

Dover Corporation (DOV)

Value Fit 9 / 10

University of Wisconsin–Milwaukee | Lubar College of Business | Investment Management Certificate Program

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Recommendation: BUY

Philosophy Fit 4 / 5

As of: 09/29/2026

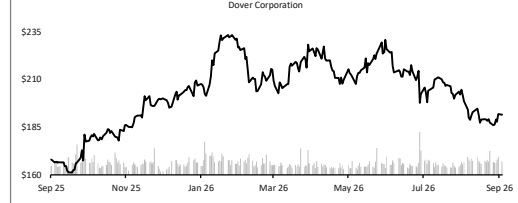
WISCONSIN VALUE FUND LENS — Maximize return by buying improving companies at reasonable valuations.

Performance level — ROIC (FY2026E) vs. ke **11.6% vs 10.0% → Above ke**

Change in performance — ΔROIC **0.0 pts, FY2026E vs FY2025A → Flat by construction**

Lifecycle phase **Phase IV — high expectations, declining**

Valuation gap — target vs. price **+29.0% → Price below our value**



BUSINESS DESCRIPTION

Dover Corp. operates as a manufacturer and solutions provider delivering innovative equipment and components, consumable supplies, aftermarket parts, software and digital solutions, and support services. It operates through the following segments: Engineered Products, Clean Energy and Fueling, Imaging and Identification, Pumps and Process Solutions, and Climate and Sustainability Technologies. The Engineered Products segment provides various equipment, components, software, solutions and services to the vehicle aftermarket, aerospace and defense, industrial winch and hoist, precision soldering and fluid dispensing end-markets. The Clean Energy and Fueling segment focuses on the components, equipment, software, solutions and services enabling safe and reliable storage, transport and dispensing of traditional and clean fuels, cryogenic gases, and other hazardous substances along the supply chain, and safe and efficient operation of convenience retail, retail fueling and vehicle wash establishments, as well as facilities where cryogenic gases are produced, stored or consumed. The Imaging and Identification segment supplies precision marking and coding, product traceability, brand protection and digital textile printing equipment, as well as related consumables, software and services to the global packaged and consumer goods, pharmaceutical, industrial manufacturing, textile and other end-markets. The Pumps and Process Solutions segment consists of specialty pumps and flow meters, highly engineered precision components for rotating and reciprocating machines, fluid connecting solutions and plastics and polymer processing equipment, serving single-use biopharmaceutical production, diversified industrial manufacturing, chemical production, plastics and polymer processing, midstream and downstream oil and gas and other end markets. The Climate and Sustainability Technologies segment refers to innovative and energy-efficient equipment, components and parts for the commercial refrigeration, equipment and systems, heating and cooling, and beverage can-making equipment markets. The company was founded by George L. Ohrstrom in 1947 and is headquartered in Downers Grove, IL.

INVESTMENT THESIS

Dover is a diversified industrial growing earnings at double digits, yet it trades at 23.9x trailing earnings against a peer median of 33.6x after a 16% three-month drawdown (Deutsche Bank, 20 September 2026) on a softer second-quarter book-to-bill of 1.06x. The market is reading one quarter of slower orders as a cycle turn, while management raised FY2026 EPS guidance to \$10.65 and organic growth guidance to 5%. Order re-acceleration and margins held near 18% close the gap to our \$247 target.

