Initiating Coverage:

Griffon Corp ($GFF)

Griffon Keeps the Door Open for Success in the Long Run

Key Take-away: The steady demand in repair markets despite the slowdown in new construction, has led to strong resilience in the Home & Building Products segment with a FY2025 expectation of 30%+ EBITDA margins. The stable performance in this segment can be attributed to low exposure to international trade and supply chain disruptions due to a manufacturing footprint based in the United States.

The Consumer & Professional Products segment recorded $243m in revenue (-13% YoY), yet its adjusted EBITDA grew about 18% due to global sourcing efficiencies and the acquisition of Pope, an Australian provider of residential watering products. The weaker consumer demand is due to slower discretionary spending, specifically, a decline in home improvement spending, pointing towards the secular nature of this segment of Griffon.

Portfolio Reshaping: Griffon has undergone a strategic transformation, beginning in 2018, marked by key acquisitions, as well as strategic divestitures of some assets to free up capital for investment, such as Clopay Plastics and Telephonics (sold for $330m and $475m respectively). The investments made across both the Home & Building Products (HBP) and Consumer & Professional Products (CPP) segments focused on capacity expansion, digital transformation, and a more modern approach. This portfolio reshaping positions Griffon for a new phase of growth, with goals to capitalize on secular market trends and improve margins.

Diversification of Supplier Base: While roughly $325m of CPP revenue is exposed to U.S. tariffs on goods sourced from China, Griffon is mitigating this by diversifying its supplier base by using pricing strategies to offset cost pressure by moving the sourcing in CPP’s lawn and garden tool business, with global supply chain expansion. Griffon is on track to fully mitigate the U.S. tariffs by the fiscal year 2026.

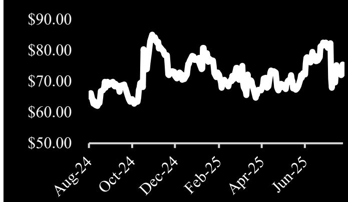
Valuation: We initiate coverage with a $118 PT.

Consortium Research Group
Industrials | Building Products
August18th, 2025

Stock Rating:	Overweight
Price Target:	$118.00

Price:	$80.56
Potential Upside/Downside:	47.27%
Ticker:	$GFF

1 Year History



Industrials Coverage Team

Analyst
Henry Sheldon
Bowdoin College
hsheldon@bowdoin.edu

Company Overview

Background: Griffon Corp operates through two segments: Home & Building Products (HBP) and Consumer & Professional Products (CPP). Griffon was founded in 1959 as a defense electronics firm but has turned into the leader in the garage door industry while also specializing in outdoor tools, storage, fans, and lawn and garden care. They have grown into a leader of industry by concentrating on operational discipline and strategic acquisitions. In terms of the segments, HBP accounts for about 61% of total revenue and includes garage doors, rolling steel doors, with Clopay as the centerpiece brand and cash cow. CPP contributes the other 39% of revenue, covering garden products, tools, and household essentials. In terms of product distribution, Griffon primarily distributes its products through large retail and wholesale channels. Its HBP segments have an exclusive partnership with Home Depot, making Clopay the sole supplier of garage doors. The CBP segment sells primarily through Lowe's, Walmart, and Home Depot as well, positioning both segments well for sales.

Reinvestment in high-growth segments: Over the past decade, Griffon has transformed into a company focused on brand-driven segments. They have strategically expanded their consumer and building products portfolio by acquiring ClosetMaid and Thermal Solutions Manufacturing. These portfolio moves have shifted the company's revenue mix towards higher-margin consumer markets that are more resilient to swings in demand.

Stock Buyback: Beginning in 2023, Griffon has repurchased about 20% of its outstanding shares, showing shareholders that they have a strong commitment to returning capital to them. The company still maintains authorization for even more buybacks, signaling confidence in its long-term value and earnings durability. This buyback strategy has helped boost EPS growth, even during periods of softer performance. By reducing the share count and signaling confidence, Griffon has created even greater shareholder value alongside its operating improvements.

