The Gorman-Rupp Company (GRC)

Updated May 3rd, 2026, by Josh Arnold

Key Metrics

Current Price:	$76	**5 Year CAGR Estimate:**	8.8%	**Market Cap:**	$2.0 B
Fair Value Price:	$66	**5 Year Growth Estimate:**	11.0%	**Ex-Dividend Date:**	05/15/26
% Fair Value:	115%	**5 Year Valuation Multiple Estimate:**	-2.7%	**Dividend Payment Date:**	06/10/26
Dividend Yield:	1.0%	**5 Year Price Target**	$112	**Years Of Dividend Growth:**	53
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Gorman-Rupp began manufacturing pumps and pumping systems back in 1933. Since that time, it has grown into an industry leader with annual sales of about $728 million and a market capitalization of $2 billion. Today, Gorman-Rupp is a focused, niche manufacturer of critical systems that many industrial clients rely upon for their own success. Gorman-Rupp generates about one-third of its total revenue from outside of the U.S. The company also has one of the most impressive dividend increase streaks in the market, which currently stands at 53 years. That makes Gorman-Rupp a member of the prestigious Dividend Kings.

Gorman-Rupp posted first quarter earnings on April 23rd, 2026, and results were excellent, beating estimates on both the top and bottom lines. Earnings-per-share came to 68 cents, which was 15 cents ahead of expectations. Revenue was up 7.7% year-over-year to $177 million, beating estimates by $6 million.

Sales were driven by volume growth as well as pricing increases, with the company noting particular strength in construction and agriculture.

Gross profit was $57.4 million, resulting in gross margin of 32.5% of revenue. These were higher from $50.3 million and 30.7% of revenue, respectively, from the same period a year ago. The 180-basis point increase in gross margin was driven by a 100-basis point improvement in labor and overhead leverage from higher sales, as well as an 80-basis point improvement due to favorable product mix.

Operating income was $27.5 million, or 15.6% of revenue. These were meaningfully higher from $22.1 million, or 13.5% of revenue, a year earlier.

Incoming orders were $188 million for the quarter, up $10 million from the year-ago period. We've significantly boosted our estimate of earnings for this year to $2.65 per share, up 30 cents from prior.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.95	$1.22	$1.53	$1.37	$1.11	$1.32	$0.94	$1.37	$1.75	$2.14	***$2.65***	***$4.47***
DPS	$0.43	$0.47	$0.51	$0.55	$0.59	$0.65	$0.69	$0.71	$0.73	$0.74	***$0.76***	***$0.97***
Shares[1]	26	26	26	26	26	26	26	26	26	26	***26***	***25***

Gorman-Rupp's earnings volatility has been very high, and that has translated into a lot of volatility for the stock in the past decade. As the company makes products for industrial and municipal clients, its revenue can swing wildly from one year to another. Margins have been stable over the past decade, but it does experience boom/bust cycles in revenue generation, leading to lots of earnings volatility, as was the case in 2019 and 2020 following a strong performance in 2018. We are forecasting 11% earnings-per-share growth going forward from our earnings estimate that would easily be a new record if achieved. The strength of the company's revenue and margin growth is impossible to ignore as we near the halfway point of 2026.

[1] Share count in millions

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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The company can achieve this result mostly through high single-digit sales growth. Given the company's robust backlog of uncompleted work, we see revenue growth continuing for the near term, which the company says continues to occur. Gorman-Rupp's primary earnings growth driver is certainly revenue as its margins fluctuate over time, and Gorman-Rupp is focusing on cost containment efforts and that is bearing fruit with profit margins as well.

We are forecasting mid-single-digit growth in the dividend as Gorman-Rupp's increases have been lumpy in the past but have picked up in terms of significance lately.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	28.4	24.7	21.6	24.5	28.8	27.7	27.3	25.9	21.7	22.3	***28.7***	***25.0***
Avg. Yld.	1.6%	1.6%	1.5%	1.6%	1.8%	1.8%	2.7%	2.0%	1.9%	1.5%	***1.0%***	***0.9%***

Gorman-Rupp's price-to-earnings multiple stayed in a narrow range from 2008 to 2014, but in more recent years, investors have been willing to pay more. Shares trade at 28.7 times our earnings estimate, which is above our estimate of 25 times earnings. As such we are forecasting a minimal negative impact on total returns from the valuation in the coming years. The yield could also decline over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	45%	39%	33%	40%	53%	49%	73%	52%	42%	35%	***29%***	***22%***

