



# Flowers Foods Inc. (FLO)

Updated February 16<sup>th</sup>, 2026, by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$10.36	<b>5 Year Annual Expected Total Return:</b>	10.7%	<b>Market Cap:</b>	\$2.1 B
<b>Fair Value Price:</b>	\$10.20	<b>5 Year Growth Estimate:</b>	3.0%	<b>Ex-Dividend Date:</b>	02/27/26 <sup>1</sup>
<b>% Fair Value:</b>	102%	<b>5 Year Valuation Multiple Estimate:</b>	-0.3%	<b>Dividend Payment Dat:</b>	03/13/26 <sup>2</sup>
<b>Dividend Yield:</b>	9.6%	<b>5 Year Price Target</b>	\$12	<b>Years Of Dividend Growth:</b>	23
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	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*, *Tastycake* 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 \$2.1 billion market cap company split between Supermarkets, Mass Merchandisers, Foodservice, and Convenience Store.

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

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

On February 12<sup>th</sup>, 2026, Flowers Foods announced fourth quarter and full year results for the period ending January 3<sup>rd</sup>, 2026. For the quarter, revenue grew 10.8% to \$1.23 billion and was in-line with expectations. Adjusted earnings-per-share of \$0.22 compared matched last year's result and \$0.07 above estimates. For the year, revenue increased 3% to \$5.26 billion while adjusted earnings-per-share of \$1.09 compared to \$1.28 in 2024.

For the quarter, Branded Retail sales increased 16.6% to \$811.6 million as contributions from the addition of Simple Mills, an extra week during the period, and a 2.3% improvement in pricing/mix was partially offset by a 1.7% decline in volume. Other sales grew 1.6% to \$421.3 million as a 2.5% decrease in pricing/mix and a 2.7% decline in volume was offset by an extra week. Materials, supplies, labor, and other production costs accounted for 51.1% of sales during the quarter, which was a 30 basis point increase from the prior year.

Flowers Foods provided an outlook for 2026 as well. Adjusted earnings-per-share are expected to be in a range of \$0.80 to \$0.90 for the year. We have initiated our forecast accordingly.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$0.91	\$0.89	\$0.94	\$0.96	\$1.31	\$1.24	\$1.27	\$1.20	\$1.28	\$1.09	<b>\$0.85</b>	<b>\$0.99</b>
<b>DPS</b>	\$0.63	\$0.67	\$0.71	\$0.75	\$0.79	\$0.83	\$0.87	\$0.91	\$0.95	\$0.99	<b>\$0.99</b>	<b>\$1.15</b>
<b>Shares<sup>3</sup></b>	208	211	211	212	213	213	213	212	212	211	<b>211</b>	<b>211</b>

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 2.0% per year, but EPS has declined by 7.3% over the last five years.

<sup>1</sup> Estimated ex-dividend date.

<sup>2</sup> Estimated dividend payment date.

<sup>3</sup> In millions.

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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 medium-term, which is down from 5% previously.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.4	21.1	21.5	22.7	17.4	19.4	22.6	18.8	16.0	9.9	12.2	12.0
Avg. Yld.	3.6%	3.6%	3.5%	3.4%	3.5%	3.4%	3.0%	4.0%	4.6%	9.2%	9.6%	9.7%

Shares of Flowers Foods have decreased 6.1% since our November 18<sup>th</sup>, 2025, report. The stock has traded hands with an average P/E ratio of ~19-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 now assign a target P/E of 12 to the name, down from 15 previously, because of lackluster growth over the past five years. With shares presently trading at 12.2 times expected earnings, this implies a valuation headwind. Multiple contraction could lower annual returns by 0.3% over the next five years. Meanwhile, the dividend adds a nice shareholder return component, though we note that the expected payout ratio is now very high.

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

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	69%	75%	76%	78%	60%	67%	69%	76%	74%	91%	116%	116%