Industry Overview

Growth in Garage Door Market: The global garage door market has had an upward trajectory for quite some time now, growing from $7.27b in 2024 to $7.66b in 2025, with a 5.4% CAGR. Projections show the market reaching roughly $9.5b by 2030 with a consistent 5.5-6% CAGR. This momentum is being driven by enduring demand in residential construction, remodeling, commercial expansion, and an increase in preference for energy-efficient door systems. Furthermore, the garage door industry is highly attractive due to its oligopolistic nature, with only a few companies controlling market share. Demand is quite resilient in this market, as an estimated 70-80% of garage door sales come from remodel activity, rather than new housing construction, creating a better environment for housing downturns, since homeowners often would prioritize replacing their garage door instead of creating new construction. Within this dynamic, Clopay has capitalized on steady replacement-driven demand and disciplined pricing, making it Griffon's strongest business unit.

Increase in Home Renovation Market: Despite the secular nature of the industry, the general home-improvement market is on a slight incline. Numbers from the fiscal years of 2024 and 2025 show an increase of $28b spent on renovations and repairs ($481b in 2024 and $509b in 2025). This resilience stems from homeowners choosing to improve and renovate their houses rather than move, most likely due to high mortgage rates and skyrocketing home values. At the same time, housing starts (new residential construction projects in a given month) in June 2025 were down 4.6% YoY.

Sustainability in Building Products: The building products industry in 2025 is increasingly driven by sustainability and smart innovations. Green building materials, such as low-carbon concrete and bio-based products, are gaining widespread acceptance, as they prioritize reduced waste efficiency. At the same time, smart building materials are maturing, seen with sensor-embedded concrete that self-monitors for structural stress as an example. In North America, more than 60% of new commercial construction projects specify some form of green-certified material, up from 45% in 2020, signaling a shift toward building products that are both adaptive and sustainable.

Peer Comparisons

Comparable Companies

$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
JELD-WEN Holding, Inc. (NYSE:JELD)	$440	$1,622	10.74x	$3,593	$132
Armstrong World Industries, Inc. (NYSE:AW	$7,319	$7,835	14.22x	$1,502	$403
Trex Company, Inc. (NYSE:TREX)	$7,344	$7,834	19.97x	$1,118	$323
GMS Inc. (NYSE:GMS)	$4,175	$5,718	11.64x	$5,514	$473
Griffon Corp	$3,887	$5,471	10.15x	$2,552	$504

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
JELD-WEN Holding, Inc. (NYSE:JELD)	12.3x	17.3%	3.7%	0.3%	(14.1%)
Armstrong World Industries, Inc. (NYSE:AW	19.5x	40.4%	26.8%	19.6%	14.6%
Trex Company, Inc. (NYSE:TREX)	24.3x	40.6%	28.9%	24.0%	(9.1%)
GMS Inc. (NYSE:GMS)	12.1x	31.2%	8.6%	5.6%	0.2%
Griffon Corp	10.8x	0.4x	0.2x	0.2x	0.0x
High	24.28x	41.2%	28.9%	24.0%	14.6%
75th Percentile	19.45x	40.6%	26.8%	19.6%	0.2%
Average	15.80x	34.1%	17.6%	13.4%	-2.4%
Median	12.33x	40.4%	19.8%	17.3%	-3.4%
25th Percentile	12.09x	31.2%	8.6%	5.6%	-9.1%
Low	10.85x	17.3%	3.7%	0.3%	-14.1%

Griffon Valuation		
Implied Enterprise Value (25th Percentile)	$	6,096
Implied Enterprise Value (Median)	**$**	**6,216**
Implied Enterprise Value (75th Percentile)	$	9,809
Implied Share Price (25th Percentile)	$	99.65
Implied Share Price (Median)	**$**	**102.24**
Implied Share Price (75th Percentile)	$	179.40

