



S&P Global Inc

Spring 2023 Bull/Bear



Gameplan

Neutral Team	Bull Team	Bear Team
Company Information	Growth Opportunities	Risk Factors
History & Management	Moat	Competitor Analysis
Revenue Breakdown & Interpretation of Financial Statements	Valuation	Valuation
Value Bands & Intra Portfolio Analysis	Conclusion	Conclusion



S&P Global Inc

Neutral Team



Company Information

Company Information

Ticker: SPGI

Exchange: NYSE

Market Cap: \$112.8 Billion

Price: \$341.51

Our Position

240 Shares

6.91% weighting in portfolio

Cost per share: \$336.43

Gain: 1.5%

52 Week Price Performance

52-Week Chart

High: \$419

Low: \$287



Business Overview

Market Information and Analysis

Software Development and Support

Credit Ratings

Engineering Solutions

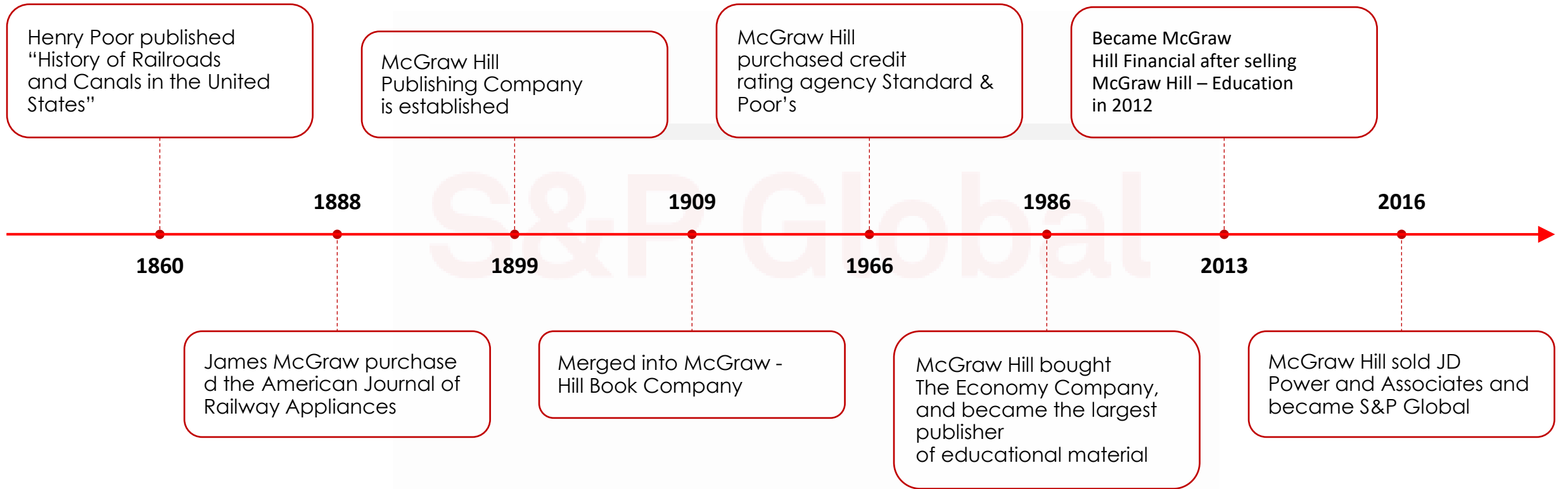


History & Management

Jake Gray



History



Management



Doug Peterson - **CEO**

Joined S&P Global in 2013 as
CEO

Former **President** of
Standard & Poor's rating
services

Served as **COO** of Citibank



Ewout Steenberghe - **CFO**

Appointed **CFO** of S&P
Global in 2016

Served as **CFO/CRO** for ING
Asia-Pacific

Former **CFO** of Voya
Financial, Inc



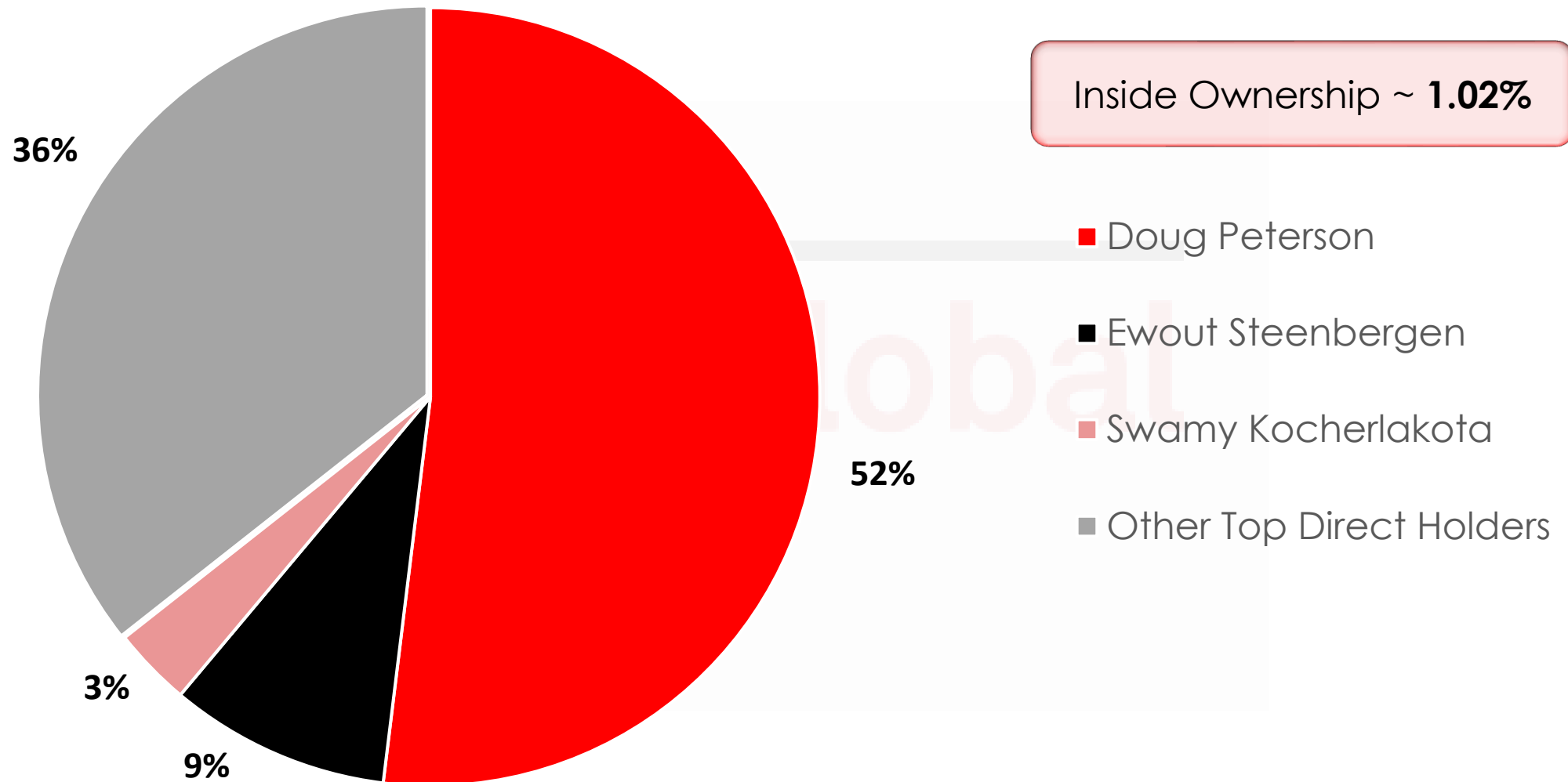
Swamy Kocherlakota - **CIO**

Joined in 2017 as Head of
Global Infrastructure &
Enterprise Transformation

Served as **SVP** of Visa

BNY Melon, Head of Global
Infrastructure Engineering

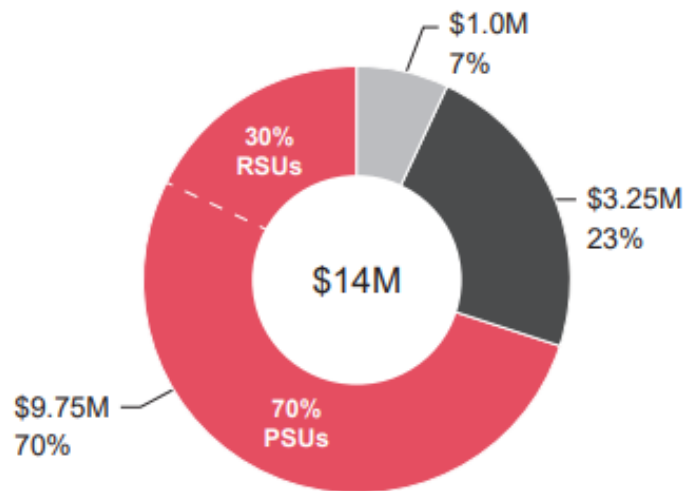
Insider Ownership



Compensation Structure

Doug Peterson - **CEO**

2021 TOTAL TARGET
COMPENSATION
\$14M

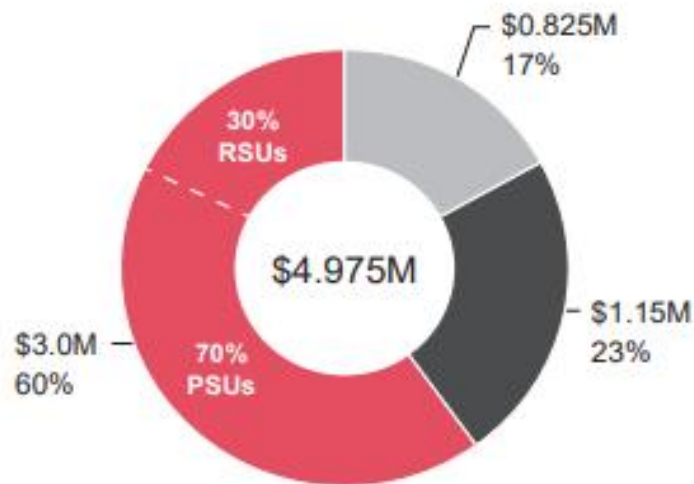


Variable / Performance-Based Compensation

■ Base Salary ■ Annual Incentive ■ Long-Term Incentives

Ewout Steenberghe - **CFO**

2021 TOTAL TARGET
COMPENSATION
\$4.975M



Variable / Performance-Based Compensation

■ Base Salary ■ Annual Incentive ■ Long-Term Incentives

Long term incentives ~
adjusted EPS

Annual incentives ~ adjusted
revenue and adjusted
EBITDA margin



Revenue Breakdown & Interpretation of Financial Statements

Pablo Samanez

Chris Boling



Revenue Breakdown - Segments



Market Intelligence



Ratings



Commodity Insights



Mobility



Indices



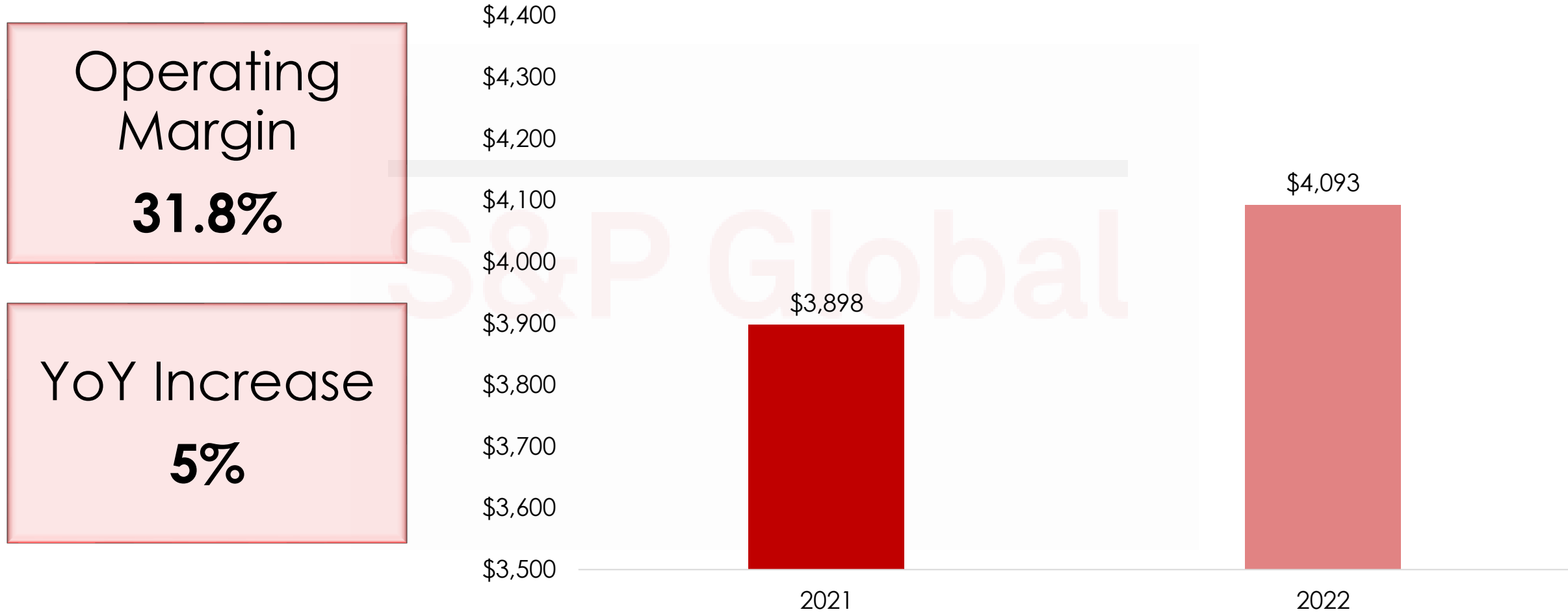
Engineering Solutions

Market Intelligence

In Millions of \$

Full Year Data

Market Intelligence Revenue



Operating Margin
31.8%

YoY Increase
5%

Market Intelligence Segments

In Millions of \$

Q4 Data



Market Intelligence

