



Universal Corporation (UUV)

Updated July 1st, 2026 by Jonathan Weber

Key Metrics

Current Price:	\$52	5 Year CAGR Estimate:	8.3%	Market Cap:	\$1.3B
Fair Value Price:	\$56	5 Year Growth Estimate:	1.5%	Ex-Dividend Date:	04/15/26
% Fair Value:	93%	5 Year Valuation Multiple Estimate:	1.5%	Dividend Payment Date:	05/04/26
Dividend Yield:	6.4%	5 Year Price Target	\$60	Years Of Dividend Growth:	56
Dividend Risk Score:	C	Sector:	Consumer Defensive	Rating:	Hold

Overview & Current Events

Universal Corporation is the world's largest leaf tobacco exporter and importer. The company is the wholesale purchaser and processor of tobacco that operates between farms and the companies that manufacture cigarettes, pipe tobacco, and cigars. Universal Corporation was founded in 1886 and is headquartered in Richmond, Virginia. With 55 years of dividend increases, Universal Corporation is a Dividend King.

Universal Corporation reported worse-than-expected Q4 results, with the company's revenues, at \$715 million, coming in \$13 million below the consensus estimate. Revenues were still up on a year-over-year basis, however, with a small growth rate of 1.8%. Universal's cost of goods sold was up 5% versus one year earlier, rising more than its revenues, which pressured the company's profitability.

Universal's adjusted loss-per-share totaled \$0.46 during the fourth quarter, which was way worse compared to what the analyst community had expected. In all of fiscal 2026, Universal Corporation saw its earnings-per-share pull back by more than 40%, partially due to asset write-downs. The current year, fiscal 2027, should be considerably better than last year. Analysts are forecasting that the company will generate earnings-per-share of around \$4.30 this year, which would be a little below 2025's results but up more than 60% versus last year.

Growth on a Per-Share Basis

Year ¹	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	\$3.97	\$3.96	\$4.45	\$3.49	\$4.25	\$3.79	\$3.77	\$5.08	\$4.63	\$2.64	\$4.30	\$4.63
DPS	\$2.12	\$2.16	\$3.00	\$3.04	\$3.08	\$3.12	\$3.16	\$3.20	\$3.24	\$3.28	\$3.32	\$3.49
Shares²	24.9	25.1	25.1	24.8	24.7	24.7	24.8	24.7	24.9	25.0	25.0	24.5

Universal Corporation's earnings-per-share during fiscal 2025 were around 20% higher than the earnings-per-share that Universal generated during fiscal 2016, around one decade earlier. There were some ups and downs in Universal's earnings-per-share over that time frame, with a minor upward trend in place. Depending on factors such as weather, which impacts crops, there can be year-over-year declines from time to time. Overall, Universal grew its earnings-per-share by just around 2% per year over the last decade, which isn't very compelling.

As the leader in a declining industry, we do not expect the company to deliver strong business growth in the future, with some price increases over time being one of the few levers Universal can pull in the long run. The company's earnings-per-share could still rise over the next couple of years, however. Universal Corporation's shares trade at a moderate valuation based on the earnings and cash flows that the company generates, and Universal Corporation also does not need to invest large amounts of money into its business, as the industry is not experiencing any meaningful growth. This gives Universal Corporation the ability to utilize some of its free cash flows for share repurchases. There were years during which Universal's share count declined, although those declines were not overly consistent. We believe that an annual earnings-per-share growth rate in the low-single-digits is achievable for this tobacco corporation, with buybacks likely helping a little over the long run.

¹ Note: Universal Corporation's fiscal year ends on March 31. Example: Fiscal 2022 ended on March 31, 2022.

² In Millions

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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	16.3	16.0	13.0	12.6	13.9	15.3	14.1	10.0	12.1	20.1	12.1	13.0
Avg. Yld.	3.5%	3.4%	5.2%	6.9%	5.2%	5.4%	6.0%	6.3%	5.8%	6.2%	6.4%	5.8%

Universal Corporation has mostly been valued at a low-to-mid double-digits earnings multiple over the last decade. Today, shares trade at 12 times fiscal 2027's expected net profits. This is just below our fair value earnings multiple, we thus think that multiple expansion will make for a minor total return tailwind going forward. Shares offer a relatively generous dividend yield of 6.4% right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	53%	55%	67%	87%	72%	82%	84%	63%	70%	124%	77%	75%

