



Jabil Inc. (JBL)

Updated June 22nd, 2021 by Quinn Mohammed

Key Metrics

Current Price:	\$57	5 Year CAGR Estimate:	9.8%	Market Cap:	\$8.3 B
Fair Value Price:	\$63	5 Year Growth Estimate:	7.0%	Ex-Dividend Date¹:	08/13/2021
% Fair Value:	90%	5 Year Valuation Multiple Estimate:	2.2%	Dividend Payment Date²:	09/02/2021
Dividend Yield:	0.6%	5 Year Price Target	\$89	Years Of Dividend Growth:	0
Dividend Risk Score:	C	Retirement Suitability Score:	F	Last Dividend Increase:	N/A

Overview & Current Events

Jabil is a manufacturing solutions and services provider. The company offers comprehensive services including manufacturing circuit board assemblies and systems, from circuit and production design, component selection and automated assembly, and obtaining components from a broad group of suppliers. Their clients are manufacturers in the personal computer, computer peripherals, communications, and automotive industries. Jabil reports in two segments, Electronics Manufacturing Services (EMS) and Diversified Manufacturing Services (DMS). EMS focuses on leveraging IT, supply chain design and engineering, centered around electronics. DMS provides engineering solutions around material sciences, technologies, and healthcare. Jabil trades on the NYSE under the ticker symbol JBL and has a market capitalization of \$8.3 billion. In 2020, JBL generated \$27.3 billion in net revenue.

Jabil reported fiscal third quarter results on June 17th. The corporation generated \$7.2 billion of net revenues, a 14.3% increase over the same prior year period. The DMS segment revenue grew 21% year-over-year, while the larger EMS segment grew at 8%. JBL reported diluted earnings per share of \$1.12 for the third quarter, up from the \$0.34 loss in the prior year. For the last nine months of fiscal 2021, JBL has reported diluted EPS of \$3.41 compared to a loss of \$0.09 in the same trailing nine months of 2020.

Leadership has provided an updated fourth quarter and fiscal year 2021 outlook. Management expects GAAP diluted EPS of \$1.00 to \$1.20 per share, and core diluted EPS of \$1.25 to \$1.45. Total company revenue in Q4 is expected to be up 4% year-over-year. Finally, for the full fiscal year 2021, leadership expects revenue of \$29.5 billion and EPS of roughly \$5.50.

Growth on a Per-Share Basis

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2026
EPS	\$1.99	\$2.02	\$1.93	\$0.49	\$1.75	\$1.55	\$2.11	\$2.62	\$2.98	\$2.90	\$5.50	\$7.71
DPS	\$0.28	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.41
Shares³	203.4	206.0	203.2	194.1	192.1	187.0	177.7	164.6	153.5	150.3	147.0	143.0

Jabil's earnings per share have at times appeared choppy year-to-year, but over the long-term, there has been proven growth in EPS. The nine year average growth rate of 4.3% has sped up and the company's five year average growth rate is a stronger 10.6%. We believe JBL can continue growing earnings at roughly 7% in the near term. To note, the corporation has reduced its share count by 4.7% on average over the past five years, which acts as an additional tailwind to EPS. We see continued revenue growth in Mobility, Cloud, Connected Devices and Semi-Cap. Additionally, core operating margins should improve over time, as it grew from 2.7% to around 3.6% in 2021.

The dividend has never been cut in its history since inception in 2006, however it has not grown very much. The corporation has paid the same dividend since 2012 after a 14% dividend increase. Growing earnings have shrunk the payout ratio and we expect the company is due for another bump in the dividend.

¹ Estimate

² Estimate

³ In millions

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.