Credit Risk and Solutions

Mix: 18%
YoY Growth: 4%

Data and Advisory Solutions

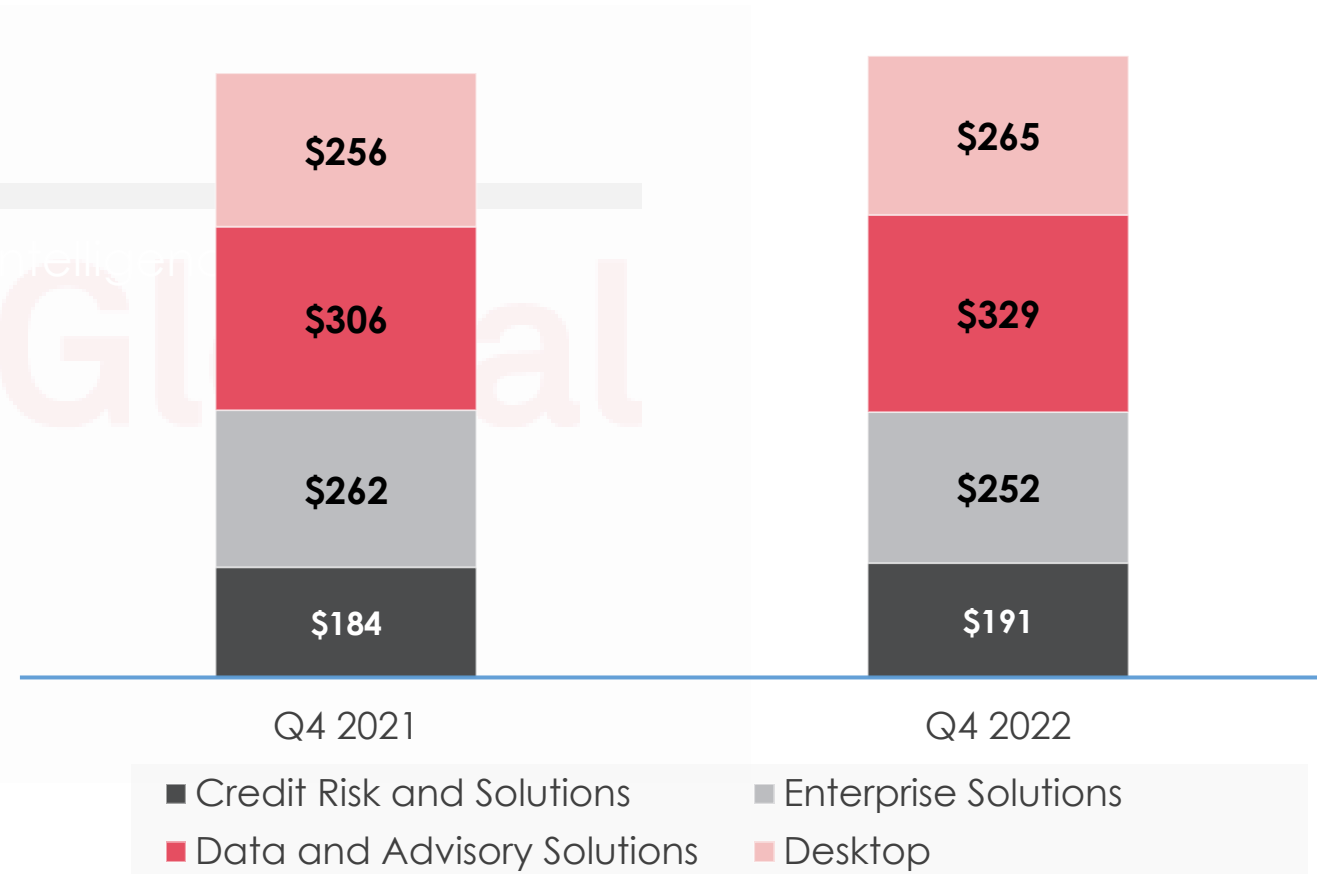
Mix: 32%
YoY Growth: 7%

Enterprise Solutions

Mix: 24%
YoY Growth: (4)%

Desktop

Mix: 26%
YoY Growth: 3%



Ratings

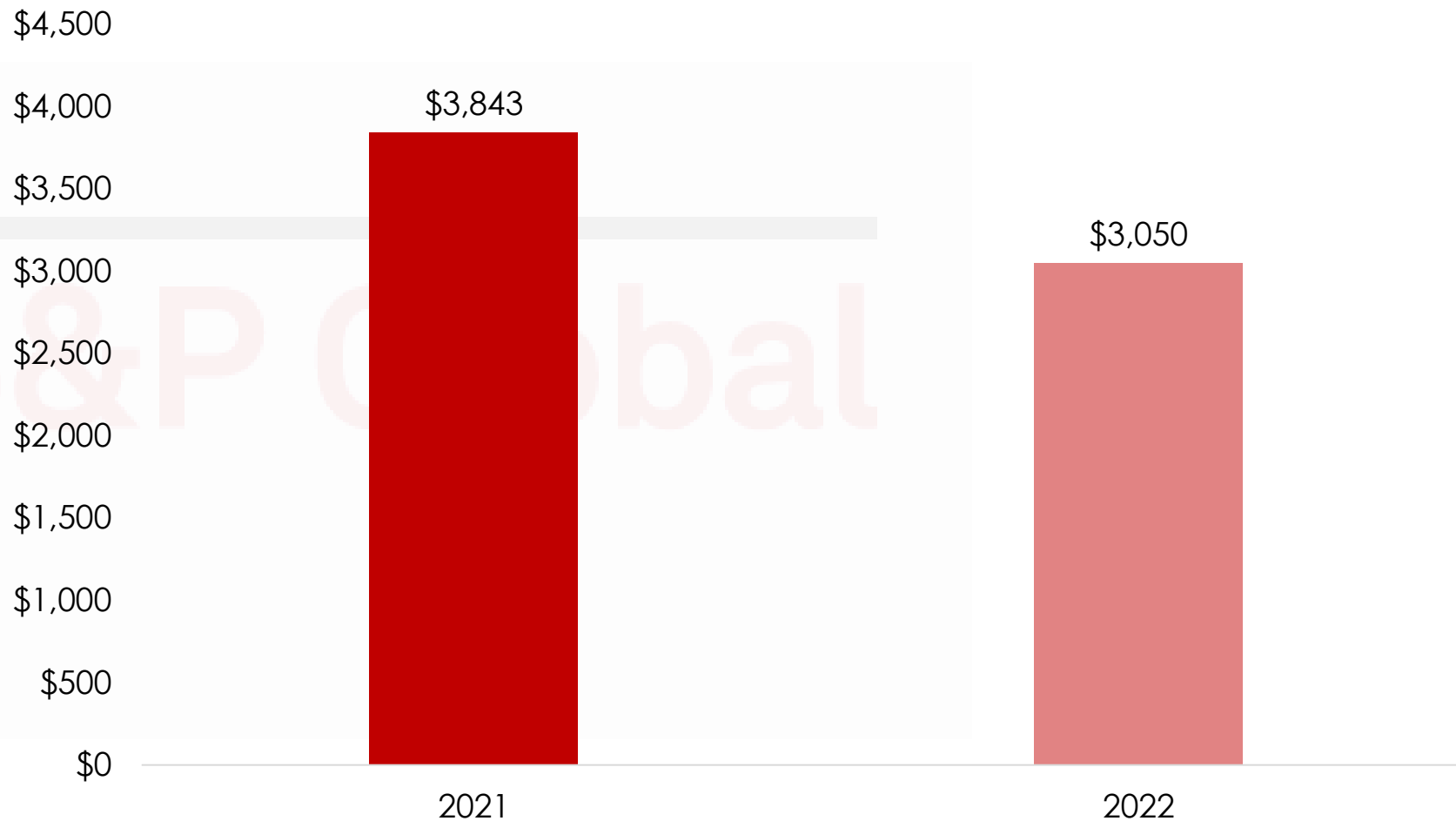
In Millions of \$

Full Year Data

Ratings Segment Revenue

Operating Margin
55.9%

YoY Decrease
(26)%



Ratings Segments

In Millions of \$

Q4 Data



Ratings

CRISIL

Mix: 19%
YoY Growth: 6%

Structured Finances

Mix: 12%
YoY Growth: (32)%

Corporates

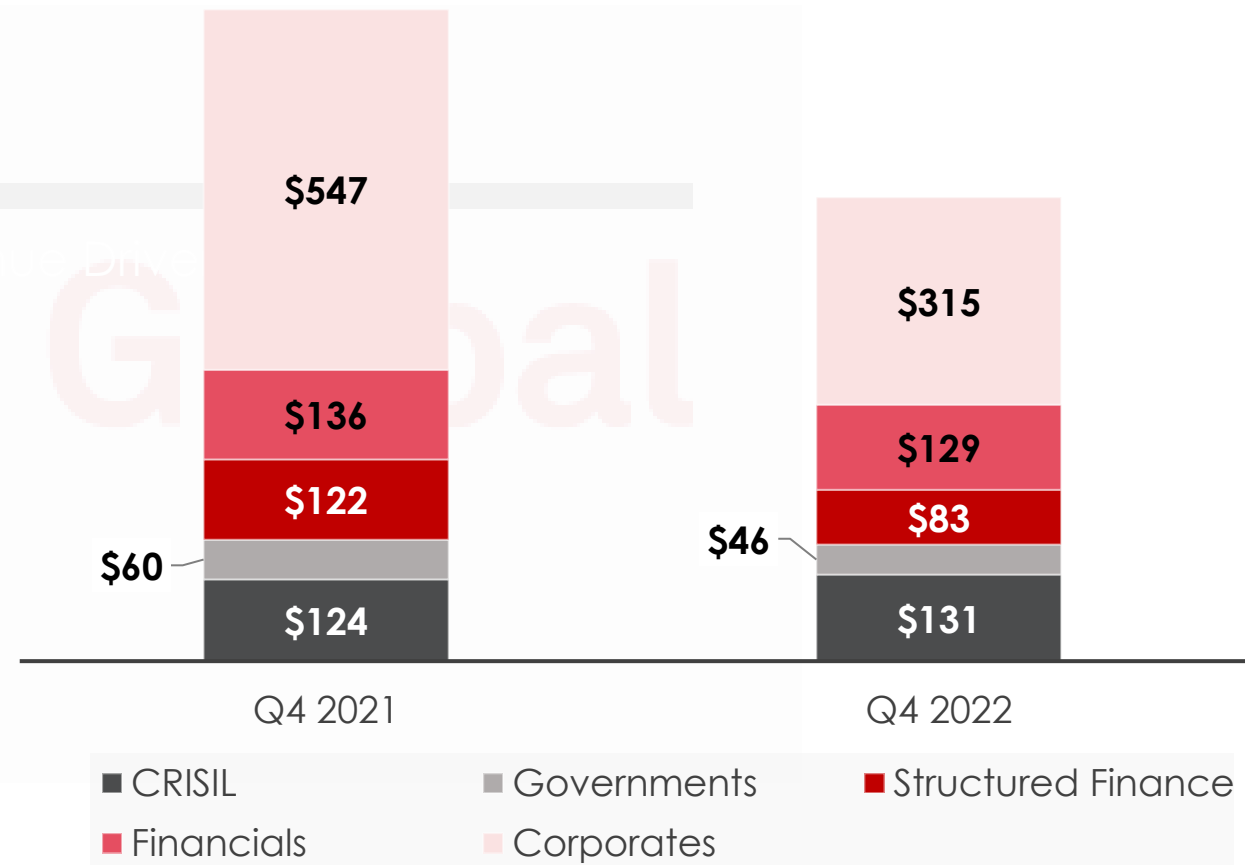
Mix: 45%
YoY Growth: (42)%

Governments

Mix: 6%
YoY Growth: (23)%

Financials

Mix: 18%
YoY Growth: (5)%

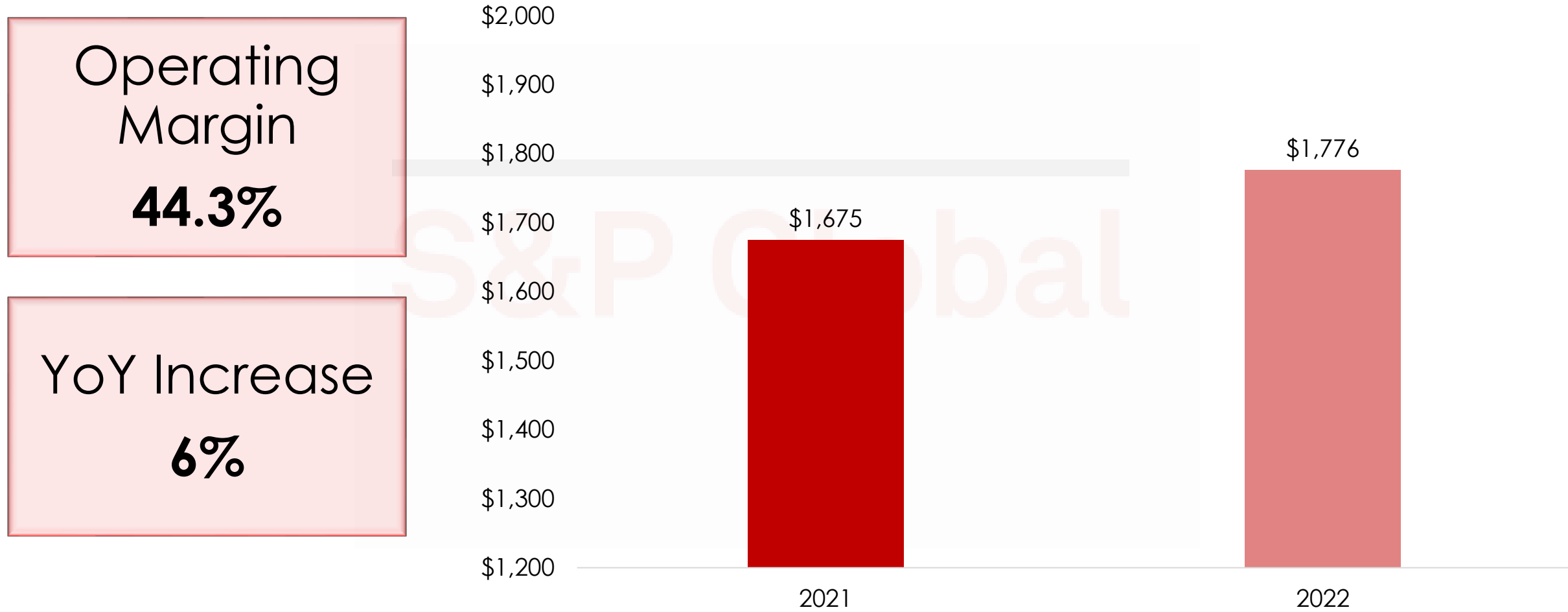


Commodity Insights

In Millions of \$

Full Year Data

Commodity Insights Revenue



Operating Margin
44.3%

YoY Increase
6%

Commodity Insights Segments

In Millions of \$

Q4 Data



Commodity Insights

Advisory & Transactional services

Mix: 9%
YoY Growth: 3%

Price Assessments

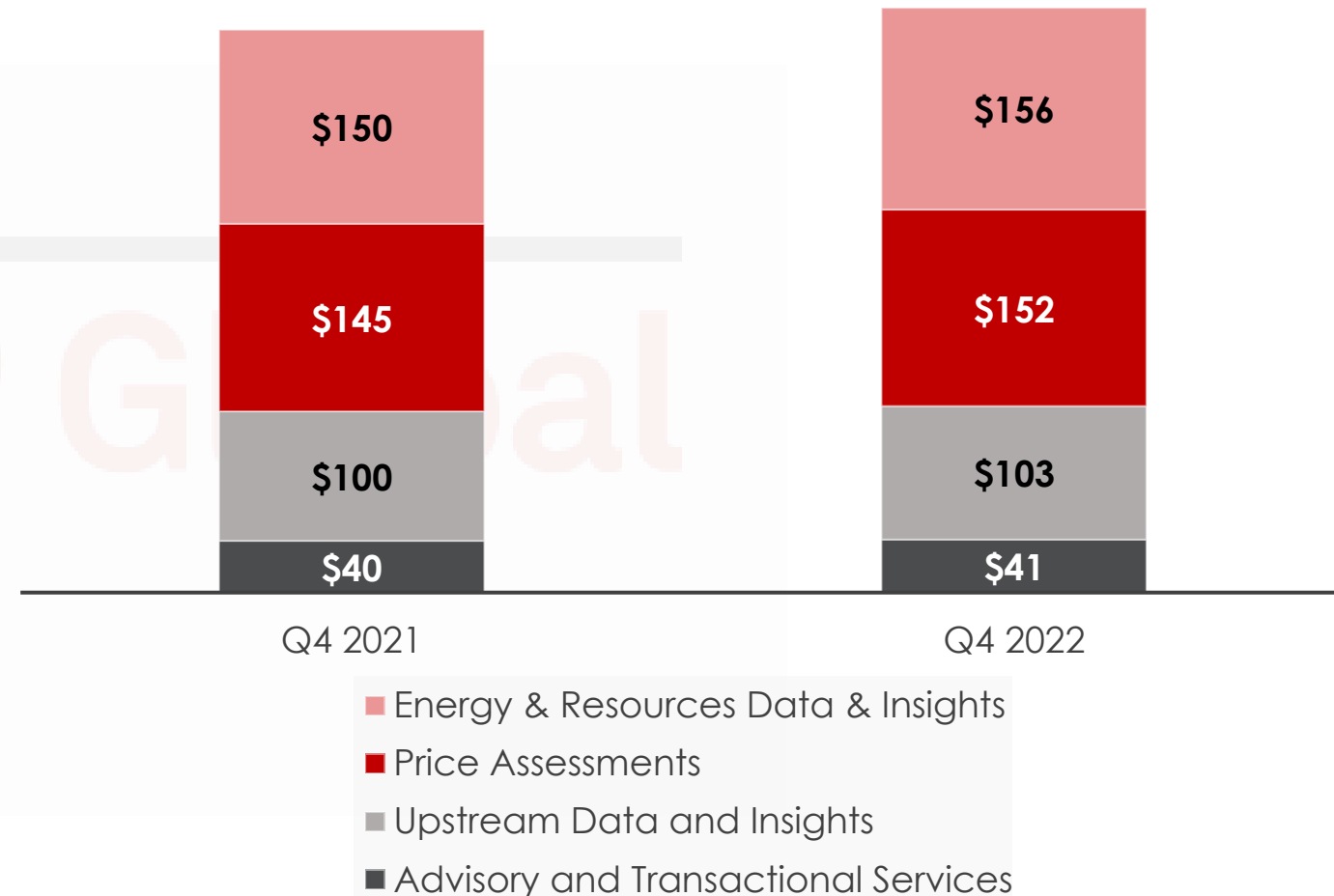
Mix: 34%
YoY Growth: 5%

Upstream Data & Insights

Mix: 23%
YoY Growth: 4%

Energy & Resources Data & Insights

Mix: 34%
YoY Growth: 4%



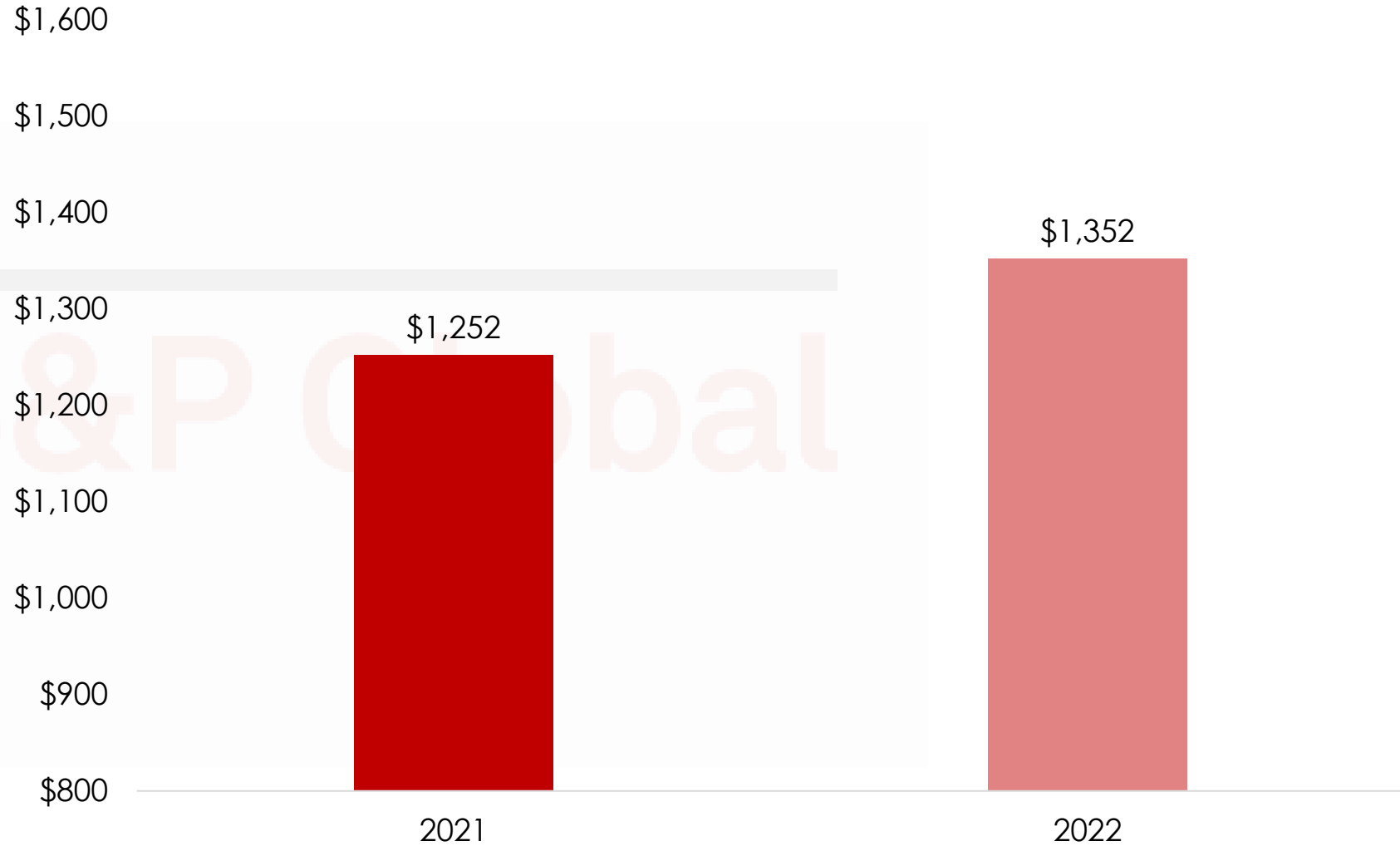
Mobility

In Millions of \$

Full Year Data

Operating Margin
39%

YoY Increase
8%



Mobility Segments

In Millions of \$

Q4 Data

 Mobility

Financial & Others

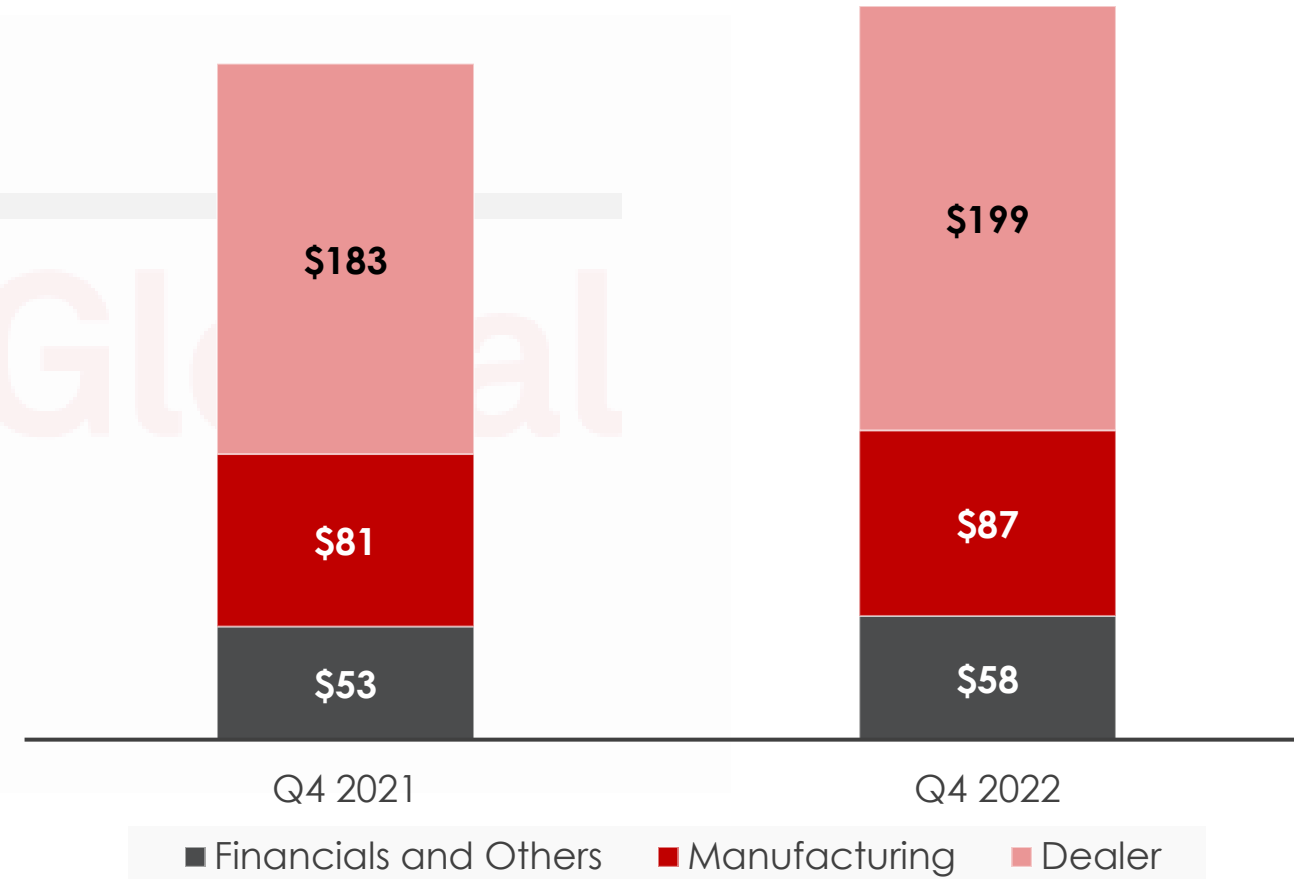
Mix: 17%
YoY Growth: 10%

Manufacturing

Mix: 25%
YoY Growth: 8%

Dealer

Mix: 58%
YoY Growth: 9%



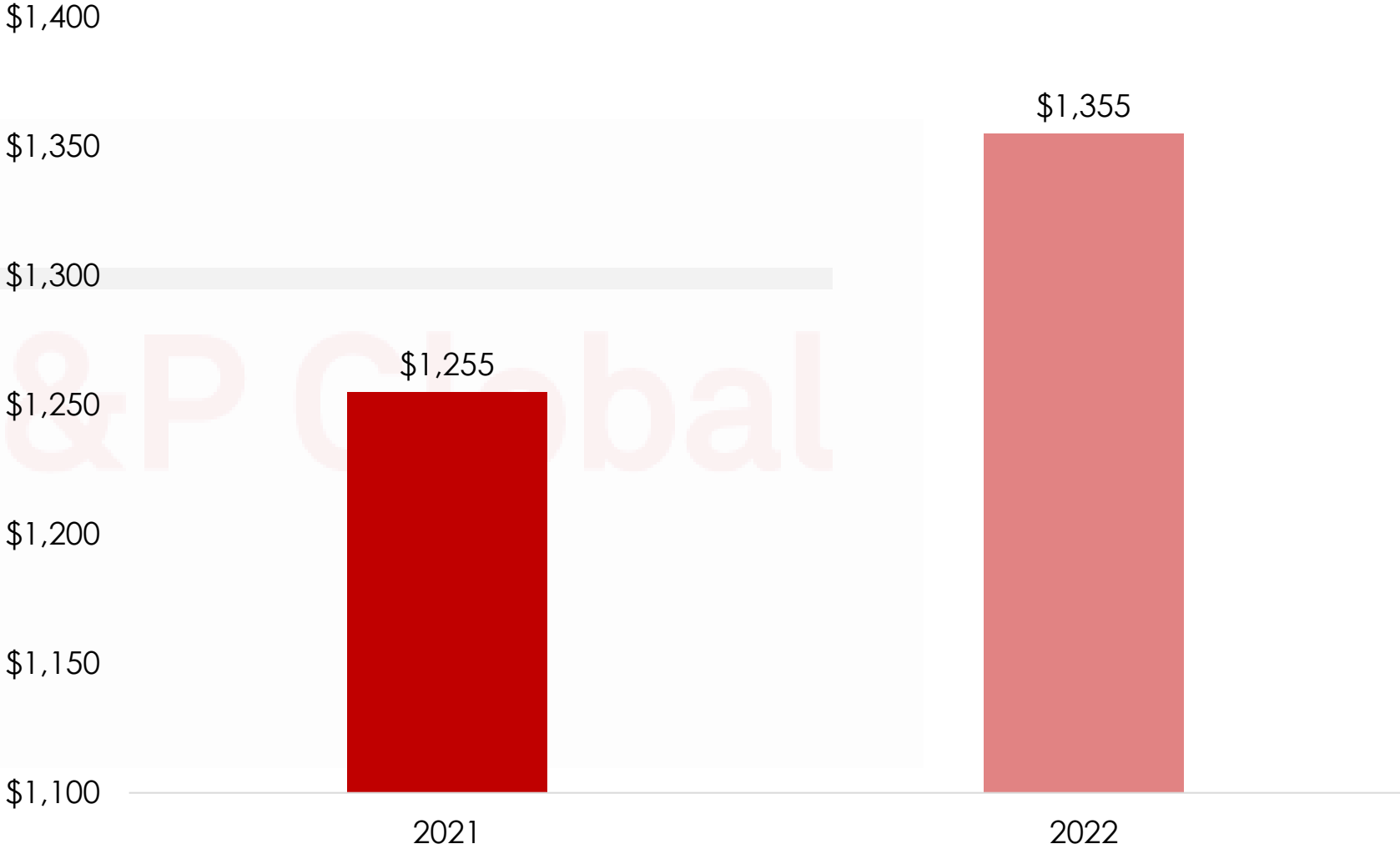
Indices

In Millions of \$

Full Year Data

Operating Margin
68.4%

YoY Increase
8%



Indices Segments

In Millions of \$

Q4 Data



Indices

Data and Custom Subscriptions

Mix: 19%

YoY Growth: 6%

Exchange-Traded Derivatives

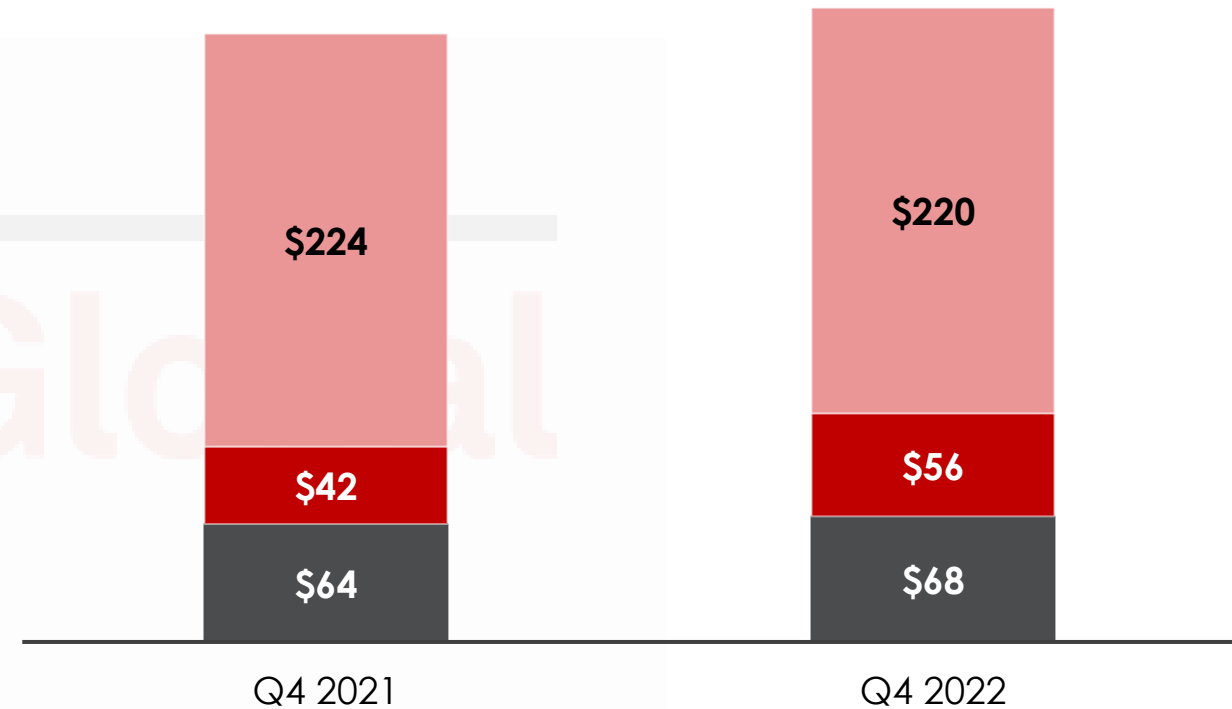
Mix: 16%

YoY Growth: 34%

Asset-Linked Fees

Mix: 65%

YoY Growth: (2)%



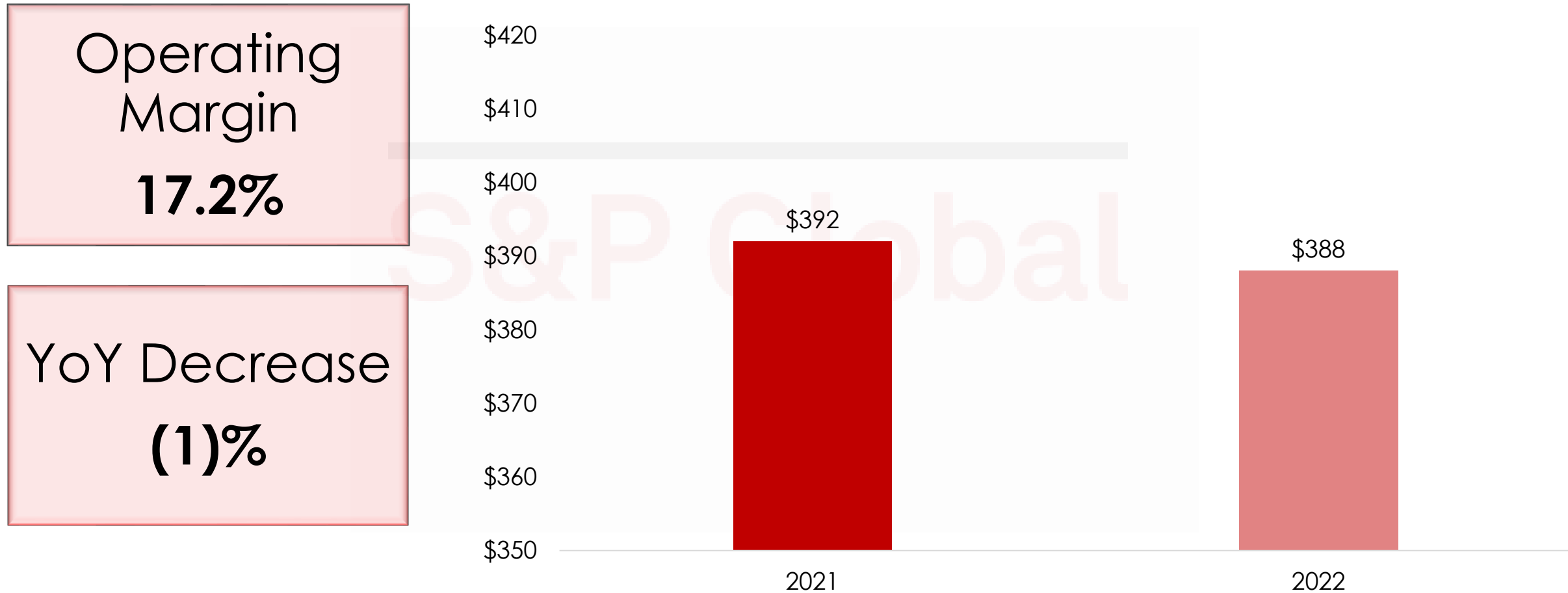
- Asset-Linked Fees
- Exchange-Traded Derivatives
- Data and Custom Subscriptions

Engineering Solutions

In Millions of \$

Full Year Data

Engineering Solutions Revenue



Interpretation of Financial Statements

GAAP CAGR

3 Year	X%
5 Year	X%
10 Year	X%

All CAGRs will be calculated with data from 2011-2021

We do not want to directly compare Adjusted Data to GAAP Data; however, it is included so there is some comparison to be drawn as to future metrics

