



Flowers Foods Inc. (FLO)

Updated May 24th, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$7.94	5 Year Annual Expected Total Return:	12.9%	Market Cap:	\$1.7 B
Fair Value Price:	\$10.20	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	06/12/26
% Fair Value:	78%	5 Year Valuation Multiple Estimate:	5.1%	Dividend Payment Dat:	06/26/26
Dividend Yield:	6.3%	5 Year Price Target	\$12	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Consumer Staples	Rating:	Sell

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 \$1.7 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 21st, 2026, Flower Foods cut its quarterly dividend nearly 50% to \$0.125, ending the company's dividend growth streak at 23 consecutive years.

On May 21st, 2026, Flowers Foods reported first quarter results for the period ending April 25th, 2026. For the quarter, revenue grew 1.3% to \$1.57 billion, but this as \$10 million less than expected. Adjusted earnings-per-share of \$0.29 compared to \$0.35 in the prior year, but this was \$0.02 ahead of estimates.

For the quarter, Branded Retail sales increased 3.4% to \$1.045 billion as pricing as the addition of Simple Mills was offset by a 4.2% drop in volume. Other sales grew 3.1% to \$526.2 million as pricing/mix was lower by 1.2% and volume fell 1.9%. Materials, supplies, labor, and other production costs accounted for 50.6% of sales during the quarter, which was a 50 basis point increase from the prior year. The company noted that it is attempting to get its debt under control and aims to have its leverage at 3x or lower by the end of 2027. Shares rallied on the news.

Flowers Foods reaffirmed its prior an outlook for 2026 as well. Adjusted earnings-per-share are still expected to be in a range of \$0.80 to \$0.90 for the year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$0.91	\$0.89	\$0.94	\$0.96	\$1.31	\$1.24	\$1.27	\$1.20	\$1.28	\$1.09	\$0.85	\$0.99
DPS	\$0.63	\$0.67	\$0.71	\$0.75	\$0.79	\$0.83	\$0.87	\$0.91	\$0.95	\$0.99	\$0.50	\$0.58
Shares¹	208	211	211	212	213	213	213	212	212	211	213	213

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.

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.

¹ 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	19.4	21.1	21.5	22.7	17.4	19.4	22.6	18.8	16.0	9.9	9.3	12.0
Avg. Yld.	3.6%	3.6%	3.5%	3.4%	3.5%	3.4%	3.0%	4.0%	4.6%	9.2%	6.3%	4.9%

Shares of Flowers Foods have decreased 23.4% since our February 16th, 2026, 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 9.3 times expected earnings, this implies a valuation tailwind. Multiple expansion could add 5.1% to annual returns over the next five years. Meanwhile, the dividend, even at a reduced rate, adds a nice shareholder return component, though we note that there is always a chance for another cut down the road.

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%	59%	59%

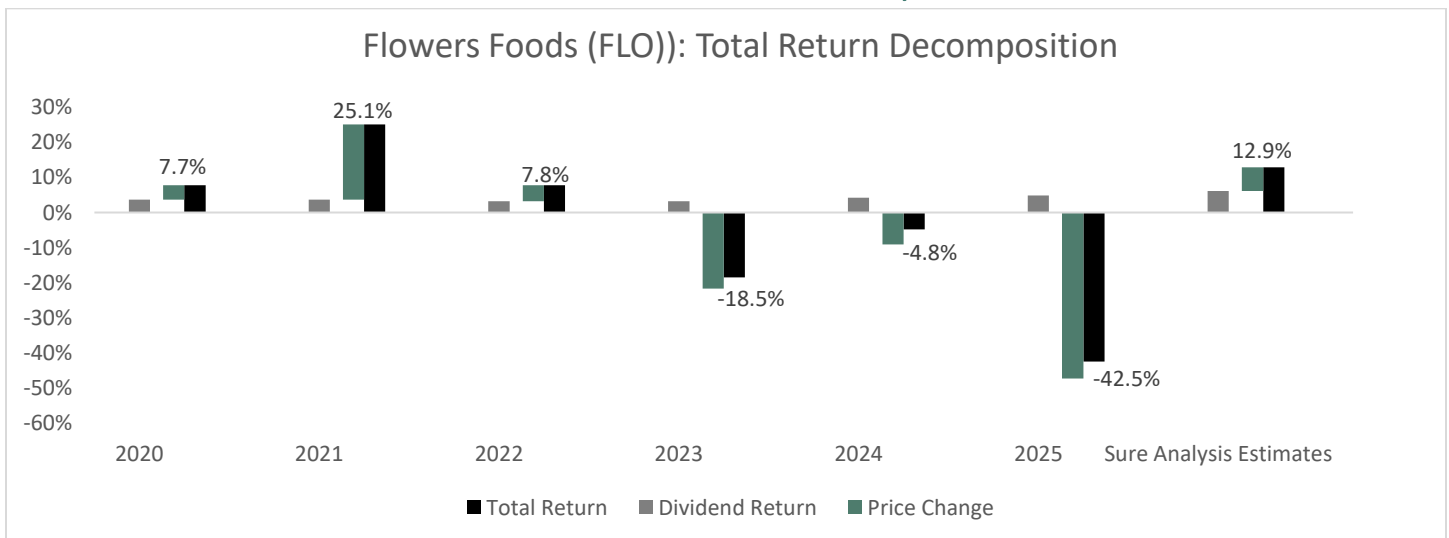
Flowers has been a solid producer in good times or bad, led by its iconic brands. It is in a recession-resistant industry, with nearly 99% of households buying fresh packaged bread. The company posted earnings-per-share of \$0.57, \$0.63, and \$0.66 during the 2008 through 2010 stretch. Moreover, the 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 \$11.5 million in cash and equivalents and \$4.18 billion in total assets against \$521 million in current liabilities and \$4.18 billion in total liabilities. Long-term debt stood at \$1.7 billion.

