

# TheStreet Quant Ratings

## GRIFFON CORP

BUY						HOLD			SELL								BUY	RATING SINCE		11/27/2023
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F	TARGET PRICE		 \$91.98		
Annual Dividend Rate \$0.60				Annual Dividend Yield 0.85%			Beta 1.38			Market Capitalization \$3.5 Billion				52-Week Range \$25.97-\$72.13				Price as of 3/14/2024 \$70.08		

Sector: **Manufacturing** | Industry Group: **Cutlery and Handtool Manufacturing**

### GFF BUSINESS DESCRIPTION

Griffon Corporation, through its subsidiaries, provides consumer and professional, and home and building products in the United States, Europe, Canada, Australia, and internationally. The company operates through two segments: Home and Building Products, and Consumer and Professional Products.

### STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	24.99	122.69	36.77

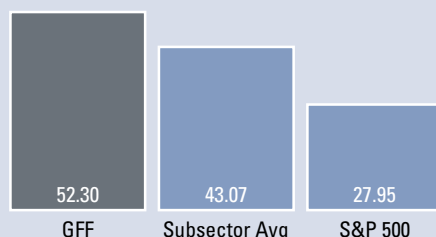
### GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-0.96	-7.82	3.72
Net Income	-13.40	143.84	-0.57
EPS	-6.82	126.69	-1.68

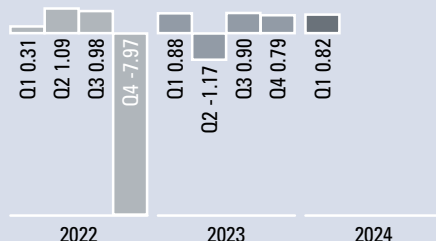
### RETURN ON EQUITY (%)

	GFF	Subsector Avg	S&P 500
Q1 2024	24.94	19.34	17.66
Q1 2023	-48.54	15.26	19.00
Q1 2022	7.58	16.91	18.28

### P/E COMPARISON



### EPS ANALYSIS' (\$)

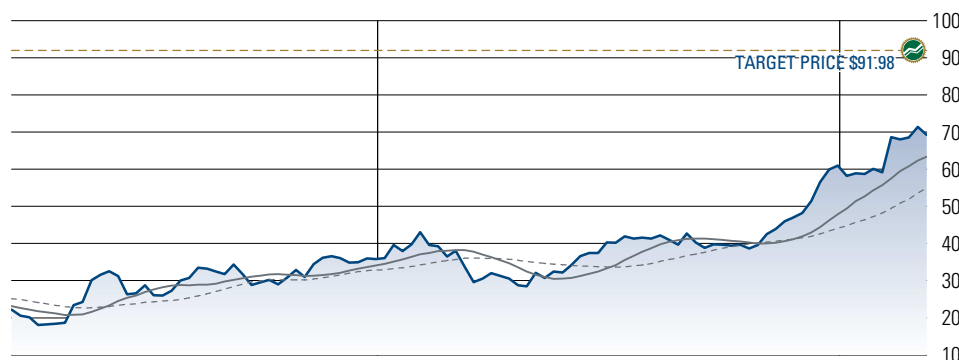


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

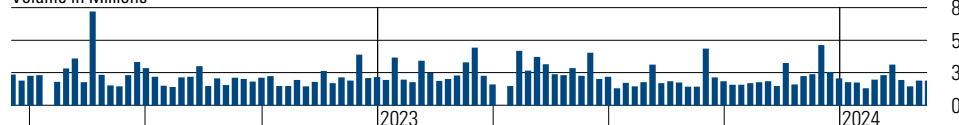
1 Year | 2 Years



### Rating History



### Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

### RECOMMENDATION

We rate GRIFFON CORP (GFF) a BUY. This is driven by a few notable strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its notable return on equity, good cash flow from operations, expanding profit margins and solid stock price performance. We feel its strengths outweigh the fact that the company has had sub par growth in net income.

### HIGHLIGHTS

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Fabricated Metal Product Manufacturing subsector and the overall market, GRIFFON CORP's return on equity exceeds that of both the subsector average and the S&P 500.

Net operating cash flow has significantly increased by 94.66% to \$143.13 million when compared to the same quarter last year. In addition, GRIFFON CORP has also vastly surpassed the subsector average cash flow growth rate of 17.01%.

