Cintas (CTAS) Investment Analysis Report

January 28, 2026

Contents

Executive Summary

Cintas is a high-quality compounder with a long runway to reinvest its profits and grow organically at rates above GDP. The company is the largest participant in the traditionally "boring" and "sleepy" uniform rental and facility services industry, which provides a stable and highly predictable operating backdrop. Over the long term, Cintas can reasonably sustain high-single-digit growth driven by rising employment, continued market share gains, pricing power that exceeds inflation, and the ability to cross-sell additional services to its existing customer base at minimal incremental cost.

At the same time, operating leverage and ongoing efficiency initiatives should enable profit growth to outpace revenue growth. The durability, consistency, and visibility of Cintas's earnings profile make it look more like an infrastructure-style asset than a typical industrial company.

At first glance, the company appears to operate in a highly commoditized industry with minimal barriers to entry. However, Cintas has built a powerful competitive position through a rare mix of tangible and intangible advantages. From a tangible standpoint, the company enjoys meaningful cost advantages over both small, local operators and its publicly traded competitors. Its scale allows it to spread the cost of servicing many customer accounts across a single logistics hub, driving significant efficiency. In addition, its size gives Cintas strong purchasing power, resulting in favorable procurement economics.

Beyond these structural benefits, Cintas also has less visible but equally important sources of competitive strength. Most notable is its corporate culture. The company maintains a relatively well-compensated, non-union workforce that consistently delivers a premium level of service. This leads to high customer satisfaction, low customer turnover, and substantial pricing power, even within an industry that is otherwise largely commoditized.

Business Overview

Cintas is the leading provider of uniform rental and facilities services in the United States. At its core, the company outfits employees with corporate identity uniforms and manages the full lifecycle of those garments, including laundering, maintenance, and replacement. Over time, Cintas has expanded beyond uniforms into a broader workplace services platform, offering cleaning supplies, restroom services, first aid and safety products, and fire protection solutions. The company now serves more than one million customers, ranging from small, local businesses such as single-location restaurants to some of the largest corporations in the country, including manufacturers like Caterpillar. Its primary end markets include hospitality, healthcare, manufacturing, and food service.

Cintas has three reportable segments: Uniform Rental and Facility Services, First Aid and Safety Services, and All Other Services. Details on each of the three segments are included below.

1. **Uniform Rental and Facility Services:** This segment is Cintas's core business and encompasses a wide range of uniform and facility-related offerings. The company rents and maintains corporate identity uniforms and garments that span from standard

workwear to specialized products such as flame resistant apparel. Cintas also supplies and launders supporting facility items, including floor mats, mops, and shop towels. In addition, the segment includes restroom services that involve cleaning, maintenance, and the routine restocking of consumables like paper products, soaps, and hygiene supplies. The value proposition for customers is the ability to outsource much of their back-of-house operations, including laundry, facility upkeep, and the management of cleaning supplies, rather than handling these functions internally. From a business model perspective, this segment is particularly attractive due to its recurring revenue nature. Customers receive uniforms and facility products on consistent rental and service schedules, such as weekly pickup and delivery, ongoing cleaning, and predictable replenishment cycles, which create stable and highly visible revenue streams.

2. **First Aid and Safety Services:** This segment provides a comprehensive range of products and compliance-focused services designed to help businesses maintain safe and well-regulated work environments. The segment's core offerings include fully stocked first aid cabinets, safety supplies, eyewash stations, spill kits, gloves, and a wide variety of personal protective equipment used across industrial, commercial, and service settings. Cintas also supports its customers through training and compliance programs, including CPR and AED instruction, bloodborne pathogen courses, and general workplace safety education. These services help employers satisfy OSHA requirements while reducing the internal effort needed to manage safety standards and documentation. Like the Uniform Rental and Facility Services segment, First Aid and Safety Services operates on a recurring replenishment model. Commonly used items such as bandages, antiseptics, burn treatments, eyewash, and other consumables are restocked through regularly scheduled service routes. During these visits, Cintas service representatives inspect cabinets, replace used or expired products, rotate inventory, and verify that all equipment remains in compliance with applicable regulations.
3. **All Other Services:** This segment serves as a grouping for Cintas's smaller business lines that are not large enough to be reported separately but still play an important role in the company's overall workplace services offering. One of the most meaningful components within this segment is fire protection, which includes the installation, inspection, and ongoing maintenance of fire extinguishers, alarm systems, sprinkler systems, and other life safety equipment required for commercial code compliance. These services are typically delivered through recurring inspection schedules, annual certifications, and periodic equipment replacement. This structure creates steady, repeat interactions with customers and allows Cintas to maintain long-term service relationships while supporting critical safety and regulatory needs.

Business Model

Cintas runs on a recurring, route-based operating model that sits at the core of its financial performance and customer relationships. These routes are essential to the company's ability to retain customers and form the foundation of the competitive moat that supports strong returns and the steady compounding of earnings and free cash flow. The business is organized around the employees who manage these routes, known as Service Sales Representatives, or SSRs. Each SSR is responsible for a defined route and a dedicated group of customers. Those customers are typically visited on a weekly basis, during which the Cintas representative completes a consistent set of services. This includes delivering clean uniforms, collecting soiled garments, restocking restroom supplies, replacing floor mats, and addressing any other ongoing facility service requirements.

The route structure has created meaningful operational leverage as Cintas has grown, though it works differently than in most route-based business models. In many similar models, the primary objective is to maximize the number of stops per day, since the incremental cost of adding one more customer is relatively low. Cintas takes a more relationship-focused approach. The company does not aim to simply maximize daily stops but instead allows its service representatives more time at each location.

This additional time is used to build personal relationships through regular interaction and small conversations with customers. The intent is to strengthen customer loyalty and create opportunities to introduce additional Cintas services. This approach has proven to be a major contributor to the company's industry-leading customer retention and its ability to expand wallet share within existing accounts.

Below, you can see images of a Cintas laundry facility, which more closely resembles a manufacturing operation than a typical branch of a route-based industrial business. You can also see how Cintas has increased routes per facility from 22 in FY 2015 to 25 in FY 2025, representing a roughly 15% increase in routes per facility.

