Tootsie Roll Industries, Inc. (TR)

Updated August 3rd, 2026 by Prakash Kolli

Key Metrics

Current Price:	$39	**5 Year CAGR Estimate:**	5.4%	**Market Cap:**	$2.94B
Fair Value Price:	$42	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date[1]:**	10/07/26
% Fair Value:	92%	**5 Year Valuation Multiple Estimate:**	1.6%	**Dividend Payment Date[1]:**	10/16/26
Dividend Yield:	0.9%	**5 Year Price Target**	$49	**Years Of Dividend Growth:**	58
Dividend Risk Score:	A	**Sector:**	Consumer Staples	**Rating:**	Hold

Overview & Current Events

Tootsie Roll Industries, Inc. traces its roots to the late 1890's when its namesake product, the Tootsie Roll, was first created. Today, the company sells a wider variety of candy and gum products. Other well-known brands include DOTS, Junior Mints, Andes, Charms, Blow-Pops, Sugar Daddy, and Dubble Bubble. Tootsie Roll has a dual class share structure with the Chairwoman and CEO, Ellen R. Gordon owning approximately 48.7% of common stock and 69.1% of Class B shares, effectively giving her control of the company. Total revenue in 2025 was about $724.7M.

Tootsie Roll reported Q2 2026 results on July 22nd, 2026. Net sales were down 1% to $151.9M for the quarter versus $153.2M in the prior year. In the same period, net earnings fell to $13.3M compared to $17.5M. Diluted EPS declined to $0.18 per share from $0.23 on a year-over-year basis on lower sales and margins, increased trade promotions and advertising, but offset by a decreased tax rate.

Tootsie Roll had a difficult 2020 as retail operations, work routines, and impulse buying were disrupted by the COVID-19 pandemic. Indeed, restrictions on large gatherings limited group social events further affecting sales. However, as the economy slowly opened, Tootsie Roll's top and bottom lines recovered in 2023 before inflation affected margins. Although volumes and revenue declined in 2024, margins were higher because of lower freight costs and higher prices. Tariffs and inflation, particularly for cocoa and chocolate are currently impacting input cost and margins. Their prices are decreasing off their highs, but they are still elevated.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS[2]	$0.96	$0.90	$0.86	$0.96	$0.89	$0.97	$1.10	$1.32	$1.22	$1.37	***$1.41***	***$1.63***
DPS	$0.36	$0.36	$0.36	$0.36	$0.36	$0.36	$0.36	$0.36	$0.36	$0.36	***$0.36***	***$0.36***
Shares[3]	81.1	80.0	78.9	78.1	77.0	75.8	75.1	74.0	73.4	72.9	***72.2***	***68.6***

Tootsie Roll should achieve on average 3% earnings per share growth moving forward to 2031, mostly via small amounts of revenue growth driven by incremental product innovation and price increases. Influences on earnings per share growth include commodity input and freight cost inflation on the downside, and volume and price increases and operational efficiencies to the upside. Tariffs will likely impact cocoa, chocolate, and edible oil input costs.

Earnings per share growth will also benefit from ongoing share buybacks. The company has reduced share count by roughly 19 million shares since 2008. We expect the share count to decrease 1% on average annually.

The regular cash dividend was last increased in 2016 and is currently $0.36 per share. We are not expecting an increase of the regular cash dividend in the near future. But saying that, the payout ratio is only ~26% and there is room for an increase. The company issues a 3% stock dividend each year in addition to the regular dividend giving a ~4% effective yield if an investor sells the stock dividend annually.

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[1] Estimated date since Tootsie Roll has not yet announced the next distribution date.
[2] Earnings per share and dividend per share data are not adjusted for the 3% annual stock dividend.
[3] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	33.0	38.3	35.0	36.6	37.1	33.7	32.7	25.2	26.5	26.7	***27.7***	***30.0***
Avg. Yld.	1.0%	1.0%	1.2%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	***0.9%***	***0.7%***

Tootsie Roll's stock price is down slightly since our last report on lower revenue and earnings per share. We believe that a reasonable long-term multiple is 30X, lower than the trailing 10-year average, because of limited float and changing tastes to healthier options and smaller sizes. We have set our earnings estimate for 2026. Our fair value estimate is now $42. Our 5-year price target is now $49.