S&P Global



GAAP Reported Data

Adjusted Data

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

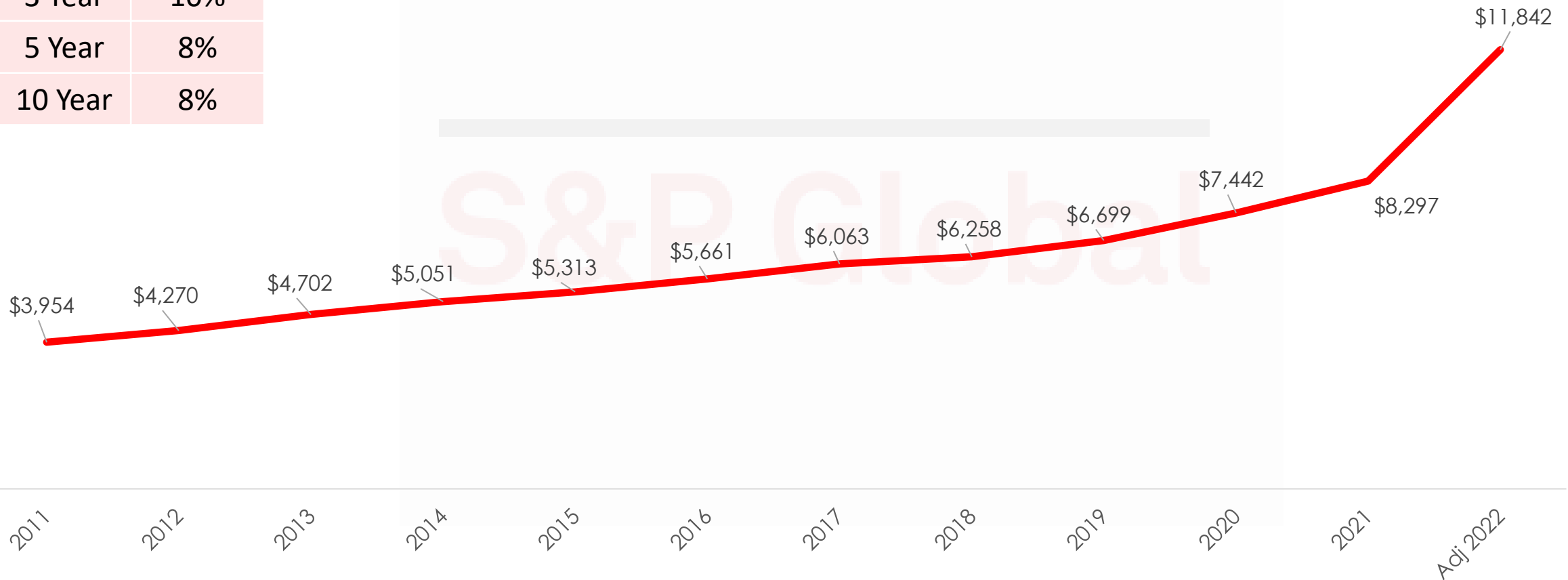
Adj 2022

Revenue

In Millions of \$

GAAP CAGR

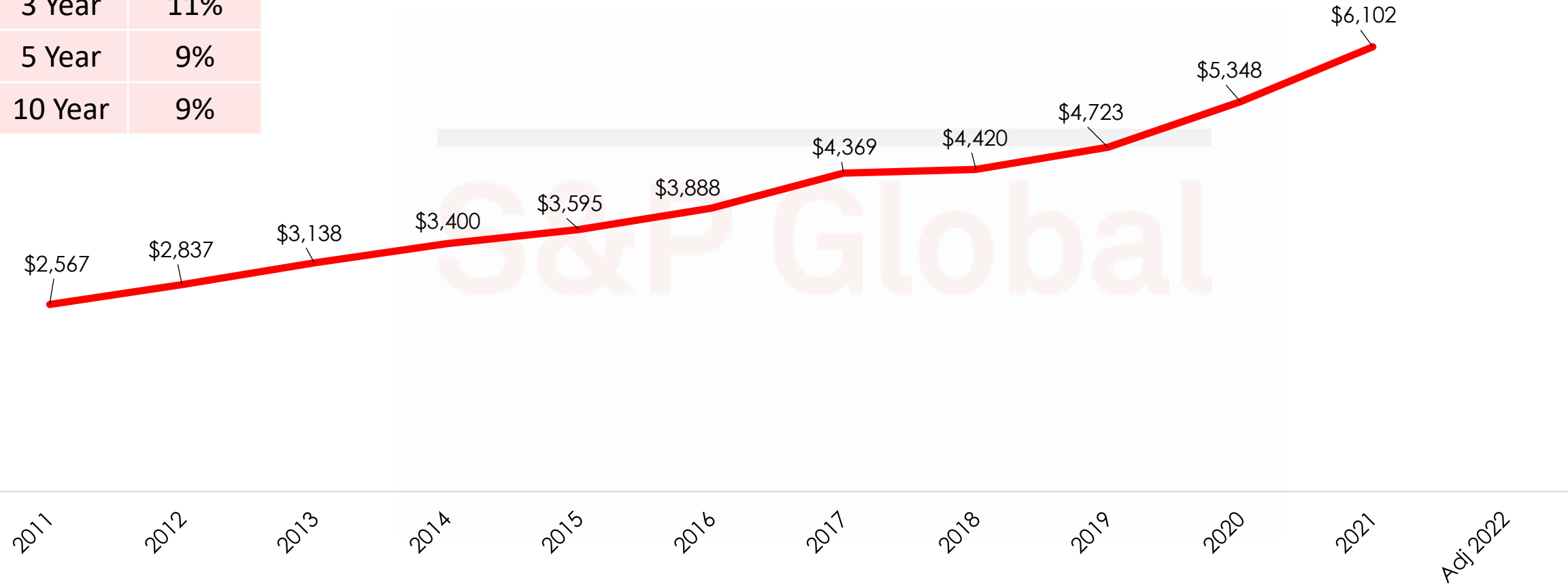
3 Year	10%
5 Year	8%
10 Year	8%



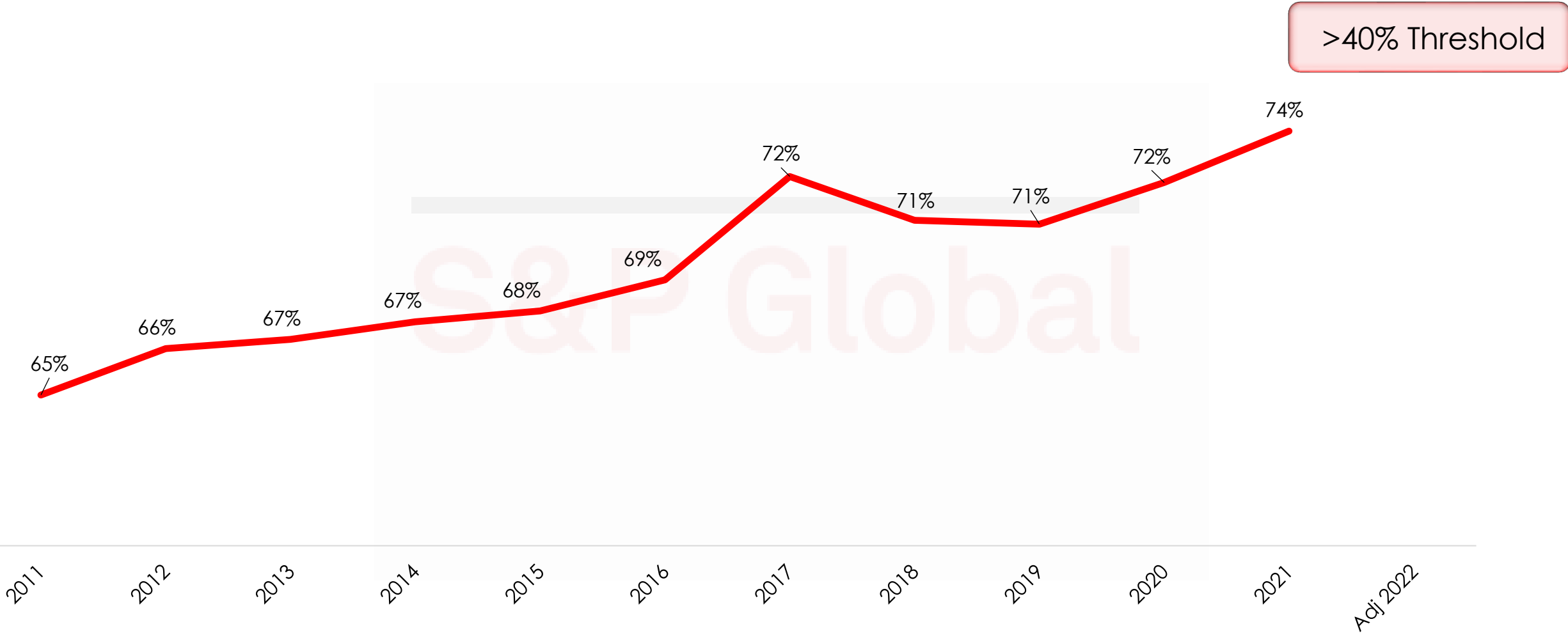
Gross Profit

In Millions of \$

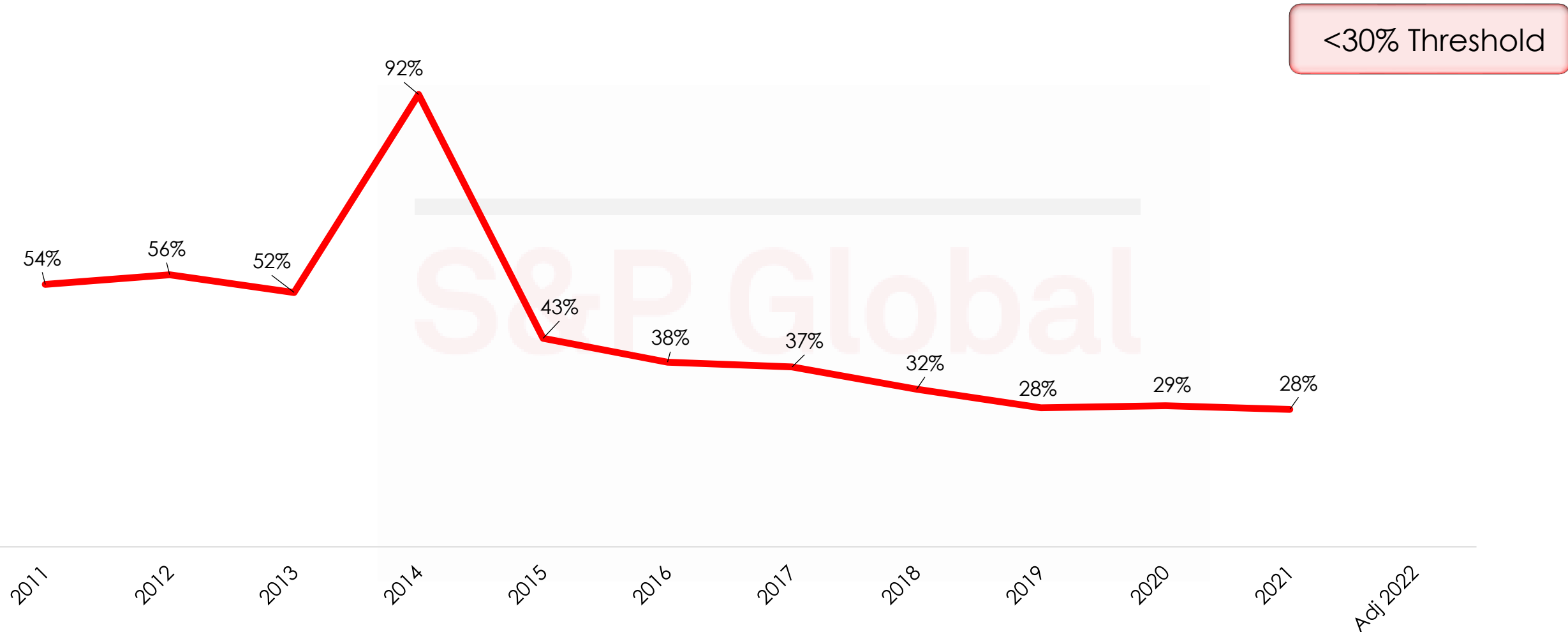
GAAP CAGR	
3 Year	11%
5 Year	9%
10 Year	9%



Gross Margin



Selling, General, and Administrative Expenses as a % of Gross Profit

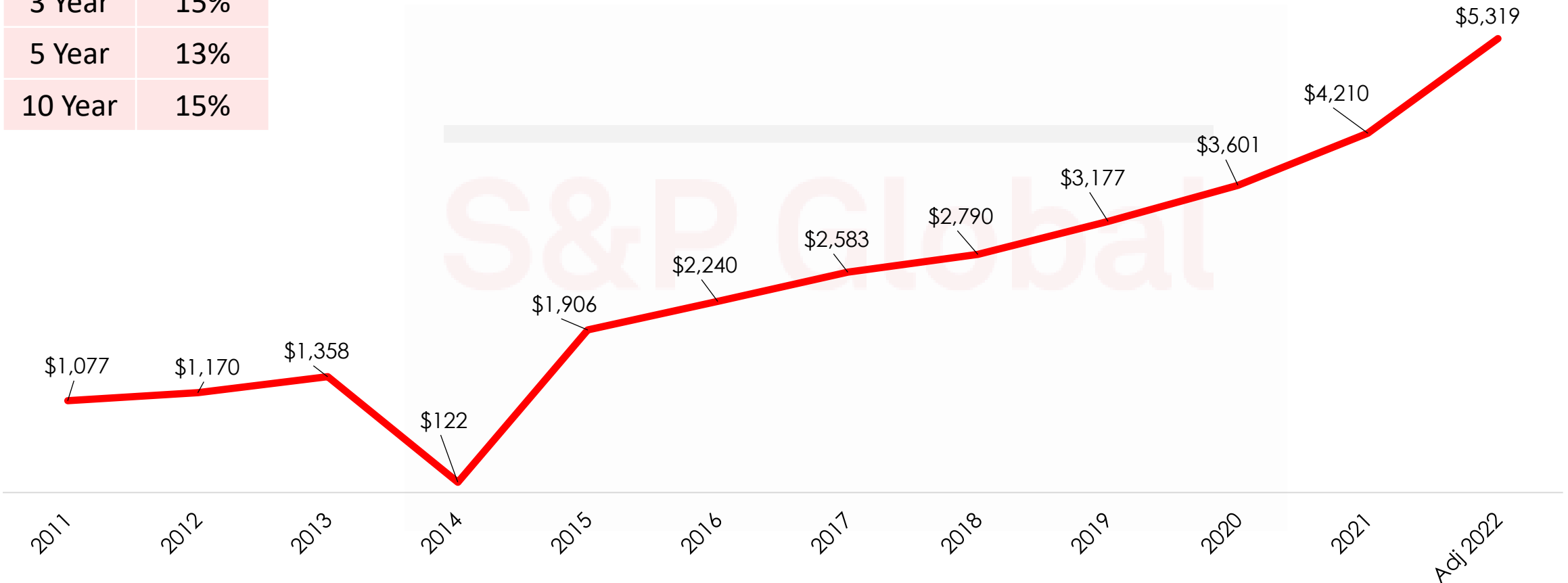


Operating Income

In Millions of \$

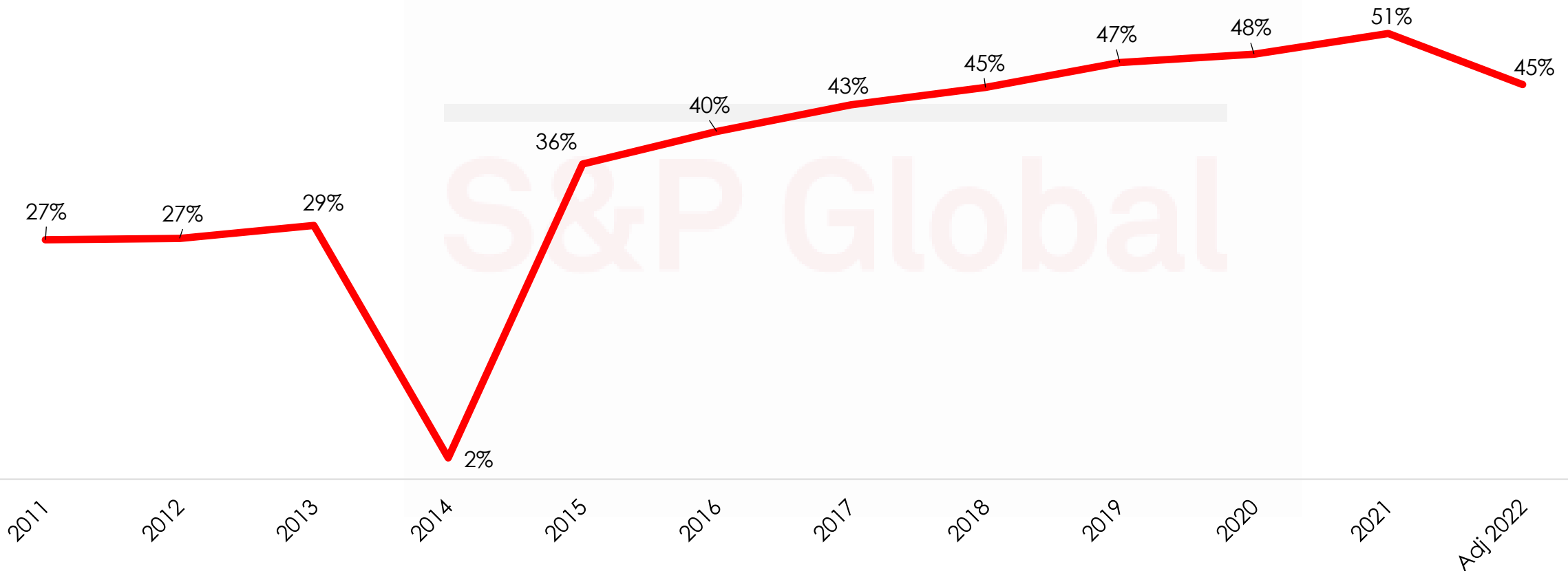
GAAP CAGR

3 Year	15%
5 Year	13%
10 Year	15%



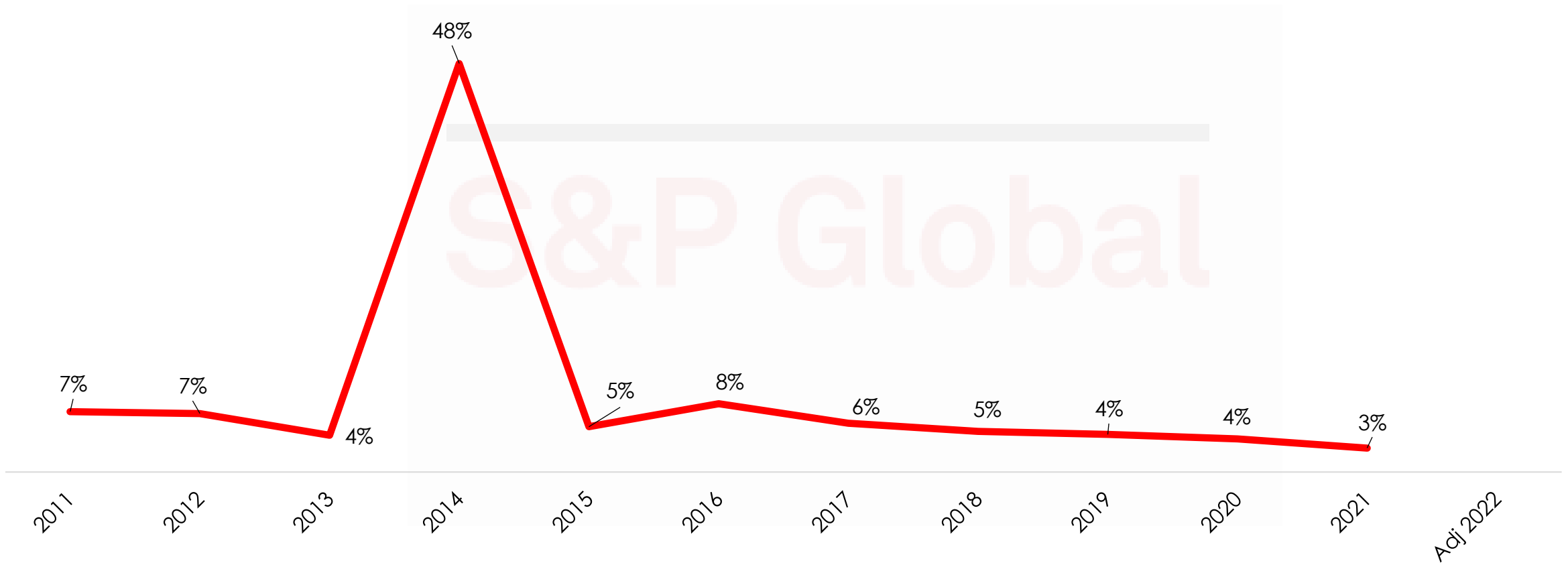
Operating Margin

>20% Threshold



Interest Expenses as a % of Operating Income

<15% Threshold

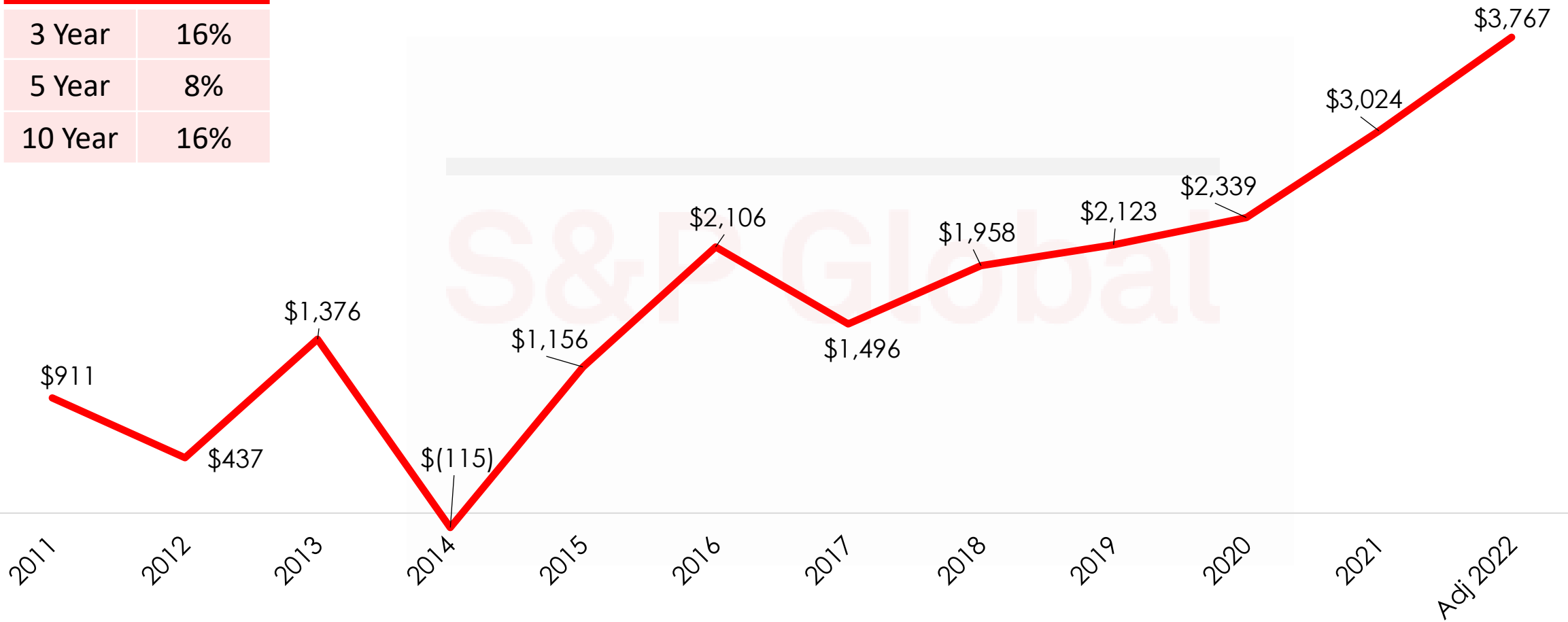


Net Income

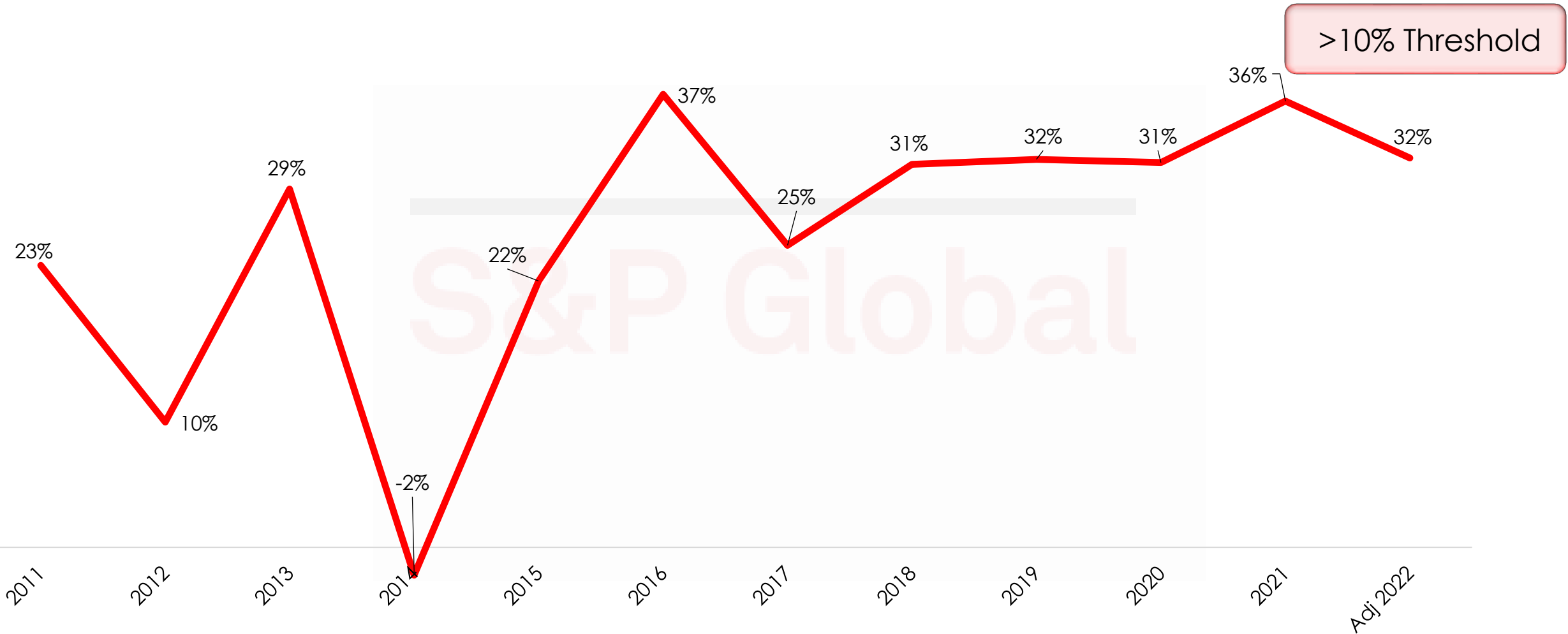
In Millions of \$

GAAP CAGR

3 Year	16%
5 Year	8%
10 Year	16%

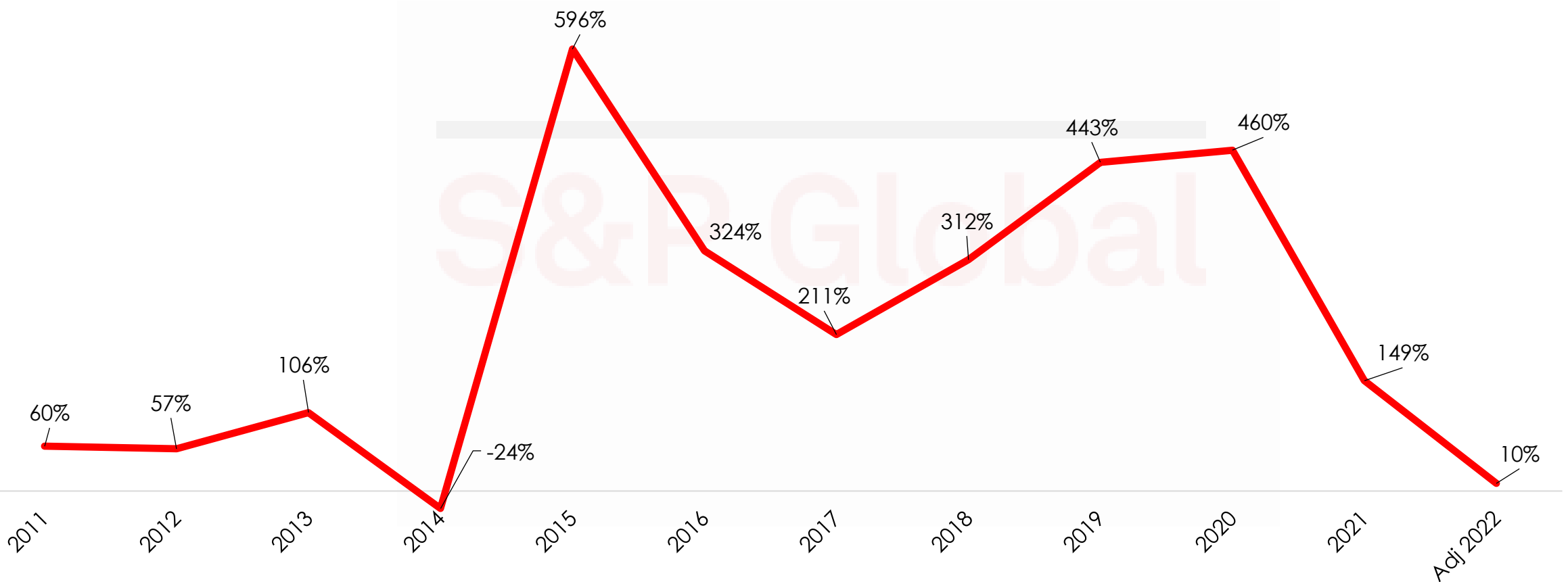


Net Margin



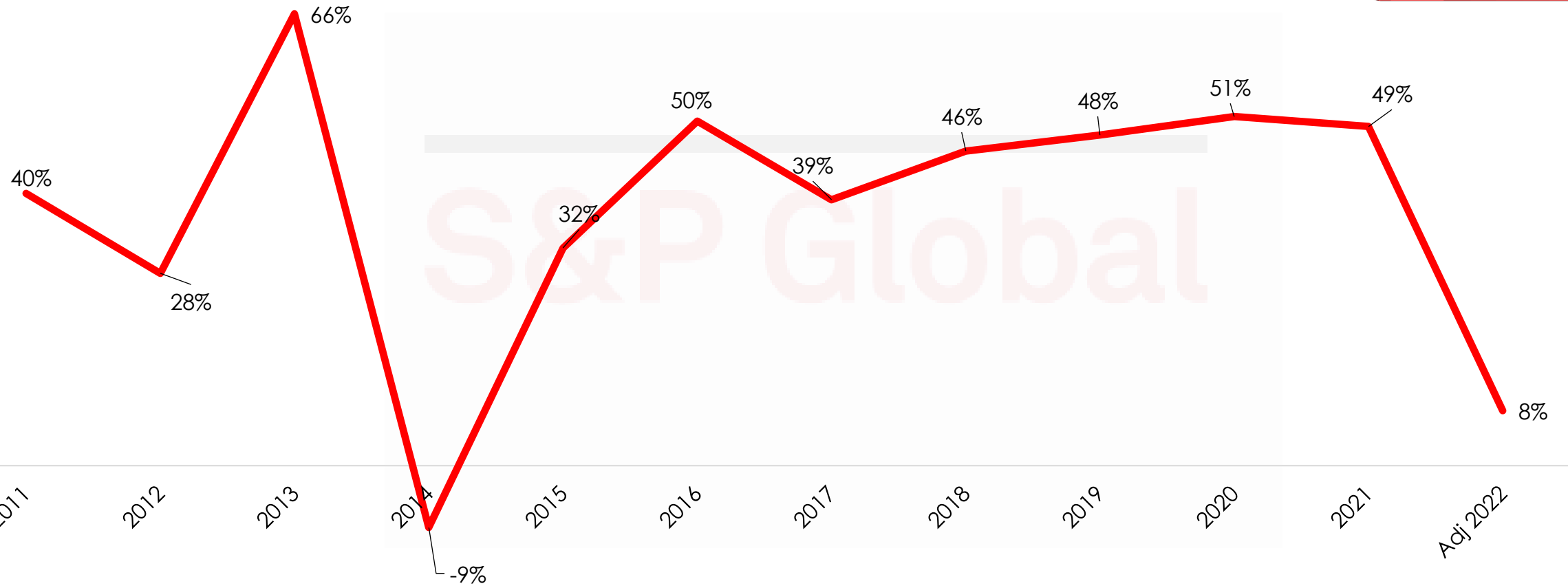
Return on Equity

>15% Threshold



Return on Invested Capital

>15% Threshold



Obligation Ratio

In Millions of \$

Long Term Debt (+)	\$10,730	
Short Term Debt (+)	\$266	
Leases*7 (+)	\$557	
Pension Shortfall (+)	\$0	
Preferred Stock (+)	\$0	
Cash (-)	\$1,286	
<hr/>		
Net Income	\$3,767	= 2.72 Years

Debt Maturity Schedule

In Millions of \$

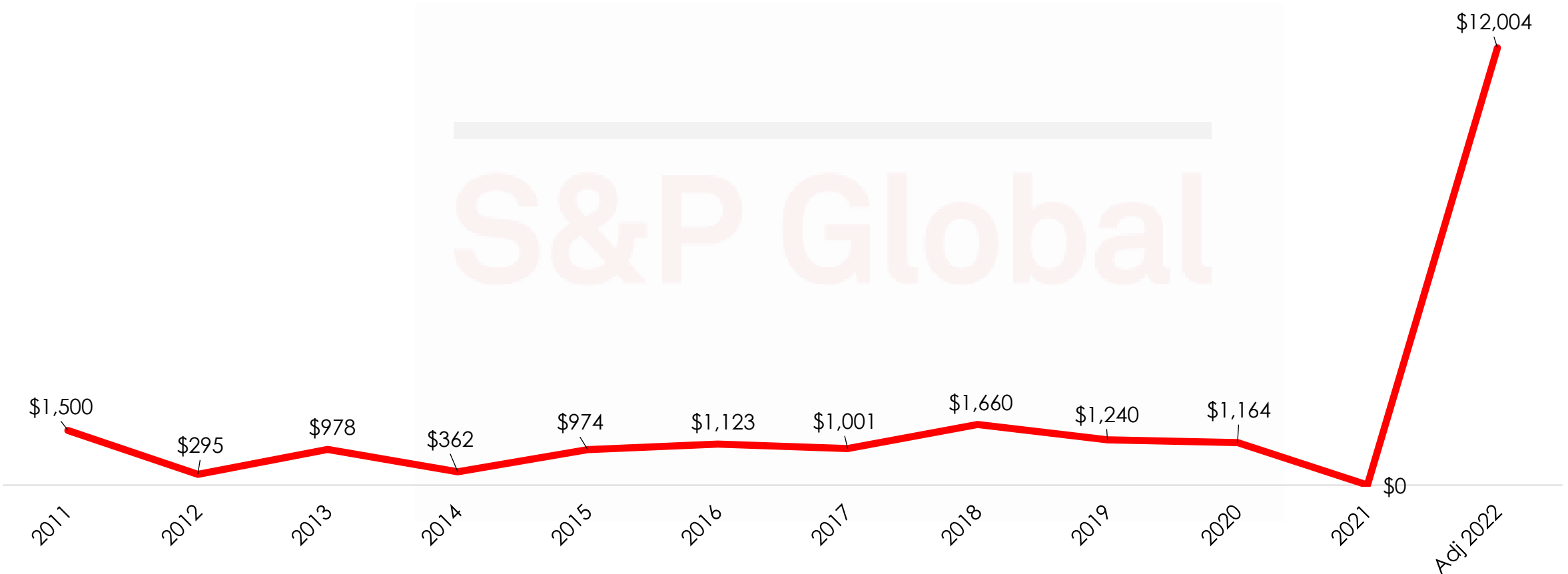
	2023	2024	2025	2026	2027	Thereafter
\$ Amount	\$38	\$48	\$4	\$3	\$1700	\$8900
% of Long-Term Debt	0.36%	0.45%	0.04%	0.03%	15.90%	83.23%

Capital Allocation

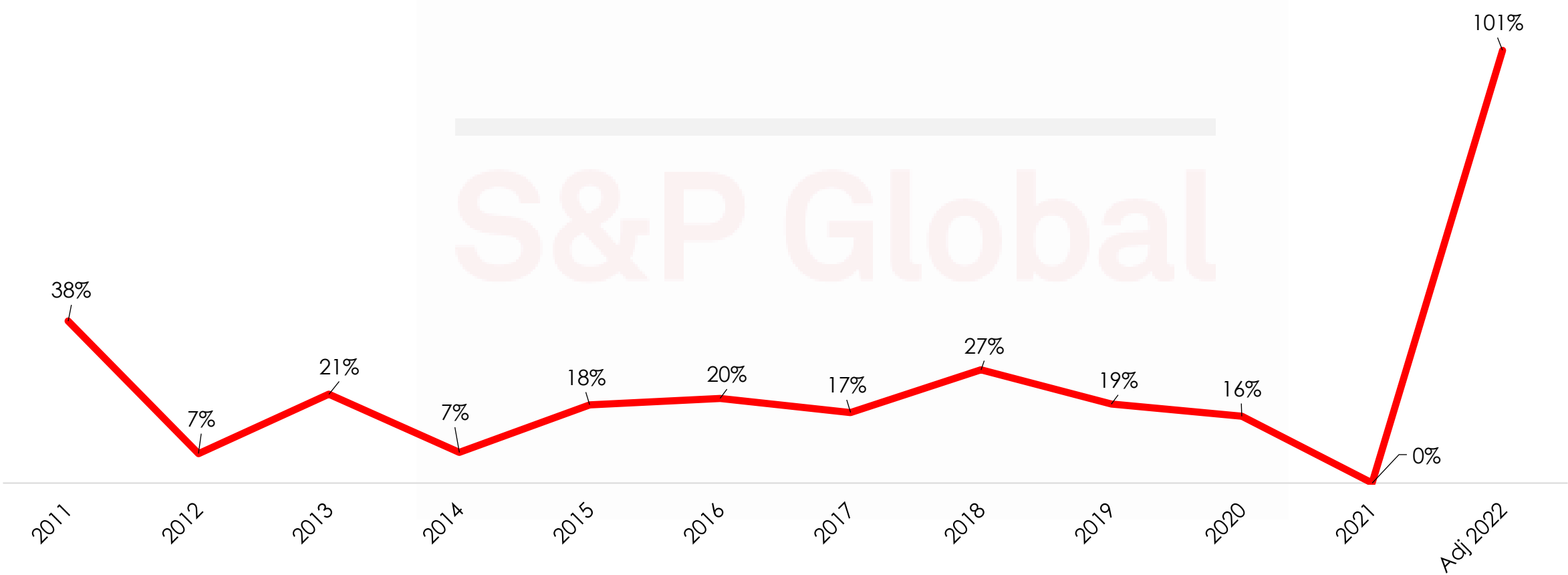
How does the company spend their Free Cash Flow?