(Aerial view of Cintas laundry facility)

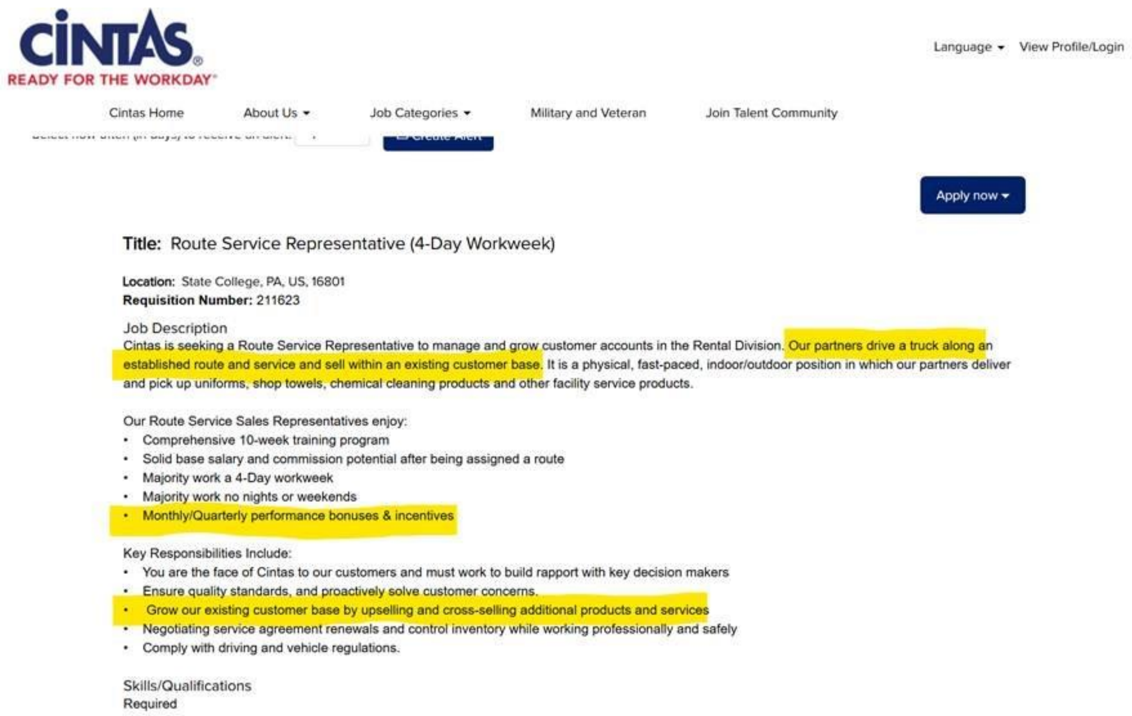
(Inside of Cintas laundry facility)

Routes per Facility (FY 2015-FY 2025)

	FY 2025	FY 2015
Routes	12,100	8,000
Operational Facilities	478	364
Routes Per Facility	**25**	**22**

Cintas's route-based model is distinctive in another important way, as it serves as a highly effective platform for cross-selling. The same SSR who delivers uniforms each week can also introduce customers to Cintas's broader range of products and services during those regular visits. This makes every stop both a service interaction and a potential sales touchpoint.

SSRs are compensated through a mix of base pay, commissions, bonuses, and performance incentives that are directly tied to expanding customer relationships through additional product and service adoption. With a largely non-union workforce, Cintas has the flexibility to structure compensation in a way that rewards initiative, relationship building, and incremental revenue generation. As a result, SSRs function more like territory managers than traditional delivery drivers. They are encouraged to identify customer needs during routine visits and steadily grow wallet share over time. Below, you can see a real job posting for a Route Service Representative that reads much more like a sales role than a typical delivery position in a blue-collar business.



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Title: Route Service Representative (4-Day Workweek)

Location: State College, PA, US, 16801
Requisition Number: 211623

Job Description
Cintas is seeking a Route Service Representative to manage and grow customer accounts in the Rental Division. Our partners drive a truck along an established route and service and sell within an existing customer base. It is a physical, fast-paced, indoor/outdoor position in which our partners deliver and pick up uniforms, shop towels, chemical cleaning products and other facility service products.

Our Route Service Sales Representatives enjoy:
- Comprehensive 10-week training program
- Solid base salary and commission potential after being assigned a route
- Majority work a 4-Day workweek
- Majority work no nights or weekends
- Monthly/Quarterly performance bonuses & incentives

Key Responsibilities Include:
- You are the face of Cintas to our customers and must work to build rapport with key decision makers
- Ensure quality standards, and proactively solve customer concerns.
- Grow our existing customer base by upselling and cross-selling additional products and services
- Negotiating service agreement renewals and control inventory while working professionally and safely
- Comply with driving and vehicle regulations.

Skills/Qualifications
Required

Cintas Organic Growth Algorithm

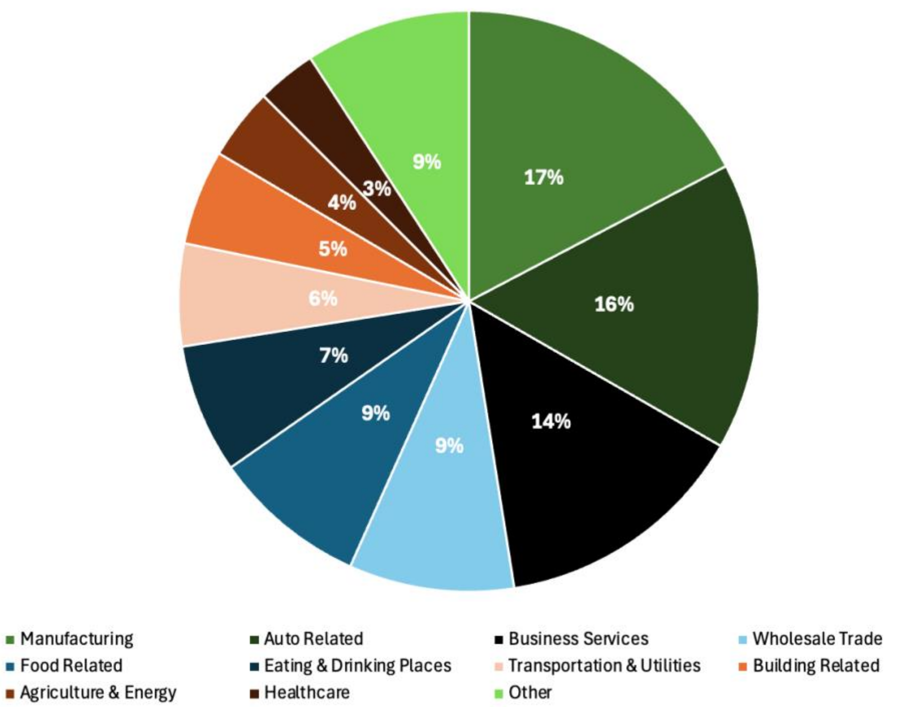
There are five main drivers of the organic growth algorithm for Cintas. These include the following:

