S&P Global (SPGI)

Earnings Update

Hold | Outperform

Sam Finley, Diego Bonilla | August 3, 2026

Overview

- S&P Global is a leading financial information and analytics company that provides credit ratings, market data, financial research, and stock market indices. Its services are widely used by investors, corporations, governments, and financial institutions around the world.

- S&P Global generates revenue through credit ratings, subscription-based financial data and analytics, licensing fees from indices like the S&P 500, and commodity pricing services. Most of its revenue is recurring through subscriptions and long-term customer relationships.

- Assets benchmarked to S&P Dow Jones Indices exceed $27 trillion. One of the "Big Three" global credit rating agencies alongside Moody's and Fitch, giving it significant pricing power and customer trust.

- S&P Global recently reported strong earnings driven by growth in its Ratings, Indices, and Market Intelligence businesses. The company also expanded its data and analytics capabilities through acquisitions and continued investing in AI-powered products.

- Adjusted EPS grew 23%, and the company continues returning capital through dividend increases and share repurchases while investing in strategic acquisitions. Announced the acquisitions of datacenter Hawk and a majority stake in Agusto & Co. to expand its data and credit analytics businesses.

Results

- Revenue pro forma (adjusting for the Mobility Global spinoff) increased 11% YoY, reported at $3.68B.
- Adjusted Diluted EPS increased 23% YoY, reported at $4.83.
- GAAP Diluted EPS increased 18% YoY, reported at $4.12.
- Operating margin increased to 54.3% up 200 bps (basis points).
- Operating profit increased to $2B (15% YoY).
- Free Cash Flow was reported at $1.33B, with an increase of about 7% YoY.
- Ratings sector increased revenue by 17%.
- Indices sector increased revenue by 20%. Their ETF assets tied to the S&P indices continued to grow.
- Their Market Intelligence sector saw 6% growth and the Energy sector saw low single digit growth.
- Reported that approximately $1.5B in shares have been repurchased this year.

Key Performance Indicators

- Revenue increased 11% y/y to $4.15B, driven by strong growth across Ratings, Market Intelligence, Indices, and Commodity Insights.
- Adjusted EPS increased 23% y/y to $4.83, supported by revenue growth and operating leverage.
- Adjusted operating profit increased 15% y/y to approximately $2.0B, with adjusted operating margin expanding 2%.
- Ratings revenue increased 18% y/y due to strong global debt issuance activity.
- S&P Dow Jones Indices continued growth from higher ETF assets linked to S&P benchmarks, providing recurring fee revenue.
- Management reaffirmed full-year 2026 guidance, showing confidence in continued demand and growth.

Guidance

- Management increased their goal on share buybacks for 2026 to $7 billion. They are continuing to pay and grow their dividend. This is supported by their significant free cash flow.
- Adjusted EPS guidance of $19.20–$19.65 (full-year adjusted diluted EPS), reflecting continued earnings growth supported by revenue expansion and operating leverage.
- Revenue expected to grow 5.9%–7.9% in 2026 (excluding Mobility), driven by strength in Ratings, Market Intelligence, Indices, and Commodity Insights.
- Adjusted operating margin expected to expand, supported by productivity initiatives and cost discipline.
- Share repurchases and dividends expected to return 100%+ of adjusted free cash flow to shareholders.
- Capital expenditures expected to remain around $200M–$250M, reflecting continued investment in technology, data infrastructure, and AI capabilities.
- Strategic focus on AI and data solutions, with continued investment in products such as Capital IQ Pro and Kensho to drive long-term growth.

IOFS

- Return on Capital (ROC) is less than our 15% threshold.
- Return on Equity (ROE) is now above our 15% threshold.
- D&A/Gross Profit and SG&A/Gross Profit both exceed our thresholds.

