



Pentair (PNR)

Updated May 12th, 2026 by Jonathan Weber

Key Metrics

Current Price:	\$75	5 Year CAGR Estimate:	13.5%	Market Cap:	\$12B
Fair Value Price:	\$96	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	07/11/26 ¹
% Fair Value:	78%	5 Year Valuation Multiple Estimate:	5.1%	Dividend Payment Date:	07/18/26 ²
Dividend Yield:	1.4%	5 Year Price Target	\$135	Years Of Dividend Growth:	50
Dividend Risk Score:	A	Sector:	Industrials	Rating:	Buy

Overview & Current Events

Until recently, Pentair was a diversified industrial conglomerate. The company spun off its Technical Solutions segment and now operates as a pure-play water solutions company that operates in 3 segments: Aquatic Systems, Filtration Solutions, and Flow Technologies. Pentair was founded in 1966. Pentair has increased its dividend for five decades in a row, when adjusted for spin-offs, which makes Pentair a member of the Dividend Aristocrat.

Pentair reported its first quarter earnings results on April 28th. The company was able to generate revenues of \$1.04 billion during the quarter, which was up 4% compared to the company's revenues during the previous year's quarter, a result that beat estimates slightly, by \$10 million. Core sales, which exclude the impact of currency rate movements, acquisitions, and disposessions, were up 1% year over year, which was a little weaker than the core revenue growth rate during the previous quarter.

Pentair recorded adjusted earnings-per-share of \$1.22 for the first quarter, which was up by 10% year-over-year. Pentair's earnings-per-share beat the analyst consensus by \$0.05. Pentair also updated its guidance for the current year during the earnings report: For fiscal 2026, Pentair is forecasting earnings-per-share of around \$5.35, which indicates a substantial profit increase versus 2025, during which Pentair had earned \$4.92 on a per-share basis. 2026 will be a year during which the company will see revenue growth of around 3% to 4% according to management.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$2.47	\$3.53	\$2.35	\$2.38	\$2.50	\$3.32	\$3.68	\$3.75	\$4.33	\$4.92	\$5.35	\$7.50
DPS	\$1.34	\$1.38	\$0.70	\$0.72	\$0.76	\$0.80	\$0.84	\$0.88	\$0.92	\$1.00	\$1.08	\$1.45
Shares³	182	180	177	169	168	167	166	167	166	164	162	155

At the first look, the results in the above table look solid but not great, as 2025's earnings-per-share were roughly twice as high as those from 2016. Earnings-per-share results during 2018 and the following years are impacted by the spin-off of nVent, however, as the results of Pentair's former technical solutions segment are not included in the company's reported results since then. If not for this spin-off, Pentair would thus have delivered a substantially more pronounced earnings-per-share increase. Following the spin-off of nVent, i.e. after 2018, Pentair has grown its earnings-per-share very reliably and at a compelling pace of more than 10%.

Pentair's management believes that a long-term earnings-per-share growth rate of 10% is possible, but we are a bit more conservative. It is, we believe, realistic to expect a ~7% earnings-per-share growth rate from Pentair over the coming years. The company should be able to achieve this growth primarily due to rising revenues, which will be possible thanks to organic business growth in the global water technology and infrastructure market, and tuck-in acquisitions, which Pentair makes from time to time. Tailwinds from margin expansion and share repurchases, which will lead to further declines in Pentair's share count, will help as well.

¹ Estimated date

² Estimated date

³ 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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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	22.9	18.3	16.2	19.3	21.2	22.0	12.2	18.9	23.3	21.1	14.0	18.0
Avg. Yld.	2.4%	2.1%	1.8%	1.6%	1.4%	1.1%	1.9%	1.2%	0.9%	1.0%	1.4%	1.1%

Pentair's valuation has, on average, been in the high-teens range in the past, although Pentair traded at more than 20x net profit at times. Shares are trading for around 14x forward earnings right now, using current earnings-per-share estimates for 2026. This represents one of the cheapest valuations Pentair has traded at in recent years, which is why we see considerable upside potential for Pentair's shares.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	54%	39%	30%	30%	30%	24%	23%	24%	21%	20%	20%	19%