Cash Paid for Repurchase of Stocks

In Millions of \$

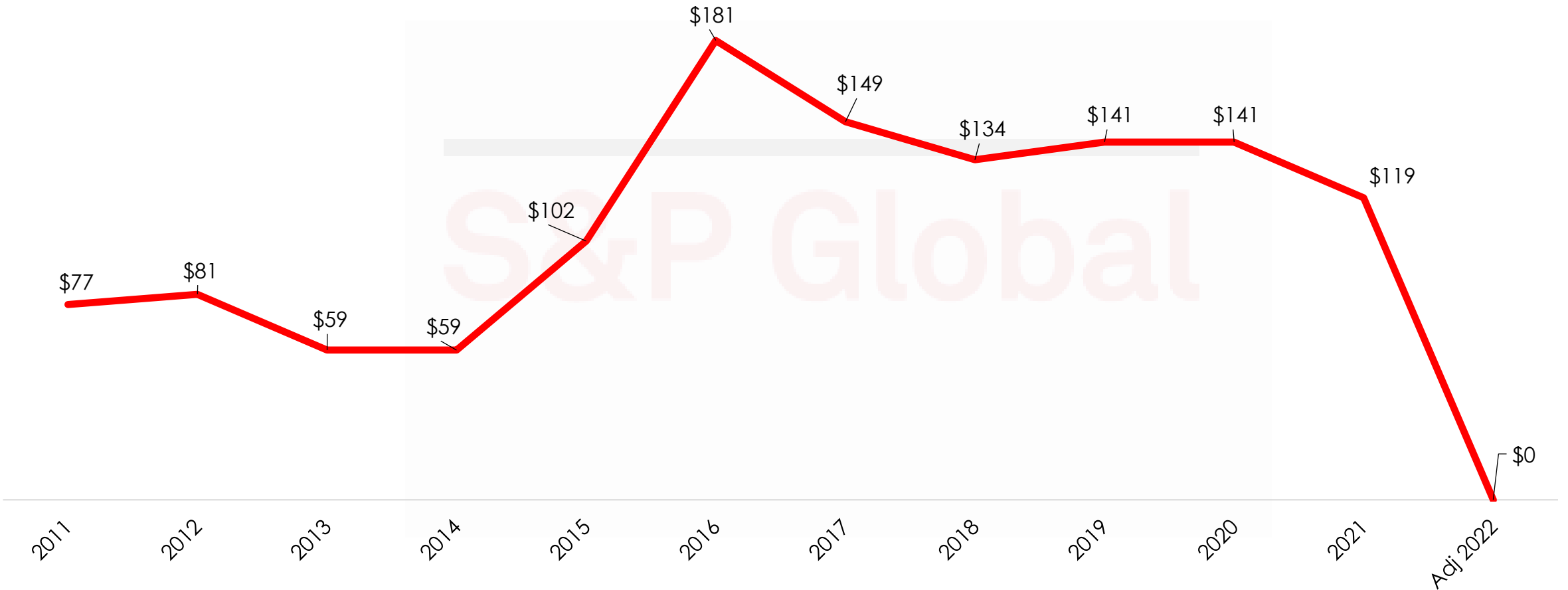


Cash Paid for Repurchase of Stock / Revenue



Cash Paid for Acquisitions

In Millions of \$

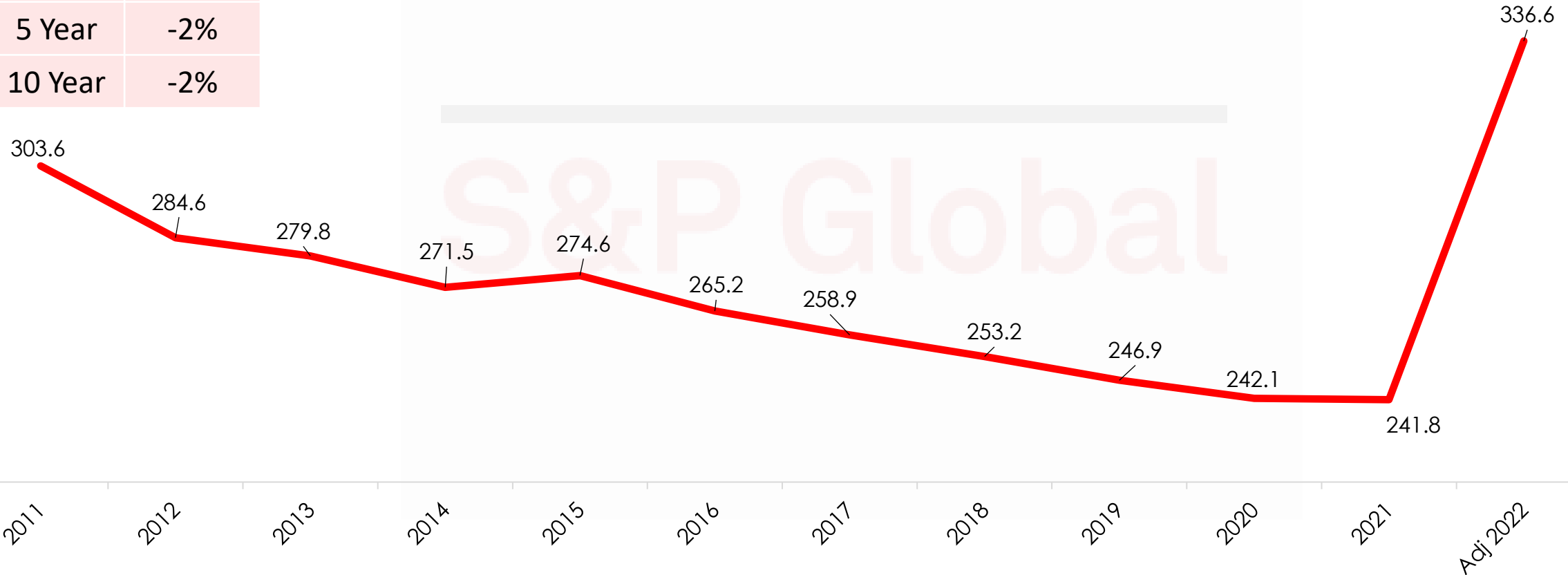


Shares Outstanding

In Millions

GAAP CAGR

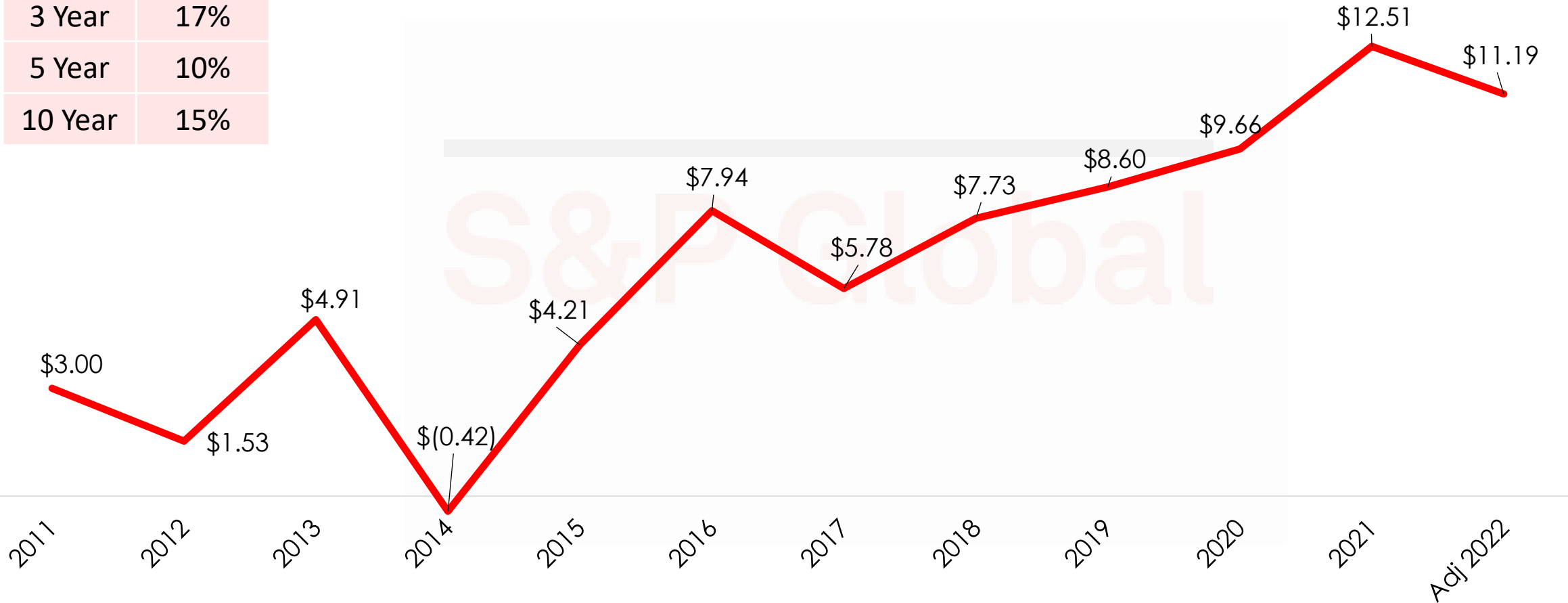
3 Year	-2%
5 Year	-2%
10 Year	-2%



Earnings Per Share

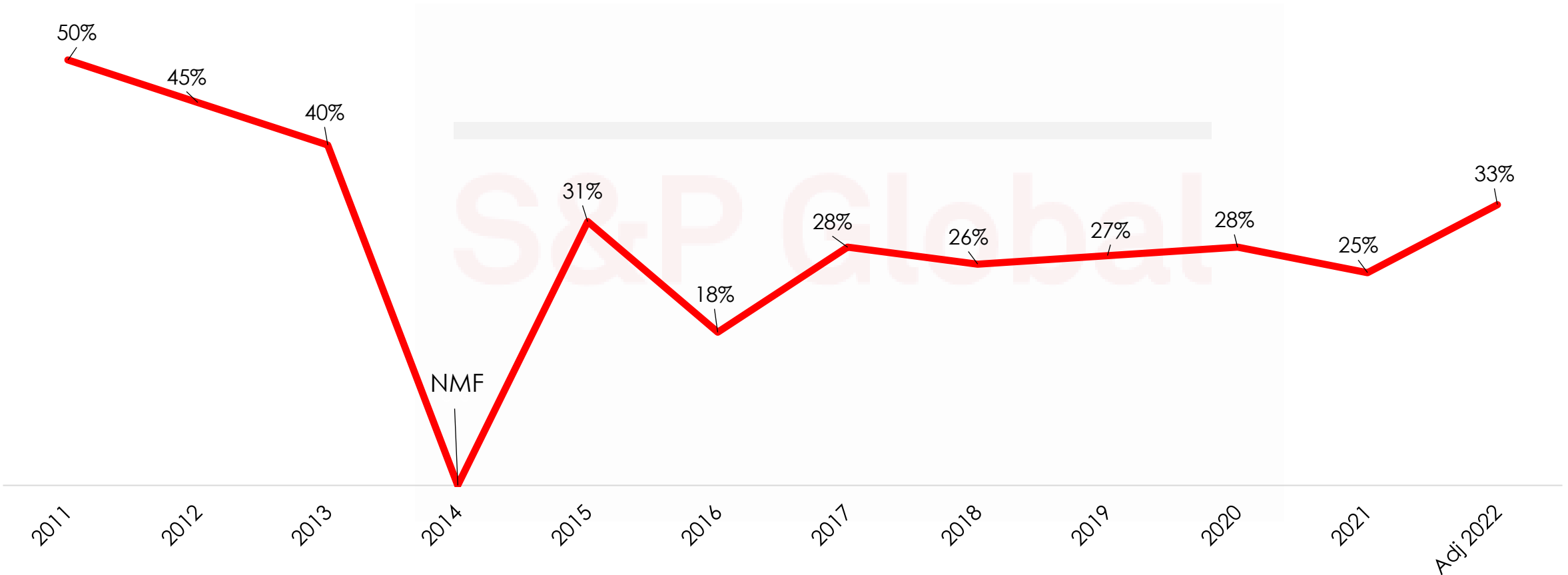
GAAP CAGR

3 Year	17%
5 Year	10%
10 Year	15%



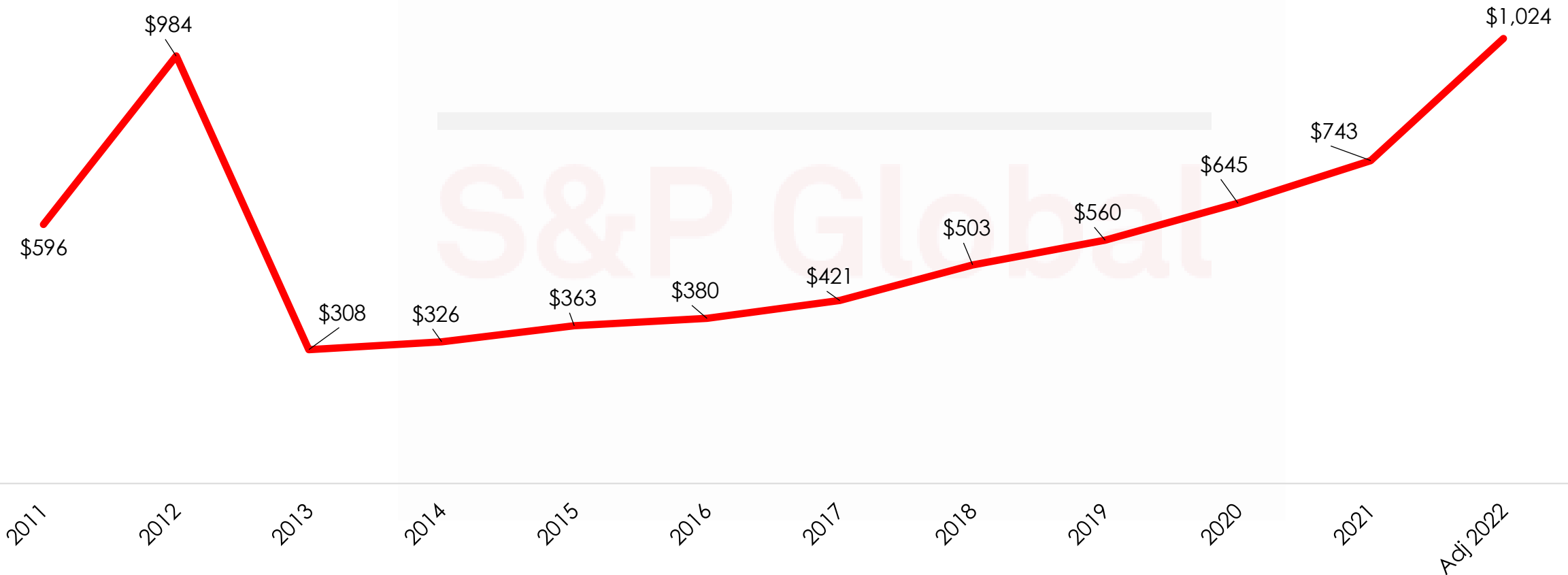
Dividend Payout Ratio

<60% Threshold



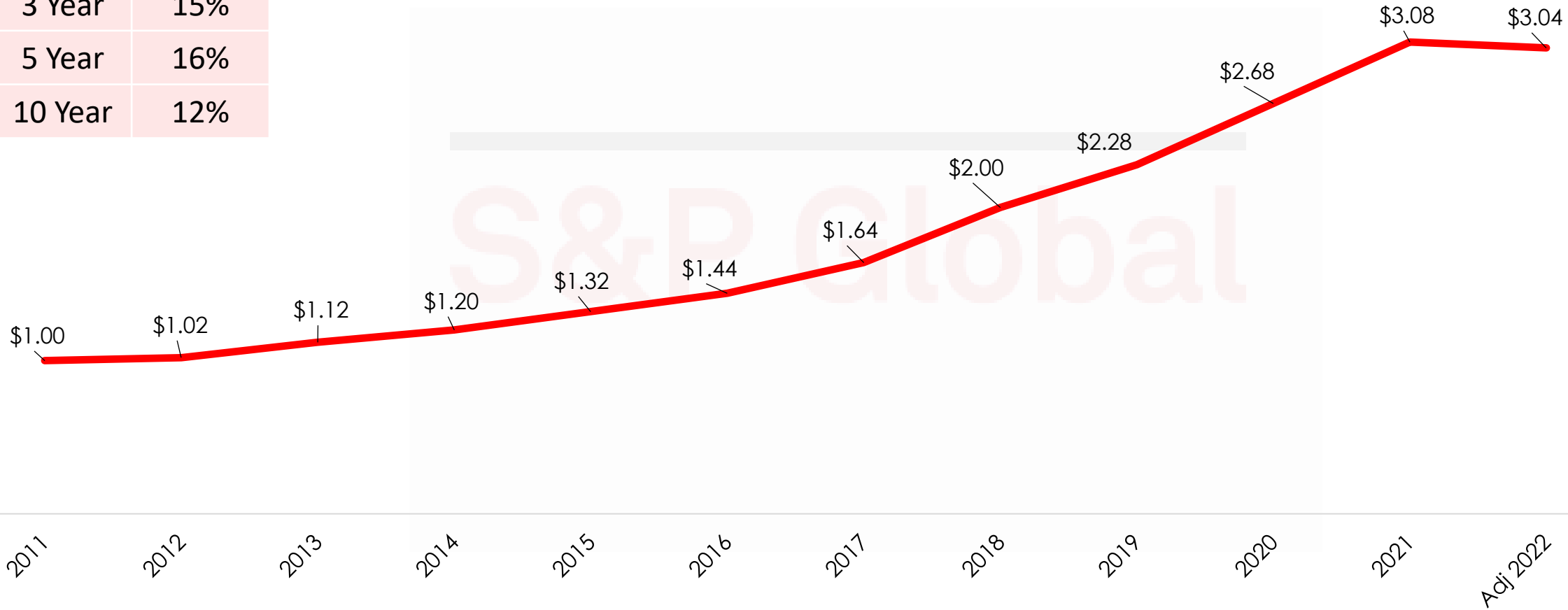
Cash Paid for Dividends

In Millions of \$



Dividends Per Share

GAAP CAGR	
3 Year	15%
5 Year	16%
10 Year	12%



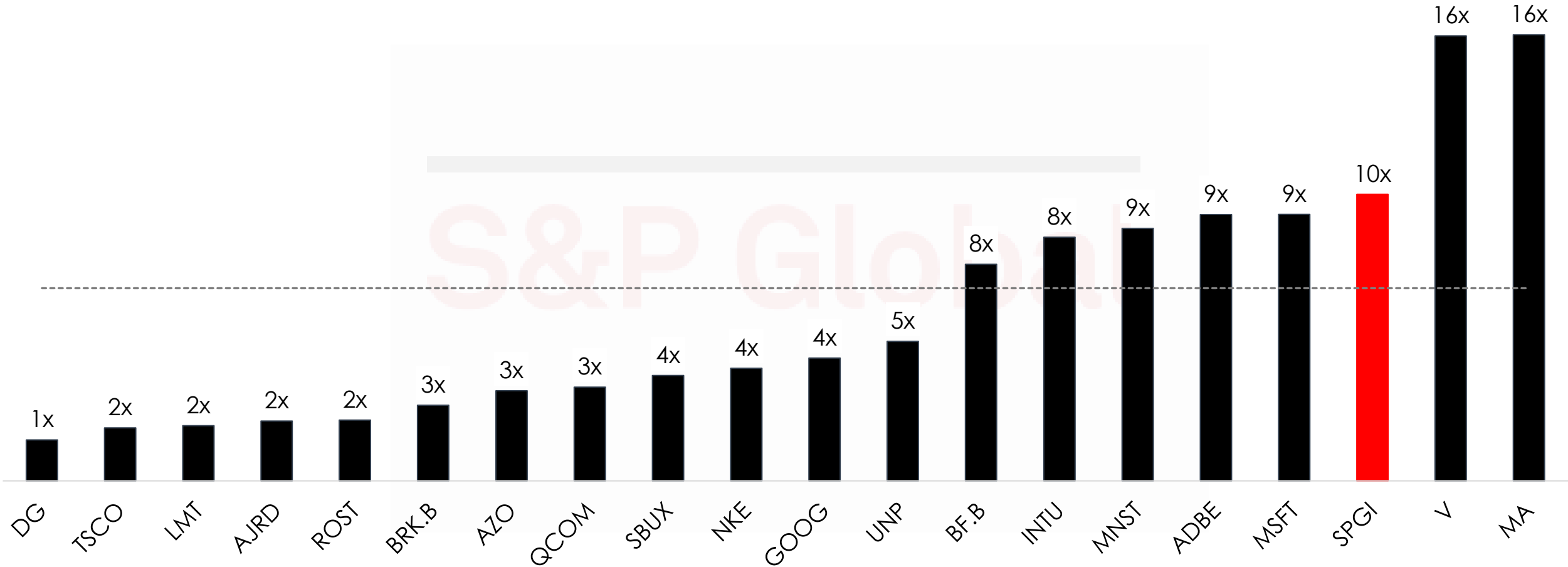


Value Bands & Intraportfolio Analysis

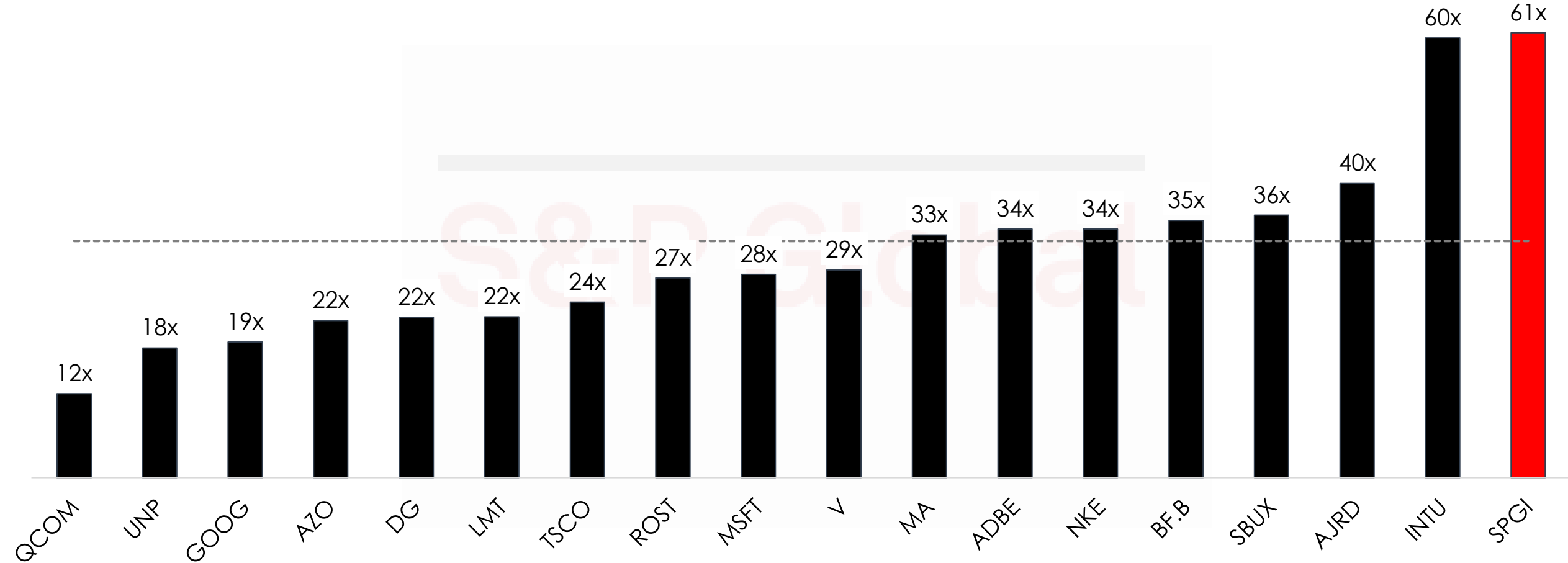
Jenna Lindeman



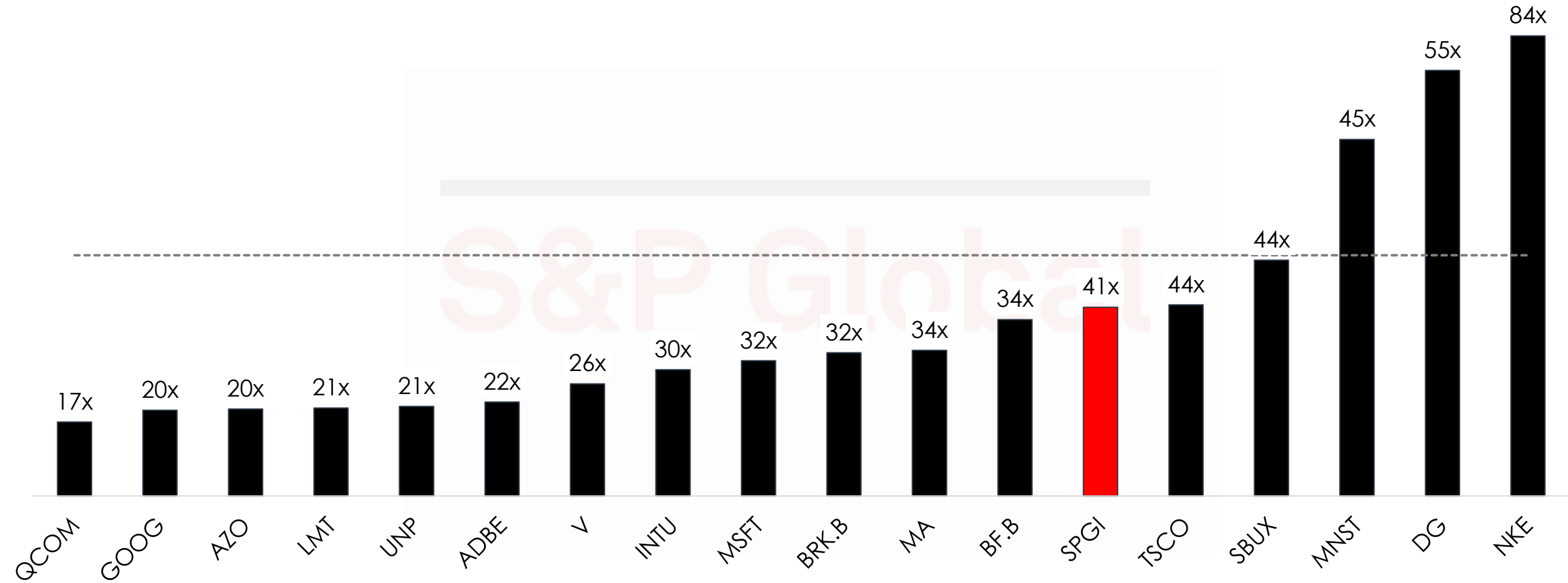
Price to Sales



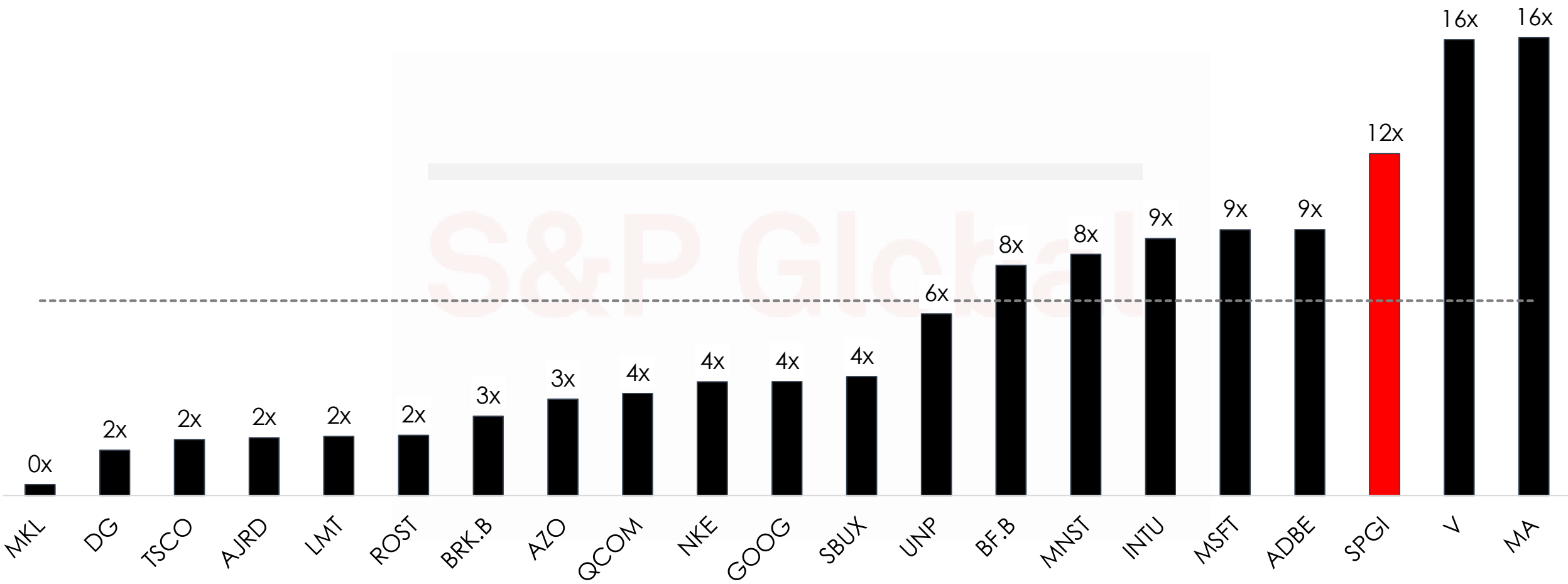
Price to Earnings



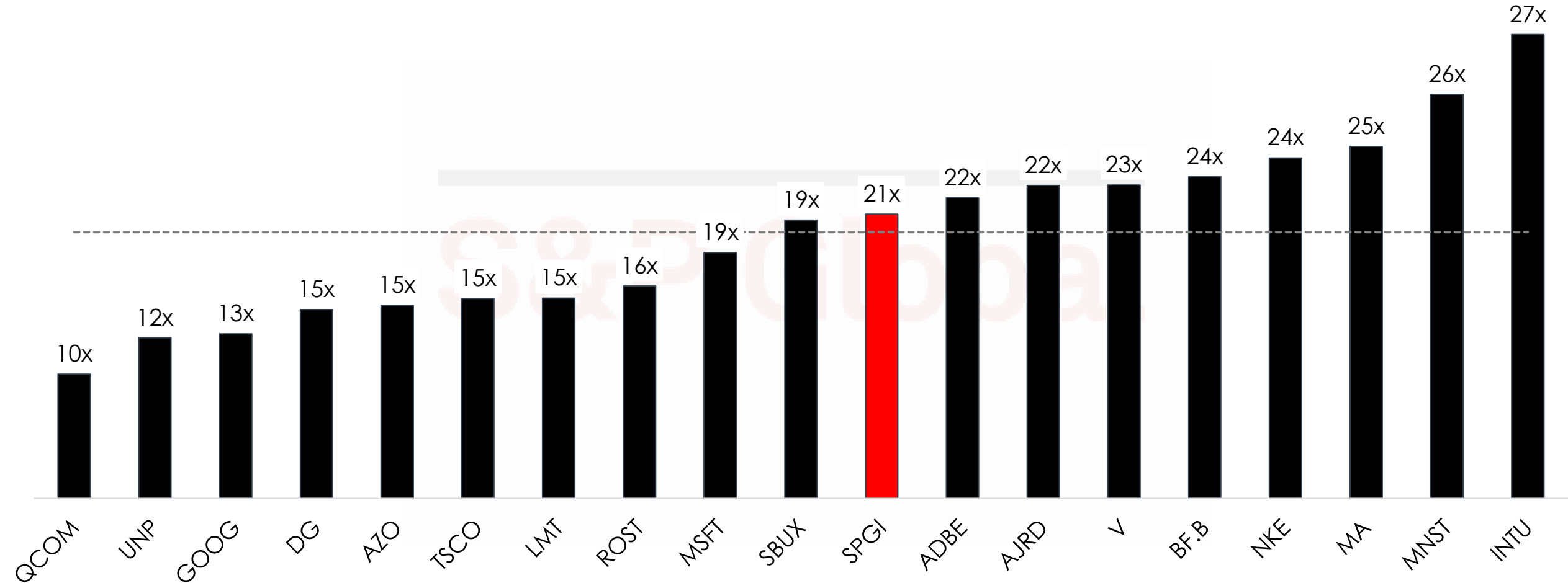
Price to Free Cash Flow



