Jacobs Solutions Inc. (J)

Updated May 12th, 2026, by Kody Kester

Key Metrics

Current Price:	$115	**5 Year CAGR Estimate:**	18.2%	**Market Cap:**	$13.6B
Fair Value Price:	$152	**5 Year Growth Estimate:**	11.0%	**Ex-Dividend Date:**	05/22/26
% Fair Value:	76%	**5 Year Valuation Multiple Estimate:**	5.6%	**Dividend Payment Date:**	06/19/26
Dividend Yield:	1.2%	**5 Year Price Target**	$256	**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 47,000 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 May 5th, J shared its earnings report for the fiscal second quarter ended March 27th, 2026. The company's adjusted net revenue surged 8.8% year-over-year to $2.33 billion during the quarter. Topline growth in the quarter was driven by a combination of a 400% year-over-year spike in the AI infrastructure pipeline and the completion of the acquisition of the remaining stake in PA Consulting. J's adjusted EPS jumped 22.4% over the year-ago period to $1.75 for the quarter. This topped the analyst consensus during the quarter by $0.12. That was made possible by a 60-plus basis point expansion in the non-GAAP net profit margin to 8.8% in the quarter.

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	***$7.23***	***$12.18***
DPS	-	$0.60	$0.60	$0.68	$0.76	$0.84	$0.92	$1.04	$1.16	$1.25	***$1.44***	***$2.43***
Shares[1]	121.0	120.4	142.2	132.9	129.8	128.9	127.4	126.0	124.3	119.1	***118.1***	***109.0***

Moving forward, we believe J can deliver 11% annual adjusted EPS growth through FY 2031, off a projected FY 2026 base of $7.23. Given the record $27 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	***16.0***	***21.0***
Avg. Yld.	-	1.2%	0.9%	0.9%	1.0%	0.7%	1.0%	0.9%	0.9%	0.9%	***1.2%***	***0.9%***

In recent years, J's shares have been priced as cheaply as the mid-teens to as much 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 16 (following a sharp selloff in recent months), J's shares are arguably deeply discounted.

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%***

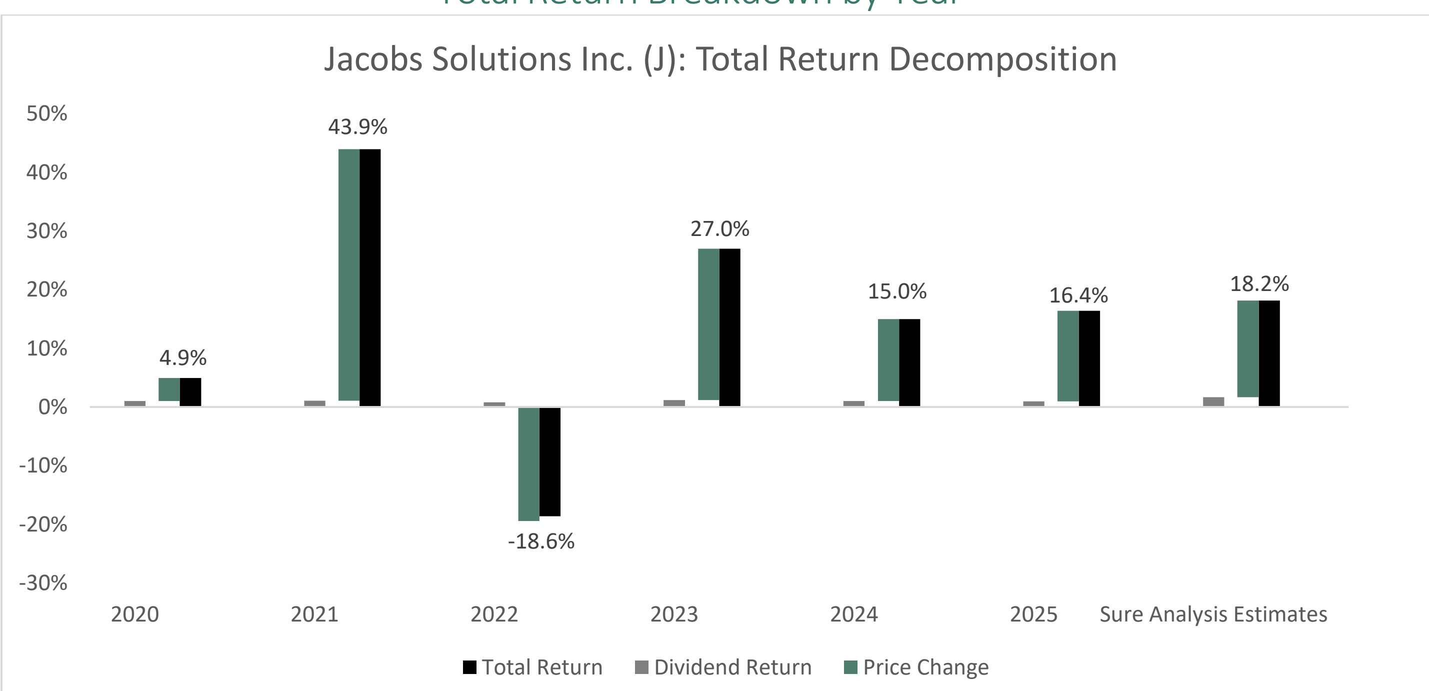
J is an established player in its industry, with a wide variety of services that meet the needs of most clients. That has historically led to high retention rates and fairly consistent adjusted EPS growth over the years.

