Turning Point Brands (TPB)

Updated June 12th, 2026, by Kody Kester

Key Metrics

Current Price:	$81	**5 Year CAGR Estimate:**	7.5%	**Market Cap:**	$1.6B
Fair Value Price :	$59	**5 Year Growth Estimate:**	14.0%	**Ex-Dividend Date:**	06/19/26
% Fair Value:	136%	**5 Year Valuation Multiple**	-6.0%	**Dividend Payment Date:**	07/10/26
Dividend Yield:	0.4%	**5 Year Price Target**	$114	**Years Of Dividend Growth:**	9
Dividend Risk Score:	A	**Sector:**	Cons. Discretionary	**Rating:**	Hold

Overview & Current Events

Turning Point Brands' corporate history dates to the leveraged buyout of Lorillard's other tobacco products division in 1988. TPB is a leading manufacturer, marketer, and distributor of branded non-cigarette tobacco products for adults. The company's products are sold at more than 220,000 retail locations throughout the U.S. and Canada. TPB is organized into the following two operating segments:

The Zig-Zag Products segment sells Zig-Zag rolling papers and make-your-own cigar wraps, which hold a leading market share in the U.S. and a leading position in Canada as well. TPB also announced an agreement in February 2022 with lighter manufacturer Flamagas to exclusively distribute CLIPPER lighters in the U.S. and Canada. CLIPPER Lighters is the leading reusable lighter brand in the world, with the brand being underrepresented in the U.S. and Canada. The Stoker's Products segment sells moist snuff tobacco and loose-leaf chewing tobacco under the Stoker's and Beech-Nut brands. This positions TPB as the second-biggest marketer of loose-leaf chew (and the biggest of traditional loose-leaf chew in particular). Modern Oral products are also reported under the Stoker's segment (FRE and ALP nicotine pouches).

On May 7, TPB released its financial results for the first quarter ended March 31, 2026. The company's net sales jumped 16.8% higher year-over-year to $124.3 million during the quarter. TPB's Stoker's segment recorded $87.6 million in the quarter, which was a 48.1% growth rate over the year-ago period. That was powered by triple-digit growth in Modern Oral sales for the quarter (which now account for 42% of total company net sales, double the 21% figure in Q1 2025). The Zig-Zag segment's net sales dropped 22.4% year-over-year to $36.7 million during the quarter. That was mostly due to lower U.S. papers and wraps shipments. TPB's adjusted diluted EPS declined by 16.5% over the year-ago period to $0.76 in the quarter. This was $0.03 above the analyst consensus for the quarter. However, a decline in Zig-Zag segment net sales (historically a high-margin anchor) and the continued expansion of Modern Oral (which currently has lower margins as it scales) put pressure on the bottom line.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-	$1.08	$1.77	$1.86	$1.67	$2.52	$0.64	$2.01	$2.14	$3.96	***$2.70***	***$5.20***
DPS	-	$0.04	$0.16	$0.18	$0.20	$0.22	$0.24	$0.26	$0.28	$0.30	***$0.32***	***$0.47***
Shares[1]	-	19.2	19.6	19.7	19.1	18.4	17.5	17.6	17.7	19.1	***19.4***	***20.5***

We think that TPB can deliver 14.0% annual diluted EPS growth through 2031, off an anticipated 2026 base of $2.70. This is down significantly from our last forecast of $4.30. That's because of the substantial upfront spending on sales force expansion, marketing (the Conor McGregor partnership), and manufacturing scaling in Louisville. As the share of white pouch sales increases (42% of revenue mix as of Q1 2026), this can drive continued growth for TPB once things have fully scaled. The phenomenal results in Q1 2026 prompted the company to issue Modern Oral sales guidance for 2026 of $280 million to $300 million (and $210 million to $225 million in net revenue). For more context, that would be a near-doubling from the ~$130 million in gross Modern Oral sales recorded in 2025.

[1]Share count is 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	2026	2031
Avg. P/E	-	19.5	15.8	15.0	26.7	15.0	33.5	13.1	28.1	31.0	***30.0***	***22.0***
Avg. Yld.	-	0.2%	0.6%	0.6%	0.4%	0.6%	1.1%	1.0%	0.5%	0.3%	***0.4%***	***0.4%***

Over the years, TPB's valuation multiple has ranged from as low as the low teens to as much as the low 30s. That has translated into an average P/E ratio of just above 22 (and 24 in the past five years). Given the company's growth prospects, we believe that a fair value P/E ratio of 22 is reasonable. The current P/E ratio of 30.0 is well above our revised fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	4%	9%	10%	12%	9%	38%	13%	13%	8%	***12%***	***9%***