Jabil Inc. (JBL)

Updated June 22nd, 2021 by Quinn Mohammed

Valuation Analysis

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Now	2026
Avg. P/E	9.2	10.5	10.2	40.1	12.3	13.3	12.4	10.8	9.1	11.7	10.3	11.5
Avg. Yld.	1.5%	1.5%	1.6%	1.6%	1.5%	1.6%	1.2%	1.1%	1.2%	0.9%	0.6%	0.5%

Jabil's price-to-earnings multiple is slightly undervalued based on strong forecasted 2021 earnings, which the company is on track to achieving. We believe the company is worth its 5-year average PE of 11.5, which is even lower than its 10-year average PE of 14.0 (excluding outlier in 2014, average 10-year PE is 11.1). We don't forecast much change in the company's miniscule yield.

Safety, Quality, Competitive Advantage, & Recession Resiliency

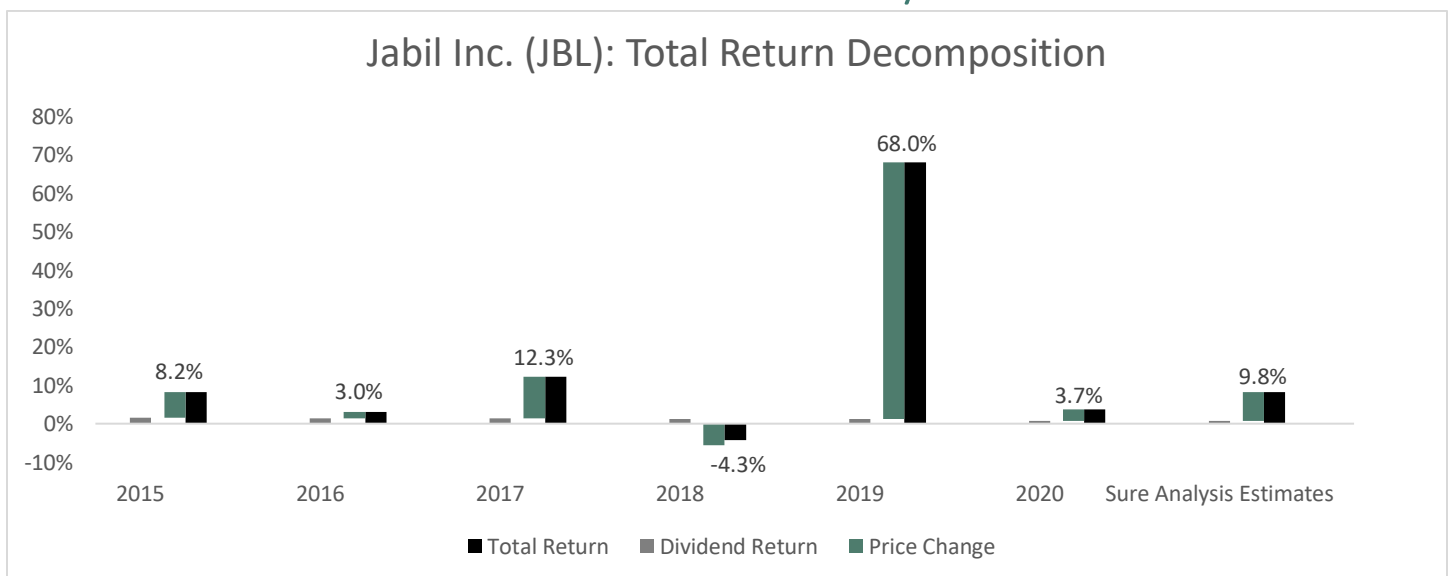
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2026
Payout	14%	16%	17%	65%	18%	21%	15%	12%	11%	11%	6%	5%

We don't see any threat to the dividend as the payout ratio is trending to be in the single digits for 2021. The company has a lot of room to grow the dividend but opts to reinvest the cash into the company, and also repurchase shares for cancellation. The company was negatively affected by the great financial crisis, and from peak to trough earnings fell from \$1.19 to \$0.40. However, throughout this period the dividend was entirely covered by earnings and there was no dividend cut. Prudent financial management avoided a complete disaster, but we wouldn't say the company has a high recession resiliency. JBL believes that obtaining a significant level of protected proprietary technology may give them a competitive advantage, and they also believe they are extremely competitive on cost, accelerated production time-to-market, high efficiencies, global locations, rapid scale production, advanced technologies, quality, and improved pricing of components.

