



# The Marzetti Company (MZTI)

Updated November 22<sup>nd</sup>, 2025, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$172	<b>5 Year CAGR Estimate:</b>	7.9%	<b>Market Cap:</b>	\$4.7 B
<b>Fair Value Price:</b>	\$197	<b>5 Year Growth Estimate:</b>	3.0%	<b>Ex-Dividend Date:</b>	12/05/25
<b>% Fair Value:</b>	87%	<b>5 Year Valuation Multiple Estimate:</b>	2.8%	<b>Dividend Payment Date:</b>	12/31/25
<b>Dividend Yield:</b>	2.3%	<b>5 Year Price Target</b>	\$229	<b>Years Of Dividend Growth:</b>	63
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	Hold

## Overview & Current Events

The Marzetti Company, formerly known as Marzetti, has been making food products since 1969, after shifting away from housewares. The move has afforded the company some meaningful growth in the past five decades and the stock has a \$4.7 billion market capitalization on about \$2 billion in annual revenue. Marzetti makes various meal accessories like croutons and bread products in frozen and non-frozen categories. Marzetti also has one of the best dividend increase streaks in the entire market, with more than six decades of consecutive increases.

Marzetti posted first quarter earnings on November 4<sup>th</sup>, 2025, and results were better than expected on both the top and bottom lines. Earnings were \$1.71 per share, beating by a penny. Revenue was up 5.8% year-over-year to \$494 million, beating estimates by \$19.3 million.

The Retail segment saw sales rise 3.5% year-over-year, driven mostly by gains in products that have national licenses, such as with Texas Roadhouse and Chick-fil-A. The Foodservice segment saw adjusted sales also rise 3.5%, with most of that coming from pricing increases.

Gross profit was \$119 million, as gross margin expanded by 30 basis points year-over-year. On an adjusted basis, gross margin rose 80 basis points. Operating income was \$59 million, which was up just over 8%.

Operating cash flow was \$69.5 million, up \$49.6 million year-over-year, and the company ended the quarter with \$182 million in cash and a debt-free balance sheet.

The company also boosted its dividend to \$1 per share quarterly, its 63<sup>rd</sup> consecutive year of dividend increases. We now see \$7.05 for this year's earnings-per-share with three quarters remaining.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$4.44	\$4.20	\$4.92	\$5.46	\$4.97	\$5.05	\$4.38	\$4.76	\$6.19	\$6.72	<b>\$7.05</b>	<b>\$8.17</b>
<b>DPS</b>	\$1.96	\$2.15	\$2.40	\$2.55	\$2.75	\$3.00	\$3.15	\$3.40	\$3.55	\$3.80	<b>\$4.00</b>	<b>\$4.87</b>
<b>Shares<sup>1</sup></b>	27	27	28	28	28	28	28	28	28	28	<b>28</b>	<b>28</b>

The company's earnings-per-share growth has been spotty as its revenue tends to ebb and flow with restaurant traffic. It recovered nicely from the Great Recession, but the drop in 2008 earnings was very steep. We note the COVID recession saw Marzetti's retail and foodservice diversification come into its own as foodservice demand essentially disappeared.

We are forecasting 3% earnings-per-share growth annually ahead, comprised of low single-digit sales and growing margins over time, with the caveat that margins are generally volatile. Marzetti does not buy back stock. The company's average revenue growth has been and should remain in the low single-digits, but keep in mind the possibility for earnings volatility going forward - there will be years where it dips and other years where it may rise rapidly, as it did in 2018, and again in 2019. Organic growth has been a problem for Marzetti, but it does complete sizable acquisitions regularly. After a decline in earnings in 2020, Marzetti has failed to get back near its prior highs in terms of earnings. We believe the company has a very strong chance to set record earnings again in 2026.

<sup>1</sup> Share count in millions

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We are forecasting modest dividend growth annually for the next five years as Marzetti continues its impressive streak of payouts to shareholders; the payout could be \$4.87 per share in five years. Marzetti is not a strong income stock, but it does prioritize growth in the payout each year, and that should continue. The company raised the dividend in November 2025 for the 63<sup>rd</sup> consecutive year, a streak we expect to continue indefinitely.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	24.3	31.2	31.4	28.8	30.0	35.0	29.4	42.2	30.5	25.7	24.4	28.0
Avg. Yld.	1.8%	1.6%	1.7%	1.6%	1.8%	1.7%	2.4%	1.7%	1.9%	2.2%	2.3%	2.1%

The stock's price-to-earnings ratio has spent the past few years around 30, but given the company's exposure to restaurants, we see fair value at 28 times earnings. Today, shares trade for 24.4 times our fiscal 2025 earnings estimate, so we see it as undervalued for now.

We see the yield remaining about where it is today given the forecasted moves in the valuation, earnings, and payout. Marzetti's current yield remains better than the S&P 500.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	49%	44%	47%	47%	55%	48%	72%	71%	57%	57%	57%	60%