40.29% is the gross profit margin for GRIFFON CORP which we consider to be strong. It has increased from the same quarter the previous year. Regardless of the strong results of the gross profit margin, the net profit margin of 6.55% trails the subsector average.

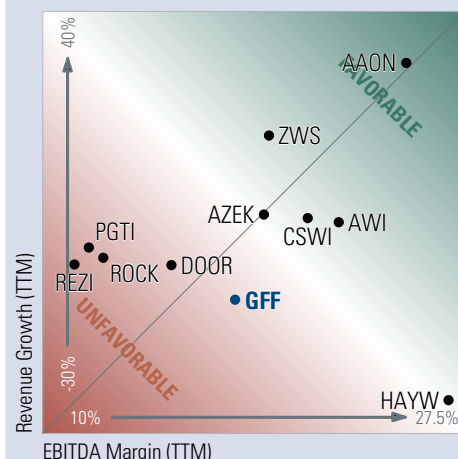
Compared to its closing price of one year ago, GFF's share price has jumped by 122.68%, exceeding the performance of the broader market during that same time frame. Looking ahead, the stock's sharp rise over the last year has already helped drive it to a level which is relatively expensive compared to the rest of its subsector. We feel, however, that other strengths this company displays justify these higher price levels.

GRIFFON CORP's earnings per share declined by 6.8% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, GRIFFON CORP turned its bottom line around by earning \$1.40 versus -\$5.59 in the prior year. This year, the market expects an improvement in earnings (\$4.51 versus \$1.40).

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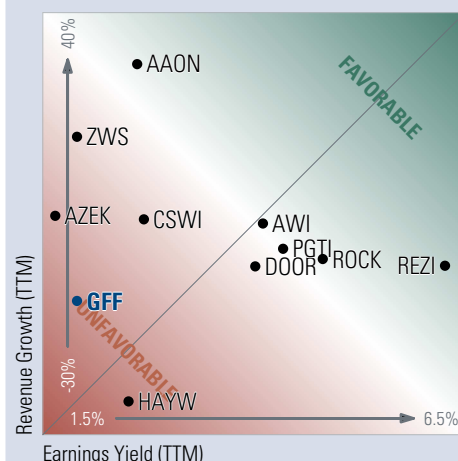
**GRIFFON CORP**
**Sector: Manufacturing | Cutlery and Handtool Manufacturing**

Annual Dividend Rate <b>\$0.60</b>	Annual Dividend Yield <b>0.85%</b>	Beta <b>1.38</b>	Market Capitalization <b>\$3.5 Billion</b>	52-Week Range <b>\$25.97-\$72.13</b>	Price as of 3/14/2024 <b>\$70.08</b>
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**PEER GROUP ANALYSIS**
**REVENUE GROWTH AND EBITDA MARGIN\***


Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$2.3 Billion and \$7 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

**REVENUE GROWTH AND EARNINGS YIELD**


Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -24.5% and 31.5%. Companies with NA or NM values do not appear.

**SUBSECTOR ANALYSIS**

GRIFFON CORP falls within the Manufacturing sector and the Cutlery and Handtool Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Saw Blade and Handtool Manufacturing .

TheStreet Quant Ratings is currently tracking 2221 companies in the Manufacturing sector that total around \$29,922 billion in market capitalization as well as \$10,681 billion in annual sales.

The Fabricated Metal Product Manufacturing subsector accounts for 1.3% of those revenues.

Industries in the Fabricated Metal Product Manufacturing subsector transform metal into intermediate or end products, other than machinery, computers and electronics, and metal furniture, or treat metals and metal formed products fabricated elsewhere. Important fabricated metal processes are forging, stamping, bending, forming, and machining, used to shape individual pieces of metal; and other processes, such as welding and assembling, used to join separate parts together. Establishments in this subsector may use one of these processes or a combination of these processes. The NAICS structure for this subsector distinguishes the forging and stamping processes in a single industry. The remaining industries in the subsector group establishments based on similar combinations of processes used to make products. The manufacturing performed in the Fabricated Metal Product Manufacturing subsector begins with manufactured metal shapes. The establishments in this subsector further fabricate the purchased metal shapes into a product. For instance, the Spring and Wire Product Manufacturing industry starts with wire and fabricates such items. Within the Manufacturing sector there are other establishments that make the same products made by this subsector; only these establishments begin production further back in the production process. These establishments have a more integrated operation. For instance, one establishment may manufacture steel, draw it into wire, and make wire products in the same establishment. Such operations are classified in the Primary Metal Manufacturing subsector.

