CSW Industrials, Inc. (CSW)

Updated February 17th, 2026 by Josh Arnold

Key Metrics

Current Price:	$309	**5 Year CAGR Estimate:**	14.4%	**Market Cap:**	$5.1 B
Fair Value Price:	$340	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	04/30/26[1]
% Fair Value:	91%	**5 Year Valuation Multiple Estimate:**	1.9%	**Dividend Payment Date:**	05/15/26
Dividend Yield:	0.3%	**5 Year Price Target**	$598	**Years Of Dividend Growth:**	7
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

CSW Industrials is a diversified industrial company that is headquartered in Dallas, Texas. It has three segments: Contractor Solutions, Engineered Building Solutions, and Specialized Reliability Solutions. The Contractor Solutions segment provides condensate pads, pans, pumps, switches, sealants, vents, electrical products, and many more related products. The Engineered Building Solutions segment offers fire and smoke protection devices, pre-engineered and custom-made architectural building components, and related services. The Specialized Reliability Solutions segment provides compounds, lubricants, sealants, filtration products, and more. CSW traces its roots back to 1969, employs about 2,600 people, and should generate over $1 billion in revenue this year.

CSW posted third quarter earnings on January 29th, 2026, and results were weaker than expected on both the top and bottom lines. The company saw adjusted earnings-per-share of $1.42, missing by a staggering 45 cents. Revenue was also weak, ceding 16% year-over-year to $233 million, and missing estimates by over $18 million.

Revenue was down by 2.9% on an organic basis during the quarter due to weakness in Contractor Solutions, which was caused by destocking in the residential HVAC market. Adjusted EBITDA was $45 million, up 7% year-over-year, with adjusted EBITDA margin of 19.2% of revenue. That was off 250 basis points due to acquisition-related margin dilution and higher input costs.

Cash flow from operations was $28.9 million, and free cash flow was $22.7 million. Net debt ended the quarter at $764 million, with net debt to EBITDA at 2.3X.

We have moved our estimate of earnings-per-share down to $9.70 following a much worse than expected third quarter report, but note that would still comfortably be a record, if achieved.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.52	$1.17	$2.09	$2.96	$2.99	$2.65	$4.20	$6.20	$6.52	$8.41	***$9.70***	***$17.09***
DPS	---	---	---	$0.41	$0.54	$0.59	$0.66	$0.74	$0.85	$0.96	***$1.08***	***$1.90***
Shares[2]	15.7	15.8	15.8	15.0	14.7	15.7	15.7	15.5	15.5	16.8	***17.0***	***18.0***

CSW's earnings growth has been outstanding, if a bit uneven over time. From 2016 to 2025, annual earnings-per-share growth was more than 20% on average. We see something lower than that over the longer-term given the high base of earnings for 2026, but still project 12% growth going forward from fiscal 2026's very high (and record) base. We see M&A as a primary driver of this growth, but also note that margins could have some upside if freight rates decline. CSW's margins are generally quite volatile, so that's something for investors to monitor. Management is focusing on M&A rather than share repurchases or more meaningful dividend payments.

[1] Estimated date

[2] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	23.3	39.6	23.9	25.0	38.2	41.3	31.9	34.0	50.5	34.7	***31.9***	***35.0***
Avg. Yld.	0.0%	0.0%	0.0%	0.6%	0.5%	0.5%	0.5%	0.4%	0.3%	0.3%	***0.3%***	***0.3%***

Shares have been valued quite highly for the past several years. The 10-year average P/E ratio is about 34, but for the past five years, it's closer to 39. We've settled on 35 times earnings for now as fair value, meaning shares are undervalued for now.

The yield is just 0.3%, and we don't see a lot of movement on that going forward given the company's preferred capital allocation strategy of M&A.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	---	14%	18%	22%	16%	12%	13%	13%	***11%***	***11%***

