# Johnson Controls Int'l PLC (JCI)

*Updated August 3rd, 2025 by Quinn Mohammed*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $106 | **5 Year CAGR Estimate:** | 5.0% | **Market Cap:** | $70 B |
| **Fair Value Price:** | $66 | **5 Year Growth Estimate:** | 14.0% | **Ex-Dividend Date[1]:** | 09/25/25 |
| **% Fair Value:** | 161% | **5 Year Valuation Multiple Estimate:** | -9.1% | **Dividend Payment Date[1]:** | 10/18/25 |
| **Dividend Yield:** | 1.4% | **5 Year Price Target** | $127 | **Years Of Dividend Growth:** | 4 |
| **Dividend Risk Score:** | B | **Sector:** | Industrials | **Rating:** | Hold |

## Overview & Current Events

Johnson Controls, originally founded in 1885, is a $70 billion industrial company that offers Building Solutions (cooling, heating, ventilation, and security) around the world, with more than half of its sales coming from North America. Johnson Controls is headquartered in Ireland after its merger with Tyco in 2016. In November of 2018 the company announced it was selling its Power Solutions business. The Power segment made up about a fourth of Johnson Control's business and the sale made the company a "pure play" buildings technologies and solutions provider. On April 30th, 2019, Johnson Controls completed the sale of its Power Business for $11.6 billion in net proceeds.

On January 13th, 2023, Johnson Controls announced it acquired Hybrid Energy AS, a provider of high-temperature energy management solutions. With the acquisition, Johnson Controls will be able to supply high-temperature heat pumps in district heating and industrial markets, particularly in Europe.

On August 1st, 2025, Johnson completed the sale of its Residential and Light Commercial HVAC business to the Bosch Group. The overall deal value was $8.1 billion, with $6.7 billion going to JCI and the remainder to Hitachi (who owns 40% of the global Residential JV). JCI received around $5.0 billion in net cash proceeds, which is planned to be returned to shareholders via an accelerated share repurchase program.

Joakim Weidemanis was appointed the CEO position effective March 12, 2025. He previously worked at Danaher Corporation for 13 years in various executive leadership roles. His career spans 30 years in companies such as Mettler Toledo and ABB.

On July 29th, 2025, Johnson Controls reported third quarter 2025 results for the period ending June 30, 2025. For the quarter, sales increased 3% year-over-year to $6.1 billion. The EMEA, APAC, and Americas segments saw 4%, 6%, and 7% organic sales increases, respectively. Adjusted EPS equaled $1.05 per share; an 11% increase compared to $0.95 per share in Q3 2024. The company ended the quarter with a backlog of $14.6 billion, up 11% year-over-year.

Johnson Controls again raised its fiscal year 2025 guidance, now expecting $3.65 to $3.68 (from $3.60 previously) in adjusted earnings-per-share, implying a 1% year-over-year decline at the midpoint.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $3.42 | $3.98 | $2.60 | $1.59 | $1.96 | $2.24 | $2.65 | $3.00 | $3.50 | $3.71 | ***$3.67*** | ***$7.07*** |
| **DPS** | $1.04 | $1.16 | $1.00 | $1.04 | $1.04 | $1.04 | $1.07 | $1.39 | $1.45 | $1.48 | ***$1.48*** | ***$1.98*** |
| **Shares[2]** | 647 | 936 | 928 | 932 | 778 | 726 | 721 | 691 | 683 | 668 | ***615*** | ***590*** |

The Johnson Controls of today looks very different from the Johnson Controls of seven years ago due to the Tyco merger and automotive business spinoff, which is now publicly traded as Adient (ADNT). The 2016 merger with Tyco relocated Johnson Controls to Ireland for tax purposes. Yet tax legislation changes in the U.S. meant that the benefit of that move evaporated, and Johnson Controls was left with the integration costs of the merger.

[1] Estimate
[2] 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.*

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Moreover, the complexity of looking back at historical figures continues to evolve with the sale of the Power Business. Earnings-per-share were temporarily depressed after the sale of the Power Business, but they have since rebounded due in large part to Johnson Controls retiring a significant amount of stock. We believe the pure-play building solutions ought to do well in the long term, but business results are likely to be increasingly volatile, as the company has become more and more concentrated. Additionally, Johnson will likely continue to grow through acquisitions, where it can purchase unique solutions and valuable patents. Furthermore, its business is still transforming, as it is divesting its R&LC HVAC and Air Distribution Technologies businesses in 2025, which account for ~20% of sales.

