Simpson Manufacturing Co., Inc. (SSD)

Updated April 30th, 2025, by Kody Kester

Key Metrics

Current Price:	$153	**5 Year CAGR Estimate:**	13.7%	**Market Cap:**	$6.4B
Fair Value Price:	$176	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	07/02/25[1]
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.9%	**Dividend Payment Date:**	07/24/25[1]
Dividend Yield:	0.7%	**5 Year Price Target**	$283	**Years Of Dividend Growth:**	13
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

Founded in 1956, Simpson Manufacturing Co., Inc. is a major designer and manufacturer of wood construction products and concrete construction products via the eponymous Simpson Strong-Tie brand. The former product category includes truss plates and fastening systems. The latter category consists of adhesives, specialty chemicals, and mechanical anchors. These products are sold around the world to residential construction customers, commercial construction customers, and the remodeling and do-it-yourself markets.

Additionally, SSD provides engineering/design services and software solutions to support the use of its products.

The company is geographically organized into the following three reporting segments:

1. North America: This segment consists of the company's operations in the United States and Canada. More than three-quarters of total net sales (~78%) were derived from this segment in 2024.
2. Europe: Included in this segment are SSD's operations in various European Union countries, such as Germany, France, and Italy. Non-EU nations consist of the United Kingdom and Norway. This made up another ~21% of the company's total net sales in 2024.
3. Asia/Pacific: The Asia/Pacific segment sells its products and services in China, Taiwan, Vietnam, New Zealand, and Australia. The remaining ~1% of net sales was generated in these markets in 2024.

On April 28th, SSD released its first-quarter earnings report for the period ended March 31st, 2025. The company's net sales edged 1.6% higher year-over-year to $538.9 million during the quarter. Once again, this was powered by strength in the North America (3.4% net sales growth to $420.7 million) and Asia/Pacific segments (11.4% net sales growth to $4.3 million) in the quarter. That countered the 5.1% decrease in Europe segment net sales to $113.9 million for the quarter. Careful cost management helped SSD's net profit margin to expand by over 20 basis points to 14.5% during the quarter. As a result, the company's diluted EPS grew by 4.5% to $1.85 in the quarter. That topped the analyst consensus for the quarter by $0.28.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.38	$1.86	$1.98	$2.78	$2.98	$4.27	$6.12	$7.76	$8.26	$7.60	***$8.00***	***$12.88***
DPS	$0.60	$0.68	$0.78	$0.86	$0.90	$0.92	$0.96	$1.02	$1.06	$1.10	***$1.12***	***$1.53***
Shares[2]	48.2	47.4	46.5	45.0	44.2	43.3	43.2	42.6	42.3	42.2	***42.0***	***41.0***

Since 2015, SSD has compounded its diluted EPS at nearly 21% annually. This won't be as easy to do in the coming years with a much larger earnings base. However, we still think that 10% annual diluted EPS growth over the next several years is attainable. SSD's product launch schedule for dozens of new products each year is one catalyst.
Facility expansions geared toward increasing production capacity are another. Bolt-on acquisitions are a third catalyst.

[1] Estimated based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	24.7	23.5	29.0	19.4	27.2	21.9	22.7	11.4	24.0	21.8	***19.1***	***22.0***
Avg. Yld.	1.8%	1.6%	1.4%	1.6%	1.1%	1.0%	0.7%	1.2%	0.5%	0.7%	***0.7%***	***0.5%***

Dating back to 2015, SSD's valuation multiple has ranged from as low as the low double-digits to as high as the upper 20s. Throughout that time, the average P/E ratio has been 22.6. Moving forward, we think that a P/E ratio of approximately 22 is a realistic assumption. That's because SSD's growth prospects seem to be holding up. Compared to the current P/E ratio of 19.1, shares could be trading at a moderate discount to fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	49%	37%	39%	31%	30%	22%	16%	13%	13%	14%	***14%***	***12%***

SSD has established itself as an industry leader thanks to a few differentiating factors: Product availability with on-demand delivery in 24 to 48 hours. Comprehensive customer support for engineers, contractors, and building officials. Not to mention that SSD has substantial product testing means through its cutting-edge test lab. These variables provide customers with convenience and the utmost confidence in the company's products. This has allowed SSD to consistently grow diluted EPS over the years.