Source: CapIQ

Investment Theses

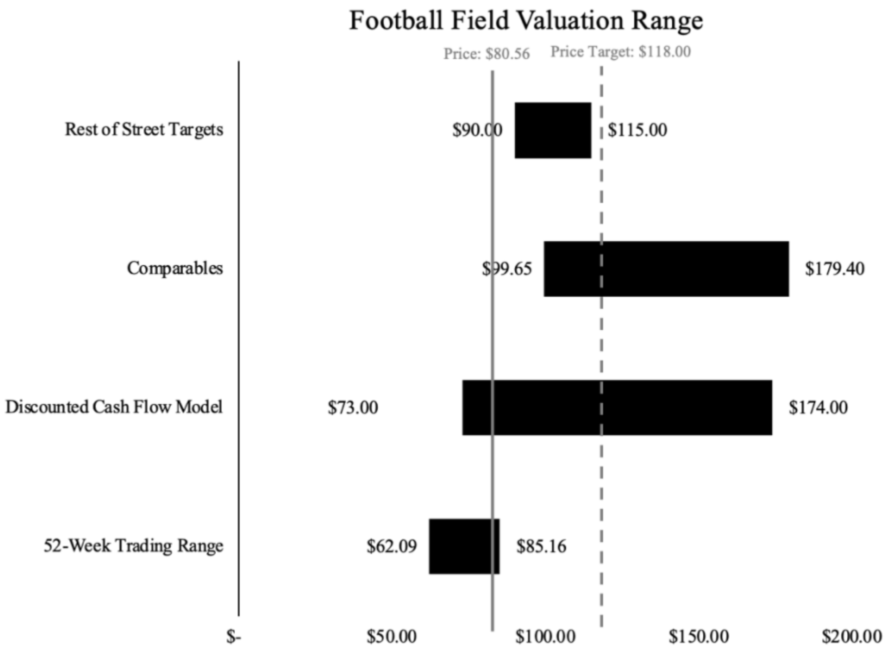
Clopay versus Rivals: With the HBP segment accounting for 61% of Griffon's revenue and $484m in adjusted EBITDA, Clopay, the largest manufacturer of garage doors in North America, is the strongest determinant of success in the company. Considered the top-rated garage door company for quality and innovation, Griffon tops out any of their rivals in market share, with a leading 20% in US garage door market share. This market leading position is supported by their exclusive partnerships with Home Depot and Menards. As Clopay continues to beat out its rivals in the garage door subindustry, Griffon could see strong sales growth as it continues to innovate, taking over more market share in an environment with an aging housing stock and a secular demand for repairs and remodeling.

CPP Turnaround Potential: CPP saw a 13% YoY revenue decline, driven by softer housing-related demand and elevated retail inventories. Despite this, EBITDA did improve, which reflects the success of structural changes, including global sourcing, cost control, and a transformation and shift towards an asset-light operating model. The integration of Pope, their newest acquisition in Australia, has strengthened international performance and provided a high-margin growth driver outside of North America. As housing activity begins to recover and channel inventories normalize, CPP is in a solid position to rebound. Overall, CPP is shifting from a short-term drag to a more profitable, growth-driving segment of the business heading into 2026 and the foreseeable future.

Margin Expansion: Griffon showed solid margin expansion in Q3 2025 despite a 5% drop in total revenue to $614 million, driven by strong performance in its Home and Building Products (HBP) segment. HBP recorded a 31.4% EBITDA margin, attributed to favorable pricing and mix of products. Even against macroeconomic and consumer demand headwinds, Griffon's Q3 performance reinforces its ability to drive profitability through operational efficiency and high-margin business lines, positioning the company to continue margin expansion in the upcoming quarters and foreseeable future.

Price Target & Valuation

Our analysis gives ($GFF) a price target of $118.00 and an overweight rating.



Potential Downsides to Our Rating

Exposure to Housing & Renovation Cycles: Griffon's HBP segment, which includes garage doors and related products, is very much tied to the rate of U.S. housing starts, remodeling, and renovation activity. A prolonged slowdown in residential construction, from either high mortgage rates or a decrease in consumer spending, could drastically impact demand. Because the HBP segment represents the majority of Griffon's revenue, weaker housing market conditions would put pressure on revenue growth and margins.