We are forecasting $3.67 in EPS for fiscal 2025 – the current guidance - and 14% annual EPS growth.

## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Avg. P/E | 13.9 | 10.5 | 16.2 | 16.0 | 18.8 | 16.7 | 22.3 | 20.2 | 17.0 | 20.4 | ***29.0*** | ***18.0*** |
| Avg. Yld. | 2.2% | 2.8% | 2.4% | 2.8% | 2.8% | 2.8% | 1.8% | 2.2% | 2.8% | 2.3% | ***1.4%*** | ***1.6%*** |

Looking at the 2015 through 2024 period, shares of Johnson Controls have traded hands with an average P/E ratio of about 17.2 times earnings. We are using 18.0 times earnings as a starting fair value baseline, taking into account the ongoing growth avenues – both organically and via share repurchases. With shares trading at 29.0 times our 2025 EPS estimate, this implies a meaningful valuation headwind.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payout | 30% | 29% | 38% | 65% | 53% | 46% | 40% | 46% | 41% | 40% | ***40%*** | ***28%*** |

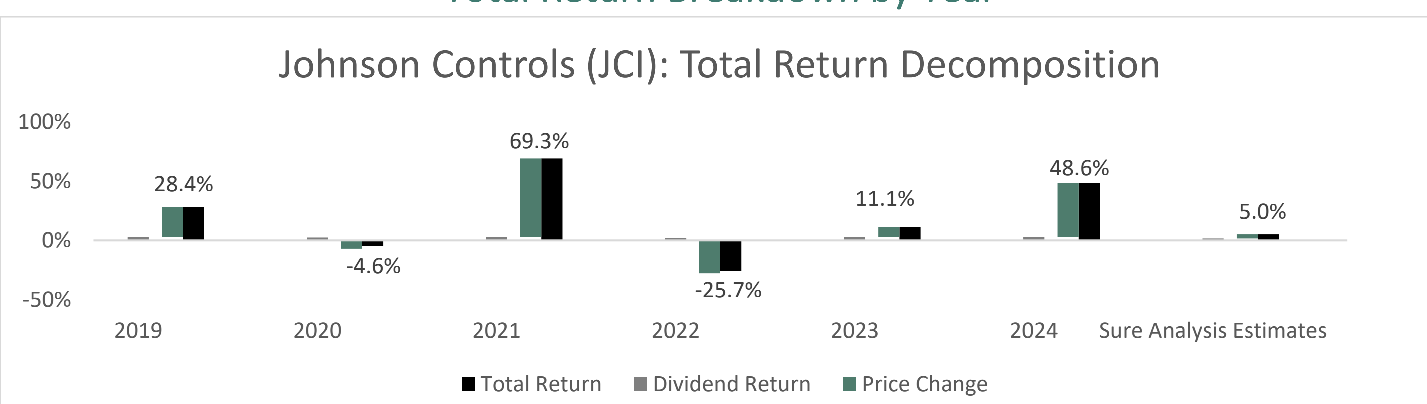
Johnson Controls is one of the key players in the building construction industry, where it provides products and services for heating, ventilation, cooling, and security systems. The company's sales network and expertise are hard to replicate for new entrants. Moreover, the sale of the Power business has led to financial flexibility, an increased focus on growth trends, lower capital intensity, and margin expansion.

As of Q3 2025, Johnson Controls held $731 million in cash, $11.8 billion in current assets and $43.4 billion in total assets against $12.4 billion in current liabilities and $26.3 billion in total liabilities. Long-term debt stood at $8.4 billion.