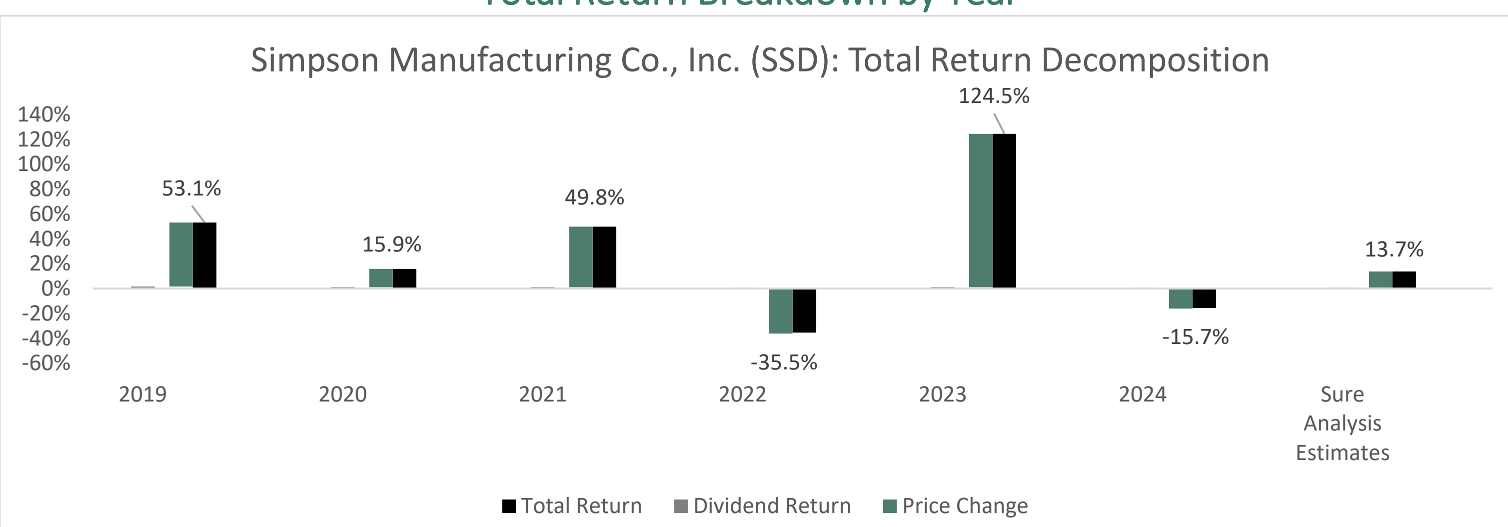
The company's financial health is also enviable. In Q1 2025, it posted $1.1 million in interest income. Generating net interest income when many companies are struggling with outsized interest expenses is a testament to SSD's overall financial health.

The company's appeal doesn't stop at its consistent EPS growth and robust balance sheet, either. SSD's payout ratio is still poised to be in the low teens in 2025. This puts the company in a position to extend its 13-year dividend growth streak for the foreseeable future.

Final Thoughts & Recommendation

SSD's 0.7% dividend yield, 10.0% annual diluted EPS growth forecast, and 2.9% annual valuation multiple upside potential could help it generate 13.7% annual total returns through 2030. This is why we're maintaining our buy rating for now.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	794	861	977	1,079	1,137	1,268	1,573	2,116	2,214	2,232
Gross Profit	359	410	443	480	492	576	755	941	1,044	1,026
Gross Margin	45.2%	47.6%	45.4%	44.5%	43.3%	45.5%	48.0%	44.5%	47.1%	46.0%
SG&A Exp.	204	223	258	268	270	274	328	398	472	497
D&A Exp.	27	28	34	39	38	39	42	61	75	85
Operating Profit	109	140	138	169	175	252	367	475	480	435
Operating Margi	13.7%	16.3%	14.1%	15.6%	15.4%	19.9%	23.4%	22.5%	21.7%	19.5%
Net Profit	68	90	93	127	134	187	266	334	354	322
Net Margin	8.5%	10.4%	9.5%	11.7%	11.8%	14.7%	16.9%	15.8%	16.0%	14.4%
Free Cash Flow	84	57	61	131	168	170	102	333	338	160
Income Tax	41	49	52	45	44	63	92	114	123	112

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	961	980	1,038	1,022	1,095	1,233	1,484	2,504	2,705	2,736
Cash & Equivalents	259	227	169	160	230	275	301	301	430	239
Accounts Receivabl	106	112	136	146	139	165	231	269	284	284
Inventories	196	232	253	276	252	284	444	557	552	593
Goodwill & Int.	152	147	166	155	157	163	160	859	868	887
Total Liabilities	111	114	153	166	203	252	300	1,091	1,025	923
Accounts Payable	21	28	32	34	33	48	57	98	108	101
Long-Term Debt	-	-	-	-	-	-	-	577	481	363
Shareholder's Equit	850	866	885	856	892	981	1,184	1,413	1,680	1,813
D/E Ratio	-	-	-	-	-	-	-	0.41	0.29	0.20

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.0%	9.2%	9.2%	12.3%	12.7%	16.1%	19.6%	16.7%	13.6%	11.8%
Return on Equity	7.9%	10.5%	10.6%	14.6%	15.3%	20.0%	24.6%	25.7%	22.9%	18.5%
ROIC	7.9%	10.5%	10.6%	14.6%	15.3%	20.0%	24.6%	21.0%	17.1%	14.4%
Shares Out.	48.2	47.4	46.5	45.0	44.2	43.3	43.2	42.6	42.3	42.2
Revenue/Share	16.15	17.82	20.45	23.18	25.30	28.92	36.14	49.16	51.68	52.89
FCF/Share	1.70	1.18	1.28	2.81	3.74	3.87	2.34	7.73	7.90	3.79

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