

The BIClings

Take us to
your
statements



What is Synchrony Financial?

- Ticker Symbol: SYF
- Exchange: NYSE
- Stock Price: \$33.27
- Market Cap: \$21.5 billion
- Revenues (FY2019): \$17.2 billion



What is Synchrony Financial?

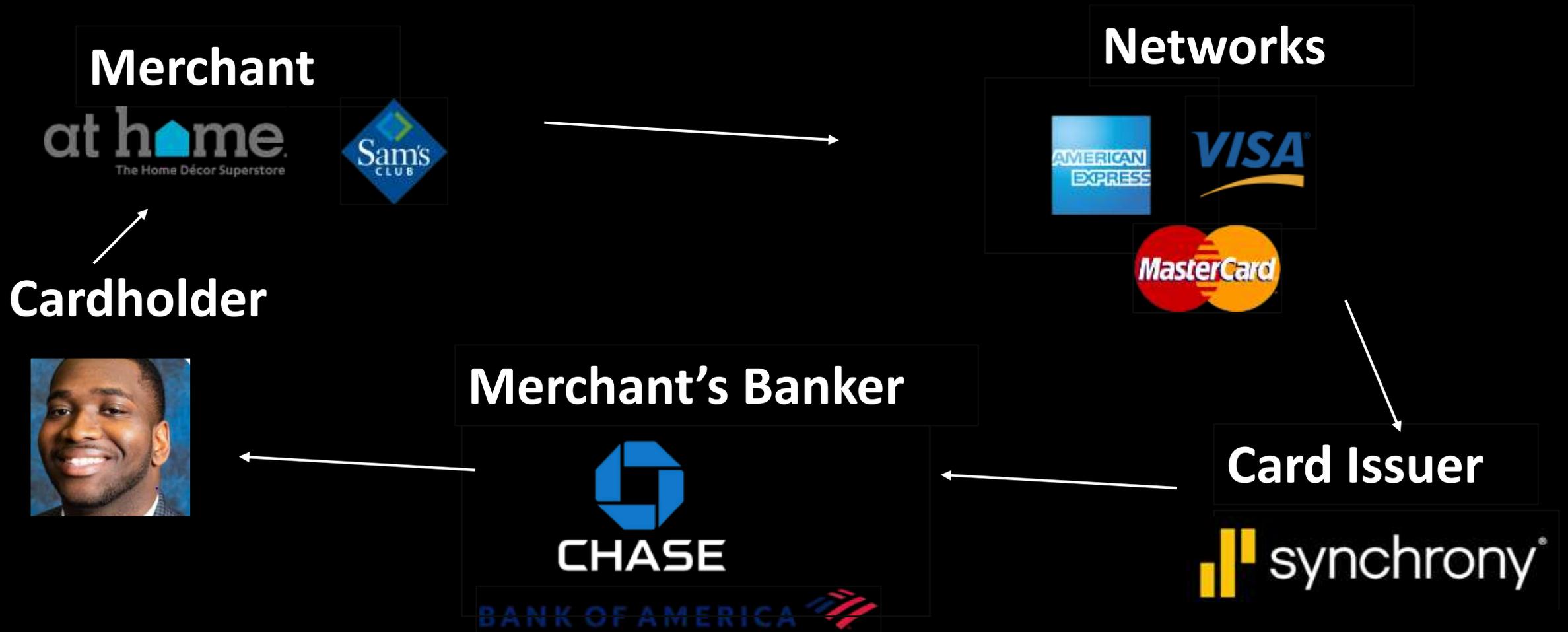
- Financial services company specializing in custom financing and banking services
 - Across industries such as national/regional retailers, local merchants, manufacturers, and healthcare service providers
- Partners with over 500 retailers in the U.S. (Retail Card)
 - 390,000 locations
- Provides financing for major consumer purchases (Payment Processing)
- Provides financing for major medical bills (CareCredit)



Timeline (History)

- **1932 – General Electric begins offering financing plans to help consumers more easily pay for appliances.**
- **1970 – First GE-branded credit card is released**
- **1981 – GE Capital Retail Bank is founded to provide retail credit services to consumers**
- **1981 – CarCare is established, providing financing for auto repair and products.**
- **1998 - Establishes partnerships with JCPenney and Walmart.**
- **2007 – Partnerships with Chevron and Texaco.**
- **2009 – First mobile banking app.**
- **2014 – Spun-off into Synchrony Financial**
- **2014 – IPO**

Credit Card Transactions



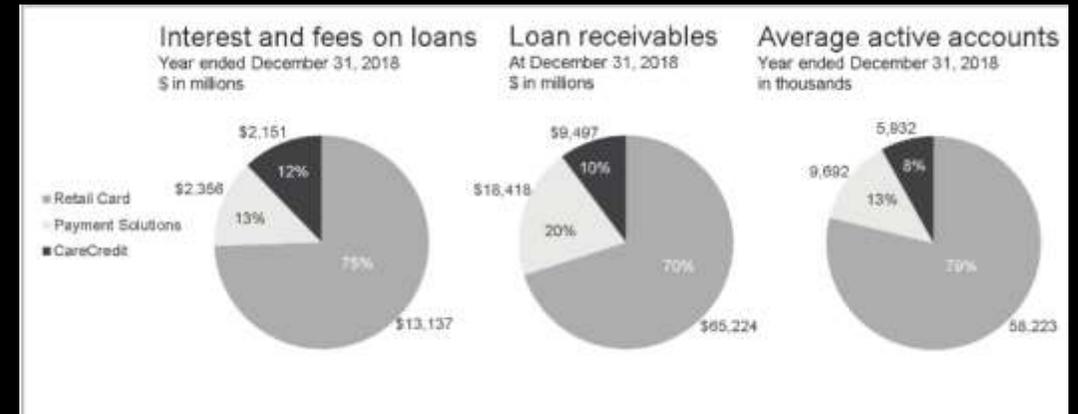
Industry Overview

- Synchrony is very specialized in its business model compared to the nearest competition
 - Focuses on retail industry, but different types of retail
- Industry-specific metrics outperform peers
 - Net Interest Margin
 - Return on Assets
- Market is very segmented
 - American Express (AXP) focused on high end
 - Capital One (COF) focuses on lower classes



How Synchrony Makes Money

- As a financial institution, Synchrony earns money via fees and interest income on loans and invested cash balances
- Large portions of revenue are recognized on the income statement but are actually receivables (owed within 1 year)
- The spread between deposits and loans



FREEDOM COMES WITH
BIG REWARDS

Enjoy 24/7 convenience:



If you are attempting to access a Synchrony Financial Mastercard account that was formerly an "It's Us Mastercard, please visit www.credit.syn.com/service

Credit Products

- Private Label Credit Cards
- Dual Cards/Co-Branded Cards
- Pay-in-full Accounts Receivable
- Installment Loans



Retail Card

- Private label credit cards and Dual Cards (private co-branded cards)
- Most are closed-loop, only can be used at participating retailers
- 29 national and regional retailers with over 40,000 retail locations
- Contracts range from five to ten years on average



Retail Card partners
At December 31, 2018 (length of relationship in years)

Mass merchandisers	Specialty retailers	Department stores
Lowe's (39)	American Eagle (22)	Belk (13)
Sam's Club (25)	At Home (2)	JCPenney (19)
Walmart (19)	BP (3)	Stein Mart (12)
E-retailers	Chevron (11)	Travel & Entertainment
Amazon (11)	Ciligo (2)	Cathay Pacific (1)
Ebates (5)	Crate and Barrel (1)	Fareportal (2)
eBay (1)	Dick's Sporting Goods (15)	Marvel (2)
Evine Live (12)	Gap (20)	
Google Store (2)	Men's Wearhouse (20)	
PayPal (14)	Mills Fleet Farm (13)	
QVC (13)	Nissan and Infiniti (1)	
	Phillips 66 (5)	
	TJX (7)	



Payment Processing

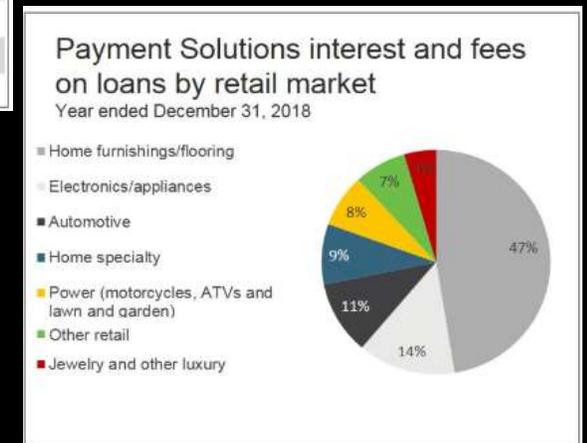
- Leading provider of promotional financing for major consumer purchases

Top 10 Payment Solutions programs⁽¹⁾
At December 31, 2018

Partner (length of relationship in years)	Category
American Signature Furniture (6)	Home furnishings
Ashley HomeStore (7)	Home furnishings
Discount Tire (20)	Automotive
Home Furnishings Association (9)	Home furnishings
Mattress Firm (18)	Home furnishings
Nationwide Marketing Group (18)	Home furnishings
P.C. Richard & Son (20)	Electronics and appliances retailer
Rooms To Go (16)	Home furnishings
Sleep Number (15)	Home furnishings
Yamaha Motor Corp. USA (14)	Power

- Promotional periods are offered as incentive

- Deferred interest
- No interest
- Reduced Interest

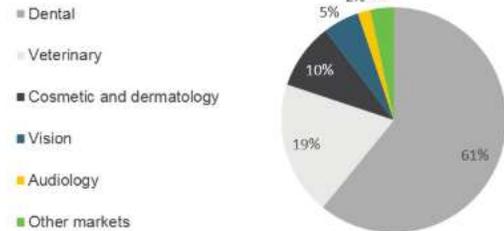


Care Credit

- Promotional financing for health, veterinarian, and personal care products
- Partners mainly individuals and small providers of healthcare services
- Health-focused retailers (Pharmacies)

CareCredit interest and fees on loans by specialty

Year ended December 31, 2018



CareCredit key relationships

Rite Aid

Walgreens

- Approximately 175,000 providers across over 220,000 locations at December 31, 2018

Expansive network of independent healthcare providers

National and regional healthcare providers

Aspen Dental

Heartland Dental

LCA Vision

Mars Petcare

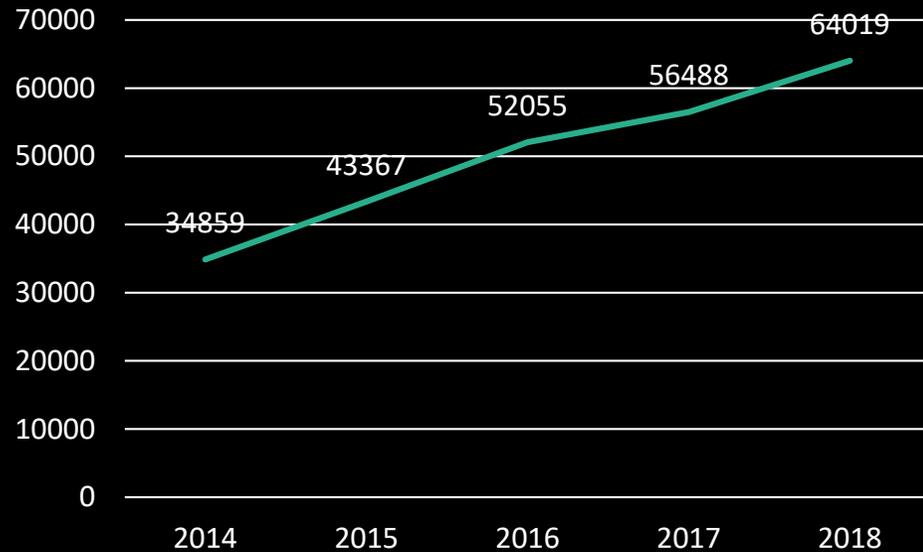
Professional and other associations

American Dental Association

American Society of Plastic Surgeons

American Veterinary Medical Association

Deposits



Millions (\$)