Raw Material Cost Volatility: Griffon's manufacturing operations, mainly in the HBP segment, depend heavily on materials like steel and aluminum. Price swings, whether from supply disruptions, tariffs, or global demand shifts, put Griffon in a rough spot where margins are pressured under increased input costs. While pricing strategies could help mitigate some of this impact, cost inflation could destroy profitability and prove why Griffon may be vulnerable under these circumstances.

Hunter Fan Acquisition: Hunter Fan has been a drag on Griffon's portfolio, with performance falling short of expectations after the initial surges of its acquisition. The business has generated repeated goodwill impairments, signaling that Griffon may have overpaid

Our Price Target: $118.00

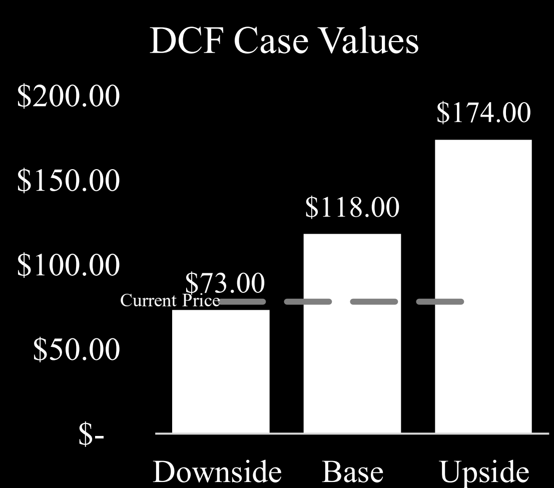
Our base case is based on a 12x 2030 EV/EBITDA multiple and LSD revenue growth, assuming a poor buyers' market will lead to a further increase in renovation and remodeling efforts. We assume EBIT margins will rise from 18% to 20.4% due to the CPP segment's consistent EBIT improvement and turnaround, as well as Griffon's pricing discipline, divestment from low-margin units, and operational efficiencies.

Our Upside Case: $174.00

Our upside case is based on a 15.5x 2030 EV/EBITDA and HSD revenue growth, with EBIT margins reaching 20.8%. We project HBP revenue growth will rise from 5% to 12% YoY, and the CPP segment will rise to 5%YoY, assuming Clopay takes up even more market share by 2030, and the remodeling/renovation market continues to climb. We assume the acquisitions of companies outside of North America will have an impact seen within the next year and will bump up the revenue consistently through 2030.

Our Downside Case: $73.00

Our downside case is based on a 9x 2030 EV/EBITDA and LSD revenue growth, with EBIT margins growing from 17.5% to 18.2% by 2030. We assume revenue will stay slightly around the 2.7% YoY decline in total revenue seen from the Q3 Earnings, continuing to dwindle the annual revenue. A slowdown in the renovation market would hurt the CPP segment and halt sales, as well as the drag that Hunter Fan has put on Griffon's revenue. We are also assuming Clopay becomes a secondary option, in which Griffon holds much less market share in the garage door industry in 2030 compared to now.



relative to the value it deserved. In addition, Hunter Fan has put additional pressure on margins, showing how this acquisition, although seemingly strategic at the time, may have been a misstep that will continue to put pressure on Griffon.

Projections

Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	2,624	2,552	2,677	2,810	2,993	4.5%
EBITDA	501	515	546	593	653	9.2%
EBIT	440	453	482	526	581	9.7%
NOPAT	130	153	347	363	354	39.6%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	19.1%	20.2%	20.4%	21.1%	21.8%	20.5%
EBIT Margin	16.8%	17.8%	18.0%	18.7%	19.4%	18.1%
Revenue Growth	-2.3%	-2.7%	4.9%	5.0%	6.5%	2.3%
EBIT Growth	10.7%	2.9%	6.4%	9.1%	10.5%	7.9%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	9.0x	8.5x	9.5x	8.3x	7.2x	8.5x
EV/Sales	1.9x	2.0x	1.9x	1.8x	1.7x	1.8x
EV/EBITDA	10.0x	9.7x	9.2x	8.5x	7.7x	9.0x
FCF Yield	11.1%	11.7%	10.5%	12.0%	13.9%	11.8%

