Hamilton Beach Brands Holding Company (HBB)

Updated June 2nd, 2025, by Josh Arnold

Key Metrics

Current Price:	$18.27	**5 Year CAGR Estimate:**	8.0%	**Market Cap:**	$250 M
Fair Value Price:	$22	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	05/30/25
% Fair Value:	83%	**5 Year Valuation Multiple Estimate:**	3.8%	**Dividend Payment Date:**	06/13/25
Dividend Yield:	2.6%	**5 Year Price Target**	$24	**Years Of Dividend Growth:**	8
Dividend Risk Score:	D	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Hamilton Beach Brands is a small cap appliance maker based in Virginia. Founded in 1904, it's grown its portfolio to include a variety of small kitchen appliances, including food processors, coffee makers, air fryers, blenders, and more. It sells under several brands, including its flagship Hamilton Beach and Hamilton Beach Professional brands, Proctor Silex, Wolf Gourmet, CHI, Bartesian, and TrueAir. Hamiton Beach distributes its products through mass merchandisers, e-commerce retailers, national department store chains, drug stores, and more. The company has an eight-year streak of dividend increases, and has a market cap of just $250 million.

Hamilton Beach posted first quarter earnings on April 30th, 2025, and results were fairly constructive, but management withdrew all guidance on the unknowns of tariffs.

Total revenue was up 4% year-over-year to $133.4 million, which reflected favorable product mix and increased volumes, partially offset by pricing and forex translation. The HealthBeacon acquisition contributed $1.5 million in revenue during the quarter, comprising a small portion of the total $5.1 million revenue increase.

Gross profit was $32.8 million, or 24.6% of revenue, both of which were better from $30.1 million, or 23.4%, respectively, from a year ago. SG&A costs were $30.4 million, down from $30.9 million. That led operating profit to be $2.3 million, up from a loss of $0.9 million a year earlier. Earnings came to 13 cents per share, up nicely from a loss of eight cents per share in last year's Q1.

The company raised its dividend for the eight consecutive year, this time raising it to 48 cents annually. We now see $2.00 in earnings-per-share for this year, down from $2.30 prior, on the uncertainty of tariffs.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.44	$1.91	$1.32	$1.68	$1.10	$1.76	$1.53	$1.81	$1.80	$2.20	***$2.00***	***$2.21***
DPS	---	---	$0.09	$0.34	$0.36	$0.37	$0.40	$0.42	$0.44	$0.46	***$0.48***	***$0.53***
Shares[1]	13.7	13.7	13.7	13.8	13.7	13.9	13.9	13.9	13.9	13.5	***13.3***	***12.8***

Hamilton Beach's history of earnings growth is spotty at best. The company sells largely consumer discretionary products; things that are intended to make consumers' life easier, but are not strictly necessary. As such, it is subject to periods of earnings weakness, especially during recessions. Despite the fact that earnings have barely budged over the past decade, Hamilton Beach has remained solidly profitable throughout.

We see just 2% earnings-per-share growth annually moving forward as we see modest sales growth potentially partially offset by stagnant-to-lower profit margins. The upside in earnings growth for the company in the past decade has been modest, while downturns are much harsher. Unless the company's organic revenue growth rate improves materially, we see little upside to earnings estimates for the foreseeable future.

The dividend has been raised every year since inception in 2017, so the growth record there is good. We see growth in the dividend given the low payout ratio, amounting to 2% annually from here.

[1] Share count in millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	14.1	12.9	11.9	9.9	13.1	7.8	13.8	7.8	***9.1***	***11.0***
Avg. Yld.	---	---	0.5%	2.6%	2.5%	2.1%	2.2%	1.8%	1.7%	2.7%	***2.6%***	***2.2%***

Hamilton Beach's price-to-earnings ratio has been pretty stable most years, with the exception of 2022 when bumper earnings drove the P/E ratio lower. Although the stock's average forward price-to-earnings ratio is near 12, we assess fair value at 11 given the weak outlook for earnings growth. Should that forecasted growth pick up, we'd reassess, but years of stagnant earnings means we believe investors are unlikely to pay elevated multiples.

The yield is market-beating at 2.6%, but it's hardly a pure income stock. We see the yield potentially declining to 2.2% over time from the current 2.6% by 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	7%	20%	33%	21%	26%	23%	24%	21%	***24%***	***24%***

The payout ratio is quite low, coming in at 24% for this year. We see it remining in about the same place by 2030. That's still very safe, and we see no reason that Hamilton Beach won't continue to raise its dividend for many years to come.