MARKET SNAPSHOT

Current Price	\$191.48	Market Cap (\$B)	\$25.8	Beta	1.00
52-Week Range	\$161 – \$233	Inst. Ownership	93.6%	Insider Own.	0.8%
Shares Out. (mm)	136.9	Short Interest (% float)	3.1%	Dividend Yield	1.1%
Consensus L-T Growth	10.9%	Payout Ratio	25.0%	Cost of Equity	10.0%
Price Target	\$247.00	Upside to Target	29.0%	Value Range	\$125 – \$323

VALUATION SUMMARY — equity DCF, FCFE discounted at ke

Method	Value / Share	Upside	Terminal Assumption
Equity DCF – terminal P/E	\$289.44	51.2%	31.2x P/E
Equity DCF – terminal P/S	\$323.11	68.7%	4.8x P/S
Equity DCF – terminal P/B	\$252.33	31.8%	5.1x P/B
Equity DCF – constant growth	\$124.86	(34.8%)	2.0% g, 10.0% ke
Average of methods	\$247.43	29.2%	Equal-weighted
Analyst price target	\$247.00	29.0%	Blue = analyst override

PHILOSOPHY FIT — Five pillars · Score: 4 / 5

		Fit?
1. Fundamental improvement & valuation discipline	ΔROIC 0.0 pts; price is 0.77x our average value	Yes
2. Investing through company cycles	Phase IV; EBIT margin 17.9% → 17.9%	Yes
3. Initial position sizing & risk limits	Half weight at entry; add to full only near the \$161 low	Yes
4. Capital allocation discipline	Net debt/invested capital 16.4%; net debt/EBIT 1.3x	Yes
5. Identifiable catalysts & conservative underwriting	Catalyst: order recovery. Upside leans on peer multiples	No

VALUE CRITERIA — 10-Point Checklist · Score: 9 / 10

		Pass?
1. Catalyst / Investment Drivers		Yes
Driver 1 — Segment Margin Mix	Segment margin reached 24.0% in the second quarter, 40 basis points above UBS, led by Pumps & Process Solutions at 32.4%. The model holds EBIT margin at the FY2025A level of 17.9% through FY2028E, so further mix gains toward pumps, biopharma components and fueling are upside to our numbers. Monitor: segment margins each quarter.	
Driver 2 — Fueling & Climate Growth	Clean Energy & Fueling grew 8.6% organically and Climate & Sustainability Technologies 8.3% in the second quarter, the two fastest segments (UBS, 23 July 2026). Model sales, taken from FactSet consensus, grew 7.3% in FY2026E and 5.1% in FY2027E, then fade to 2.0% terminal growth by the final forecast year. Monitor: organic growth by segment.	
Driver 3 — Capital Returns	Dividends plus buybacks absorb 72% of NOPAT in FY2026E in the model, and net debt of 1.3x EBIT leaves room to keep retiring shares. The dividend grows with net income, and the model share count falls from 136.9mm to 123.8mm by FY2028E. Monitor: buyback pace against the share price.	
What does management say?	Management raised FY2026 EPS guidance by 1% at the midpoint to \$10.65 and lifted organic growth guidance to 5% from 4% (UBS, 23 July 2026). Book-to-bill of 1.06x was below the 1.1x UBS expected, with deceleration across all segments, so orders are the number to watch.	

2. Low P/E Ratio						Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
EPS (model)	\$6.75	\$10.16	\$8.01	\$10.94	\$12.45	\$14.01
P/E at current price	28.4x	18.8x	23.9x	17.5x	15.4x	13.7x
Peer median P/E (FactSet, subject excl.)	33.6x	FY2026E P/E vs. peer median		(48%)		
3. Low Price / Cash Flow						No
FCFE / share	\$1.46	\$7.33	\$3.28	\$3.78	\$5.65	\$6.87
Price / FCFE	131.2x	26.1x	58.4x	50.6x	33.9x	27.9x
Peer median P/CF (FactSet, subject excl.)	25.9x	Price / FCFE (today) vs. peer median		+126%		
4. Low Price / Book Value						Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Book value / share	\$36.52	\$50.49	\$54.08	\$59.63	\$65.04	\$67.08
Price / Book	5.2x	3.8x	3.5x	3.2x	2.9x	2.9x
ROE (EOY book)	18.5%	20.1%	14.8%	18.3%	19.1%	15.3%
Peer median P/B (FactSet, subject excl.)	6.5x	Price / book (today) vs. peer median		(46%)		

