Oil-Dri Corporation of America (ODC)

Updated July 6th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$60	**5 Year CAGR Estimate:**	4.3%	**Market Cap:**	$883.1 M
Fair Value Price:	$50	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	08/08/25
% Fair Value:	120%	**5 Year Valuation Multiple Estimate:**	3.6%	**Dividend Payment Date:**	08/22/25
Dividend Yield:	1.2%	**5 Year Price Target:**	$70	**Years Of Dividend Growth:**	12
Dividend Risk Score:	C	**Sector:**	Consumer Staples	**Rating:**	Hold

Overview & Current Events

Oil-Dri Corporation (ODC) of America designs, produces, and markets sorbent products made from clay. Its absorbent goods include cat litter, floor products, animal toxin control agents, and agriculture chemical carriers. During the fiscal year 2022, the company employed 869 employees. The firm is divided into two business segments: Retail and Wholesale Products Group and Business to Business Products Group. Cat's Pride, Agsorb, Jonny Cat, Verge, Amlan, Ultra-Clear, and Pure-Flo are the brands under which the company's products are sold. The company serves several markets, including Pet Care, Fluids Purification, Industrial & Automotive, Animal Health & Nutrition, Agriculture & Horticulture, and Sports.

On June 5th, 2025, Oil-Dri Corporation of America announced its results for Q3 of fiscal year 2025, posting non-GAAP EPS of $0.80 and revenues of $115.5 million, which were up 8.2% year-over-year.

Oil-Dri Corporation of America kept its growth streak alive in the third quarter of fiscal 2025, reporting net sales of $115.5 million, an 8% year-over-year increase, marking its 16th consecutive quarter of sales growth. The uptick was fueled by solid demand across agricultural and renewable diesel products, alongside the boost from its recently acquired Ultra Pet crystal cat litter business. Operating income jumped 33% to $13.9 million, while net income soared 50% to $11.6 million, delivering diluted EPS of $0.80, up from $0.53 a year ago. EBITDA also impressed, climbing 35% to reach $20.2 million. The Business-to-Business segment stood out with an 18% sales gain, bolstered by record ag product demand and steady growth in fluids purification.

On the Retail and Wholesale side, sales edged up 3% to $72.8 million, helped by Ultra Pet's contributions, even as traditional clay-based litter faced headwinds from competitive promotions and distribution shifts. CEO Daniel Jaffee struck a confident note, highlighting that Oil-Dri's lightweight litter segment continues to outpace the broader category. Cash on hand grew to $36.5 million, reflecting healthy profitability and ongoing investment in manufacturing improvements. With a focus on maximizing value from its sorbent minerals and an eye on strategic growth, Oil-Dri appears well positioned to carry its momentum into the final stretch of fiscal 2025. Oil-Dri's earnings-per-share figures were updated to reflect the impact of its recent stock split, ensuring consistency and transparency for shareholders reviewing year-over-year performance. Oil-Dri's recent stock split was a 2-for-1 split, which effectively doubled the number of outstanding shares and halved the share price, making the stock more affordable while preserving total shareholder value.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.80	$0.94	$0.74	$0.56	$0.84	$1.23	$0.77	$0.40	$2.07	$2.72	***$2.50***	***$3.51***
DPS	$0.41	$0.43	$0.45	$0.47	$0.49	$0.51	$0.53	$0.55	$0.57	$0.59	***$0.72***	***$0.88***
Shares[1]	13.9	14.1	14.2	14.3	14.4	14.3	14.1	13.8	13.6	13.7	***13.7***	***13.6***

Oil-Dri is a leader in developing and marketing sorbent products. The robust nature of the company's performance in a challenging macro-environment can be attributed to its products' quality and customer base. The company has diversified

[1] In millions of shares

sources of revenue with a large customer base, and no customer accounts for more than 10% of the total sales in the Business to Business Products Group.

Comparing this year to last, the domestic cost of goods sold per ton increased by 11% due to higher freight and non-fuel manufacturing costs, which include large labor, repair, and asset replacement expenditures. ODC has successfully passed on the cost pressures to customers, but there is still a way to go until they reach pre-pandemic levels. Therefore, we maintain our forecast as the company is well-positioned to keep posting solid results and forecasting a 7.0% growth in EPS through 2030. In addition, the company will be able to grow its dividends at a healthy pace in the future, and we have assumed a dividend growth rate of 4.0% for the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.0	16.7	21.2	27.1	21.6	16.4	24.0	40.6	8.4	6.4	***24.0***	***20.0***
Avg. Yld.	2.7%	2.4%	2.2%	2.5%	3.0%	2.9%	3.0%	3.7%	2.2%	1.7%	***1.2%***	***1.2%***

Oil-Dri Corporation of America is trading at a forward P/E of 24.0, which is lower than the company's five-year average P/E of 38.3. Thus, we expect the multiple to expand, and we have used a P/E of 20.0 as our fair value target for the stock in 2030, suggesting a target price of $70.