- Increase of workforce in uniform wearing industries
- Market share expansion
- Outsourcing of uniforms/facility services
- Price increases
- Cross sell of add on ancillary services

Increase of Workforce in Uniform Wearing Industries

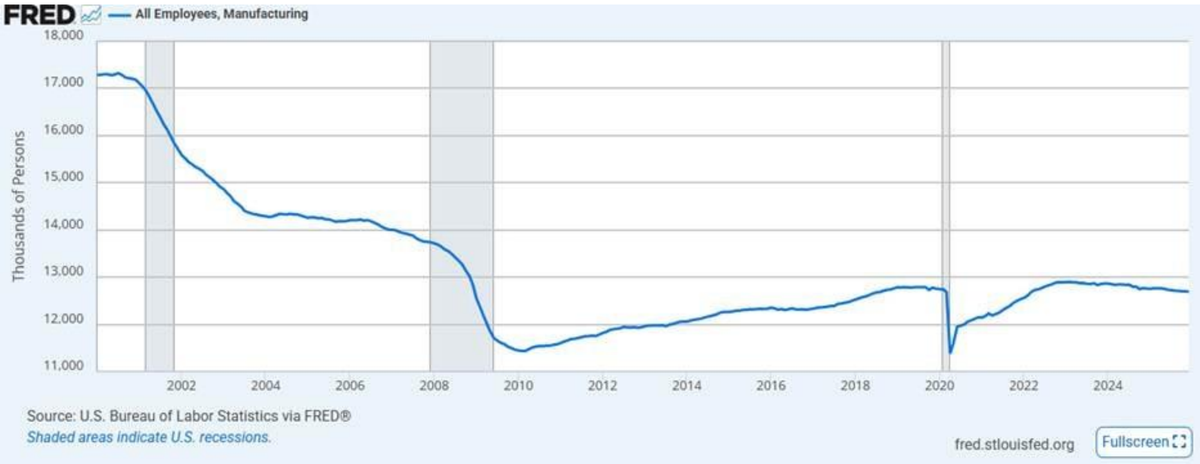
Growth in employment across uniform-wearing industries is a central driver of Cintas's organic growth. In theory, the company's total addressable market includes nearly all employed workers in the United States, a figure that has historically grown at a pace slightly below real GDP. In practice, demand for uniform rental services is more concentrated within blue-collar and service-oriented industries where standardized workwear is required. Cintas does not provide a detailed breakdown of its customer base, but it does note that roughly 70% of customers operate in service-providing sectors such as healthcare, hospitality, and food service, while the remaining 30% are in goods-producing sectors like manufacturing and construction.

UniFirst, a publicly traded competitor, offers a more granular view of customer exposure by employment sector, which is shown below. While its mix will not perfectly match that of Cintas, it provides a useful directional reference for understanding which parts of the labor market drive uniform usage. The most important end markets for uniform rental tend to include manufacturing, construction, retail and wholesale trade, leisure and hospitality, healthcare, and government.



Based on UniFirst's disclosures, manufacturing represents the largest single end market within the uniform rental industry. Although long-term historical data is not available, broader trends in U.S. manufacturing employment suggest that this sector now makes up a smaller share of total uniform volumes than it did in the past. In 2000, manufacturing employed more than 17 million Americans, but by 2025 that figure had fallen to roughly 12.7 million as automation and offshoring reduced domestic labor needs.

It is reasonable to assume that in the early 2000s, manufacturing may have accounted for 40 to 50%, or possibly more, of total uniform rental demand. This provides important context when evaluating the industry's long-term growth potential. Uniform rental volumes would likely have grown at a faster pace over time if not for the structural headwind created by the sustained decline in U.S. manufacturing employment.



To estimate the total addressable market of uniformed employees and understand how changes in employment patterns have influenced that market, we analyzed data from the U.S. Bureau of Labor Statistics by industry sector. While uniform usage differs across sectors, this data provides a reasonable proxy for tracking the underlying volume drivers of the uniform rental industry. In January 2000, there were roughly 97 million workers employed in sectors that are most likely to require uniforms. By December 2025, that figure had grown to approximately 118 million. This represents a cumulative increase of about 21% over the period. The growth picture becomes even more compelling when manufacturing is excluded. Outside of manufacturing, employment in uniform-wearing sectors expanded by roughly 32% over the same timeframe, highlighting how growth in service-oriented industries has more than offset the structural decline in manufacturing employment.

Total Addressable Market			
	January 2000	December 2025	Change %
Manufacturing	17,284	12,692	-27%
Construction	6,752	8,303	23%
Wholesale Trade	5,908	6,161	4%
Retail Trade	15,165	15,539	2%
Transportation and Warehousing	4,364	6,665	53%
Private Education and Health Services	15,100	27,640	83%
Leisure and Hospitality	11,713	17,167	47%
Government/Other	20,571	23,411	14%
Total	**96,857**	**117,578**	21%
Total (Excluding Manufacturing)	**79,573**	**104,886**	32%

Market Share Expansion

Another key driver of organic growth is market share expansion. Companies gain share by growing new volumes faster than the overall industry, either by winning a greater percentage of competitive bids or by converting more “no program” customers who are outsourcing uniform services for the first time. This growth is achieved through a combination of strong customer retention and new customer wins.

As with any recurring revenue business, retention is the foundation of long-term growth. With average contracts lasting roughly four to five years, close to 20% of customers are potentially up for renewal in any given year. Retention rates therefore have a meaningful impact on both revenue growth and profitability. Cintas consistently outperforms its peers in this area, with customer retention of approximately 95%, compared to about 92 to 93% for UniFirst and roughly 90 to 91% for Vesti’s.