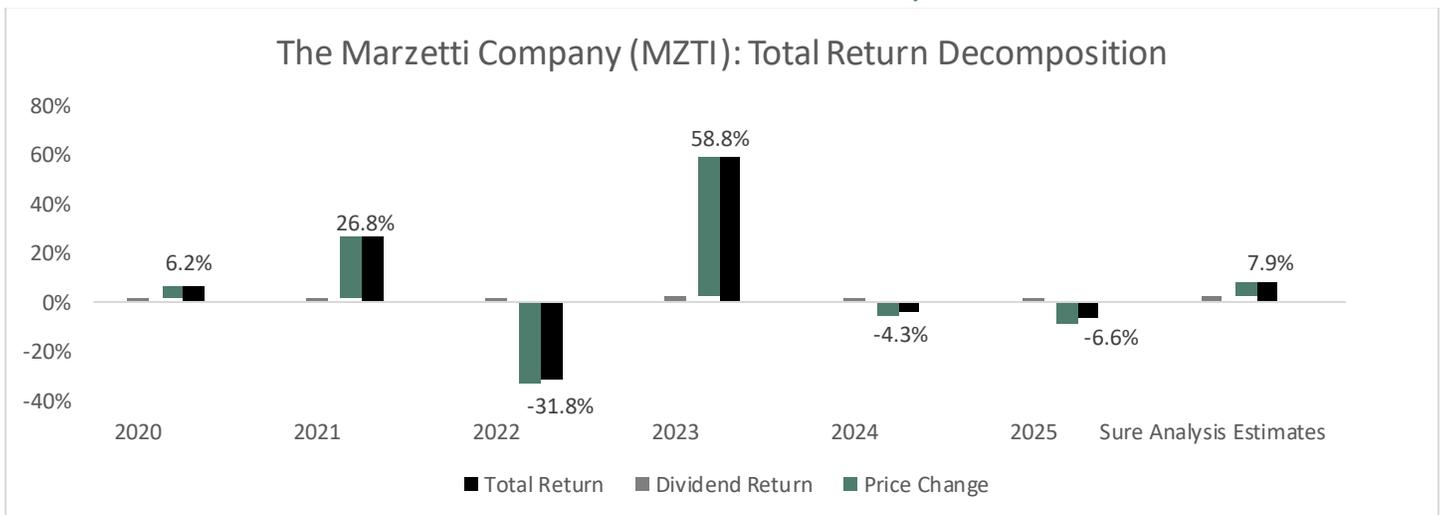
Marzetti's payout should remain near where it is today as dividend growth roughly matches earnings growth. Given its Dividend King status, we know the payout is important to management and the dividend is very safe.

Marzetti's competitive advantage is in its leadership position within the niche categories in which it competes. The company goes after accessory categories like bread, dressings, and croutons where competition tends to be lighter. It also has strong distribution partnerships with companies like Walmart and McLane Company, a major restaurant distributor. Its recession performance track record is spotty because it is reliant upon restaurant traffic, something that suffers mightily during times of economic stress and input cost inflation.

## Final Thoughts & Recommendation

We forecast Marzetti to provide shareholders with total annualized returns of 7.9% over the next five years, comprised of 3% growth, a 2.3% dividend yield, and a 2.8% tailwind from the valuation. We reiterate the stock at a hold rating after Q1 earnings that were good.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	1,191	1,202	1,223	1,308	1,334	1,467	1,676	1,823	1,872	1,909
<b>Gross Profit</b>	300	319	304	326	358	387	356	389	432	456
<b>Gross Margin</b>	25.2%	26.5%	24.8%	24.9%	26.8%	26.4%	21.2%	21.3%	23.1%	23.9%
<b>SG&amp;A Exp.</b>	115	143	130	150	181	205	212	222	218	---
<b>D&amp;A Exp.</b>	24	25	27	32	38	45	46	51	56	62
<b>Operating Profit</b>	185	176	174	176	177	181	144	166	214	225
<b>Operating Margin</b>	15.5%	14.6%	14.2%	13.5%	13.3%	12.4%	8.6%	9.1%	11.4%	11.8%
<b>Net Profit</b>	122	115	135	151	137	142	90	111	159	167
<b>Net Margin</b>	10.2%	9.6%	11.1%	11.5%	10.3%	9.7%	5.4%	6.1%	8.5%	8.7%
<b>Free Cash Flow</b>	129	119	130	127	88	86	-30	136	184	203
<b>Income Tax</b>	63	60	39	45	42	43	23	32	47	46

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	635	716	804	905	993	1,101	1,090	1,113	1,207	1,320
<b>Cash &amp; Equivalents</b>	118	143	206	196	198	188	60	88	163	161
<b>Accounts Receivable</b>	66	70	73	76	87	98	135	115	96	96
<b>Inventories</b>	76	76	91	86	85	122	145	158	173	169
<b>Goodwill &amp; Int. Ass.</b>	189	228	224	279	274	267	241	213	208	223
<b>Total Liabilities</b>	121	140	152	179	210	258	246	251	281	322
<b>Accounts Payable</b>	40	41	58	77	71	110	115	112	119	118
<b>Long-Term Debt</b>	---	---	---	---	---	---	---	0	0	56
<b>Shareholder's Equity</b>	514	576	652	727	783	843	845	862	926	998
<b>LTD/E Ratio</b>	---	---	---	---	---	---	---	0	0	0.06

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	18.2%	17.1%	17.8%	17.6%	14.4%	13.6%	8.2%	10.1%	13.7%	13.0%
<b>Return on Equity</b>	22.2%	21.2%	22.0%	21.8%	18.1%	17.5%	10.6%	13.0%	17.7%	17.3%
<b>ROIC</b>	22.2%	21.2%	22.0%	21.8%	18.1%	17.5%	10.6%	13.0%	17.7%	16.4%
<b>Shares Out.</b>	27	27	28	28	28	28	27	27	27	27
<b>Revenue/Share</b>	43.51	43.80	44.54	47.49	48.53	53.31	61.02	66.32	68.16	69.45
<b>FCF/Share</b>	4.72	4.35	4.72	4.60	3.21	3.14	-1.10	4.94	6.70	7.40

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

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