- Offers FDIC-insured savings and deposits products
- Deposits help to fund loans made on credit cards
- Due to higher average APRs, SYF can offer higher interest rates on the Bank's products
- ~\$67 billion in deposits, makes up 73% of funding

Average Relationship: 21 years

Key Partners



Largest e-commerce retailer,
hundreds of billions in sales

12 year relationship



Duopoly with Home Depot
as home improvement

40 year relationship



One of the largest wholesale
retailers in North America

26 year relationship



Biggest retailer for auto parts

21 year relationship



One of the largest mattress
retailers in the world

19 year relationship



Pharmacy and convenience
store, (9000 locations)

~30 year relationship



Loyalty Programs

- **Statement Credit**
- **Deferred/No Interest**
- **Cash Back Rewards (1-5%)**
- **Redeemable rewards points**
 - **Merchandise Discounts**





Synchrony Connect

Value-added program offering expertise in non-finance related areas

Grow 	Lead 	Operate 
Innovation	Strategies for Leadership	Customer Service
Marketing	Organizational Strategy	Risk Management
Customer Relationships	Talent Management	

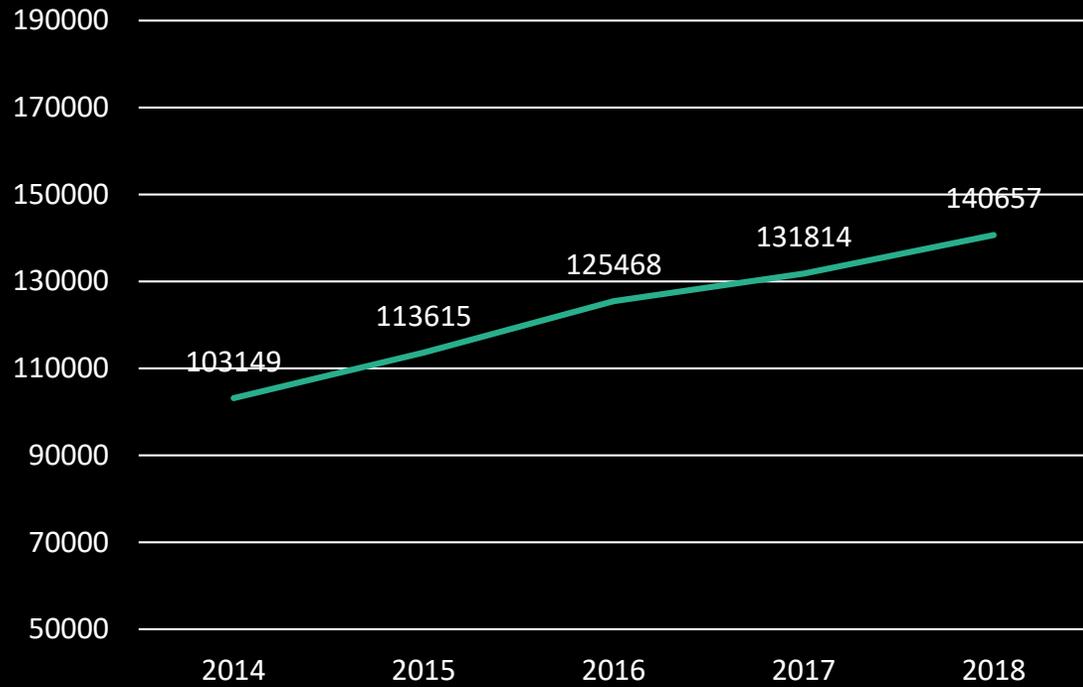
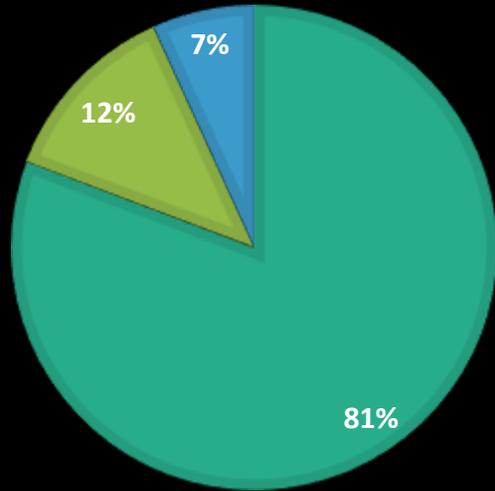
Retail Share Agreements

- Revenue is shared with retail partners if certain metrics and thresholds are met
- Measured as a certain percentage of interest income minus all other expenses
- Aligns interests and incentivizes partners for continued business



Purchase Volume

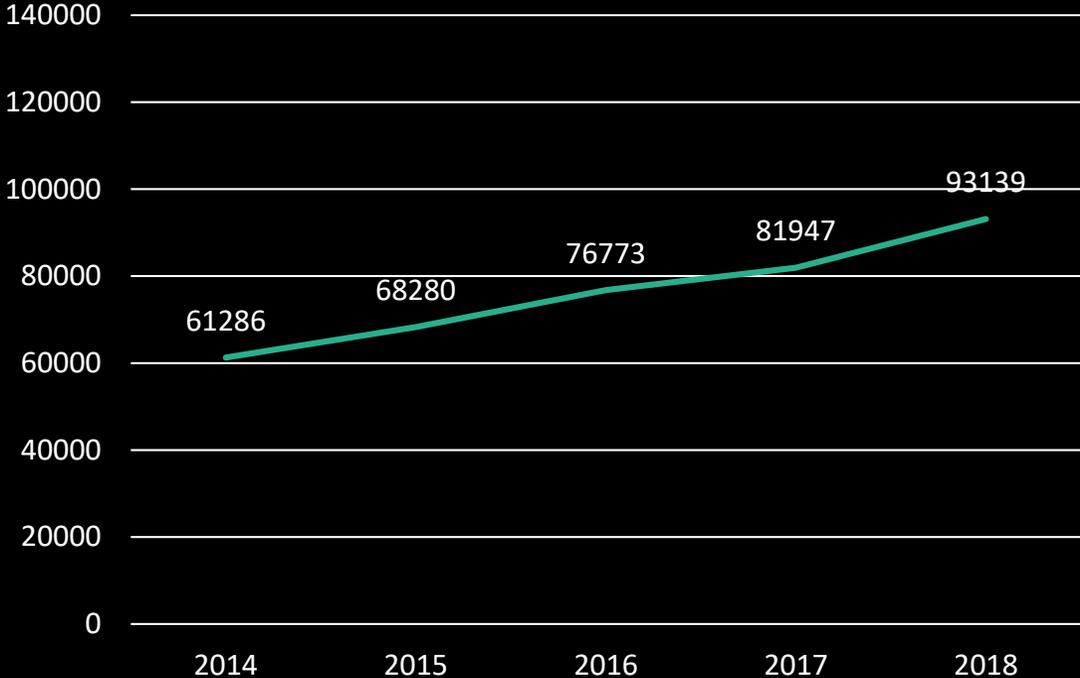
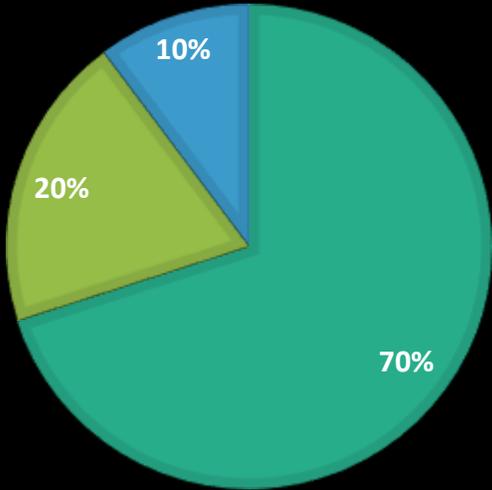
■ Retail Card ■ Payment Solutions ■ CareCredit



Millions (\$)

Loan Receivables

■ Retail Card ■ Payment Solutions ■ CareCredit



Millions (\$)

Private Label and Dual Credit Card

- The majority of Synchrony's credit cards are in a closed-loop network.
- These are known as **private label credit cards**, meaning they can only be used at their co-branded stores.
- The open-loop network, also known as **dual credit card**.
- Affiliated with a credit card network like Visa or Mastercard and can be used anywhere those card types are accepted.





Network Effect

The co-branded card also known as the multi-category card.

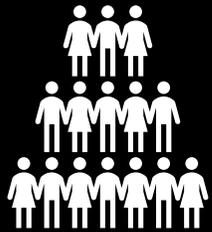


Promotional Financing



Open Loop Network

Customer



Merchant



Acquirer



Network



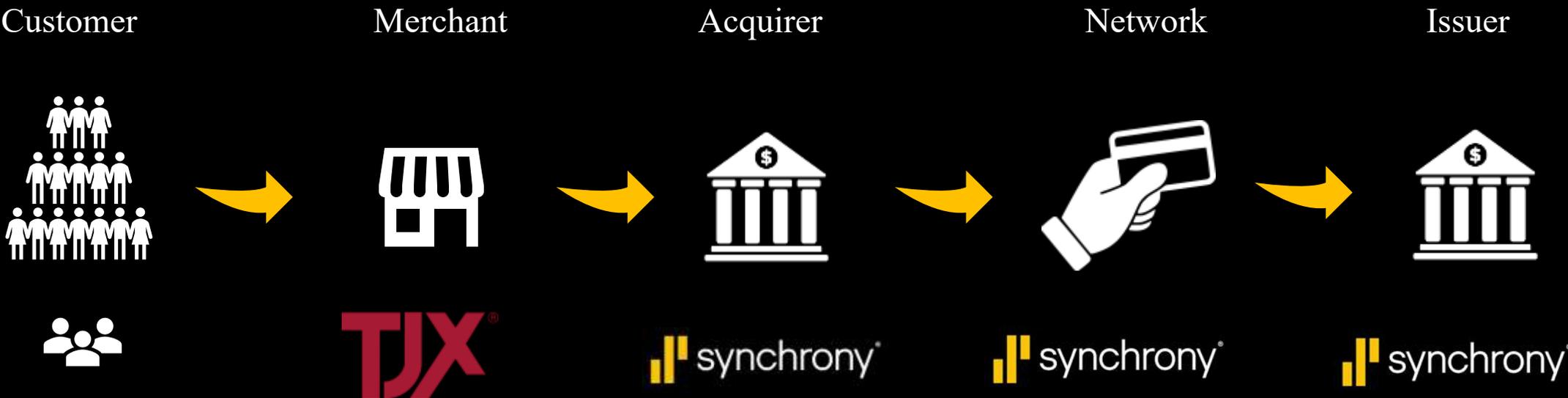
Issuer



Bank of America



Closed Loop Network



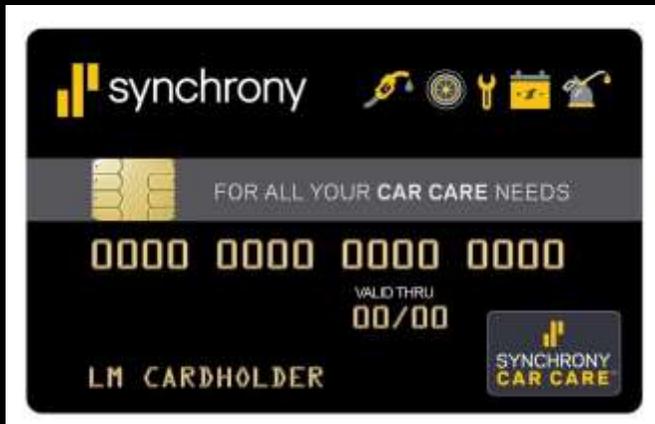


Switching Costs



Network Effect

The **co-branded** card also known as the multi category cards.