With Cintas’s retention rate running roughly three percentage points higher than its closest competitors, it is understandable that the company has been able to grow faster over time. Vesti’s and UniFirst must generate a meaningfully higher level of new business simply to match Cintas’s net volume growth. Cintas has noted in the past that one of the factors behind the improvement in retention from about 92% in 2006 to more than 95% today has been a greater emphasis on cross-selling.

As customers adopt a broader range of Cintas products and services, the relationship deepens and the company becomes more integrated into their operations. This increased dependence makes customers less likely to switch providers and strengthens long-term retention.

Outsourcing

Like many business services companies, a major driver of Cintas’s organic growth is the continued shift toward outsourcing. Management has indicated that approximately 60 percent of new customers come from businesses that were not previously in a rental program, compared to about 40 percent at UniFirst.

In our view, this difference reflects the effectiveness of Cintas’s marketing efforts and the strength of its outside sales strategy. It also speaks to the company’s high-performance culture, which allows it to consistently attract a larger share of customers transitioning their uniform and workplace services to an outsourced model.

Outsourcing uniform programs provides a compelling value proposition for businesses. Key benefits include:

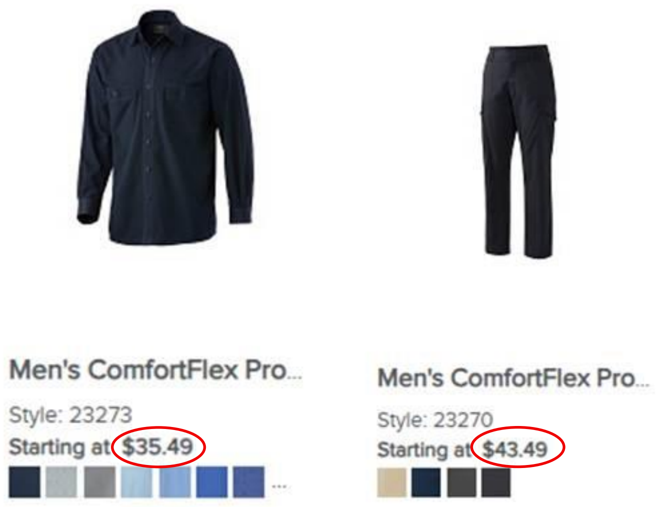
- Lower overall cost, as Cintas's economies of scale are passed through to customers
- Reduced operational burden compared to managing uniform purchasing, laundering, and maintenance internally
- A more consistent and professional appearance for employees in customer-facing roles
- Support for regulatory and cleanliness standards, particularly in industries such as food processing and healthcare
- Greater flexibility to adjust uniform needs as employee headcount grows or changes

While the qualitative benefits are meaningful, the decision to outsource uniforms is often driven primarily by cost. Cintas management has consistently stated that renting uniforms from Cintas is frequently less expensive for companies than managing uniforms internally, and that this cost advantage has been a major factor behind the industry's shift toward rental programs. To evaluate this claim, we conducted an analysis comparing the cost of using Cintas's uniform rental service with the cost of purchasing, laundering, and maintaining uniforms in house.

Industry data suggests that uniform rental services typically cost between $5 and $7 per employee per week. This pricing reflects a fully turnkey solution in which employees receive clean, professionally laundered uniforms on a daily basis. Under a standard weekly service schedule, each employee generally has a rotation of 11 uniforms, along with an additional spare set.

Contracts in the uniform rental industry usually run for four to five years, with national accounts often committing to even longer terms of seven to ten years. Within the life of these contracts, employees will typically go through more than one full uniform rotation. While uniform rental companies often amortize uniforms over an 18-month period, our understanding is that the actual replacement cycle is closer to every two years.

The main alternative to renting uniforms is for companies to purchase them outright. For our analysis, we used pricing from Cintas's own website, since the company also sells uniforms directly. At current prices, a standard work shirt costs $35.49, while a standard pair of work pants is priced at $43.49. Together, this places the total cost of purchasing a full uniform at approximately $79.



To match the service level that Cintas provides, which includes a clean uniform each day for two weeks plus an additional spare set, a company would need to purchase 11 uniforms per employee. Using the pricing outlined above, this results in an upfront cost of approximately $869. If each uniform lasts two years, the annualized cost of ownership would be about $434 per employee. Importantly, this figure excludes any costs associated with laundering, maintenance, or replacement due to damage or wear, which would meaningfully increase the total expense.

Based on this comparison, renting uniforms through Cintas is clearly more cost effective than owning them outright. Even to approach cost parity, one would have to assume that uniforms could be used for three years instead of two. That assumption still ignores the operational costs tied to washing, handling, and maintaining the uniforms, which would once again tilt the economics in favor of renting. This analysis helps explain why the long-term shift toward uniform rental is likely to continue. It also provides insight into how Cintas may perform during an economic downturn, as companies are unlikely to bring uniform programs in house in an effort to reduce costs when doing so would likely be more expensive.

Cost per uniform (rental, per employee)	
Cost per week	$6
Cost per year	**$312**

Cost per uniform (purchase, per employee)	
Cost to purchase uniform	$79
Number of uniforms needed	11
Total uniform spend	$869
Length of uniform use (years)	2
Cost per year	**$435**

Pricing

Another important component of the organic growth model is pricing. Publicly traded uniform rental companies aim to achieve annual price increases that exceed their underlying cost inflation. For competitive and customer relationship reasons, Cintas does not provide explicit long-term pricing targets. However, Vestis, which was spun out of Aramark in 2023, has offered long-term guidance indicating pricing growth of roughly 1% above cost inflation, which is consistent with historical industry performance. We believe this provides a useful benchmark for the broader industry. In our view, uniform rental companies, and Cintas in particular, should be able to continue pushing pricing modestly ahead of inflation over time. This dynamic acts as a tailwind for both revenue growth and margin expansion.

We see three main reasons why Cintas is able to maintain a moderate level of pricing power in what initially appears to be a highly commoditized industry.

