Universal Corporation (UVV)

Updated August 27th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$47	**5 Year CAGR Estimate:**	6.8%	**Market Cap:**	$1.2B
Fair Value Price:	$42	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	10/12/26
% Fair Value:	113%	**5 Year Valuation Multiple Estimate:**	-2.4%	**Dividend Payment Date:**	11/02/26
Dividend Yield:	7.1%	**5 Year Price Target**	$48	**Years Of Dividend Growth:**	56
Dividend Risk Score:	D	**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 fiscal Q1 results, with the company's revenues, at $524 million, coming in a hefty $63 million below the consensus estimate. Revenues were down on a year-over-year basis, with a decline of 11.8%. Universal's cost of goods sold was down versus one year earlier, but did not decline enough to offset the headwinds from lower revenues entirely.

Universal's adjusted loss-per-share totaled $0.20 during the first 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%. The current year, fiscal 2027, should be considerably better than last year, however: While the start to the year has been far from great, analysts are forecasting that the company will generate earnings-per-share of around $3.20 this year on the back of a recovery during the coming quarters.

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	***$3.20***	***$3.71***
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***
Shares[2]	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 2026 were lower than the earnings-per-share that Universal generated during fiscal 2017, 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 up until 2025. Depending on factors such as weather, which impacts crops, there can be year-over-year declines from time to time. Backing out the weak result in 2026, Universal delivered some minor earnings growth in the long run.

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

Universal Corporation (UVV)

Updated August 27th, 2026 by Jonathan Weber

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	***14.7***	***13.0***
Avg. Yld.	3.5%	3.4%	5.2%	6.9%	5.2%	5.4%	6.0%	6.3%	5.8%	6.2%	***7.1%***	***7.2%***

Universal Corporation has mostly been valued at a low-to-mid double-digits earnings multiple over the last decade. Today, shares trade at close to 15 times fiscal 2027's expected net profits. This is above our fair value earnings multiple, we thus think that multiple compression will make for a total return headwind going forward. Shares offer a relatively generous dividend yield of around 7% 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%	***104%***	***94%***

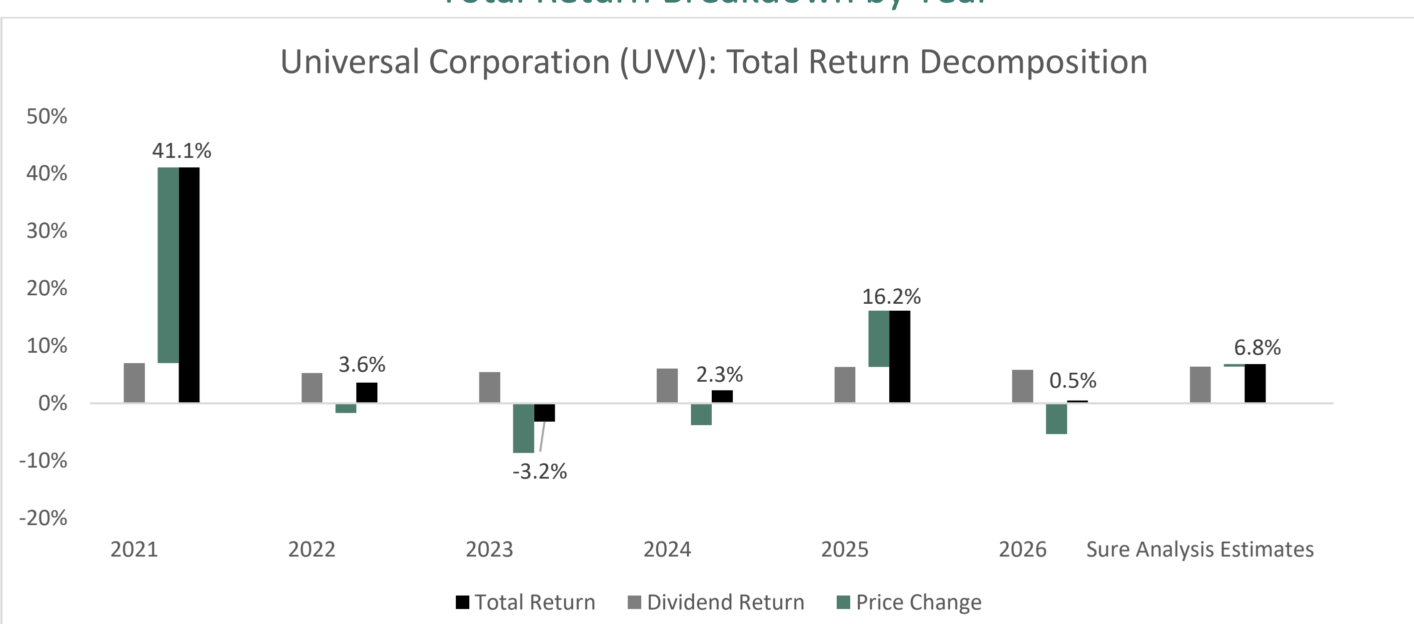
Universal Corporation's dividend payout ratio experienced considerable swings both up and down over the last decade. The dividend increase in 2019, which was the result of management's strategic review and which lifted Universal Corporation's dividend by more than 30%, has made the dividend payout ratio rise to a significantly higher level. 2026 was a year with a very high earnings payout ratio, but Universal did not cut its dividend. The dividend payout ratio for this year is pretty high, too, but we think there is a good chance that the dividend will be maintained nevertheless.

