

Powell Industries (POWL)

\$317.31 (Stock Price as of 12/17/2025)

Price Target (6-12 Months): **\$385.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/20/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM: D

Value: C

Growth: D

Momentum: B

Summary

Powell's business momentum can be largely attributed to its strong foothold and strength in two key markets, which are oil and gas and electric utility. A strong pipeline of projects within the LNG market and its growing presence across the data center and electric utility sectors, along with a solid backlog, are key catalysts behind the company's growth. Powell's diversification efforts beyond its core oil, gas and petrochemical markets have enhanced its market share across other markets as well. However, rising expenses, supply-chain issues and other factors are keeping the bottom line under pressure. The material costs represented 47% of the company's revenues in fiscal 2024 and 49% in fiscal 2023. Stiff competition from major players could hamper the company's ability to maintain its market share.

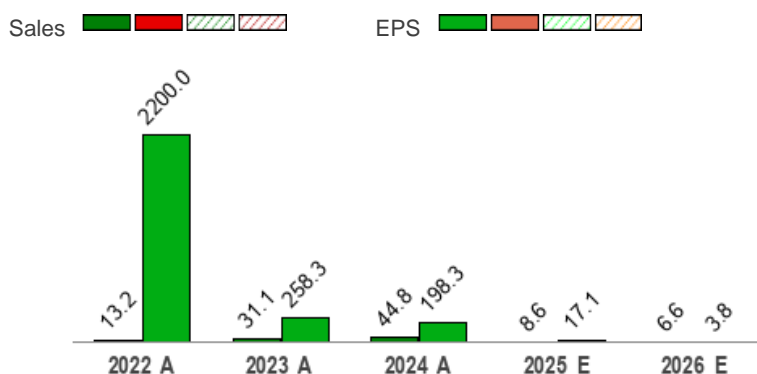
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$413.00 - \$146.02
20 Day Average Volume (sh)	214,634
Market Cap	\$3.8 B
YTD Price Change	43.2%
Beta	0.87
Dividend / Div Yld	\$1.07 / 0.3%
Industry	Manufacturing - Electronics
Zacks Industry Rank	Top 21% (51 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	12.2%
Last Sales Surprise	1.8%
EPS F1 Est- 4 week change	2.2%
Expected Report Date	02/05/2026
Earnings ESP	0.0%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027					1,253 E
2026	257 E	296 E	307 E	317 E	1,178 E
2025	241 A	279 A	286 A	298 A	1,104 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	3.46 E	3.96 E	4.32 E	4.91 E	16.37 E
2026	2.85 E	3.71 E	4.10 E	4.61 E	15.27 E
2025	2.86 A	3.81 A	3.96 A	4.22 A	14.86 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/17/2025.

(2) The report's text and the price target are as of 11/12/2025.

Overview

Headquartered in Houston, TX, Powell engages in manufacturing and supplying custom-engineered equipment and systems that are used for distributing, controlling and monitoring the flow of electrical energy. Founded in 1947, the company has 2,748 employees (as of Sept. 30, 2024). The company primarily sells products like integrated power control room substations, electrical houses, medium-voltage circuit breakers, monitoring and control communications systems, switches, motor control centers, bus duct systems, arc-resistant distribution switchgears and control gears. Some of these are used to offer protection to transformers, motors and other electrically powered equipment.