1. First, Cintas's services represent a very small portion of a customer's overall operating expenses. For businesses in sectors such as retail and food service, uniform and facility services typically account for less than 1% of total costs. At the same time, the consequences of service failure are meaningful. Disruptions in service, inconsistent access to clean uniforms, or noncompliance with cleanliness and safety standards can negatively affect employee productivity, brand image, and regulatory compliance. Because of this, customers tend to prioritize reliability and consistency over small price differences, which allows Cintas to implement steady price increases without materially impacting churn.
2. Second, the industry's market structure supports rational pricing behavior. The market is effectively split between a small group of large, national providers such as Cintas, Vestis, and UniFirst, and a highly fragmented base of local operators. There are relatively few well-capitalized, sophisticated regional competitors. As a result, national players often face limited price-based competition from comparable alternatives in most local markets, while smaller operators generally lack the scale and infrastructure to compete on service quality and breadth. This dynamic reduces pricing pressure and supports disciplined pricing across the industry.
3. Third, Cintas benefits from its positioning as the premium provider in the uniform rental and facility services market. The company has built this reputation through strong operational execution and consistently effective marketing. Over time, this has shifted customer perception away from uniforms being viewed as a commodity and toward seeing Cintas as a trusted outsourced partner. This positioning enables Cintas to command higher price points and implement pricing actions with lower customer attrition than its peers.

Ancillary Services Cross Sell

Cintas's ability to expand beyond its core uniform rental business and sell a wider set of products and services has been an important driver of organic growth, margin expansion, and long-term shareholder value. The company has steadily built out its facility services platform, which enables it to offer a broader mix of solutions to both new and existing customers. This directly supports revenue growth and, just as importantly, strengthens customer relationships and improves retention. Higher retention makes growth more durable and enhances the company's ability to expand margins over time. While Cintas already has greater penetration in adjacent services than most of its peers, categories such as restroom services and first aid still represent meaningful opportunities for continued cross-selling and incremental growth.

Expanding the range of products offered to customers is a core element of success in the uniform rental industry. Increasing revenue per customer and broadening the effective addressable market support sustainable organic growth, while adding additional products to an existing route stop carries very high incremental margins. In addition, the impact of greater product penetration on customer retention is significant. As customers adopt more services, relationships deepen and switching costs increase. For these reasons, uniform rental companies have continued to broaden their offerings and sell a wider set of facility services t\ both new and existing customers.

Just over half of the revenue in Cintas's largest operating segment now comes from products and services outside of core uniform rental. Management regularly shares a breakdown of revenue by category on earnings calls. Based on the most recent disclosure, revenue within this segment is spread across several major service lines, including Uniform Rental at 48%, Dust at 19%, Hygiene at 16%, Linen at 10%, Shop Towels at 3%, and Catalog Revenue at 4%.

Additional detail on the non-uniform categories is provided below.

Dust:

The "Dust" category, which represents 19% of segment revenue, is centered on floor care and facility cleanliness solutions that help capture dirt and moisture before they spread throughout a building. These services protect flooring, improve workplace safety by reducing slip risks, and contribute to a cleaner, more professional appearance. Key offerings within this category include:

- **Mat Services:** Cintas provides a broad range of rental mats, including options designed to trap dirt and water, outdoor entrance mats, anti-fatigue mats that improve employee comfort, and custom logo mats that support customer branding.
- **Mop Services:** This includes the rental and servicing of heavy-duty wet mops and dust mops used to maintain consistent floor cleanliness across facilities.

(Cintas rental mat with customer branding at restaurant)

Hygiene (Restroom Services):

Hygiene services represent 16% of segment revenue and focus on keeping customer restrooms clean, sanitary, and properly stocked. These offerings ensure a consistent level of cleanliness and a positive experience for employees and visitors. Key components of this category include:

- **Supplies and Dispensers:** Cintas manages the supply and replenishment of essential restroom items such as hand soap, toilet paper, paper towels, and air fresheners through installed dispensing systems. This helps ensure restrooms remain fully stocked and presentable at all times.
- **Deep Cleaning:** Cintas also provides a specialized deep cleaning service that goes beyond routine maintenance. This service targets surfaces and areas that may be missed during daily cleaning, delivering a more thorough sanitation of restroom spaces.

(Cintas soap dispensers)

<u>Linen Services:</u>
Linen services make up 10% of segment revenue and cover a range of specialized textile products beyond traditional uniforms. Similar to the uniform program, these items are collected, professionally laundered to strict hygiene standards, and returned to customers on a recurring schedule. This category includes several key offerings:

- **Microfiber Cleaning System:** One of the primary products in this area is the healthcare-grade ultrafine microfiber program, which includes mops, wipers, cloths, and dusters.
- **Towels and Aprons:** The linen category also includes the rental and servicing of towels, aprons, and other wiping materials commonly used in food service and hospitality settings.

(Cintas provided towels that would fall under Linen Services)

<u>Shop Towel Services:</u>
Shop towel services account for 3% of segment revenue and are tailored to the needs of industrial and automotive settings. This offering supplies workers with a reliable stream of clean, reusable towels, providing an efficient alternative to disposable products. The towels are

designed to be highly absorbent and durable, making them well suited for handling grease, oil, and heavy grime in demanding work environments.

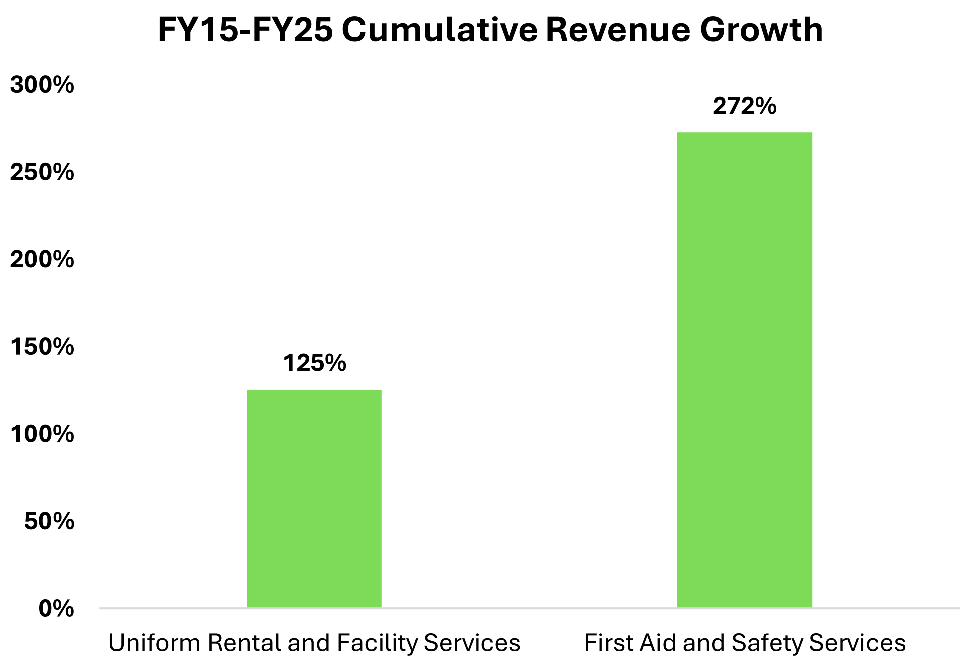
(Cintas shop towels)

Catalog and Other:
The final 4% of segment revenue is generated from catalog sales, which involve the direct sale of products to customers through Cintas's scheduled service routes. In addition to its rental offerings, Cintas provides customers the ability to purchase items directly during routine service visits. These sales typically include additional facility products or replacement items that fall outside of a standard rental agreement.

