W.W. Grainger Inc. (GWW)

Updated May 8th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$1,223	**5 Year Annual Expected Total Return:**	9.0%	**Market Cap:**	$58.4 B
Fair Value Price:	$1,131	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	05/11/26
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.5%	**Dividend Payment Date:**	06/01/26
Dividend Yield:	0.8%	**5 Year Price Target**	$1,822	**Years Of Dividend Growth:**	54
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating**	Hold

Overview & Current Events

W.W. Grainger, headquartered in Lake Forest, IL, is one of the largest business-to-business distributors of maintenance, repair, and operations ("MRO") supplies in the world. The company was founded in 1927 and generated sales of $17.9 billion in 2025. Grainger trades with a market capitalization of $58.4 billion and is a member of the Dividend Aristocrats Index and the Dividend Kings Index.

On April 29th, 2026, W.W. Grainger raised its dividend by 10.2% to a quarterly rate of $2.49.

On May 7th, 2026, W.W. Grainger reported its Q1 results for the period ending March 31st, 2026. Q1 revenues were $4.74 billion, up 10.1% on a reported basis and up 12.2% on a daily, organic constant currency basis compared to last year. Performance reflected strong execution across both segments despite continued uncertainty around tariffs and the broader geopolitical environment.

The High-Touch Solutions – N.A. segment saw sales grow by 10.5% on a reported basis and 10.0% on a daily, constant currency basis, driven by volume growth and price inflation as tariff costs are passed through. In the Endless Assortment segment, sales increased 19.6%, or 21.9% on a daily, organic constant currency basis, supported by strong performance at both MonotaRO and Zoro.

Net income was $555 million, up 15.9% year over year. Operating earnings rose 18.0% to $793 million. Gross margin increased 30 basis points to 40.0%, and operating margin rose 110 basis points to 16.7%. EPS was $11.65, up 18.2%.

Looking ahead, Grainger increased its outlook and now expects net sales between $19.2 billion and $19.6 billion, daily organic constant currency sales growth of 9.5% to 12.0%, and diluted adjusted EPS in the range of $44.25 to $46.25 (up from $42.25 to $44.75). We have applied the midpoint of the updated range in our estimates.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$11.58	$11.46	$16.70	$17.29	$16.18	$19.84	$30.06	$36.23	$38.71	$35.40	***$45.25***	***$72.88***
DPS	$4.83	$5.06	$5.36	$5.68	$5.94	$6.39	$6.78	$7.30	$8.01	$8.83	***$9.96***	***$13.33***
Shares[1]	58.8	56.3	55.9	53.7	53.7	52.2	51.1	50.1	49.0	48.0	***47.3***	***43.0***

Grainger had grown its earnings-per-share at a CAGR of 13.2% between 2016 and 2025. This result was driven by consistent revenue growth, an expanding profit margin, and a share count that has been reduced by an average of -2.2% per year. Results stalled in 2019 and 2020 as the company came off a significantly lower tax rate for 2018 and dealt with the COVID-19 pandemic in 2020. Still, results have held up reasonably well in lesser times and surged notably in 2023.

Grainger's strategic shift of lowering its pricing, thereby creating higher demand, and growing its revenues, seems to have worked well. Over the intermediate period, profit growth will be driven not only by rising revenue but also by a reduction in the company's share count. The company repurchased $1.08 billion worth of its stock during 2025.

[1] 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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Moreover, we are encouraged by recent performance, along with the company continuing its 54-year dividend growth streak and providing strong guidance. We are forecasting $45.25 in earnings-per-share this year to go along with a 10% medium-term growth rate. We also forecast dividends per share to grow on average by 6% through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.1	17.7	17.9	17.0	20.4	22.0	18.7	18.0	23.7	28.2	***27.0***	***25.0***
Avg. Yld.	2.2%	2.5%	1.8%	1.9%	1.8%	1.5%	1.2%	1.1%	0.9%	0.9%	***0.8%***	***0.7%***

Over the past decade, shares of Grainger have traded hands with an average P/E ratio of about 20 times earnings. We are using 25 times earnings as a fair value baseline, taking into consideration a higher expected growth rate and higher margins. With shares presently trading slightly above our fair multiple, we believe there is potential for a small valuation headwind. The dividend yield is not especially compelling, but the dividend-per-share's propensity to grow over time is noteworthy.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	42%	44%	32%	33%	37%	32%	23%	20%	21%	25%	***22%***	***18%***

