Woodward, Inc. (WWD)

Updated December 5th, 2025 by Josh Arnold

Key Metrics

Current Price:	$302	**5 Year CAGR Estimate:**	12.6%	**Market Cap:**	$18 B
Fair Value Price:	$280	**5 Year Growth Estimate:**	14.0%	**Ex-Dividend Date:**	02/21/2026[1]
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.5%	**Dividend Payment Date:**	03/04/2026
Dividend Yield:	0.4%	**5 Year Price Target**	$539	**Years Of Dividend Growth:**	4
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Woodward, Inc. is an aerospace and industrial manufacturer that operates globally. It designs, manufactures, and services control solutions for various OEMs in two segments: Aerospace and Industrial. The Aerospace segment provides fuel pumps, actuators, air valves, fuel nozzles, engine parts, and a variety of other aircraft parts for commercial, private, and military customers. The Industrial segment sells similar kinds of products for industrial gas and steam turbines, compressors, and engines through a network of distributors, as well as direct-to-customer. Woodward was founded in 1870, generates nearly $4 billion in annual revenue, and employs just over 9,000 people globally.

Woodward posted fourth quarter and full-year earnings on November 24th, 2025, and results were better than expected, and by a wide margin on both the top and bottom lines. Adjusted earnings-per-share for the quarter came to $2.09, which was 20 cents ahead of estimates. Revenue beat expectations by $54 million, rising more than 16% year-over-year to $995 million.

Net income on a dollar basis was $138 million, rising sharply from $83 million a year earlier. Gains were made by higher sales volume, pricing gains, and a favorable tax rate.

EBITDA came to $169 million, up from $113 million for the quarter. For the year, EBITDA was $563 million, higher from $495 million in the prior year.

Management noted particular strength in aircraft utilization, strong defense demand, and growth in oil and gas markets.

Guidance for 2026 was very strong, with sales growth expected at 7% to 12%, with free cash flow of $300 million to $350 million. We've started the year with an estimate of $8 in adjusted earnings-per-share.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.34	$2.45	$2.46	$3.13	$3.10	$2.35	$1.92	$2.87	$4.52	$6.89	***$8.00***	***$15.40***
DPS	$0.43	$0.49	$0.55	$0.63	$0.61	$0.57	$0.73	$0.85	$0.97	$1.09	***$1.12***	***$1.65***
Shares[2]	61.6	61.2	61.8	62.0	62.8	63.1	59.8	59.5	60.0	59.9	***60***	***59***

Woodward has seen somewhat erratic earnings growth over time, including several years where earnings were roughly flat or lower. We think the company has a very bright future ahead driven by both its aerospace and industrial lines of business. We see 14% adjusted earnings-per-share growth in the years ahead, driven by three factors. We believe we'll see 7% or 8% revenue growth, a small tailwind from share repurchases, and the balance from margin expansion. Industrial segment margins should bottom this year, according to management guidance, and that should help profitability going forward. Woodward continues to invest in automation and general operational improvements, with margin tailwinds being the goal.

A risk to growth is production cuts by OEMs, such as Boeing's 737 MAX pause, which has downstream impacts to suppliers like Woodward. But Woodward's product line is broad and deep and we believe overall, its markets are

[1] Estimated date

[2] Share count is in millions.

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healthy. Woodward maintains flexibility to meet growth in Aerospace OEM and defense demand. Investors should keep in mind also that high utilization of legacy aircraft means lots of service and replacement parts demand.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	26.7	31.7	32	34	26.4	49	41.8	43.7	37.1	38.0	***37.8***	***35.0***
Avg. Yld.	0.7%	0.6%	0.7%	0.6%	0.7%	0.5%	0.9%	0.7%	0.6%	0.4%	***0.4%***	***0.3%***

The erratic earnings performance we've seen over time has also caused the valuation to move enormously. The 10-year average P/E ratio is 35, while the most recent five years would be closer to 40. We've set our fair value estimate at the long-term average of 34, which is modestly below the current 37.8, implying a strong headwind going forward.

The yield is pretty insignificant at 0.4%, and we see it remaining in that area going forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	18%	20%	22%	20%	20%	24%	38%	30%	21%	16%	***14%***	***11%***

