Cognex Corporation (CGNX)

Updated February 16th, 2026 by Prakash Kolli

Key Metrics

Current Price:	$38	**5 Year CAGR Estimate:**	3.8%	**Market Cap:**	$9.74B
Fair Value Price:	$30	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	02/26/26
% Fair Value:	128%	**5 Year Valuation Multiple Estimate:**	-4.8%	**Dividend Payment Date:**	03/12/26
Dividend Yield:	0.9%	**5 Year Price Target**	$44	**Years Of Dividend Growth:**	10
Dividend Risk Score:	B	**Sector:**	Information Technology	**Rating:**	Hold

Overview & Current Events

Cognex Corporation was founded in 1981, and it went public in 1989. The company focuses on industrial automation leveraging its machine vision systems, sensors, and software technologies. The products are used to inspect and verify parts and assemblies. The product portfolio consists of In-Sight vision system and sensors, VisionPro software, DataMan barcode readers and verifiers, and QuickBuild software. Revenue is divided into Automotive (19%), Logistics (25%), Consumer Electronics (19%), Packaging (21%), Semiconductor (10%), and Other (5%). Cognex has acquired Moritex (2023) and SAC Sirius Advanced Cybernetics (2022). Total sales were $994M in 2025.

Cognex reported Q4 2025 results on February 11th, 2025. After demand bounced back during and after the pandemic, the company is now experiencing weakness. Although the packaging and logistics markets are growing, the automotive and EV battery markets are facing difficulties. The semiconductor segment is facing uncertainty because of trade policies. The consumer electronics market is experiencing its first growth year since 2022.

Net sales increased 10% to $252M from $230M on a year-over-year basis after excluding a one-time benefit from a commercial partnership. Adjusted earnings per share climbed 35% to $0.27 in Q4 2025 from $0.20 in Q4 2024. Diluted earnings per share increased 18% to $0.19 from $0.16 in the prior year. Automotive end market sales are down, and the Semiconductor business is facing weakness because of trade uncertainties. The Logistics business is experiencing continued strength. The Consumer Electronics and Packaging segments returned to growth.

Cognex set first quarter guidance at $235M - $255M in revenue and adjusted earnings per share of $0.22 - $0.26.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.86	$1.45	$1.24	$0.78	$1.09	$1.50	$1.31	$0.73	$0.74	$1.02	***$1.20***	***$1.76***
DPS	$0.148	$0.167	$0.185	$0.205	$0.225	$0.246	$0.265	$0.285	$0.305	$0.325	***$0.34***	***$0.48***
Shares[1]	174.1	179.6	177.4	175.3	176.6	179.9	174.9	173.4	172.6	169.4	***169.0***	***166.9***

Cognex's revenue has trended up over the past decade, interrupted by periods of reduced demand from end users during economic or manufacturing slowdowns, such as from 2018 to 2019 and 2022 to 2023. Earnings per share are more volatile due to fixed costs. The company is growing through acquisitions, especially in deep learning for industrial automation. Cognex is implementing AI-assisted labeling in VisionPro and AI-driven optical character recognition as growth drivers. It is also expanding the sales force to reach underpenetrated customers and exiting non-core businesses. That said, the company's revenue and EPS are cyclical, and growth is tied mainly to customer capital expenditures. Tariffs will probably have an impact offset by mitigation efforts.

We have set our earnings per share growth estimate to 8% out to fiscal 2031 accounting for inflation, economic cycles, and customer demand. But growth will be uneven. Cognex initiated a dividend in 2015 and has increased it annually since then. We have set our estimated growth rate to 7% to FY 2031. The conservative payout ratio of approximately 28% suggests more increases to come and should provide some confidence about safety.

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[1] Share count in millions.

Disclosure: None.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	34.7	39.7	29.5	68.2	72.1	50.9	35.5	56.8	52.0	49.0	***32.0***	***25.0***
Avg. Yld.	1.1%	1.0%	0.8%	1.8%	1.2%	1.3%	1.8%	1.5%	0.9%	0.6%	***0.9%***	***1.1%***

Cognex' stock price is up significantly since our last update after beating estimates and a positive outlook. The company's growth is being impacted by low demand from automotive, EV battery, and semiconductors. We set our 2026 earnings estimate to match consensus. We believe a reasonable long-term earnings multiple is 25X, lower than the trailing 10-year average, but accounting for cyclicality. Our fair value estimate is $30. Our 5-year price target is $44.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	17%	12%	15%	26%	21%	16%	20%	39%	41%	32%	***28%***	***27%***

Cognex' main competitive advantage is its intellectual property portfolio and early mover advantage in machine vision. The firm benefits from a well-known suite of products that have a lengthy operating history. The firm's lack of debt and cash position help it acquire companies to maintain its technical edge.

