Eaton Corporation (ETN)

Updated February 4th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$367	**5 Year Annual Expected Total Return:**	10.8%	**Market Cap:**	$143 B
Fair Value Price:	$331	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	03/10/26[1]
% Fair Value:	111%	**5 Year Valuation Multiple Estimate:**	-2.0%	**Dividend Payment Date:**	03/28/26[2]
Dividend Yield:	1.1%	**5 Year Price Target**	$584	**Years Of Dividend Growth:**	16
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Eaton Corporation is a diversified industrial equipment and parts manufacturer. The company's engineered electrical systems and components are used by customers in the industrial, vehicle, commercial, and aerospace markets. The Ireland-based Eaton was founded in 1916 and today has annual sales of more than $27 billion. The company employs about 94,000 people. Eaton has 5 divisions: Electrical Americas, Electrical Global, Aerospace, Vehicle, and eMobility.

On February 27th, 2025, Eaton raised its quarterly dividend 10.6% to $1.04, extending the company's dividend growth streak to 16 consecutive years.

On November 3rd, 2025, Eaton announced that it had agreed to acquire Boyd Corporation's thermal business, Boyd Thermal, for $9.5 billion. The transaction is expected to close in Q2 2026.

On February 3rd, 2026, Eaton announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 13.1% to a Q4 record $7.06 billion, but this was $30 million below estimates. Adjusted earnings-per-share of $3.33 was also a Q4 record, compared favorably to $2.83 in the prior year, and was $0.01 better than expected. For the year, revenue improved 10% to $27.4 billion while adjusted EPS of $12.07 compared to $10.80 in 2024.

Organic sales were higher by 9% for the quarter. Segment margins expanded 20 basis points to a Q4 record 24.9%. For the quarter, revenue for the Electrical Americas segment was up 21% to a record $3.51 billion. The backlog was up 31%. Electrical Global grew 10% to a record $1.73 billion and the backlog was higher by 19%. Aerospace increased 14% to a record $1.11 billion, with the backlog up 16% from the prior year. The Vehicle segment declined 9% to $586 million while eMobility was down 15% to $125 million. Eaton announced in January that it planned to spin off its Vehicle and eMobility segments into a standalone company named "Mobility Group". The deal is expected to be complete in Q1 2027.

Eaton provided an outlook for 2026 as well, with the company expecting adjusted earnings-per-share in a range of $13.00 to $13.50. At the midpoint, this would represent an increase of 8.9% from 2025.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$4.21	4.60	$5.35	$5.74	$4.24	$6.62	$7.57	$9.12	$10.80	$12.07	***$13.25***	***$23.35***
DPS	$2.28	$2.40	$2.64	$2.84	$2.92	$3.04	$3.24	$3.44	$3.76	$4.16	***$4.16***	***$6.70***
Shares[3]	449	439	433	416	401	398	400	400	396	389	***389***	***380***

Eaton's earnings-per-share have increased by 12.4% over the last decade. The growth rate accelerates somewhat to 14.9% when looking at the last five years. Prior to 2020, Eaton had delivered mid-single-digit organic growth, though the company's earnings-per-share decreased dramatically during the last recession. The short-term following the pandemic was challenging for the company, but earnings-per-share growth returned very quickly. The addition of Boyd Thermal

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[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] In millions of shares.
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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will help the company gain increased access to the growing AI investment boom. The spinoff of the Vehicle and eMobility business will allow the company to focus on its main drivers of growth. We reaffirm our expected EPS growth to 12% from 10% through 2031 as the company is expected to grow at low double-digit rate over the next few years.

Eaton paused dividend growth in 2009, as this was prudent given the earnings decline. We continue to expect dividends to grow 10% annually as the payout ratio is very reasonable.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.6	16.3	14.7	14.3	22.7	26.1	20.7	26.4	30.7	26.4	***27.7***	***25.0***
Avg. Yld.	3.7%	3.2%	3.4%	3.5%	3.0%	1.8%	2.1%	1.4%	1.1%	1.3%	***1.1%***	***1.1%***

Shares of Eaton have gained $15, or 4.3%, since our November 17th, 2025 update. Based off estimates for 2026, the stock trades with a price-to-earnings multiple of 27.7. Eaton's stock has an average price-to-earnings ratio of 21.3 over the past decade and 26.1 over the last five years. We reaffirm our target P/E ratio of 25 from 21 given the quality of results in recent years and the expectation for a higher growth rate moving forward. If shares were to trade at our target P/E by 2031, then valuation would be a 2.0% headwind to total returns over this time frame.

