



POWELL

Date: 09/19/2025

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Recommendation: **BUY**

Commercial & Industrial
Applications

Oil & Gas and
Petrochemicals

Current Price:
\$304.30

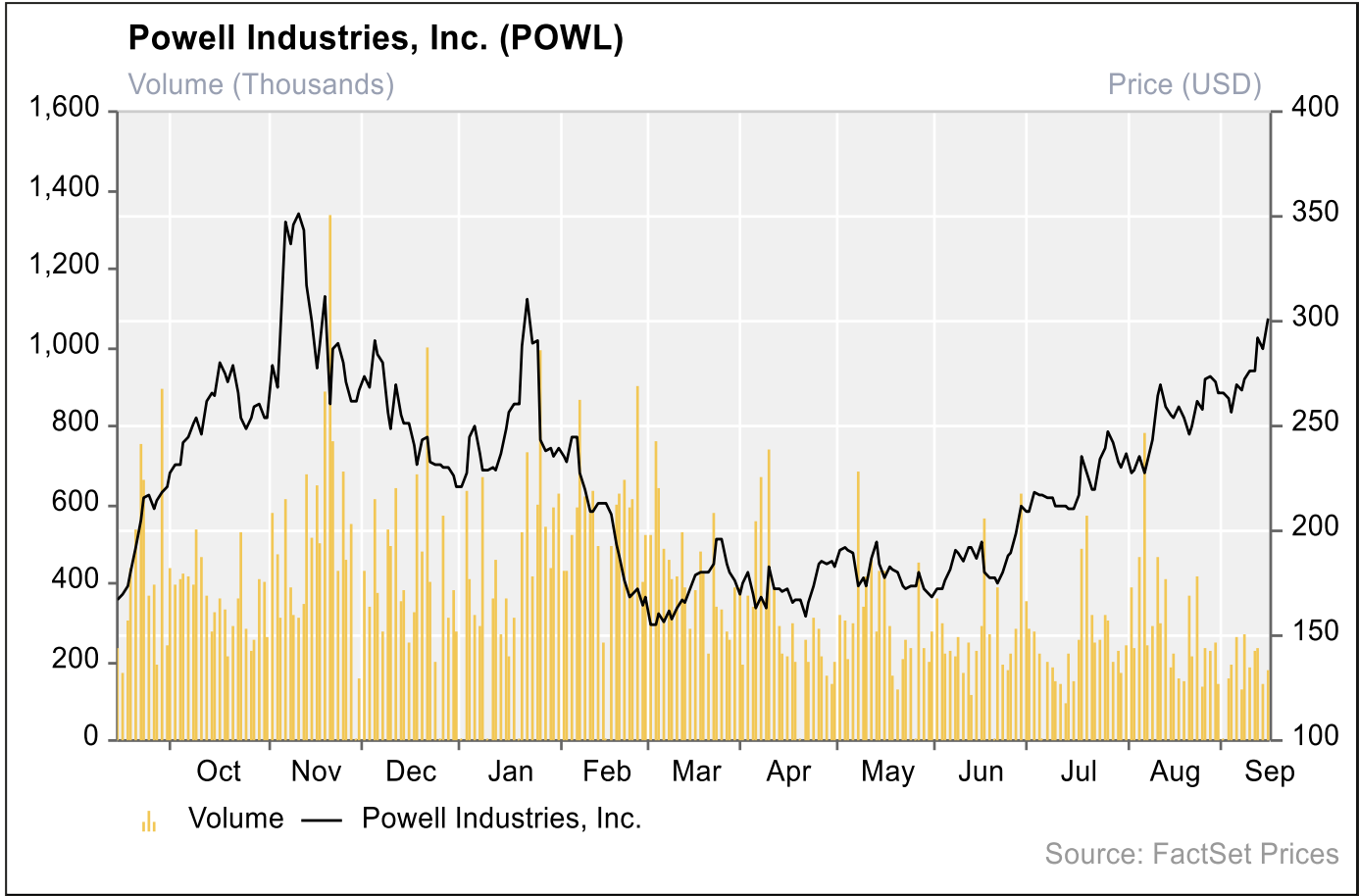


Target Price:
\$332.05

Market Profile

Closing Price	\$304.30
52-Week High/Low	\$146.02/\$364.98
Average Daily Volume (K)	147
Shares Outstanding (M)	12
Dividend Yield	0.35%
Institutional Ownership	65.1%
Insider Ownership	21.8%
Market Capitalization (M)	\$3,250
Enterprise Value (M)	\$3,300
P/E (TTM)	21.3x
EV/EBITA	14.9

Figure 1: LTM Volume & Price



Business Overview

- Supplier of choice for highly complex and integrated systems for distribution, control, and other critical electrical processes
- Focus on electrical infrastructure (i.e., switchgear and circuit breakers)
- Well capitalized in government contracted projects
- Full-service design, manufacturing, delivering, and installing.