S&P Global Inc

In Millions ($) Except Per Share Data

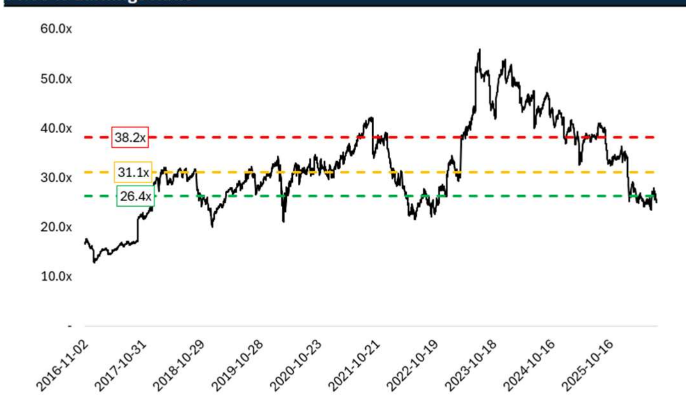
8/1/2026	2016-12	2017-12	2018-12	2019-12	2020-12	2021-12	2022-12	2023-12	2024-12	2025-12	TTM	IOFS Threshold
IOFS												
Revenue	$5,661	$6,063	$6,258	$6,699	$7,442	$8,297	$11,181	$12,497	$14,208	$15,336	$16,121	
YoY (%)		*7.1%*	*3.2%*	*7.0%*	*11.1%*	*11.5%*	*34.8%*	*11.8%*	*13.7%*	*7.9%*		
Gross profit	$3,888	$4,369	$4,420	$4,723	$5,348	$6,117	$7,428	$8,356	$9,847	$10,773	$11,430	
YoY (%)		*12.4%*	*1.2%*	*6.9%*	*13.2%*	*14.4%*	*21.4%*	*12.5%*	*17.8%*	*9.4%*		
Operating Income	$2,240	$2,583	$2,790	$3,177	$3,601	$4,210	$3,019	$4,054	$5,478	$6,177	$6,700	
YoY (%)		*15.3%*	*8.0%*	*13.9%*	*13.3%*	*16.9%*	*(28.3)%*	*34.3%*	*35.1%*	*12.8%*		
Net Income	$2,106	$1,496	$1,958	$2,123	$2,339	$3,024	$3,248	$2,626	$3,852	$4,471	$4,922	
YoY (%)		*(29.0)%*	*30.9%*	*8.4%*	*10.2%*	*29.3%*	*7.4%*	*(19.2)%*	*46.7%*	*16.1%*		
Earnings Per Share	$7.94	$5.78	$7.73	$8.60	$9.66	$12.51	$10.20	$8.23	$12.35	$14.66	$16.42	
YoY (%)		*(27.2)%*	*33.7%*	*11.3%*	*12.3%*	*29.5%*	*(18.5)%*	*(19.3)%*	*50.1%*	*18.7%*		
Shares Outstanding	265	259	253	247	242	242	319	319	312	305	296	
YoY (%)		*(2.4)%*	*(2.2)%*	*(2.5)%*	*(1.9)%*	*(0.1)%*	*31.7%*	*0.1%*	*(2.2)%*	*(2.2)%*		
Free Cash Flow	$1,445	$1,893	$1,951	$2,661	$3,491	$3,563	$2,514	$3,567	$5,565	$5,456	$5,573	
YoY (%)		*31.0%*	*3.1%*	*36.4%*	*31.2%*	*2.1%*	*(29.4)%*	*41.9%*	*56.0%*	*(2.0)%*		
Cash Flow From Operations	$1,560	$2,016	$2,064	$2,776	$3,567	$3,598	$2,603	$3,710	$5,689	$5,651	$5,729	
YoY (%)		*29.2%*	*2.4%*	*34.5%*	*28.5%*	*0.9%*	*(27.7)%*	*42.5%*	*53.3%*	*(0.7)%*		
Capital Expenditures	$115	$123	$113	$115	$76	$35	$89	$143	$124	$195	$156	
YoY (%)		*7.0%*	*(8.1)%*	*1.8%*	*(33.9)%*	*(53.9)%*	*154.3%*	*60.7%*	*(13.3)%*	*57.3%*		
Margins %												
Gross Margin:	68.7%	72.1%	70.6%	70.5%	71.9%	73.7%	66.4%	66.9%	69.3%	70.2%	70.9%	> 40%
Operating Margin:	39.6%	42.6%	44.6%	47.4%	48.4%	50.7%	27.0%	32.4%	38.6%	40.3%	41.6%	> 20%
Net Margin:	37.2%	24.7%	31.3%	31.7%	31.4%	36.4%	29.0%	21.0%	27.1%	29.2%	30.5%	> 10%
