



Acuity Brands Inc (AYI) — Research Summary

Industrials | Electrical Equipment & Parts | 2026-06-26

Price: \$362.48

Signal: BUY (7.67/10)

Market: bull_tech

Equity Research Summary: Acuity Brands Inc (AYI)

Sector: Industrials — Electrical Equipment & Parts | **Price:** \$362.48 | **Market Cap:** \$9.8B

1. COMPANY OVERVIEW & INVESTMENT THESIS

Acuity Brands is a leading provider of intelligent lighting and building space solutions, serving commercial, industrial, and infrastructure markets across North America. The company is interesting now because it has strung together consistent earnings beats while expanding margins, growing its higher-value Intelligent Spaces (AIS) segment, and returning cash to shareholders through buybacks and dividends — all despite a mixed construction-market backdrop.

2. FUNDAMENTAL SNAPSHOT

Valuation: AYI trades at a trailing P/E of 21.7 and a more attractive forward P/E of 15.2, suggesting the market expects continued earnings growth. EV/EBITDA sits around 14.4x (EV \$10.1B / EBITDA \$0.7B), and price-to-free-cash-flow is reasonable given roughly \$0.3B in quarterly FCF. These multiples are broadly in line with quality industrials, with the forward P/E hinting at modest value relative to earnings momentum.

Earnings Trend: The company has beaten estimates in each of the last four quarters, ranging from +2.2% to +7.4%. Most recently (May 2026), EPS came in at \$4.97 vs. \$4.84 expected. This is a highly consistent, positive-surprise track record.

Revenue & Margins: Revenue grew 4.7% year-over-year in the latest quarter to \$1.2B, though the prior quarter showed a decline (-12.7%), reflecting some lumpiness. Profitability is solid: gross margin of ~50.6%, operating margin of 16.1%, and an overall profit margin near 10.2%.

Balance Sheet: Healthy and conservative — \$0.4B cash against \$0.8B debt (net debt ~\$0.4B), with a low debt-to-equity ratio of 0.28.

3. TECHNICAL OUTLOOK

The stock is trading near the upper end of its 52-week range (\$256.86–\$379.66), currently at \$362.48 — roughly 95% of its 52-week high. Momentum is clearly building: shares jumped 13.2% following the strong Q3 beat in late June. Key levels to watch include **resistance near \$380** (the 52-week high), a break above which could open new ground, and **support in the \$330–\$340 range** on any pullback. The recent low near \$257 represents deeper support far below current levels.

4. NEWS & SENTIMENT

Overall Sentiment: Bullish

Three key themes dominate recent coverage:

1. **Strong Q3 beat with a sharp positive reaction** — Sales of \$1,198M and net income of \$141M topped estimates, driving a double-digit single-day gain.
2. **Growth in Intelligent Spaces (AIS)** — Management highlighted robust growth in this higher-margin segment even amid broader market challenges, supporting the company's shift toward smart-building technology.
3. **Shareholder returns confirmed** — Acuity reaffirmed its \$0.20 quarterly dividend and continued buybacks, signaling management confidence.

The market narrative is favorable: Acuity is viewed as a well-run industrial executing on margin expansion and technology growth, with analysts flagging its dependable habit of beating expectations. The consensus tilts positive (6 Buy, 3 Hold, 0 Sell) with a \$398 target implying roughly 10% upside.

5. BOTTOM LINE

Aerondight Systems Signal: BUY (7.67/10)

- **Thesis:** A consistently profitable, well-capitalized lighting and smart-building leader with steady earnings beats, expanding margins, and rising momentum in its high-value technology segment.
- **Upcoming Catalyst:** The next quarterly earnings report (fiscal Q4 2026, expected around August/September), where continued AIS growth and another potential beat could push the stock toward its highs.
- **Risk Level: Medium** — Beta of ~1.28 means above-average volatility, and revenue has shown quarter-to-quarter lumpiness tied to construction and commercial demand. However, the strong balance sheet and consistent execution temper downside risk.

This summary is for informational purposes only and is based on publicly available information. It does not constitute investment advice. Investors should conduct their own due diligence.

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