## Final Thoughts & Recommendation

Johnson Controls' business has become a "pure play" Buildings Solution company within the last decade. It should be noted that this transformation has added uncertainty in the way of a less diversified business, but results have been promising since 2018. We are forecasting 5.0% annual total return potential, driven by 14% EPS growth and a 1.4% starting dividend yield, partly offset by -9.1% P/E multiple contraction. JCI maintains its hold rating.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 17100 | 20837 | 30172 | 31400 | 23968 | 22320 | 23670 | 25299 | 26790 | 22950 |
| Gross Profit | 4531 | 5654 | 9339 | 9380 | 7693 | 7411 | 8059 | 8343 | 8971 | 8077 |
| Gross Margin | 26.5% | 27.1% | 31.0% | 29.9% | 32.1% | 33.2% | 34.0% | 33.0% | 33.5% | 35.2% |
| SG&A Exp. | 3191 | 4190 | 6158 | 6010 | 6244 | 5665 | 5258 | 5945 | 6181 | 5661 |
| D&A Exp. | 860 | 953 | 1188 | 1085 | 825 | 206 | 845 | 830 | 848 | 816 |
| Operating Profit | 1340 | 1464 | 3181 | 3370 | 1449 | 1746 | 2801 | 2398 | 2790 | 2416 |
| Op. Margin | 7.8% | 7.0% | 10.5% | 10.7% | 6.0% | 7.8% | 11.8% | 9.5% | 10.4% | 10.5% |
| Net Profit | 1563 | -868 | 1611 | 2162 | 5674 | 206 | 1637 | 1532 | 1849 | 1705 |
| Net Margin | 9.1% | -4.2% | 5.3% | 6.9% | 23.7% | 0.9% | 6.9% | 6.1% | 6.9% | 7.4% |
| Free Cash Flow | 465 | 659 | -1312 | 1483 | 616 | 879 | 1935 | 1394 | 1682 | 1604 |
| Income Tax | 71 | 197 | 705 | 518 | -233 | 108 | 868 | -13 | -323 | 111 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 29622 | 63179 | 51884 | 48797 | 42287 | 40820 | 41890 | 42158 | 42240 | 42700 |
| Cash & Equivalents | 597 | 579 | 321 | 200 | 2805 | 1951 | 1336 | 2031 | 835 | 606 |
| Acc. Receivable | 5751 | 6394 | 6666 | 7065 | 5770 | 5294 | 5613 | 5528 | 6006 | 6051 |
| Inventories | 2377 | 2888 | 3209 | 3224 | 1814 | 1773 | 2057 | 2510 | 2776 | 1774 |
| Goodwill & Int. | 8340 | 28564 | 26429 | 25821 | 23810 | 23290 | 23880 | 21969 | 22820 | 20860 |
| Total Liabilities | 19124 | 38089 | 30517 | 26339 | 21458 | 22280 | 23140 | 24756 | 24550 | 25330 |
| Accounts Payable | 5174 | 4000 | 4271 | 4644 | 3582 | --- | --- | --- | --- | 3389 |
| Long-Term Debt | 6610 | 12759 | 13572 | 10995 | 7219 | 7819 | 7740 | 8960 | 8848 | 9493 |
| Total Equity | 10335 | 24118 | 20447 | 21164 | 19766 | 17450 | 17560 | 16268 | 16540 | 16100 |
| LTD/E Ratio | 0.64 | 0.53 | 0.66 | 0.52 | 0.37 | 0.45 | 0.44 | 0.55 | 0.53 | 0.59 |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 5.0% | -1.9% | 2.8% | 4.3% | 12.5% | 1.5% | 4.0% | 3.6% | 4.4% | 4.0% |
| Return on Equity | 14.4% | -5.0% | 7.2% | 10.4% | 27.7% | 3.4% | 9.4% | 9.1% | 11.3% | 9.7% |
| ROIC | 8.8% | -3.2% | 4.4% | 6.3% | 18.5% | 2.3% | 6.2% | 5.8% | 7.0% | 6.4% |
| Shares Out. | 647 | 936 | 928 | 932 | 778 | 754 | 721 | 700 | 687 | 676 |
| Revenue/Share | 25.85 | 30.98 | 31.94 | 33.70 | 27.41 | 29.61 | 32.82 | 36.16 | 38.98 | 33.95 |
| FCF/Share | 0.70 | 0.98 | -1.39 | 1.59 | 0.70 | 1.17 | 2.68 | 1.99 | 2.45 | 2.37 |

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