Free Cash Flow Margin:	25.5%	31.2%	31.2%	39.7%	46.9%	42.9%	22.5%	28.5%	39.2%	35.6%	34.6%	> 10%
D&A/ Gross Profit:	4.7%	4.1%	4.7%	4.3%	3.9%	2.9%	13.6%	13.7%	11.9%	10.9%	10.6%	< 10%
SG&A/ Gross Profit:	37.7%	36.8%	32.2%	28.4%	28.8%	28.3%	45.7%	37.8%	32.5%	31.7%	30.8%	< 30%
Interest Expense/ Operating Income	8.1%	5.8%	4.8%	4.4%	3.9%	2.8%	10.1%	8.2%	5.4%	4.6%	4.7%	< 35%
Capital Expenditures/ Net Income	5.5%	8.2%	5.8%	5.4%	3.2%	1.2%	2.7%	5.4%	3.2%	4.4%	3.2%	< 50%
Returns %												
Return on Equity:	324.0%	211.0%	311.8%	443.2%	459.5%	148.8%	8.9%	7.7%	11.6%	14.4%	15.6%	> 15%
Return on Capital:	50.0%	35.0%	45.6%	48.0%	50.6%	49.2%	6.9%	5.8%	8.6%	10.1%	10.5%	> 15%
Dividend Yield %	1.3%	1.0%	1.2%	0.8%	0.8%	0.7%	1.0%	0.8%	0.7%	0.7%	0.9%	
Dividend Payout Ratio:	26.9%	23.8%	23.5%	23.9%	22.9%	22.5%	29.7%	28.6%	23.2%	21.5%	23.7%	< 60%
Leverage & Liquidity												
Long Term Debt:	$3,564	$3,170	$3,662	$3,948	$4,110	$4,114	$10,730	$11,412	$11,394	$12,370	$12,598	
Short Term Debt:	-	$399	-	-	-	-	$226	$47	$4	$718	$2,572	
Preferred Stock:	-	-	-	-	-	-	-	-	-	-	-	
Leases:	-	-	-	$784	$700	$672	$577	$541	$535	$494	$452	
Pension Funding Shortfall:	$274	$244	$229	$259	$291	$262	$180	$199	$180	$178	$177	
Cash and Equivalents:	$2,392	$2,777	$1,917	$2,866	$4,108	$6,497	$1,286	$1,290	$1,666	$1,745	$4,134	
Marketable Securities	$8	$12	$18	$28	$9	$11	$14	$26	$20	$56	$0	
Obligation Ratio	0.6x	0.5x	0.9x	0.9x	0.3x	(0.6)x	3.2x	4.1x	2.7x	2.6x	2.3x	< 5.0x
Per Share Data												
Revenue	$21.35	$23.42	$24.72	$27.13	$30.74	$34.31	$35.11	$39.19	$45.55	$50.27	$53.78	
Owners Earnings	$8.37	$5.83	$6.45	$9.21	$11.04	$12.67	$11.00	$9.03	$15.73	$16.14	$17.73	
Diluted Earnings	$7.94	$5.78	$7.73	$8.60	$9.66	$12.51	$10.20	$8.23	$12.35	$14.66	$16.42	
Operating Cash Flow	$5.88	$7.79	$8.15	$11.24	$14.73	$14.88	$8.17	$11.63	$18.24	$18.52	$19.08	
Free Cash Flow	$5.45	$7.31	$7.71	$10.78	$14.42	$14.74	$7.89	$11.19	$17.84	$17.88	$18.56	
Dividends	$1.44	$1.64	$2.00	$2.28	$2.68	$3.08	$3.32	$3.60	$3.64	$3.84	$3.86	
Book Value	$2.52	$2.79	$2.52	$1.96	$2.11	$8.43	$110.60	$108.64	$107.73	$104.17	$106.86	

