Smith & Wesson Brands Inc. (SWBI)

Updated March 23rd, 2026, by Nathan Parsh

Key Metrics

Current Price:	$14.18	**5 Year Annual Expected Total Return:**	-9.1%	**Market Cap:**	$631 M
Fair Value Price:	$5.60	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	03/19/26
% Fair Value:	253%	**5 Year Valuation Multiple Estimate:**	-17.0%	**Dividend Payment Date:**	04/02/26
Dividend Yield:	3.7%	**5 Year Price Target**	$6.18	**Years Of Dividend Growth:**	5
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Smith & Wesson Brands is a manufacturer and designer of firearms, including handguns, long guns, and suppressor products. The company markets its products under the Smith & Wesson and Gemtech brands to a variety of customers, including collectors, hunters, sportsmen, competitive shooters, firearm enthusiasts, individuals desiring home and personal protection, and law enforcement and military agencies in the U.S. and around the globe. The company has a market capitalization of $631 million.

On March 5th, 2026, Smith & Wesson reported earnings results for the third quarter of fiscal year 2026 which ended January 31st, 2026 (the company's fiscal year ends April 30th). Revenue improved 17.1% to $135.7 million, which was $10.1 million ahead of expectations. Adjusted earnings-per-share of $0.08 compared favorably to $0.03 in the prior fiscal year and was $0.03 above estimates.

Handgun sales were very strong for the period, with results up 28% in the sporting goods channel. Gross margin contracted 210 basis points to 26.2%. Management noted that economic uncertainty, such as tariffs, could be a headwind, but that the company's strong brands have it well positioned to perform well. Fourth quarter sales are expected to be higher by 10% to 12% from Q4 2025. Smith & Wesson spent much of last few quarters lowering its inventory levels, which had been an issue. Now that it has done so, the company expects to increase production to meet demand.

Smith & Wesson is now expected to earn $0.28 per share in fiscal year 2026, up from $0.25 previously. This would represent a 6.7% decrease 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	$1.68	$2.25	$0.37	$0.33	$(1.11)	$4.55	$4.08	$0.80	$0.89	$0.30	***$0.28***	***$0.31***
DPS	-	-	-	-	-	$0.15	$0.32	$0.40	$0.48	$0.52	***$0.52***	***$0.52***
Shares[1]	56	57	55	55	55	55	48	46	46	45	***45***	***43***

Earnings-per-share for Smith & Wesson have varied greatly over the last decade. The company has seen a drastic changes in results as earnings-per-share have declined with a compound annual growth rate of 17.4% over the last 10 years. Note that the company saw an incredible improvement in EPS in FY 2021 and 2022. This is due to heightened demand following the worst of the Covid-19 pandemic that has since dissipated. For example, firearm sales surged 64% from 2019 to 2020 and have declined annually ever since. The firearm industry has reacted to this decline and lowered its manufacturing output. Additionally, the company has propped EPS results up with buybacks as the share count has been reduced by 2.4% over the last decade and fallen by 3.9% over the last five years. With demand slowing greatly in recent years combined with a low starting base for EPS, we believe that Smith & Wesson will be able to grow its earnings-per-share at 2.0% per year over the next five years.

[1] In millions of shares

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Smith & Wesson's dividend has a five-year CAGR of 28.2%. While impressive, much of this growth occurred in the aftermath of the surge in demand following Covid-19. At current levels, the dividend is not covered by earnings-per-share. The company has maintained the same dividend for eight consecutive quarters. Therefore, a cut or elimination of the dividend is entirely possible.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	6.8	9.0	16.2	124	26.0	3.3	5.1	21.2	12.3	44.5	***50.6***	***20.0***
Avg. Yld.	-	-	-	-	-	1.6%	4.4%	3.4%	5.1%	5.3%	***3.7%***	***8.4%***

Shares of Smith & Wesson have surged more than 34% since our January 26th, 2026, report. Unpredictable earnings growth has resulted in a wide variance in the valuation for the stock. The average price-to-earnings ratio over the last decade is nearly 27. Excluding 2019 and 2025 when the valuation skyrocketed, Smith & Wesson has traded with an average price-to-earnings ratio of 12.5 over the long-term. Shares currently have a P/E of 50.6. While the firearm industry is still recovering from the fall off in demand, Smith & Wesson possess very popular brands. We believe that a target price-to-earnings ratio of 20 is a fair starting place for the stock. Still, reverting to our target valuation by 2031 would reduce annual returns by 17.0% over this period.