Car care has over 730,000 partner locations in 2019 up from 500,000 in 2018.



Care Credit has over 240,000 locations in 2019 up from 200,000 in 2018.



Home Credit Card is accepted in over 1 million home-retail locations nationwide.



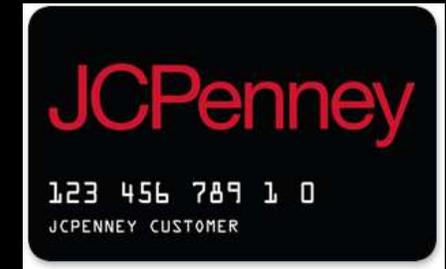
-
- Retailers generate additional income through the retailer share agreement with SYF.
 - Once certain agreed upon performance challenges are met, SYF shares revenue with retailers.
 - In 2017, SYF paid \$2.9 billion in retail share agreements. This motivates retailers to incentivize customers to use their private label card.
 - Average length with partners 21 years.
 - Switching private label credit card providers is a risk.
 - Losing the quality customer data, which could disrupt the purchase behavior of a retailer's loyal customer.
 - Example, when Costco discontinued Amex for Citi, some customers cancelled their membership, or they started using other credit cards.
 - In 2016, Citi received more than 1.5 million customer service calls around the time of the transaction.

An aerial photograph of a dense forest of evergreen trees covered in a thick layer of snow. The trees are scattered across the landscape, with some larger, more prominent ones. The overall scene is a monochromatic winter landscape. A semi-transparent dark green rectangular box is centered horizontally across the middle of the image, containing the text "Risk Factors" in a yellow, serif font.

Risk Factors

Risk Factors

- SYF's top 5 customers accounted for 47% of total interest and fees on loans.
- Retail Apocalypse
- In 2017 Toys R us filed for bankruptcy
- Just because they go bankrupt does not mean people stop paying their debt
- SYF turned the Toy R us private label credit card into a general-purpose card. Allowing the consumer to continue using the card in other locations.

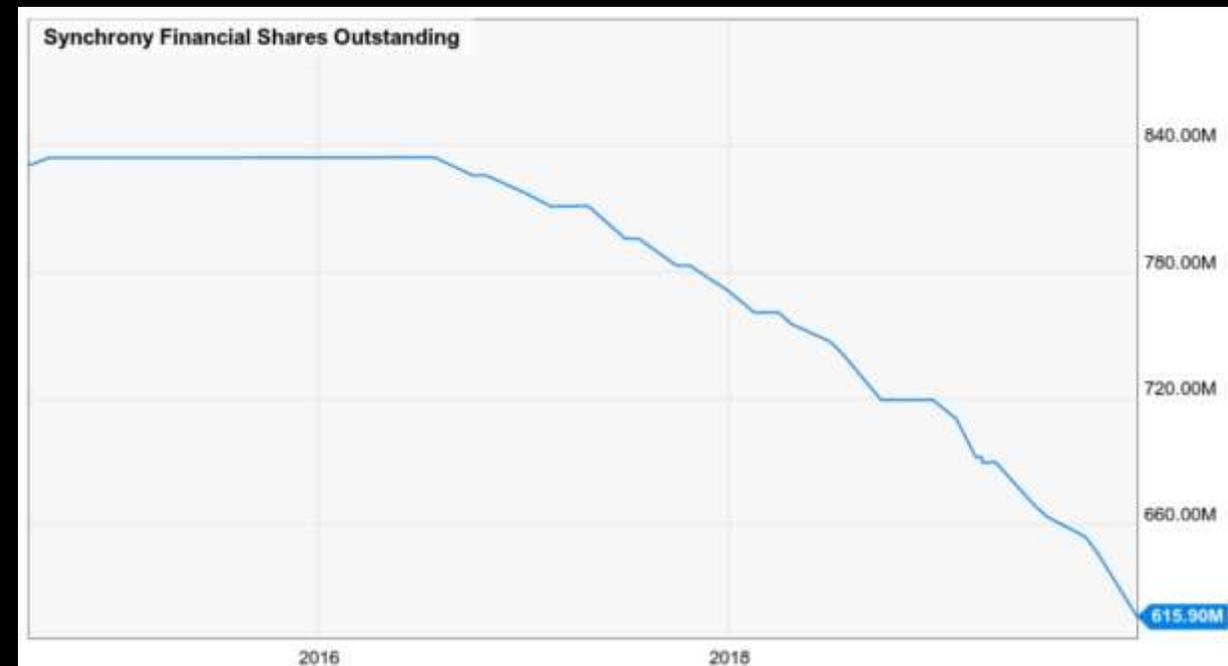


40 years 26 years 14 years 21 years 19 years

Retail Card program agreements typically have contract terms ranging from approximately five to ten years.



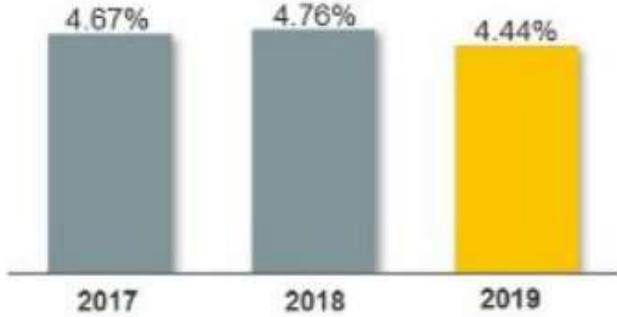
- Walmart accounted for 13% of total interest and fees on loans.
- SYF successfully renewed over 50 relationships, including five of their largest ongoing programs:
- PayPal, Lowe's, JCPenney and, in January 2019, Amazon and Sam's Club, a Walmart subsidiary.
- In addition to renewing key partnerships, SYF won over 35 new business deals.
- SYF sold debt portfolio to Capital One.
- Used the proceeds to buy PayPal Credit for \$7.6 billion and to buy back shares.
- SYF reduced share count by 14%.





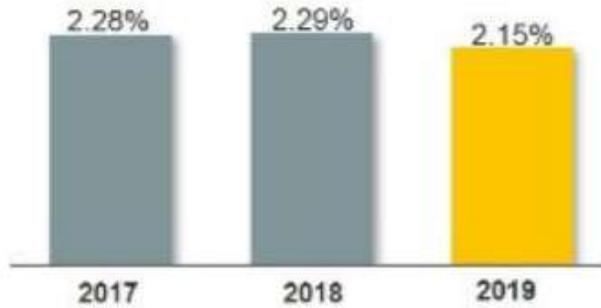
30+ days past due

% of period-end loan receivables



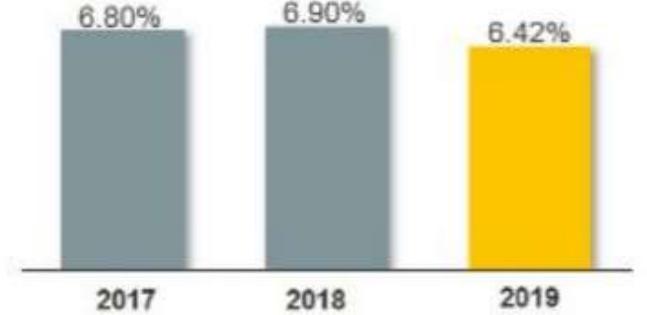
90+ days past due

% of period-end loan receivables



Allowance for loan losses

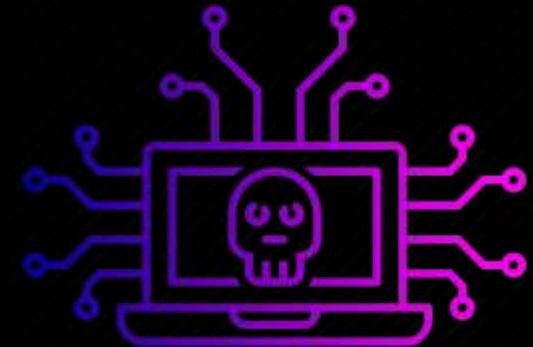
% of period-end loan receivables



SYF	2014	2015	2016	2017	2018	2019
Average FICO score	715	715	714	715	718	719

Risk Factors

- Rapidly changing technology.
- Fintech and Blockchain Technology.
- Recessions, Economic slowdowns.
- Cyber Attacks, such as the one that happen in TJX back in 2006.
- TJX became a partner with SYF in 2011.



A black and white photograph of a snowy mountain landscape. The foreground is a vast, smooth expanse of snow. In the middle ground, there are rolling hills and valleys covered in snow. In the background, several sharp, rocky mountain peaks are visible, some with patches of snow. The sky is a uniform, light gray. A horizontal black bar with a semi-transparent green section on the left side is overlaid across the middle of the image. The text "Growth Opportunities" is written in a yellow, serif font on the black bar.