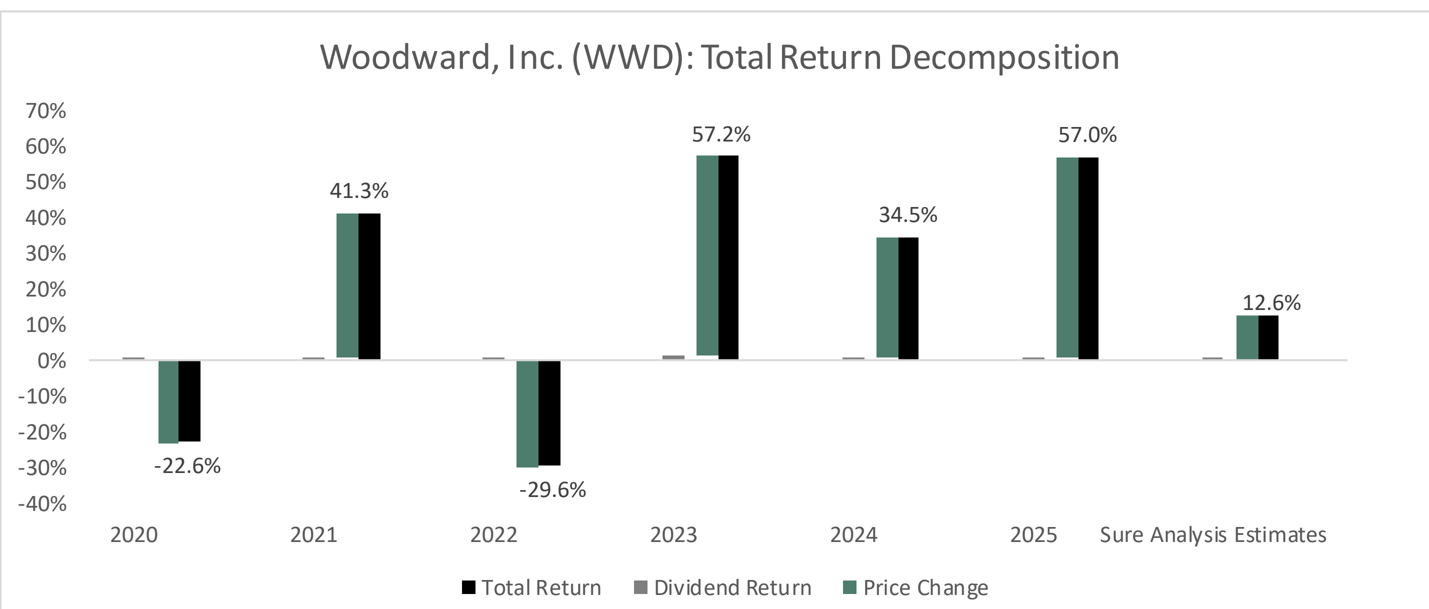
The payout ratio has been maintained generally under 30% of earnings, and we see no risk of a dividend cut anytime soon. We believe the payout ratio should be under 20% for the foreseeable future on strong earnings growth.

Recession risk is significant for Woodward, as those generally bring lower spending on commercial flights. That, in turn, drives lower demand for new aircraft, and lower utilization of existing aircraft that need parts. For now, Woodward is weathering potential headwinds and guidance remains strong for 2025 thus far. But recessions are likely to see Woodward suffer, and something investors should keep a keen eye on.

Final Thoughts & Recommendation

Overall, we think Woodward represents a slightly overvalued, high-growth industrial stock at the moment. The dividend should be very safe, but offers a small yield. We believe Woodward could see average annual returns of 12.6%, mostly attributable to earnings growth and a small dividend yield. Although the valuation has improved, we're leaving the stock at a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,023	2,099	2,326	2,900	2,496	2,246	2,383	2,915	3,324	3,567
Gross Profit	539	571	603	708	640	551	525	678	876	956
Gross Margin	26.6%	27.2%	25.9%	24.4%	25.7%	24.5%	22.0%	23.2%	26.4%	26.8%
SG&A Exp.	174	177	194	211	218	187	203	270	307	330
D&A Exp.	69	81	116	142	131	130	121	120	116	113
Operating Profit	239	267	261	337	289	247	203	276	428	511
Operating Margin	11.8%	12.7%	11.2%	11.6%	11.6%	11.0%	8.5%	9.5%	12.9%	14.3%
Net Profit	181	201	180	260	240	209	172	232	373	442
Net Margin	8.9%	9.6%	7.8%	9.0%	9.6%	9.3%	7.2%	8.0%	11.2%	12.4%
Free Cash Flow	260	215	172	292	302	427	141	232	343	340
Income Tax	46	52	39	61	41	37	28	43	81	79

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,642	2,757	3,791	3,957	3,903	4,091	3,806	4,010	4,369	4,630
Cash & Equivalents	81	88	80	98	150	447	108	137	282	327
Accounts Receivable	341	368	423	382	356	322	369	485	457	831
Inventories	462	474	550	517	438	420	514	518	609	655
Goodwill & Int. Ass.	753	728	1,514	1,410	1,415	1,365	1,233	1,244	1,247	1,260
Total Liabilities	1,430	1,386	2,253	2,230	1,911	1,876	1,905	1,939	2,192	2,064
Accounts Payable	169	233	226	240	134	171	231	234	287	289
Long-Term Debt	727	613	1,246	1,085	838	735	777	722	872	600
Shareholder's Equity	1,213	1,371	1,538	1,727	1,993	2,215	1,901	2,071	2,176	2,566
LTD/E Ratio	0.60	0.45	0.81	0.63	0.42	0.33	0.41	0.35	0.40	0.28

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.0%	7.4%	5.5%	6.7%	6.1%	5.2%	4.3%	5.9%	8.9%	9.8%
Return on Equity	15.3%	15.5%	12.4%	15.9%	12.9%	9.9%	8.3%	11.7%	17.6%	18.6%
ROIC	9.2%	10.2%	7.6%	9.3%	8.5%	7.2%	6.1%	8.5%	12.8%	13.9%
Shares Out.	61.6	61.2	61.8	62.0	62.8	63.1	59.8	60.0	59.1	61.5
Revenue/Share	31.83	33.04	36.41	44.97	38.87	34.26	37.67	47.41	53.54	58.04
FCF/Share	4.09	3.39	2.70	4.52	4.71	6.51	2.23	3.77	5.52	5.54

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