Graco Inc. (GGG)

Updated April 23rd, 2026, by Kody Kester

Key Metrics

Current Price:	$82	**5 Year CAGR Estimate:**	9.8%	**Market Cap:**	$13.5B
Fair Value Price:	$84	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	07/22/26[1]
% Fair Value:	98%	**5 Year Valuation Multiple Estimate:**	0.5%	**Dividend Payment Date:**	08/07/26[1]
Dividend Yield:	1.4%	**5 Year Price Target**	$123	**Years Of Dividend Growth:**	29
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Buy

Overview & Current Events

Founded in 1926, Graco Inc. (GGG) is a manufacturing company that designs, manufactures, and markets systemsand equipment used to move, measure, control, dispense, and spray fluid and powder materials. It operates through the following segments:

1. Contractor: This segment offers sprayers that apply paint to walls and other structures. The users for these products range from DIY homeowners to professional contractors. The segment also manufactures two-component proportioning systems that are used to spray polyurethane foam and polyurea coatings. These are used for insulating water heaters, building walls, roofs, and hot tubs. End users are mostly professional painters in the construction and maintenance industries. This segment accounted for 47.9% of the company's $2.24 billion in total net sales in 2025.
2. Industrial: The Industrial segment markets equipment and solutions for moving and applying paints, powder coatings, sealants, and adhesives. These products serve customers in the wood and metal products, rail, aerospace, farm, and construction industries. The segment comprised another 44.6% of GGG's total net sales in 2025.
3. Expansion Markets: This segment is focused on fueling inorganic growth in new and adjacent markets. That includes environmental, semiconductors, high-pressure valves, electric motors businesses, as well as select future ventures and acquisitions. The segment made up the remaining 7.5% of the company's total net sales in 2025.

On April 22nd, GGG shared its earnings report for the first quarter ended March 27th, 2026. The company's net sales edged 2.2% higher over the year-ago period to $540.1 million during the quarter. That was powered by growth for the Contractor and Industrial segments in the quarter, ranging from 1.9% growth for the former to $260 million to 3.8% growth for the latter to $240.4 million. That countered the 4.4% decline in the Expansion Markets segment's net sales to $39.8 million for the quarter. GGG's adjusted diluted EPS declined by 5.7% year-over-year to $0.66 during the quarter. This missed the analyst consensus in the quarter by $0.08. A 210-basis-point contraction in the non-GAAP net profit margin to 20.7% is what led adjusted diluted EPS to shrink as net sales slightly increased for the quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.18	$1.43	$1.88	$1.90	$1.95	$2.44	$2.63	$3.04	$2.77	$2.95	***$3.10***	***$4.55***
DPS	$0.44	$0.48	$0.53	$0.64	$0.71	$0.77	$0.84	$0.94	$1.02	$1.10	***$1.18***	***$1.73***
Shares[2]	167.5	169.3	165.2	167.3	168.6	170.3	167.7	168.0	169.4	168.1	***166.0***	***160.0***

Over the years, GGG has generated almost 11% adjusted diluted EPS growth. During the past five years, the company has compounded adjusted diluted EPS by about 5% annually. Moving forward, we believe that adjusted diluted EPS growth will grow by 8% annually off an anticipated 2026 base of $3.10. This is because the company can keep growing via new product developments, global expansion, and bolt-on acquisitions.

[1] Estimate based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	23.4	31.7	22.3	27.4	37.1	33.0	25.6	28.5	30.3	27.8	***26.4***	***27.0***
Avg. Yld.	1.6%	1.1%	1.3%	1.2%	1.0%	1.0%	1.2%	1.1%	1.2%	1.3%	***1.4%***	***1.4%***

Since 2016, GGG's shares have been priced at a P/E ratio as low as the low double-digits to as much as the upper 30s. Over that time, the average P/E ratio was approximately 29. In the years ahead, we would argue that the fair value P/E ratio remains around 27. After the recent pullback, the current P/E ratio of 26.4 is just below our fair value multiple.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	37%	34%	28%	34%	36%	32%	32%	31%	37%	37%	***38%***	***38%***

