Exponent Inc (EXPO)

Updated August 3rd, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$68	**5 Year CAGR Estimate:**	10.7%	**Market Cap:**	$3.5 B
Fair Value Price:	$79	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date[1]:**	09/05/2025
% Fair Value:	86%	**5 Year Valuation Multiple Estimate:**	3.1%	**Dividend Payment Date[1]:**	09/19/2025
Dividend Yield:	1.8%	**5 Year Price Target**	$106	**Years of Dividend Growth:**	12
Dividend Risk Score:	C	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Exponent Inc. is a science and engineering consulting company that provides complex solutions on a project-by-project basis. The organization consists of scientists, physicians, engineers, and regulatory consultants which bring together more than 90 technical disciplines which address the complicated issues facing industry and government. Exponent trades on the NASDAQ under the ticker symbol EXPO. The company was founded in Silicon Valley and today is headquartered in Menlo Park, California. The corporation has offices in the United States, Europe, and Asia.

Exponent operates in two segments, the first of which is engineering and other sciences, which provides servicing for biomechanics, biomedical engineering, buildings and structures, civil engineering, construction consulting, etc. Then, the environmental and health segment consists of chemical regulation and food safety, ecological and biological sciences, environmental and earth sciences, and others. EXPO has a market capitalization of $3.5 billion.

On February 6th, 2025, Exponent announced a $0.30 quarterly dividend, a two cent increase, and the twelfth consecutive annual dividend increase.

Exponent reported second quarter 2025 results on July 31st, 2025, for the period ending July 4th, 2025. The company reported total revenues improved 1% year-over-year to $142 million. Net income declined by 9% to $26.6 million from $29.2 million in the prior-year quarter. Net income per diluted share of $0.52 also decreased 9%.

Leadership slightly increased its FY 2025 outlook. For the full year, EXPO expects net revenues before reimbursements to grow by low-single digits, and an EBITDA margin of 26.5% to 27.0% of revenues before reimbursements.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.80	$0.88	$0.77	$1.33	$1.53	$1.55	$1.90	$1.96	$1.94	$2.11	***$2.09***	***$2.80***
DPS	$0.30	$0.36	$0.42	$0.52	$0.64	$0.76	$0.80	$0.96	$1.04	$1.12	***$1.20***	***$1.61***
Shares[2]	51.4	51.2	51.5	51.5	51.8	51.8	52.1	52.3	51.6	51.6	***51.7***	***52.0***

Exponent has a stable track record of earnings growth and has grown at a robust rate in the trailing nine-year period. Over the last nine and five years, Exponent has increased its EPS at 11.4% and 6.6% CAGRs, respectively. We project Exponent will increase its earnings-per-share by 6% per year into 2030. The company's results have remained stable, even throughout the COVID pandemic.

Growth will be driven mostly by new business and clientele. Exponent's interdisciplinary proactive solutions is experiencing increasing demand in safety, health, sustainability, and reliability. Both industry and government are advancing their missions, designing novel products, navigating new regulatory challenges, innovating, and evaluating new paradigms and processes, which Exponent expects to capitalize on. Both segments benefit from increased activity in litigation related projects and support. In the engineering segment, demand for solutions in electric vehicles and energy storage continues to rise over the long term.

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[1] Estimate based on last year's date

[2] in millions.

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The share count has remained stable; thus, shareholders have not been heavily diluted in the last decade. Exponent has grown its quarterly dividend for twelve consecutive years, and we estimate it will grow 6% annually from here on out.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	28.3	30.1	42.1	34.8	40.0	49.1	54.4	48.8	46.8	44.9	***32.7***	***38.0***
Avg. Yld.	1.3%	1.4%	1.3%	1.1%	1.0%	1.0%	0.8%	0.9%	1.1%	1.2%	***1.8%***	***1.5%***

Exponent trades at 32.7 times this year's expected net income right now. Shares trade below their nine- and five-year average PE ratios of 40.0- and 47.8-times earnings. We see fair value at 38.0 times net income, which would result in a 3.1% annual gain due to multiple expansion.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	38%	41%	55%	39%	42%	49%	42%	49%	54%	53%	***57%***	***57%***

