



Cintas Corporation (CTAS)

Updated July 21st, 2025, by Josh Arnold

Key Metrics

Current Price:	\$222	5 Year CAGR Estimate:	5.8%	Market Cap:	\$89 B
Fair Value Price:	\$184	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	08/14/25 ¹
% Fair Value:	120%	5 Year Valuation Multiple Estimate:	-3.7%	Dividend Payment Date:	09/14/25
Dividend Yield:	0.7%	5 Year Price Target	\$284	Years Of Dividend Growth:	42
Dividend Risk Score:	A	Sector:	Industrials	Rating:	Hold

Overview & Current Events

Cintas Corporation is the U.S. industry leader in uniform design, manufacturing & rental. The company also offers first aid supplies, safety services, and other business-related services. Cintas was founded in 1968 and has grown to a market capitalization of \$89 billion with annual revenues of more than \$10 billion. Cintas qualifies to be a member of the Dividend Aristocrats Index with an impressive 42 years of consecutive dividend increases.

Cintas posted fourth quarter and full-year earnings on July 17th, 2025, and results were better than expected on both the top and bottom lines. Earnings-per-share for the quarter were \$1.09, two cents ahead of estimates. Revenue was up more than 8% from the year-ago period to \$2.67 billion, beating estimates by \$40 million.

Organic growth in Q4 was 7.2% Uniform Rental and Facility Services, 18.5% in First Aid and Safety, and 12.1% in Fire Protection Services. Gross margins were 49% in Uniform Rental and Facility Services, 56.8% in First Aid and Safety, and 49.3% in Fire Protection Services.

Gross profit for the quarter was up 9.1% year-over-year, and as a percentage of revenue, was up 50 basis points to 49.7% of revenue. For the full-year, operating margins were 22.8% of revenue, up 80 basis points year-over-year. Free cash flow was \$1.6 billion, while capex was \$409 million and M&A spending was \$233 million. For the year, Cintas spent \$612 million on dividends and \$935 million on share repurchases.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.02	\$1.04	\$1.76	\$1.90	\$2.03	\$2.56	\$2.81	\$3.25	\$3.79	\$4.40	\$4.85	\$7.46
DPS	\$0.26	\$0.33	\$0.41	\$0.51	\$0.64	\$0.70	\$0.95	\$1.15	\$1.25	\$1.56	\$1.56	\$2.51
Shares²	416	420	424	432	428	416	408	408	403	403	395	403

Cintas has compounded its earnings-per-share at a rate of about 16% annually since 2012. Over full economic cycles, we believe the company can deliver continued earnings growth in the range of 9% per year. Applying a 9% growth rate to our 2026 estimate of \$4.85 per share gives a 2031 earnings-per-share estimate of \$7.46.

Cintas' two primary growth levers are higher organic revenue and higher margins. Cintas has proven it can grow revenue consistently over the years. It is also adept at removing cost redundancies, which drives operating margin higher over time. We see 2025 results as supportive of this thesis with good organic revenue growth, and very high and expanding operating margins. We also see share repurchases as a small tailwind going forward, as management is spending buyback capital heavily, which we find to be slightly misjudged with the valuation still elevated. Energy prices remain a wildcard for Cintas' earnings, in addition to the inherent operating leverage afforded by higher organic revenue.

¹ Estimated date

² Share count in millions

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.



Cintas Corporation (CTAS)

Updated July 21st, 2025, by Josh Arnold

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.4	21.5	27.2	25.9	30.8	32.2	35.5	36.3	44.2	51.5	45.8	38.0
Avg. Yld.	1.2%	1.2%	1.2%	1.0%	1.0%	0.9%	1.0%	1.0%	0.7%	0.7%	0.7%	0.9%

Cintas' price-to-earnings ratio had varied from ~15 to ~36 over the decade ended 2023, until 2024. However, we see fair value at 38 times earnings. This compares unfavorably to the current price-to-earnings ratio of 45.8, and is elevated by any standard. If the company's valuation reverts to 38 times earnings over the next five years, this will introduce a meaningful annual headwind to the company's annualized returns. The valuation is now at a premium to fair value of 20%. We also note the yield is at its historical lows, and is unattractive despite more than four decades of consecutive annual raises.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	25%	26%	32%	27%	31%	27%	34%	35%	33%	35%	32%	34%

