



Flowers Foods Inc. (FLO)

Updated August 21st, 2025, by Nathan Parsh

Key Metrics

Current Price:	\$15.56	5 Year Annual Expected Total Return:	13.8%	Market Cap:	\$3.3 B
Fair Value Price:	\$21.00	5 Year Growth Estimate:	3.0%	Ex-Dividend Date¹:	09/05/25
% Fair Value:	74%	5 Year Valuation Multiple Estimate:	6.2%	Dividend Payment Date¹:	09/19/25
Dividend Yield:	6.4%	5 Year Price Target	\$24	Years Of Dividend Growth:	23
Dividend Risk Score:	F	Sector:	Consumer Staples	Rating:	Hold

Overview & Current Events

Flowers Foods opened its first bakery in 1919 and has since become one of the largest producers of packaged bakery foods in the United States, operating 46 bakeries in 18 states. Well-known brands include *Wonder Bread*, *Home Pride*, *Nature's Own*, *Dave's Killer Bread*, *Tastykake* and *Canyon Bakehouse*. The company operates in two segments: Direct-Store-Delivery (DSD) and Warehouse Delivery, with ~85% of the company's product being delivered directly to stores. Fresh breads, buns, rolls, and tortillas make up about a three-fourths of the business, with sales channels for the \$3.3 billion market cap company split between Supermarkets, Mass Merchandisers, Foodservice, and Convenience Store.

On January 8th, 2025, Flower Foods announced that it had agreed to purchase Simple Mills for \$795 million in cash.

On May 22nd, 2025, Flower Foods increased its quarterly dividend 3.1% to \$0.2475, extending the company's dividend growth streak to 23 consecutive years.

On August 15th, 2025, Flowers Foods announced second quarter results for the period ending July 12th, 2025. For the quarter, revenue grew 0.8% to \$1.24 billion, but missed estimates by \$30 million. Adjusted earnings-per-share of \$0.30 compared to \$0.36 last year, but this was \$0.01 more than expected.

For the quarter, Branded Retail sales improved 5% to \$826.7 million as declines in pricing (-1.5%) and volumes (-1.3%) were offset by a strong contribution from Simple Mills (+7.8%). Other sales decreased 4.8% to \$416.1 million due to lower volumes and weaker pricing and mix. Materials, supplies, labor, and other production costs accounted for 51.2% of sales during the quarter, which was a 110 basis point increase from the prior year.

Flowers Foods provided an updated outlook for 2025 as well. Adjusted earnings-per-share are now expected to be in a range of \$1.00 to \$1.10 for the year, compared to ranges of \$1.05 to \$1.15 and \$1.11 to \$1.24 previously. The Simple Mills acquisition is now projected to negatively impact EPS by \$0.07 to \$0.08 for 2025. Tariffs are also expected to act as a headwind as well.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.92	\$0.91	\$0.89	\$0.94	\$0.96	\$1.31	\$1.24	\$1.27	\$1.20	\$1.28	\$1.05	\$1.22
DPS	\$0.57	\$0.63	\$0.67	\$0.71	\$0.75	\$0.79	\$0.83	\$0.87	\$0.91	\$0.95	\$0.99	\$1.15
Shares²	212	208	211	211	212	213	213	213	212	212	212	212

Flowers Foods' earnings-per-share had been stagnant – sitting around \$0.90 – for the five-year stretch from 2013 to 2017. The positives for the business, namely a lower tax rate and Flowers' cost cutting initiative "Project Centennial," had been offset by inflationary costs related to commodities and transportation, along with the difficulty imbedded in raising prices in a competitive space. However, 2020 proved to be a standout year amidst the COVID-19 pandemic and a dramatic increase in demand related to stay-at-home dining. Looking longer-term, over the past decade Flowers Foods has been able to grow earnings-per-share by 3.7% per year, but EPS has declined by 4.3% over the last five years.

¹ Estimated date.

² 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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Results were down in 2021, coming off a high base for 2020 along with a 53-week fiscal year, but growth was achieved in 2022 and 2024. We continue to forecast 3% growth over the intermediate-term, which is down from 5% previously.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	24.5	19.4	21.1	21.5	22.7	17.4	19.4	22.6	18.8	16.0	14.8	20.0
Avg. Yld.	2.5%	3.6%	3.6%	3.5%	3.4%	3.5%	3.4%	3.0%	4.0%	4.6%	6.4%	4.7%

Shares of Flowers Foods have decreased 8.5%, since our May 19th, 2025 report. The stock has traded hands at an average P/E ratio of ~20-times earnings over the past decade. This “premium” earnings multiple can likely be attributed to the company’s well-known and iconic brands and quality performance in all operating environments. We are comfortable with 20 times earnings given that we anticipate growth to be more or less in-line with the company’s past along with the idea that shares have not traded materially below this level, even during the last recession. With shares presently trading at 14.8 times expected earnings, this implies a valuation tailwind. Multiple expansion could add 6.2% to annual returns over the next five years. Meanwhile, the dividend adds a nice shareholder return component.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	62%	69%	75%	76%	78%	60%	67%	69%	76%	74%	94%	94%