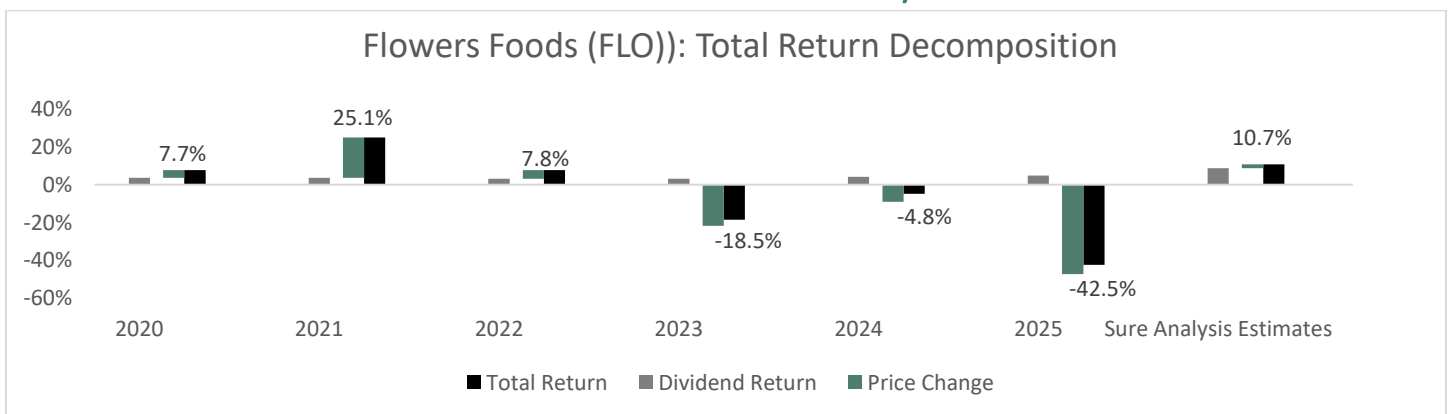
Flowers has been a solid producer in good times or bad, led by its iconic brands. It is in a recession-resistant industry, with nearly 99% of households buying fresh packaged bread. The company posted earnings-per-share of \$0.57, \$0.63, and \$0.66 during the 2008 through 2010 stretch. Moreover, the 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 \$12.1 million in cash and equivalents and \$4.18 billion in total assets against \$502 million in current liabilities and \$4.18 billion in total liabilities. Long-term debt stood at \$1.8 billion.

## Final Thoughts & Recommendation

After fourth quarter results, Flowers Foods is expected to return 10.7% annually through 2031, down from our prior estimate of 16.5%. Our projection stems from 3% growth and the 9.6% starting yield, offset by a small headwind from multiple contraction. 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 benefited from an extra week during the reporting period. Additionally, the dividend payout ratio is elevated. We continue to rate shares of Flower Foods as a hold due a very weak dividend risk score as there is the potential for a cut if the business does not improve.

## 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>	3,927	3,921	3,952	4,124	4,388	4,331	4,806	5,091	5,103	5,256
<b>Gross Profit</b>	1,765	1,767	1,742	1,820	2,053	2,021	2,166	2,305	2,368	2,401
<b>Gross Margin</b>	44.9%	45.1%	44.1%	44.1%	46.8%	46.7%	45.1%	45.3%	46.4%	45.7%
<b>SG&amp;A Exp.</b>	1,464	1,510	1,507	1,575	1,693	1,720	1,851	2,120	2,001	2,075
<b>D&amp;A Exp.</b>	141	147	144	144	141	137	142	152	159	
<b>Operating Profit</b>	297	259	262	270	381	359	352	348	380	345
<b>Operating Margin</b>	7.6%	6.6%	6.6%	6.5%	8.7%	8.3%	7.3%	6.8%	7.5%	6.6%
<b>Net Profit</b>	164	150	157	165	152	206	228	123	248	84
<b>Net Margin</b>	4.2%	3.8%	4.0%	4.0%	3.5%	4.8%	4.8%	2.4%	4.9%	1.6%
<b>Free Cash Flow</b>	244	222	196	263	356	128	192	220	280	319
<b>Income Tax</b>	86	(1)	40	48	48	65	70	34	81	31

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	2,761	2,728	2,908	3,333	3,466	3,388	3,449	3,616	3,569	4,184
<b>Cash &amp; Equivalents</b>	9	5	26	11	307	186	165	23	5	12
<b>Accounts Receivable</b>	272	280	287	286	300	305	349	328	335	22
<b>Inventories</b>	170	172	188	195	193	203	242	271	263	
<b>Goodwill &amp; Int. Ass.</b>	1,302	1,207	1,340	1,295	1,260	1,241	1,210	1,336	1,306	-
<b>Total Liabilities</b>	1,551	1,477	1,650	2,070	2,093	1,976	2,006	2,265	2,159	2,880
<b>Accounts Payable</b>	173	181	242	233	226	269	343	319	261	
<b>Long-Term Debt</b>	958	832	1,002	1,218	1,256	1,145	1,131	1,285	1,276	2,006
<b>Shareholder's Equity</b>	1,210	1,251	1,258	1,263	1,373	1,411	1,443	1,352	1,410	
<b>LTD/E Ratio</b>	0.81	0.67	0.80	1.02	0.96	0.86	0.83	1.00	0.96	1.60

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	5.8%	5.5%	5.6%	5.3%	4.5%	6.0%	6.7%	3.5%	6.9%	2.2%
<b>Return on Equity</b>	13.4%	12.2%	12.5%	13.0%	11.6%	14.8%	16.0%	8.8%	18.0%	6.2%
<b>ROIC</b>	7.4%	7.0%	7.2%	6.8%	5.8%	7.8%	8.7%	4.6%	9.1%	2.7%
<b>Shares Out.</b>	208	211	211	212	213	213	213	212	212	211
<b>Revenue/Share</b>	18.67	18.63	18.67	19.46	20.66	20.33	22.54	23.86	24.06	24.78
<b>FCF/Share</b>	1.16	1.06	0.93	1.24	1.68	0.60	0.90	1.03	1.32	1.50

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

### Disclaimer

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