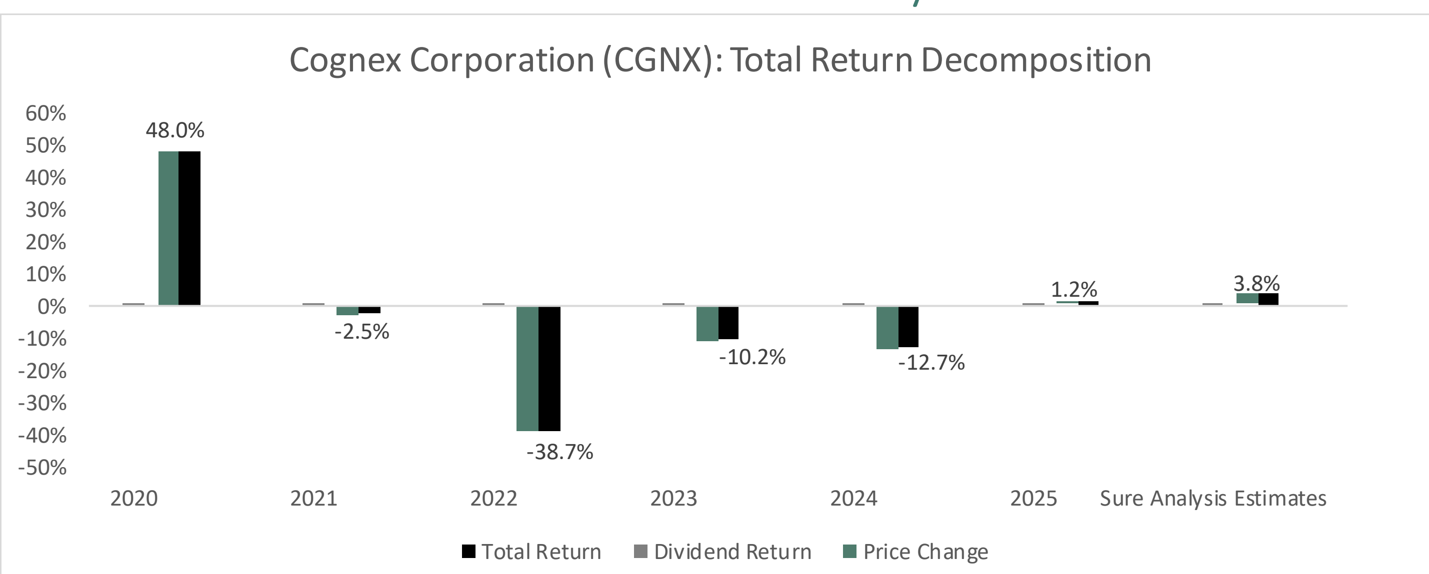
However, Cognex is dependent on customer capital expenditures for growth. In the past, sales have been cyclical, leading to revenue declines and even steeper percentage drops in earnings per share. Consequently, the firm is not recession resistant. Revenue and earnings decreased during the Great Recession and the COVID-19 pandemic. Other concerns are the impact of inflation and high interest rates on customers.

The firm carries no long-term debt and has a net cash position.

Final Thoughts & Recommendation

At present, we are forecasting a 3.8% annualized total return for the next five years from a dividend yield of 0.9%, 8.0% EPS growth, and -4.8% P/E multiple contraction. Despite Cognex's growth in logistics and packaging, the firm is faced with lower demand in the key automotive and EV battery markets. Moreover, inflation, interest rates, and tariffs are likely affecting customers and operating expenditures are trending higher. As a result, customer capital expenditures are lower. The company is exiting non-core businesses and cutting costs. We have maintained our rating at a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	530	766	806	726	811	1,037	1,006	838	915	994
Gross Profit	398	579	600	536	605	760	722	601	626	665
Gross Margin	75.2%	75.6%	74.4%	73.8%	74.5%	73.3%	71.8%	71.8%	68.4%	66.9%
SG&A Exp.	166	221	263	274	268	309	312	339	371	364
D&A Exp.	15	17	22	25	27	20	20	22	33	31
Operating Profit	154	259	221	143	206	315	269	123	115	163
Op. Margin	29.1%	33.8%	27.4%	19.7%	25.4%	30.4%	26.7%	14.7%	12.6%	16.3%
Net Profit	144	177	219	204	176	280	216	113	106	114
Net Margin	27.1%	23.1%	27.2%	28.1%	21.7%	27.0%	21.4%	13.5%	11.6%	11.5%
Free Cash Flow	169	196	186	232	229	299	224	90	134	237
Income Tax	18	90	15	(41)	11	39	35	22	25	68

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,039	1,288	1,290	1,886	1,801	2,004	1,958	2,018	1,993	2,017
Cash & Equivalents	80	107	108	171	269	186	181	203	246	337
Acct. Recv.	55	119	119	103	126	130	125	114	146	164
Inventories	27	68	83	60	61	113	122	162	158	138
Goodwill & Int. Ass.	104	126	123	283	260	254	255	506	476	467
Total Liabilities	76	192	154	530	539	574	520	513	475	525
Accounts Payable	10	23	16	18	16	44	27	21	38	50
Long-Term Debt	-	-	-	-	-	-	-	-	61	65
Shareholder's Equity	963	1,096	1,135	1,356	1,262	1,430	1,438	1,505	1,518	1,492
LTD/E Ratio	-	-	-	-	-	-	-	-	0.05	0.05

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	14.9%	15.2%	17.0%	12.8%	9.6%	14.7%	10.9%	5.7%	5.3%	5.7%
Return on Equity	16.1%	17.2%	19.7%	16.4%	13.5%	20.8%	15.0%	7.7%	7.0%	7.6%
ROIC	16.1%	17.2%	19.7%	16.4%	13.5%	20.8%	15.0%	7.7%	7.0%	7.3%
Shares Out.	173.3	172.3	171.2	173.5	176.5	173.4	172.2	171.6	172.6	169
Revenue/Share	3.04	4.27	4.55	4.14	4.59	5.76	5.75	4.83	5.30	5.87
FCF/Share	0.97	1.09	1.05	1.32	1.30	1.66	1.28	0.52	0.78	1.40

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