



Tyson Foods Inc. (TSN)

Updated May 5th, 2025, by Nikolaos Sismanis

Key Metrics

Current Price:	\$55	5 Year CAGR Estimate:	6.2%	Market Cap:	\$21.7 B
Fair Value Price:	\$49	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	05/30/25
% Fair Value:	113%	5 Year Valuation Multiple Estimate:	-2.4%	Dividend Payment Date:	06/13/25
Dividend Yield:	3.6%	5 Year Price Target	\$62	Years Of Dividend Growth:	14
Dividend Risk Score:	C	Sector:	Consumer Defensive	Rating:	Hold

Overview & Current Events

Tyson Foods, founded in 1935, is one the world's largest processors and marketers of chicken, beef, and pork products. The company was founded by John Tyson, an Arkansas farmer who started out as a small businessman hauling chickens to Midwestern markets. Today, Tyson Foods sells products to leading grocery chains, food franchises, and military commissaries in over 100 countries. Well-known brands include Tyson, Jimmy Dean, Hillshire Farm, Ball Park and State Fair. The \$21.7 billion market cap company generated \$53.3 billion in revenue last year.

On May 5th, 2025, Tyson Foods released its Fiscal Q2 results for the period ending March 29th, 2025. For the quarter, sales came in at \$13.1 billion, flat compared to Q2 2024. Chicken volumes rose by 3.0%, while beef, pork, and prepared foods volumes declined by 1.4%, 3.8%, and 2.6%, respectively. Average selling prices increased in beef (8.2%), pork (4.3%), and prepared foods (2.3%), but fell in chicken (-1.1%) and international/other (-0.9%).

Adjusted operating income was \$515 million, up 27% compared to last year, while adjusted EPS stood at \$0.92, marking a 48% year-over-year increase. This performance reflected strong execution across the business, particularly in the chicken and prepared foods segments, and marked Tyson's fourth consecutive quarter of year-over-year improvement in top and adjusted bottom-line results.

For fiscal 2025, the United States Department of Agriculture (USDA) indicates domestic protein production (beef, pork, chicken, and turkey) should increase by approximately 1% compared to fiscal 2024 levels. Our earnings-per-share estimate of \$4.07 for fiscal 2025 represents an earnings power potential. The actual result is likely to be considerably weaker at close to \$3.76.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.21	\$4.53	\$5.31	\$6.16	\$5.46	\$5.78	\$8.28	\$8.73	\$1.34	\$3.10	\$3.76	\$5.19
DPS	\$0.45	\$0.60	\$0.90	\$1.20	\$1.50	\$1.71	\$1.78	\$1.84	\$1.92	\$1.96	\$2.00	\$2.68
Shares¹	369	361	368	366	366	365	365	363	354	356	356	350

Tyson Foods has growth potential through both acquisitions and rising global demand for its products. With that being said, investors must be cautious of rising costs paired with the company's low operating margins, a factor capable of causing a material impact on profits. While demand for Tyson's main product segments will grow at steady rates, the company's ability to outpace rising costs may come from growth in emerging segments such as Prepared Foods, as well as heightened international exposure, credited to the acquisition of the Thai and European Operations of BRF SA. Another consideration is the dependence on large grocers, namely Walmart.

The COVID-19 pandemic certainly impacted the business, but fiscal 2021 and fiscal 2022 results proved to be very strong. While fiscal 2023 was a disastrous year in terms of profitability, Tyson continued to post relatively resilient revenues in the face of industry headwinds. The company also continued to increase its dividend, reflecting management's confidence in a recovery toward previous profit levels, a trend that began to materialize in fiscal 2024. We are forecasting an earnings power of \$4.07 to go along with a 5% annual growth rate thereafter.

¹ 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	12.8	13.6	11.9	11.6	12.9	12.3	8.6	9.2	---	17.7	13.5	12.0
Avg. Yld.	1.1%	1.0%	1.4%	1.8%	2.2%	2.4%	2.5%	2.2%	3.0%	3.6%	3.6%	4.3%

Since 2015, shares of Tyson Foods have traded hands with an average P/E ratio of about 12 times earnings. We have set our fair valuation multiple at 12x as well. The current interest rates environment and improving-yet-lasting profitability issues could continue to pressure the stock moving forward. Thus, we view the stock as modestly overvalued today. The 3.6%-yielding dividend is on the higher end of Tyson's historical range.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	14%	13%	17%	19%	27%	30%	21%	21%	143%	63%	49%	52%

Strong operating cash flows, a historically successful capital allocation strategy, and strategic acquisition capabilities that have generated substantial returns on investment have been competitive advantages for Tyson Foods over the years.

