



The Marzetti Company (MZTI)

Updated May 22nd, 2026, by Josh Arnold

Key Metrics

Current Price:	\$113	5 Year CAGR Estimate:	17.4%	Market Cap:	\$3.1 B
Fair Value Price:	\$189	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	06/05/26
% Fair Value:	60%	5 Year Valuation Multiple Estimate:	10.8%	Dividend Payment Date:	06/30/26
Dividend Yield:	3.5%	5 Year Price Target	\$230	Years Of Dividend Growth:	63
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Buy

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 \$3.1 billion market capitalization on nearly \$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.

Lancaster posted third quarter earnings on May 4th, 2026, and results were very weak, sending the stock much lower. Adjusted earnings-per-share came to \$1.45, which was 12 cents light of estimates. Revenue was off 1% year-over-year to \$453 million, missing estimates by almost \$11 million.

Retail net sales fell 3.2% to \$234 million while Foodservice net sales rose 1.5% at \$220 million. Volume and product mix drove 1.2% of the sales decline, which was partially offset by 0.3% increase in pricing.

Gross profit was \$107 million, driven by cost savings across the business. SG&A costs were up \$5.4 million on higher acquisition costs and IT expenses. Operating income was down \$3.3 million.

We've reduced our estimate of earnings-per-share by 25 cents to \$6.75 after a very weak quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$4.44	\$4.20	\$4.92	\$5.46	\$4.97	\$5.05	\$4.38	\$4.76	\$6.19	\$6.72	\$6.75	\$8.21
DPS	\$1.96	\$2.15	\$2.40	\$2.55	\$2.75	\$3.00	\$3.15	\$3.40	\$3.55	\$3.80	\$4.00	\$4.87
Shares¹	27	27	28	28	28	28	28	28	28	28	28	28

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 4% 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 in meaningful quantities, typically. 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. We believe the company has a good chance to set record earnings again in 2026.

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 63rd consecutive year, a streak we expect to continue indefinitely.

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	24.3	31.2	31.4	28.8	30.0	35.0	29.4	42.2	30.5	25.7	16.7	28.0
Avg. Yld.	1.8%	1.6%	1.7%	1.6%	1.8%	1.7%	2.4%	1.7%	1.9%	2.2%	3.5%	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 just 16.7 times our fiscal 2026 earnings estimate, so we see it as extremely 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. The yield is as high as it's been for the past decade by a wide margin.

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%	59%	59%

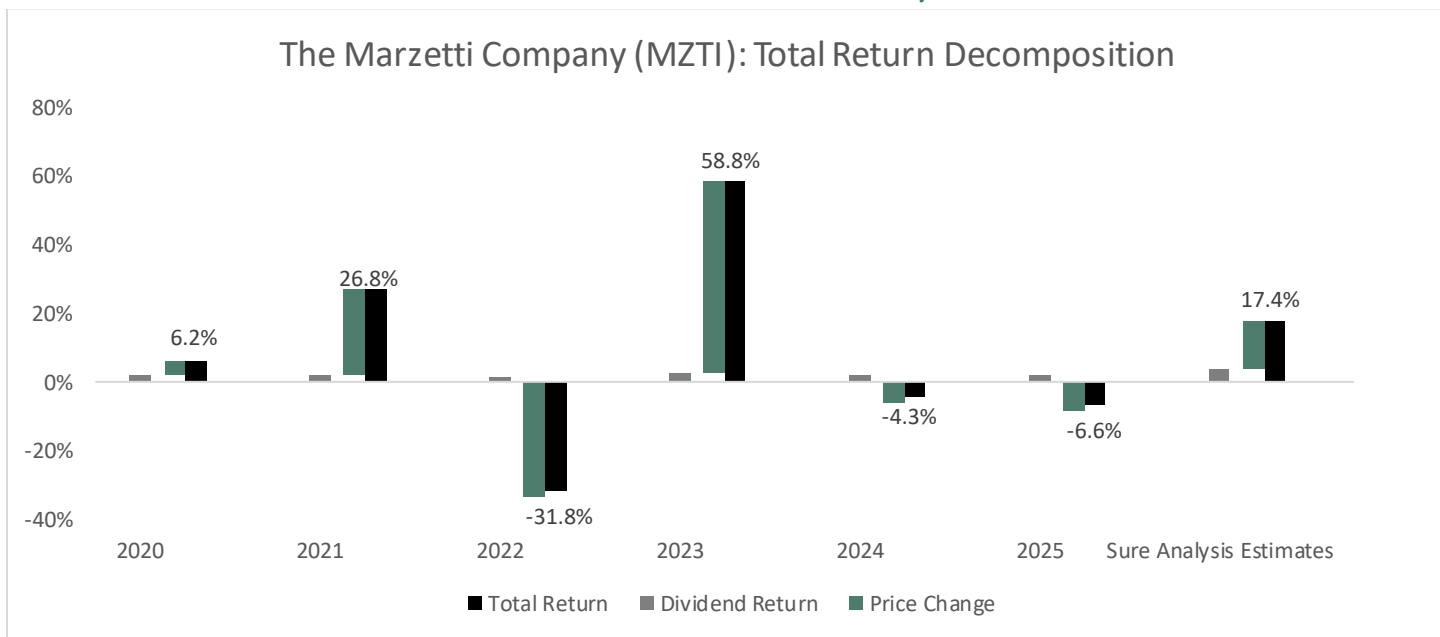
Marzetti's payout should remain near where it is today as dividend growth roughly matches earnings growth. Given its Dividend King status, we know the payout is important to management and the dividend is very safe.

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 17.4% over the next five years, comprised of 4% growth rate, a 3.5% dividend yield, and a 10.8% tailwind from the valuation. We are boosting our rating from hold to buy after Q3 earnings.

Total Return Breakdown by Year



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Income Statement Metrics

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

Balance Sheet Metrics

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

Profitability & Per Share Metrics

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