



Ennis Inc. (EBF)

Updated July 17th, 2025, by Ian Bezek

Key Metrics

Current Price:	\$17.75	5 Year CAGR Estimate:	8.2%	Market Cap:	\$457 M
Fair Value Price:	\$19.89	5 Year Growth Estimate:	1.0%	Ex-Dividend Date:	07/11/25
% Fair Value:	89%	5 Year Valuation Multiple Estimate:	2.3%	Dividend Payment Date:	08/11/25
Dividend Yield:	5.6%	5 Year Price Target	\$21	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Industrials	Rating:	Sell

Overview & Current Events

Ennis is a company in the printing and business documents sector. The company provides commercial printing services, along with a variety of complementary products such as folders, forms, tags, labels, and so on. Investors might be inclined to dismiss this as a dying business. And, indeed, print volumes have been declining. However, total value has held up thanks to rising prices along with offering additional services and add-ons.

Furthermore, Ennis has been an aggressive acquirer, picking up numerous other printing businesses over the past five years. In 2021, the company bought AmeriPrint, which is involved in barcodes. In 2022, Ennis acquired School Photo Marketing, which is a leader in school and sports photography. In June 2023, Ennis added trade printing company UMC Printer to the fold. As other firms exit the industry, it gives Ennis opportunities to consolidate the space.

On June 23rd, 2025, Ennis reported its results for the first quarter of its fiscal year 2026 for the period ending May 31st, 2025. Revenues dipped 6% to \$97 million while earnings-per-share decreased from 41 cents to 38 cents as compared to the same period of last year. Ennis made several small acquisitions in FY' 25, which have had mixed results with several meeting expectations but one has underperformed. Ennis kept up the M&A this quarter, with it acquiring Pennsylvania's Northeastern Envelope ("NEC"). We think M&A may be able to offset the company's organic revenue declines, however we have trimmed our FY '26 EPS outlook slightly following this underwhelming start to the company's fiscal year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.39	\$1.03	\$1.29	\$1.45	\$1.47	\$0.93	\$1.11	\$1.82	\$1.64	\$1.54	\$1.53	\$1.61
DPS	\$0.70	\$0.70	\$0.78	\$0.88	\$0.90	\$0.90	\$0.98	\$1.00	\$1.00	\$1.00	\$1.00	\$1.16
Shares	25	26	26	26	26	26	26	26	26	26	26	26

Ennis has had a somewhat volatile earnings per share track record over the past decade. This isn't too surprising, as it is managing challenging market conditions where the demand for physical printing services tends to decline. That said, Ennis has, thus far, been able to largely offset demand destruction via its consistent M&A strategy.

As Ennis is a mature business with limited organic growth opportunities, it has chosen to return lots of capital to shareholders. The company has paid a large common dividend, and it had delivered significant increases to the common dividend between 2017 and 2023.

On November 8th, 2024, Ennis paid out a special \$2.50 per share dividend in addition to the company's regular \$0.25 common dividend. CEO Keith Walters cited the company's lack of debt, ample cash reserves, and strong profitability in deciding on this gigantic special dividend. On the other hand, the large return of cash to shareholders could indicate that Ennis will find it more challenging to deploy cash into M&A deals going forward, and so we are setting a cautious 1% per year earnings growth expectation for the time being.

Ennis has not raised its regular dividend for a while now, and it's unclear whether the company will return to regular quarterly dividend increases or rely on special dividends to pay out its extra cash to shareholders going forward.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	17.1	14.5	14.9	14.7	13.6	21.3	16.7	11.9	12.8	14.0	11.6	13.0
Avg. Yld.	4.0%	4.7%	4.4%	4.4%	5.1%	4.9%	4.3%	4.6%	4.8%	4.7%	5.6%	5.5%

Ennis has averaged a P/E ratio of 15.3 over the past five years. We expect the P/E ratio to settle closer to 13 over the longer term to reflect the challenged outlook for the printing industry. Shares appear to be modestly undervalued today. Ennis has averaged a dividend yield in the low 4% range and the current yield (excluding the temporary effect of the recent special dividend) is substantially above that.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	50%	68%	60%	61%	61%	97%	88%	55%	61%	65%	65%	72%