Growth Opportunities

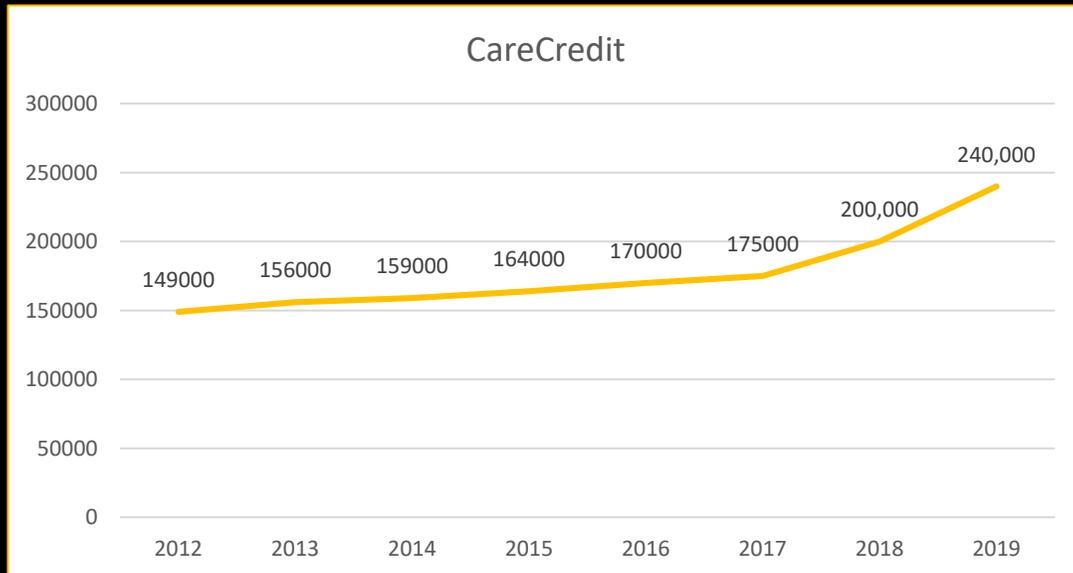
Growth Drivers



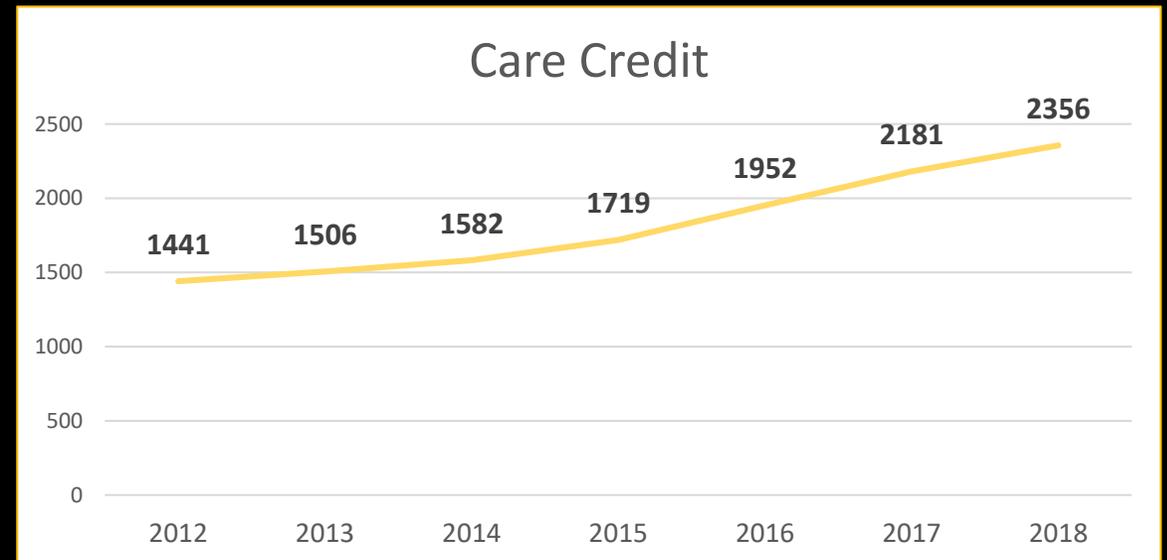
- Using Care Credit provides flexibility when paying for a wide range of healthcare and personal care expenses that are not covered by insurance.
- You can use it for dental care, eye surgery, eye-glasses and contacts, hearing, trips to the veterinary and more.
- Total Interest and Fees on Loans, 7 years, 7.28% CAGR.

- SYF acquired Pets Best to expand Care Credit Platform in rapidly growing pet market.
- In 2018 the Pet Health Insurance market was worth 72 billion dollars.
- The Pet Health Insurance market is anticipated to double by 2022.

Location

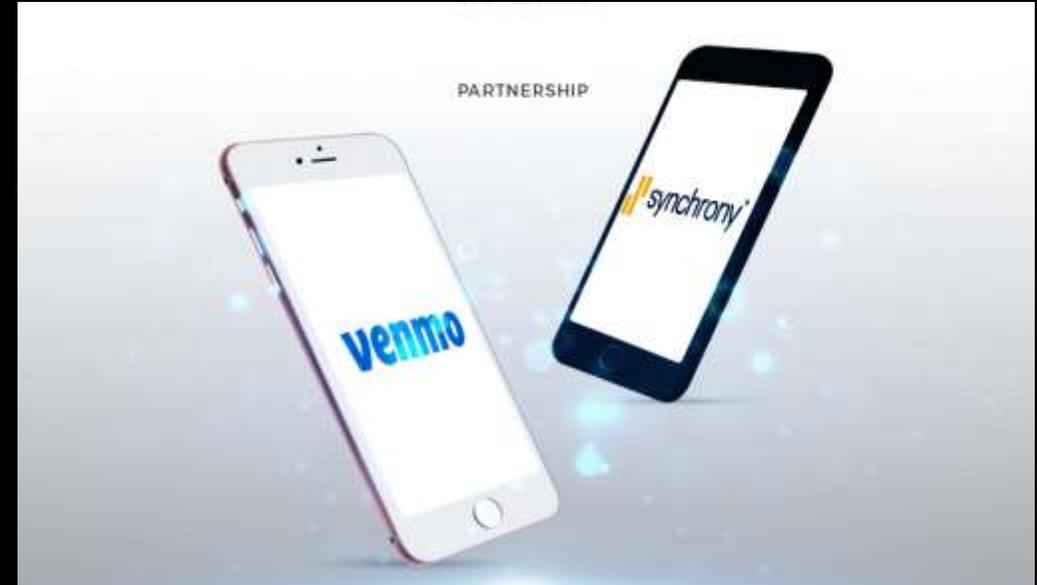


Interest Income



Growth Drivers

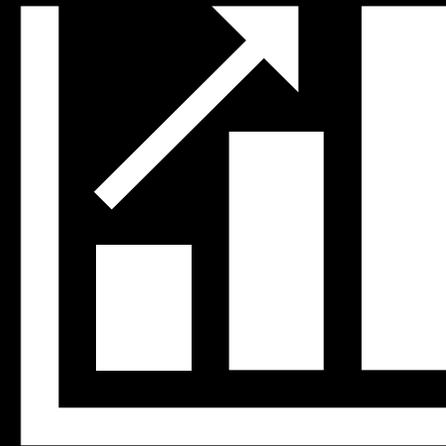
- SYF purchased PayPal's credit business for \$7.6 billion.
- PayPal Credit is an open-end credit card account that provides a reusable credit line built into your account.
- Venmo has over 40 million users.
- Giving you the ability to pay for your purchases right away or over time.



Multi Category Cards



Most Recent Earnings Report (4Q 2019)



New Partners and Renewed Key Relationships

- Added new partnerships

verizon✓

Mor
FURNITURE FOR LESS

GRAND
HOME FURNISHINGS


TRAVIS
INDUSTRIES
THE HOUSE OF FIRE

LEISURE PRO
DIVER EMPORIUM

- Renewed and extended key relationships

ROOMS
TO GO

BUY MAX
ALLIANCE

 **CFMOTO**

Continental 

- Renewed and Extended CareCredit key relationship

Demant

Verizon to Offer New Credit Card in Partnership with Synchrony

*very diverse consumer data

BASKING RIDGE, NJ and STAMFORD, Conn. – January 23, 2020 – Today, Synchrony (NYSE: SYF) and Verizon (NYSE: VZ) announced a partnership in which Synchrony will become the exclusive provider of Verizon’s co-branded consumer credit card. Together, the companies will launch the first credit card designed specifically for Verizon customers.

“We are thrilled to be working with Verizon as they continue to bring innovation to their customers. This partnership is a great growth opportunity for Synchrony as we continue to diversify our portfolio,” said Margaret Keane, CEO, Synchrony.

“Verizon’s loyal customers expect the best possible experiences and today’s announcement extends that commitment to the credit card market,” said Ronan Dunne, Executive Vice President and Group CEO - Verizon Consumer.

The new Verizon credit card from Synchrony is expected to launch during the first half of 2020.

Customers can stay informed of updates by visiting [verizon.com/YourNewCard](https://www.verizon.com/YourNewCard).



About Synchrony

Synchrony is a premier consumer financial services company delivering customized financing programs across key industries including retail, health, auto, travel and home, along with award-winning consumer banking products. With more than \$140 billion in sales financed and 80.3 million active accounts, Synchrony brings deep industry expertise, actionable data insights, innovative solutions and differentiated digital experiences to improve the success of every business we serve and the quality of each life we touch. More information can be found at www.synchrony.com and through Twitter: @Synchrony.

About Verizon Communications, Inc.

Verizon Communications Inc. (NYSE, Nasdaq: VZ) was formed on June 30, 2000 and is celebrating its 20th year as one of the world’s leading providers of communications, information and entertainment products and services. Headquartered in New York City and with a presence around the world, Verizon generated revenues of \$130.9 billion in 2018. The company offers voice, data and video services and solutions on its award winning networks and platforms, delivering on customers’ demand for mobility, reliable network connectivity, security and control.

PLATFORM RESULTS OVER PAST 1 YR

Retail Card^(b)

Loan receivables, \$ in billions



	4Q'18	4Q'19	%
Purchase volume	\$31.8	\$31.0	(2)%
Accounts	58.9	54.6	(7)%
Interest and fees on loans	\$3,502	\$3,143	(10)%

Payment Solutions^(b)

Loan receivables, \$ in billions



	4Q'18	4Q'19	%
Purchase volume	\$6.0	\$6.4	+6%
Accounts	12.4	12.7	+3%
Interest and fees on loans	\$708	\$737	+4%

CareCredit

Loan receivables, \$ in billions



	4Q'18	4Q'19	%
Purchase volume	\$2.5	\$2.8	+12%
Accounts	6.1	6.4	+5%
Interest and fees on loans	\$564	\$612	+9%

Liquidity^(a)

\$ in billions



	4Q'18	4Q'19
Liquid assets	\$14.8	\$17.3
Undrawn credit facilities	4.4	6.1
Total liquidity	\$19.2	\$23.4
% of Total assets	18.0%	22.3%

MANAGEMENT'S OUTLOOK



Core Loan Receivables Growth ^(a)	5% - 7%	5%	In-line with expectations with solid Core growth across each platform
Net Interest Margin	15.75% - 16.00%	15.78%	In-line with expectations
RSAs/Average Receivables	4.0% - 4.2%	4.4%	Improved program and credit performance
Net Charge-Off Rate	5.7% - 5.9%	5.6%	Better than expectations with favorable credit trends
Efficiency Ratio	~ 31.0%	31.9%	Higher RSAs due to improved program and credit performance
ROA ^(b)	~ 2.5%	2.7%	Drivers noted above led to higher ROA

**2020 Outlook
With CECL (GAAP)****2020 Impact of
CECL**

Loan Receivables Growth

5% - 7%

No impact

Expect growth to accelerate in 2H20 as new programs launch

Net Interest Margin

15.25% - 15.50%

No impact

Walmart conversion impact—excess liquidity (~\$3B) and higher Walmart loan yield

RSAs/Average Receivables

4.3% - 4.5%

No change to the range

CECL impact not expected to change range

Net Charge-Off Rate

5.4% - 5.6%

No impact

Benefit from Walmart

Reserve Build

\$800MM - \$900MM

~+\$300MM

Stable credit and larger CECL reserve build for growth

Efficiency Ratio

~ 32%

No impact

Walmart impact and new program investments

ROA

~ 2.2%

~(0.3)%

CECL and new program investments

Grow core partnerships and continue to add new programs at attractive returns

Strategic Purpose: Ensure continued growth of our core business at appropriate risk-adjusted returns

- Drive growth for our partners and continue to strengthen our relationships by delivering new products and capabilities
- Launch new programs with a focus on fast-growing partners where we can leverage our technology and capabilities

Diversify the business through targeted strategies in Payment Solutions, CareCredit, and Synchrony branded products

Strategic Purpose: Diversify and expand business by accelerating growth in smaller programs and new products

