The Timken Co. (TKR)

Updated May 8th, 2026, by Ian Bezek

Key Metrics

Current Price:	$117	**5 Year Annual Expected Total Return:**	0.4%	**Market Cap:**	$8.1 B
Fair Value Price:	$92	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	05/19/26
% Fair Value:	128%	**5 Year Valuation Multiple Estimate:**	-4.8%	**Dividend Payment Date:**	05/29/26
Dividend Yield:	1.2%	**5 Year Price Target**	$111	**Years Of Dividend Growth:**	13
Dividend Risk Score:	C	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Timken is an industrial company focused on making bearings, belts, gear drives, and other such assorted products. The company is heavily involved in vehicles but also sells to aerospace, energy, and agricultural end markets among others. Timken historically was also a significant player in the steel industry, but it spun off that business in 2014.

Timken has generally been viewed as a cyclical company prone to booms and busts. However, management has refocused operations around new verticals, such as renewable energy applications, which should have a more sustained demand growth profile. Timken also completed the acquisition of Spinea in 2022. In 2023, Timken announced additional acquisitions of American Roller Bearing Company, and Nadella, a European firm which makes industrial motion solutions along with a number of additional smaller acquisitions for that industrial motion division.

Timken reported its Q1 earnings on May 6th, 2026. Revenues of $1.23 billion rose 7.9% year-over-year. Adjusted earnings of $1.67 per share increased from the $1.40 reported in the year prior. Both figures greatly exceeded expectations.

Timken had a weak 2024, driven by softness in the European market and foreign exchange issues. 2025 continued the downward trend, as tariffs and weak market demand led to an additional earnings decline. In September 2024, Timken named Tarak Mehta as its new CEO, but he stepped down in March 2025 for personal reasons, which represents fairly quick turnover within the executive suite. Timken appears to have overcome these challenges, however. The company reported much stronger end demand across multiple business lines in Q1. Timken also announced the acquisition of Bijur Delimon in March 2026, which will strengthen its position in the industrial lubrication market. We have raised our full-year EPS outlook considerably on these stronger results.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.97	$2.63	$4.18	$4.60	$4.10	$4.72	$5.48	$7.05	$5.79	$5.33	***$6.10***	***$7.42***
DPS	$1.04	$1.07	$1.11	$1.12	$1.13	$1.19	$1.23	$1.30	$1.35	$1.39	***$1.44***	***$1.67***
Shares	77	78	76	76	76	75	73	71	71	70	***69***	***67***

Timken has had an uneven earnings profile historically. Earnings fell every year sequentially from 2013 through 2016, though this was impacted by the spin-off of the company's former steel business. Earnings jumped dramatically between 2017 and 2019 and have continued rising during the recent pandemic-induced period of economic volatility. The company achieved record results in 2023, but momentum has stalled out since then.

The company has had a modest approach to capital returns to shareholders. In the early part of the 2010s, Timken repurchased a substantial amount of its stock.

Timken has given investors steady dividend hikes dating back to 2014. They have been conservative in size, though, with the company averaging just a 3% annualized dividend growth rate. The latest dividend hike, announced May 8th, 2026, was for another 3% increase. Notably, Timken's dividend has been incredibly consistent; it has paid a dividend for 416 consecutive quarters.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.8	17.5	10.9	10.1	12.6	16.4	15.0	11.3	14.3	14.8	***19.2***	***15.0***
Avg. Yld.	3.1%	2.3%	2.4%	2.4%	2.2%	1.5%	1.6%	1.6%	1.6%	1.8%	***1.2%***	***1.5%***

Timken stock has rarely received a high P/E multiple from the market; it has had a historical range of 10 to 20 times earnings over the past decade. Today's 19.2x P/E multiple is above our long-term estimate.

On a yield basis, Timken offered a yield as high as 3% in the wake of the spin-off of the steel business in 2014. However, the yield has settled at or below 2% in recent years. That seems likely to persist, given Timken's increasing focus on growth and M&A as of late. The company's current 1.2% dividend yield is slightly below our long-term expectations.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	53%	41%	27%	24%	28%	25%	22%	18%	23%	26%	***24%***	***22%***