First Aid and Safety Services

Cross-selling and upselling within Cintas's core Uniform Rental and Facility Services segment have been important drivers of organic growth, margin expansion, and long-term shareholder returns for many years. There is still significant opportunity to build on this by introducing customers in the core segment to products and services offered in the smaller First Aid and Safety Services business.

Over the past decade, First Aid and Safety Services has grown at more than twice the rate of the Uniform Rental and Facility Services segment. Even with this stronger growth, it remains a much smaller part of Cintas's overall business, which highlights the substantial potential that still exists for deeper customer adoption of these additional services.



The First Aid and Safety Services segment provides a broad set of route-based products and services that support workplace safety and regulatory compliance. This business, which represents roughly 12% of Cintas's total revenue, operates on a recurring service model in which trained representatives visit customer locations on a regular schedule to replenish supplies, inspect safety equipment, and deliver training programs.

These services allow customers to stay focused on their core operations while maintaining a safe and compliant work environment. Cintas offers a wide range of first aid and safety products that are typically organized into customized cabinets or kits tailored to each customer's specific needs.

First Aid and Medical Supplies:
This category focuses on providing the core medical products needed to treat routine workplace injuries and address common health concerns. Offerings include:

- **First Aid Cabinets:** Fully customizable cabinets stocked with bandages, antiseptics, ointments, and burn treatment products.
- **Over-the-Counter Medicines:** Medications for everyday issues such as headaches, colds, and general pain relief.
- **Emergency Response:** Bleeding control kits, clotting agents, and essential emergency tools.
- **Employee Comfort:** Products such as comfort creams, eye drops, hand sanitizers, and cleaning wipes.
- **Specialized Kits:** Targeted solutions including diabetes support kits and fleet replenishment centers.

(Cintas first aid cabinet)

Personal Protective Equipment (PPE) and Safety Gear:
This category focuses on supplying the equipment needed to help prevent workplace injuries and improve overall job site safety. Offerings include:

- **Protective Wear:** Hand protection such as gloves, along with eye and face protection, hearing protection, and head protection.
- **Respiratory and Visibility:** Respiratory protection equipment and high-visibility apparel to improve worker safety in hazardous environments.
- **Facility Safety:** Safety signage and spill cleanup kits that support safer facilities.

Emergency Response Equipment:
This category covers essential life-saving devices and hydration solutions that support employee safety in critical situations. Key offerings include:

- **Automated External Defibrillators (AEDs):** Cintas supplies AED units along with wall cabinets, travel cases, replacement electrodes, and batteries to ensure equipment is accessible and properly maintained.
- **Emergency Eyewash:** The company provides eyewash stations and additive concentrates that allow for immediate response to eye exposure incidents.
- **Hydration Services:** Cintas provides hydration programs that supply water and electrolyte solutions, helping employees stay properly hydrated and reducing the risk of heat-related stress.

Putting it All Together

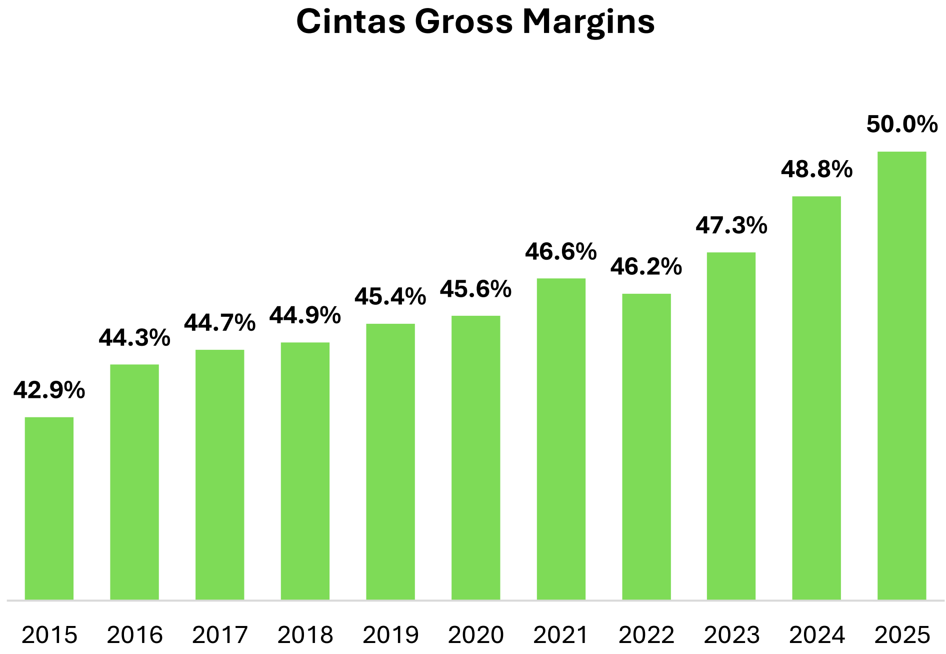
After reviewing the key components of Cintas' organic growth model, we believe the company can reasonably sustain organic revenue growth in the range of 6–9% per year. The contributors to this outlook are outlined below:

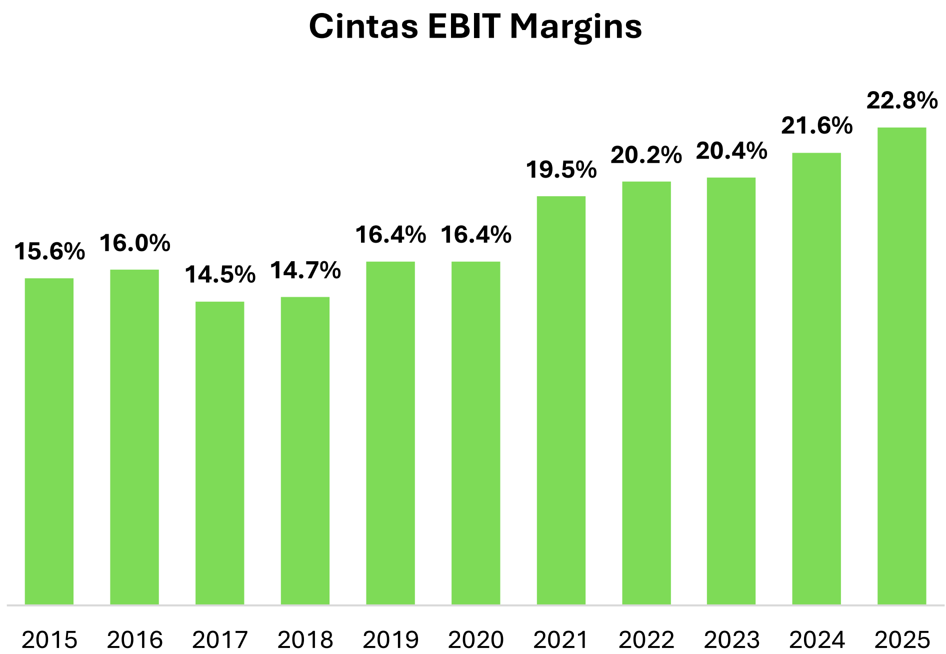
- **1% to 2%** from growth in employment across uniform-wearing industries
- **0% to 1%** from incremental market share gains
- **1%** from continued adoption of outsourced uniform and facility services
- **3%** from pricing, made up of roughly 2% inflation and an additional 1% of real price increases
- **1% to 2%** from cross-selling additional products and services to existing customers

Margin Expansion

Cintas should be able to grow earnings faster than revenue as margins continue to expand. Greater scale, whether through higher route density or increased product penetration, creates meaningful opportunities for margin improvement. The incremental cost of adding additional stops to an existing route or selling more facility services to a current customer is relatively low. More importantly, driving volume through the plant network allows labor and fixed costs to be leveraged.

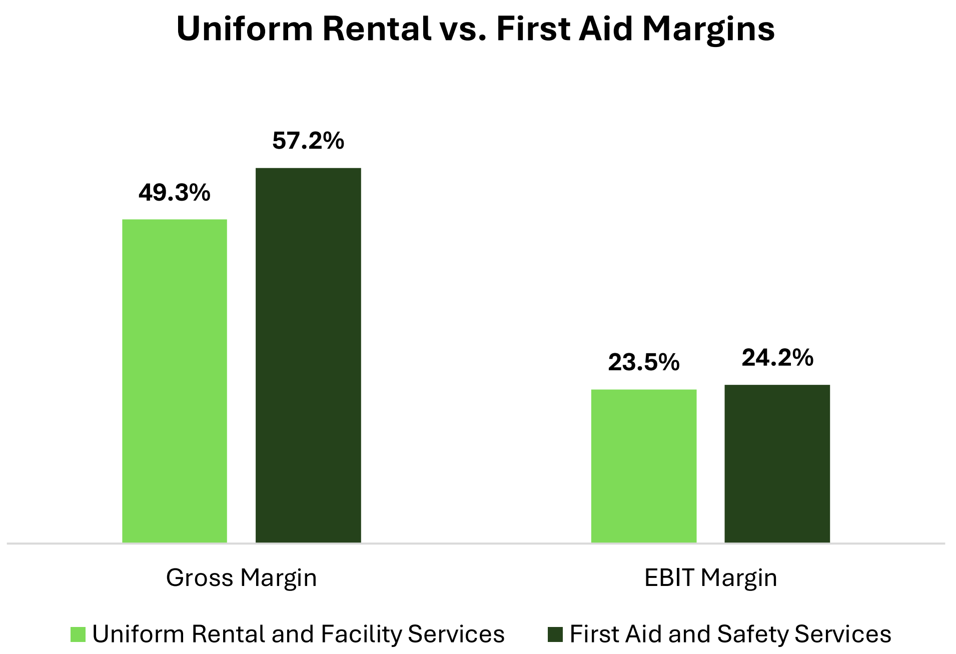
Retention also plays a critical role, as existing customers are typically more profitable than newly acquired ones. While Cintas has already delivered strong margin expansion in recent years, the combination of continued cross-selling, operating scale, and industry-leading retention should support further margin gains over time.





When evaluating Cintas's future margin expansion potential, it is important to consider the stronger margin profile of the First Aid and Safety Services segment compared to the Uniform Rental and Facility Services business, and how that mix shift can lift overall company margins as the segment continues to grow faster than the core business. Today, First Aid and Safety Services generates EBIT margins that are roughly 70 basis points higher than Uniform Rental and Facility Services. The difference is even more pronounced at the gross margin level, where the gap is close to 800 basis points.

It is also worth noting that First Aid and Safety Services is still a less mature business relative to Cintas's core uniform operation. As the segment scales and builds greater route and operational density, we expect it to achieve faster EBIT margin expansion than the Uniform Rental and Facility Services segment. Over time, the difference in EBIT margins between the two businesses should begin to move closer to the much wider gap already visible at the gross margin level. Cintas's consolidated margins should benefit both from this mix shift toward a higher-margin segment and from continued operating leverage within First Aid and Safety Services as the business scales.



In a route-based business, density is one of the most important drivers of margin and profitability. Each additional stop added to an existing route is highly profitable because the incremental cost to serve another customer is small compared to the fixed expenses already in place, such as labor, vehicles, and fuel. Against this backdrop, it may seem surprising that Cintas generates less revenue per route than its closest competitors. Cintas's revenue per route is roughly 8% lower than Vestis and about 14% lower than UniFirst.

This is a deliberate strategic choice. Rather than pushing routes to maximize near-term revenue by increasing the number of stops, Cintas intentionally maintains lower route density to protect service quality, reliability, and on-time performance. This structure gives service representatives more time with each customer, which strengthens relationships and supports higher retention. It also creates better opportunities to introduce additional, higher-margin services over time, reinforcing the long-term value of the model.

