

# SIMPSON MFG. CO. NYSE:SSD

RECENT PRICE **90.61** P/E RATIO **19.7** (Trailing: 21.5; Median: 26.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **1.0%** VALUE LINE **1120**

**TIMELINESS** 3 Lowered 12/18/20  
**SAFETY** 3 New 4/4/08  
**TECHNICAL** 2 Raised 12/18/20  
**BETA** 1.15 (1.00 = Market)

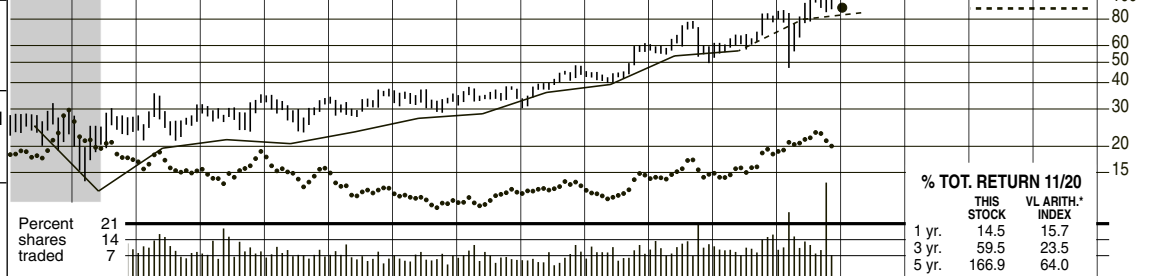
High: 30.2 35.6 35.2 35.1 37.5 37.3 38.4 48.4 61.6 78.4 85.4 104.3  
 Low: 13.6 21.2 23.4 23.2 27.5 28.8 31.2 30.3 39.8 49.5 52.5 47.0

LEGENDS  
 — 14.5 x "Cash Flow" p sh  
 ..... Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

**18-Month Target Price Range**  
 Low-High Midpoint (% to Mid)  
 \$68-\$163 \$116 (25%)

**2023-25 PROJECTIONS**  
 Price Gain Ann'l Total  
 High Low 135 90 (+50%) (Nil) 11% 1%  
 137 148 133  
 Hld's(000) 40439 38588 38800

**Institutional Decisions**  
 10/2020 20/2020 30/2020  
 to Buy 139 123 126  
 to Sell 137 148 133  
 Hld's(000) 40439 38588 38800



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
14.56	17.51	17.83	16.82	15.45	11.88	11.09	12.49	13.57	14.50	15.36	16.48	18.14	20.90	23.97	25.71	<b>29.45</b>	<b>32.00</b>	Sales per sh	<b>37.80</b>
2.09	2.50	2.62	1.99	.84	1.35	1.48	1.42	1.61	1.87	1.97	2.48	2.70	3.69	3.90	<b>5.50</b>	<b>5.95</b>	"Cash Flow" per sh	<b>6.65</b>	
1.67	2.02	2.10	1.40	1.10	.25	.91	1.04	.87	1.05	1.29	1.37	1.86	1.93	2.77	2.98	<b>4.35</b>	<b>4.65</b>	Earnings per sh <sup>A</sup>	<b>5.15</b>
.20	.23	.32	.40	.40	.40	.40	.50	.63	.38	.55	.60	.70	.78	.86	.90	<b>.92</b>	<b>.92</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>1.45</b>
.96	.88	1.06	.74	.33	.31	.57	.54	.45	.35	.48	.71	.89	1.24	.65	.74	<b>.80</b>	<b>.85</b>	Cap'l Spending per sh	<b>.95</b>
9.66	11.55	13.49	14.89	15.30	15.51	15.72	15.70	16.31	17.27	17.63	17.64	18.25	18.93	19.01	20.18	<b>22.40</b>	<b>26.15</b>	Book Value per sh <sup>C</sup>	<b>30.25</b>
47.93	48.32	48.41	48.58	48.97	49.26	50.11	48.31	48.42	48.71	48.97	48.18	47.44	46.75	45.00	44.21	<b>43.50</b>	<b>43.00</b>	Common Shs Outst'g <sup>D</sup>	<b>43.00</b>
16.8	17.0	16.2	22.5	23.0	NMF	29.4	27.8	34.6	30.3	25.8	25.7	21.5	24.0	22.4	22.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	<b>22.0</b>
.89	.91	.87	1.19	1.38	NMF	1.87	1.74	2.20	1.70	1.36	1.29	1.13	1.21	1.21	1.21			Relative P/E Ratio	<b>1.20</b>
.7%	.7%	.9%	1.3%	1.6%	1.7%	1.5%	1.7%	2.1%	1.2%	1.6%	1.7%	1.8%	1.7%	1.4%	1.2%			Avg Ann'l Div'd Yield	<b>1.3%</b>

