Jacobs Solutions Inc. (J)

Updated February 4th, 2026, by Kody Kester

Key Metrics

Current Price:	$142	**5 Year CAGR Estimate:**	12.2%	**Market Cap:**	$16.8B
Fair Value Price:	$151	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	02/20/26
% Fair Value:	94%	**5 Year Valuation Multiple Estimate:**	1.2%	**Dividend Payment Date:**	03/20/26
Dividend Yield:	1.0%	**5 Year Price Target**	$244	**Years Of Dividend Growth:**	8
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

Founded in 1947, Jacobs Solutions Inc. provides clients with end-to-end services in energy, life sciences, environmental, transportation and water, and advanced manufacturing. The company's team of approximately 43,000 employees tackles many of the world's biggest problems, including water scarcity, aging infrastructure, and access to life-saving therapies.

J operates the following two operating segments:

1. Infrastructure & Advanced Facilities: This segment operates in the Critical Infrastructure (42% of FY 2025 revenue), Life Sciences & Advanced Manufacturing (29% of FY 2025 revenue), and Water & Environmental end markets (28% of FY 2025 revenue). The segment offers a variety of services, such as engineering, consulting, planning, and design. In FY 2025, the segment made up 89.8% of J's total FY 2025 revenue.
2. PA Consulting: This segment came about from the company's acquisition of a 65% stake in PA Consulting in March 2021 (as of February 2026, this is now a 100% stake). The company's global team of roughly 4,000 people includes strategists, innovators, consultants, designers, scientists, and engineers. These employees work with clients in consumer and manufacturing, defense and security, financial services, energy and utilities, government, transport, and health and life sciences. Clients range from household names like Unilever to start-ups like PulPac, which convert plant fiber into sustainable packaging to substitute for single-use plastic. The segment made up the remaining 10.2% of J's FY 2025 revenue.

On February 3rd, J released its financial results for its fiscal first quarter ended December 26th, 2025. The company's adjusted net revenue rose by 8.2% over the year-ago period to $2.25 billion in the quarter. Growth in the Life Sciences & Advanced Manufacturing, Critical Infrastructure, and Water & Environmental end markets (+9.8% to $376 million, +7.8% to $948 million, and +3.6% to $574 million, respectively) was the driver of this topline growth during the quarter. J's adjusted EPS jumped 15% year-over-year to $1.53 for the quarter. That exceeded the analyst consensus in the quarter by $0.03. A roughly 10-basis-point expansion in the non-GAAP net profit margin to 8.1% and a 4%+ reduction in the diluted average share count helped adjusted EPS growth to outpace adjusted net revenue growth during the quarter. A week prior, J also upped its quarterly dividend per share by 12.5% to $0.36.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.57	$2.71	$3.73	$4.22	$4.58	$5.25	$5.79	$6.01	$5.28	$6.12	***$7.20***	***$11.60***
DPS	-	$0.60	$0.60	$0.68	$0.76	$0.84	$0.92	$1.04	$1.16	$1.25	***$1.44***	***$2.32***
Shares[1]	121.0	120.4	142.2	132.9	129.8	128.9	127.4	126.0	124.3	119.1	***117.6***	***109.0***

Moving forward, we still believe J can deliver 10% annual adjusted EPS growth through FY 2031, off a projected FY 2026 base of $7.20. Given the record $26.3 billion backlog, mid-single-digit annual revenue growth is arguably a reasonable expectation in the years to come. The spinoff of lower-margin businesses should also boost margins for the foreseeable future. Along with modest share repurchases, this provides a realistic avenue to our projected EPS growth over the medium term for J.

[1] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	16.8	18.0	17.1	18.0	17.2	21.4	15.7	19.0	24.6	24.8	***19.8***	***21.0***
Avg. Yld.	-	1.2%	0.9%	0.9%	1.0%	0.7%	1.0%	0.9%	0.9%	0.9%	***1.0%***	***1.0%***

In recent years, J's shares have been valued as low as the mid-teens to as high as the mid-20s P/E ratio range. The average P/E ratio over that time has been about 19.3. The spinoff of lower-margin businesses leads us to believe that a re-rating of about one standard deviation higher than the 10-year average could be due. That would represent a P/E ratio of roughly 21 (in line with the five-year average). Relative to the current P/E ratio of 19.8, J's shares are still arguably undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	22%	16%	16%	17%	16%	16%	17%	22%	20%	***20%***	***20%***