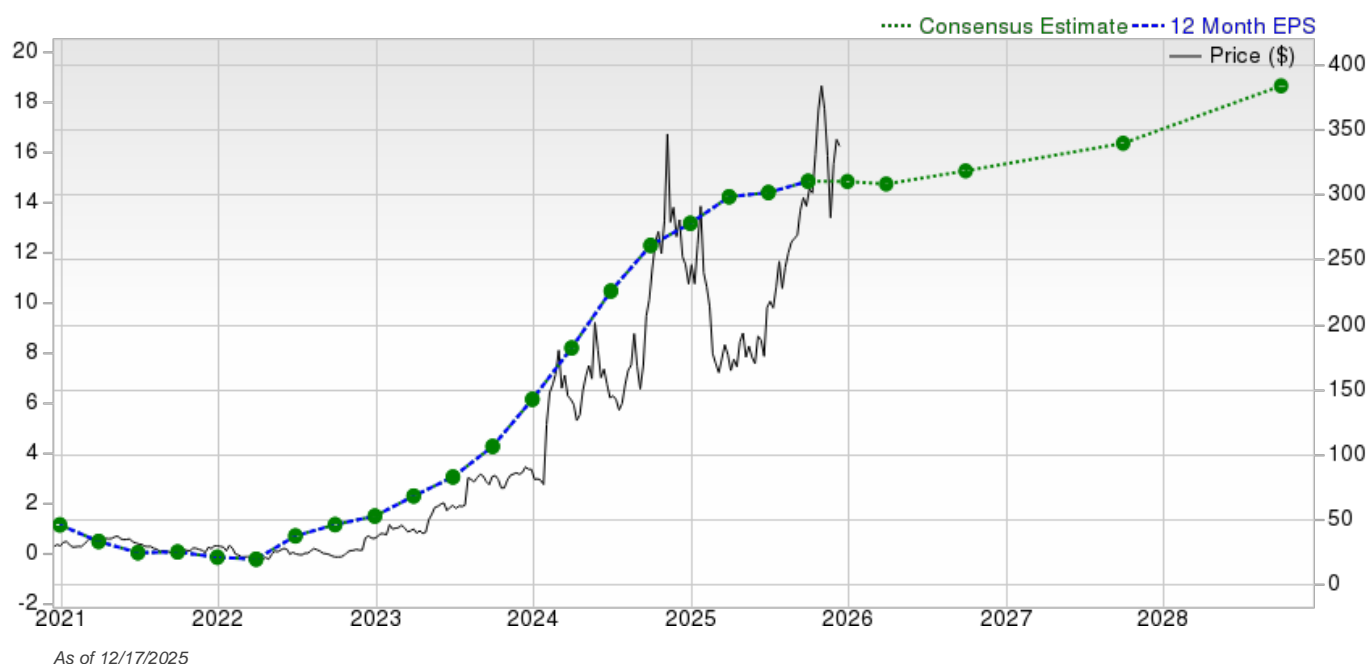
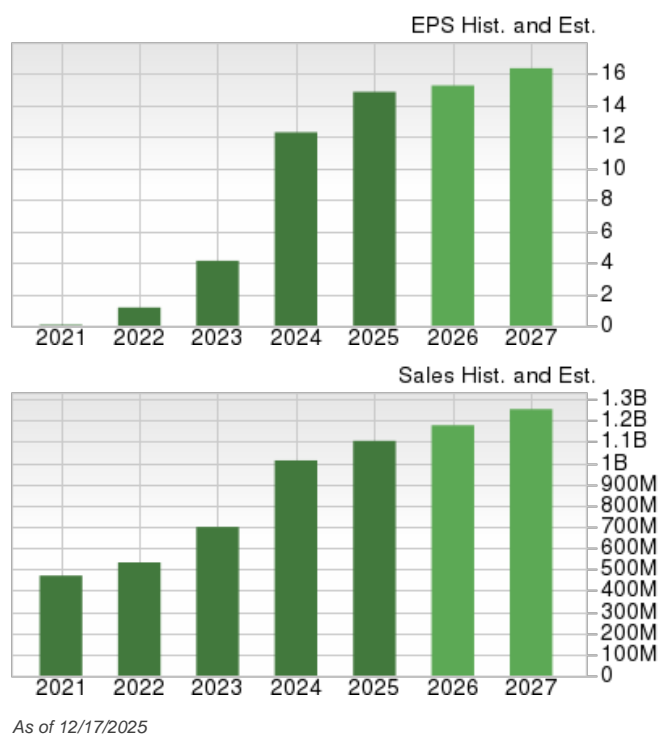
Powell's products are marketed to customers across several countries via robust network of distributors, independent representatives and its own sales force. The company operates across the United States, Canada, Europe, Middle East, Africa, Mexico and South America.