- Grow Payment Solutions through point-of-sale capabilities and innovative product offerings
- Grow CareCredit through broader acceptance and further expansion of the network (health systems)
- Invest in Synchrony branded products – Auto and Home Networks, Synchrony Mastercard, and additional deposit products
- Leverage acquisitions to develop and grow new revenue sources (e-gifting, pets)

Deliver best in class customer experience through technology and data analytics

Strategic Purpose: Drive a customer first approach to deliver exceptional customer experiences to drive growth

- Continue expansion of advanced analytics leveraging customer level performance dynamics
- Further develop capabilities to deliver a frictionless customer experience
- Leverage alternative data and machine learning to further drive innovation (e.g. underwriting and authentication)

Operate with a strong balance sheet and financial profile

Strategic Purpose: Drive growth at attractive risk-adjusted returns while maintaining strong capital and liquidity levels

- Disciplined capital allocation approach to drive growth, launch new programs and invest in new products and capabilities and continue to return capital to shareholders^(a)



Executive Leadership Team



KEY MANAGEMENT



Margaret Keane

- Chief Executive Officer
- Former president and CEO of GE Capital Retail Finance Business from 2004 - 2011



Kurt Grossheim

- EVP & COO 2015 – Present
- Former CEO of GE Capital Bank



Neeraj Mehta

- CEO and EVP
- CEO of payment solutions
- Chief Commercial Officer
- Former GE EVP and CEO of commercial distribution. finance, started with GE in 1996





Paul Whynott

- EVP and Chief Risk Officer
- Former senior VP of the Federal Reserve Bank of New York from 1992-2014



Brian Doubles

- EVP and CFO
- With synchrony for 10 years (including before split off from GE)
- Key asset in spinning off and the IPO of synchrony



Carol Juel

- CIO and EVP
- Former CIO of GE capital retail finance
- 2009-Present



DEBT ANALYSIS AND OBLIGATION RATIO

OBLIGATION RATIO



Total Debt:	\$19,866 mill
+ Leases * 7	+ \$294 mill * 7
+ Pension shortfall	+ 0
+ Preferred stock	+ 0
- Cash	- \$12,963 mill
<hr/>	
Net Income	\$3,799 mill

OBLIGATION RATIO: 2.35 YEARS < 5 = PASSES

SHORT AND LONG-TERM DEBT MATURITIES

Debt Maturities

The following table summarizes the maturities of the principal amount of our borrowings of consolidated securitization entities and senior unsecured notes over the next five years and thereafter:

<i>(\$ in millions)</i>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>
Borrowings	\$ 5,985	\$ 6,575	\$ 5,400	\$ 1,634	\$ 707	\$ 3,750



Debt is spread out and should not be a problem.

SHORT AND LONG-TERM DEBT MATURITIES

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<i>(\$ in millions)</i>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>
Borrowings	\$ 5,985	\$ 6,575	\$ 5,400	\$ 1,634	\$ 707	\$ 3,750

***12, 963 million in Cash Assets**

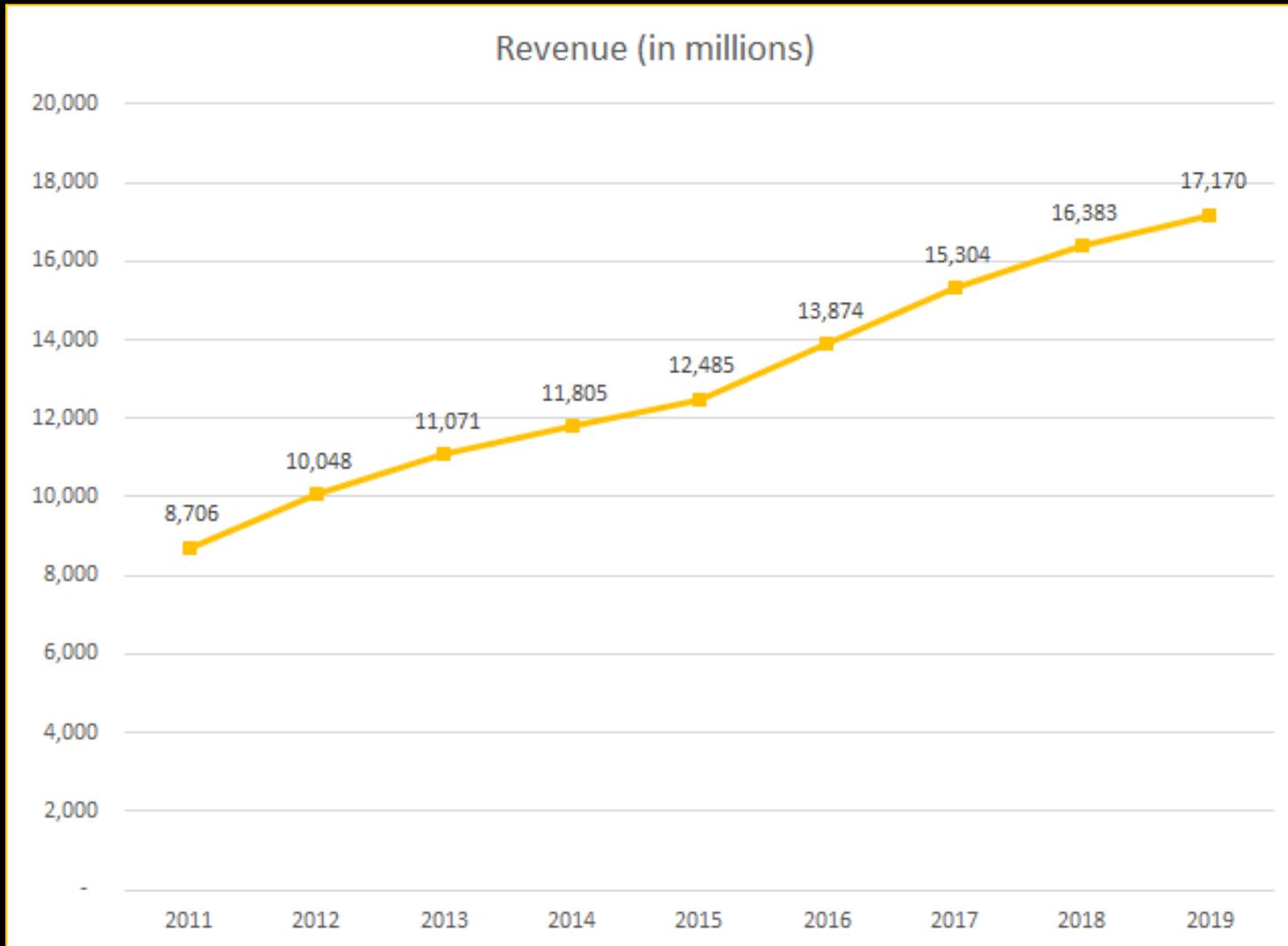
***3, 799 million net Income**



Interpretations of Financial Statements (IOFS)

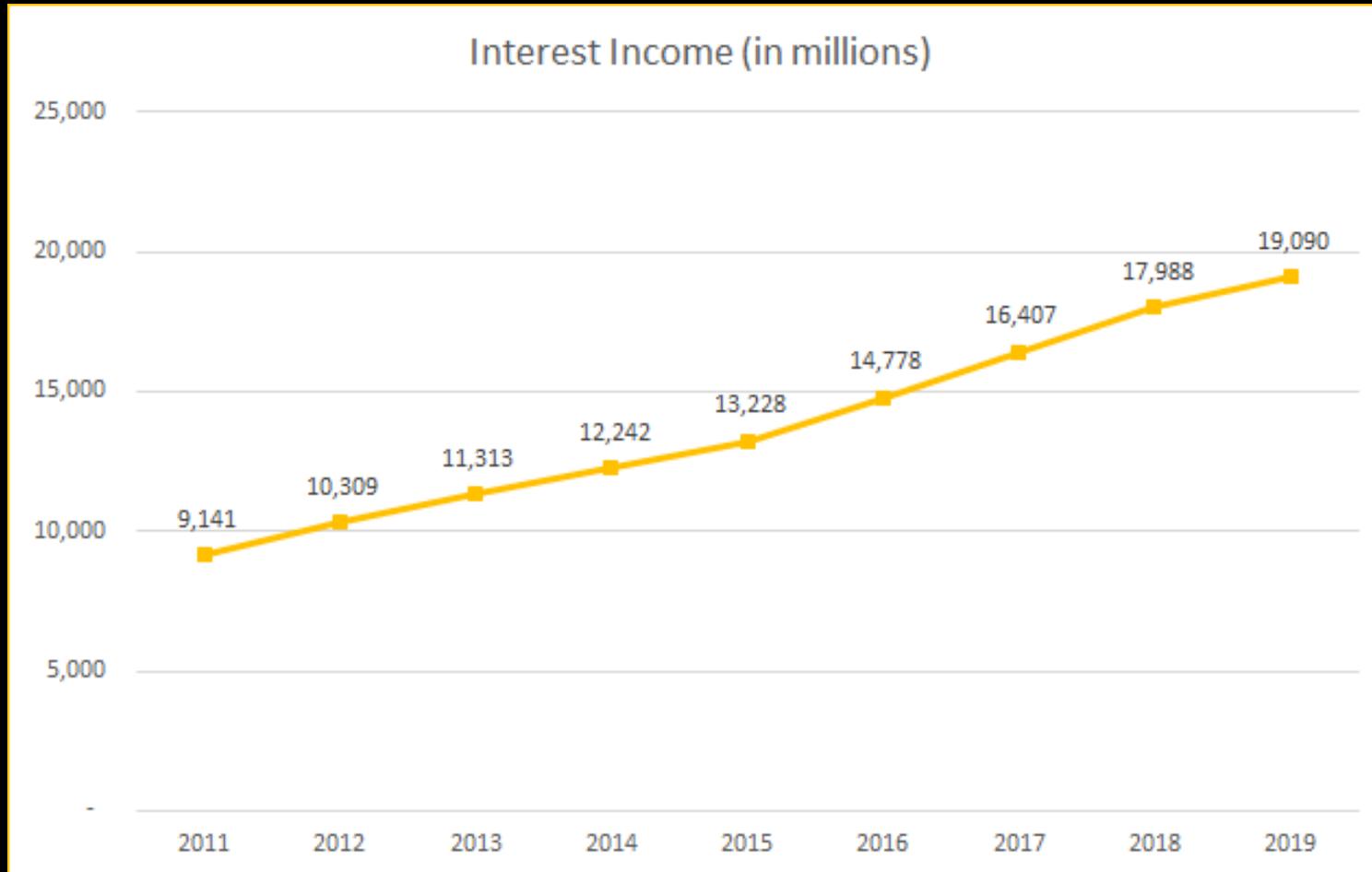
Revenue (in millions)

