Tennant Company (TNC)

Updated October 26th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$66	**5 Year CAGR Estimate:**	7.7%	**Market Cap:**	$1.1B
Fair Value Price:	$66	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	11/27/26[1]
% Fair Value:	100%	**5 Year Valuation Multiple Estimate:**	0.0%	**Dividend Payment Date:**	12/16/26[2]
Dividend Yield:	1.9%	**5 Year Price Target**	$88	**Years Of Dividend Growth:**	55
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Tennant Company is a machinery company that produces cleaning products and that offers cleaning solutions to its customers. In the US, the company holds the market leadership position in its industry, but the company also sells its products in more than 100 additional countries around the globe. Tennant was founded in 1870.

When Tennant Company reported its second quarter earnings results, it missed the consensus estimate on both lines. The company announced that it generated revenues of $324 million during the quarter, which was 2% more than the top line number from the previous year's quarter. Analysts had forecasted around 2% more of revenue growth for the period.

Tennant Company generated adjusted earnings-per-share of $0.83 during the second quarter, which was also less than what the analyst community had forecasted. Management is forecasting that adjusted earnings-per-share will be in a range of $3.80 to $4.45 in 2026, which means that earnings will decline this year. At the midpoint of the guidance range, $4.13, Tennant's earnings-per-share would be down around 10% compared to the $4.57 the company earned in fiscal 2025, but the dividend will remain well-covered.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.59	$1.54	$2.17	$3.78	$2.91	$4.39	$4.10	$6.57	$6.55	$4.57	***$4.13***	***$5.53***
DPS	$0.81	$0.84	$0.85	$0.88	$0.92	$0.94	$1.00	$1.08	$1.14	$1.20	***$1.24***	***$1.58***
Shares[3]	17.7	17.9	18.3	18.6	18.6	18.8	18.7	18.5	18.8	18.4	***18.0***	***17.0***

Tennant Company's earnings-per-share were quite lumpy over the last decade. Overall, the trend pointed upwards, but there were a lot of ups and downs with several pullbacks; the company has not been able to grow its earnings very consistently. During the Great Recession, Tennant Company's earnings-per-share were roughly cut in half, from $1.35 in 2008 to $0.65 in 2009. The company was able to recover quickly from the impact of the last financial crisis, however. Overall, despite the inconsistent year-over-year growth, Tennant Company recorded an average annual earnings-per-share growth rate of close to 10% between 2014 and 2025.

Tennant Company has plans to grow its sales inorganically, especially in the Asia/Pacific region, where it benefits from above-average market growth rates. The takeover of Chinese cleaning equipment company Gaomei improved Tennant's sales outlook in the Chinese market, as well as in other Asian markets. Investments in the business in Asia will increasingly pay off and should deliver solid earnings growth for Tennant in the coming years, we believe. Tenant Company felt a considerable impact from the pandemic, but recovered in a timely manner. While earnings-per-share growth could remain lumpy and uneven in the future, we believe that there will be solid profitability improvements in the long run. For now, our earnings-per-share growth estimate over the coming years is 6%, which is slightly lower than the growth rate over the last decade, when Tennant was smaller and growth was easier to come by.

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[1] Estimated date

[2] Estimated date

[3] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	22.7	44.9	24.0	22.1	24.1	18.5	15.1	14.0	12.3	16.2	***16.0***	***16.0***
Avg. Yld.	1.4%	1.2%	1.7%	1.1%	1.3%	1.2%	1.6%	1.2%	1.4%	1.6%	***1.9%***	***1.8%***

Tennant Company has been valued at relatively high multiples throughout parts of the last decade. This is somewhat surprising, as Tennant Company is not an ultra-high-quality company. Its growth has been solid, but not outstanding, which is why we think that the earnings multiples from the past, of as high as 45, aren't justified. We see fair value at a 16x earnings multiple, meaning shares are fairly valued today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	55%	39%	23%	32%	21%	24%	16%	17%	26%	***30%***	***29%***