Figure 2: Control Room at Customer Site



Figure 3: Revenue Dominated by Oil & Gas and Petrochemical

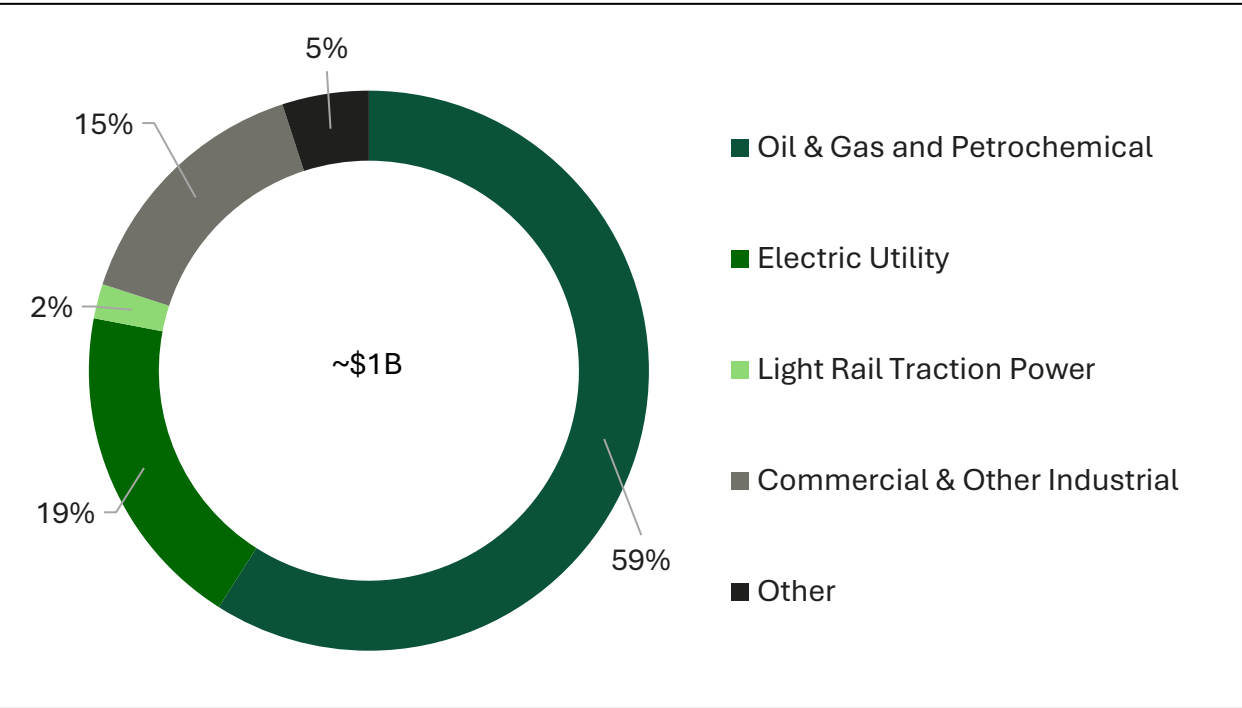
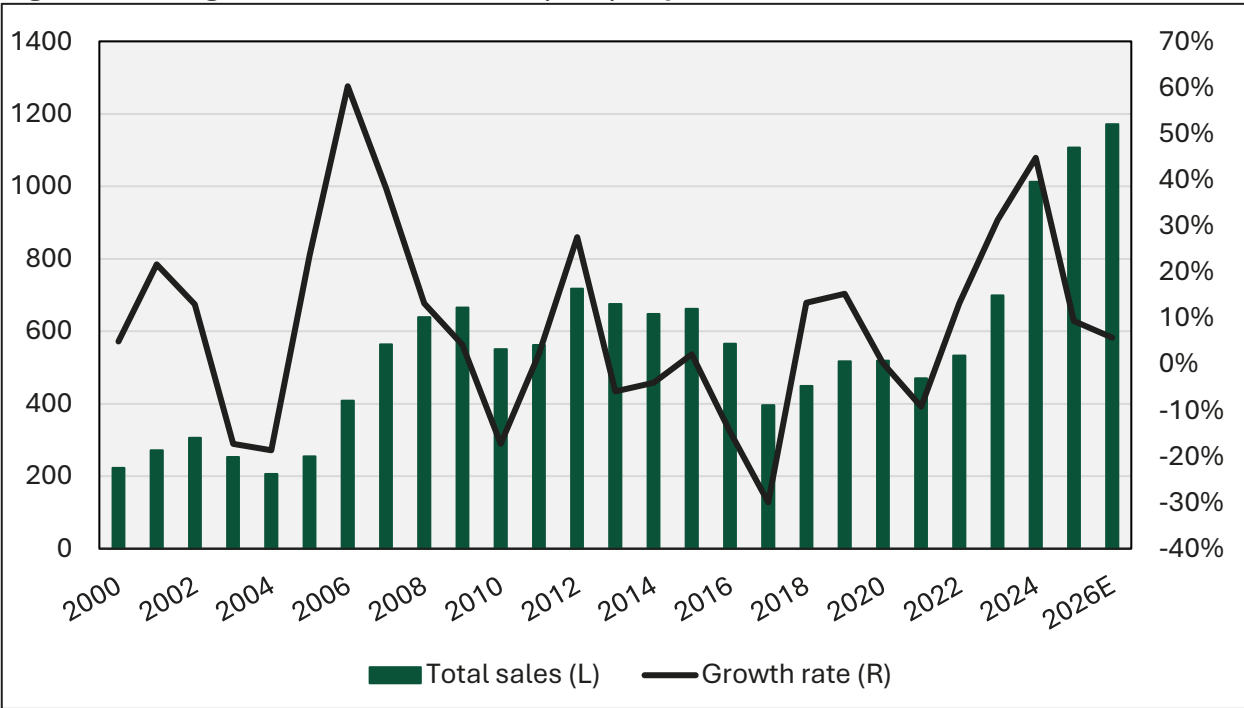