**PEER GROUP: Fabricated Metal Product Manufacturing**

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>GFF</b>	<b>GRIFFON CORP</b>	<b>70.08</b>	<b>3,465</b>	<b>52.30</b>	<b>2,678.95</b>	<b>71.09</b>
AZEK	AZEK COMPANY INC (THE)	47.90	6,985	60.63	1,394.50	119.51
AAON	AAON INC	81.30	6,633	38.11	1,168.52	177.62
ZWS	ZURN ELKAY WATER SOLUTI CORP	31.36	5,394	52.27	1,530.50	112.70
AWI	ARMSTRONG WORLD INDUSTRIE	121.54	5,324	24.31	1,295.20	223.80
CSWI	CSW INDUSTRIALS INC	231.04	3,589	37.09	777.67	96.95
REZI	RESIDEO TECHNOLOGIES	22.65	3,291	15.95	6,242.00	210.00
HAYW	HAYWARD HOLDINGS INC	14.26	3,056	39.61	992.45	80.69
DOOR	MASONITE INTERNATIONAL COR	131.00	2,879	24.86	2,830.70	118.23
PGTI	PGT INNOVATIONS INC	41.88	2,398	23.01	1,504.24	109.04
ROCK	GIBALTAR INDUSTRIES INC	74.48	2,267	20.75	1,377.74	110.53

The peer group comparison is based on Major Fabricated Metal Product Manufacturing companies of comparable size.

# TheStreet Quant Ratings

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**COMPANY DESCRIPTION**

Griffon Corporation, through its subsidiaries, provides consumer and professional, and home and building products in the United States, Europe, Canada, Australia, and internationally. The company operates through two segments: Home and Building Products, and Consumer and Professional Products. The Home and Building Products segment manufactures and markets residential and commercial sectional garage doors, rolling steel service doors, fire doors, shutters, steel security grilles, and room dividers for the use in commercial construction and repair, and home remodeling applications. The segment also sells related products, such as garage door openers. The Consumer and Professional Products segment manufactures and markets long-handled engineered tools, including spades, hoes, cultivators, weeders, post hole diggers, scrapers, edgers and forks; wheelbarrows and lawn carts; snow tools comprising pushers, roof rakes, sled sleigh shovels, scoops, and ice scrapers; and pruning products, such as pruners, loppers, shears, and other tools. The segment also offers striking tools, including axes, picks, mattocks, mauls, wood splitters, sledgehammers, pry bars, and repair handles; traditional and gardening hand tools comprising hammers, screwdrivers, pliers, adjustable wrenches, handsaws, tape measures, levels, clamps, trowels, cultivators, weeders, and other hand tools; indoor and outdoor planters and lawn accessories; and garden hoses and hose reels. In addition, the segment provides home organization products, including wire and wood shelving, containers, storage cabinets, and other closet and home organization accessories; residential, industrial, and commercial fans; and cleaning products, such as brooms, brushes, squeegees, and other cleaning products. The company was formerly known as Instrument Systems Corporation and changed its name to Griffon Corporation in June 1992. Griffon Corporation was founded in 1774 and is headquartered in New York, New York.

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**STOCK-AT-A-GLANCE**

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of GFF shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>3.0 out of 5 stars</b>	★	★	★	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, GFF has a growth score better than 50% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 90% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 40% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>4.5 out of 5 stars</b>	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 80% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 40% of the companies we analyze.		weak				strong
<b>Income</b>	<b>3.5 out of 5 stars</b>	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.		weak				strong

**THESTREET QUANT RATINGS RESEARCH METHODOLOGY**

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

# TheStreet Quant Ratings

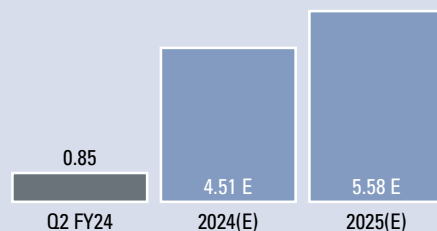
## GRIFFON CORP

### Sector: Manufacturing | Cutlery and Handtool Manufacturing

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#### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



#### INCOME STATEMENT

	Q1 FY24	Q1 FY23
Net Sales (\$mil)	643.15	649.38
EBITDA (\$mil)	115.72	107.95
EBIT (\$mil)	100.90	90.84
Net Income (\$mil)	42.18	48.70