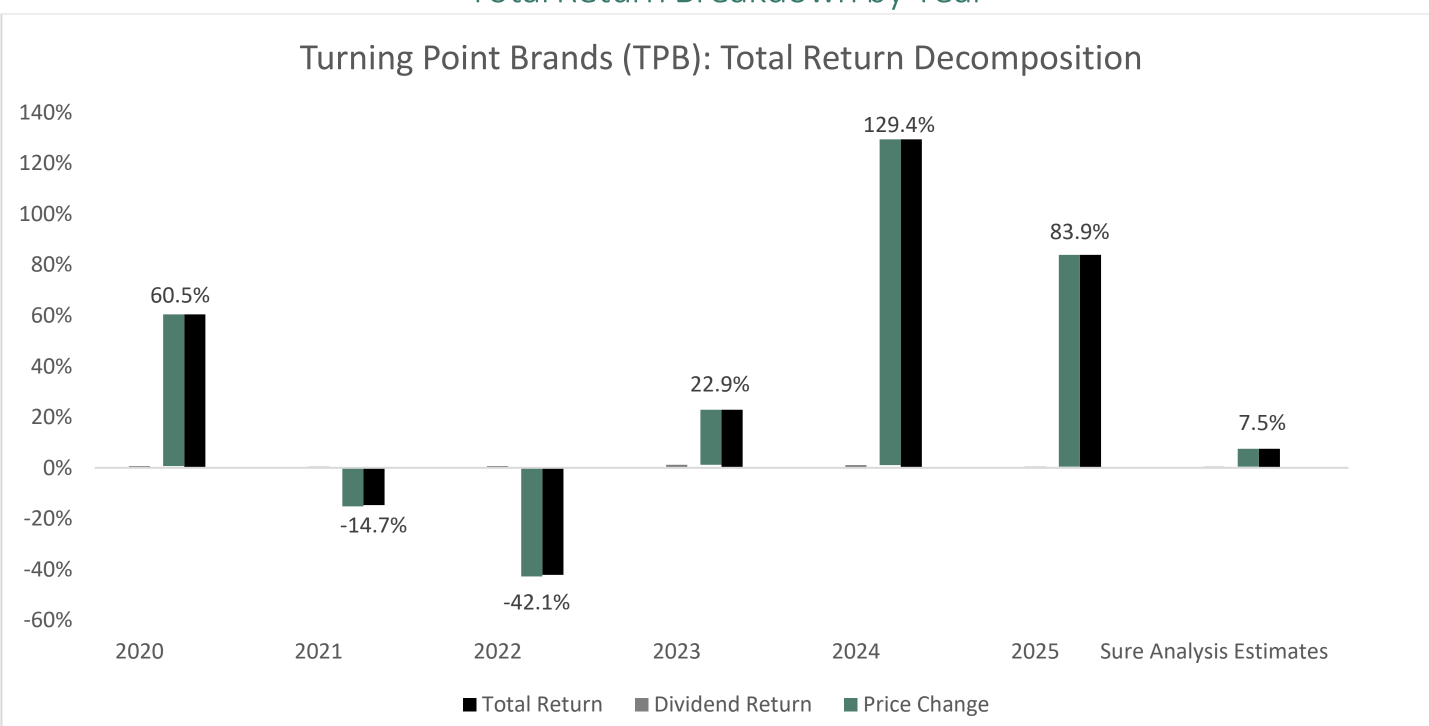
TPB's extensive product offerings resonate with customers, which is why its products are sold in a multitude of retail locations throughout the U.S. and Canada. This has allowed the company to achieve and maintain market-leading status with a handful of brands over the years.

TPB's interest coverage ratio was 2.8x in Q1 2026. While this is a somewhat low interest coverage ratio, we believe that as temporary pressures to profitability resolve in the next 12 to 18 months, this will improve. TPB's modest dividend yield looks to be safe, with the payout ratio likely to be around 12% in 2026.

Final Thoughts & Recommendation

TPB's 0.4% dividend yield, 14.0% annual earnings growth potential, and 6.0% annual valuation multiple downside could generate 7.5% annual total returns over the medium-term. Most net sales (75%) came from outsourced production operations. If this production were interrupted, it could hurt the company's fundamentals. In closing, we're maintaining our Hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	206	286	333	362	405	445	415	325	361	463
Gross Profit	100	125	143	137	190	218	205	183	202	264
Gross Margin	48.7%	43.7%	42.9%	37.8%	46.9%	48.9%	49.5%	56.3%	55.9%	57.1%
SG&A Exp.	57	75	94	110	126	128	130	125	122	169
D&A Exp.	1	2	3	4	5	5	5	4	6	7
Operating Profit	44	50	55	41	65	91	80	91	89	105
Operating Margin	21.1%	17.4%	16.5%	11.3%	16.0%	20.5%	19.2%	28.0%	24.6%	22.6%
Net Profit	27	20	25	14	38	51	11	38	48	68
Net Margin	13.1%	6.9%	7.6%	3.8%	9.4%	11.5%	2.7%	11.7%	13.3%	14.7%
Free Cash Flow	6	28	11	33	38	62	23	59	62	37
Income Tax	(12)	7	6	2	12	14	5	24	17	15

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	285	282	339	447	496	602	572	569	493	764
Cash & Equivalents	3	3	3	95	42	128	106	117	46	223
Accounts Receivable	2	3	3	7	9	6	8	10	10	26
Inventories	62	67	101	75	93	100	126	95	102	137
Goodwill & Int.	162	161	181	188	239	250	220	203	201	200
Total Liabilities	251	229	257	340	379	468	459	417	303	392
Accounts Payable	9	4	7	14	9	7	8	8	12	20
Long-Term Debt	218	194	195	295	330	428	417	375	258	304
Shareholder's Equity	34	53	83	107	113	131	112	151	188	354
LTD/E Ratio	6.41	3.79	2.67	2.79	2.94	3.28	3.77	2.50	1.39	0.87

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.2%	6.9%	8.1%	3.5%	8.1%	9.3%	1.9%	6.7%	9.0%	10.8%
Return on Equity		45.0%	37.2%	14.6%	34.1%	40.8%	9.0%	28.7%	28.1%	24.2%
ROIC	11.6%	7.7%	9.1%	3.9%	8.9%	10.1%	2.0%	7.2%	9.8%	12.0%
Shares Out.	-	19.2	19.6	19.7	19.1	18.4	17.5	17.6	17.7	19.1
Revenue/Share	11.45	14.65	16.78	18.07	17.66	19.90	22.99	15.88	18.63	24.72
FCF/Share	0.33	1.42	0.55	1.65	1.64	2.77	1.25	2.87	3.22	1.95

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