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



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.

Universal Corporation (UVV)

Updated August 27th, 2026 by Jonathan Weber

Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	2,071	2,034	2,227	1,910	1,983	2,104	2,570	2,749	2,947	2,924
Gross Profit	395	372	407	357	386	409	458	536	549	512
Gross Margin	19.1%	18.3%	18.3%	18.7%	19.5%	19.4%	17.8%	19.5%	18.6%	17.5%
SG&A Exp.	212	201	225	223	220	241	277	311	305	301
D&A Exp.	36	35	37	38	45	53	57	58	60	53
Operating Profit	183	171	181	134	166	168	181	226	243	211
Operating Margin	8.8%	8.4%	8.1%	7.0%	8.4%	8.0%	7.0%	8.2%	8.3%	7.2%
Net Profit	106	106	104	72	87	87	124	120	95	33
Net Margin	5.1%	5.2%	4.7%	3.8%	4.4%	4.1%	4.8%	4.4%	3.2%	1.1%
Free Cash Flow	215	47	126	(24)	154	(8)	(65)	(141)	264	80
Income Tax	57	51	41	35	29	39	12	31	41	47

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	2,123	2,169	2,133	2,121	2,342	2,586	2,639	2,937	2,990	2,767
Cash & Equivalents	284	234	298	107	197	82	65	56	260	62
Accounts Receivable	442	379	399	352	368	390	402	525	626	564
Inventories	634	749	699	807	787	1,017	1,037	1,264	996	1,036
Goodwill & Int.	99	99	98	145	245	307	294	283	289	254
Total Liabilities	797	783	753	832	993	1,202	1,202	1,458	1,489	1,306
Accounts Payable	154	164	146	140	139	168	83	109	98	90
Long-Term Debt	428	415	423	447	619	701	812	1,035	640	641
Shareholder's Equity	1,286	1,342	1,337	1,247	1,307	1,341	1,397	1,437	1,459	1,415
LTD/E Ratio	0.33	0.31	0.32	0.36	0.47	0.52	0.58	0.72	0.44	0.51

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	4.9%	4.9%	4.8%	3.4%	3.9%	3.5%	4.7%	4.3%	3.2%	1.1%
Return on Equity	7.6%	7.8%	7.5%	5.4%	6.6%	6.3%	8.8%	8.2%	6.5%	2.3%
ROIC	5.8%	5.9%	5.8%	4.1%	4.7%	4.3%	5.7%	5.0%	6.9%	4.6%
Shares Out.	24.9	25.1	25.1	24.8	24.7	24.7	24.8	24.7	25.0	25.2
Revenue/Share	87.14	79.74	87.92	76.08	80.01	84.40	103.0	109.8	117.8	116.2
FCF/Share	9.03	1.85	4.96	(0.97)	6.22	(0.33)	(2.62)	(5.62)	10.56	3.19

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