We look for an upward trend



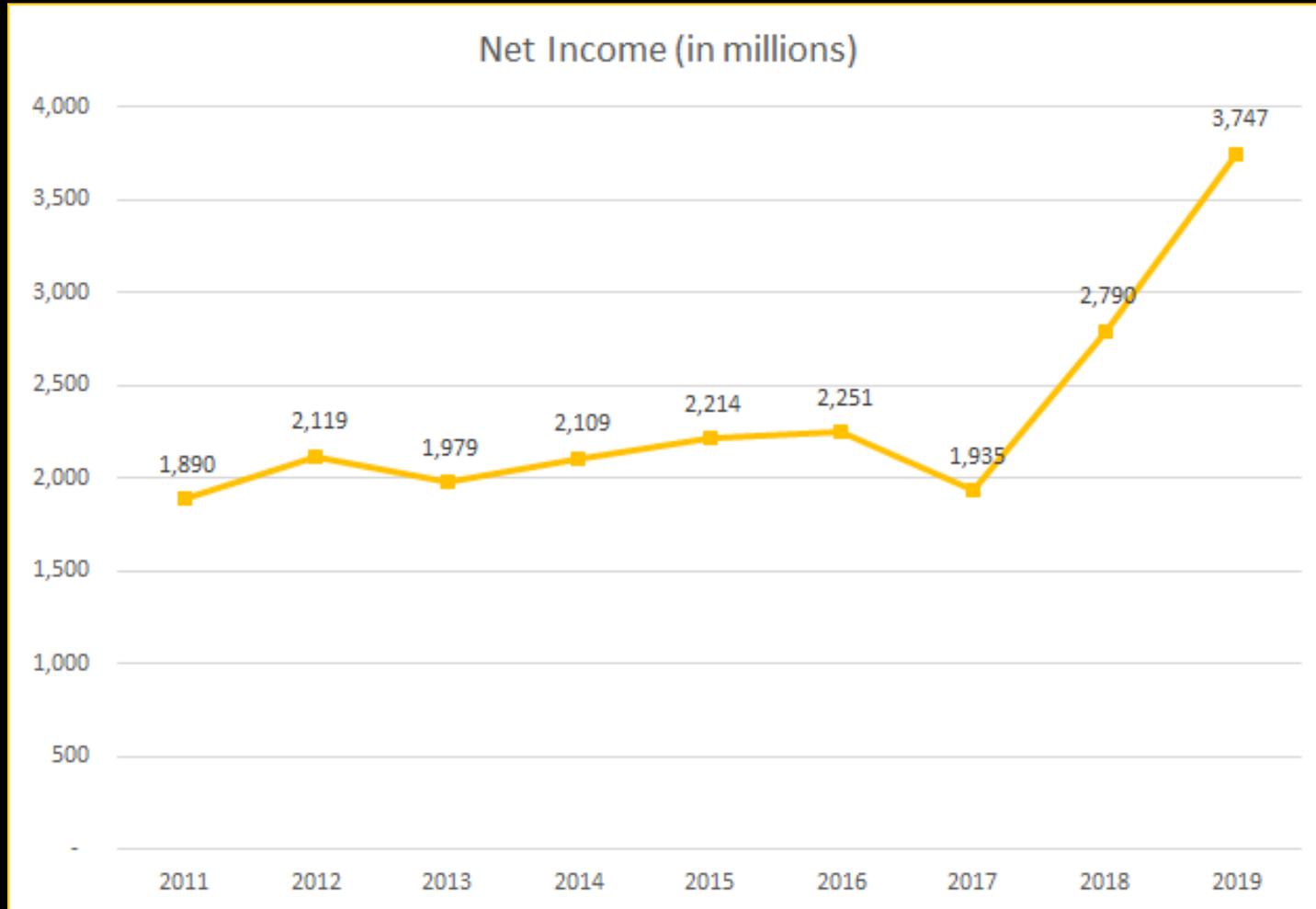
Interest Income

We look for an upward trend



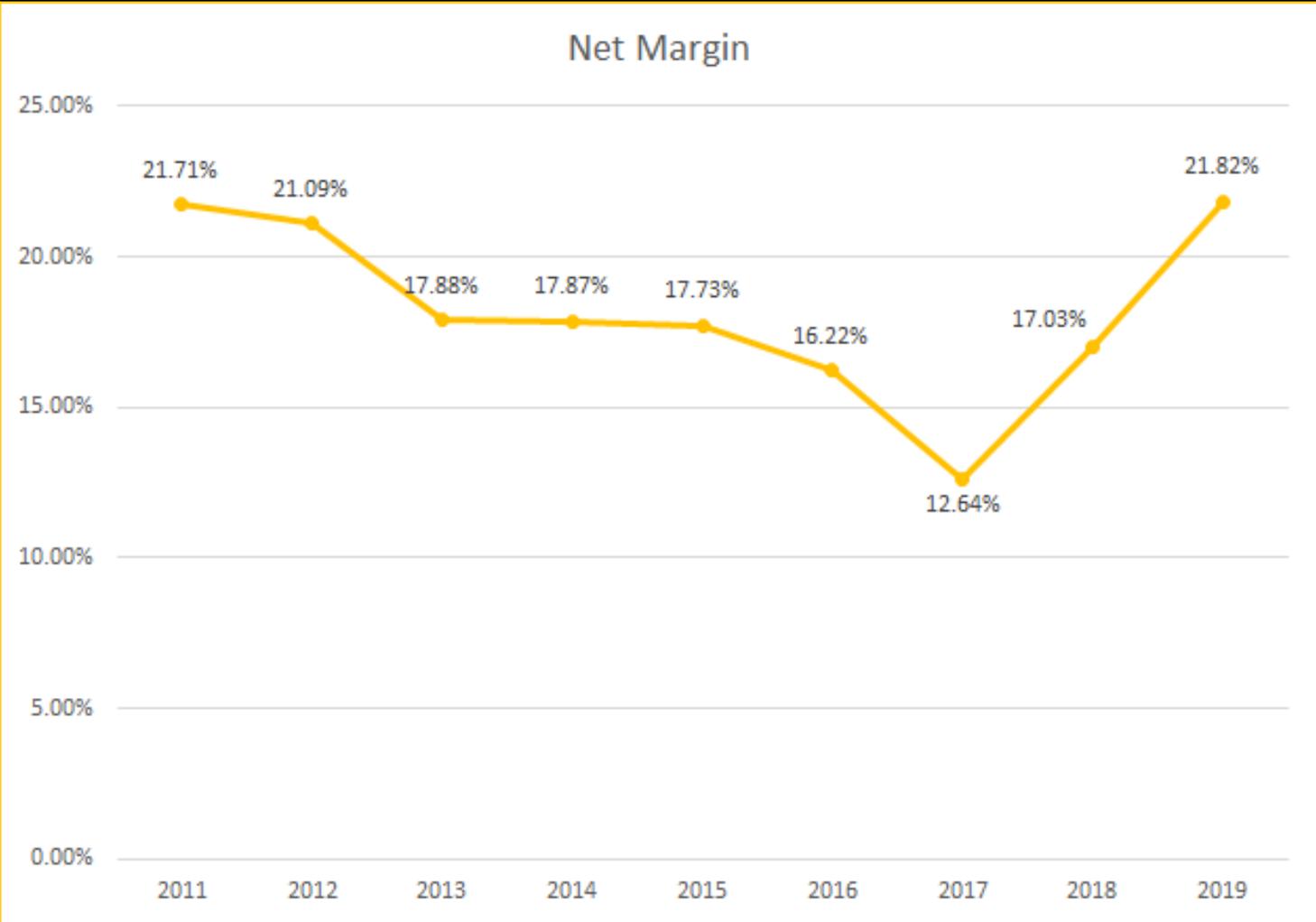
Net Income

We look for an upward trend.