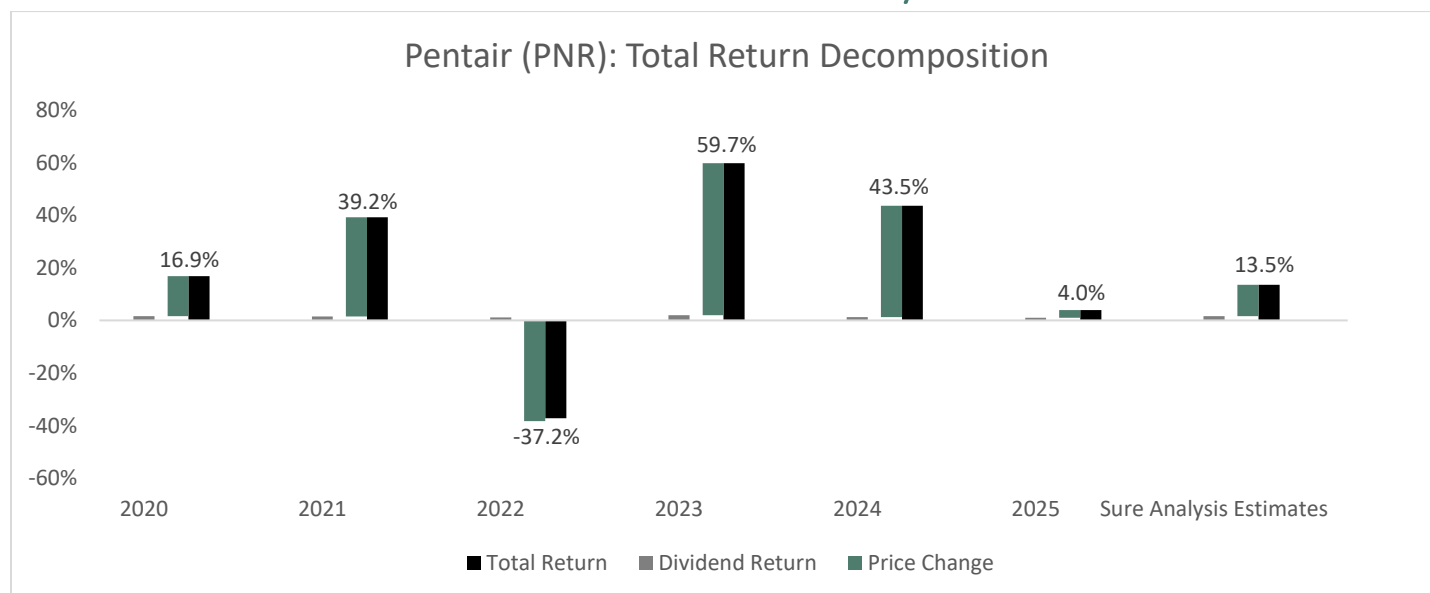
Pentair's dividend has grown consistently for decades, including during the last ten years, but the company cut its dividend in half when it spun off nVent. When we adjust for the spin-off of nVent, Pentair's dividend growth track record remains intact. The payout ratio is not high at all, which makes us believe that the dividend looks quite safe. Even an earnings decline such as the one during the Great Recession would most likely not result in a dividend cut.

Above-average operating efficiency is one of Pentair's advantages over peers. The company employs a strategy called the Pentair Integrated Management System which has allowed its organizational structure to remain lean, and which has allowed the company to grow its already strong margins in the past. Pentair is a leader in the markets it targets, and through tuck-in acquisitions, Pentair can grow its size and scale further.

Final Thoughts & Recommendation

Pentair is a leading pure-play water/fluids company that should be able to grow through further tuck-in acquisitions and organic business expansion. We believe that Pentair will be able to grow its earnings-per-share at a nice pace in the long run, but management's forecast of 10%+ earnings growth may be a bit too high. In 2024 and 2025, profits hit new highs, and 2026 will most likely be even better. Shares are trading well below fair value, and the total return forecast is compelling. That's why we rate Pentair a buy today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	4,890	2,846	2,965	2,957	3,018	3,765	4,122	4,105	4,083	4,176
Gross Profit	1,794	988	1,048	1,052	1,066	1,319	1,365	1,526	1,610	1,690
Gross Margin	36.7%	34.7%	35.3%	35.6%	35.3%	35.0%	33.1%	37.2%	39.4%	40.5%
SG&A Exp.	979	536	534	540	521	596	677	680	701	737
D&A Exp.	181	87	85	80	75	78	107	115	115	118
Operating Profit	739	409	477	447	484	657	679	790	900	858
Operating Margin	15.1%	14.4%	16.1%	15.1%	16.0%	17.4%	16.5%	19.2%	22.0%	20.5%
Net Profit	452	114	322	362	357	556	483	623	626	650
Net Margin	9.2%	4.0%	10.8%	12.2%	11.8%	14.8%	11.7%	15.2%	15.3%	15.6%
Free Cash Flow	744	581	391	295	511	553	278	543	692	750
Income Tax	109	59	58	46	75	71	67	(4)	93	107

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	11,535	8,634	3,807	4,140	4,197	4,754	6,448	6,563	6,447	6,869
Cash & Equivalents	239	86	74	83	82	95	109	170	119	102
Acc. Receivable	872	535	525	544	418	583	580	633	612	673
Inventories	524	357	388	377	420	563	790	678	611	633
Goodwill & Int.	5,849	2,435	2,349	2,598	2,718	2,933	4,347	4,317	4,320	4,611
Total Liabilities	7,280	3,596	1,970	2,186	2,091	2,332	3,739	3,346	2,884	3,000
Accounts Payable	437	322	379	325	245	386	355	279	273	302
Long-Term Debt	4,279	1,441	788	1,090	905	957	2,370	2,067	1,741	1,639
Total Equity	4,254	5,038	1,836	1,954	2,106	2,422	2,708	3,217	3,563	
LTD/E Ratio	1.01	0.29	0.43	0.57	0.44	0.41	0.89	0.65	0.50	0.42

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.9%	1.1%	5.2%	9.1%	8.6%	12.4%	8.6%	9.6%	9.6%	9.8%
Return on Equity	10.9%	2.5%	9.4%	19.1%	17.6%	24.6%	18.8%	21.0%	18.5%	17.5%
ROIC	5.2%	1.5%	7.1%	12.7%	11.7%	17.3%	11.4%	12.0%	11.8%	12.0%
Shares Out.	182	180	177	169	168	167	166	167	166	164
Revenue/Share	26.71	15.49	16.72	17.35	18.03	22.48	24.89	24.68	24.43	25.23
FCF/Share	4.06	3.16	2.20	1.73	3.06	3.30	1.68	3.27	4.14	4.53

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

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