**CAPITAL STRUCTURE as of 9/30/20**  
 Total Debt None  
 Leases, Uncapitalized: Annual rentals \$35.4 mill.  
 No Defined Benefit Pension Plan  
 Preferred Stock None  
 Common Stock 43,421,469 shares as of 11/2/20  
 MARKET CAP: \$3.9 billion (Mid Cap)

555.5	603.4	657.2	706.3	752.1	794.1	860.7	977.0	1078.8	1136.5	<b>1280</b>	<b>1375</b>	Sales (\$mill)	<b>1625</b>
18.5%	16.0%	13.9%	15.7%	16.9%	17.1%	19.4%	17.7%	19.3%	18.8%	<b>21.0%</b>	<b>21.0%</b>	Operating Margin	<b>21.0%</b>
22.9	20.8	26.9	27.5	27.9	26.8	27.9	33.7	39.4	38.4	<b>50.0</b>	<b>55.0</b>	Depreciation (\$mill)	<b>65.0</b>
44.8	50.9	41.9	51.0	63.5	67.9	89.7	92.6	126.6	134.0	<b>190</b>	<b>200</b>	Net Profit (\$mill)	<b>220</b>
42.6%	35.4%	32.3%	37.5%	36.0%	37.5%	35.4%	35.9%	26.4%	24.9%	<b>24.0%</b>	<b>24.0%</b>	Income Tax Rate	<b>23.0%</b>
8.1%	8.4%	6.4%	7.2%	8.4%	8.5%	10.4%	9.5%	11.7%	11.8%	<b>14.8%</b>	<b>14.5%</b>	Net Profit Margin	<b>13.6%</b>
511.7	430.5	402.6	464.9	509.8	494.3	476.5	447.4	447.9	482.0	<b>550</b>	<b>585</b>	Working Cap'l (\$mill)	<b>650</b>
--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Long-Term Debt (\$mill)	<b>Nil</b>
787.8	758.4	789.6	841.3	863.5	849.8	865.8	884.8	855.5	892.0	<b>975</b>	<b>1125</b>	Shr. Equity (\$mill)	<b>1300</b>
5.7%	6.7%	5.3%	6.1%	7.4%	8.0%	10.4%	10.5%	14.8%	15.0%	<b>19.5%</b>	<b>18.0%</b>	Return on Total Cap'l	<b>17.0%</b>
5.7%	6.7%	5.3%	6.1%	7.4%	8.0%	10.4%	10.5%	14.8%	15.0%	<b>19.5%</b>	<b>18.0%</b>	Return on Shr. Equity	<b>17.0%</b>
3.2%	3.6%	1.5%	3.9%	4.4%	4.5%	6.6%	6.3%	10.1%	10.5%	<b>15.5%</b>	<b>14.5%</b>	Retained to Com Eq	<b>12.0%</b>
44%	46%	72%	36%	41%	43%	36%	40%	32%	30%	<b>21%</b>	<b>20%</b>	All Div'ds to Net Prof	<b>28%</b>

CURRENT POSITION	2018	2019	9/30/20
Cash Assets	160.2	230.2	311.5
Receivables	146.1	139.4	226.4
Inventory (LIFO)	276.1	251.9	260.1
Other	17.1	19.4	22.4
Current Assets	599.5	640.9	820.4
Accts Payable	34.4	33.4	42.3
Debt Due	--	--	--
Other	117.2	125.5	148.9
Current Liabilities	151.6	158.9	191.2

**BUSINESS:** Simpson Manufacturing Co., Inc., through its subsidiary, Simpson Strong-Tie Company, designs, engineers, and manufactures structural connectors, anchors, and other products for new constr. and retrofitting. It is the leading structural connector manufacturer in the U.S. and Europe. SSD operates in the residential and commercial constr., remodeling, and DIY markets. Acquired