Safety, Quality, Competitive Advantage, & Recession Resiliency

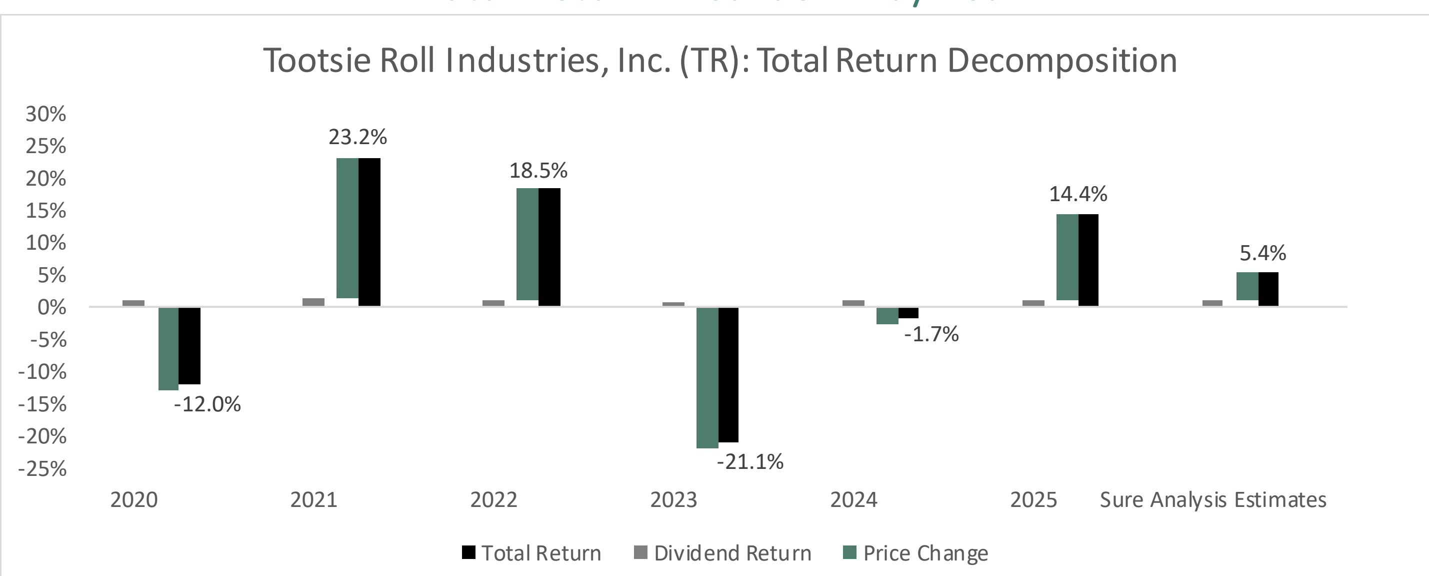
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	38%	40%	42%	38%	40%	37%	33%	27%	30%	26%	***26%***	***22%***

The company's competitive advantage is the brand strength of its core product, the Tootsie Roll, and its lack of direct competition given the uniqueness of the product. Some of the company's other brands are also well known. But saying that, Tootsie Roll tends to move slowly with product changes and growth initiatives. Also, 37% of sales are to three customers and the loss of one would adversely impact the firm. Tootsie Roll's balance sheet is very conservative. The company's long-term debt has been an industrial revenue bond for $7.5M since 2014. At end of Q1 2026, Tootsie Roll had $113.0M in cash and equivalents and $56.9M in short-term investments. Interest coverage is rock solid.

Final Thoughts & Recommendation

At present we are forecasting 5.4% total annualized return over the next five years from a dividend yield of 0.9%, 3% EPS growth, and 1.6% P/E multiple expansion. The stock traded at an elevated earnings multiple for years, but a falling share price and rising earnings reduced the valuation to the lowest ratio in years before bouncing back from its lows in 2025. The company continues to perform well, but higher cocoa and chocolate costs are impacting it. Tariffs may also increase input costs. Investors seeking safe yield may find it here with the combined cash and stock dividend of ~4%. We have maintained our 'hold' rating.

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	521	519	519	527	471	571	687	769	723	733
Gross Profit	199	192	188	197	170	199	233	257	253	260
Gross Margin	38.2%	37.0%	36.3%	37.4%	36.2%	34.8%	33.9%	33.4%	35.0%	35.5%
SG&A Exp.	108	121	118	128	112	132	122	155	153	158
D&A Exp.	20	19	19	19	18	18	18	18	18	19
Operating Profit	91	70	70	69	58	67	111	102	101	103
Operating Margin	17.5%	13.6%	13.6%	13.1%	12.4%	11.7%	16.2%	13.2%	13.9%	14.0%
Net Profit	68	81	57	65	59	65	76	92	87	100
Net Margin	13.0%	15.6%	11.0%	12.3%	12.5%	11.4%	11.1%	11.9%	12.0%	13.6%
Free Cash Flow	82	26	73	80	57	54	49	68	121	96
Income Tax	31	4	16	21	17	20	22	28	40	37

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	978	947	931	920	985	1019	1019	1084	1147	1254
Cash & Equivalents	139	111	96	119	167	106	53	76	139	177
Accounts Receivable	45	50	47	43	41	55	59	56	44	48
Inventories	59	55	55	58	60	56	84	95	78	75
Goodwill & Int. Ass.	248	248	248	248	248	248	248	248	248	248
Total Liabilities	218	197	197	209	221	250	236	261	277	313
Accounts Payable	13	12	12	10	13	15	25	16	13	16
Long-Term Debt	8	8	8	8	8	8	9	9	8	12
Shareholder's Equity	760	751	734	711	763	769	783	823	871	941
D/E Ratio	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.4%	8.7%	6.1%	6.7%	6.0%	6.5%	7.5%	8.7%	7.8%	8.3%
Return on Equity	9.6%	11.2%	7.7%	8.6%	7.7%	8.5%	9.8%	11.4%	10.3%	11.0%
ROIC	9.5%	11.1%	7.6%	8.5%	7.7%	8.4%	9.7%	11.3%	10.2%	10.9%
Shares Out.	69.6	68.6	69.0	67.0	66.3	69.5	70.9	71.9	73.5	75.1
Revenue/Share	7.67	7.53	7.62	7.82	6.88	8.22	9.69	10.70	9.85	9.76
FCF/Share	1.21	0.38	1.08	1.19	0.83	0.78	0.69	0.94	1.65	1.28

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