Valuation

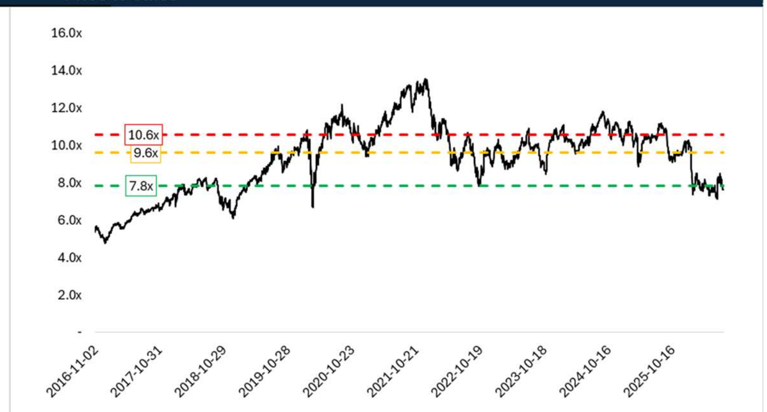
Value Bands:

Majority of the value bands indicate that SPGI is currently trading in the potentially undervalued 25th percentile. Dividend Yield and PEG ratio indicate that they could be fairly valued in the 50th percentile.

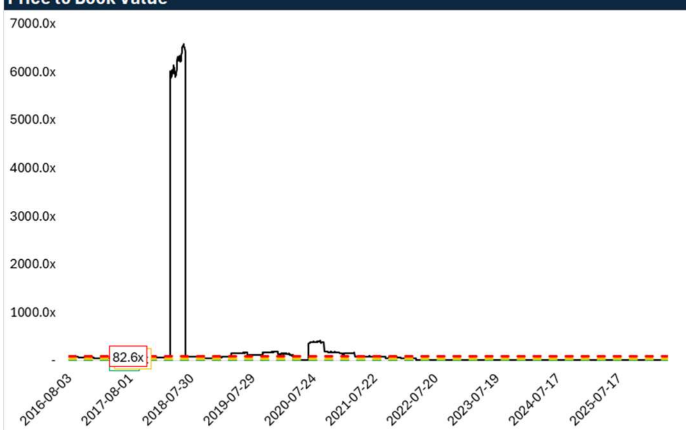
Price to Earnings Ratio



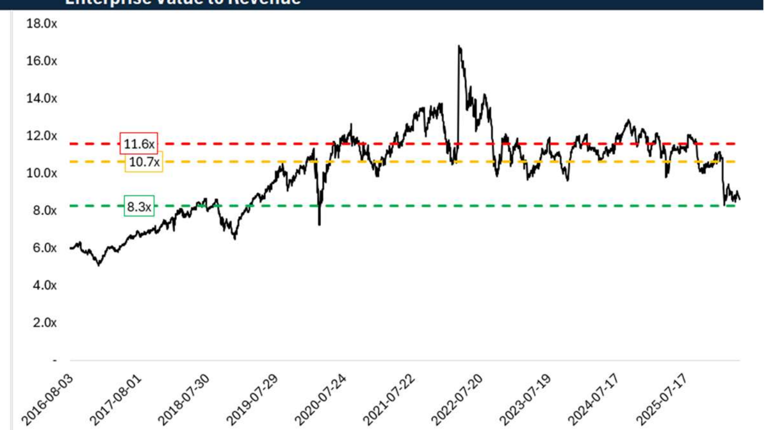
