervalued. If the stock returns to our estimate of fair value by fiscal 2030, then valuation would add 2.9% to annual returns over this period.

Shares yield 1.4% currently, which is below the long-term average yield of 2.1%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

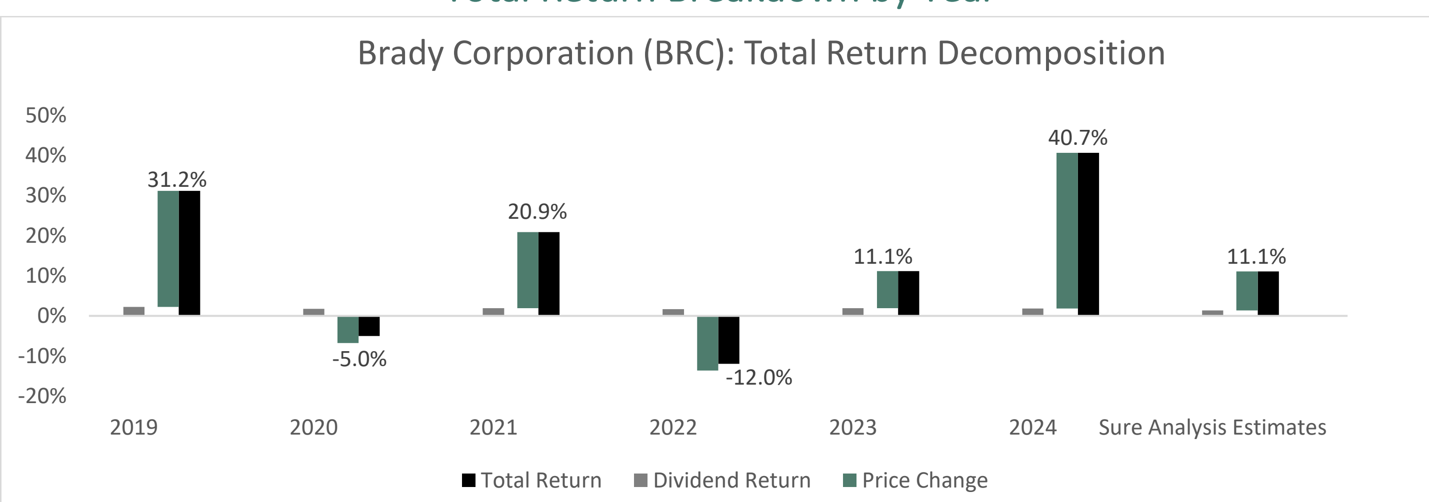
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	63%	52%	45%	39%	35%	38%	38%	29%	25%	22%	***21%***	***17%***

Brady Corporation has a secure dividend with a payout ratio well below 30%. This leaves room for the company to continue to invest in growth initiatives, while also raising its dividend payout each year. Brady Corporation also has a consistently profitable business model in most cycles. This is due to the company's durable competitive advantages. It maintains a leadership position in both of its main product categories through sufficient research and development investment. Investors should note that while the company did remain profitable during the Great Recession, it nevertheless experienced a significant reduction in earnings-per-share. The company would likely see earnings decline if another recession were to occur, but we would expect Brady to continue paying its dividend.

Final Thoughts & Recommendation

Following third quarter results, Brady Corporation is projected to return 11.1% annually through fiscal 2030, down from 11.2% previously. This estimated return stems from a 7% earnings growth rate, a starting dividend yield of 1.4%, and a low single-digit contribution from multiple expansion. Once again, quarterly results benefited from acquisitions as organic growth was up just a small amount. The stock's yield remains on the low side, but the company has a very consistent dividend growth track record. We have lowered our five-year price target $1 to $115 due to EPS estimates and now rate shares of Brady Corporation as a hold due to our expectations for weak dividend growth going forward.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,172	1,121	1,113	1,174	1,161	1,081	1,145	1,302	1,332	1,341
Gross Profit	558	559	558	588	579	529	561	632	657	688
Gross Margin	47.7%	49.9%	50.1%	50.1%	49.9%	48.9%	49.0%	48.5%	49.4%	51.3%
SG&A Exp.	423	405	388	390	371	336	350	380	371	377
D&A Exp.	39	32	27	25	24	23	25	34	32	30
Operating Profit	99	118	131	153	162	152	167	193	225	243
Operating Margin	8.4%	10.5%	11.8%	13.0%	14.0%	14.0%	14.6%	14.8%	16.9%	18.1%
Net Profit	3	80	96	91	131	112	130	150	175	197
Net Margin	0.3%	7.1%	8.6%	7.8%	11.3%	10.4%	11.3%	11.5%	13.1%	14.7%
Free Cash Flow	67	122	129	121	129	114	178	75	190	175
Income Tax	20	29	31	61	33	28	36	42	51	51

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,063	1,044	1,050	1,057	1,157	1,142	1,378	1,367	1,389	1,516
Cash & Equivalents	114	141	134	181	279	218	147	114	152	250
Accounts Receivable	157	147	150	161	158	146	171	183	184	185
Inventories	105	99	107	113	120	136	136	190	177	153
Goodwill & Int. Ass.	502	490	491	462	447	438	706	661	655	641
Total Liabilities	475	440	350	305	307	279	415	456	398	449
Accounts Payable	73	62	67	67	65	63	82	81	80	85
Long-Term Debt	254	217	108	53	50	-	38	95	50	91
Shareholder's Equity	588	604	700	752	851	863	963	911	991	1,067
LTD/E Ratio	0.43	0.36	0.15	0.07	0.06	-	0.04	0.10	0.05	0.09

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.3%	7.6%	9.1%	8.6%	11.9%	9.8%	10.3%	10.9%	12.7%	13.6%
Return on Equity	0.5%	13.4%	14.7%	12.5%	16.4%	13.1%	14.2%	16.0%	18.4%	19.2%
ROIC	0.3%	9.6%	11.7%	11.3%	15.4%	12.7%	13.9%	14.9%	17.1%	17.9%
Shares Out.	51.3	50.5	51.4	52	50	52	52	50	50	48
Revenue/Share	22.80	22.07	21.43	22.35	21.77	20.31	21.84	25.21	26.71	27.66
FCF/Share	1.30	2.40	2.48	2.31	2.43	2.14	3.41	1.46	3.81	3.61

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