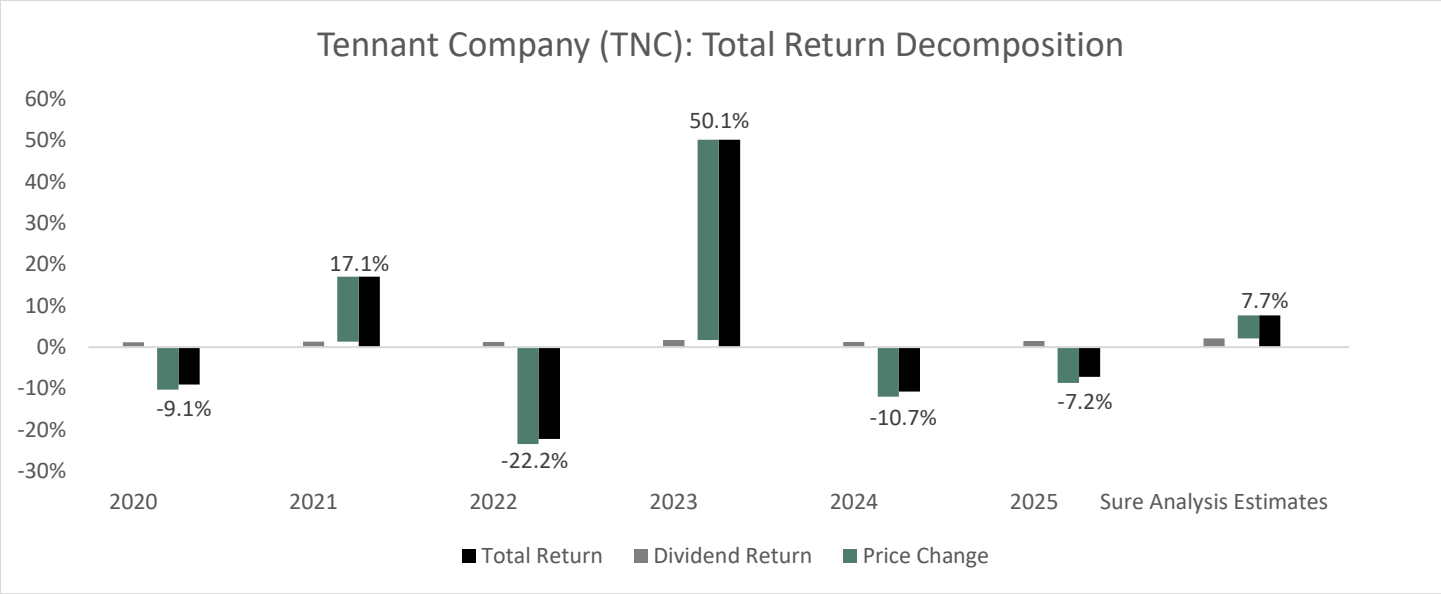
Tennant Company's dividend payout ratio was quite high during the Great Recession, due to the company's below-average profitability during that time. Since then, the payout ratio has declined to a very sustainable level, however. It seems unlikely that Tennant Company could be forced to cut its dividend, but due to its relatively low dividend yield Tennant nevertheless does not look like an attractive income stock, it is more of a capital appreciation play.

Tennant Company is the leader in the US cleaning machines market. This serves as a competitive advantage, as Tennant Company's market leadership allows for better economics of scale and a superior sales network compared to its peers. During the last financial crisis, Tennant remained profitable, but its earnings still suffered considerably. Tennant therefore has exposure to economic downturns, which was also visible in 2020's results, as the coronavirus impact resulted in lower sales and profits. In future major downturns, earnings would likely decline temporarily as well.

Final Thoughts & Recommendation

Tennant Company is a leader in the niche market that the company serves. Organic growth in international markets could allow for a solid growth performance over the coming years, which is why we forecast meaningful earnings-per-share growth going forward. 2025 was a weaker year for the company, and this year, earnings will pull back, too. With solid forecasted total returns, we rate Tennant a hold at current prices.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	809	1,003	1,124	1,138	1,001	1,091	1,092	1,244	1,287	1,203
Gross Profit	352	400	445	462	408	438	421	528	550	483
Gross Margin	43.5%	39.9%	39.6%	40.6%	40.7%	40.2%	38.5%	42.4%	42.7%	40.2%
SG&A Exp.	249	335	356	357	314	322	306	353	392	368
D&A Exp.	18	43	54	54	53	53	49	51	55	59
Operating Profit	68	33	58	72	64	84	84	139	114	74
Operating Margin	8.4%	3.3%	5.2%	6.3%	6.4%	7.7%	7.6%	11.1%	8.9%	6.1%
Net Profit	47	(6)	33	46	34	65	66	110	84	44
Net Margin	5.8%	-0.6%	3.0%	4.0%	3.4%	5.9%	6.1%	8.8%	6.5%	3.6%
Free Cash Flow	31	31	58	33	104	46	(54)	164	68	43
Income Tax	20	5	2	8	7	9	13	14	21	14

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	470	994	993	1,063	1,083	1,062	1,085	1,113	1,190	1,269
Cash & Equivalents	58	58	86	74	140	123	77	117	100	106
Accounts Receivable	145	203	208	217	200	211	252	248	259	257
Inventories	79	128	135	150	128	161	207	176	184	199
Goodwill & Int.	28	358	329	333	334	291	258	251	244	261
Total Liabilities	191	696	676	702	677	627	613	535	568	665
Accounts Payable	47	96	98	94	106	122	126	111	127	128
Long-Term Debt	36	377	355	339	308	268	300	200	198	272
Shareholder's Equity	279	297	314	360	405	434	471	577	621	602
LTD/E Ratio	0.13	1.27	1.13	0.94	0.76	0.62	0.64	0.35	0.32	0.55

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.3%	-0.8%	3.4%	4.5%	3.1%	6.1%	6.2%	10.0%	7.3%	3.6%
Return on Equity	17.6%	-2.1%	10.9%	13.5%	8.8%	15.4%	14.6%	20.8%	13.9%	7.2%
ROIC	15.8%	-1.3%	5.0%	6.7%	4.8%	9.2%	9.0%	14.1%	10.5%	5.8%
Shares Out.	17.7	17.9	18.3	18.6	18.6	18.8	18.7	18.5	18.8	18.6
Revenue/Share	44.98	56.69	61.26	61.65	53.72	57.87	58.42	66.21	67.38	64.72
FCF/Share	1.74	1.77	3.18	1.79	5.57	2.46	(2.91)	8.75	3.58	2.31

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

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