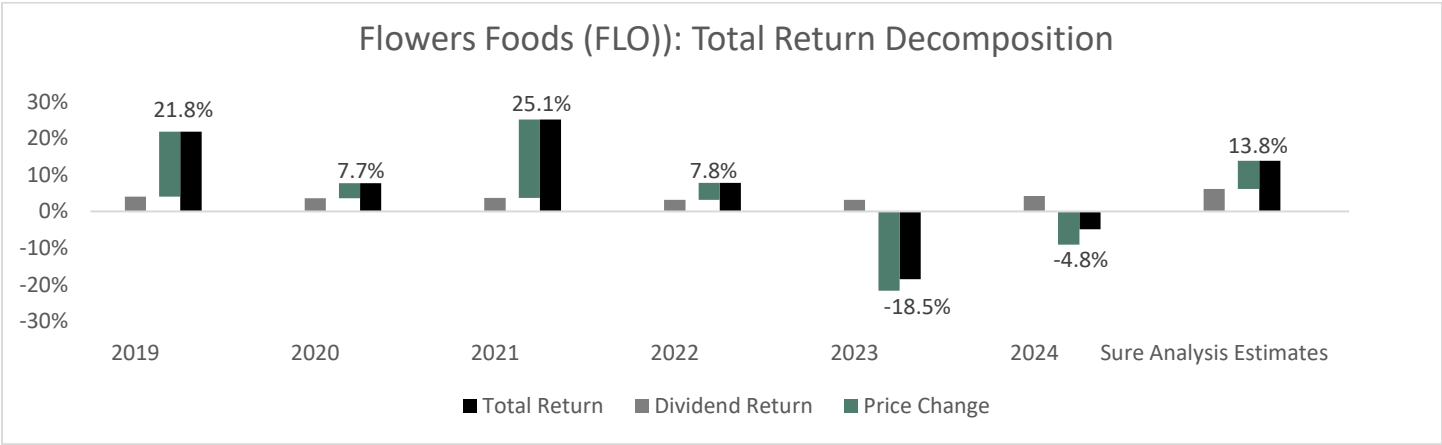
Flowers has been a solid producer in good times or bad, led by its iconic brands. It is in a recession-resistant industry, with nearly 99% of households buying fresh packaged bread. The company posted earnings-per-share of \$0.57, \$0.63, and \$0.66 during the 2008 through 2010 stretch. Moreover, the dividend increased during this time as well. Further, 2020 results proved to be quite impressive despite the recession.

Flowers Foods’ balance sheet could be in better shape. As of the most recent quarterly report the company held \$11 million in cash and equivalents and \$4.3 billion in total assets against \$516.2 million in current liabilities and \$4.3 billion in total liabilities. Long-term debt stood at \$1.75 billion.

Final Thoughts & Recommendation

After second quarter results, Flowers Foods is expected to return 13.8% annually through 2030, up from our prior estimate of 12.6%. Our projection stems from 3% growth, the 6.4% starting yield, and a mid-single-digit tailwind from multiple expansion. Flowers Foods’ story is transitioning from its powerful legacy brands to a more health-conscious offering. The business is seeing some pressure on its results and the dividend payout ratio is elevated. We continue to rate shares of Flower Foods as a hold due a very weak dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	3,779	3,927	3,921	3,952	4,124	4,388	4,331	4,806	5,091	5,103
Gross Profit	1,815	1,900	1,911	1,885	1,968	2,192	2,156	2,304	2,459	2,526
Gross Margin	48.0%	48.4%	48.7%	47.7%	47.7%	50.0%	49.8%	47.9%	48.3%	49.5%
SG&A Exp.	1,382	1,469	1,510	1,507	1,575	1,693	1,720	1,851	2,120	2,001
D&A Exp.	132	141	147	144	144	141	137	142	152	
Operating Profit	302	290	255	234	249	357	299	311	187	366
Operating Margin	8.0%	7.4%	6.5%	5.9%	6.0%	8.1%	6.9%	6.5%	3.7%	7.2%
Net Profit	189	164	150	157	165	152	206	228	123	248
Net Margin	5.0%	4.2%	3.8%	4.0%	4.0%	3.5%	4.8%	4.8%	2.4%	4.9%
Free Cash Flow	240	255	222	196	263	357	134	192	220	281
Income Tax	104	86	(1)	40	48	48	65	70	34	81

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,844	2,761	2,660	2,846	3,178	3,323	3,253	3,313	3,427	3,400
Cash & Equivalents	14	6	5	25	11	307	186	165	23	5
Accounts Receivable	270	272	280	287	286	300	305	349	328	
Inventories	168	170	172	188	195	193	203	242	271	
Goodwill & Int. Ass.	1,340	1,302	1,207	1,340	1,295	1,260	1,241	1,210	1,336	
Total Liabilities	1,601	1,551	1,409	1,587	1,914	1,950	1,842	1,870	2,075	1,990
Accounts Payable	172	173	181	242	233	226	269	343	319	
Long-Term Debt	1,023	978	838	990	880	977	908	910	1,066	1,022
Shareholder's Equity	1,243	1,210	1,251	1,258	1,263	1,373	1,411	1,443	1,352	1,410
LTD/E Ratio	0.82	0.81	0.67	0.79	0.70	0.71	0.64	0.63	0.79	0.72

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.2%	5.8%	5.5%	5.7%	5.5%	4.7%	6.3%	7.0%	3.7%	7.3%
Return on Equity	16.0%	13.4%	12.2%	12.5%	13.0%	11.6%	14.8%	16.0%	8.8%	18.0%
ROIC	9.1%	7.4%	7.0%	7.2%	7.5%	6.8%	8.8%	9.8%	5.2%	10.2%
Shares Out.	212	208	211	211	212	213	213	213	212	212
Revenue/Share	17.71	18.67	18.63	18.67	19.46	20.66	20.33	22.54	23.86	24.06
FCF/Share	1.12	1.21	1.06	0.93	1.24	1.68	0.63	0.90	1.03	1.32

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

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