Dover Corporation (DOV) — Value Criteria, continued

5. Financial Soundness							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Total debt (\$mm)	3,688	3,163	3,584	3,664	3,723	3,775	
Net debt (\$mm)	3,289	1,318	1,908	2,036	2,126	2,198	
Total debt / equity (gross)	72.2%	45.5%	48.4%	45.9%	44.3%	43.0%	
Total debt / assets (gross)	32.5%	25.3%	26.7%	25.7%	25.1%	24.6%	
Net debt / invested capital	34.8%	12.2%	16.4%	16.5%	16.5%	16.5%	
Net debt / EBIT	2.6x	1.0x	1.3x	1.3x	1.3x	1.3x	
Tax rate	20.1%	Book equity (\$mm)	7,405	Leverage: 1.3x ND/EBIT			

6. Positive Earnings Dynamics							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Sales growth	(0.8%)	(8.2%)	4.5%	7.3%	5.1%	4.2%	
EBIT margin	15.2%	16.7%	17.9%	17.9%	17.9%	17.9%	
EPS growth	(9.6%)	50.6%	(21.2%)	36.5%	13.8%	12.6%	

7. Business Strategy & Segment Mix							Yes
Strategy	Five segments of engineered equipment and components with a large aftermarket and consumables base. The strategy is to shift mix toward higher-growth, higher-margin platforms and redeploy free cash flow into bolt-on acquisitions, dividends and buybacks. Second-quarter 2026 revenue of \$2,190mm: Clean Energy & Fueling 27%, Pumps & Process Solutions 25%, Climate & Sustainability Technologies 21%, Imaging & Identification 14%, Engineered Products 13% (UBS, 23 July 2026).						

Segment / geography mix						
8. Capable Management & Insider Ownership						Yes
Insider ownership	0.8%	Inst. ownership	93.6%	Buybacks, % of NOPAT (FY1E)	49.0%	

9. Valuation — Value Creation (ROIC vs. ke)							Yes
ROIC (FY1E)	11.6%	Cost of equity (ke)	10.0%	EVA spread (ROIC – ke)		1.6%	
Price target / upside	\$247.00	29.0%		Value / share range (low–high)		\$125 – \$323	

10. Uses of Capital — allocation discipline							Yes
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Reinvestment 59% of NOPAT, dividends + buybacks 72% in FY2026E; dividends grow with earnings and buybacks take the residual. Detail in the Uses of Capital table below.

VALUE FIT SCORE — criteria met	9 / 10
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FINANCIAL SUMMARY (\$mm except per share)	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	CAGR 2023–2028
Sales	8,438	7,746	8,093	8,683	9,125	9,506	2.4%
Gross margin	34.2%	38.7%	40.2%	40.2%	40.2%	40.2%	3.3%
EBIT	1,282	1,291	1,451	1,557	1,637	1,705	5.9%
Net income	944	1,400	1,097	1,463	1,608	1,735	13.0%
EPS (basic)	\$6.75	\$10.16	\$8.01	\$10.94	\$12.45	\$14.01	15.7%
Dividend / share	\$2.03	\$2.06	\$2.07	\$2.12	\$2.41	\$2.71	
FCFE / share	\$1.46	\$7.33	\$3.28	\$3.78	\$5.65	\$6.87	36.3%
Invested capital	9,454	10,766	11,667	12,347	12,863	13,312	7.1%
ROIC	11.9%	11.5%	11.6%	11.6%	11.6%	11.6%	
NOPAT margin	12.8%	13.3%	14.3%	14.3%	14.3%	14.3%	
Sales / NWC	7.69x	8.64x	7.53x	7.53x	7.53x	7.53x	
Sales / NFA	1.06x	0.97x	0.91x	0.91x	0.91x	0.91x	
Sales / invested capital (ex cash)	0.93x	0.87x	0.81x	0.81x	0.81x	0.81x	