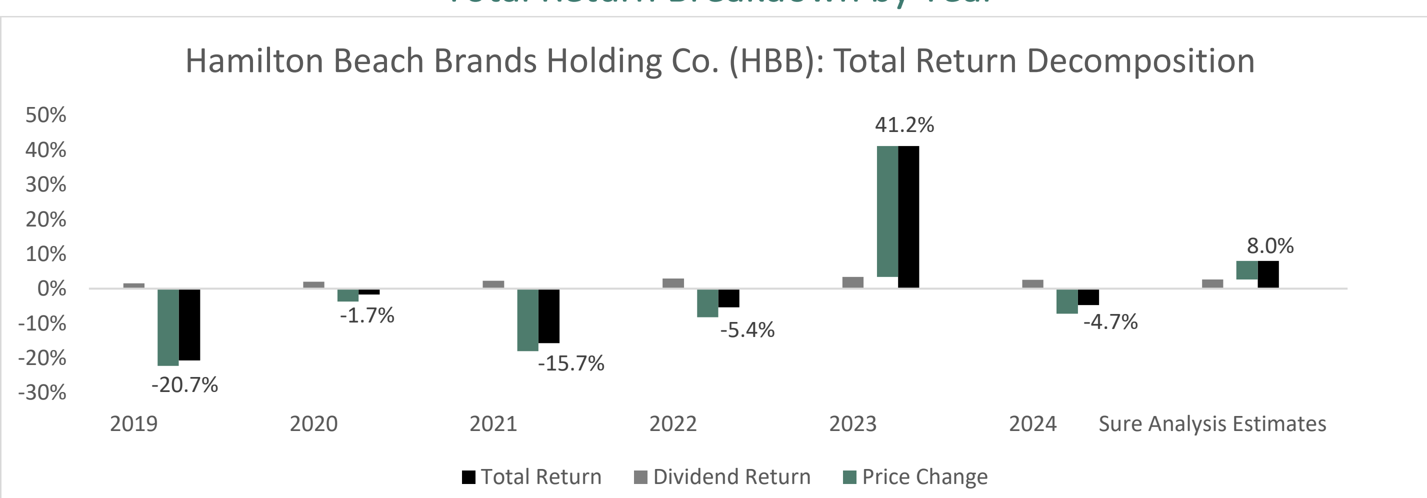
Net debt stood at just $1.7 million as of the end of the first quarter, so it's down to a very favorable level. Debt servicing costs remain very low, so we have no concern about Hamilton Beach's balance sheet, or ability to pay off and/or refinance its current debt.

Recessions are likely to be unkind to the company's revenue and earnings, although it wasn't publicly-traded the last time we had a typical recession. The COVID recession was brief and caused by a short-lived shock to the economy, and Hamilton Beach was highly profitable throughout. We have doubts that would repeat in a consumer spending-led slowdown.

Final Thoughts & Recommendation

Hamilton Beach offers investors exposure to targeted consumer discretionary product lines, but we have some doubt about its ability to grow in the coming years. We see 2% earnings-per-share growth and a 3.8% tailwind from the valuation, aided by the 2.6% dividend yield. With 8% forecasted annual total returns, we move the stock from buy to hold.

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	768	745	612	630	612	604	658	641	626	655
Gross Profit	191	194	136	139	129	139	137	129	144	170
Gross Margin	24.8%	26.0%	22.2%	22.1%	21.0%	23.0%	20.7%	20.1%	23.0%	26.0%
SG&A Exp.	154	149	97	104	100	100	105	90	108	127
D&A Exp.	6	6	4	4	4	4	5	5	4	5
Operating Profit	36	43	38	34	27	37	32	39	35	43
Operating Margin	4.6%	5.8%	6.2%	5.3%	4.4%	6.2%	4.8%	6.1%	5.6%	6.6%
Net Profit	20	26	16	18	(14)	46	21	25	25	31
Net Margin	2.6%	3.5%	2.6%	2.8%	-2.2%	7.7%	3.2%	3.9%	4.0%	4.7%
Free Cash Flow	20	57	27	5	0	(37)	6	(6)	85	62
Income Tax	12	15	19	7	9	10	8	7	6	3

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	---	311	326	321	289	391	383	389	385	415
Cash & Equivalents	---	11	11	4	2	2	1	1	15	46
Accounts Receivable	---	104	114	98	108	145	120	115	135	117
Inventories	---	128	135	123	110	174	183	156	127	125
Goodwill & Int. Ass.	---	14	12	11	9	8	8	8	8	9
Total Liabilities	---	246	280	265	252	311	280	264	237	249
Accounts Payable	---	131	152	122	112	153	132	62	100	104
Long-Term Debt	---	39	51	47	58	98	97	111	50	50
Shareholder's Equity	---	65	46	57	36	80	102	125	147	166
LTD/E Ratio	---	0.59	1.11	0.82	1.61	1.23	0.95	0.89	0.34	0.30

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	---	---	5.0%	5.5%	-4.4%	13.6%	5.5%	6.6%	6.5%	7.7%
Return on Equity	---	---	28.4%	34.3%	-29.0%	79.5%	23.4%	22.3%	18.6%	19.6%
ROIC	---	---	15.7%	17.6%	-13.6%	33.9%	11.3%	11.6%	11.7%	14.9%
Shares Out.	13.7	13.7	13.7	13.8	13.7	13.9	13.9	13.9	13.9	14.0
Revenue/Share	56.16	54.51	44.72	45.89	44.57	44.03	47.26	45.80	44.50	46.89
FCF/Share	1.49	4.14	1.99	0.34	0.00	(2.73)	0.43	(0.41)	6.06	4.46

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