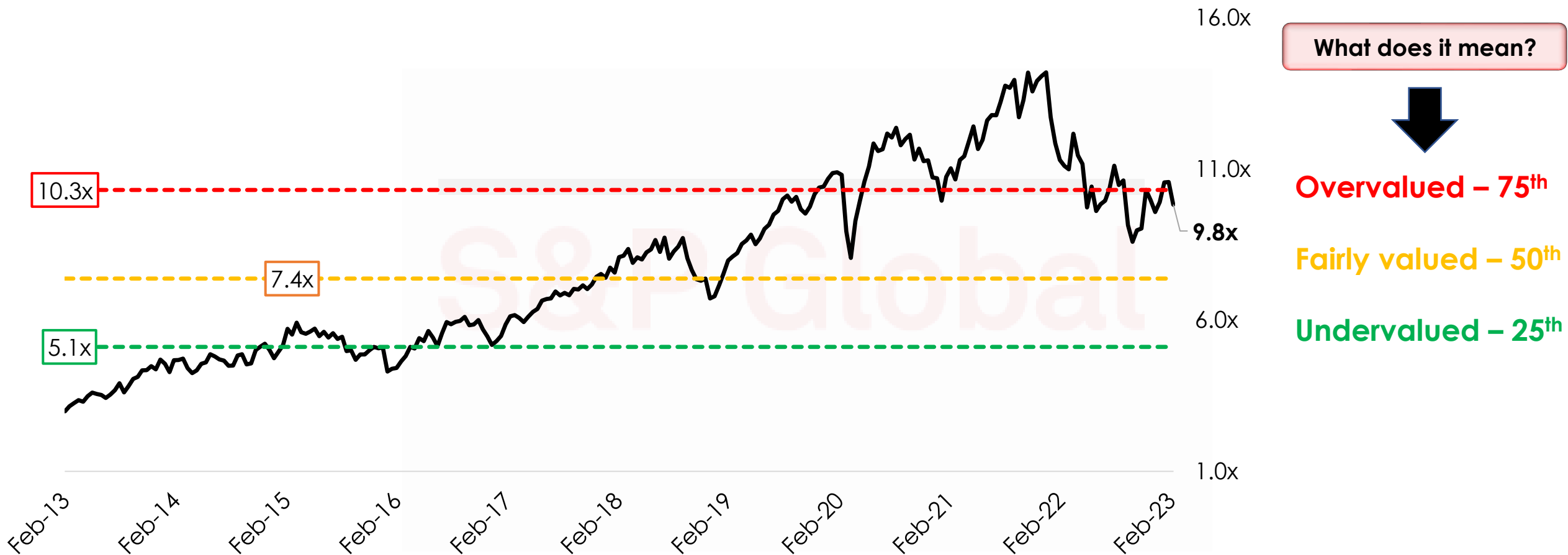
EV to Sales



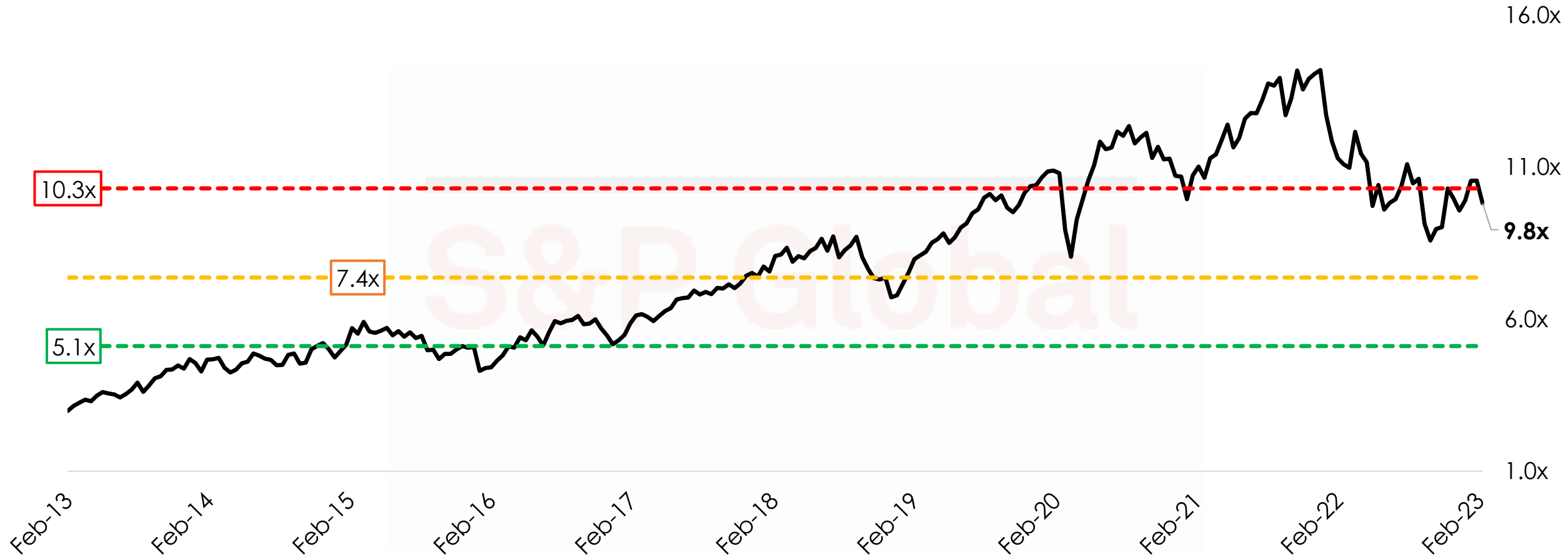
EV to EBITDA



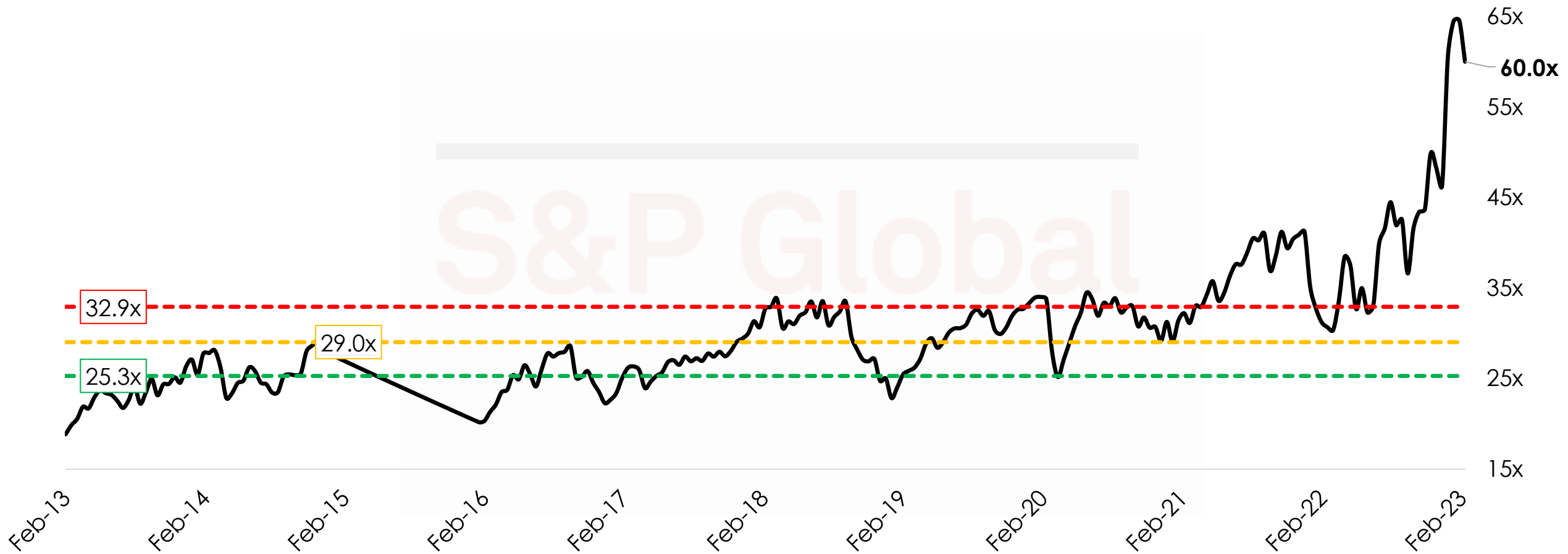
Value Bands



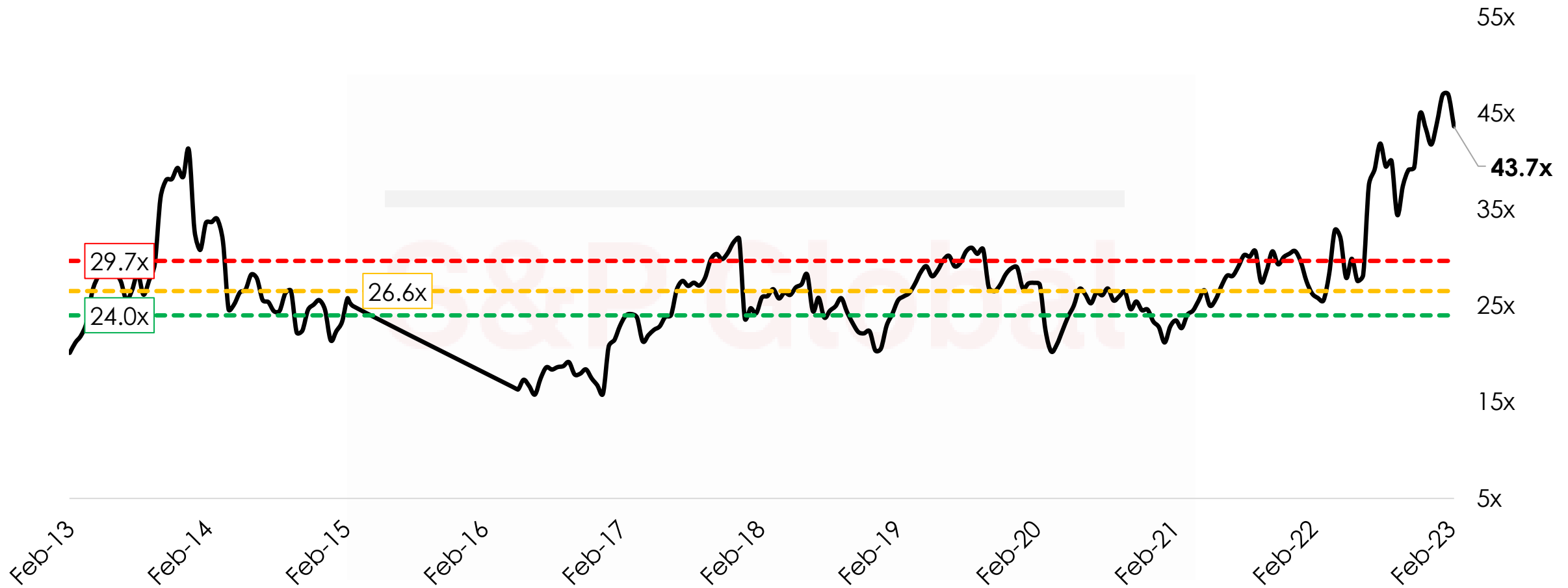
Price to Sales



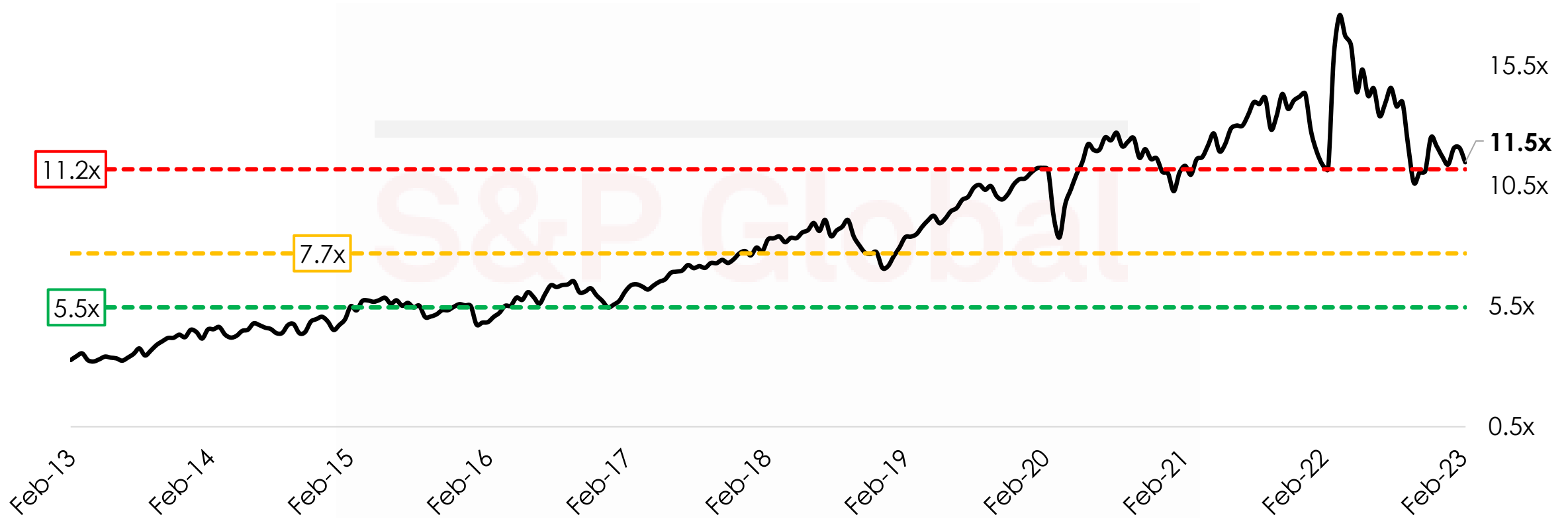
Price to Earnings



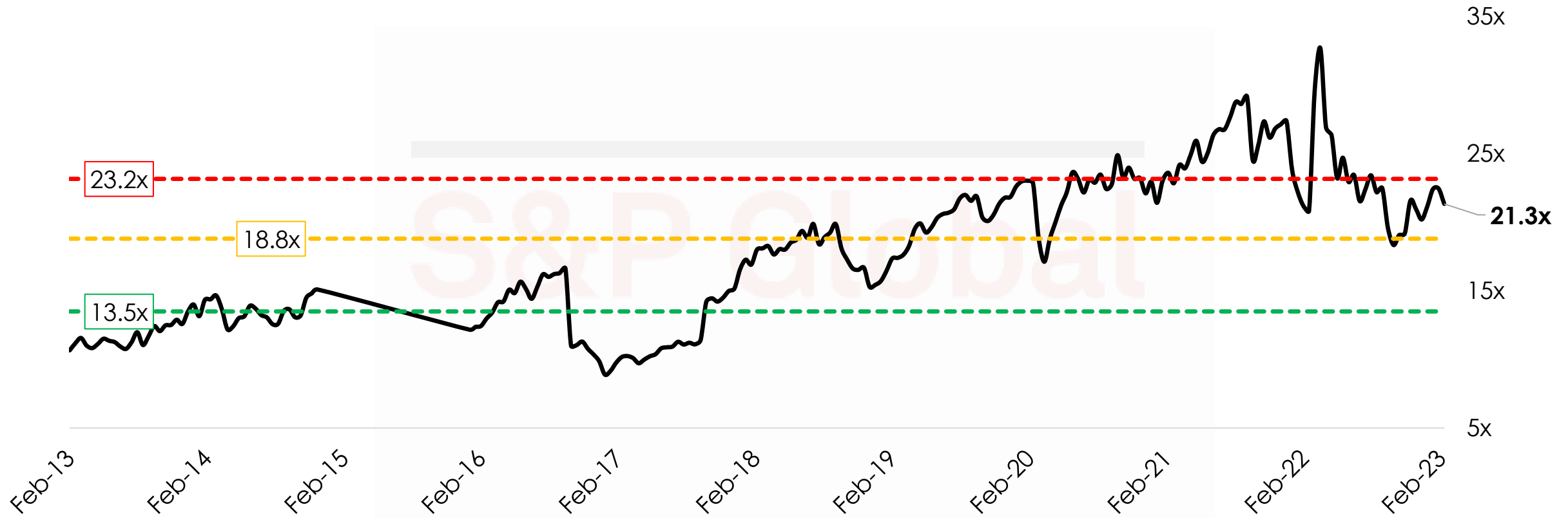
Price to Free Cash Flow



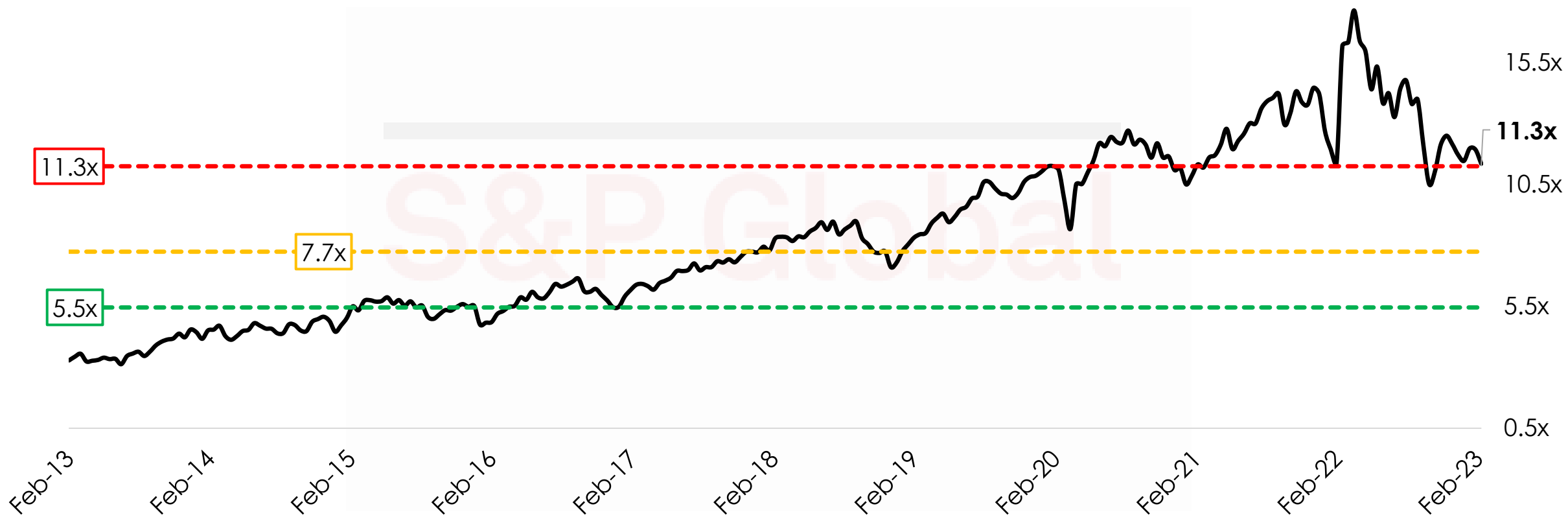
EV to Sales



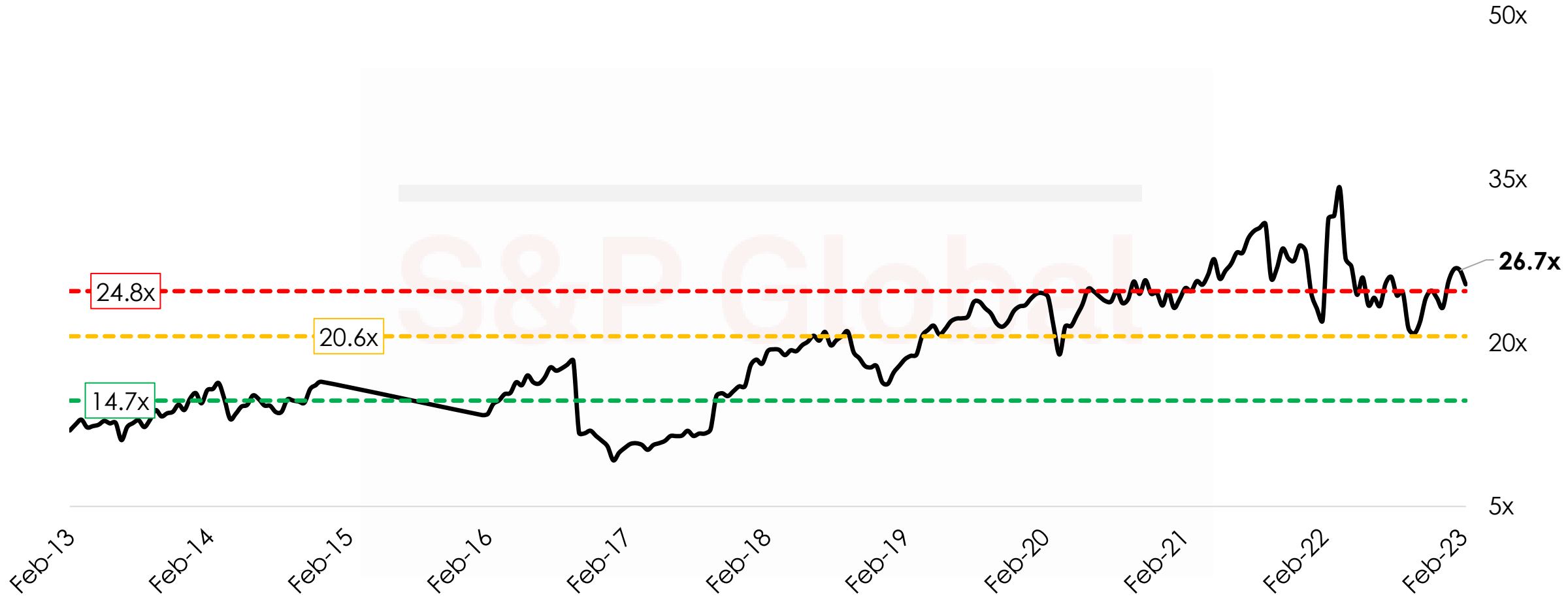
EV to EBITDA



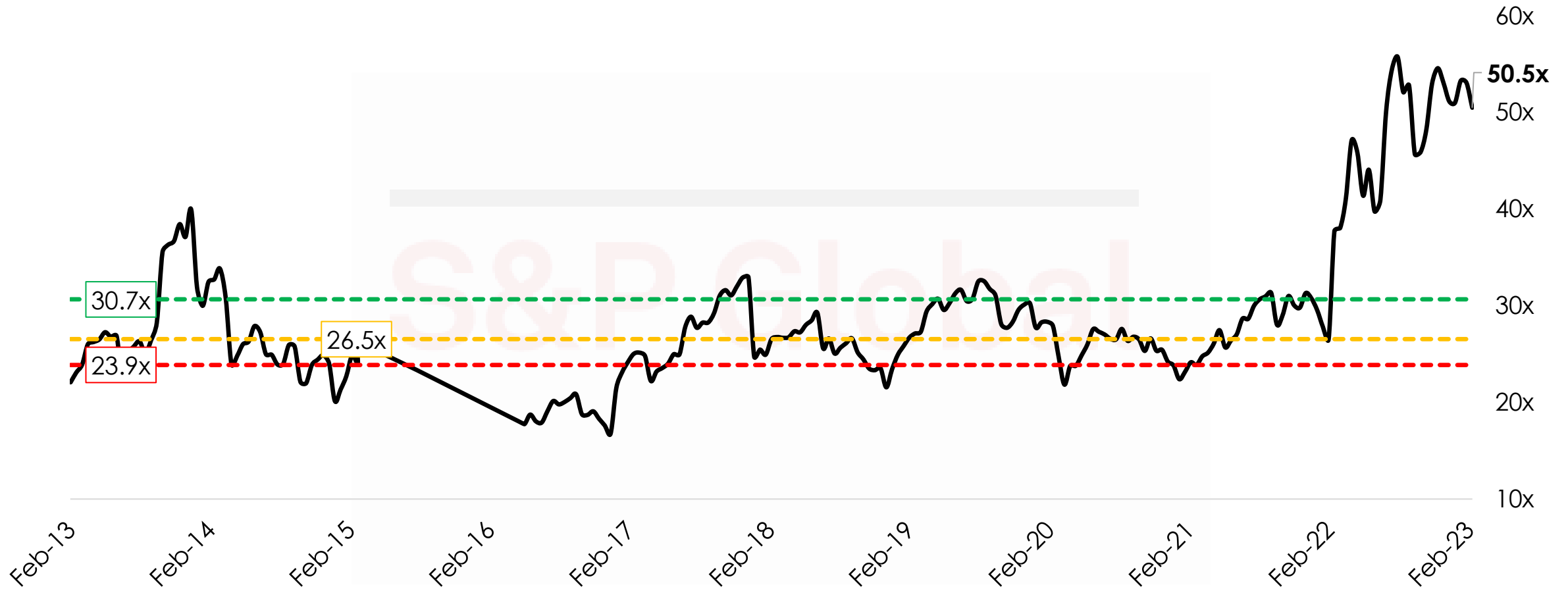
EV to Sales



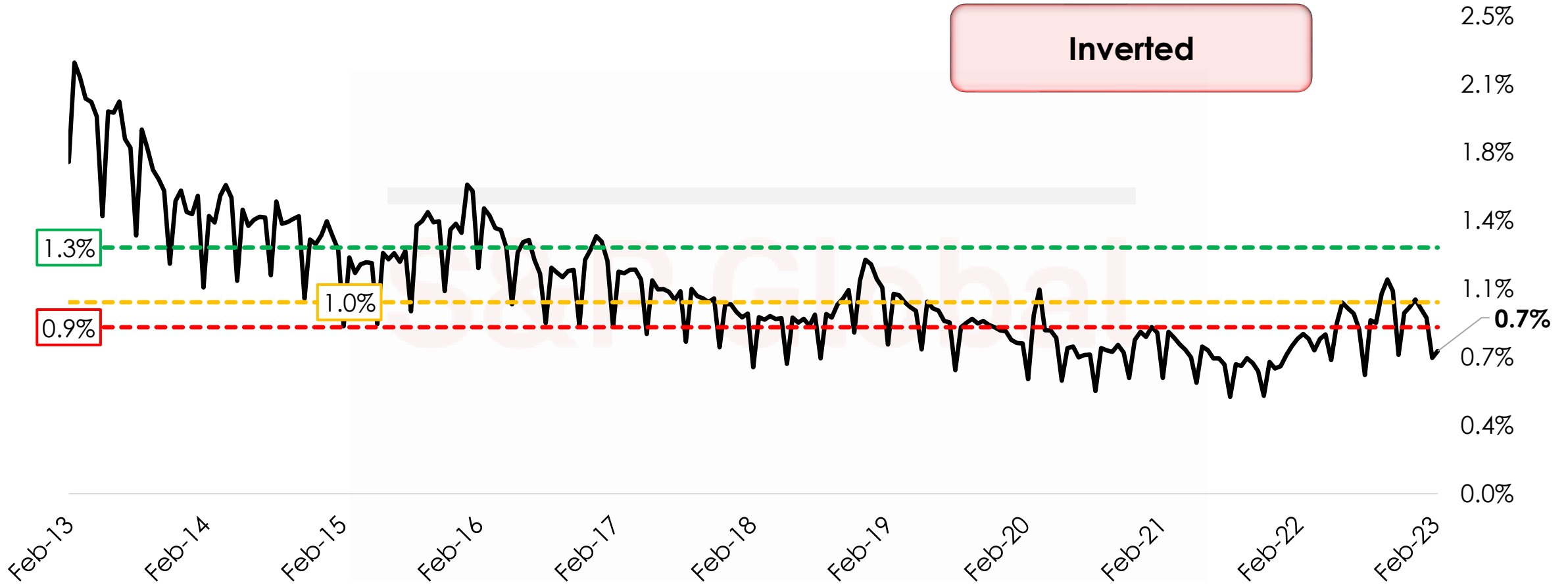
EV to EBIT



EV to Free Cash Flow

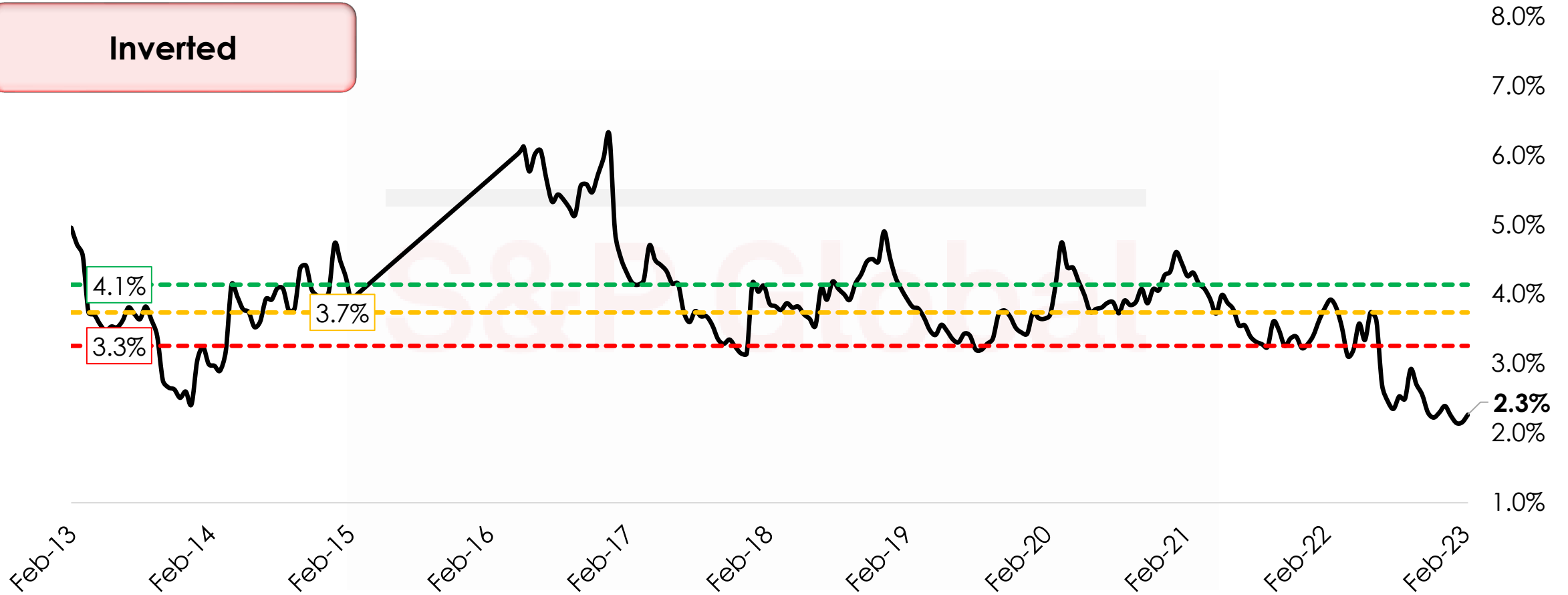


Dividend Yield

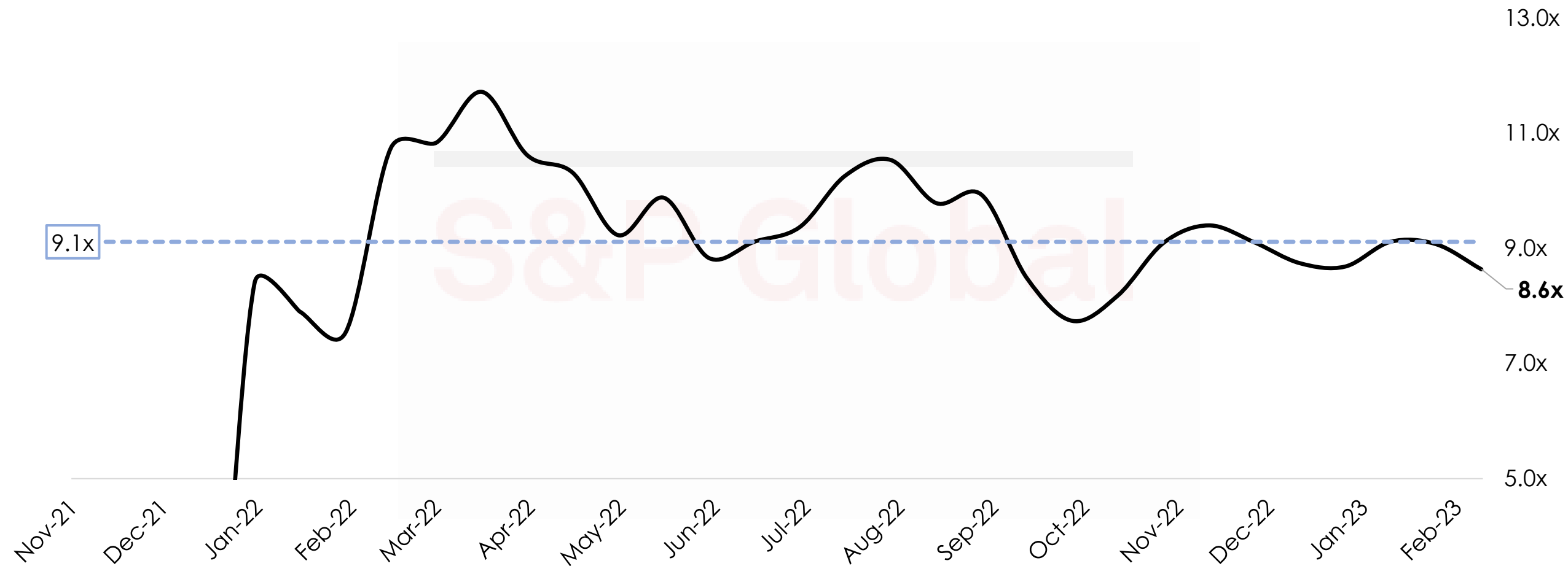


Free Cash Flow Yield

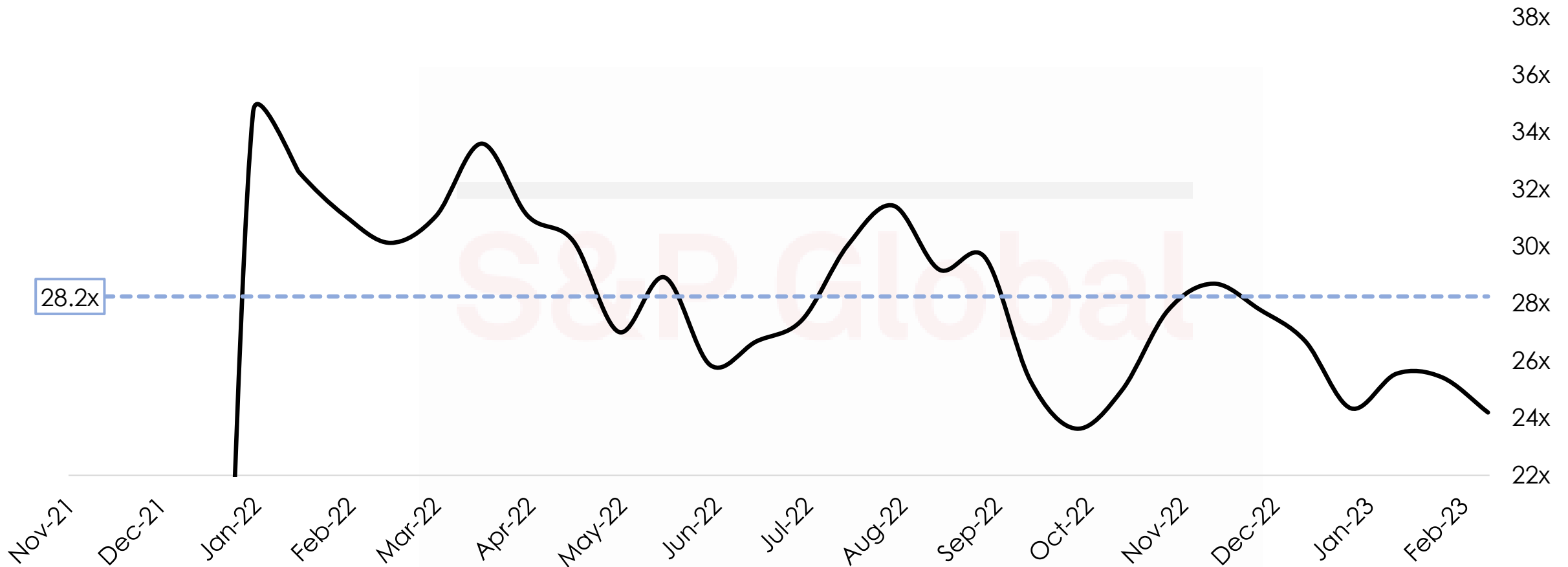
Inverted



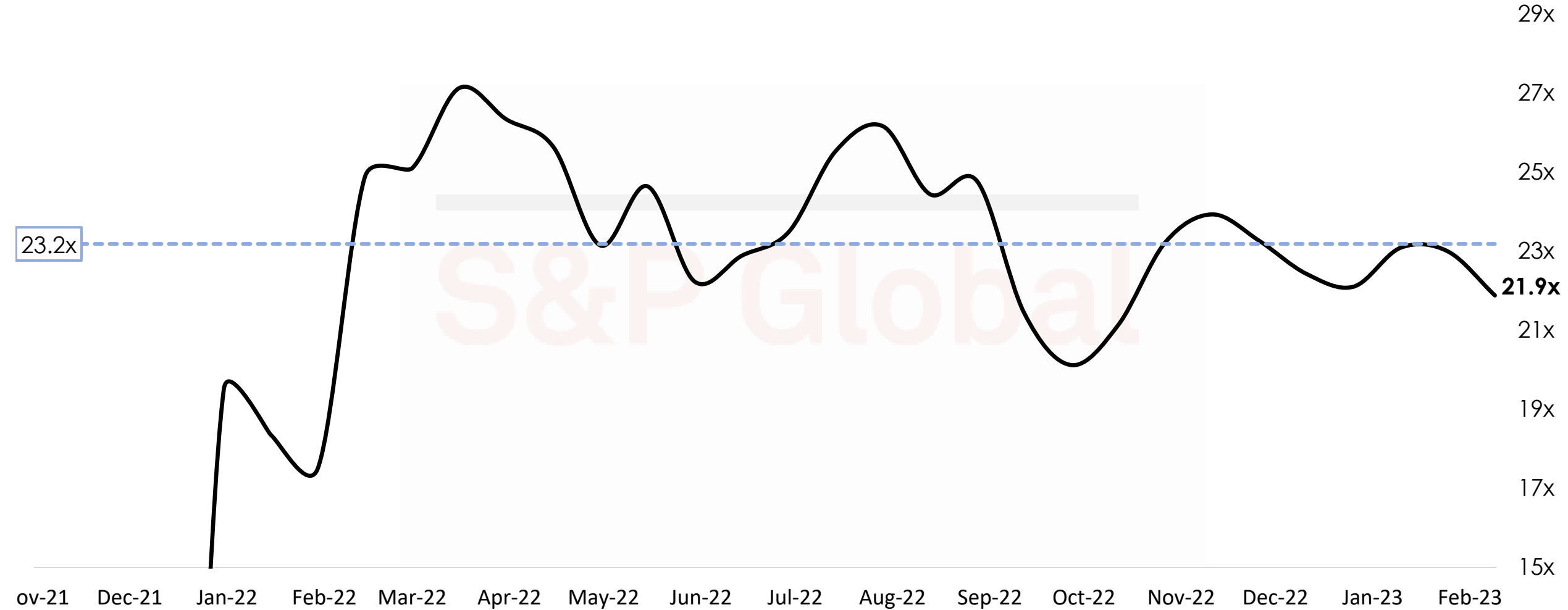
Forward Price to Sales



Forward Price to Earnings



Forward EV to EBITDA





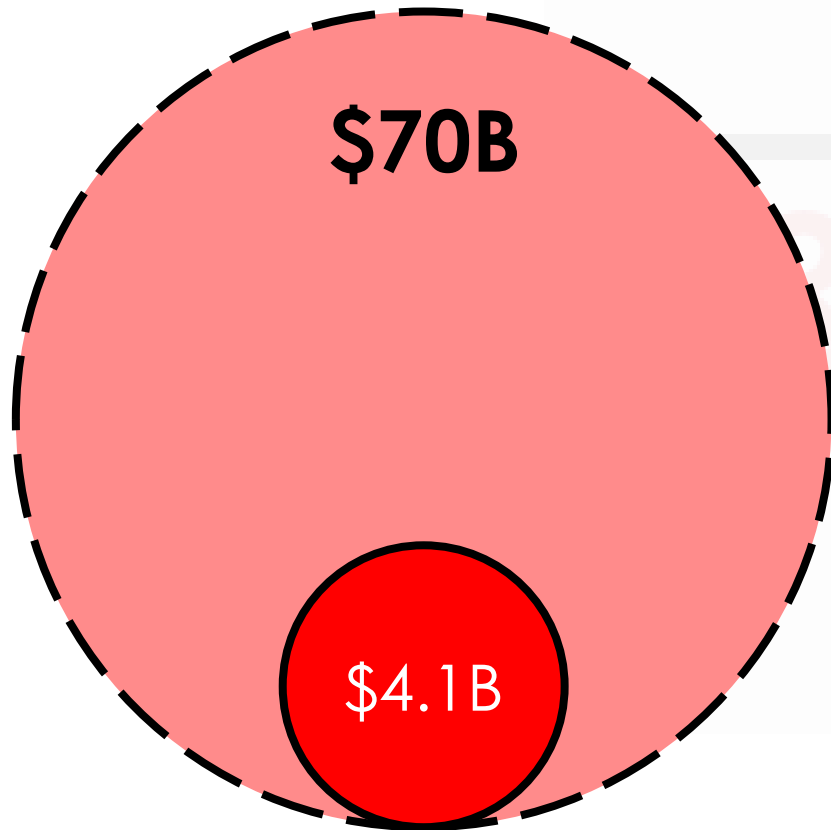
S&P Global Inc

Bull Team



Total Addressable Market

Market Intelligence Revenue



