Brady Corporation (BRC)

Updated September 5th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$82	**5 Year Annual Expected Total Return:**	9.9%	**Market Cap:**	$3.9 B
Fair Value Price:	$90	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	10/10/25
% Fair Value:	91%	**5 Year Valuation Multiple Estimate:**	1.9%	**Dividend Payment Date:**	10/31/25
Dividend Yield:	1.2%	**5 Year Price Target**	$126	**Years Of Dividend Growth:**	40
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Brady Corporation was founded in 1914, generates annual revenue of more than $1.5 billion, and has a $3.9 billion market capitalization. It manufactures and markets specialty materials. Beginning with the third quarter of fiscal year 2023, the company began reporting results for geographic regions as opposed to product lines. This includes the Americas & Asia and Europe & Australia. Brady Corporation's products include absorbents, labels, pipes and valves, signs, tags, tapes, and printers.

On September 3rd, 2025, Brady Corporation increased its quarterly dividend 2.1% to $0.245, extending the company's dividend growth streak to 40 consecutive years.

On September 4th, 2025, Brady Corporation announced results for the fourth quarter and fiscal year 2025, which ended July 31st, 2025. For the quarter, revenue grew 15.7% to $397.3 million, which beat estimates by $10.4 million. Adjusted earnings-per share of $1.26 compared favorably to $1.19 in the prior year and was $0.02 more than expected. For the fiscal year, revenue improved 12.8% to $1.51 billion while adjusted earnings-per-share of $4.60 was a record high.

Organic revenue was up 2.4% for the quarter with the Americas & Asia region growing 14.1% and Europe & Australia increasing 18.8%. As with prior quarters, acquisitions greatly aided results while divestitures were a small headwind to results for the period. Gross profit margin contracted 120 basis points to 50.4% for the quarter.

Brady Corporation provided guidance for fiscal year 2026 as well. The company expects adjusted earnings-per-share in a range of $4.85 to $5.15 for the year. At the midpoint, this would represent an increase of 8.7% from the prior fiscal year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.56	$1.84	$2.12	$2.46	$2.32	$2.65	$3.15	$3.64	$4.22	$4.60	***$5.00***	***$7.01***
DPS	$0.81	$0.82	$0.83	$0.85	$0.87	$0.88	$0.90	$0.92	$0.94	$0.96	***$0.98***	***$1.08***
Shares[1]	50.5	51.4	52	50	52	52	50	50	48	48	***48***	***47***

Brady Corporation grew earnings per share at a rate of ~13% annually over both the last decade and the last 5 years. We reaffirm our expected earnings growth rate of at least 7% through 2031, up from 5% previously. We feel that this is an appropriate starting place for earnings growth due to the low base for earnings-per-share that occurred in 2016 and the high base expected for the current fiscal year. In addition, recent results have been strong and the company has guided towards high single-digit growth for the current fiscal year.

Dividend growth has been near 2% over the last 10- and five-year periods of time. We believe dividend growth will remain muted, but we note the 40 years of dividend growth for the company.

[1] Share count 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.2	19.6	17.7	18.3	24.0	20.6	15.0	14.2	17.0	15.3	***16.4***	***18.0***
Avg. Yld.	3.2%	2.3%	2.2%	1.9%	1.7%	1.6%	1.9%	1.8%	1.3%	1.4%	***1.2%***	***0.9%***

Shares of Brady Corporation have gained $11, or 15.5%, since our May 20th, 2025 report. Based on estimates for earnings for fiscal year 2026, Brady Corporation's stock trades with a price-to-earnings ratio of 16.4. We reaffirm our five-year target P/E ratio of 18 from 19 as this is more in-line with the stock's average valuation over the last decade. As a result, the stock appears undervalued. If the stock returns to our estimate of fair value by fiscal 2031, then valuation would add 1.9% to annual returns over this period.

Shares yield 1.2% currently, which is below the long-term average yield of 1.9%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