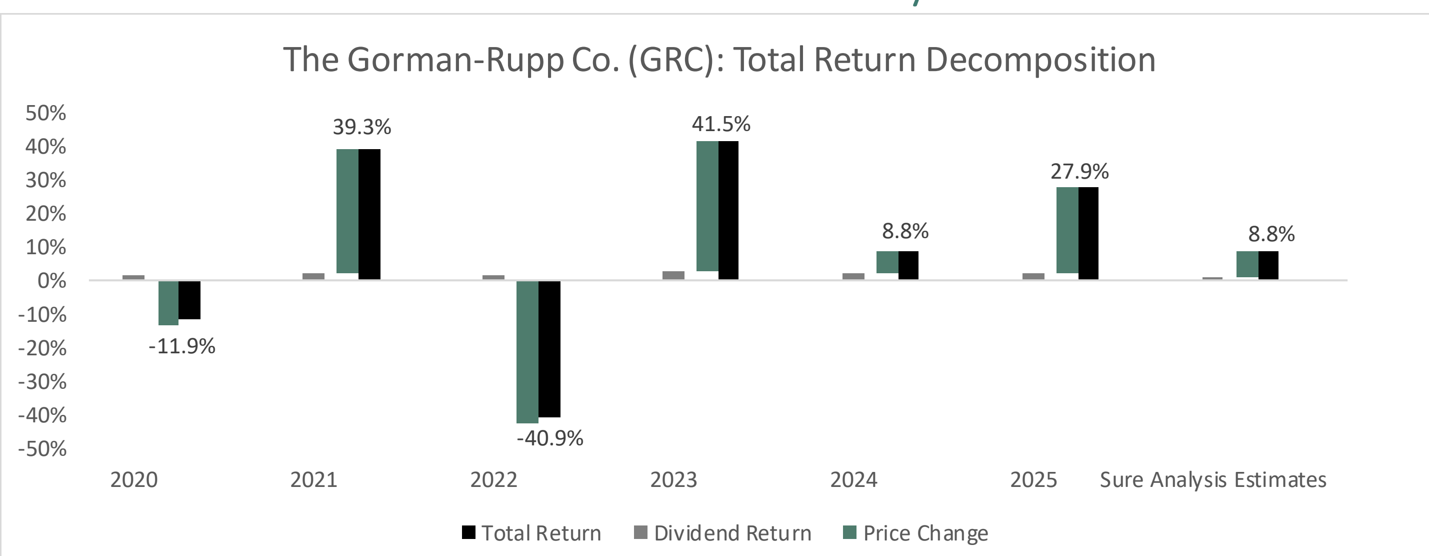
Gorman-Rupp's payout ratio is 29% of earnings for this year following the most recent increase in the dividend, but also higher earnings estimates. We see it declining in the years to come as earnings climb.

The company's competitive advantage is in its many decades of experience in providing innovative solutions for niche, but critical, engineering problems facing its customers. However, it is far from immune to recessions as revenue and earnings both fell very sharply during the Great Recession.

Final Thoughts & Recommendation

Gorman-Rupp is trading at 115% of our estimate of fair value following the Q1 report. The company's level of earnings growth could afford investors 8.8% annual returns in conjunction with the 1% yield, reduced by a 2.7% potential valuation headwind. We are reiterating the stock at a hold rating after Q1 results.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	382	379	414	398	349	378	521	660	660	682
Gross Profit	93	101	110	103	90	96	131	196	204	197
Gross Margin	24.2%	26.7%	26.5%	25.8%	25.7%	25.3%	25.1%	29.8%	31.0%	28.8%
SG&A Exp.	54	55	59	59	54	57	83	97	101	101
D&A Exp.	16	15	14	14	13	12	21	28	28	28
Operating Profit	38	46	51	44	36	39	40	87	91	95
Operating Margin	10.0%	12.1%	12.2%	11.0%	10.2%	10.4%	7.7%	13.2%	13.9%	14.0%
Net Profit	25	27	40	36	25	30	11	35	40	53
Net Margin	6.5%	7.0%	9.6%	9.0%	7.2%	7.9%	2.1%	5.3%	6.1%	7.8%
Free Cash Flow	47	36	30	51	43	36	(4)	77	56	89
Income Tax	12	13	10	9	6	7	3	9	10	16

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	383	395	368	383	394	421	873	890	858	860
Cash & Equivalents	58	80	46	81	108	125	7	31	24	35
Accounts Receivable	71	67	68	65	51	59	93	90	88	88
Inventories	69	75	87	76	83	86	111	104	99	96
Goodwill & Int. Ass.	43	38	36	35	34	33	507	495	482	470
Total Liabilities	80	70	75	75	79	91	542	541	485	445
Accounts Payable	16	16	17	16	9	18	25	23	25	26
Long-Term Debt	---	---	---	---	---	---	437	404	367	308
Shareholder's Equity	303	325	293	308	316	330	331	349	374	415
LTD/E Ratio	---	---	---	---	---	---	1.32	1.16	0.98	0.74

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.7%	6.8%	10.5%	9.5%	6.5%	7.3%	1.7%	4.0%	4.6%	6.2%
Return on Equity	8.4%	8.5%	12.9%	11.9%	8.1%	9.2%	3.4%	10.3%	11.1%	13.4%
ROIC	8.4%	8.5%	12.9%	11.9%	8.1%	9.2%	2.0%	4.6%	5.4%	7.1%
Shares Out.	26	26	26	26	26	26	26	26	26	26
Revenue/Share	14.65	14.54	15.87	15.23	13.44	14.45	19.97	25.29	25.16	25.95
FCF/Share	1.78	1.36	1.16	1.96	1.65	1.37	(0.16)	2.97	2.12	3.38

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