The company serves several markets including the oil and gas, petrochemical, electric utility, and commercial and other industrial markets. Apart from these markets, it sells products and services to light rail traction power market and other markets that include universities and government entities.

In the oil and gas markets, Powell serves the upstream, midstream and downstream end markets, liquefied natural gas facilities as well as terminals, pipelines and refineries. Also, the company has expanded into hydrogen production, carbon capture, and alternative fuels markets, including biofuels and sustainable aviation fuel, to cater to the increasing demand for clean energy.

Within the petrochemical market, it serves customers that are engaged in the production of petrochemical, or oil- or gas-to-chemical products. In the electric utility sector, it serves both the power generation and distribution end markets. In the commercial and other industrial markets, Powell's customers primarily operate in data centers, commercial construction, pulp and paper, metals and mining and other industrial applications.

In fiscal 2024, the oil and gas market contributed 41% of Powell's total revenues. While the petrochemical market contributed 18% of total revenues, the same from the electric utility market amounted to 19%. The commercial and other industrial, light rail traction and all other markets contributed 15%, 2% and 5% respectively to total revenues.



Reasons To Buy:

- ▲ Powell's robust momentum can be largely attributed to its **strong foothold and strength in several key markets**, including oil and gas, electric utility, commercial & other industrial, and petrochemical. The company's results in the first nine months of fiscal 2025 (ended June 2025) indicated strong year-over-year growth, with revenues growing 9.3% to \$806.3 million, driven by persistent strength and healthy levels of project activity across the electric utility and commercial & other industrial markets. Growing investments across power generation and electrical distribution markets have been driving demand for the company's products in the electric utility market. Several favorable trends across the oil, gas and petrochemical end markets, including growth in energy transition projects, such as biofuels, carbon capture and hydrogen, are likely to be favorable for the company. Also, significant project awards supported by high investments in LNG, related gas processing and petrochemical processes have set Powell apart as a leading supplier of critical electrical infrastructure.
- ▲ Powell's **diversification efforts** beyond its core oil, gas and petrochemical markets have enhanced its market share across the electric utility, commercial and other industrial markets. It has been capitalizing on the global growth trends of electrification and digitalization. Its increased participation across the electrical power value chain has enabled it to generate solid bookings from the electric utility and commercial & other industrial markets. This has led to a strong backlog level, which was \$1.4 billion (up 7% sequentially) while exiting the fiscal third quarter. New orders totaled \$362 million in the fiscal third quarter compared with \$356 million in the year-ago quarter. Importantly, the new orders consisted of a solid volume of small, medium and large-sized awards that reflected the company's core competencies and well-balanced portfolio across markets. It's worth noting that in third-quarter fiscal 2025, Powell secured a contract for a new power generation plant, marking its largest electric utility award to date. Also, the company booked two large projects in the fiscal second quarter, one for a new Greenfield LNG facility along the U.S. Gulf Coast.
- ▲ Powell's **facility expansion project** at the product factory in Houston is expected to augment its manufacturing footprint and help it execute its current backlog and plan for modest future volume growth. The company spent approximately \$11 million on the expansion project. The expansionary efforts, which were completed in third-quarter fiscal 2025, will enable the company to commercialize new products through organic investment in R&D. This will likely enhance Powell's customer offerings across data centers, hydrogen, carbon capture and other transitional energy markets. Also, in August 2025, Powell announced an investment of \$12.4 million to expand its production capacity at the Jacintoport manufacturing facility in Houston. This announcement brings the cumulative investment across Powell's three Houston manufacturing facilities to approximately \$40 million over the past several years, which would support its organic growth plans.
- ▲ Powell remains committed to **rewarding its shareholders** through dividend payouts. The company used \$9.6 million to distribute dividends in the first nine months of fiscal 2025. In fiscal 2024, it paid dividends of \$12.7 million, increasing 2.4% year over year. In February 2025, it hiked its quarterly dividend by approximately 1%. The company's **strong liquidity position** with no debt supports its shareholder-friendly activities. Exiting the third quarter of fiscal 2025, Powell had cash equivalents and short-term investments of \$433 million compared with \$358.4 million at the end of fiscal 2024.