Figure 4: Long-term Sales Growth (MM); Cyclical Growth Rate



Sources: Company Filings, FactSet, Powell Industries Inc.



Financials

Figure 5: ROE Rebounding/Level-off; Steady Asset Turnover

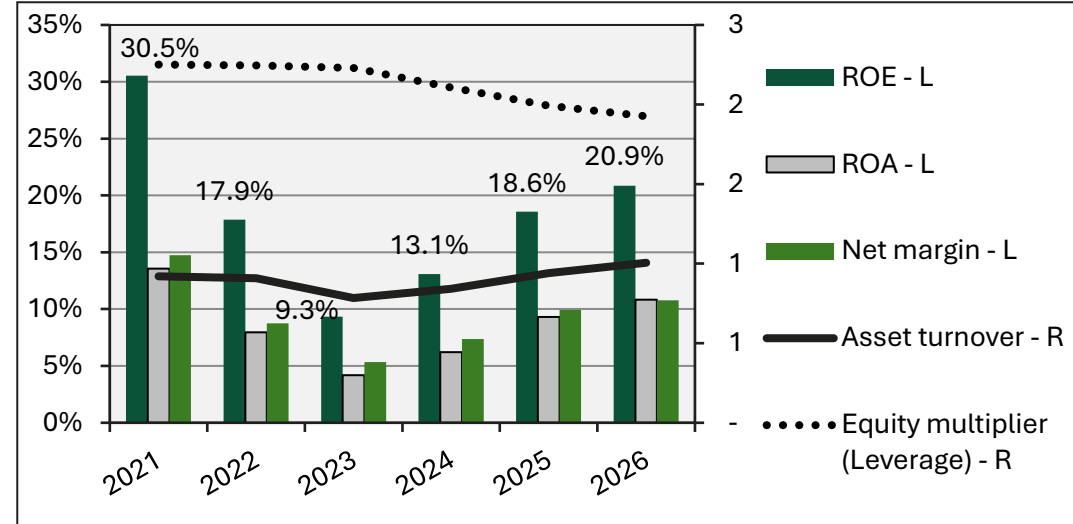