S&P Clever in Jan. 2012 and Automatic Stamping, LLC and Fox Industries in Dec. 2011. Off./dir. own less than .5% of com. stk.; Vanguard Group, 9.6%; BlackRock, 14.2% (3/20 proxy). Has 2,647 empl. Chrmn.: Perter N. Louras, Jr. Pres. & CEO: Karen Colonias, Inc.: DE. Address: 5956 W. Las Positas Blvd., Pleasanton, CA 94588. Telephone: 925-560-9000. Internet: www.simpsonmfg.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19
change (per sh)	10 Yrs.	5 Yrs.	to '23-'25
Sales	5.0%	10.0%	8.0%
"Cash Flow"	8.5%	16.0%	11.5%
Earnings	11.0%	19.0%	12.5%
Dividends	8.0%	10.5%	9.5%
Book Value	2.5%	2.5%	7.5%

**Simpson Manufacturing offers plenty to get excited about at the moment.** For starters, the structural connector manufacturer delivered exceptional third-quarter financial results. Revenues increased 18% year over year, to \$364 million, supported by noteworthy volume growth. A significant rise in product demand was driven by a broad-based uptick in residential remodeling activity, strong domestic housing starts, and reduced COVID-19 restrictions in parts of Europe. Too, Simpson's top line also benefited from the return of home improvement giant Lowe's as a customer. On the profit front, Simpson handily topped consensus estimates, earning \$1.54 a share in the September period, up 59% from the previous-year tally. The gain can be attributed to healthy gross margin expansion and strict cost control measures.

**Long-term business prospects are encouraging, and should rapidly accelerate once the global health crisis is in the rearview mirror.** Simpson's European operations hold plenty of promise, as pent-up demand ought to surge in conjunction with recovering global economies. In the U.S., attractive mortgage rates, robust suburban homebuilding, and a resilient renovation market are apt to keep volumes moving in the right direction. Lastly, strategic bolt-on acquisitions should nicely supplement organic growth. **But, despite the company's strong operating prospects and our increasingly bullish stance on financial growth, Simpson stock does not presently stand out.** The issue is neutrally ranked (Timeliness: 3) for relative year-ahead price performance. Too, at the recent quotation, capital gains potential three to five years out is underwhelming. That said, interested buy-and-hold subscribers would be wise to keep this one on their watchlists should the price decline further.

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	219.8	263.0	262.5	231.7	977.0
2018	244.8	308.0	284.2	241.8	1078.8
2019	259.2	304.9	309.9	262.5	1136.5
2020	283.7	326.1	364.3	<b>305.9</b>	<b>1280</b>
2021	<b>315</b>	<b>350</b>	<b>375</b>	<b>335</b>	<b>1375</b>

**We are boosting our financial projections, yet again.** For the current year, we now look for revenues and earnings of \$1.28 billion and \$4.35 a share, up \$80 million and \$0.60 from our previous calls, respectively. Likewise, we are adding \$90 million to our 2021 top-line outlook, to

\$1.38 billion, and \$0.30 to our share-net forecast, to \$4.65. **But, despite the company's strong operating prospects and our increasingly bullish stance on financial growth, Simpson stock does not presently stand out.** The issue is neutrally ranked (Timeliness: 3) for relative year-ahead price performance. Too, at the recent quotation, capital gains potential three to five years out is underwhelming. That said, interested buy-and-hold subscribers would be wise to keep this one on their watchlists should the price decline further.

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	.48	.59	.59	.27	1.93
2018	.54	.94	.95	.34	2.77
2019	.50	.88	.97	.63	2.98
2020	.83	1.22	1.54	.76	<b>4.35</b>
2021	<b>.95</b>	<b>1.35</b>	<b>1.45</b>	<b>.90</b>	<b>4.65</b>

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	.16	.18	.18	.18	.70
2017	.18	.18	.21	.21	.78
2018	.21	.21	.22	.22	.86
2019	.22	.22	.23	.23	.90
2021	.23	.23	.23	.23	

(A) May not sum due to rounding. Next earnings report due in early February. (B) Dividends historically paid in early January, April, July, and October. Extra regular dividend payment in Q4 '12, \$0.125 a share. (C) Includes intangible assets. In 2019: \$157.0 million, \$3.55 a share. (D) In millions.

Company's Financial Strength		B++
Stock's Price Stability		70
Price Growth Persistence		55
Earnings Predictability		85

**To subscribe call 1-800-VALUELINE**

Nicholas P. Patrikis December 18, 2020