#### BALANCE SHEET

	Q1 FY24	Q1 FY23
Cash & Equiv. (\$mil)	110.55	120.63
Total Assets (\$mil)	2,393.31	2,777.24
Total Debt (\$mil)	1,625.93	1,712.47
Equity (\$mil)	285.02	526.85

#### PROFITABILITY

	Q1 FY24	Q1 FY23
Gross Profit Margin	40.29%	37.99%
EBITDA Margin	17.99%	16.62%
Operating Margin	15.69%	13.99%
Sales Turnover	1.12	1.05
Return on Assets	2.97%	-5.83%
Return on Equity	24.94%	-48.54%

#### DEBT

	Q1 FY24	Q1 FY23
Current Ratio	2.46	3.03
Debt/Capital	0.85	0.76
Interest Expense	25.30	24.65
Interest Coverage	3.99	3.69

#### SHARE DATA

	Q1 FY24	Q1 FY23
Shares outstanding (mil)	51	57
Div / share	0.15	0.10
EPS	0.82	0.88
Book value / share	5.55	9.21
Institutional Own %	NA	NA
Avg Daily Volume	444,545	417,464

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

#### FINANCIAL ANALYSIS

GRIFFON CORP's gross profit margin for the first quarter of its fiscal year 2024 has increased when compared to the same period a year ago. Sales and net income have dropped, underperforming the average competitor within its subsector. GRIFFON CORP has average liquidity. Currently, the Quick Ratio is 1.05 which shows that technically this company has the ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

At the same time, stockholders' equity ("net worth") has significantly decreased by 45.90% from the same quarter last year. Together, the key liquidity measurements indicate that it is relatively unlikely that the company will face financial difficulties in the near future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

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## GRIFFON CORP

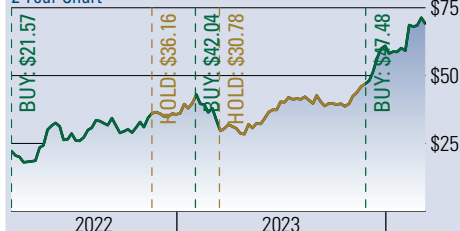
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### RATINGS HISTORY

Our rating for GRIFFON CORP has not changed since 11/27/2023. As of 3/14/2024, the stock was trading at a price of \$70.08 which is 2.9% below its 52-week high of \$72.13 and 169.8% above its 52-week low of \$25.97.

2 Year Chart



### MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
11/27/23	\$47.48	Upgrade	Hold	Buy
3/16/23	\$30.78	Downgrade	Buy	Hold
2/2/23	\$42.04	Upgrade	Hold	Buy
11/18/22	\$36.16	Downgrade	Buy	Hold
3/14/22	\$21.57	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

### RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

**31.74% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.61% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**37.64% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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### VALUATION

BUY. This stock's P/E ratio indicates a premium compared to an average of 43.07 for the Fabricated Metal Product Manufacturing subsector and a significant premium compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 12.63 indicates a significant premium versus the S&P 500 average of 4.68 and a significant premium versus the subsector average of 5.58. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. After reviewing these and other key valuation criteria, GRIFFON CORP proves to trade at a premium to investment alternatives.

Price/Earnings	1	2	3	4	5
		premium			discount

**GFF 52.30** **Peers 43.07**

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- GFF is trading at a premium to its peers.

Price/Projected Earnings	1	2	3	4	5
		premium			discount

**GFF 12.56** **Peers 21.13**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- GFF is trading at a significant discount to its peers.

Price/Book	1	2	3	4	5
		premium			discount

**GFF 12.63** **Peers 5.58**

- Premium. A higher price-to-book ratio makes a stock less attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- GFF is trading at a significant premium to its peers.

Price/Sales	1	2	3	4	5
		premium			discount

**GFF 1.34** **Peers 3.60**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- GFF is trading at a significant discount to its subsector on this measurement.

### DISCLAIMER:

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NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.

Price/CashFlow	1	2	3	4	5
		premium			discount

**GFF 7.32** **Peers 25.53**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- GFF is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
		premium			discount

**GFF 0.24** **Peers 2.46**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- GFF trades at a significant discount to its peers.

Earnings Growth	1	2	3	4	5
		lower			higher

**GFF 126.69** **Peers 31.55**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- GFF is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
		lower			higher

**GFF -7.82** **Peers 9.90**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- GFF significantly trails its peers on the basis of sales growth.