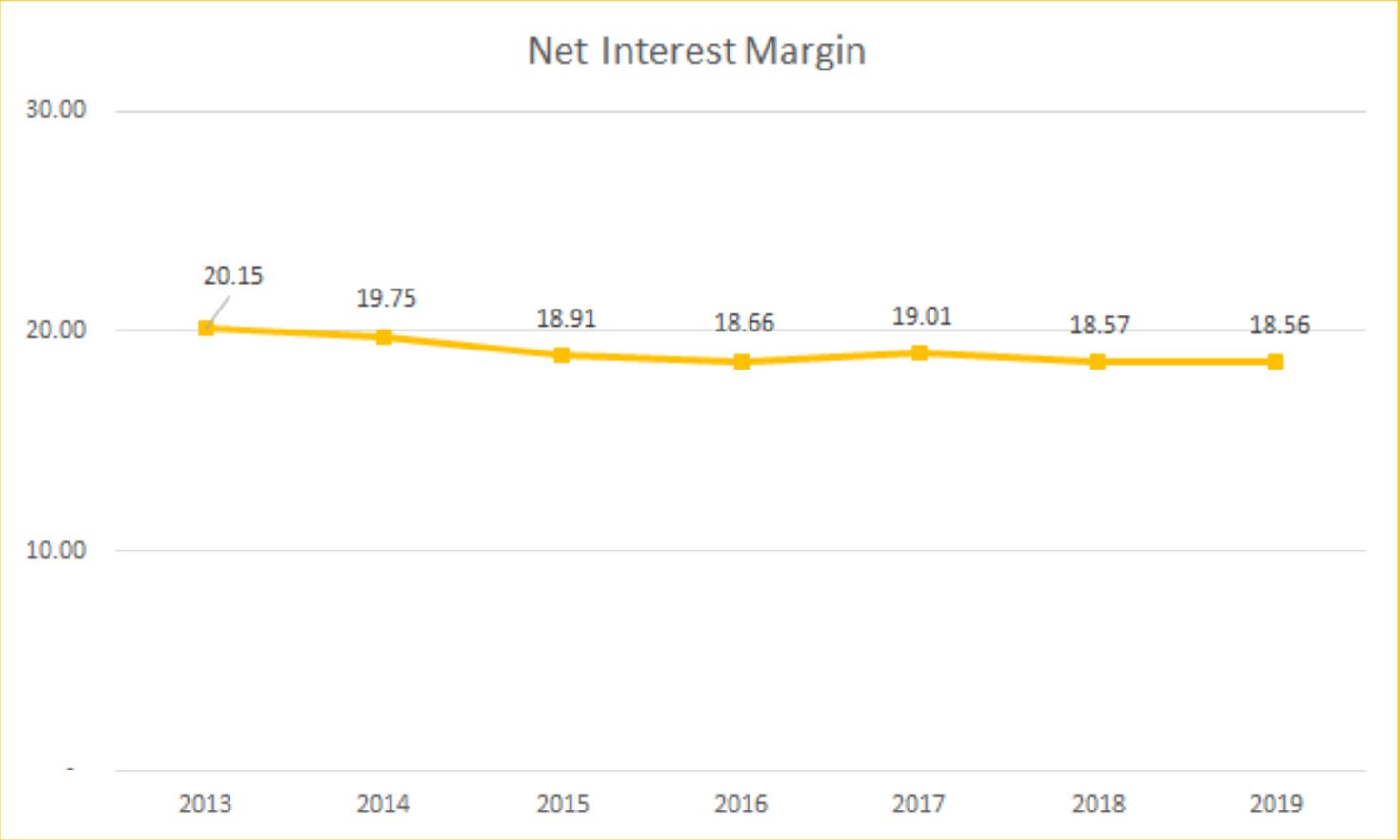
Net Margin

We look for a ratio above 10%

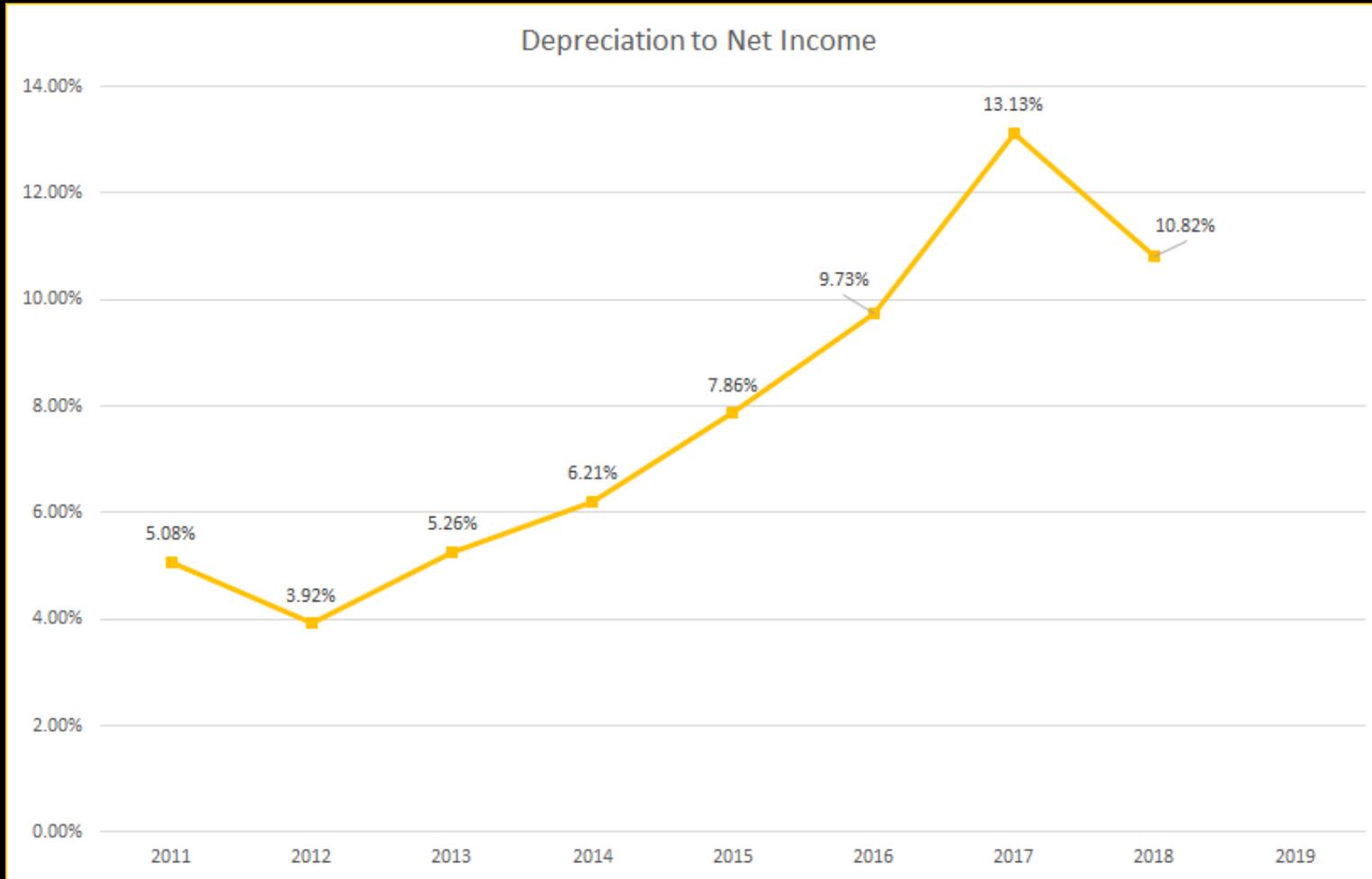


Net Interest Margin

We look for a ratio above 10%



Depreciation to Net Income

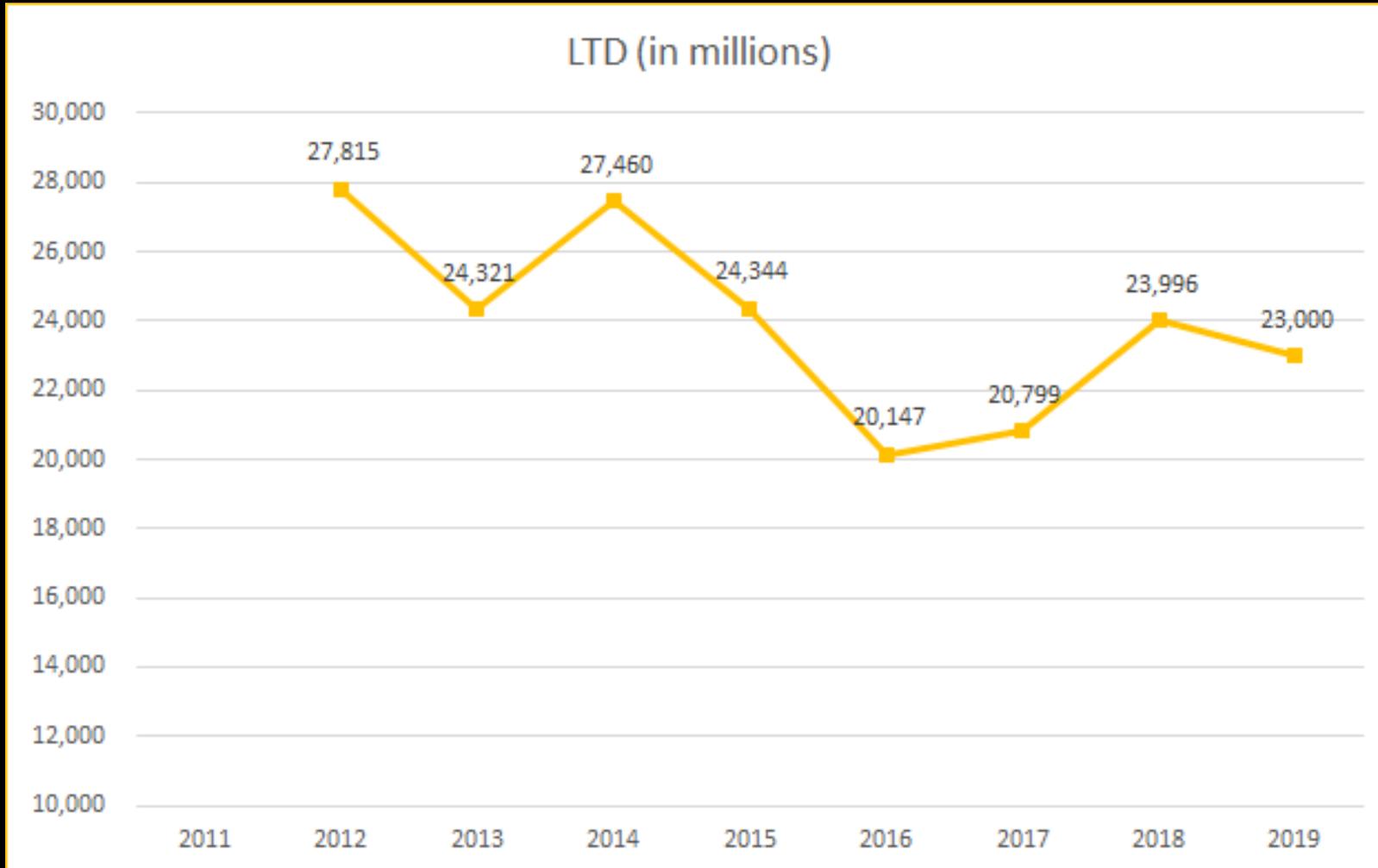


We look for a Depreciation to Operating Income ratio to be below 10%.

But since SYF is a bank they do not have Operating Income.

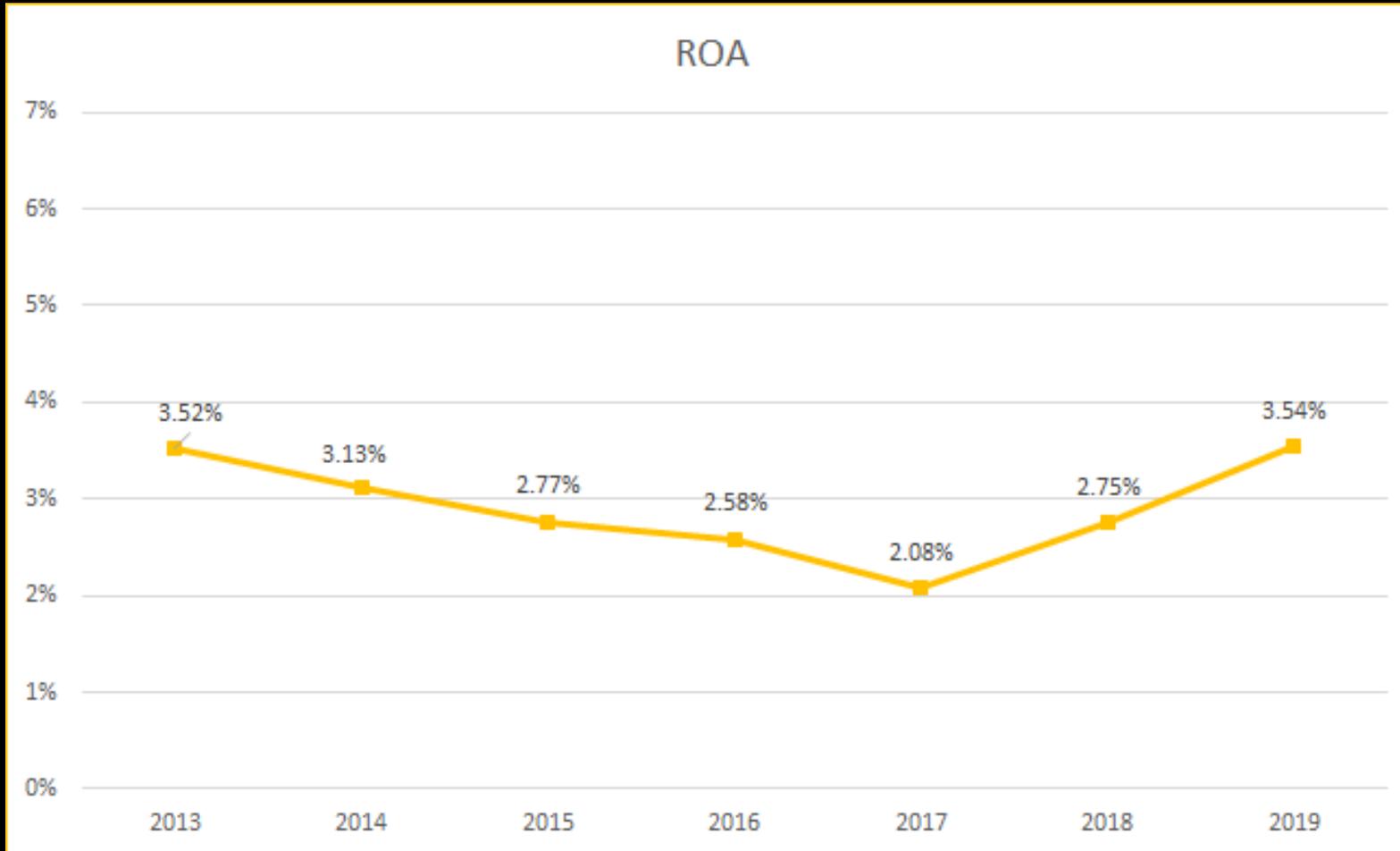
Long-Term Debt (LTD)