Price to Sales



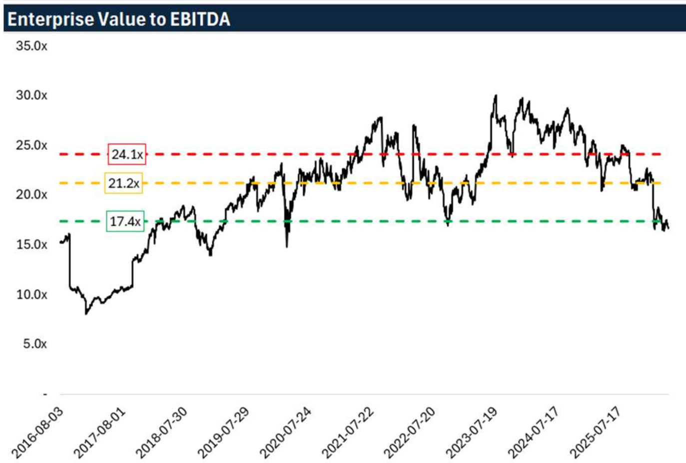
Price to Book Value



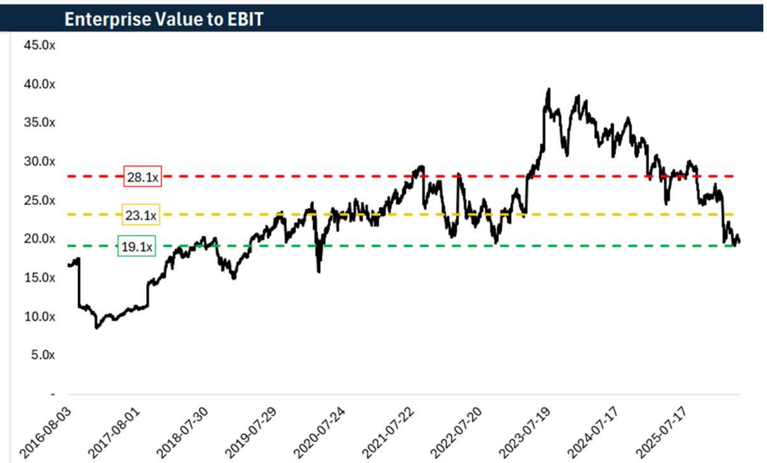
Enterprise Value to Revenue



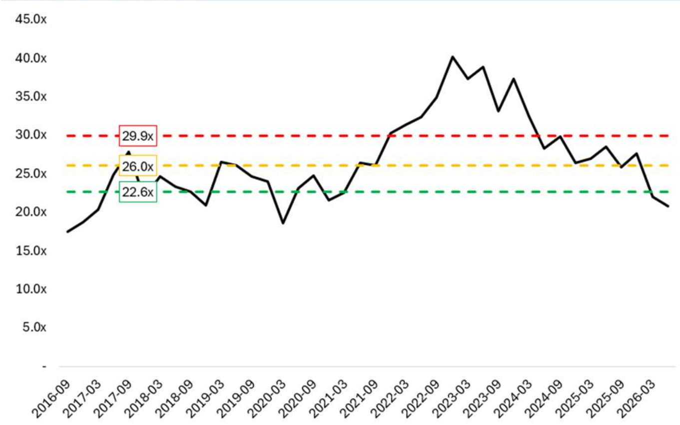
Enterprise Value to EBITDA



Enterprise Value to EBIT



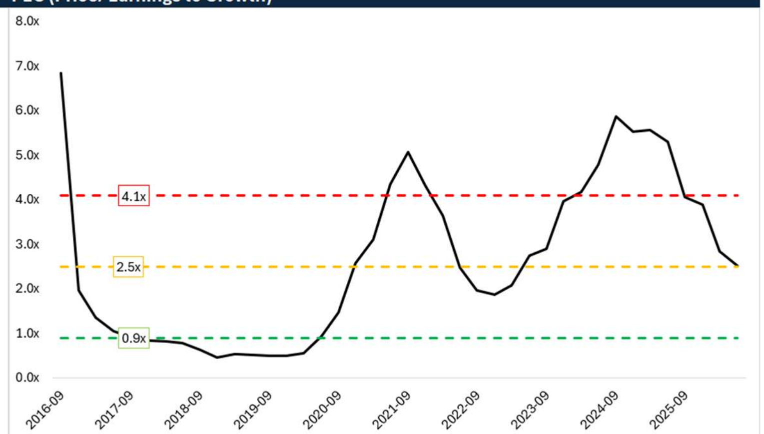
Price to Free Cash Flow



Enterprise Value to Free Cash Flow

Dividend Yield (Inverted)