Safety, Quality, Competitive Advantage, & Recession Resiliency

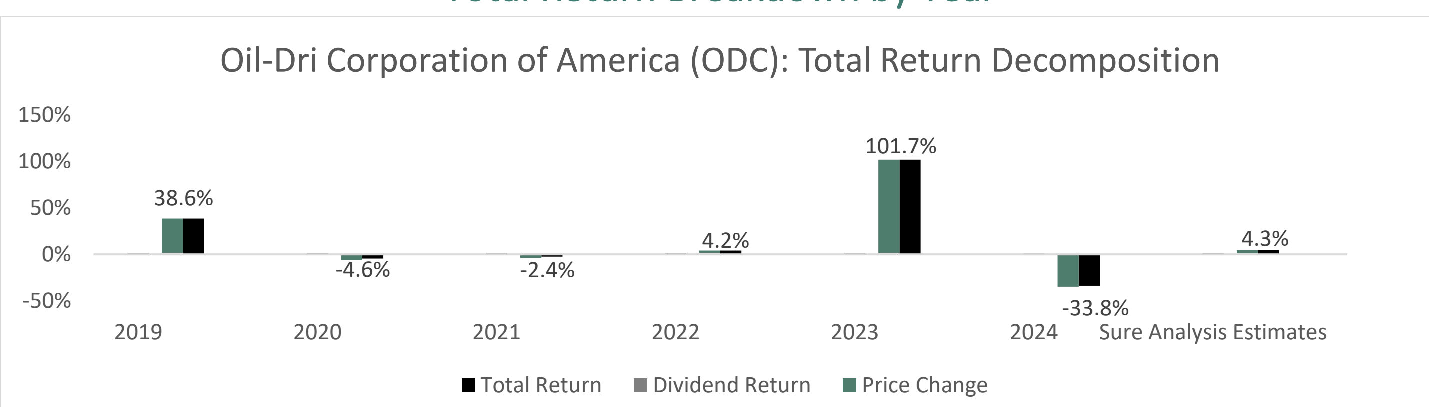
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	51%	45%	61%	84%	58%	41%	68%	136%	27%	22%	***29%***	***25%***

Oil-Dri has continued to invest in organic growth opportunities, including lightweight cat litter, animal health, and agricultural products, which has continued to drive demand for the company's products. The company is committed to providing returns to shareholders, and its five-year average payout ratio stands at 60%.

Final Thoughts & Recommendation

Oil-Dri has continued to post solid results despite the challenging macro-environment and is on its way to improving margins to pre-pandemic levels. The betterment in margins could cause an expansion in the stock's valuation. The global market for cat litter has expanded in recent years, and given the substantial brand value of the company's products, we expect a healthy growth rate in the company's revenue in the coming years. Following the strong bull run of the stock in 2023 and the decline in 2024, we assign a hold rating, premised upon the 4.3% annualized total returns for the medium-term, stemming from the forecasted earnings-per-share growth of 7.0%, the 1.2% dividend yield, and a valuation headwind.

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	261	262	262	266	277	283	305	349	413	438
Gross Profit	60	77	74	72	66	69	65	63	103	125
Gross Margin	23.0%	29.4%	28.1%	27.0%	23.7%	24.3%	21.4%	17.9%	24.9%	28.5%
SG&A Exp.	45	62	58	56	55	57	52	52	62	73
D&A Exp.	12	12	13	13	13	14	14	13	16	19
Operating Profit	15	15	15	16	10	25	13	10	41	52
Op. Margin	5.8%	5.9%	5.8%	6.0%	3.8%	8.8%	4.3%	3.0%	9.9%	11.9%
Net Profit	11	14	11	8	13	19	11	6	30	39
Net Margin	4.3%	5.2%	4.1%	3.1%	4.6%	6.7%	3.6%	1.6%	7.3%	8.9%
Free Cash Flow	11	14	12	(4)	12	28	(5)	(13)	25	28
Income Tax	3	1	4	7	2	4	2	0	5	10

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	190	205	213	195	205	236	228	250	286	355
Cash & Equivalents	20	19	9	13	22	41	25	16	32	23
Acc. Receivable	31	30	33	34	35	35	41	52	59	62
Inventories	21	23	23	23	24	24	24	36	43	54
Goodwill & Int.	16	14	13	13	12	12	11	5	5	42
Total Liabilities	80	89	87	63	70	88	68	99	109	144
Accounts Payable	7	7	10	7	8	13	9	13	17	15
Long-Term Debt	19	15	12	9	6	10	9	33	32	51
Total Equity	111	116	126	132	136	148	160	151	177	211
LTD/E Ratio	0.17	0.13	0.10	0.07	0.05	0.07	0.06	0.22	0.18	0.24

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.0%	6.9%	5.2%	4.0%	6.3%	8.6%	4.8%	2.4%	11.0%	12.3%
Return on Equity	10.6%	12.0%	8.9%	6.4%	9.4%	13.3%	7.2%	3.7%	18.0%	20.3%
ROIC	8.9%	10.5%	8.0%	5.9%	8.9%	12.6%	6.8%	3.2%	15.1%	16.8%
Shares Out.	7.0	7.1	7.2	7.2	7.3	7.3	7.2	7.1	8.7	17.7
Revenue/Share	37.15	36.98	36.65	36.83	38.21	53.99	42.24	49.37	47.24	24.76
FCF/Share	1.58	2.04	1.70	(0.62)	1.62	5.28	(0.72)	(1.84)	2.91	1.60

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