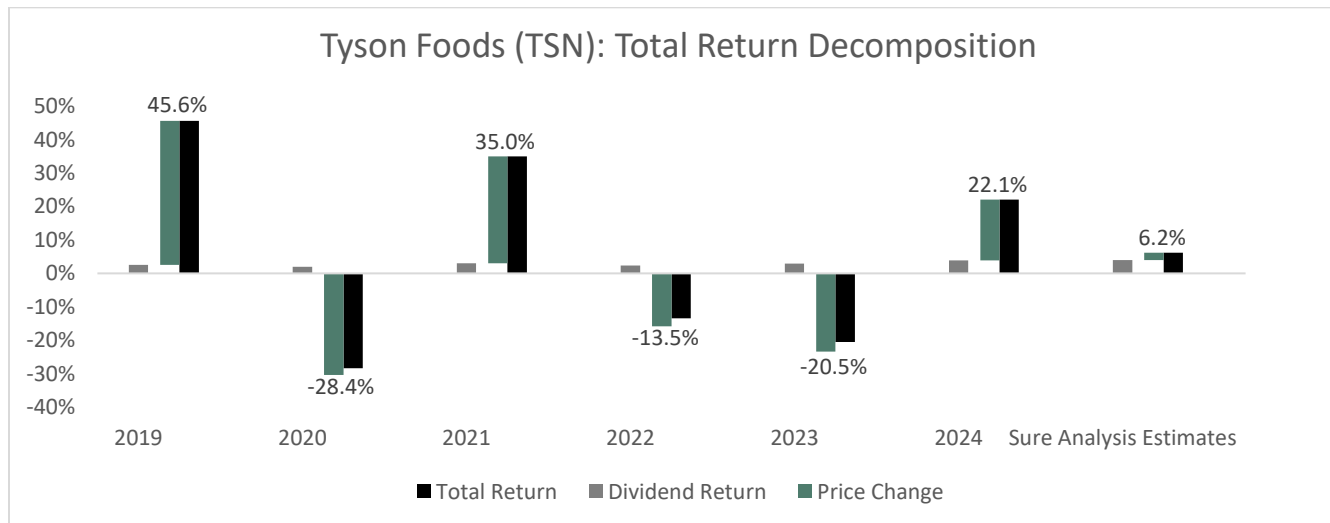
During the last recession, Tyson Foods posted earnings-per-share of \$0.75, \$0.24, \$0.06, and \$2.06, during the 2007 through 2010 period – showing the type of cyclicity that is possible with this company. This year's lower projected earnings are another such example. However, we are encouraged on two fronts. First, earnings have historically bounced back rather aggressively. Second, the dividend was held steady during the last recession, at \$0.16 annually, and has been increased at a substantial rate since that time. Tyson has demonstrated it can handle occasional challenges.

As of the most recent quarter, Tyson held \$992 million in cash, \$9.2 billion in current assets, and \$36.3 billion in total assets against \$5.5 billion in current liabilities and \$18.3 billion in total liabilities. Long-term debt stood at \$8.2 billion, with estimated interest expense for the year projected at approximately \$375 million.

Final Thoughts & Recommendation

We believe that Tyson's performance will gradually improve over the medium-term, driven by cost savings and robust cash flows that are supported by necessity-type goods that are highly inelastic. The main challenge for Tyson Foods will be maintaining production efficiencies in order to combat rising costs, but we believe the company has the means to achieve this. Total return potential per annum over the medium-term comes in at 6.2%, powered by 5% growth, a 3.6% starting yield, the possibility of a valuation headwind. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	41373	36881	38260	40052	42405	43180	47050	53280	52880	53310
Gross Profit	3917	4697	5062	5096	5022	5384	6256	6668	2631	3627
Gross Margin	9.5%	12.7%	13.2%	12.7%	11.8%	12.5%	13.3%	12.5%	5.0%	6.8%
SG&A Exp.	1748	1864	2141	2064	2195	2376	2130	2258	2245	2218
D&A Exp.	711	705	761	943	1098	1192	1214	1202	1339	1400
Operating Profit	2169	2833	2921	3032	2827	3008	4396	4410	386	1409
Operating Margin	5.2%	7.7%	7.6%	7.6%	6.7%	7.0%	9.3%	8.3%	0.7%	2.6%
Net Profit	1220	1768	1774	3024	2022	2061	3047	3238	(648)	800
Net Margin	2.9%	4.8%	4.6%	7.6%	4.8%	4.8%	6.5%	6.1%	(0.1%)	1.5%
Free Cash Flow	1716	2021	1530	1763	1254	2675	2631	800	(187)	1458
Income Tax	697	826	850	-282	396	593	981	900	(29)	270

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	22969	22373	28066	29109	33097	34460	36310	36820	36250	37100
Cash & Equivalents	688	349	318	270	484	1420	2507	1031	573	1717
Accounts Receivable	1620	1542	1675	1723	2173	1952	2400	2577	2476	2406
Inventories	2878	2732	3239	3513	4108	3859	4382	5514	5328	5195
Goodwill & Int. Ass.	11835	11753	15567	16498	17881	17670	17070	16760	15980	15690
Total Liabilities	13263	12749	17507	16298	18871	19070	18460	17010	18000	18590
Accounts Payable	1662	1511	1698	1694	1926	1876	2225	2483	2594	2402
Long-Term Debt	6690	6279	10203	9873	11932	11340	9348	8321	9506	9787
Shareholder's Equity	9691	9608	10541	12803	14082	15250	17720	19700	18130	18390
LTD/E Ratio	0.69	0.65	0.97	0.77	0.85	0.74	0.53	0.42	0.52	0.53

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.2%	7.8%	7.0%	10.6%	6.5%	6.1%	8.6%	8.9%	(1.8%)	2.2%
Return on Equity	13.1%	18.3%	17.6%	25.9%	15.0%	14.1%	18.5%	17.3%	(3.4%)	4.4%
ROIC	7.3%	10.9%	9.7%	13.9%	8.3%	7.8%	11.3%	11.7%	(2.3%)	2.9%
Shares Out.	413.00	390.00	370.00	369.00	366.00	365.00	365	363	354	356
Revenue/Share	100.18	94.57	103.41	108.54	115.86	118.32	128.90	146.74	149.38	149.74
FCF/Share	4.16	5.18	4.14	4.78	3.43	7.33	7.21	2.20	(0.53)	4.10

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

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