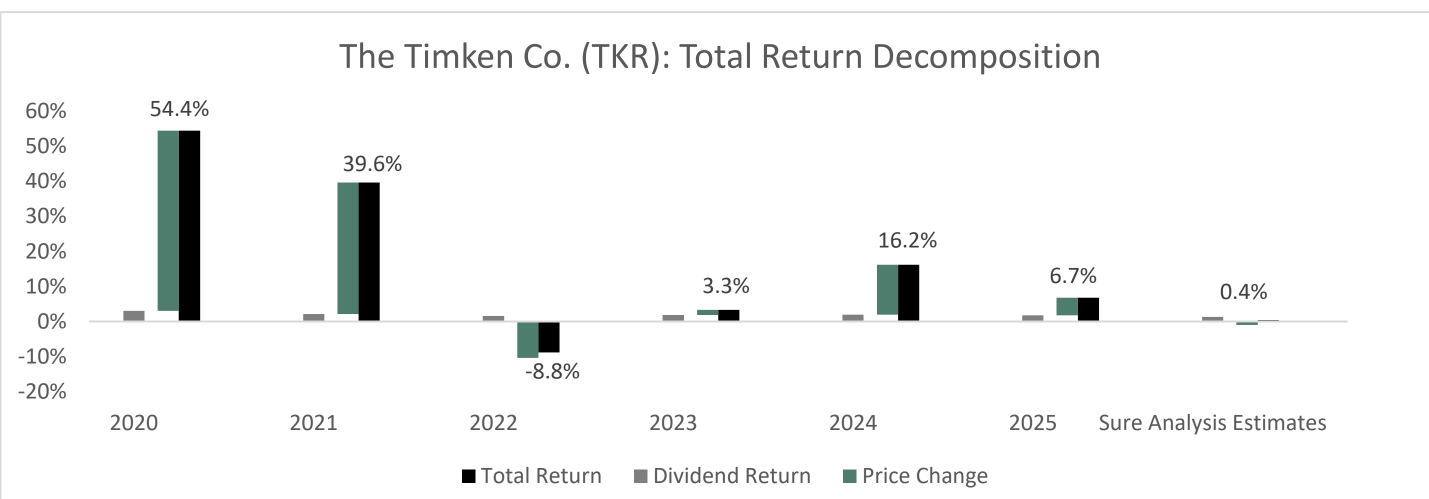
Timken's overall balance sheet is in fine shape with $345 million of cash on hand as of March 2026, and plenty of total assets to manage its short- and long-term debt obligations. The firm's business is cyclical and also exposed to global supply chains and potential disruptions such as tariffs. Regardless, Timken's moves to divest its legacy steel operations and move up the specialty products value chain has made its business more resilient. Timken's profitability has improved in recent years, and it has the financial capacity to withstand a significant recession.

The company's dividend is also well-covered from earnings. The payout ratio has fallen from a high of 53% in 2016 to just 24% now. This seemingly gives the company room for faster dividend increases in the future.

Final Thoughts & Recommendation

Historically, investors tended to view Timken as a lower-quality cyclical business. For several years coming out of the pandemic, it appeared that Timken was enjoying stronger pricing power and improving business quality. However, much softer industrial market outlook has put a temporary pause to Timken's longer-term growth strategy. While Q1 results were significantly better than in the prior quarter, we believe the macroeconomic situation will continue to cap upside for Timken. With projected total returns of just 0.4% per year, shares remain at a hold rating today.

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	2,670	3,004	3,581	3,790	3,513	4,133	4,497	4,769	4,573	4,582
Gross Profit	706	812	1,040	1,142	1,010	1,103	1,288	1,509	1,441	1,314
Gross Margin	26.5%	27.0%	29.0%	30.1%	28.7%	26.7%	28.6%	31.6%	31.5%	28.7%
SG&A Exp.	440	508	581	619	534	581	637	741	752	748
D&A Exp.	132	138	146	161	167	168	164	201	222	230
Operating Profit	266	304	459	523	476	522	651	703	611	587
Op. Margin	10.0%	10.1%	12.8%	13.8%	13.6%	12.6%	14.5%	14.7%	13.4%	12.8%
Net Profit	141	203	303	362	285	369	407	394	353	317
Net Margin	5.3%	6.8%	8.5%	9.6%	8.1%	8.9%	9.1%	8.3%	7.7%	6.9%
Free Cash Flow	266	132	220	410	456	239	285	357	306	406
Income Tax	61	58	103	98	104	95	134	123	119	99

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,763	3,402	4,445	4,860	5,042	5,171	5,772	6,542	6,411	6,677
Cash & Equivalents	149	122	133	210	320	257	332	419	373	387
Acc. Receivable	438	525	547	545	581	626	700	672	665	827
Inventories	554	739	836	842	841	1,043	1,191	1,229	1,196	1,243
Goodwill & Int.	629	932	1,694	1,752	1,789	1,692	1,864	2,401	2,390	2,489
Total Liabilities	1,452	1,928	2,803	2,905	2,816	2,793	3,420	3,839	3,427	3,293
Accounts Payable	176	265	273	302	351	430	404	367	322	353
Long-Term Debt	659	962	1,682	1,730	1,565	1,465	1,963	2,396	2,063	1,998
Total Equity	1,280	1,443	1,580	1,868	2,153	2,295	2,268	2,582	2,826	3,185
LTD/E Ratio	0.52	0.67	1.06	0.93	0.73	0.64	0.87	0.93	0.73	0.65

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.1%	6.6%	7.7%	7.8%	5.7%	7.2%	7.4%	6.4%	5.5%	4.9%
Return on Equity	10.8%	14.9%	20.0%	21.0%	14.2%	16.6%	17.9%	15.6%	12.4%	10.0%
ROIC	7.1%	9.2%	10.5%	10.3%	7.6%	9.7%	10.0%	8.4%	7.0%	6.0%
Shares Out.	77	78	76	76	76	75	73	72	71	70
Revenue/Share	33.70	38.07	45.71	49.29	45.98	53.67	60.50	66.16	64.64	65.24
FCF/Share	3.36	1.67	2.81	5.33	5.97	3.10	3.84	4.96	4.32	5.78

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