Existent Penetration Rate: 5.9%

Uncertainty in Macro Economy

Total Addressable Market

Mobility Revenue

\$12.2B

\$1.3B

Existent Penetration Rate: 10.7%

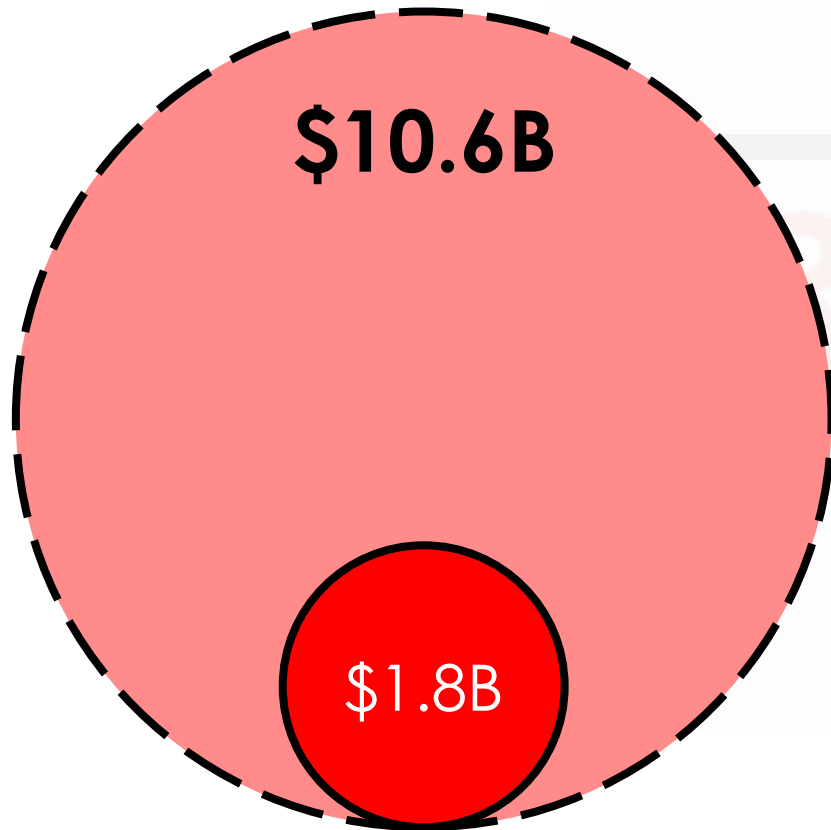
S&P Global: Estimates by 2030 50% of Vehicles will be EV.



CANADA 

Total Addressable Market

Commodity Insights Revenue



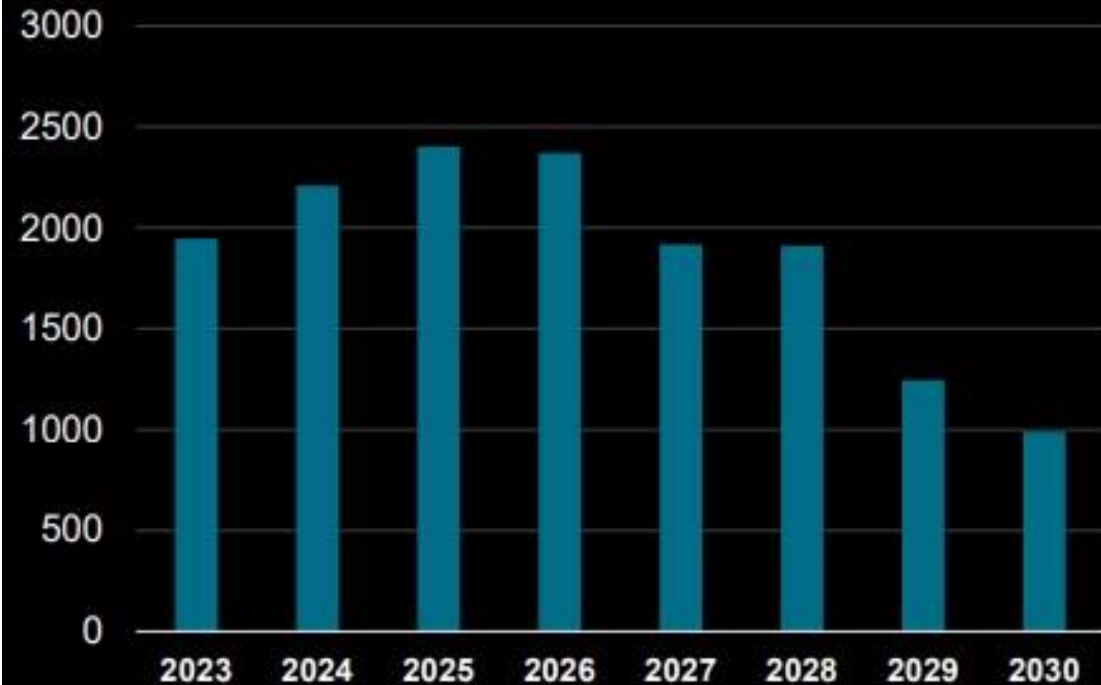
Existent Penetration Rate: 17%

Tailwinds as Energy companies need more data and resources for decision making

Growth Opportunities (Ratings)

Approximately \$2T+ corporate debt rated by S&P matures each year for the next 6 years

Global Corporate Maturity Wall (\$Billions)



Corporate Maturity Wall

High-Yield & Leverage Loans

Anticipated Increases in Demand

Growth Opportunities (Indices)

Indices

New Index: S&P/BMV Green, Social, and Sustainable Target Duration Bond Index (MXN)

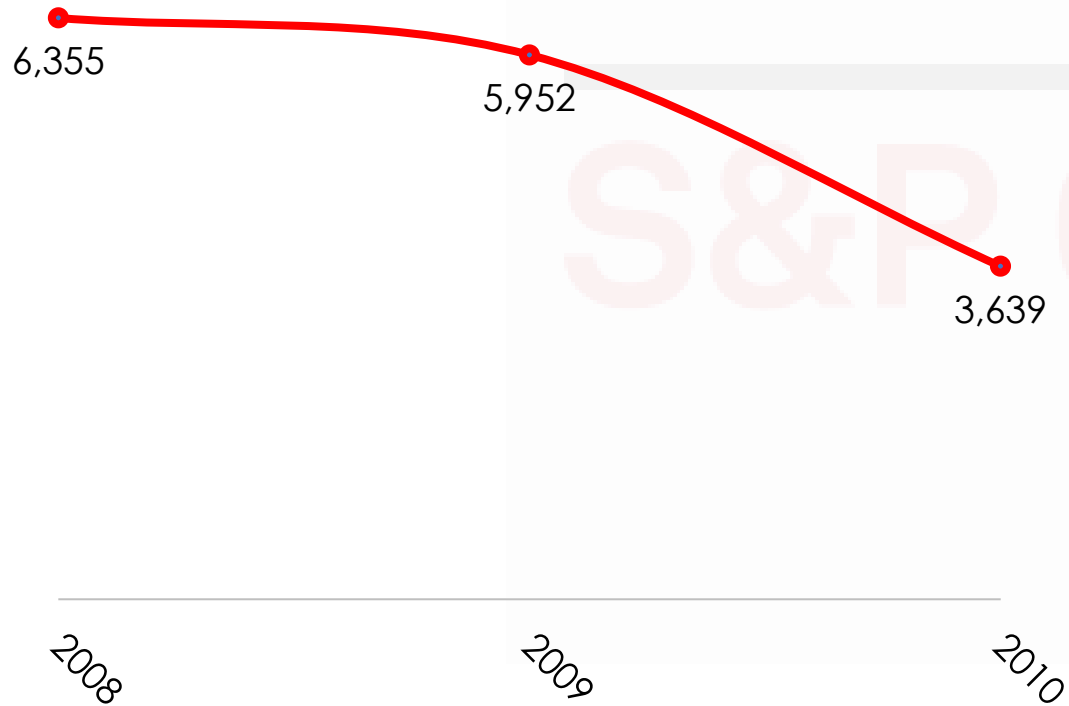
Launched November 23, 2022

Market Leaders:

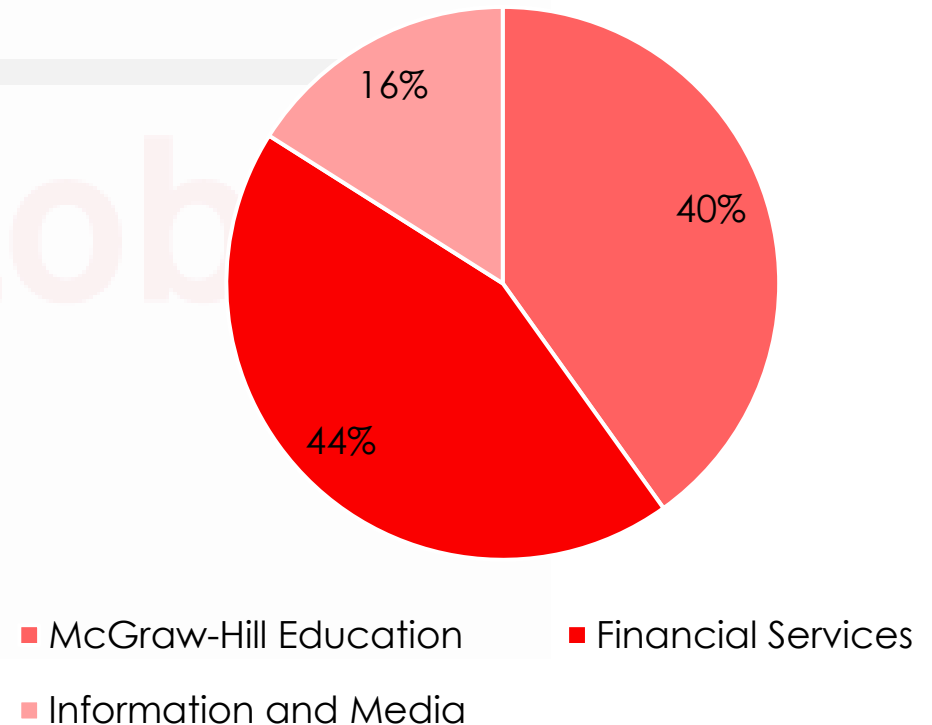
- Global ETF AUM
- U.S. Equity ETF AUM
- U.S. Equity ETF Flows