Final Thoughts & Recommendation

Jabil has massive revenue and is growing earnings significantly in 2021. The payout ratio is near an all-time low at single digits, proving the company has plenty of room to grow this. The company is also active in repurchasing shares. We forecast that JBL trades at 90% of fair value, and has 9.8% in total estimated returns, thus we rate JBL a Buy.

Total Return Breakdown by Year



[Click here to rate and review this research report. Your feedback is important to us.](#)

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.



Jabil Inc. (JBL)

Updated June 22nd, 2021 by Quinn Mohammed

Income Statement Metrics

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	16,519	16,141	17,249	15,762	17,899	18,353	19,063	22,095	25,282	27,266
Gross Profit	1,255	1,161	1,212	1,026	1,503	1,528	1,546	1,707	1,913	1,931
Gross Margin	7.6%	7.2%	7.0%	6.5%	8.4%	8.3%	8.1%	7.7%	7.6%	7.1%
SG&A Exp.	591	573	614	676	863	924	908	1,051	1,111	1,175
D&A Exp.	319	353	418	487	529	697	760	774	772	795
Operating Profit	603	550	559	297	588	534	573	579	727	656
Operating Margin	3.7%	3.4%	3.2%	1.9%	3.3%	2.9%	3.0%	2.6%	2.9%	2.4%
Net Profit	381	395	371	241	284	254	129	86	287	54
Net Margin	2.3%	2.4%	2.2%	1.5%	1.6%	1.4%	0.7%	0.4%	1.1%	0.2%
Free Cash Flow	369	137	477	(124)	277	(8)	(2181)	(2142)	188	274
Income Tax	98	103	8	74	137	132	129	286	161	204

Balance Sheet Metrics

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assets	7,058	7,803	9,154	8,480	9,592	10,323	11,096	12,046	12,970	14,397
Cash & Equivalents	889	1,217	1,011	1,000	914	912	1,190	1,258	1,163	1,394
Accounts Receivable	1,101	1,125	1,169	1,209	1,467	1,360	1,397	1,693	2,745	2,848
Inventories	2,227	2,269	2,119	2,008	2,507	2,457	2,942	3,458	3,023	3,132
Goodwill & Int. Ass.	125	214	609	628	746	892	893	907	879	907
Total Liabilities	5,174	5,696	6,798	6,219	7,257	7,865	8,728	10,082	11,070	12,572
Accounts Payable	2,885	2,993	3,191	3,061	3,663	3,593	4,258	4,943	5,167	5,687
Long-Term Debt	1,187	1,676	1,906	1,683	1,659	2,120	2,050	2,519	2,496	2,728
Shareholder's Equity	1,867	2,105	2,335	2,242	2,315	2,438	2,354	1,950	1,887	1,811
D/E Ratio	0.64	0.80	0.82	0.75	0.72	0.87	0.87	1.29	1.32	1.51

Profitability & Per Share Metrics

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Return on Assets	5.7%	5.3%	4.4%	2.7%	3.1%	2.6%	1.2%	0.7%	2.3%	0.4%
Return on Equity	22.1%	19.9%	16.7%	10.5%	12.5%	10.7%	5.4%	4.0%	15.0%	2.9%
ROIC	13.0%	11.5%	9.2%	5.9%	7.2%	5.9%	2.9%	1.9%	6.5%	1.2%
Shares Out.	203.4	206.0	203.2	194.1	192.1	187.0	177.7	164.6	153.5	150.3
Revenue/Share	74.84	76.43	83.00	77.84	91.32	95.22	102.58	126.23	159.36	175.60
FCF/Share	1.67	0.65	2.30	(0.61)	1.42	(0.04)	(11.7)	(12.2)	1.18	1.77

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.