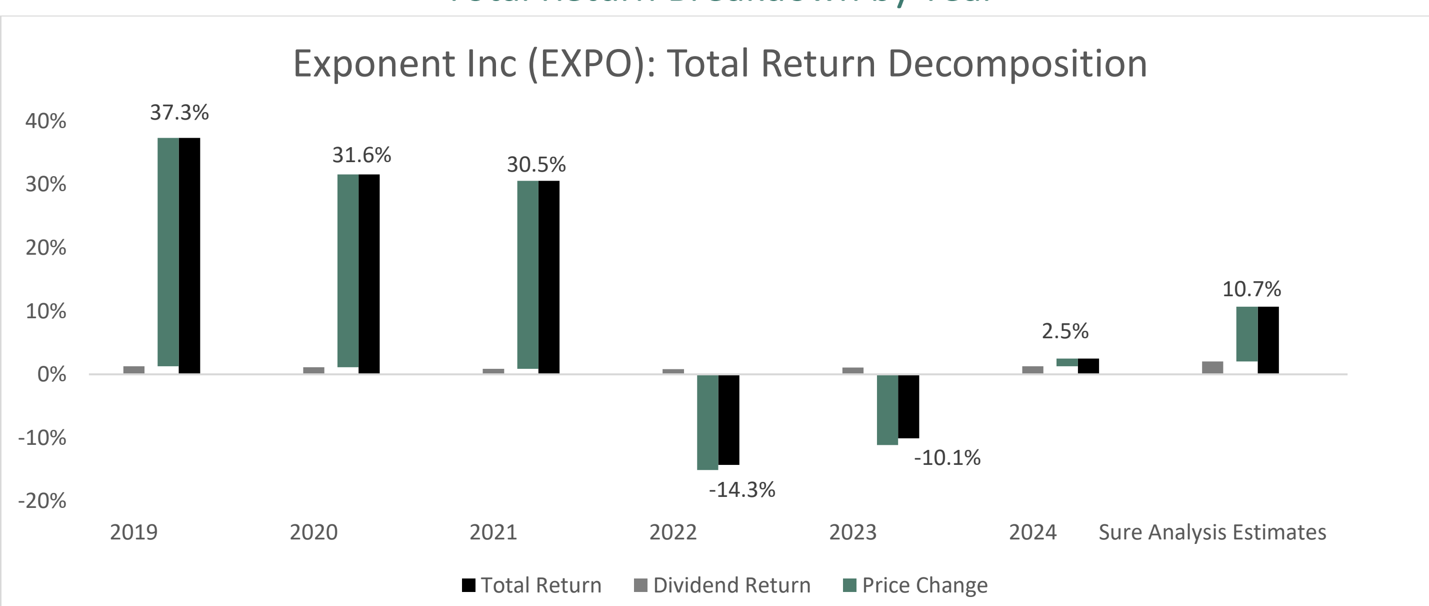
The company's payout ratio has steadily increased since it began paying a dividend in 2013. The estimated 2025 payout ratio of 57% is stable, but above its recent average payout ratio. During the great financial crisis, the company remained profitable, and, in fact, continued to grow earnings the entire time.

Exponent operates in a low barrier to entry business, and competition is increasing for many of their technical disciplines. The marketplace for Exponent's services is fragmented, so it faces multiple sources of competition in providing services. We don't see a strong competitive advantage in Exponent, nevertheless, the company has performed very well.

Final Thoughts & Recommendation

Exponent has increased its earnings-per-share by double digits in the last decade. Although there is still plenty of room for expansion, we don't expect the same rates of growth as in the past. We forecast 6% earnings-per-share growth. At the current price, we see Exponent as trading at a 14% discount to fair value and forecast annualized total returns of 10.7%. Exponent maintains its hold rating.

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.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	313	315	348	380	417	400	466	513	537	558
SG&A Exp.	200	209	228	233	273	263	293	288	344	352
D&A Exp.	5	6	6	6	7	7	---			NA
Operating Profit	69	62	72	91	85	83	109	141	111	119
Operating Margin	22.0%	19.6%	20.7%	24.1%	20.4%	20.8%	23.4%	27%	20.7%	20.7%
Net Profit	44	47	41	72	82	83	101	102	100	109
Net Margin	13.9%	15.1%	11.9%	19.0%	19.8%	20.6%	21.7%	19.9%	18.6%	18.6%
Free Cash Flow	55	53	63	75	85	98				NA
Income Tax	28	22	41	21	22	14	25	30	36	38

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	388	404	440	469	563	580	684	587	647	777
Cash & Equivalents	126	115	125	127	176	198	298	161	187	258
Accounts Receivable	62	61	78	74	86	80	140	170	167	161
Goodwill & Int. Ass.	9	9	9	9	9	9	9	9	9	8
Total Liabilities	125	130	151	155	213	219	267	266	291	356
Accounts Payable	4	3	3	3	5	3	25	29	22	22
Long-Term Debt	0	0	0	0	0	0	0	0		0
Shareholder's Equity	263	273	289	314	350	361	417	321	356	421
D/E Ratio	0	0	0	0	0	0	0	0		

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	11.6%	12.0%	9.8%	15.9%	16.0%	14.4%	16.0%	16.1%	16.3%	16.3%
Return on Equity	17.2%	17.7%	14.7%	24.0%	24.8%	23.2%	26.0%	27.7%	29.7%	29.7%
ROIC	17.2%	17.7%	14.7%	24.0%	24.8%	23.2%	26.0%	27.7%	29.7%	29.7%
Shares Out.	51.4	51.2	51.5	51.5	51.8	51.8	51.8	52.3	51.6	51.6
Revenue/Share	5.73	5.80	6.44	7.01	7.74	7.50	8.74	9.82	10.40	10.4
FCF/Share	1.01	0.97	1.17	1.38	1.58	1.84	---			NA

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