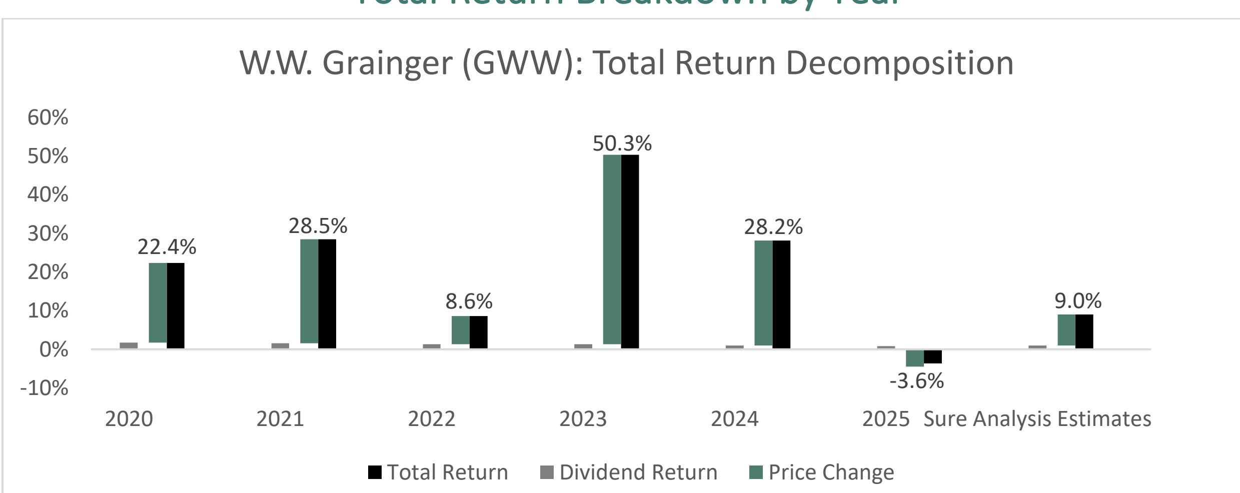
Grainger has an excellent dividend growth track record. Despite increasing its payout every year for over half a century, the company's dividend payout ratio has actually declined in recent years. The low dividend payout ratio and a very long dividend growth track record, coupled with a relatively stable recession performance, make us believe that Grainger's dividend is safe.

The services Grainger provides are essential for other businesses. This makes the business resilient to recessions and economic downturns. During the last recession Grainger posted earnings-per-share of $6.09, $5.25, and $6.81 during the 2008 through 2010 stretch. In 2020-2021, during the COVID-19 pandemic, results proved to be similarly durable.

Final Thoughts & Recommendation

Grainger is a good example of a company in an unspectacular industry that has still managed to consistently achieve strong earnings and dividend growth. Total return potential comes in at 9.0% per year, stemming from 10% growth and a 0.8% starting dividend yield, offset by the potential of a 1.5% annual valuation headwind. While the stock may not be a suitable pick for income-oriented investors seeking a higher yield, the resilience of the company, its low payout ratio, and its impressive dividend growth streak are noteworthy. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	10137	10425	11221	11486	11,800	13,020	15,230	16,480	17,170	17,940
Gross Profit	4,115	4,098	4,348	4,397	4,238	4,720	5,849	6,496	6,758	6,928
Gross Margin	40.6%	39.3%	38.7%	38.3%	35.9%	36.3%	38.4%	39.4%	39.4%	38.6%
SG&A Expense	3,002	3,063	3,190	3,135	3,219	3,173	3,634	3,931	4,121	4,514
D&A Expense	249	264	257	229	182	185	217	214	237	254
Operating Profit	1,113	1,035	1,158	1,262	1,019	1,547	2,215	2,565	2,637	2,681
Operating Margin	11.0%	9.9%	10.3%	11.0%	8.6%	11.9%	14.5%	15.6%	15.4%	14.9%
Net Profit	606	586	782	849	695	1,043	1,547	1,829	1,909	1,808
Net Margin	6.0%	5.6%	7.0%	7.4%	5.9%	8.0%	10.2%	11.1%	11.1%	10.1%
Free Cash Flow	740	820	818	821	926	682	1,077	1,586	1,570	1,331
Income Taxes	386	313	258	314	192	371	533	597	595	622

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,694	5,804	5,873	6,005	6,295	6,592	7,588	8,147	8,829	8,962
Cash & Equivalents	274	327	538	360	585	241	325	660	1,036	585
Accounts Receivable	1,223	1,325	1,385	1,425	1,474	1,754	2,133	2,192	2,232	2,329
Inventories	1,406	1,429	1,541	1,655	1,733	1,870	2,253	2,266	2,306	2,394
Goodwill & Int. Ass.	1,113	1,113	884	733	619	622	603	604	598	625
Total Liabilities	3,789	3,976	3,780	3,945	4,202	4,432	4,853	4,706	5,126	4,821
Accounts Payable	650	731	678	719	779	816	1,047	954	952	963
Long-Term Debt	2,247	2,343	2,220	2,215	2,397	2,362	2,319	2,300	2,778	2,789
Shareholders' Equity	1,798	1,690	1,921	1,855	1,828	2,160	2,440	3,115	3,358	3,736
LTD/E Ratio	1.25	1.39	1.16	1.19	1.31	1.09	0.95	0.74	0.83	0.77

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.5%	10.2%	13.4%	14.3%	11.3%	16.2%	21.8%	23.3%	22.5%	20.3%
Return on Equity	29.8%	33.6%	43.3%	45.0%	37.7%	52.3%	71.7%	59.2%	53.4%	46.1%
ROIC	14.3%	14.1%	18.4%	19.8%	15.9%	23.2%	32.3%	33.9%	31.2%	26.0%
Shares Out.	58.8	56.3	55.9	53.7	53.7	52.2	51.1	50.1	49.0	48
Revenue/Share	166.62	179.74	196.6	209.22	219.68	249.46	298.00	328.9	350.37	373.79
FCF/Share	12.16	14.14	14.48	14.95	17.24	13.07	21.08	31.66	32.04	27.73

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