Figure 7: Favorable Margins

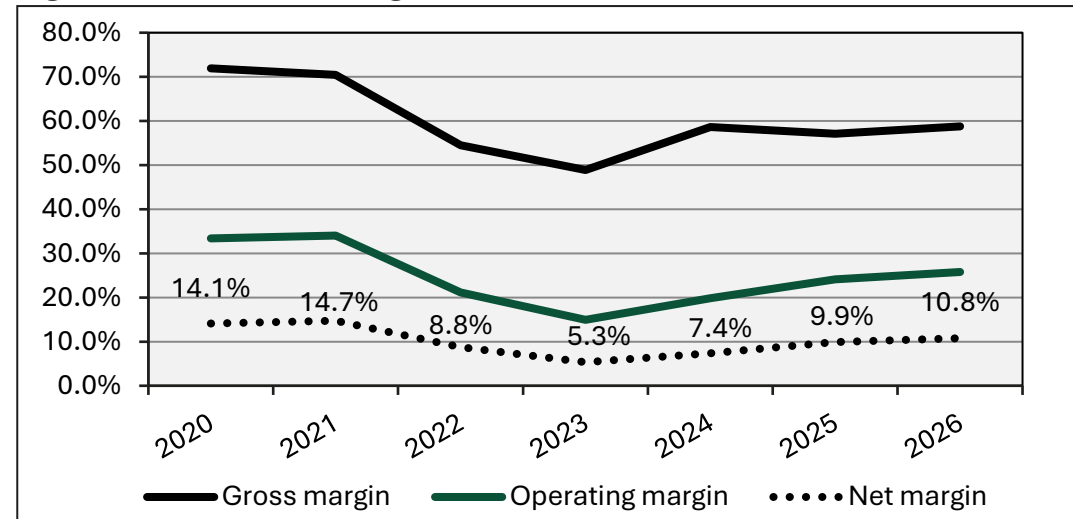


Figure 6: Growth in EPS, EBIT/Share, and SPS

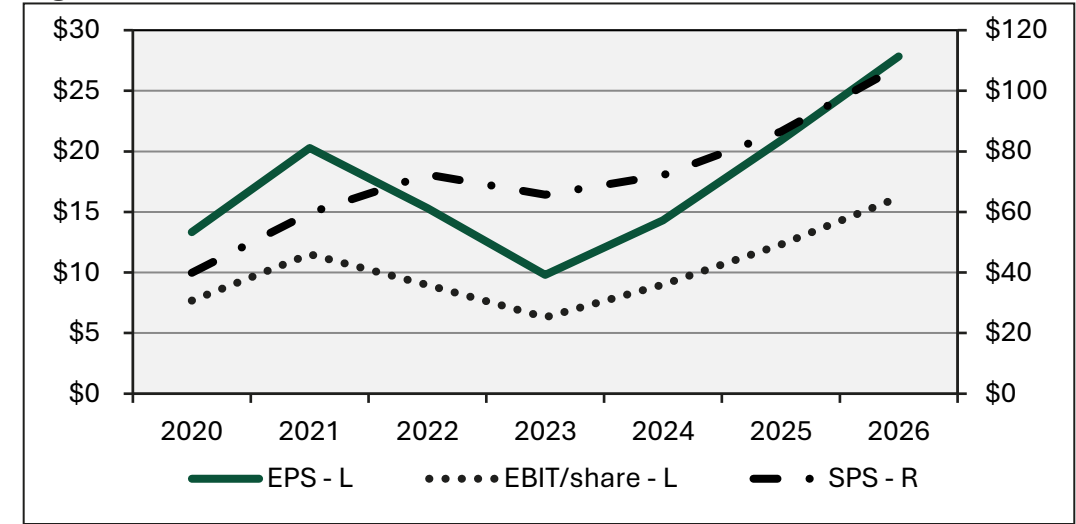
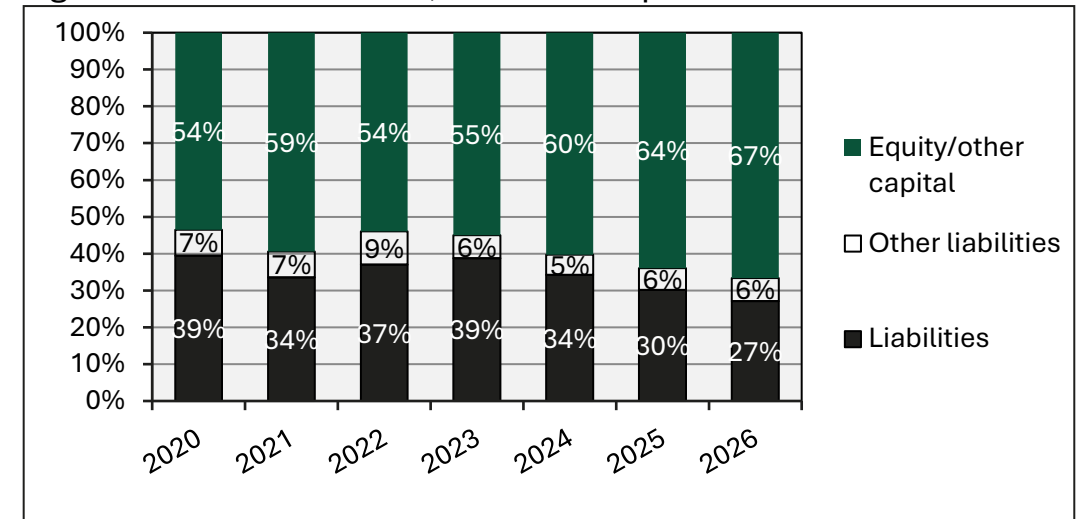