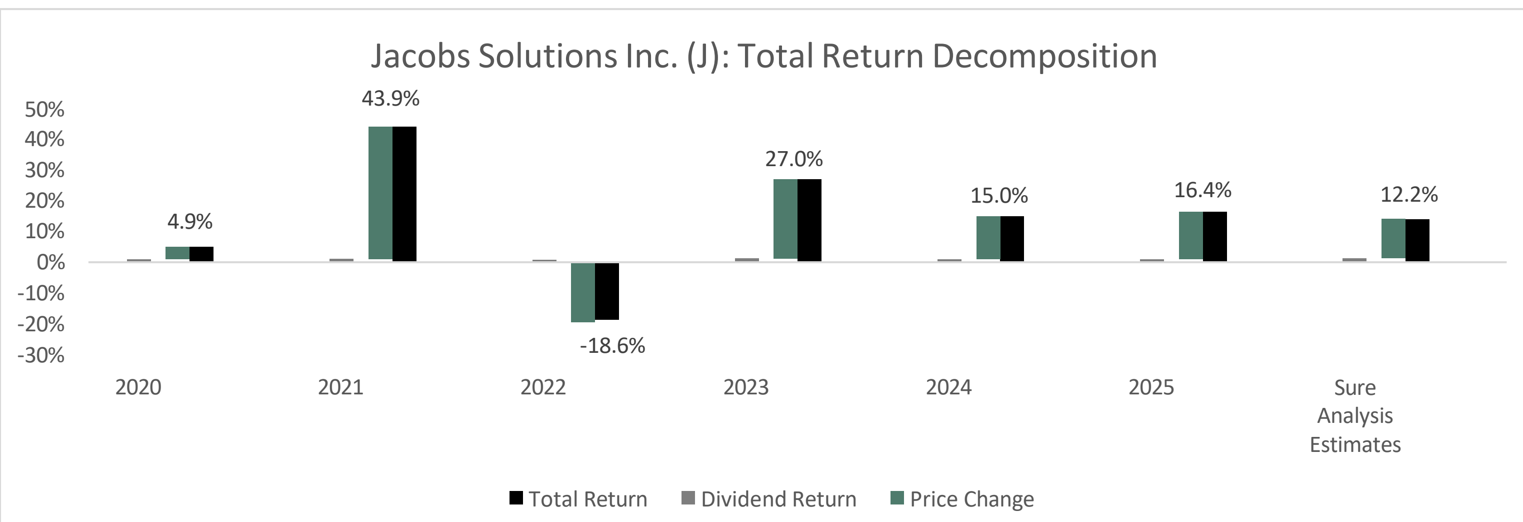
Jacobs is an established player in its industry, with a wide variety of services that meet the needs of most clients. That has historically led to high retention rates and fairly consistent adjusted EPS growth over the years.

As of December 26th, 2025, the company's net debt to trailing 12-month adjusted EBITDA ratio was just 0.76x. This lends credence to the argument that J is financially stable. Adding to this is the fact that the company's dividend payout ratio is expected to be in the high-teens to low-20% range for FY 2026. That's a manageable payout ratio that gives J the flexibility to navigate a temporary downturn in profits without likely having to cut the dividend.

Final Thoughts & Recommendation

J's 1.0% dividend yield, 10.0% annual adjusted EPS growth prospects, and 1.2% annual valuation multiple upside potential could generate 12.2% annual total returns through FY' 2031. Despite the 10% rally in recent months, the forward return estimate remains attractive, so we're reiterating our Buy rating.

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	12,115	10,964	6,330	10,580	12,738	13,567	14,093	9,783	10,851	11,501
Gross Profit	1,968	1,768	1,260	2,159	2,477	2,587	3,044	2,580	2,711	2,833
Gross Margin	16.2%	16.1%	19.9%	20.4%	19.4%	19.1%	21.6%	26.4%	25.0%	24.6%
SG&A Exp.	1,523	1,429	1,016	1,771	2,072	2,051	2,356	2,040	2,034	2,140
D&A Exp.	149	130	123	199	169	182	251	301	307	309
Operating Profit	446	339	244	387	405	536	688	540	676	692
Operating Margin	3.7%	3.1%	3.9%	3.7%	3.2%	4.0%	4.9%	5.5%	6.2%	6.0%
Net Profit	303	210	294	163	848	492	477	644	666	806
Net Margin	2.5%	1.9%	4.6%	1.5%	6.7%	3.6%	3.4%	6.6%	6.1%	7.0%
Free Cash Flow	396	602	457	386	(502)	689	633	347	837	934
Income Tax	101	72	73	326	37	55	275	66	101	131

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,786	7,360	7,381	12,646	11,463	12,354	14,633	14,660	14,617	11,759
Cash & Equivalents	461	656	774	635	631	862	1,014	1,140	771	1,145
Accounts Receivable	1,214	1,110	949	1,107	1,222	1,294	1,278	1,400	1,129	1,279
Goodwill & Int.	3,402	3,417	3,343	5,369	6,098	6,297	8,763	8,579	5,595	5,663
Total Liabilities	3,429	3,030	2,894	6,701	5,694	6,499	8,000	7,924	7,384	6,372
Accounts Payable	567	522	684	776	1,073	1,062	908	967	922	1,029
Long-Term Debt	598	388	238	2,147	1,401	1,677	2,893	3,408	2,875	2,224
Shareholder’s Equity	4,292	4,265	4,428	5,854	5,715	5,816	5,940	6,060	6,546	4,549
LTD/E Ratio	0.14	0.09	0.05	0.37	0.25	0.29	0.49	0.56	0.44	0.49

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.7%	2.8%	4.0%	1.6%	7.0%	4.1%	3.5%	4.4%	4.5%	6.1%
Return on Equity	6.8%	4.8%	6.7%	3.1%	14.5%	8.5%	7.6%	9.6%	9.5%	12.8%
ROIC	5.9%	4.4%	6.2%	2.6%	11.1%	6.7%	5.6%	6.5%	6.6%	9.1%
Shares Out.	123.1	121.0	120.4	142.2	132.9	129.8	128.9	127.4	126.0	124.3
Revenue/Share	96.07	90.25	52.69	76.92	91.50	102.22	107.35	75.58	85.30	91.36
FCF/Share	3.14	4.96	3.80	2.81	(3.61)	5.19	4.83	2.68	6.58	7.42

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