Shares of Smith & Wesson yield 3.7% at current levels, which is below the stock's medium-term average yield of 4.0%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

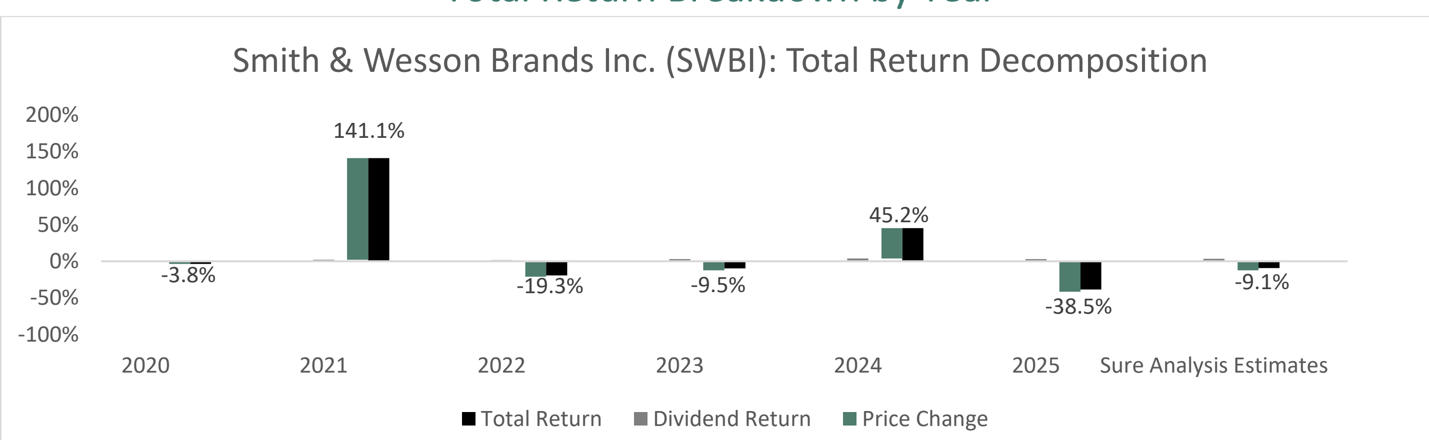
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	-	-	-	-	3%	8%	50%	54%	173%	***186%***	***168%***

Smith & Wesson has some of the most famous firearm brands in the industry. That said, the company has not been immune to the decrease in demand for firearms and related products. As a result, earnings have declined and the company has a payout ratio that greatly exceeds 100%. Without a return to EPS growth, the dividend could be at risk.

Final Thoughts & Recommendation

Smith & Wesson is projected to return -9.1% annually through 2031, compared to our prior estimates of a -5.1% return. Our projected return stem from a 2% earnings growth rate and a starting yield of 3.7% that are more than offset by high double-digit multiple contraction. The firearm industry is still recovering from peak sales following the pandemic and Smith & Wesson is expected to produce another year of declines. Again, the dividend appears to be in danger of being cut or eliminated. Income investors are encouraged to look elsewhere. We reaffirm our hold rating on shares of Smith & Wesson due to projected returns.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	723	903	607	638	530	1,059	864	479	536	475
Gross Profit	278	351	169	197	156	439	370	149	148	115
Gross Margin	38.4%	38.8%	27.9%	30.8%	29.4%	41.5%	42.8%	31.2%	27.7%	24.3%
SG&A Exp.	125	165	157	165	108	122	116	99	106	96
D&A Exp.	41	49	51	53	31	31	30	31	32	32
Operating Profit	157	204	28	48	55	328	262	56	54	23
Operating Margin	21.7%	22.6%	4.6%	7.6%	10.3%	31.0%	30.3%	11.6%	10.1%	4.7%
Net Profit	94	128	20	18	28	244	194	37	41	13
Net Margin	13.0%	14.2%	3.3%	2.9%	5.2%	23.0%	22.5%	7.7%	7.7%	2.8%
Free Cash Flow	139	88	43	23	82	293	114	(73)	16	(29)
Income Tax	51	63	(3)	10	12	74	58	11	10	6

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	620	788	745	767	730	446	512	553	593	574
Cash & Equivalents	191	62	49	41	125	113	121	54	61	25
Accounts Receivable	58	108	57	85	61	67	63	55	59	56
Inventories	78	132	153	164	104	78	137	177	161	190
Goodwill & Int. Ass.	139	310	304	274	23	23	23	23	22	21
Total Liabilities	312	395	323	322	342	180	151	168	193	202
Accounts Payable	46	53	34	36	31	57	30	37	42	27
Long-Term Debt	174	218	209	202	200	44	41	64	77	115
Shareholder's Equity	308	393	422	444	387	266	361	385	400	372
LTD/E Ratio	0.57	0.55	0.50	0.45	0.52	0.17	0.12	0.17	0.20	0.31

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	16.9%	18.2%	2.6%	2.4%	3.7%	41.4%	40.6%	6.9%	7.2%	2.3%
Return on Equity	37.4%	36.5%	4.9%	4.2%	6.7%	74.5%	62.0%	9.9%	10.5%	3.5%
ROIC	22.1%	23.4%	3.2%	2.9%	4.5%	54.1%	54.5%	8.6%	8.9%	2.8%
Shares Out.	56	57	55		55	55	55	48	46	46
Revenue/Share	12.92	15.88	11.07	11.56	9.63	19.14	18.11	10.38	11.59	10.56
FCF/Share	2.48	1.55	0.78	0.42	1.49	5.29	2.38	(1.58)	0.34	(0.65)

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