Figure 8: Low Debt Levels; Can Lever Up ROE





Key Points in Sector Development:

- Data Centers**
 - Fastest – growing demand driver tied to AI/cloud
 - U.S. Data center power demanded to double by 2030
- Utilities – Generation & Distribution**
 - Core Powell Market, enabling grid-scale power delivery
- Metals & Mining**
 - Energy-intensive sector requiring reliable medium-voltage systems

Figure 9: Rising Energy Consumption; 1.7% Y/Y Growth Expected

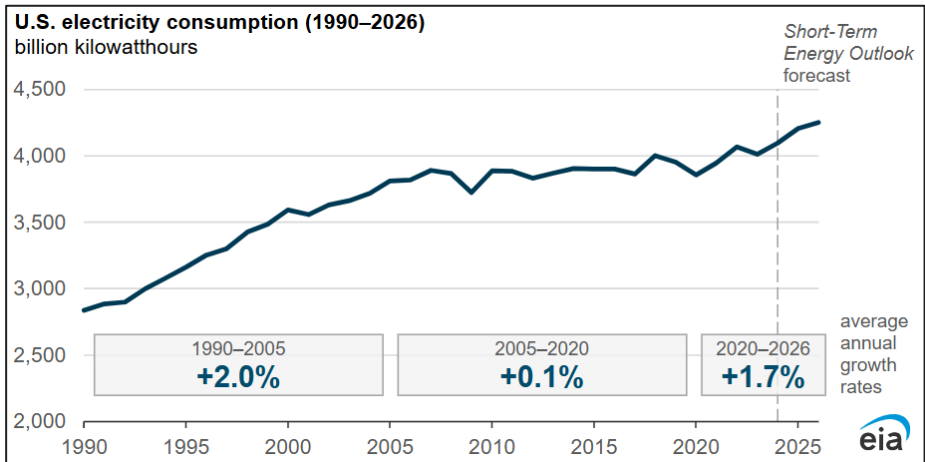
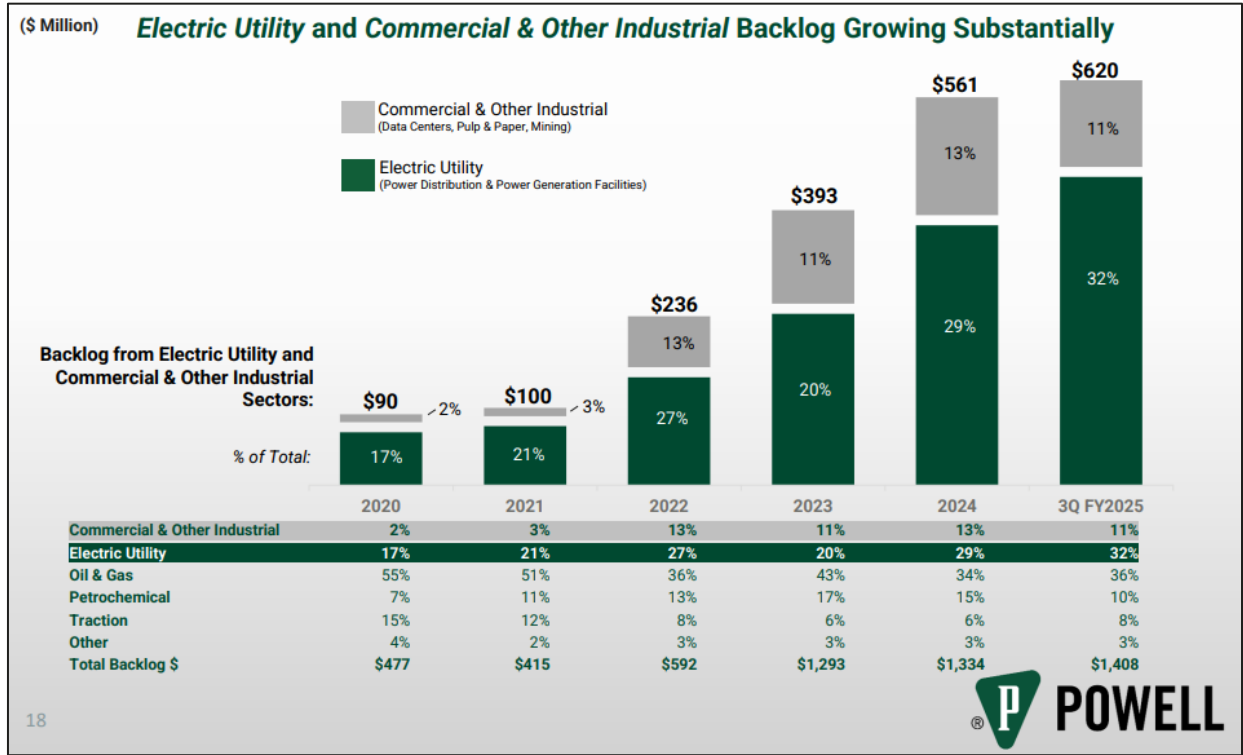