Strong momentum across end markets, constant focus on project executions, capacity expansions and shareholder-friendly policies position Powell favorably for robust growth.

Reasons To Sell:

▼ Powell has been dealing with the adverse impacts of **high operating costs and expenses**. For instance, in the first nine months of fiscal 2025, Powell's cost of sales increased 5.7% year over year due to high raw material costs. Selling, general and administrative expenses rose 8.1% in the same period. The cost of sales, as a percentage of revenues, was 71.4% for the period. Also, in fiscal 2024, its cost of sales climbed 34% year over year, while selling, general and administrative expenses increased 7.7%. It's worth noting that material costs represented 47% of the company's revenues in fiscal 2024, 49% in fiscal 2023, and 51% in fiscal 2022.

Widespread operation exposes it to geo-political risks. High operating costs and shortage of raw materials can impact the company's performance.

▼ Powell's operation can get impacted due to **supply-chain disruptions**. The company utilizes a variety of raw materials, including steel, copper, aluminum and various engineered electrical components in its businesses and has to depend on others for the uninterrupted supply of raw materials at reasonable rates. The persistence of **tariff-related concerns**, particularly for steel and aluminum might also inflate costs and delay the delivery of products to its customers.

▼ **Stiff competition** from major players like Eaton Corporation and Franklin Electric could hamper the company's ability to maintain its market share. To reduce the competitive pressure, the company has to invest significantly in developing new products and upgrading existing ones.

▼ Powell's international presence keeps it exposed to the risk of **adverse currency fluctuations**. This is because a strengthening U.S. dollar may require the company to either raise prices or contract profit margins in locations outside the United States. Thus, adverse currency movements are a worry.

Last Earnings Report

Powell Industries Q3 Earnings Surpass Estimates, Revenues Miss

Powell's third-quarter fiscal 2025 (ended June 2025) adjusted earnings of \$3.96 per share surpassed the Zacks Consensus Estimate of \$3.73. The bottom line increased 4% year over year.

Powell's total revenues of \$286 million missed the consensus estimate of \$295 million. The top line decreased 1% year over year. The year-over-year decline was primarily attributable to weakness in oil & gas and petrochemical markets, which was mostly offset by strength across electric utility and commercial & other industrial sectors.

FY Quarter Ending **9/30/2025**

Earnings Reporting Date	Nov 18, 2025
Sales Surprise	1.75%
EPS Surprise	12.23%
Quarterly EPS	4.22
Annual EPS (TTM)	14.85

Inside the Headlines

In the fiscal third quarter, revenues from the electric utility sector increased 31% year over year. The commercial & other industrial sector's revenues increased 18%. However, revenues from the oil & gas and petrochemical sectors declined 8% and 36%, respectively, on a year-over-year basis.

In the fiscal third quarter, new orders totaled \$362 million compared with \$356 million in the year-ago quarter. The increase was driven by robust order activity in the oil & gas and commercial and other industrial sectors. Exiting the quarter, its backlog totaled \$1.4 billion, up 7% on a sequential and 5% on a year-over-year basis.

Margin Profile

In the fiscal third quarter, Powell Industries' cost of sales decreased 3.9% year over year to \$198.4 million. Gross profit increased 7.5% year over year to \$87.9 million while the margin increased 230 basis points (bps) to 30.7%. Selling, general and administrative expenses were \$25.1 million, up 14.1% year over year.

Operating income increased 4.9% year over year to \$60.1 million. The operating margin was 21%, up 110 bps year over year.