As of March 27th, 2026, the company's net debt to trailing 12-month adjusted EBITDA ratio was 2.14x (temporarily higher from the acquisition of the remaining stake in PA Consulting, which will be below 2x by the end of FY 2026 and 1.5x by FY 2027). 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 1.2% dividend yield, 11.0% annual adjusted EPS growth prospects, and 5.6% annual valuation multiple upside potential could generate 18.2% annual total returns through FY' 2031. As a result, we're maintaining 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	10,964	10,023	10,532	12,689	13,485	14,056	14,886	10,848	11,489	12,021
Gross Profit	1,768	1,772	2,030	2,349	2,414	2,857	3,092	2,708	2,821	2,976
Gross Margin	16.1%	17.7%	19.3%	18.5%	17.9%	20.3%	20.8%	25.0%	24.6%	24.8%
SG&A Exp.	1,429	1,380	1,771	2,072	2,051	2,356	2,409	2,034	2,140	2,121
D&A Exp.	130	123	199	169	182	251	301	307	309	238
Operating Profit	527	491	493	668	940	751	1,042	800	815	916
Operating Margin	4.8%	4.9%	4.7%	5.3%	7.0%	5.3%	7.0%	7.4%	7.1%	7.6%
Net Profit	215	284	5	314	386	421	715	420	646	328
Net Margin	2.0%	2.8%	0.1%	2.5%	2.9%	3.0%	4.8%	3.9%	5.6%	2.7%
Free Cash Flow	602	457	386	(502)	689	633	347	837	934	607
Income Tax	72	106	326	37	55	275	161	101	131	216

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	7,360	7,381	12,646	11,463	12,354	14,633	14,660	14,617	11,759	11,253
Cash & Equivalents	656	774	635	631	1,210	1,027	1,154	774	1,896	1,237
Accounts Receivable	2,116	2,103	2,514	2,840	3,167	3,101	3,405	2,431	2,845	2,989
Goodwill & Int.	3,417	3,343	5,369	6,098	6,297	8,763	8,579	5,595	5,663	5,498
Total Liabilities	3,030	2,894	6,701	5,694	6,499	8,000	7,924	7,384	6,372	6,586
Accounts Payable	522	684	776	1,073	1,062	908	960	916	1,029	1,241
Long-Term Debt	385	235	2,144	1,201	2,412	3,598	3,965	3,341	2,632	2,599
Shareholder's Equity	4,265	4,428	5,854	5,715	5,816	5,940	6,060	6,546	4,549	3,641
LTD/E Ratio	0.09	0.05	0.37	0.25	0.44	0.64	0.69	0.53	0.60	0.74

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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.