Instead, Cintas creates density at the facility level rather than at the route level. Each Cintas facility generates more than twice the revenue and supports more than twice the number of routes compared to those of its competitors. These facilities serve as the operational backbone of the business, handling the laundering, processing, repair, and staging of uniforms before they are delivered to customers.

By channeling higher volumes through a smaller number of larger, more efficient facilities, Cintas is able to spread fixed costs such as industrial laundry equipment, plant labor, and overhead across a much broader revenue base. This structure allows the company to run routes that are intentionally less dense while still achieving superior margins through higher facility utilization and stronger overall operating efficiency.

Margin Comparison by Company

	Cintas	Vestis	UniFirst
Revenue ($m)	$8,816	$2,825	$2,233
Adjusted EBIT ($m)	$1,855	$279	$184
Margin	21.0%	9.9%	8.2%
Routes	11,500	3,400	2,500
Total Facilities	473	350	281
Employees	44,500	20,000	16,000
Metrics			
Revenue per Route	$766,609	$830,882	$893,200
Revenue per Facility ($m)	$18.6	$8.1	$7.9
Revenue per Employee	$198,112	$141,250	$139,563
Routes per Facility	24.3	9.7	8.9

The impact of density and its influence on margins becomes clear when looking at Cintas's performance over time. The company has steadily increased the number of routes supported by each facility while also growing revenue per route through pricing actions and the sale of additional products and services to existing customers. As facilities operate at higher levels of utilization, incremental volume is absorbed at very attractive margins, which strengthens operating leverage. Taken together, these trends help explain the consistent margin expansion Cintas has achieved over the years and support the view that the company should be able to continue improving margins going forward.

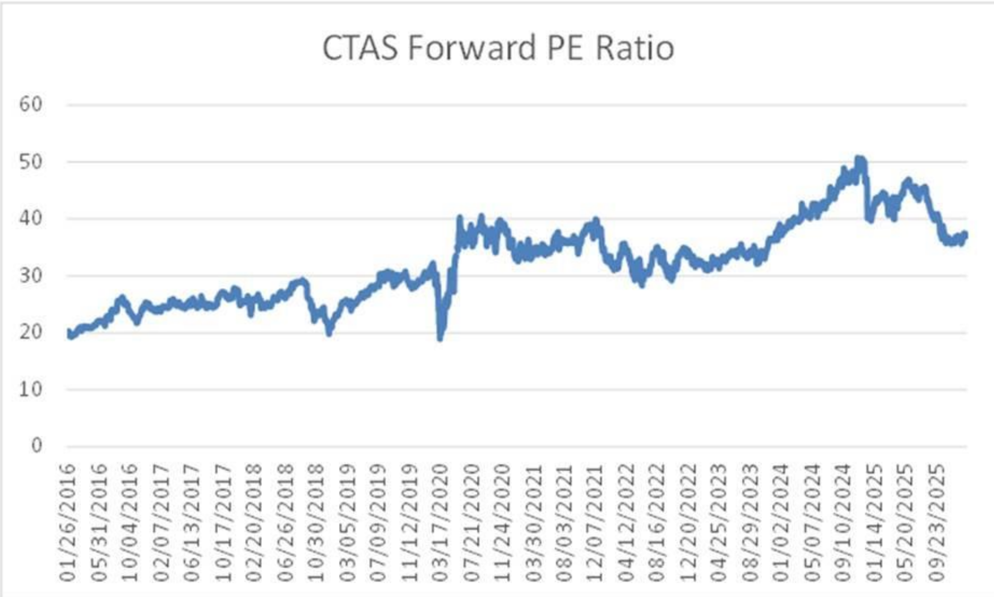
Margin Comparison by Year

	FY 2015	FY 2025
Revenue ($m)	$4,477	$10,340
Adjusted EBIT ($m)	$698	$2,358
Margin	15.6%	22.8%
Routes	8,000	12,100
Total Facilities	364	478
Employees	32,000	48,300
Metrics		
Revenue per Route	$559,611	$854,560
Revenue per Facility ($m)	$12.3	$21.6
Revenue per Employee	$139,903	$214,082
Routes per Facility	22.0	25.3

Valuation

With a combination of organic revenue growth, continued margin expansion, and ongoing share repurchases, Cintas should be able to compound earnings per share at a low double-digit rate over the long term. At present, the stock trades at a forward P/E of approximately 37x, which is meaningfully below the peak multiple of around 50x reached in the fall of 2024.

Valuation remains the primary reason we are staying on the sidelines. We would prefer to see a more compelling entry point before becoming involved.



Conclusion

Cintas stands out as a rare example of a business that combines steady, visible growth with a durable competitive position and a highly scalable operating model. Its recurring, route-based structure, reinforced by deep customer relationships and industry-leading retention, creates a foundation of predictable revenue that is difficult to replicate. The company's ability to layer pricing modestly ahead of inflation, benefit from the continued shift toward outsourcing, and expand the breadth of products sold to existing customers provides multiple, independent drivers of organic growth. When combined with favorable long-term employment trends in uniform-wearing industries and consistent market share gains, this creates a growth profile that is both resilient and repeatable.

At the same time, Cintas is uniquely positioned to translate that growth into expanding profitability. The company's focus on facility-level density, rather than simply maximizing route density, allows it to leverage fixed costs across a growing revenue base while preserving service quality and customer satisfaction. The ongoing mix shift toward higher-margin businesses, particularly First Aid and Safety Services, further strengthens this margin trajectory. As this segment continues to scale and build operational density, its superior gross margin profile should increasingly flow through to consolidated results, reinforcing the company's ability to grow earnings faster than revenue. Together, these dynamics explain the steady margin expansion Cintas has achieved historically and support the case for continued improvement over time.

Viewed holistically, Cintas exhibits many of the characteristics typically associated with high-quality infrastructure-style assets rather than a traditional industrial company. It benefits from recurring demand, strong pricing discipline, high switching costs, and a business model that becomes more efficient as it grows. This combination supports long-term compounding of earnings per share at a low double-digit rate through organic growth, margin expansion, and share repurchases. While the current valuation reflects much of this quality and limits near-term upside, the underlying business remains exceptionally strong. For investors, Cintas represents a rare blend of durability, consistency, and long-term growth potential that merits close attention when a more attractive entry point presents itself.