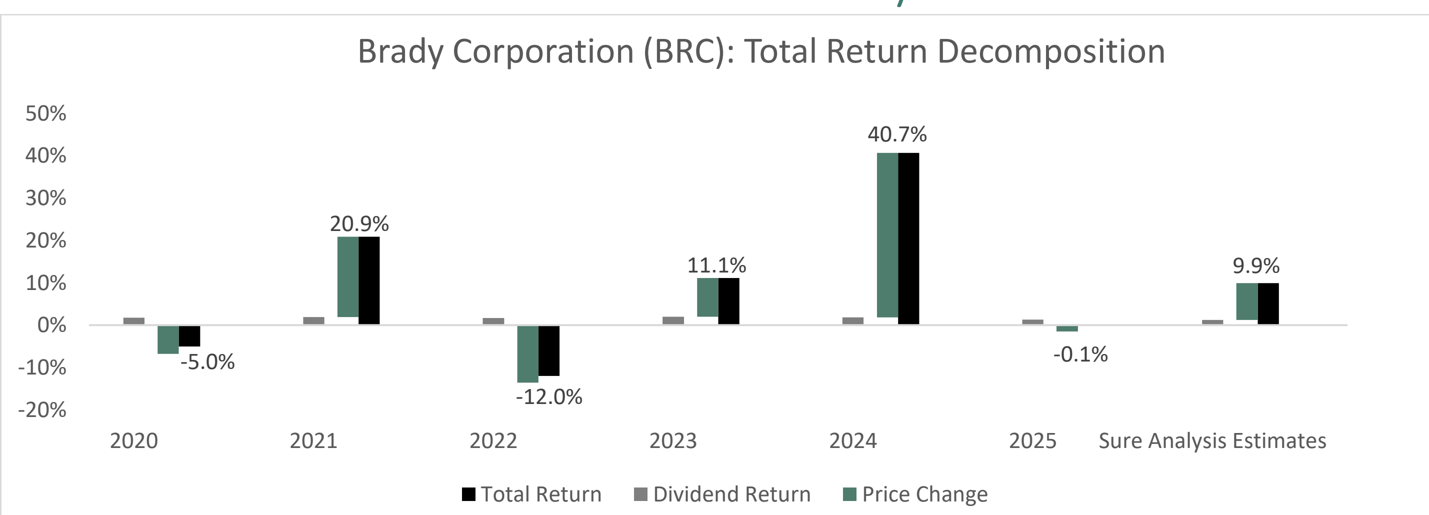
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	52%	45%	39%	35%	38%	38%	29%	25%	22%	21%	***20%***	***15%***

Brady Corporation has a secure dividend with a payout ratio well below 30%. This leaves room for the company to continue to invest in growth initiatives, while also raising its dividend payout each year. Brady Corporation also has a consistently profitable business model in most cycles. This is due to the company's durable competitive advantages. It maintains a leadership position in both of its main product categories through sufficient research and development investment. Investors should note that while the company did remain profitable during the Great Recession, it nevertheless experienced a significant reduction in earnings-per-share. The company would likely see earnings decline if another recession were to occur, but we would expect Brady to continue paying its dividend.

Final Thoughts & Recommendation

After fourth quarter results, Brady Corporation is projected to return 9.9% annually through fiscal 2031, down from 11.1% previously. This estimated return stems from a 7% earnings growth rate, a starting dividend yield of 1.2%, and a low single-digit contribution from multiple expansion. Once again, quarterly results benefited from acquisitions, but organic growth also improved for the period. The stock's yield remains on the low side, but the company has a very consistent dividend growth track record. We have raised our five-year price target $11 to $126 due to EPS estimates, but we continue to rate shares of Brady Corporation as a hold due to projected returns and low projected dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,121	1,113	1,174	1,161	1,081	1,145	1,302	1,332	1,341	1,514
Gross Profit	559	559	589	578	528	561	631	655	686	761
Gross Margin	49.9%	50.2%	50.2%	49.8%	48.8%	49.0%	48.4%	49.2%	51.1%	50.3%
SG&A Exp.	405	388	390	371	336	350	380	371	377	-
D&A Exp.	32	27	25	24	23	25	34	32	30	41
Operating Profit	118	132	149	161	151	170	192	223	241	237
Operating Margin	10.5%	11.8%	12.7%	13.9%	14.0%	14.8%	14.8%	16.7%	18.0%	15.7%
Net Profit	80	96	91	131	112	130	150	175	197	189
Net Margin	7.1%	8.6%	7.8%	11.3%	10.4%	11.3%	11.5%	13.1%	14.7%	12.5%
Free Cash Flow	122	129	121	129	114	178	75	190	175	154
Income Tax	29	31	61	33	28	36	42	51	51	48

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,044	1,050	1,057	1,157	1,142	1,378	1,367	1,389	1,516	1,734
Cash & Equivalents	141	134	181	279	218	147	114	152	250	174
Accounts Receivable	147	150	161	158	146	171	183	184	185	232
Inventories	99	107	113	120	136	136	190	177	153	201
Goodwill & Int. Ass.	490	491	462	447	438	706	661	655	641	782
Total Liabilities	440	350	305	307	279	415	456	398	449	542
Accounts Payable	62	67	67	65	63	82	81	80	85	105
Long-Term Debt	217	108	53	50	47	84	129	81	130	159
Shareholder's Equity	604	700	752	851	863	963	911	991	1,067	1,192
LTD/E Ratio	0.36	0.15	0.07	0.06	0.05	0.09	0.14	0.08	0.12	0.13

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.6%	9.1%	8.6%	11.9%	9.8%	10.3%	10.9%	12.7%	13.6%	11.6%
Return on Equity	13.4%	14.7%	12.5%	16.4%	13.1%	14.2%	16.0%	18.4%	19.2%	16.8%
ROIC	9.6%	11.7%	11.3%	15.4%	12.4%	13.2%	14.4%	16.6%	17.4%	14.9%
Shares Out.	50.5	51.4	52	50	52	52	50	50	48	48
Revenue/Share	22.07	21.43	22.35	21.77	20.31	21.84	25.21	26.71	27.66	31.47
FCF/Share	2.40	2.48	2.31	2.43	2.14	3.41	1.46	3.81	3.61	3.19

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