Powell Industries' Balance Sheet and Cash Flow

Exiting the third quarter of fiscal 2025, Powell Industries had cash equivalents and short-term investments of \$433 million compared with \$358.4 million at the end of fiscal 2024 (ended September 2024). Current liabilities were \$427.3 million compared with \$428 million at the end of fiscal 2024.

Stockholders' equity totaled \$594.9 million. In the first nine months of fiscal 2025, capital expenditure totaled \$11.4 million, up 225.7% year over year.

In the same period, the company used \$9.6 million for distributing dividends, up 1.1% on a year-over-year basis.

Fiscal 2025 Guidance

Given Powell Industries' robust backlog, solid liquidity and a strong balance sheet, it looks forward to witnessing solid revenues and earnings in fiscal 2025 (ending September 2025).

Recent News

Dividend Update — Nov. 4, 2025

Powell's board approved a quarterly cash dividend of 26.75 cents per share, payable to shareholders on Dec. 17, of record as of Nov. 19, 2025.

Acquisition Deal — Jul. 15, 2025

Powell entered into a deal to acquire Remsdaq Ltd., a U.K.-based provider of Remote Terminal Units (RTUs) for electrical substation control and automation platforms. The buyout, worth \$16.3 million, will strengthen Powell's automation platform capabilities, allowing it to deliver advanced solutions that boost utility operational efficiency, system reliability and security.

Valuation

Powell's shares are up 63.9% and up 14.5% in the year-to-date period and over the trailing 12-month period respectively. Stocks in the Zacks sub-industry are up 11.6% in the year-to-date period, while those in the Zacks Industrial Products sector are up 6.8%. Over the past year, the Zacks sub-industry is up 2%, while the sector is down 0.9%.

The S&P 500 index is up 18% and 16.4% in the year-to-date period and over the past year, respectively.

The stock is currently trading at 25.22X trailing 12-month price-to-earnings, which compares to 27.06X for the Zacks sub-industry, 22.95X for the Zacks sector and 26.45X for the S&P 500 Index.

Over the past year, the stock has traded as high as 1032X, with a 5-year median of 21.14X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$385 price target reflects 26.48X trailing 12-month earnings.

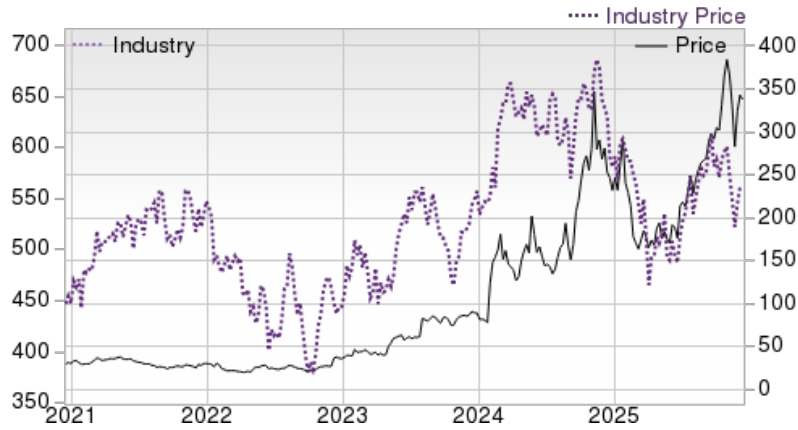
The table below shows summary valuation data for POWL

Valuation Multiples - POWL					
		Stock	Sub-Industry	Sector	S&P 500
P/E TTM	Current	25.22	27.06	22.95	26.45
	5-Year High	1032	28.9	30.62	28.07
	5-Year Low	NA	16.12	14.68	16.74
	5-Year Median	21.14	23.99	19.41	23.81
P/Sales TTM	Current	4.09	4.7	5.07	5.98
	5-Year High	4.6	4.95	5.1	6.12
	5-Year Low	0.47	2.28	2.43	3.99
	5-Year Median	1.09	3.25	3.35	5.36