Final Thoughts & Recommendation

After first quarter results, Flowers Foods is expected to return 12.9% annually through 2031, up from our prior estimate of 10.7%. Our projection stems from 3% growth, the 6.3% 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, which has led to the recent dividend cut as the company attempts to improve its balance sheet. We now rate shares of Flower Foods as a sell due to the recent dividend cut.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3,927	3,921	3,952	4,124	4,388	4,331	4,806	5,091	5,103	5,256
Gross Profit	1,765	1,767	1,742	1,820	2,053	2,021	2,166	2,305	2,368	2,401
Gross Margin	44.9%	45.1%	44.1%	44.1%	46.8%	46.7%	45.1%	45.3%	46.4%	45.7%
SG&A Exp.	1,464	1,510	1,507	1,575	1,693	1,720	1,851	2,120	2,001	2,075
D&A Exp.	141	147	144	144	141	137	142	152	159	
Operating Profit	297	259	262	270	381	359	352	348	380	345
Operating Margin	7.6%	6.6%	6.6%	6.5%	8.7%	8.3%	7.3%	6.8%	7.5%	6.6%
Net Profit	164	150	157	165	152	206	228	123	248	84
Net Margin	4.2%	3.8%	4.0%	4.0%	3.5%	4.8%	4.8%	2.4%	4.9%	1.6%
Free Cash Flow	244	222	196	263	356	128	192	220	280	319
Income Tax	86	(1)	40	48	48	65	70	34	81	31

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,761	2,728	2,908	3,333	3,466	3,388	3,449	3,616	3,569	4,184
Cash & Equivalents	9	5	26	11	307	186	165	23	5	12
Accounts Receivable	272	280	287	286	300	305	349	328	335	22
Inventories	170	172	188	195	193	203	242	271	263	
Goodwill & Int. Ass.	1,302	1,207	1,340	1,295	1,260	1,241	1,210	1,336	1,306	-
Total Liabilities	1,551	1,477	1,650	2,070	2,093	1,976	2,006	2,265	2,159	2,880
Accounts Payable	173	181	242	233	226	269	343	319	261	
Long-Term Debt	958	832	1,002	1,218	1,256	1,145	1,131	1,285	1,276	2,006
Shareholder's Equity	1,210	1,251	1,258	1,263	1,373	1,411	1,443	1,352	1,410	
LTD/E Ratio	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
Return on Assets	5.8%	5.5%	5.6%	5.3%	4.5%	6.0%	6.7%	3.5%	6.9%	2.2%
Return on Equity	13.4%	12.2%	12.5%	13.0%	11.6%	14.8%	16.0%	8.8%	18.0%	6.2%
ROIC	7.4%	7.0%	7.2%	6.8%	5.8%	7.8%	8.7%	4.6%	9.1%	2.7%
Shares Out.	208	211	211	212	213	213	213	212	212	211
Revenue/Share	18.67	18.63	18.67	19.46	20.66	20.33	22.54	23.86	24.06	24.78
FCF/Share	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.

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