About $GFF

Griffon Corporation (GFF), founded in 1959, operates as a diversified management and holding company focused on manufacturing and industrial products. The company's business segments include Garage Doors and Openers, Consumer & Professional Products, and Home and Building Products, serving both residential and commercial markets primarily in North America and internationally. Griffon is unique in its ability to combine strong legacy brands with a strategic portfolio reshaping approach that drives operational efficiency and market leadership. Its key goal is to deliver sustainable growth and value creation by investing in innovation, operational excellence, and expanding its global footprint.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Griffon Corp

Discounted Cash Flow

Active Case:	**2 Base**
Current Share Price	$80.56

DCF Analysis ($mm)	FY2020 12/31/20	FY2021 12/31/21	FY2022 12/31/22	FY2023 12/31/23	FY2024 12/31/24	FY2025 12/31/2025	FY2026 12/31/26	FY2027 12/31/27	FY2028 12/30/28	FY2029 12/30/29	FY2030 12/31/30
Stub						0.63	1.63	2.63	3.63	4.63	5.63
Discount Period						0.18	0.87	1.87	2.87	3.87	4.87
Revenue	2,067	2,271	2,849	2,685	2,624	2,552	2,677	2,772	2,871	2,975	3,083
Revenue Growth		*10%*	*25%*	*-6%*	*-2%*	*-3%*	*5%*	*4%*	*4%*	*4%*	*4%*
HBP			1,506	1,588	1,588	1,600	1,680	1,760	1,839	1,917	1,994
CPP			1,341	1,096	1,034	987	997	1,012	1,032	1,058	1,090
			0	0	0	0	0	0	0	0	0
EBIT	156	193	364	398	440	453	482	516	551	589	629
EBIT Margin	*8%*	*8%*	*13%*	*15%*	*17%*	*18%*	*18%*	*19%*	*19%*	*20%*	*20%*
Tax Expense	26	40	17	35	87	87	93	99	106	113	121
Effective Tax Rate	*17%*	*21%*	*5%*	*9%*	*20%*	*19%*	*19%*	*19%*	*19%*	*19%*	*19%*
NOPAT	130.00	153.20	346.90	362.60	353.60	366.00	389.32	416.54	445.40	475.95	508.25
D&A	52	52	65	65	61	62	64	67	69	71	74
Capex			42	64	68	60	54	55	57	60	62
Changes in NWC			(230)	124	48	50	(27)	(7)	14	37	62
UFCF			140	488	394	418	373	421	471	525	582
PV of FCF						411	345	354	362	368	372

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	6.00%
Beta	1.09
Risk Free Rate	4.39%
Cost of Equity	**8.60%**
Weighted Average Cost of Debt	6.05%
Tax Rate	19.20%
Cost of Debt	**1.04%**
Total Equity	$3,786
Total Debt	$1,456
Equity/Total Capitalization	78.64%
Debt/Total Capitalization	21.36%
WACC	**9.64%**

Terminal Value Perpetuity Growth Method	
2034 FCF	$582
Growth	1.00%
Terminal Value	$6,737
PV of Terminal Value	$4,303
PV of Projection Period	$2,211
PV of Terminal Value	$4,303
Implied TEV	$6,515
(-) Debt	$1,584
(+) Cash	$128
Implied Equity Value	$5,058
Basic Shares Outstanding	47
Implied Share Price	$107.62
Upside/Downside	33.59%

Implied Exit BF EV/EBIT	10.4x

Terminal Value Exit Multiple Method	
2034 EBIT	$629
EV/EBIT Exit Multiple	12.0x
Terminal Value	$7,548
PV of Terminal Value	$4,821
PV of Projection Period	$2,211
PV of Terminal Value	$4,821
Implied TEV	$7,032
(-) Debt	$1,584
(+) Cash	$128
Implied Equity Value	$5,576
Diluted Shares Outstanding	47
Implied Share Price	$118.64
Upside/Downside	47.3%

Implied PGR	-2.2%

Blended Share Price	
Perpetutity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	$118.64
Upside/Downside	47.27%