Worst case scenario comparison

Revenue

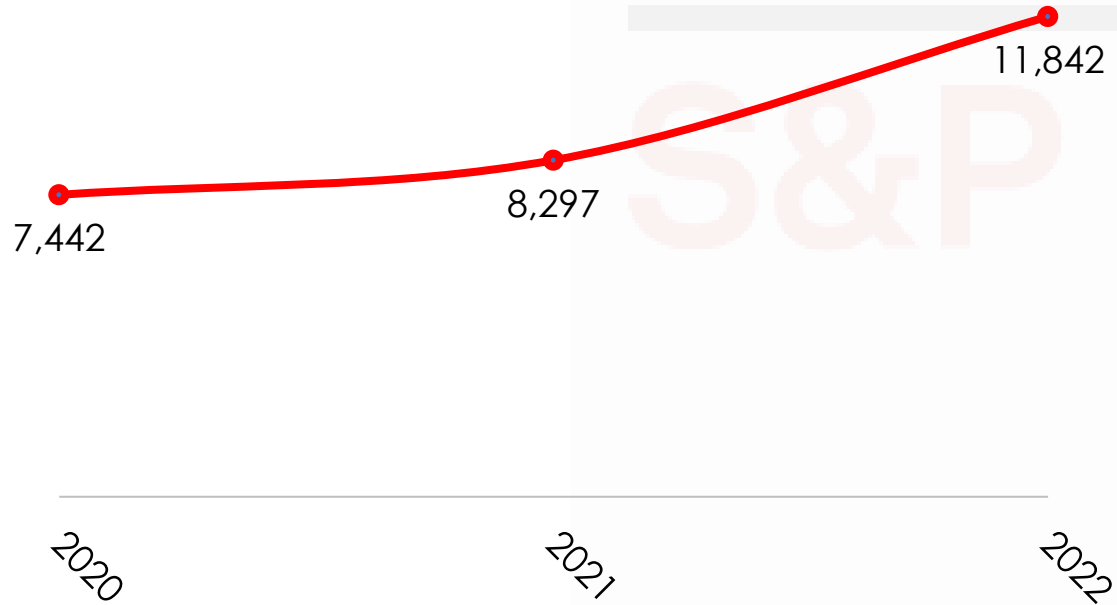


Total Revenue (Segment)

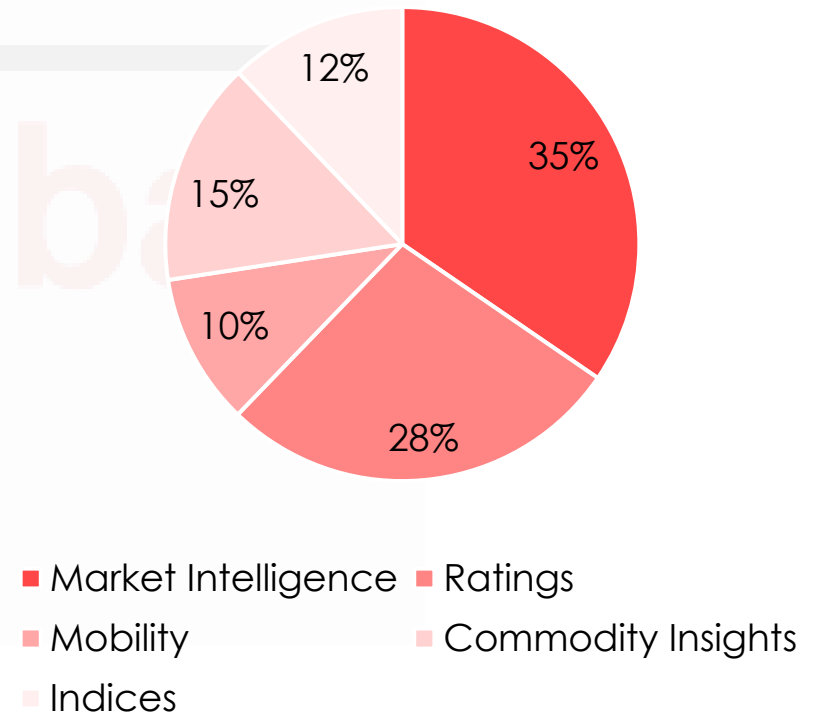


Worst case scenario comparison

Revenue



Total Revenue (Segment)





Economic Moat

Logan Arciba



Economic Moat

Economic moat protects a business and provides a competitive advantage

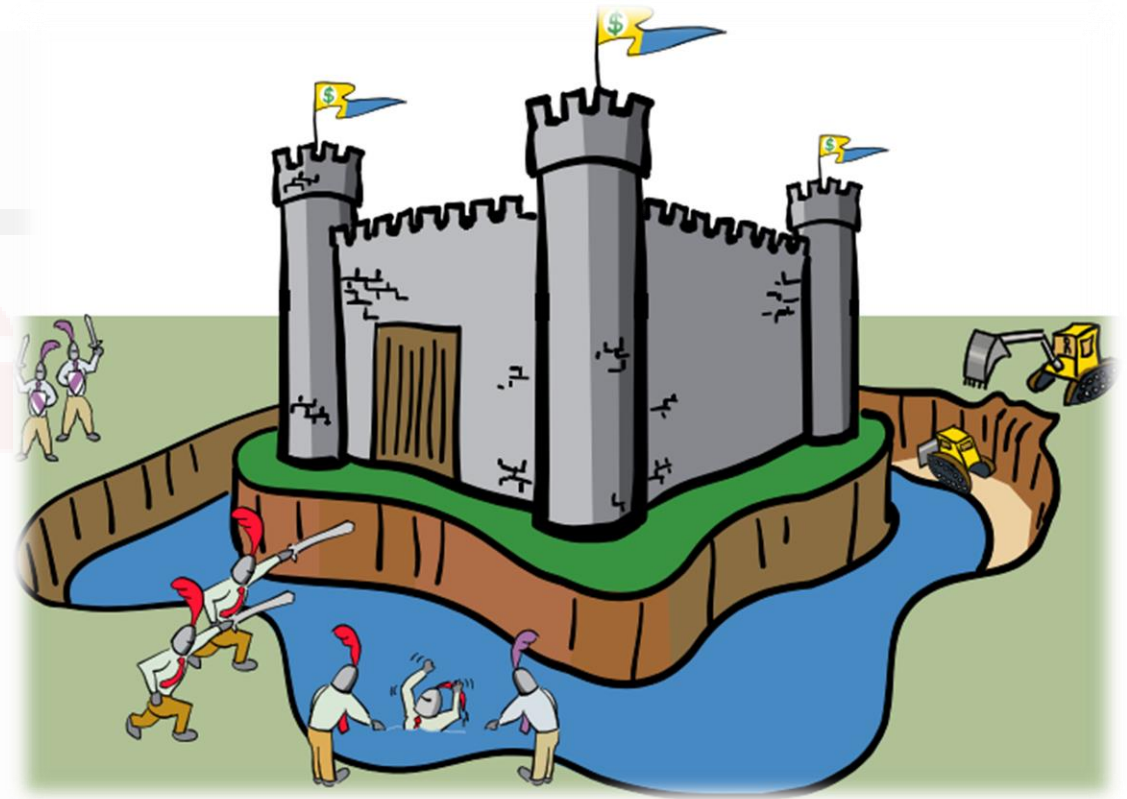
Types of Moats

Network Effect

Intangible Assets

Switching Cost

Cost Advantages



IHS Markit Moat

IHS Markit has a wide moat

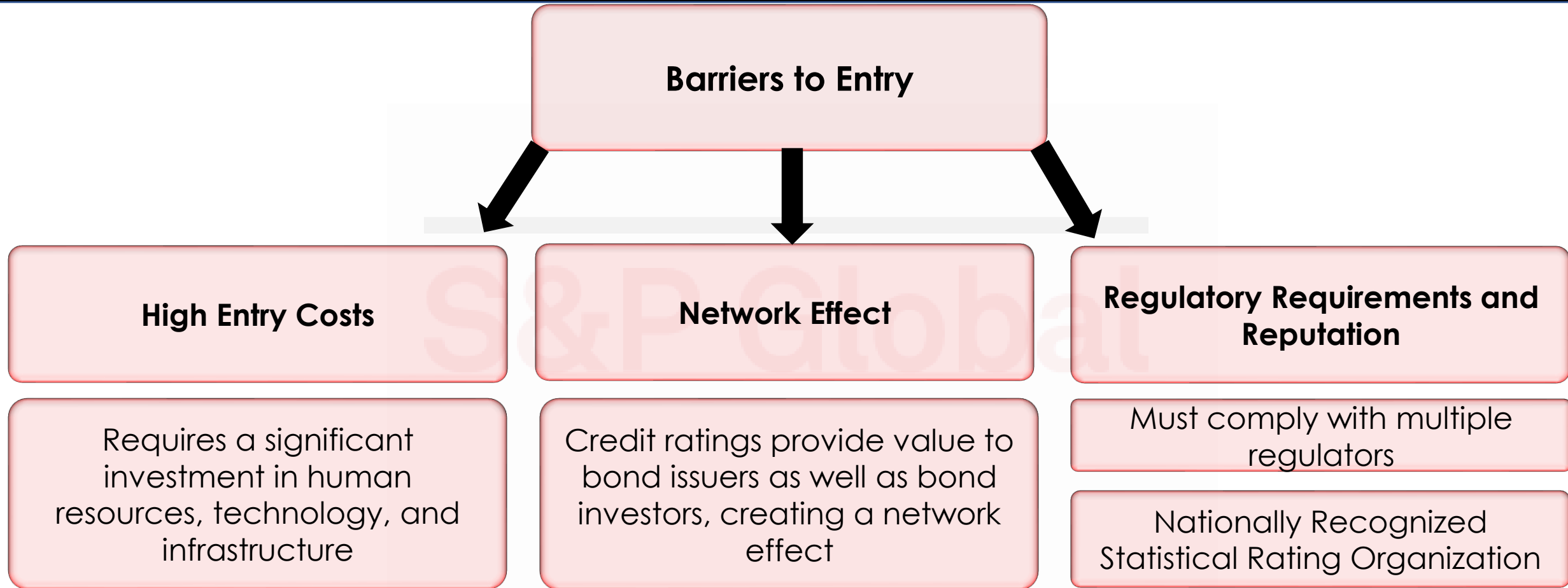
Markit has a mass amount of data, dating back to the 1800s.

Cost for data for energy exploration is low relative to energy operations



IHS Markit®

S&P Credit Ratings Moat



S&P Dow Jones Indexes Moat

Brand Recognition

- Providing financial market benchmarks and indexes for over 100 years
- It is the standard

Scale

- Two largest indexes :S&P 500 and Dow Jones
- Over 1.3 Million Indices Managed
- S&P 500 companies total market cap is \$22 trillion

Data and Expertise

- Data over each company in the S&P Dow Jones
- Team of experienced analysts

S&P Global Market Intelligence Moat

Extensive and Reputable Data

Data Types:

- Company
- Industry
- Economic



News, Commentary, and
Research Reports

Integration

- Part of S&P Global Ratings, S&P Dow Jones Indices, etc.
- Can leverage data resources

Tailored Experience

- Clients customize their analysis
- This allows customers to meet their specific needs



Valuation

Zac Nguyen



5-YEAR EPS MODEL INPUTS

Driver	Bear	Base	Bull
Share buybacks	1%	2%	3%
Margin expansion	2%	3%	4%
Revenue growth	5%	6%	7%
Total growth rate %	8%	11%	14%

5-YEAR EPS MODEL

Ticker: **SPGI**

Price: \$343.89

5 Year EPS Forecast

Discount rate:

10%

							Total Return		PV	5 YR Return	Annual Return	
							P/E	Price				
Bear	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	19.0x	\$323.30	\$200.74	(6.0)%	(1.2)%
		\$11.19	\$11.86	\$13.28	\$14.35	\$15.21	\$16.12	27.0x	\$452.26	\$280.82	31.5%	5.6%
			6%	12%	8%	6%	6%	35.0x	\$581.23	\$360.90	69.0%	11.1%
Base	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	19.0x	\$378.17	\$234.81	10.0%	1.9%
		\$11.19	\$12.20	\$14.03	\$15.71	\$17.28	\$19.01	27.0x	\$530.24	\$329.24	54.2%	9.0%
			9%	15%	12%	10%	10%	35.0x	\$682.31	\$423.66	98.4%	14.7%
Bull	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	19.0x	\$418.81	\$260.05	21.8%	4.0%
		\$11.19	\$12.53	\$14.79	\$16.86	\$18.88	\$21.15	27.0x	\$588.00	\$365.10	71.0%	11.3%
			12%	18%	14%	12%	12%	35.0x	\$757.18	\$470.15	120.2%	17.1%

5-YEAR EPS SENSITIVITY ANALYSIS

Stock Price - \$343.89

		Total RoR Sensitivity		
		Est. EPS growth rate		
		8%	11%	14%
P / E	19.0x	(1.2)%	1.9%	4.0%
	27.0x	5.6%	9.0%	11.3%
	35.0x	11.1%	14.7%	17.1%

5-YEAR EPS MARGIN OF SAFETY

	Bear	Base	Bull
Present Value	\$280.82	\$329.24	\$365.10
Margin of Safety	-22.4%	-4.4%	5.8%



Conclusion

Dylan Swanson



Conclusion

S&P Global is the industry standard and consist of several businesses with wide moats

Compared to competitors, revenue is far more diversified, and earnings are less sensitive to changes in debt issuance

More sustainable growth into the future

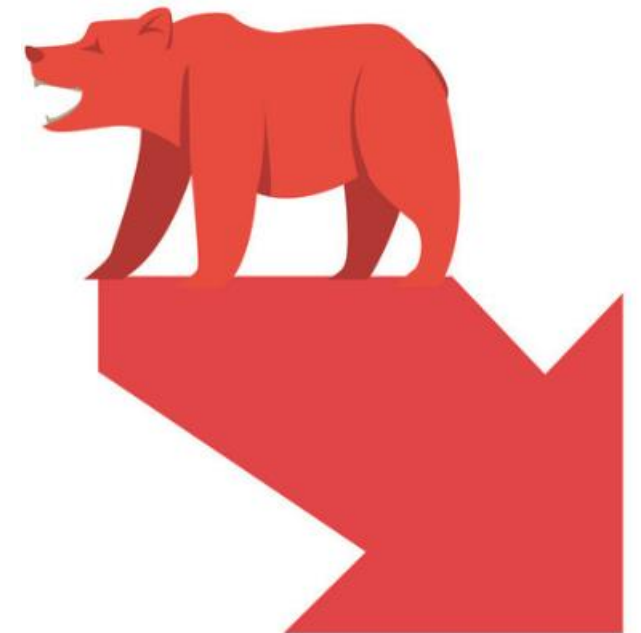


HOLD



S&P Global Inc

Bear Team



Risk Factors

Macro-Economic Environment

Commodity Markets

Equity Markets (Stock Market)

Divestiture

Bond and Credit Market

Enhanced Cybersecurity Risks

Macro-Economic Environment

Inflation



Lower Margins for
Corporations

Indices Segment manages
less assets in the market

Interest Rates



Debt issuance decreases

S&P rates less debt

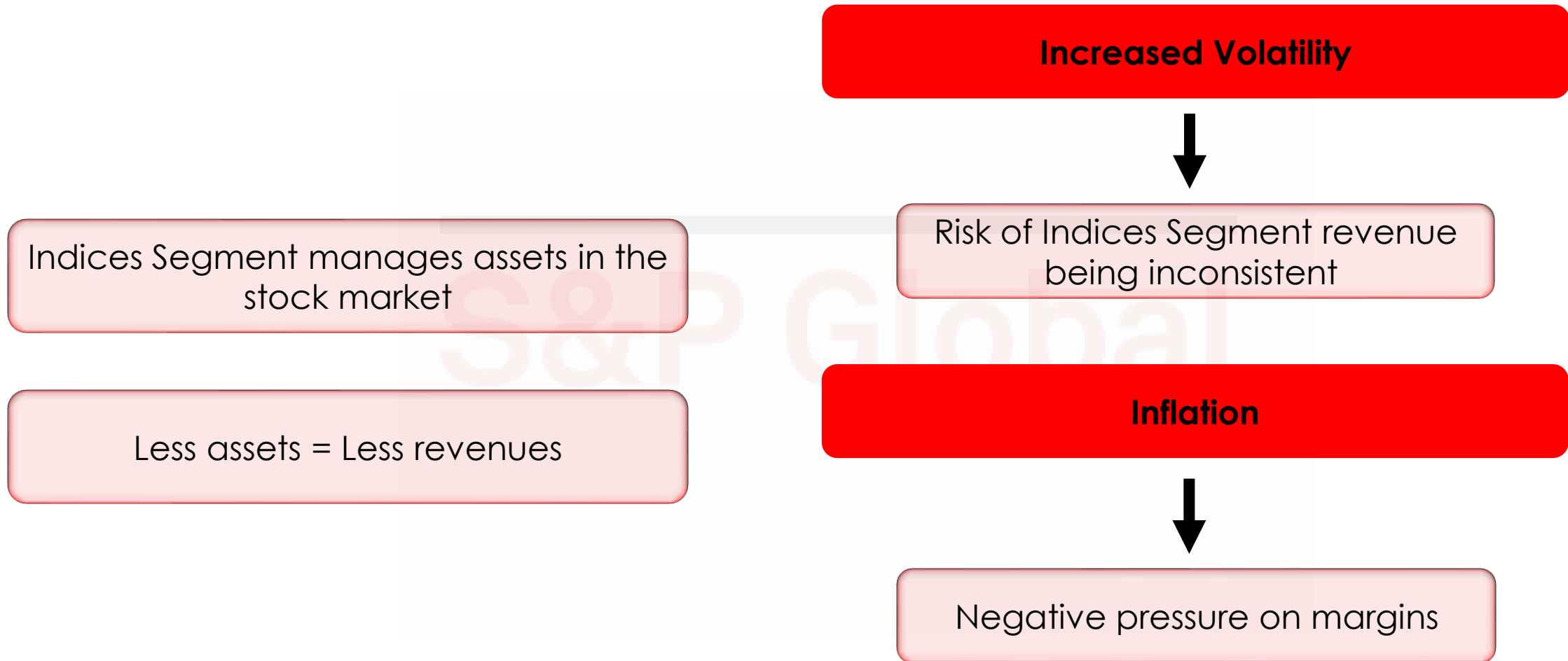
Geopolitical Uncertainty



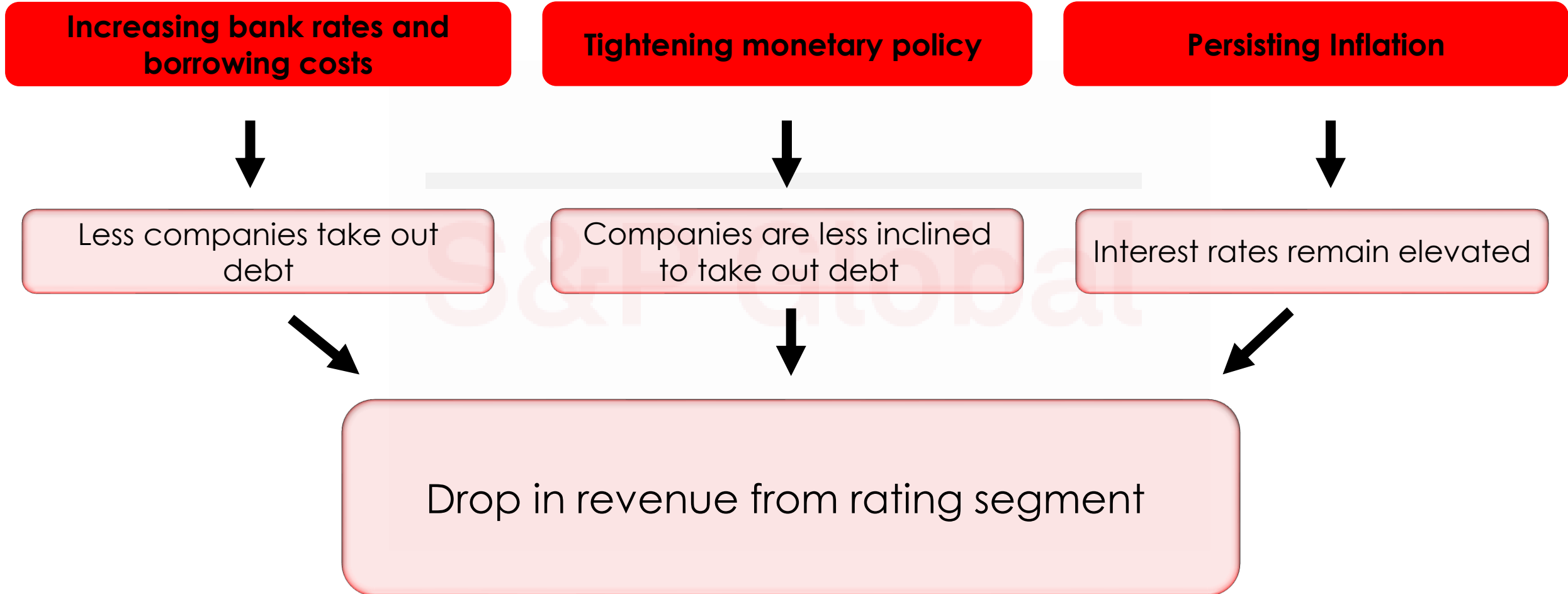
Global conflicts

Reduced revenues in all
segments

Equity Markets



Bond and Credit Markets



Commodity Markets

Volatility



Inconsistency in revenues for
Commodity Segment

Globalization risks



Global conflicts (Russian Ukraine
Conflict)

No/reduced revenues from
affected countries

Divestiture

Dis-synergies



Affects profitability of operations

Greater than expected adverse effects



Greater impairment charges or other divestment losses

Loss of Revenue stream



Lower potential for revenue growth

Enhanced Cybersecurity Risks

Information Systems



Following merger

IHS used 3rd party information systems

S&P's access to confidential information



Information that can affect competitive positions

Consequences of a successful attack are greater

Advancements in Technology



More expenses related to cyber-security

Negative pressure on margins



Competitor Analysis

Sam Flores



Competitor Analysis



Market Intelligence



Ratings



Commodity Insights



Mobility



Indices



Engineering Solutions

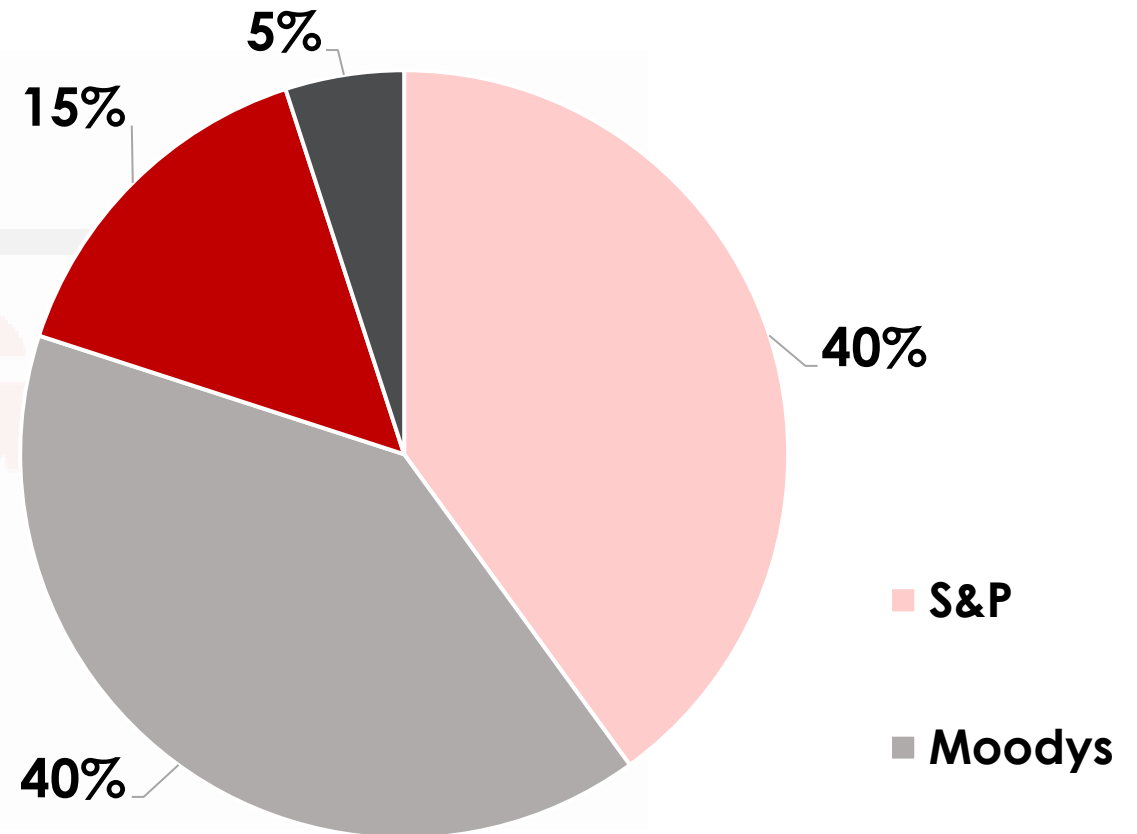
Crediting Rating

“Big Three” credit rating companies making approximately 95% of the market.

