



# The Marzetti Company (MZTI)

Updated September 9<sup>th</sup>, 2026, by Josh Arnold

## Key Metrics

|                             |       |                                            |                  |                                  |          |
|-----------------------------|-------|--------------------------------------------|------------------|----------------------------------|----------|
| <b>Current Price:</b>       | \$104 | <b>5 Year CAGR Estimate:</b>               | 15.8%            | <b>Market Cap:</b>               | \$2.9 B  |
| <b>Fair Value Price:</b>    | \$176 | <b>5 Year Growth Estimate:</b>             | 2.0%             | <b>Ex-Dividend Date:</b>         | 09/08/26 |
| <b>% Fair Value:</b>        | 59%   | <b>5 Year Valuation Multiple Estimate:</b> | 11.0%            | <b>Dividend Payment Date:</b>    | 09/30/26 |
| <b>Dividend Yield:</b>      | 3.8%  | <b>5 Year Price Target</b>                 | \$194            | <b>Years Of Dividend Growth:</b> | 63       |
| <b>Dividend Risk Score:</b> | A     | <b>Sector:</b>                             | Consumer Staples | <b>Rating:</b>                   | Hold     |

## 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 \$2.9 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.

Marzetti posted fourth quarter and full-year earnings on August 25<sup>th</sup>, 2026, and results were mixed once again as the company continues to struggle. Adjusted earnings-per-share came to \$1.46, which was six cents ahead of estimates. However, revenue was off 2.2% year-over-year to \$465 million, badly missing estimates by \$11 million. The company had a temporary supply agreement with Winland Foods that concluded earlier in 2026, so excluding that, sales would have increased fractionally in Q4.

The company noted that cost inflation in Q4 was offset by gross profit growth, which was driven by procurement, manufacturing, and distribution efficiencies.

Operating cash flow was \$284 million for the year, with payments for property additions totaling \$78 million. For fiscal 2027, Marzetti is forecasting capex of \$90 million. The company ended the year with just under \$200 million of long-term debt resulting from the Bachan's acquisition with an effective interest rate of 4.8%. Marzetti spent \$36.3 million in share repurchases during the year.

The company noted fiscal 2026 ended with record highs in net sales, gross profit, and operating income, and noted that it was the fourth consecutive year of record highs for sales and gross profit. Investors were unimpressed, however, and sold the stock to new lows.

We start the year with \$6.75 in adjusted earnings-per-share as weak demand persists for Marzetti and we don't see a path to sustainable growth at the moment.

## Growth on a Per-Share Basis

| Year                      | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027          | 2032          |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| <b>EPS</b>                | \$4.20 | \$4.92 | \$5.46 | \$4.97 | \$5.05 | \$4.38 | \$4.76 | \$6.19 | \$6.72 | \$6.83 | <b>\$6.75</b> | <b>\$7.45</b> |
| <b>DPS</b>                | \$2.15 | \$2.40 | \$2.55 | \$2.75 | \$3.00 | \$3.15 | \$3.40 | \$3.55 | \$3.80 | \$4.00 | <b>\$4.00</b> | <b>\$4.87</b> |
| <b>Shares<sup>1</sup></b> | 27     | 28     | 28     | 28     | 28     | 28     | 28     | 28     | 28     | 27     | <b>27</b>     | <b>27</b>     |

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 2% 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

<sup>1</sup> Share count in millions

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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 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 has become a strong income stock with the stock trading near its lows. The company raised the dividend in November 2025 for the 63<sup>rd</sup> consecutive year, a streak we expect to continue indefinitely.

## Valuation Analysis

| Year      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Now  | 2032 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E  | 31.2 | 31.4 | 28.8 | 30.0 | 35.0 | 29.4 | 42.2 | 30.5 | 25.7 | 16.7 | 15.4 | 26.0 |
| Avg. Yld. | 1.3% | 1.3% | 1.4% | 1.7% | 2.2% | 2.8% | 2.8% | 3.5% | 2.2% | 3.5% | 3.8% | 2.5% |

The stock's price-to-earnings ratio has spent the past few years generally around 30, but given the company's exposure to restaurants and its resulting weak sales growth prospects, we see fair value at 26 times earnings. Today, shares trade for just 15.7 times our fiscal 2027 earnings estimate, so we see it as extremely undervalued for now.

We see the yield moving lower over time on a higher valuation. The yield is as high as it's ever been currently.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year   | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2032 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 51%  | 49%  | 47%  | 55%  | 59%  | 72%  | 71%  | 57%  | 57%  | 59%  | 59%  | 65%  |

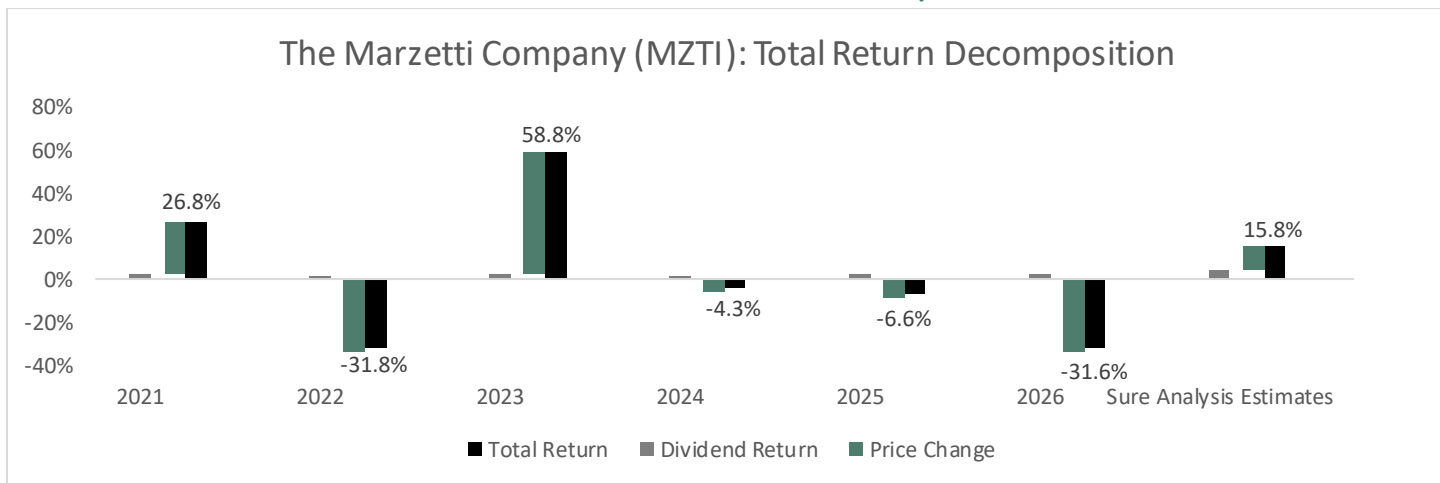
Marzetti's payout should remain near where it is today as dividend growth roughly matches earnings growth. Given its Dividend King status, we know the payout is important to management and the dividend is safe.

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 15.8% over the next five years, comprised of 2% growth rate, a 3.8% dividend yield, and an 11% tailwind from the valuation. We are at a hold rating on low growth.

## 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   | 230   |
| 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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