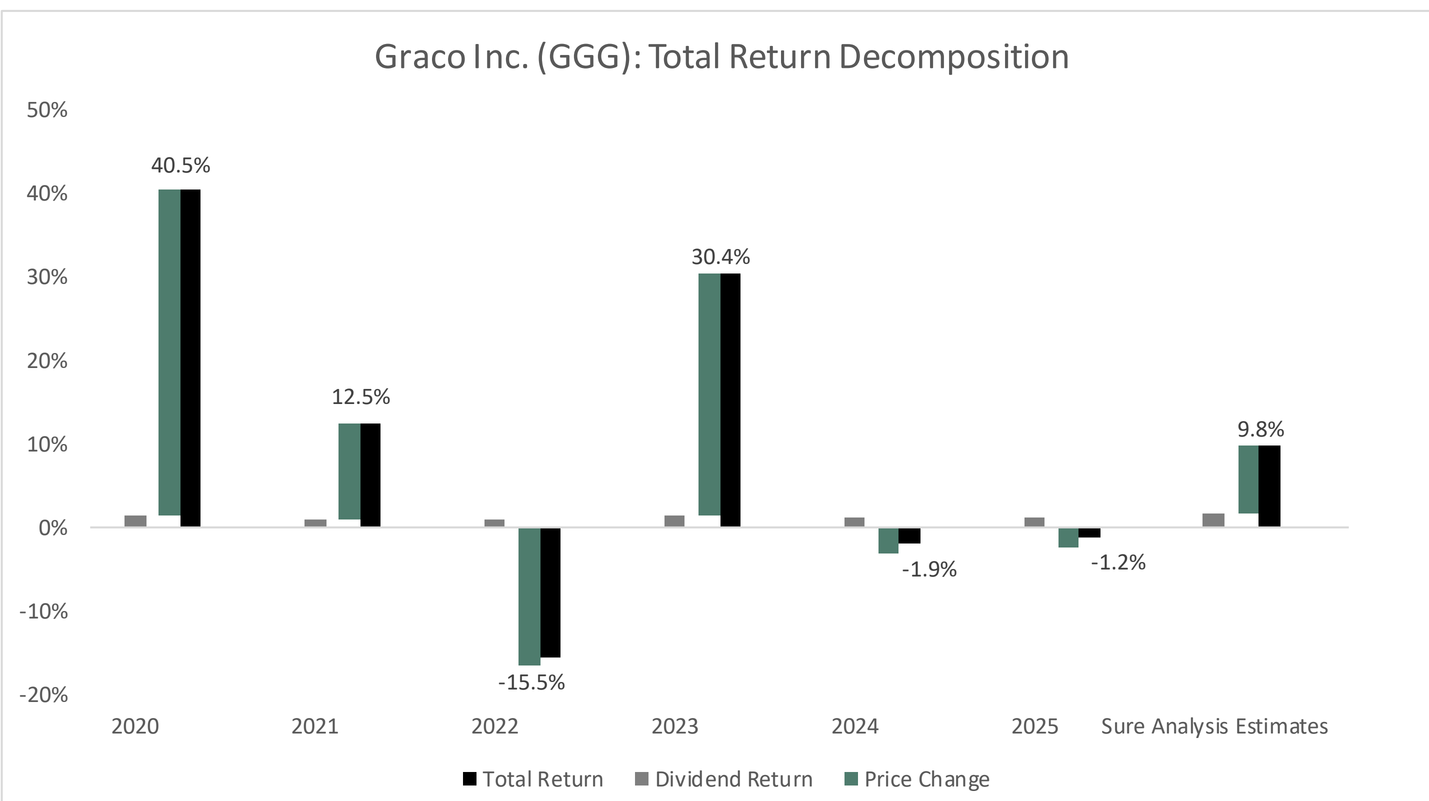
Graco's competitive advantage lies in its combination of best-in-class delivery and dedication to research and development. These factors allow the company to provide exceptional returns on investments to customers, which has led to solid cycle-to-cycle adjusted diluted EPS growth over the years.

From a financial perspective, GGG is also in an enviable position. The company's interest coverage ratio was 164.8x in Q1 2026. That means GGG can easily cover its interest expenses from earnings. GGG's finances are further boosted by a cash and cash equivalents balance of $712.2 million as of March 27th, 2026. The company's payout to shareholders is also very sustainable, with the payout ratio poised to be in the high 30% range in 2026. That's why we believe that GGG can continue to hand out high-single-digit percentage annual dividend raises for the foreseeable future, building on a 29-year dividend growth streak.

Final Thoughts & Recommendation

GGG's 1.4% dividend yield, 8.0% annual adjusted diluted EPS growth prospects, and 0.5% annual valuation multiple expansion could generate 9.8% annual total returns through 2031. This is why we're upgrading shares to a 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,329	1,475	1,653	1,646	1,650	1,988	2,144	2,196	2,113	2,237
Gross Profit	708	795	883	860	855	1,034	1,057	1,161	1,122	1,173
Gross Margin	53.3%	53.9%	53.4%	52.2%	51.8%	52.0%	49.3%	52.9%	53.1%	52.5%
SG&A Exp.	342	357	383	368	356	423	405	432	465	480
D&A Exp.	48	46	48	49	55	59	66	74	87	107
Operating Profit	306	379	436	424	427	531	573	646	570	611
Operating Margin	23.0%	25.7%	26.4%	25.8%	25.9%	26.7%	26.7%	29.4%	27.0%	27.3%
Net Profit	41	252	341	344	330	440	461	507	486	522
Net Margin	3.1%	17.1%	20.6%	20.9%	20.0%	22.1%	21.5%	23.1%	23.0%	23.3%
Free Cash Flow	227	298	314	291	323	323	176	466	513	638
Income Tax	56	95	70	62	44	69	105	102	103	119

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,243	1,391	1,473	1,692	1,988	2,443	2,439	2,722	3,139	3,274
Cash & Equivalents	62	113	132	221	379	624	339	538	675	624
Accounts Receivable	209	254	262	267	302	315	334	343	347	376
Inventories	202	239	284	273	286	382	477	438	405	401
Goodwill & Int.	440	464	463	473	511	508	508	499	724	893
Total Liabilities	669	668	721	667	704	734	579	498	555	620
Accounts Payable	40	49	57	54	58	78	84	72	61	79
Long-Term Debt	306	226	266	188	179	174	96	12	12	20
Shareholder's Equity	574	723	752	1,025	1,284	1,709	1,860	2,224	2,584	2,654
LTD/E Ratio	0.55	0.32	0.37	0.20	0.17	0.13	0.07	0.02	0.02	0.02

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.1%	19.2%	23.8%	21.7%	18.0%	19.9%	18.9%	19.6%	16.6%	16.3%
Return on Equity	6.7%	38.9%	46.2%	38.7%	28.6%	29.4%	25.8%	24.8%	20.2%	19.9%
ROIC	4.2%	27.4%	34.4%	30.5%	24.3%	25.6%	23.5%	23.8%	19.8%	19.6%
Shares Out.	167.5	169.3	165.2	167.3	168.6	170.3	167.7	168.0	169.4	168.1
Revenue/Share	7.78	8.46	9.54	9.59	9.59	11.39	12.40	12.75	12.26	13.22
FCF/Share	1.33	1.71	1.81	1.69	1.88	1.85	1.02	2.71	2.98	3.77

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