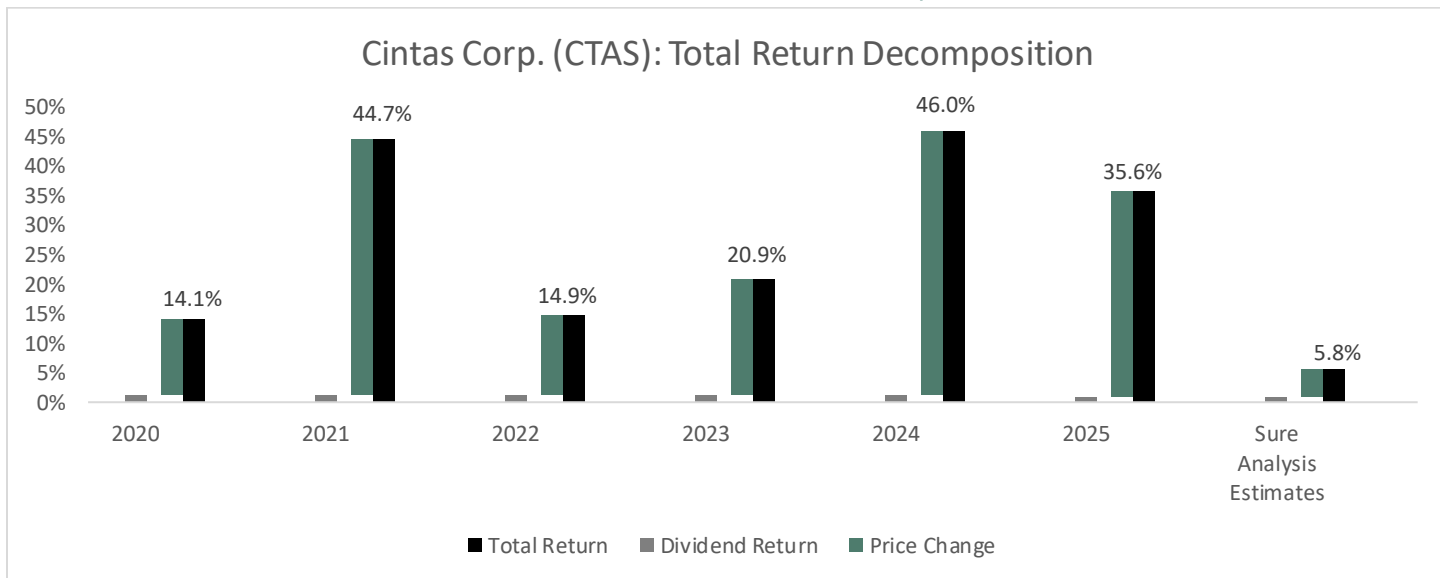
Cintas' payout ratio has always been quite low, and that is no different today. We see the dividend remaining under 40% of earnings for the foreseeable future with years of steady increases on the way.

Cintas' competitive advantage is in its massive size and scale, being the largest company of its kind. It has a huge customer book, and these customers have relatively high switching costs, so retention is strong. However, recessions are not kind to Cintas as it serves businesses, and revenue is dependent upon its customers' headcount. When a recession strikes and unemployment rises, Cintas' earnings will suffer. We note that the slowdown from COVID-19 was better than feared, and that Cintas continues to build upon strength.

Final Thoughts & Recommendation

The fundamentals of Cintas are still attractive as the company is performing very well. However, the stock is still overvalued in our view, and we expect modest total returns to shareholders in the coming years. The company's strong forecasted 9% earnings growth rate could be offset by a 3.7% headwind from a lower valuation, and the diminutive yield of just 0.7% is not attractive. Based on modest projected returns but a 42-year dividend increase streak, we're reiterating a hold rating on the stock.

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.



Cintas Corporation (CTAS)

Updated July 21st, 2025, by Josh Arnold

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	4,796	5,323	6,477	6,892	7,085	7,116	7,854	8,816	9,597	10,340
Gross Profit	2,101	2,380	2,909	3,129	3,234	3,315	3,632	4,173	4,686	5,174
Gross Margin	43.8%	44.7%	44.9%	45.4%	45.6%	46.6%	46.2%	47.3%	48.8%	50.0%
SG&A Exp.	1,332	1,527	1,917	1,981	2,071	1,929	2,045	2,371	2,618	2,814
D&A Exp.	165	197	279	360	379	388	400	409	442	494
Operating Profit	769	853	992	1,148	1,163	1,385	1,587	1,803	2,069	2,360
Operating Margin	16.0%	16.0%	15.3%	16.7%	16.4%	19.5%	20.2%	20.5%	21.6%	22.8%
Net Profit	694	481	843	885	876	1,111	1,236	1,348	1,572	1,812
Net Margin	14.5%	9.0%	13.0%	12.8%	12.4%	15.6%	15.7%	15.3%	16.4%	17.5%
Free Cash Flow	190	491	692	791	1,061	1,217	1,297	1,267	1,670	1,757
Income Tax	257	230	57	220	182	177	263	345	402	452

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,099	6,844	6,958	7,437	7,670	8,237	8,147	8,546	9,169	9,825
Cash & Equivalents	139	169	139	97	145	494	90	124	342	264
Accounts Receivable	546	736	805	910	870	902	1,006	1,153	1,244	1,417
Inventories	249	278	280	335	409	1,292	1,389	1,519	1,450	1,585
Goodwill & Int. Ass.	1,356	3,406	3,433	3,545	3,551	3,322	3,435	3,403	3,534	3,710
Total Liabilities	2,256	4,541	3,942	4,434	4,435	4,549	4,839	4,682	4,852	5,141
Accounts Payable	111	177	215	226	231	231	252	302	339	485
Long-Term Debt	1,294	3,134	2,535	2,850	2,540	2,542	2,796	2,486	2,476	2,425
Shareholder's Equity	1,843	2,303	3,017	3,003	3,235	3,688	3,308	3,864	4,316	4,684
LTD/E Ratio	0.70	1.36	0.84	0.95	0.79	0.69	0.85	0.64	0.57	0.52

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	16.7%	8.8%	12.2%	12.3%	11.6%	14.0%	15.1%	16.2%	17.7%	19.1%
Return on Equity	36.7%	23.2%	31.7%	29.4%	28.1%	32.1%	35.3%	37.6%	38.4%	40.3%
ROIC	21.8%	11.2%	15.3%	15.5%	15.1%	18.5%	20.0%	21.6%	23.9%	26.1%
Shares Out.	104	105	106	108	107	104	105	103	103	410
Revenue/Share	43.62	49.39	58.98	62.95	66.21	66.07	74.43	85.28	92.84	25.20
FCF/Share	1.73	4.55	6.31	7.23	9.92	11.30	12.29	12.25	16.16	4.28

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.