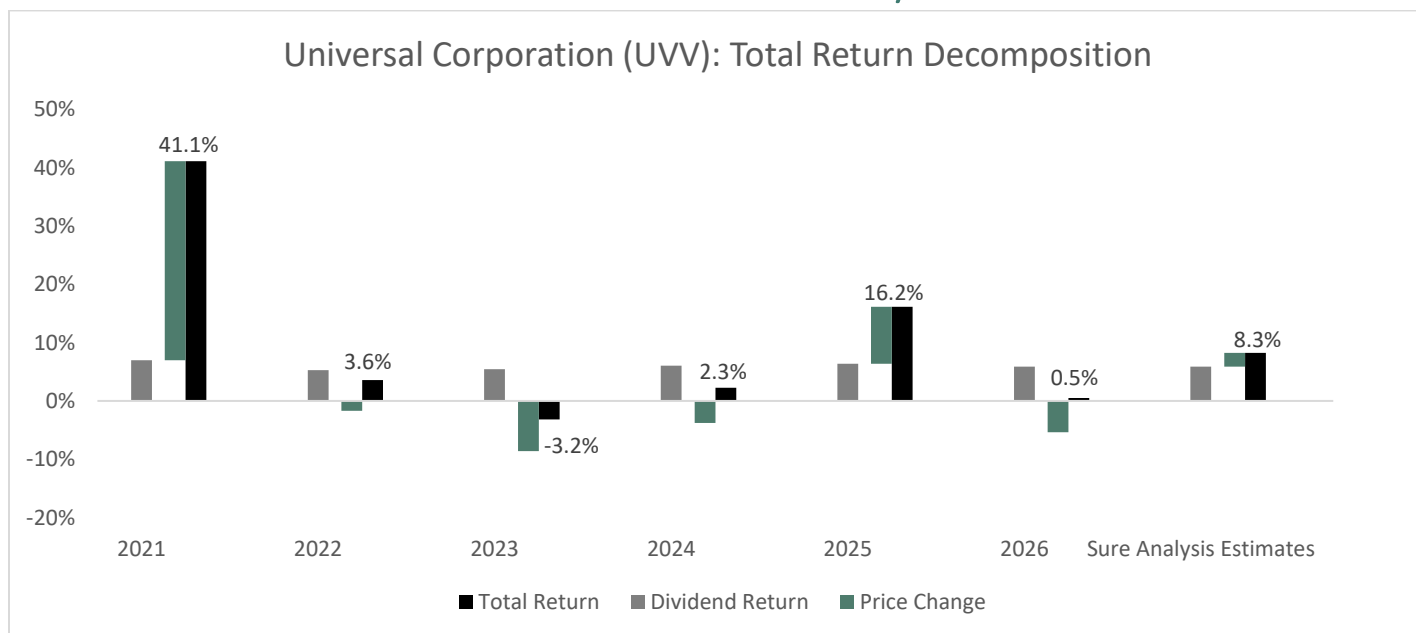
Universal Corporation's dividend payout ratio experienced considerable swings both up and down over the last decade. The dividend increase in 2019, which was the result of management's strategic review and which lifted Universal Corporation's dividend by more than 30%, has made the dividend payout ratio rise to a significantly higher level. 2026 was a year with a very high earnings payout ratio, but Universal did not cut its dividend. We believe that the dividend is reasonably safe right here, and dividend growth, at a slow pace, will likely continue.

Universal Corporation is active in an industry that has seen its peak. This means that its growth outlook on a company-wide basis isn't good. On the other hand, this means that there is no need for large investments, which results in relatively high free cash generation. The company does not have to worry about competition from new market entrants.

Final Thoughts & Recommendation

Universal Corporation does not have a very convincing long-term growth track record when it comes to profit growth, but the company should generate at least some earnings-per-share growth in the long run. Shareholders get an above-average dividend yield at current prices. Universal earns a hold recommendation today, since shares promise a solid but not great combination of dividend yield and total return potential right now.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,120	2,071	2,034	2,227	1,910	1,983	2,104	2,570	2,749	2,947
Gross Profit	407	395	372	407	357	386	409	458	536	549
Gross Margin	19.2%	19.1%	18.3%	18.3%	18.7%	19.5%	19.4%	17.8%	19.5%	18.6%
SG&A Exp.	227	212	201	225	223	220	241	277	311	305
D&A Exp.	37	36	35	37	38	45	53	57	58	60
Operating Profit	181	183	171	181	134	166	168	181	226	243
Operating Margin	8.5%	8.8%	8.4%	8.1%	7.0%	8.4%	8.0%	7.0%	8.2%	8.3%
Net Profit	109	106	106	104	72	87	87	124	120	95
Net Margin	5.1%	5.1%	5.2%	4.7%	3.8%	4.4%	4.1%	4.8%	4.4%	3.2%
Free Cash Flow	139	215	47	126	(24)	154	(8)	(65)	(141)	264
Income Tax	54	57	51	41	35	29	39	12	31	41

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,231	2,123	2,169	2,133	2,121	2,342	2,586	2,639	2,937	2,990
Cash & Equivalents	319	284	234	298	107	197	82	65	56	260
Accounts Receivable	431	442	379	399	352	368	390	402	525	626
Inventories	698	634	749	699	807	787	1,017	1,037	1,264	996
Goodwill & Int.	99	99	99	98	145	245	307	294	283	289
Total Liabilities	778	797	783	753	832	993	1,202	1,202	1,458	1,489
Accounts Payable	121	154	164	146	140	139	168	83	109	98
Long-Term Debt	435	428	415	423	447	619	701	812	1,035	640
Shareholder's Equity	1,203	1,286	1,342	1,337	1,247	1,307	1,341	1,397	1,437	1,459
LTD/E Ratio	0.31	0.33	0.31	0.32	0.36	0.47	0.52	0.58	0.72	0.44

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.9%	4.9%	4.9%	4.8%	3.4%	3.9%	3.5%	4.7%	4.3%	3.2%
Return on Equity	7.6%	7.6%	7.8%	7.5%	5.4%	6.6%	6.3%	8.8%	8.2%	6.5%
ROIC	5.9%	5.8%	5.9%	5.8%	4.1%	4.7%	4.3%	5.7%	5.0%	6.9%
Shares Out.	25.3	24.9	25.1	25.1	24.8	24.7	24.7	24.8	24.7	25.0
Revenue/Share	76.20	87.14	79.74	87.92	76.08	80.01	84.40	103.02	109.76	117.88
FCF/Share	5.01	9.03	1.85	4.96	(0.97)	6.22	(0.33)	(2.62)	(5.62)	10.56

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

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