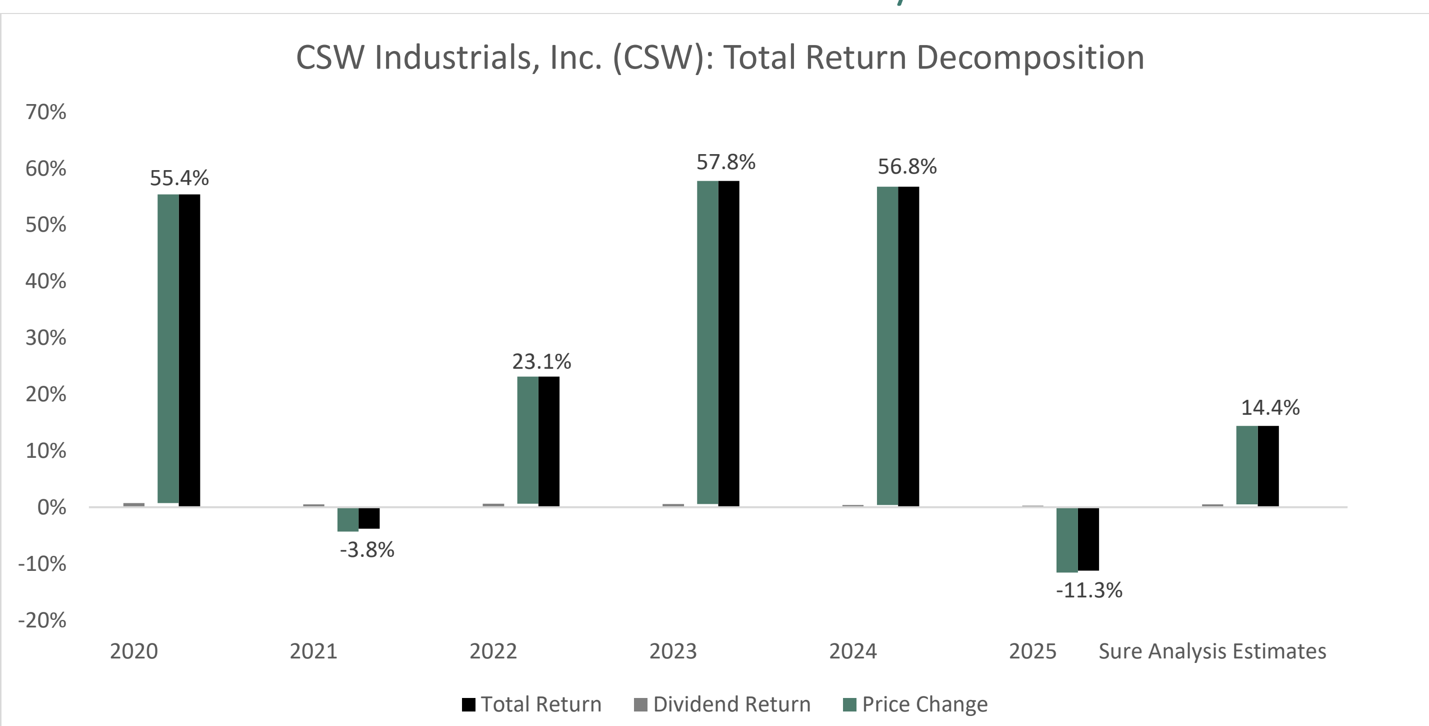
The payout ratio is very low today, and we don't see that changing anytime soon. The company has raised its dividend each year since it began paying it, and we expect that to continue indefinitely. We also see no risk of a dividend cut, even in a recession.

The company's balance sheet is quite clean with strong free cash flows, and a net cash position. We expect further M&A to dominate the company's cash allocation in the coming years.

Final Thoughts & Recommendation

Overall, we see CSW as an undervalued, high-growth industrial name that is buy-rated. Total returns could accrue from the fractional yield, 1.9% tailwind from the valuation, and the 12% projected earnings growth rate. CSW has had a tough 2025 thus far, but we think it should be considered a buying opportunity with outstanding 14.4% total returns forecast.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	267	287	326	350	386	419	626	758	793	878
Gross Profit	135	129	148	161	177	185	256	318	351	388
Gross Margin	50.5%	44.9%	45.3%	46.1%	45.8%	44.0%	40.9%	42.0%	44.2%	44.2%
SG&A Exp.	88	96	98	101	110	125	159	179	192	0
D&A Exp.	12	14	15	14	15	23	37	36	38	43
Operating Profit	46	33	50	60	67	59	97	139	159	185
Operating Margin	17.3%	11.6%	15.2%	17.3%	17.3%	14.1%	15.5%	18.3%	20.1%	21.1%
Net Profit	25	11	(12)	46	46	40	66	96	102	137
Net Margin	9.5%	3.9%	-3.6%	13.0%	11.8%	9.6%	10.6%	12.7%	12.8%	15.7%
Free Cash Flow	32	32	38	52	58	57	53	108	148	152
Income Tax	19	14	16	15	13	11	24	29	38	43

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	392	398	341	353	369	880	995	1,043	1,043	1,379
Cash & Equivalents	26	23	12	27	18	10	17	18	22	226
Accounts Receivable	53	59	62	65	73	93	121	121	138	151
Inventories	52	44	43	51	54	103	150	162	151	195
Goodwill & Intang.	156	140	135	137	138	502	525	562	566	622
Total Liabilities	134	126	75	89	93	464	511	499	408	287
Accounts Payable	10	10	17	19	22	32	48	41	48	55
Long-Term Debt	90	73	24	31	11	242	253	253	166	69
Shareholder's Equity	258	272	266	264	277	415	469	526	616	1,072
LTD/E Ratio	0.35	0.27	0.09	0.12	0.04	0.58	0.54	0.48	0.27	0.06

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.5%	2.8%	-3.2%	13.1%	12.7%	6.4%	7.1%	9.5%	9.7%	11.4%
Return on Equity	11.0%	4.2%	-4.4%	17.2%	16.9%	11.6%	14.8%	18.8%	17.2%	15.9%
ROIC	8.8%	3.2%	-3.7%	15.6%	15.7%	8.5%	9.5%	12.6%	12.7%	13.7%
Shares Out.	15.7	15.8	15.8	15	14.7	15.7	15.7	15.5	15.5	16.31
Revenue/Share	17.03	18.15	20.82	22.54	25.38	27.71	39.63	48.75	50.89	53.84
FCF/Share	2.06	2.03	2.40	3.36	3.84	3.80	3.38	6.92	9.48	9.32

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