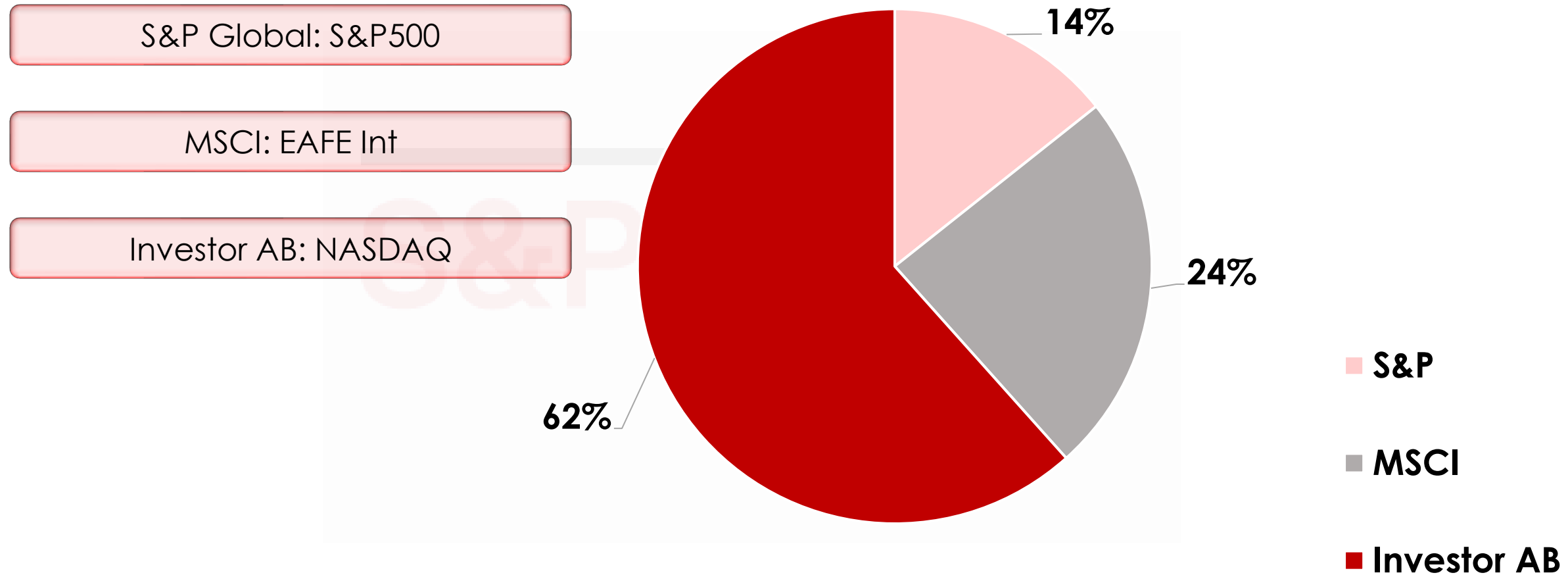
S&P Global – 40%

Moody's – 40%

Fitch Ratings – 15%



Indices



Competitor Analysis

Credit rating

MOODY'S

Indices



MSCI

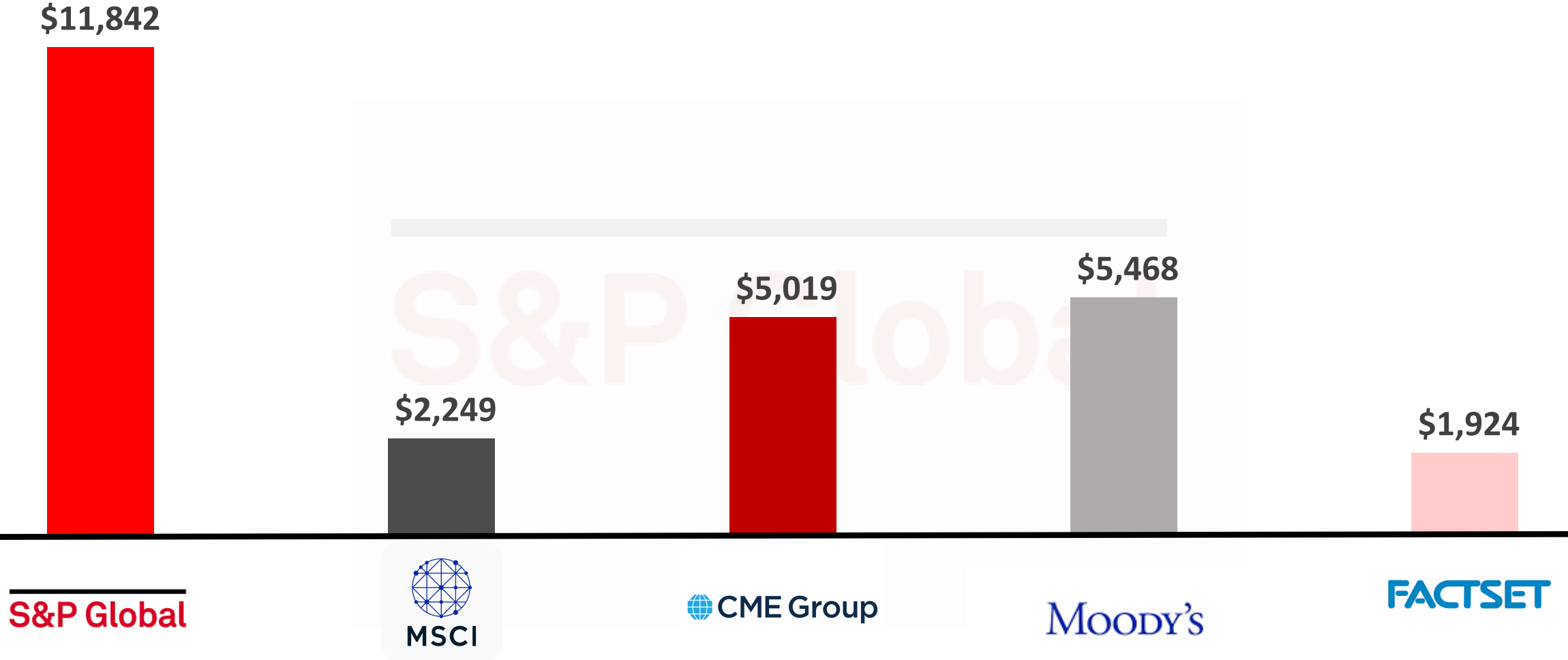
Market Intelligence

FACTSET

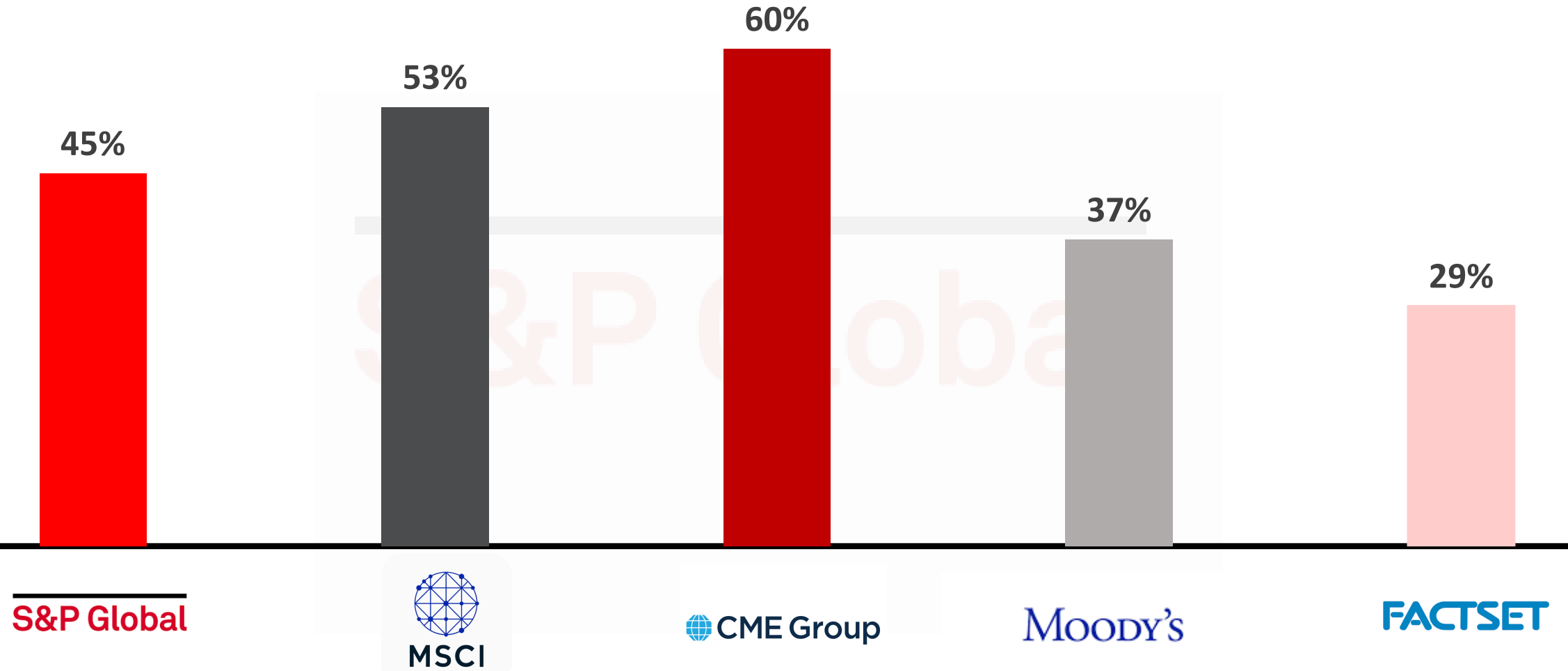
 CME Group

*TTM
Millions USD
Adjusted

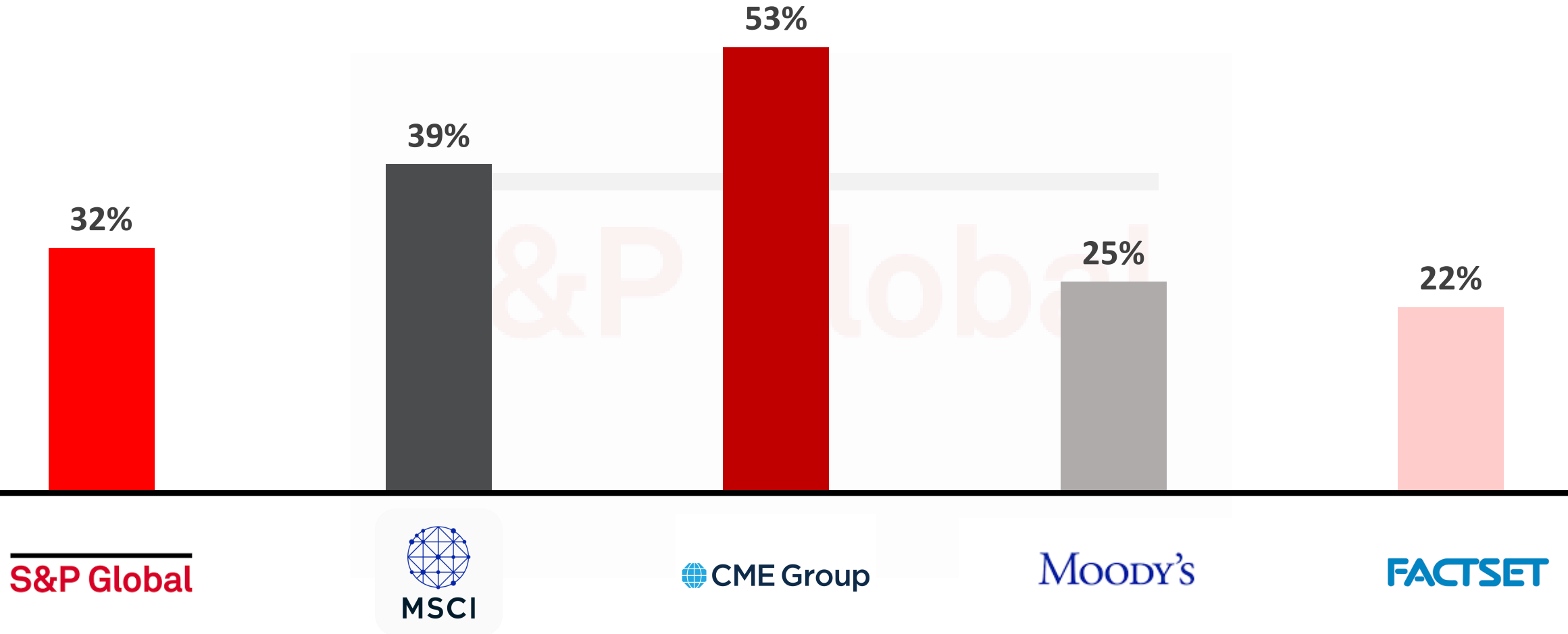
Total Revenue



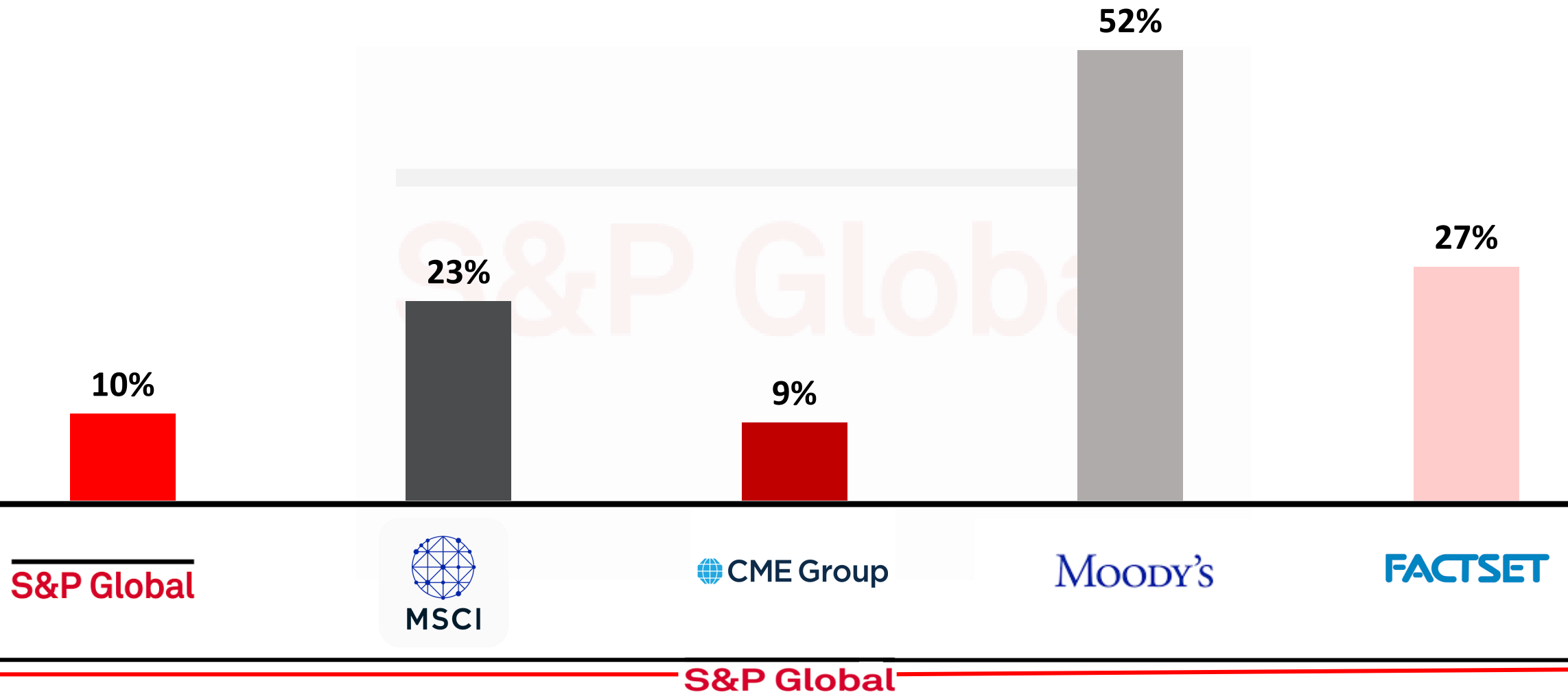
Operating Margin



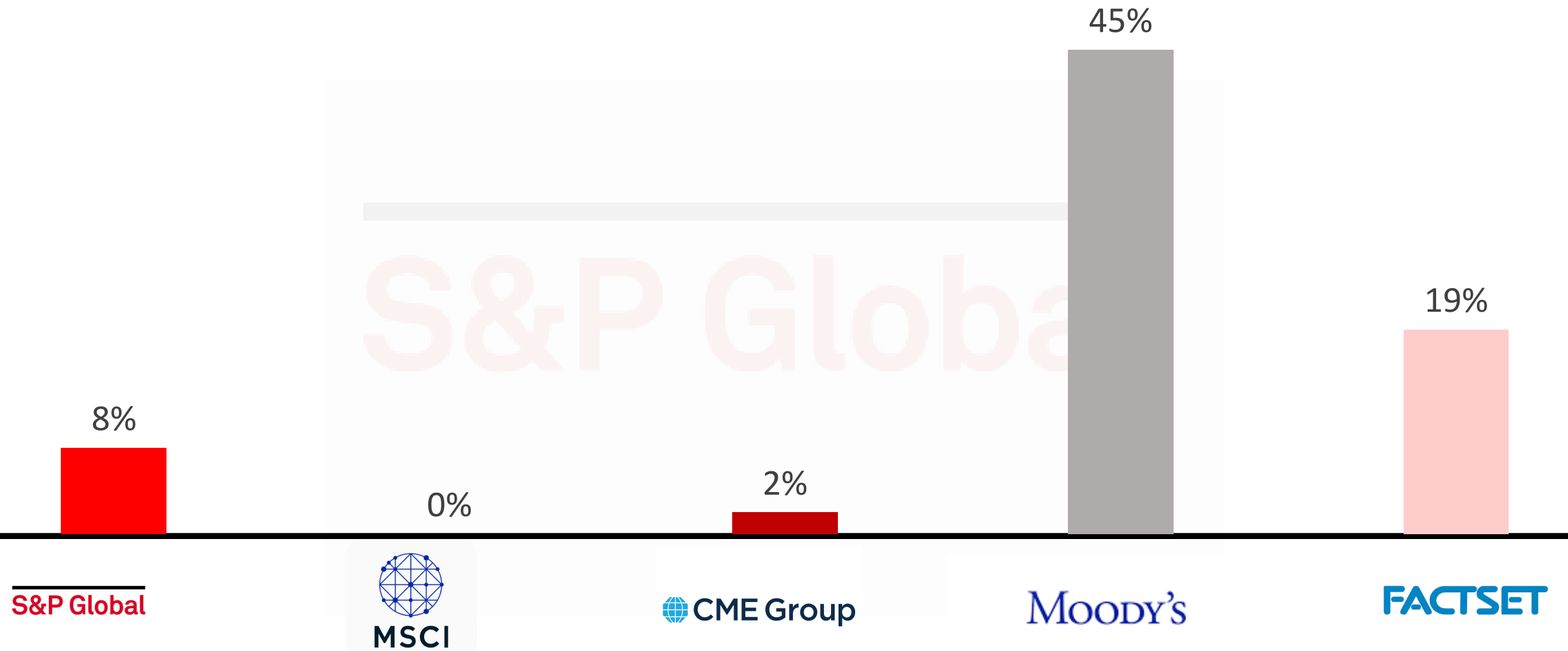
Net Margin



1-Year ROE



1-Year ROIC





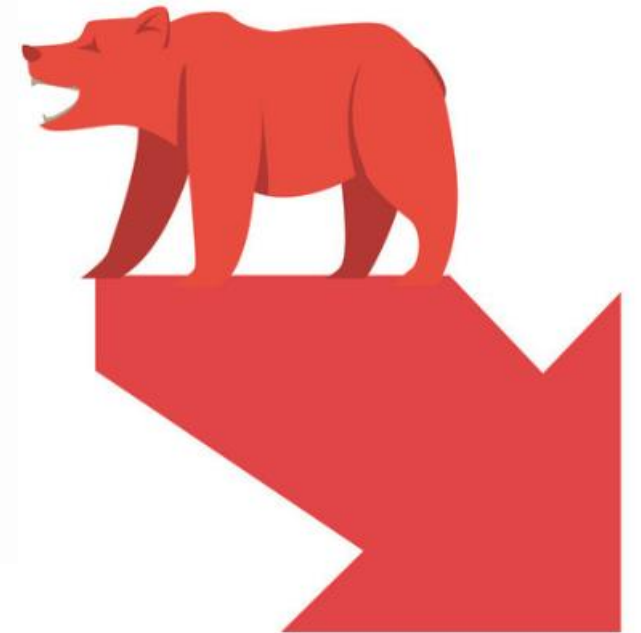
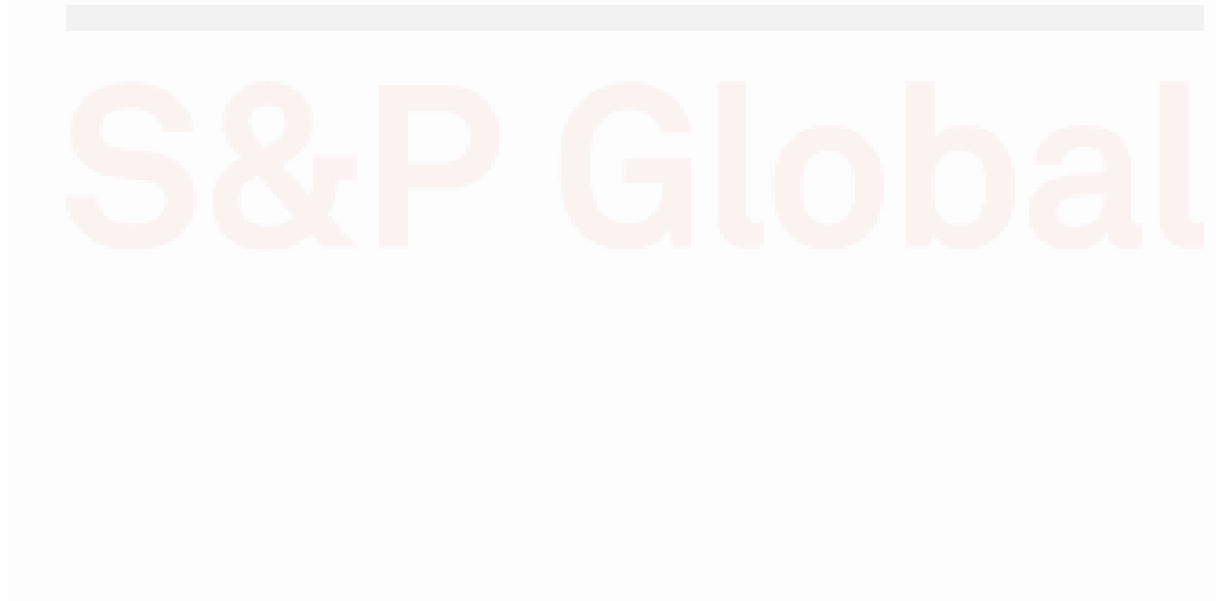
Valuation & Conclusion

William Errett



Valuation ~ Bear Team

What should we pay for S&P Global?



5-Year EPS Model Inputs (Year 1)

Driver	Bear	Base	Bull
Share buybacks	3%	3%	3%
Margin expansion	2%	3%	4%
Revenue growth	4%	5%	6%
Total growth rate %	9%	11%	13%

5-Year EPS Model Inputs (Years 2-5)

Driver	Bear	Base	Bull
Share buybacks	3%	3%	3%
Margin expansion	0%	1%	2%
Revenue growth	3%	4%	5%
Total growth rate %	6%	8%	10%

5 Year EPS Model

Ticker: SPGI		5 Year EPS Forecast					P/E	Total Return Price	PV	5 YR Return	Annual Return
Bear	<u>Current</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	24.0x	\$386.57	\$240.03	13.2%	2.5%
	EPS	\$11.19	\$12.20	\$12.93	\$13.70	\$14.53	28.0x	\$448.16	\$278.27	31.2%	5.6%
			9%	6%	6%	6%	32.0x	\$509.75	\$316.52	49.3%	8.3%
Base	<u>Current</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	24.0x	\$422.56	\$262.38	23.7%	4.4%
	EPS	\$11.19	\$12.42	\$13.41	\$14.49	\$15.65	28.0x	\$490.16	\$304.35	43.5%	7.5%
			11%	8%	8%	8%	32.0x	\$557.75	\$346.32	63.3%	10.3%
Bull	<u>Current</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	24.0x	\$461.31	\$286.44	35.1%	6.2%
	EPS	\$11.19	\$12.64	\$13.91	\$15.30	\$16.83	28.0x	\$535.37	\$332.42	56.8%	9.4%
			13%	10%	10%	10%	32.0x	\$609.42	\$378.40	78.4%	12.3%

5-Year EPS Sensitivity Analysis

Total RoR Sensitivity				
		Est. EPS growth rate		
		7%	9%	11%
P / E	\$11.19			
	24.0x	2.5%	4.4%	6.2%
	28.0x	5.6%	7.5%	9.4%
	32.0x	8.3%	10.3%	12.3%

5-Year EPS Margin of Safety

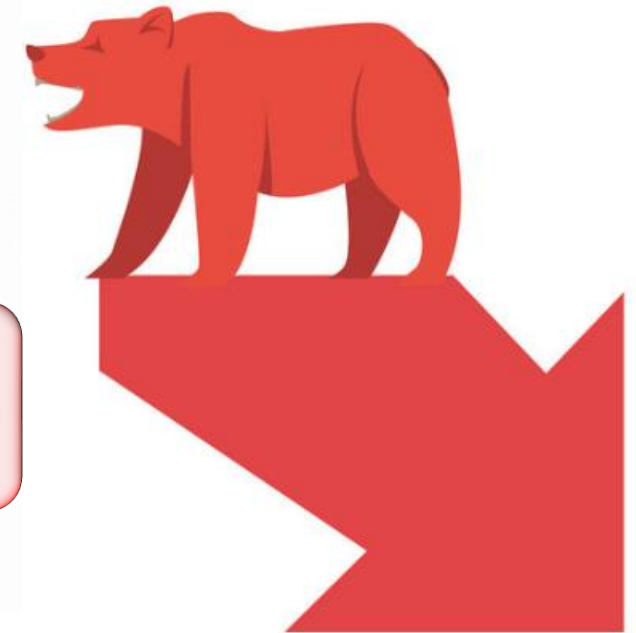
	Bear	Base	Bull
Present Value	\$278.27	\$304.35	\$332.42
Margin of Safety	-23.99%	-13.40%	-3.79%

Conclusion

S&P Global has several market-related risk factors

These risks are marginally offset by revenue diversification

However, diversification of revenue leads to lower growth rates in the future



Conclusion

- Currently this stock is overvalued buy both bull and bear valuation methods
- S&P is a good business that has a wide moat and is sure to do well in the long run

Recommendation:
HOLD





Q&A



Appendix

S&P Global

Revenue Drivers

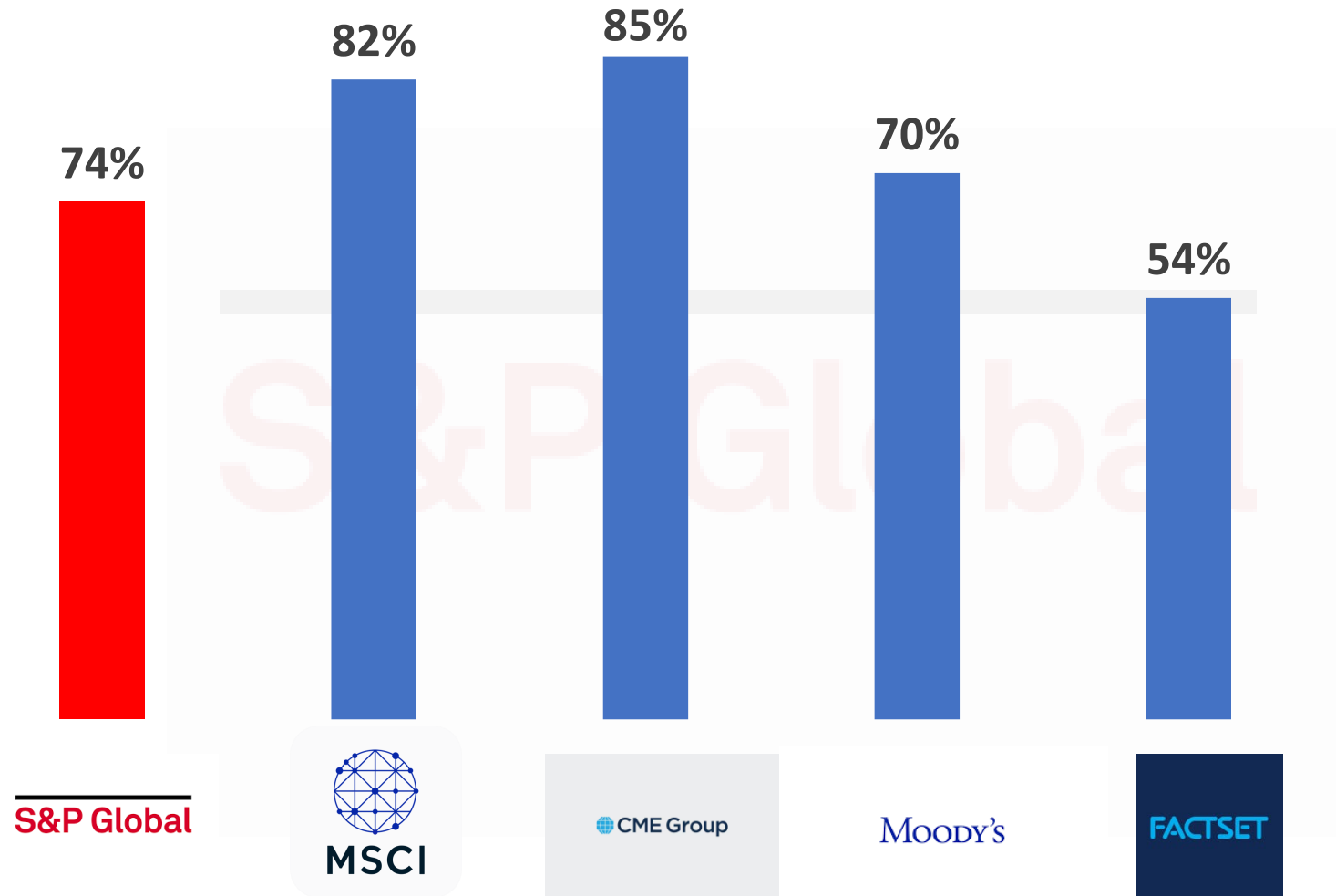
Management guidance FY2023

Operating margin 49.5% ~ 2025



Driver	Low	Mid	High
Market Intelligence	6.5%	7.5%	8.5%
Mobility	6.5%	7.5%	8.5%
Commodity Insights	6.5%	7.5%	8.5%
Ratings	4%	5%	6%
Indices	0%	1%	2%

Gross Profit Margin



Intangible Assets

Nationally Recognized Statistical
Rating Organization

Management and Customer
relationships

Patents, Trademarks, and Copyrights

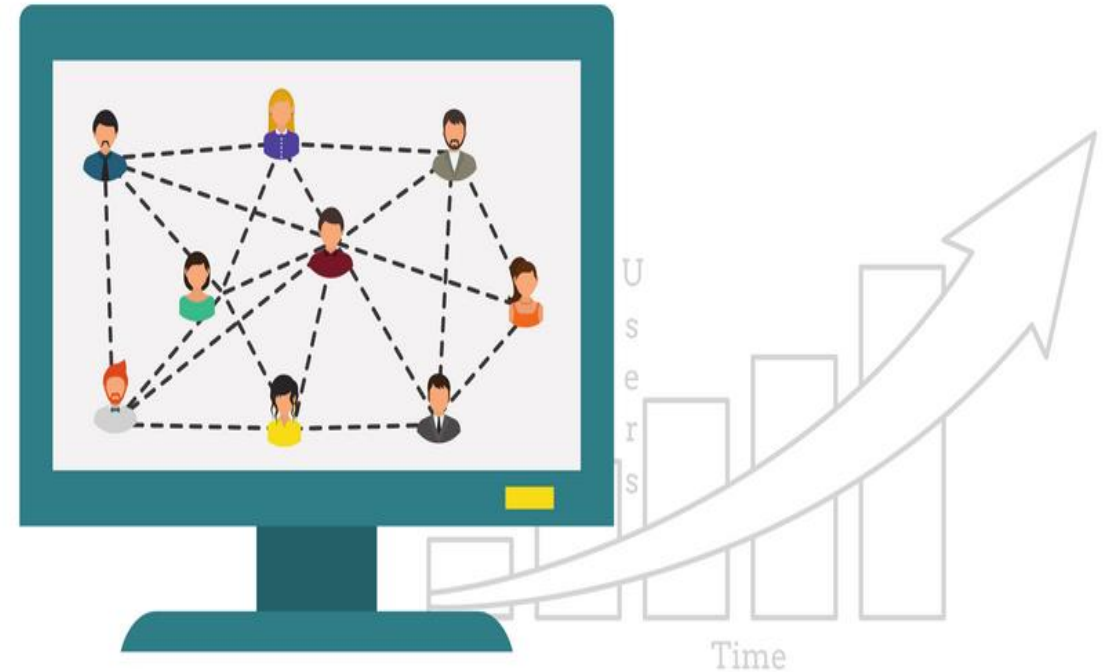


Network Effect

Accepted by index providers and government regulators.

Vast amount of financial data

Platform and Tools



Switching Costs

Ratings and Research

Integrated Products, Services, and Data

With S&P, bond issuers pay less in interest



Equity Markets

Sustained heightened Volatility



Too risky for potential shareholders
to invest in the market

S&P's revenue is not consistent

Inflation



Greater risk of corporations having
lower margins

More risk as inflation continues to
grow for potential shareholders