Cactus (WHD)

Updated February 27th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$52	**5 Year CAGR Estimate:**	4.7%	**Market Cap:**	$4.2 B
Fair Value Price:	$49	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	3/2/26
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.3%	**Dividend Payment Date:**	3/19/26
Dividend Yield:	1.1%	**5 Year Price Target**	$62	**Years Of Dividend Growth:**	7
Dividend Risk Score:	C	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

Cactus (WHD) designs, manufactures, sells, and leases pressure control and spoolable pipes to unconventional onshore oil and gas producers in the U.S., Australia, Canada, the Middle East, and other international markets. The company operates through two segments, Pressure Control and Spoolable Technologies. The Pressure Control segment designs, manufactures, sells, and rents a range of wellhead and pressure control equipment under the Cactus Wellhead brand name. The Spoolable Technologies segment designs, manufactures, and sells spoolable pipes and associated end fittings under the FlexSteel brand name. Cactus was incorporated in Houston, Texas, in 2011, became public in 2018, and has a market capitalization of $4.2 billion.

Cactus greatly benefits from the secular growth of production of oil and gas of the U.S., which has become the largest producer in the world and keeps growing its output. In recent years, OPEC and Russia have been implementing deep production cuts in order to support the price of oil. They have accomplished their goal but they have also helped the U.S. grow its market share significantly. It is also important to note that management owns 17% of Cactus and hence its interest is aligned with that of the shareholders.

In late February, Cactus reported (2/25/26) financial results for the fourth quarter of fiscal 2025. Revenue decreased -4% over the prior year's quarter, primarily due to a decrease in land drilling activity in the U.S. Adjusted earnings-per-share decreased -3%, from $0.67 to $0.65, though they exceeded the analysts' consensus by $0.07. The company has beaten the analysts' estimates in 14 of the last 17 quarters. Management expects flat sequential U.S. land activity in the first quarter of 2026. We also note that the price of oil has been under pressure since early last year due to an excessive global surplus. Nevertheless, due to a low comparison base and our expectations for a partial recovery of oil prices, we expect the earnings-per-share of Cactus to revert towards their level in 2024 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	---	---	$1.58	$1.88	$0.72	$0.83	$1.84	$3.19	$3.07	$2.69	***$3.00***	***$3.83***
DPS	---	---	$0.00	$0.09	$0.36	$0.38	$0.44	$0.46	$0.50	$0.54	***$0.56***	***$0.72***
Shares	---	---	37	76	76	76	76	80	80	81	***81***	***81***

Cactus is present in all the major producing basins in the U.S. and hence it greatly benefits from the sustained production growth of the country. The company also sees ample room for future growth, as the transition from traditional stick steel pipe to spoolable products is still in its early stages. In addition, Cactus is in its early stages in its penetration in international markets. All these bode well for future growth. If the company meets our forecast for earnings-per-share of $3.00 this year, it will have grown its bottom line by 6.9% per year on average over the last seven years.

On the other hand, the oil and gas industry is notorious for its dramatic cyclicality. This is clearly reflected in the highly volatile performance record of Cactus and the plunge in earnings in 2020-2021 amid the pandemic. Given also the short history of the company, we prefer to be conservative and thus we assume 5% average annual growth of earnings-per-share over the next five years. Cactus may exceed our assumptions but we prefer to be on the safe side.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	---	15.2	16.8	27.1	42.2	26.1	13.9	18.3	16.7	***17.3***	***16.2***
Avg. Yld.	---	---	0.0%	0.3%	1.8%	1.1%	0.9%	1.0%	0.9%	1.2%	***1.1%***	***1.2%***

Excluding the years 2020-2022, in which depressed earnings resulted in abnormally high price-to-earnings ratios, Cactus has traded with an average price-to-earnings ratio of 16.2 throughout its short history. As a cyclical business, Cactus tends to have higher price-to-earnings ratios during periods of lower earnings, and lower price-to-earnings ratios during periods of higher earnings. We view 16.2 as a fair earnings multiple for this stock, which is now trading at a price-to-earnings ratio of 17.3. If it trades at its fair valuation level in five years, it will incur a -1.3% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	---	5%	50%	46%	24%	14%	16%	20%	*19%*	*19%*