As of 11/11/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 21% (51 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Energysys (ENS)	Outperform	2
Zurn Elkay Water Sol...(ZWS)	Outperform	2
AZZ Inc. (AZZ)	Neutral	4
ESCO Technologies In...(ESE)	Neutral	3
Eaton Corporation, P...(ETN)	Neutral	3
Plug Power, Inc. (PLUG)	Neutral	3
Pioneer Power Soluti...(PPSI)	Neutral	3
Energous Corporation (WATT)	NA	

Industry Comparison⁽¹⁾ Industry: Manufacturing - Electronics

	POWL	X Industry	S&P 500	ENS	ETN	PLUG
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	3	3
VGM Score	D	-	-	A	D	D
Market Cap	3.84 B	5.17 B	38.58 B	5.17 B	122.66 B	3.01 B
# of Analysts	2	3	22	3	10	7
Dividend Yield	0.34%	0.39%	1.42%	0.75%	1.32%	0.00%
Value Score	C	-	-	B	D	F
Cash/Price	0.12	0.10	0.04	0.07	0.00	0.11
EV/EBITDA	13.96	13.00	14.55	10.69	23.30	-1.52
PEG Ratio	2.03	1.99	2.20	0.91	2.28	NA
Price/Book (P/B)	5.98	3.65	3.33	2.81	6.50	1.73
Price/Cash Flow (P/CF)	20.37	20.37	15.10	10.81	23.84	NA
P/E (F1)	20.78	24.76	19.71	13.63	26.13	NA
Price/Sales (P/S)	3.47	2.52	3.09	1.39	4.61	4.45
Earnings Yield	4.81%	3.83%	5.06%	7.33%	3.83%	-37.04%
Debt/Equity	0.00	0.10	0.57	0.63	0.46	0.24
Cash Flow (\$/share)	15.58	2.33	8.99	12.97	13.25	-2.22
Growth Score	D	-	-	B	D	A
Hist. EPS Growth (3-5 yrs)	194.71%	15.22%	8.16%	24.50%	21.36%	NA
Proj. EPS Growth (F1/F0)	2.76%	12.02%	8.57%	1.28%	11.94%	70.15%
Curr. Cash Flow Growth	19.97%	6.41%	6.75%	16.91%	14.25%	55.36%
Hist. Cash Flow Growth (3-5 yrs)	47.47%	9.18%	7.43%	9.31%	9.88%	NA
Current Ratio	2.09	1.54	1.18	2.77	1.28	1.32
Debt/Capital	0.00%	10.06%	38.01%	38.81%	31.68%	19.05%
Net Margin	16.37%	12.81%	12.78%	9.05%	14.74%	-313.69%
Return on Equity	31.80%	22.48%	17.00%	22.48%	24.36%	-105.98%
Sales/Assets	1.10	0.78	0.53	0.92	0.67	0.20
Proj. Sales Growth (F1/F0)	6.70%	4.76%	5.79%	4.00%	10.70%	11.60%
Momentum Score	B	-	-	C	B	F
Daily Price Chg	-4.61%	-2.23%	-0.24%	-3.22%	-4.28%	-5.68%
1 Week Price Chg	-1.48%	0.17%	-0.59%	-0.26%	-1.68%	5.45%
4 Week Price Chg	11.22%	6.23%	2.76%	1.77%	-8.63%	13.68%
12 Week Price Chg	8.06%	-0.39%	2.15%	27.79%	-15.15%	-10.00%
52 Week Price Chg	36.79%	7.19%	12.39%	48.85%	-5.76%	-2.70%
20 Day Average Volume	214,634	214,634	2,743,646	452,324	3,046,594	92,330,568
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.02%	0.00%
(F1) EPS Est 4 week change	2.18%	0.00%	0.00%	0.00%	0.01%	-0.76%
(F1) EPS Est 12 week change	2.45%	0.56%	0.69%	5.33%	0.05%	0.62%
(Q1) EPS Est Mthly Chg	-1.72%	0.00%	0.00%	0.00%	-0.10%	-2.60%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	D
Momentum Score	B
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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