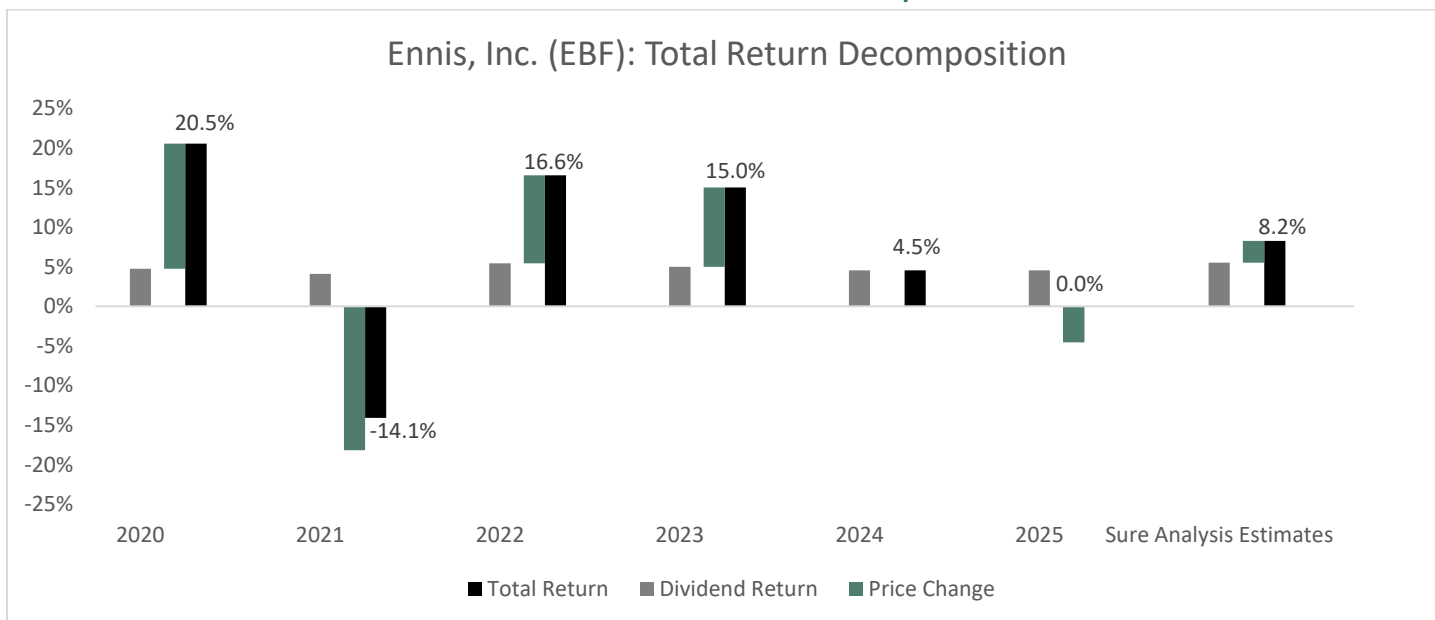
Ennis has averaged a payout ratio of 70% over the past decade. The current 65% payout ratio is below the average, and the dividend is adequately covered by current earnings. That said, the payout ratio has reached as high as 97% in recent years, and Ennis could find it challenging to maintain its dividend during a recession or sharp downturn in its industry.

Ennis has a great balance sheet. Even after paying out its large special dividend, Ennis retained \$32 million of cash and short-term investments on hand as of May 31st, 2025, while holding no long-term debt.

Final Thoughts & Recommendation

Ennis faces long-term challenges as its core printing market will shrink amid the ongoing transition to digital printing and documentation solutions. However, the company has generally proven adept at growing via acquisition to counteract the decline in its core markets. There is concern about the durability of Ennis' business model, but the starting valuation is not especially demanding and the company has a history of returning cash to shareholders. We forecast 8.2% annualized total returns from here. Shares earn a sell rating today due to the company's choice not to raise its regular quarterly dividend payout since 2022. However, Ennis has a strong balance sheet and if it makes a decision to resume regular dividend growth (as opposed to just special dividends), we would likely move back to 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	380	386	357	370	401	438	358	400	432	420
Gross Profit	115	116	105	117	123	129	104	115	131	125
Gross Margin	30.3%	30.1%	29.3%	31.7%	30.8%	29.4%	29.0%	28.7%	30.3%	29.8%
SG&A Exp.	61	66	63	69	73	78	68	71	71	-
D&A Exp.	11	12	13	14	16	18	18	19	17	-
Operating Profit	54	51	42	48	50	51	35	43	60	57
Op. Margin	14.3%	13.1%	11.8%	13.0%	12.4%	11.6%	9.9%	10.8%	13.9%	13.6%
Net Profit	(45)	36	2	33	37	38	24	29	47	43
Net Margin	-11.7%	9.3%	0.5%	8.9%	9.3%	8.7%	6.7%	7.2%	10.9%	10.2%
Free Cash Flow	62	82	56	43	47	54	49	44	42	69
Income Tax	20	19	14	14	12	13	9	13	18	17

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	453	390	324	329	363	366	364	369	394	399
Cash & Equivalents	15	8	80	96	88	68	75	86	94	82
Acc. Receivable	63	37	37	36	40	43	38	39	54	47
Inventories	120	28	28	26	35	35	33	39	47	40
Goodwill & Int.	141	117	125	120	143	139	141	134	136	133
Total Liabilities	169	91	73	68	74	71	64	65	62	49
Accounts Payable	21	14	14	12	14	17	15	17	18	12
Long-Term Debt	107	40	30	30	30	-	-	-	-	-
Total Equity	285	299	251	262	289	294	301	304	331	350
LTD/E Ratio	0.37	0.13	0.12	0.11	0.10	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-9.0%	8.5%	0.5%	10.1%	10.8%	10.5%	6.6%	7.9%	12.4%	10.7%
Return on Equity	-13.8%	12.3%	0.6%	12.8%	13.6%	13.1%	8.1%	9.6%	14.9%	12.5%
ROIC	-10.4%	9.8%	0.6%	11.5%	12.3%	12.5%	8.1%	9.6%	14.9%	12.5%
Shares Out.	25	25	26	26	26	26	26	26	26	26
Revenue/Share	14.71	15.00	13.86	14.56	15.51	16.84	13.77	15.32	16.64	16.20
FCF/Share	2.41	3.21	2.17	1.68	1.80	2.07	1.89	1.69	1.64	2.66

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

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