PEG (Price/ Earnings to Growth)



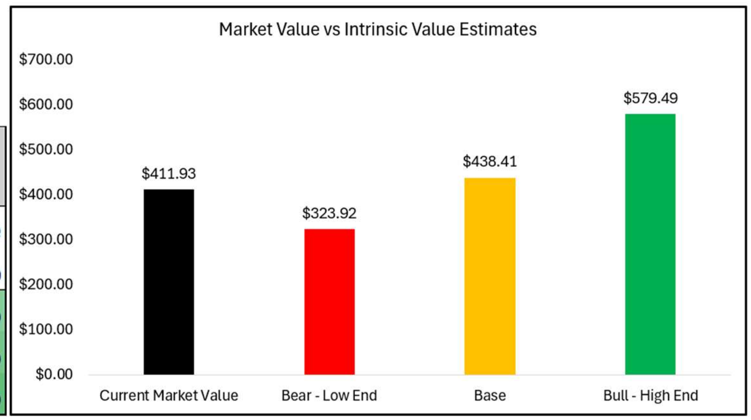
Valuation:

Ticker:	SPGI	
Price:	$411.93	
Discount Rate:	11.0%	**5 Year Discounted Cash Flow**
Method:	EPS	
Dividend Payout Ratio	23.7%	

Scenario	Method	2025-12	2026	2027	2028	2029	2030	P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
Bear	EPS	$16.42	$17.90	$19.51	$21.26	$23.39	$25.73	20.0x	$514.60	$305.39	24.9%	4.6%	5.6%
			9%	9%	9%	10%	10%	21.0x	$540.33	$320.66	31.2%	5.6%	6.6%
								22.0x	$566.06	$335.93	37.4%	6.6%	7.5%
Base	EPS	$16.42	$18.06	$19.87	$22.05	$24.48	$27.17	24.0x	$652.14	$387.01	58.3%	9.6%	10.5%
			10%	10%	11%	11%	11%	26.0x	$706.48	$419.26	71.5%	11.4%	12.2%
								28.0x	$760.83	$451.51	84.7%	13.1%	13.8%
Bull	EPS	$16.42	$18.39	$20.60	$23.07	$26.07	$29.46	30.0x	$883.70	$524.43	114.5%	16.5%	17.2%
			12%	12%	12%	13%	13%	31.0x	$913.16	$541.91	121.7%	17.3%	18.0%
								32.0x	$942.61	$559.40	128.8%	18.0%	18.7%

Total RoR Sensitivity

P / E	Est. EPS growth rate: 9.4%	10.6%	12.4%
20.0x	4.6%	9.6%	16.5%
26.0x	5.6%	11.4%	17.3%
32.0x	6.6%	13.1%	18.0%



Recommendation:

Our recommendation is to HOLD upon further evaluation; this is because S&P Global is a wide moat business with predictable and consistent financials. Its margins continue to be a strength and well above our thresholds. Majority of the value bands are around the potentially undervalued 25th percentile, however the PEG ratio (Price/Earnings to Growth) is fairly valued. We'd also like to see the value bands to be slightly more undervalued before recommending a buy. Another factor that leads us to recommend holding is the fact that ROE (Return on Equity) is below our threshold and ROC (Return on Capital) just narrowly reached the threshold this year. Despite the few concerning factors, we still believe the market has slightly undervalued this consistent, wide-moat, battleship company. The Ratings and Indices sectors of the business have both been growing double digits at 17% and 20%, respectively. That being said, we recommend to hold this asset.