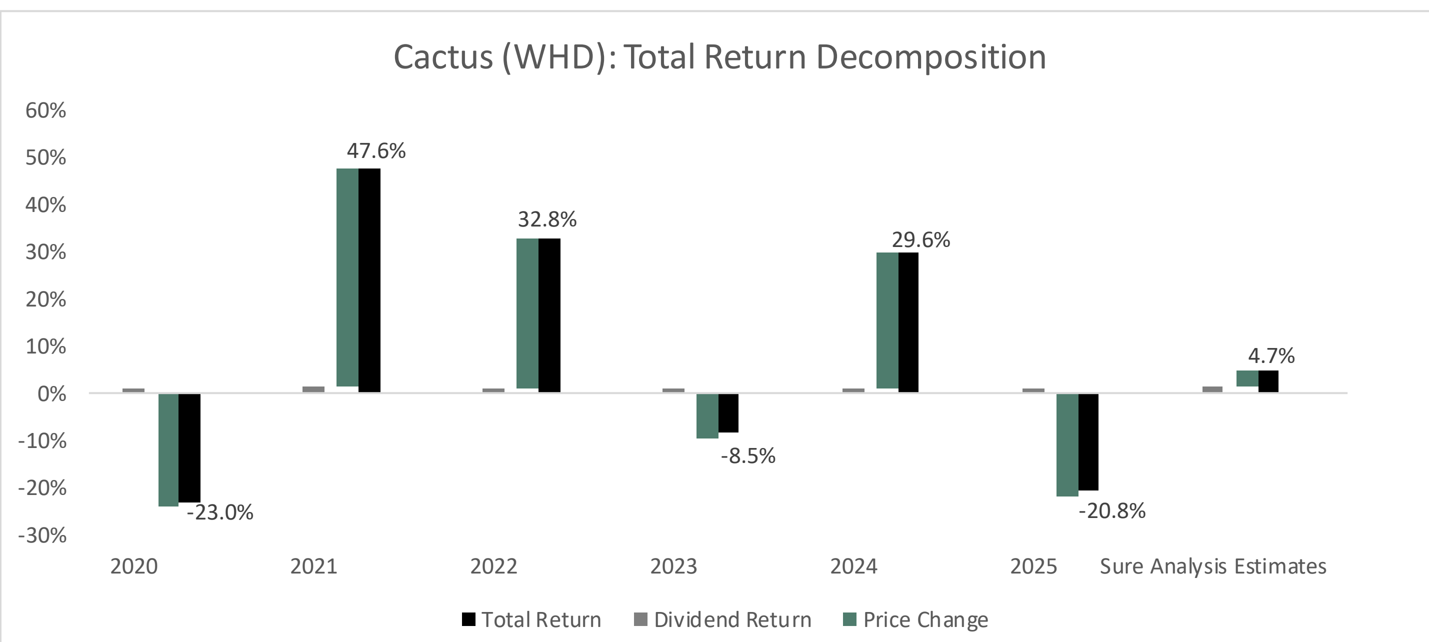
Cactus sells its products to oil and gas producers, which go through dramatic cycles. Consequently, Cactus is highly vulnerable to recessions and downturns of the energy sector. During the pandemic, it incurred a -62% plunge in earnings-per-share in 2020 and earnings remained depressed in 2021 as well.

On the bright side, management should be praised for maintaining a rock-solid balance sheet, without any debt. Thanks to its pristine balance sheet, Cactus will be able to withstand the downturns of its business and emerge stronger during the subsequent recovery.

Final Thoughts & Recommendation

Cactus has a short history but has promising growth prospects, primarily thanks to the booming U.S. oil and gas production and its expansion overseas. The stock could offer a 4.7% average annual total return over the next five years thanks to 5.0% growth of earnings-per-share and a 1.1% dividend, partly offset by a -1.3% valuation headwind. The stock maintains its hold 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	155	341	544	628	349	439	688	1,097	1,130	1,079
Gross Profit	30	116	218	235	112	121	242	406	436	---
Gross Margin	19.2%	34.0%	40.1%	37.4%	32.0%	27.7%	35.2%	37.0%	38.6%	---
SG&A Exp.	19	27	41	52	40	46	68	127	130	---
D&A Exp.	21	23	30	39	41	36	34	65	60	64
Operating Profit	11	89	178	183	72	75	175	279	306	1,079
Op. Margin	6.8%	26.0%	32.7%	29.1%	20.6%	17.2%	25.4%	25.5%	27.1%	100%
Net Profit	(8)	67	52	86	34	50	110	169	185	202
Net Margin	-5.3%	19.5%	9.5%	13.6%	9.9%	11.3%	16.0%	15.4%	16.4%	18.7%
Free Cash Flow	2	3	97	150	119	50	90	296	277	217
Income Tax	1	2	20	32	11	8	31	48	67	59

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	165	266	585	835	816	982	1,119	1,523	1,739	1,872
Cash & Equivalents	9	8	71	203	289	302	345	134	343	495
Acc. Receivable	32	84	92	88	44	89	138	205	192	164
Inventories	38	64	100	113	87	120	161	206	227	277
Goodwill	8	8	8	8	8	8	8	383	367	351
Total Liabilities	269	303	222	319	265	387	408	458	475	439
Accounts Payable	14	35	42	41	20	43	48	72	72	72
Long-Term Debt	245	244	-	-	-	-	-	-	-	33
Total Equity	(103)	(36)	178	327	353	469	572	866	1,071	1,433
LTD/E Ratio	(2.37)	(6.74)	-	-	-	-	-	-	-	0.03

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-4.8%	30.8%	12.1%	12.1%	4.2%	5.5%	10.5%	12.8%	11.4%	11.2%
Return on Equity			31.7%	19.5%	6.5%	8.7%	16.9%	19.1%	15.9%	15.0%
ROIC	-5.4%	38.1%	18.1%	19.5%	6.5%	8.7%	16.9%	19.1%	15.9%	14.5%
Shares Out.			37	62	63	63	63	67	80	69
Revenue/Share	2.07	15.92	16.64	8.34	4.62	5.76	9.02	13.81	14.14	15.64
FCF/Share	0.03	0.12	2.97	1.99	1.57	0.65	1.17	3.73	3.47	3.15

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