Figure 10: Sales Growth Fueling Backlog; Opposite Economic Trend



Sources: Company Filings, FactSet, Energy Information Administration, Powell Industries Inc., EIA



- End markets: LNG, refining, pipelines, petrochemicals, biofuels, hydrogen, carbon capture
- Global O&G Capex forecast to rise mid-single digits annually through 2027
- Sector margins expanding: 10.2% in 2023 → 19.8% YTD 2025
- Increase in levels of domestic oil & gas production/refining fueling growth in need for new electrical applications

Figure 12: non-OPEC Petroleum Production Expected to Increase

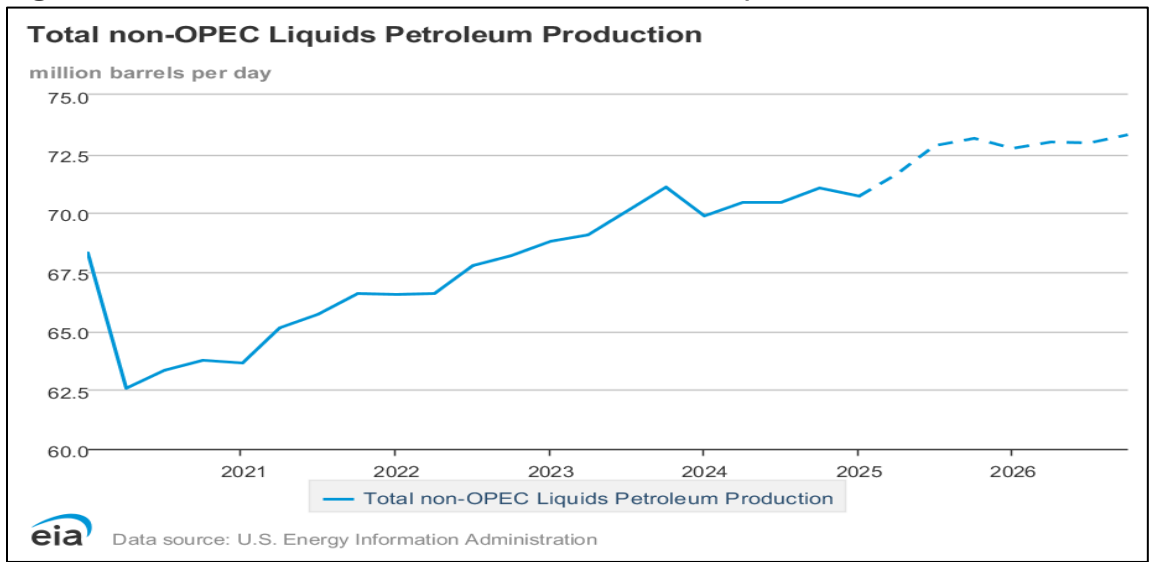
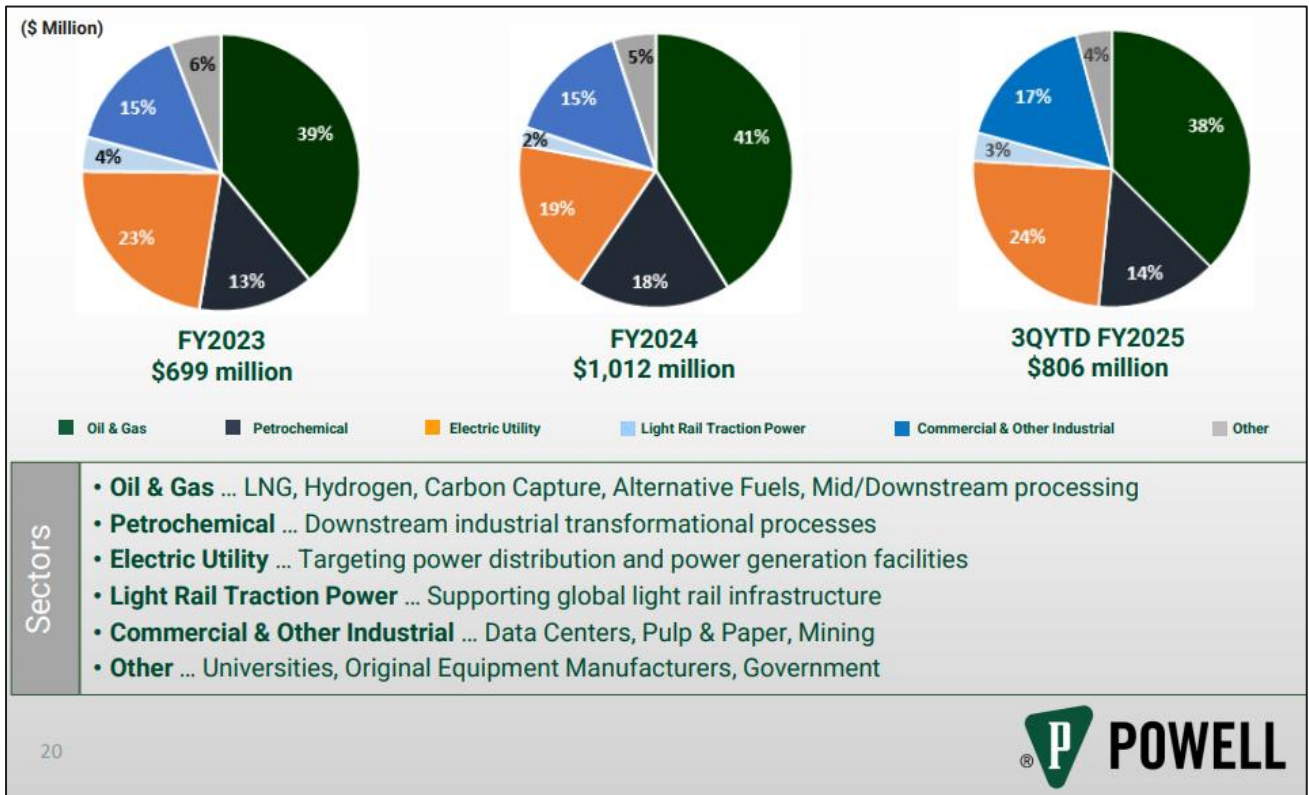


Figure 13: Expanding Revenue Across Key Sectors



Recommendation: BUY (\$332.05)

Primary Drivers

Industrial & Commercial Applications

Growth in electrical consumption

Capital Spending despite economic uncertainty

Oil & Gas and Petrochemicals

Growing customer basis

Domestic energy production growth

Notes if Allotted More Time

- Create a competitor's analysis
- More detailed valuation and DCF
- Phone call/meeting with management and/or investor relations
- Comparison of ideas to other analysts reports
- Forecast changes in COGS
- Understand how POWL builds customer relationships and growth strategy
- Interview employees and better understand company culture
- Research hiring trends and future of career growth in sector