Eaton has a current yield of 1.1%, which is well below the stock's 10-year average of more than 2.5%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

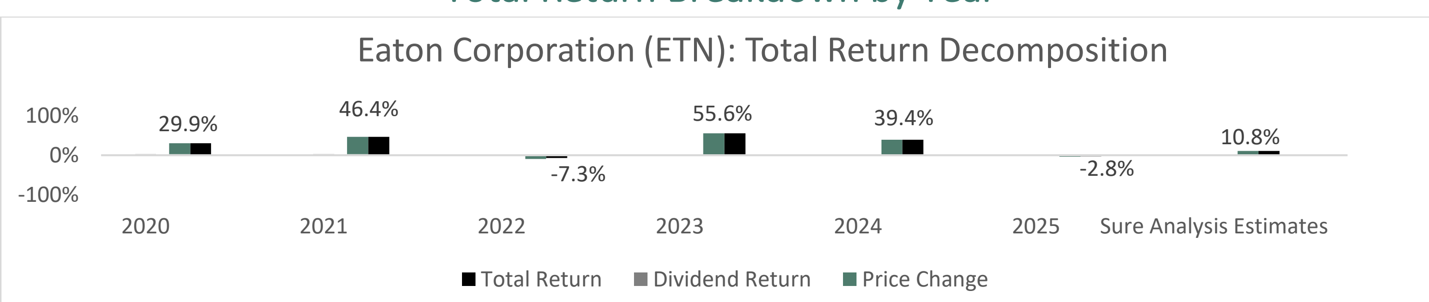
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	54%	52%	49%	49%	69%	46%	43%	38%	35%	34%	***31%***	***29%***

Eaton suffered an extreme decline in earnings during the last recession that forced the company to pause its dividend growth. The company would likely experience a decline in earnings in another recession due to the nature of its business and could pause its dividend increases again. Eaton's key competitive advantages are its expertise and understanding of the businesses that it operates. The company specializes in providing highly engineered products to customers in niche end markets. Switching to a different provider could prove costly and comes with a risk of failure. While Eaton is not recession-proof, the company is likely to do well in an improving economy due to these factors.

Final Thoughts & Recommendation

Following fourth quarter results, Eaton Corporation is expected to return 10.8% annually through 2031, up from our prior estimate of 9.7%. Our projection stems from a 12% earnings growth rate and a 1.1% starting dividend yield that are offset by a low single-digit headwind from multiple compression. Once again, Eaton's businesses largely performed very well during the period, with the company seeing new records in several segments. That said, Eaton still trades ahead of our fair value target. We have raised our five-year price target $52 to $584 due to EPS estimates, but we continue to rate shares of Eaton as a hold as the stock trades ahead of our fair value target. We note that Eaton's projected returns are appealing as is its strong dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	19,747	20,404	21,609	21,390	17,858	19,628	20,752	23,196	24,878	27,448
Gross Profit	6,346	6,665	7,114	7,052	5,445	6,315	6,906	8,433	9,499	10,803
Gross Margin	32.1%	32.7%	32.9%	33.0%	30.5%	32.2%	33.3%	36.4%	38.2%	39.4%
SG&A Exp.	3,505	3,526	3,548	3,583	3,075	3,256	3,227	3,795	4,077	-
D&A Exp.	929	914	903	884	811	922	954	926	921	
Operating Profit	2,467	2,675	2,982	3,061	2,321	2,870	3,241	3,995	4,866	5,209
Op. Margin	12.5%	13.1%	13.8%	14.3%	13.0%	14.6%	15.6%	17.2%	19.6%	19.0%
Net Profit	1,919	2,986	2,146	2,213	1,415	2,146	2,465	3,223	3,798	4,090
Net Margin	9.7%	14.6%	9.9%	10.3%	7.9%	10.9%	11.9%	13.9%	15.3%	14.9%
Free Cash Flow	2,073	2,146	2,093	2,864	2,555	1,588	1,935	2,867	3,519	
Income Tax	199	382	278	378	331	750	445	604	768	841

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	30,476	32,623	31,092	32,805	31,824	34,027	35,014	38,432	38,381	41,251
Cash & Equivalents	746	1,095	440	591	1,102	568	555	2,609	2,080	803
Acc. Receivable	3,560	4,060	3,952	3,538	2,994	3,484	4,309	4,764	4,949	5,387
Inventories	2,346	2,620	2,785	2,805	2,109	2,969	3,430	3,739	4,227	4,721
Goodwill & Int.	18,715	18,833	18,174	18,094	17,078	20,606	20,282	20,068	19,371	20,823
Total Liabilities	15,478	15,333	14,950	16,672	16,851	17,576	17,940	19,363	19,850	21,782
Accounts Payable	1,718	2,166	2,130	2,114	1,987	2,797	3,072	3,365	3,678	4,168
Long-Term Debt	8,263	7,745	7,107	8,398	8,383	8,903	8,790	9,794	9,821	10,531
Total Equity	14,954	17,253	16,107	16,082	14,930	16,413	17,038	19,036	18,488	
LTD/E Ratio	0.55	0.45	0.47	0.55	0.57	0.55	0.54	0.52	0.54	0.54

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.2%	9.5%	6.7%	6.9%	4.4%	6.5%	7.1%	8.8%	9.9%	10.3%
Return on Equity	12.7%	18.5%	12.8%	13.7%	9.1%	13.7%	14.7%	17.8%	20.2%	21.5%
ROIC	8.2%	12.4%	8.8%	9.1%	5.8%	8.8%	9.5%	11.7%	13.2%	14.0%
Shares Out.	449	439	433	416	401	398	400	400	396	389
Revenue/Share	43.26	45.65	49.46	50.83	44.20	48.87	51.78	57.83	62.29	70.16
FCF/Share	4.54	4.80	4.79	6.81	6.32	3.95	4.83	7.15	8.81	

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