USES OF CAPITAL — full range, as % of cash generated (NOPAT)	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	Avg 2023–2028
NOPAT before reinvestment (\$mm)	1,078	1,029	1,159	1,244	1,307	1,361	
Uses, as % of NOPAT							
CapEx & acquisitions (Δ NFA)	45.0%	6.5%	76.9%	52.3%	37.3%	30.8%	41.5%
Working capital (Δ NWC)	4.4%	(19.5%)	15.4%	6.3%	4.5%	3.7%	2.5%
Dividends	26.4%	27.5%	24.4%	22.8%	23.8%	24.7%	24.9%
Share buybacks	(14.9%)	(71.0%)	31.3%	49.0%	66.5%	75.7%	22.8%
Debt repaid (neg. = borrowing)	19.3%	51.0%	(36.4%)	(6.4%)	(4.6%)	(3.8%)	3.2%
Cash & securities build	1.6%	140.6%	(14.5%)	(4.0%)	(2.3%)	(1.6%)	20.0%
Interest & other (residual)	18.2%	(35.0%)	2.8%	(20.0%)	(25.3%)	(29.6%)	(14.8%)
Total uses of capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discipline — reinvestment, % of NOPAT	49.4%	(13.1%)	92.3%	58.6%	41.8%	34.5%	43.9%
Dividends + buybacks, % of NOPAT	11.5%	(43.5%)	55.8%	71.8%	90.3%	100.4%	47.7%

Framework: the full range of capital allocation — CapEx/R&D/brand, dividends, buybacks, cash and debt. Cautious at the top of the cycle; invest for the future at the bottom, without over-levering. Total ties to 100% by construction, with interest and unallocated items in the residual.

COMPS OVERVIEW (current multiples, FactSet)						
Ticker	Company	P/E	P/S	P/B	P/CF	EV/EBIT
ITW	Illinois Tool Works Inc.	24.8x	4.8x	26.9x	23.6x	19.0x
PH	Parker-Hannifin Corporation	34.0x	5.8x	7.9x	28.4x	28.3x
AME	AMETEK, Inc.	36.8x	7.4x	5.1x	29.8x	25.5x
IEX	IDEX Corporation	33.2x	4.8x	4.3x	23.9x	20.2x
IR	Ingersoll Rand Inc.	31.5x	3.8x	2.9x	22.2x	23.8x
ROK	Rockwell Automation, Inc.	40.4x	5.4x	13.7x	27.8x	29.8x
Median	Peer median (subject excluded)	33.6x	5.1x	6.5x	25.9x	24.6x
DOV	Subject, at current price	23.9x	3.2x	3.5x	58.4x	19.4x

Premium / (discount) to peer median (29%) (36%) (46%) +126% (21%)

Peer set from AutoTearSheet-5PageID14:D19. Median is of peers only and excludes blanks.

KEY RISKS

- Orders stay soft. Book-to-bill slipped to 1.06x in the second quarter against 1.1x expected; if orders keep decelerating, the 7.3% FY2026E sales growth in the model is too high. Watch book-to-bill each quarter.
 - Climate & Sustainability Technologies margin. The segment margin fell to 16.7% in the second quarter, 240 basis points below UBS. A further slide undercuts the margin driver. Watch CST margin and refrigeration demand.
 - The upside depends on a rerating. Terminal multiples are peer medians of 31.2x P/E, 4.8x P/S and 5.1x P/B, against Dover's own 24.9x, 3.1x and 3.4x; the constant-growth case of \$125 is -34.8% from here.
- Exit discipline: sell if book-to-bill stays below 1.0x for two consecutive quarters, if full-year EBIT margin guidance falls below the 17.9% FY2025A base, or if the price reaches the target without an upward revision to our value.

Sources: model outputs linked to Auto-FinandValInfo and AutoTearSheet-5Page (FactSet). Information for educational purposes only. Not a recommendation to buy or sell any security.