We look for a declining trend



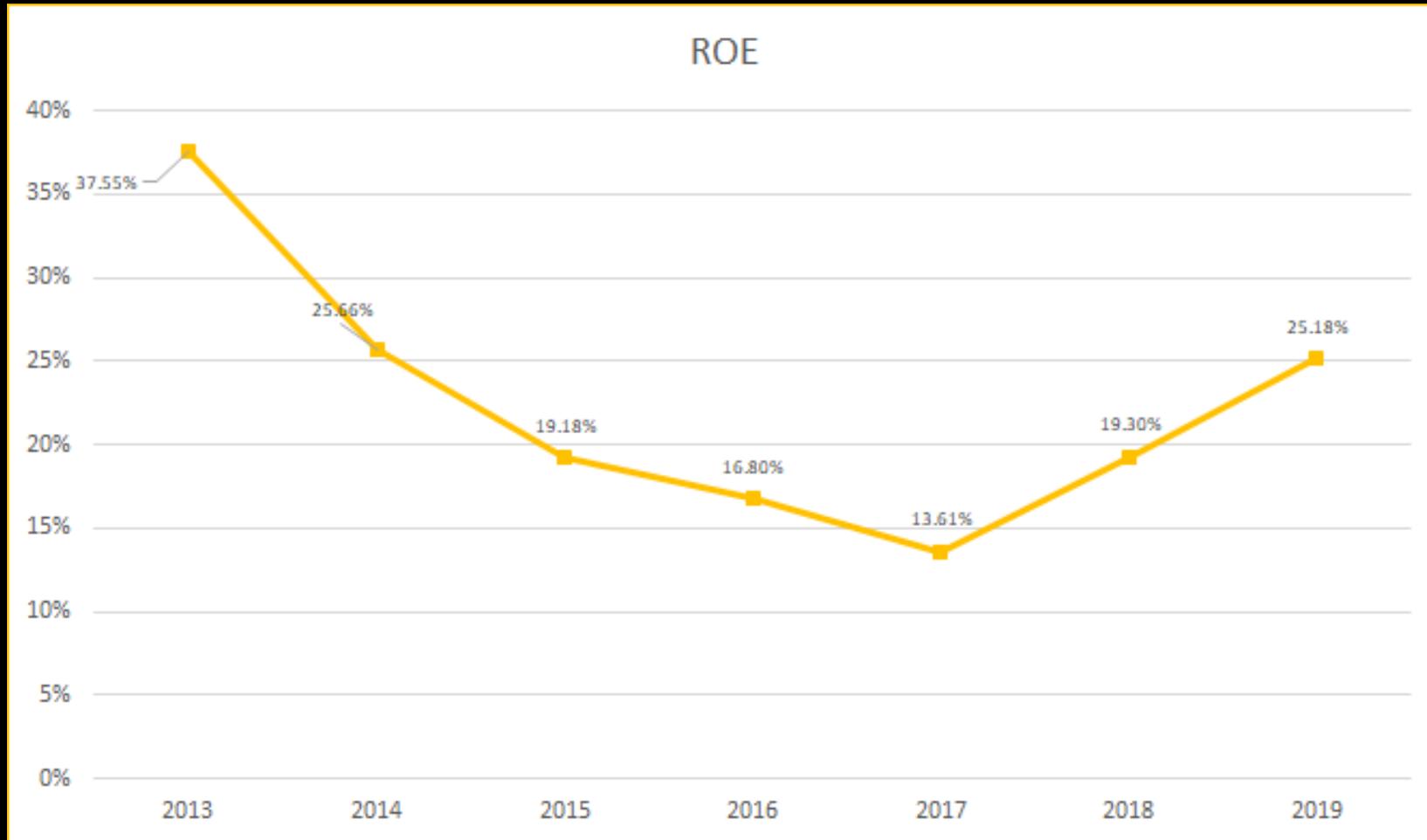
Return on Assets (ROA)

We look for a ROA ratio above 1%



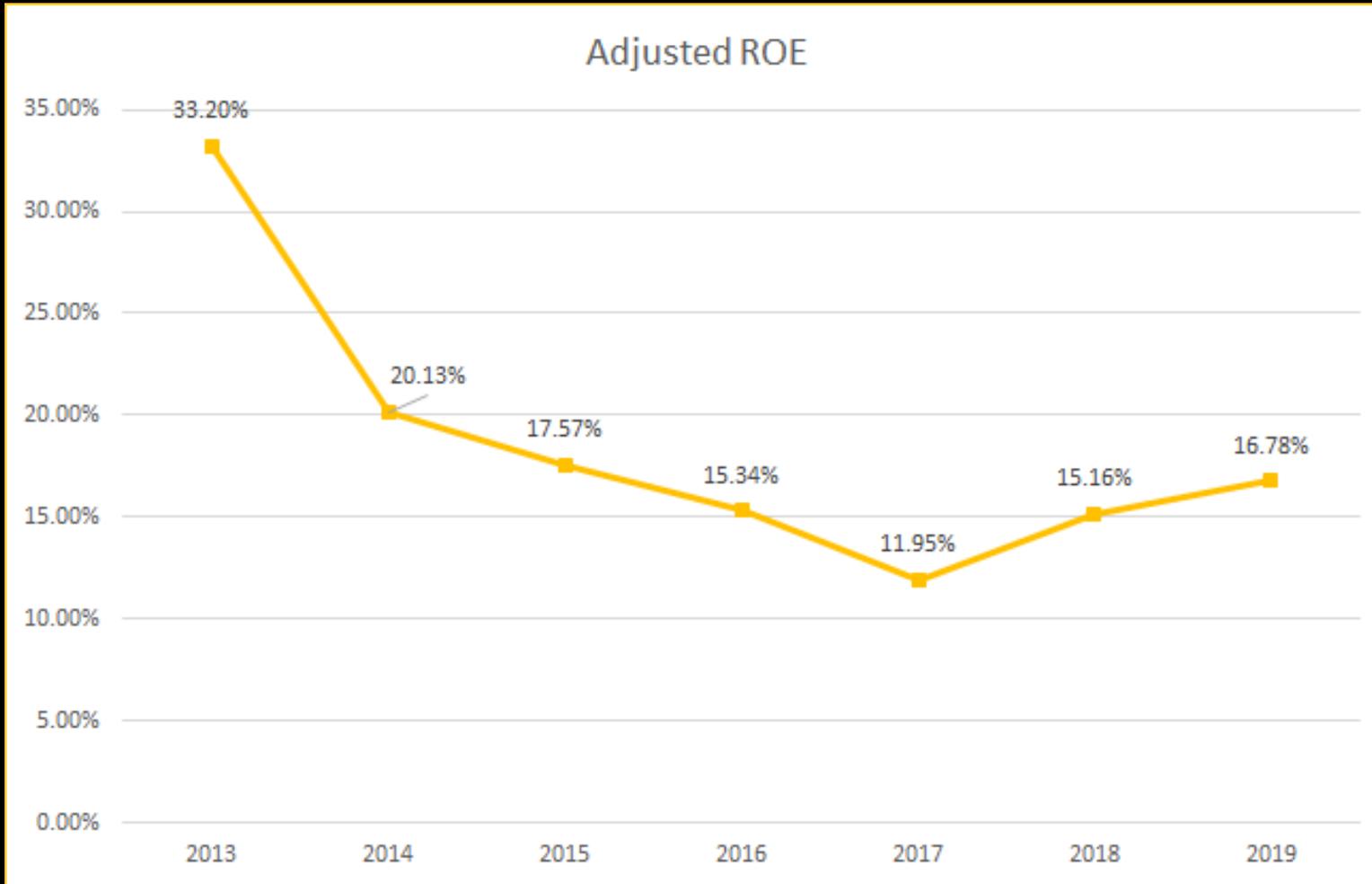
Return on Equity (ROE)

We look for a ROE ratio above 15%



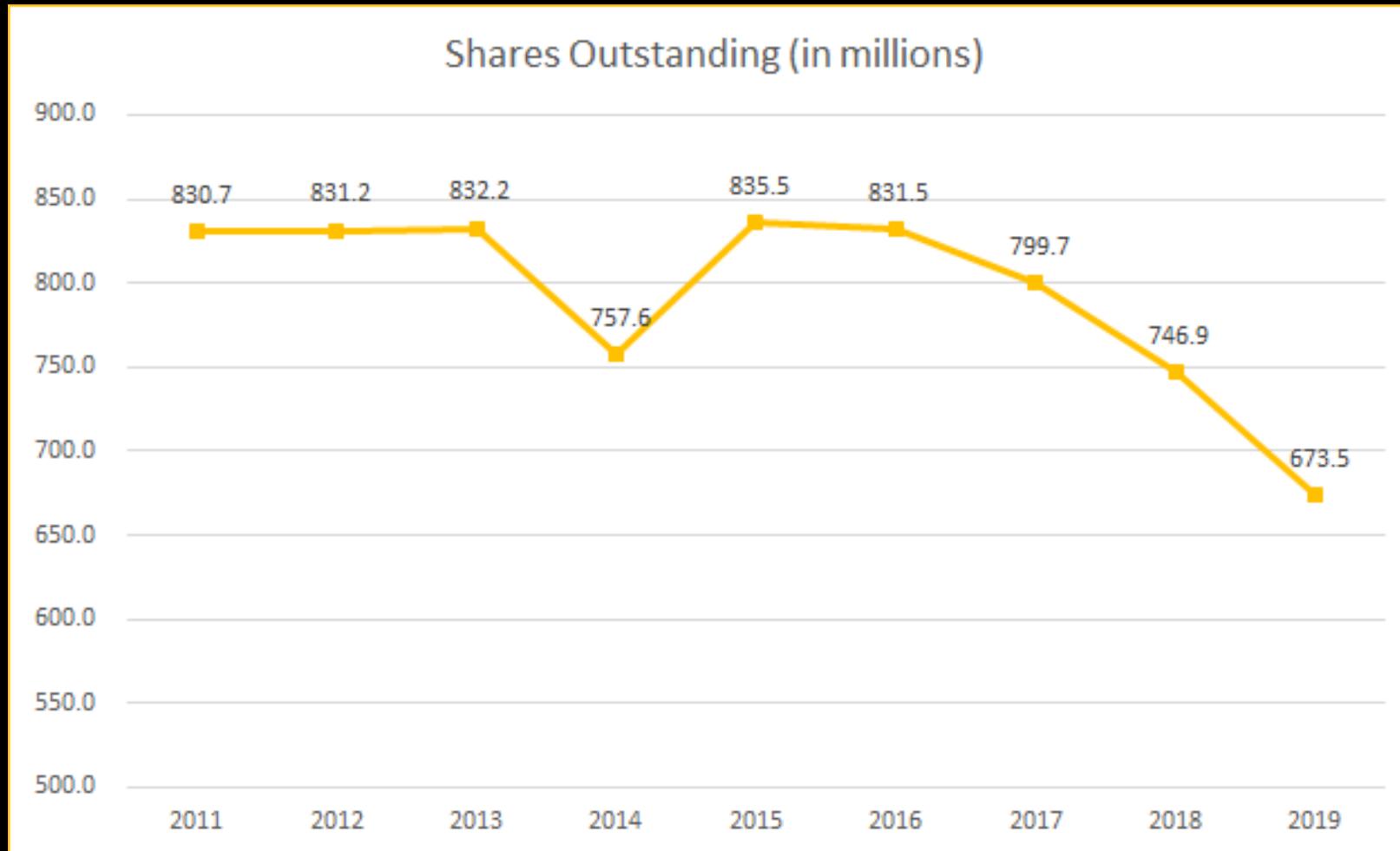
Adjusted ROE

We look for this ratio to be above 15%



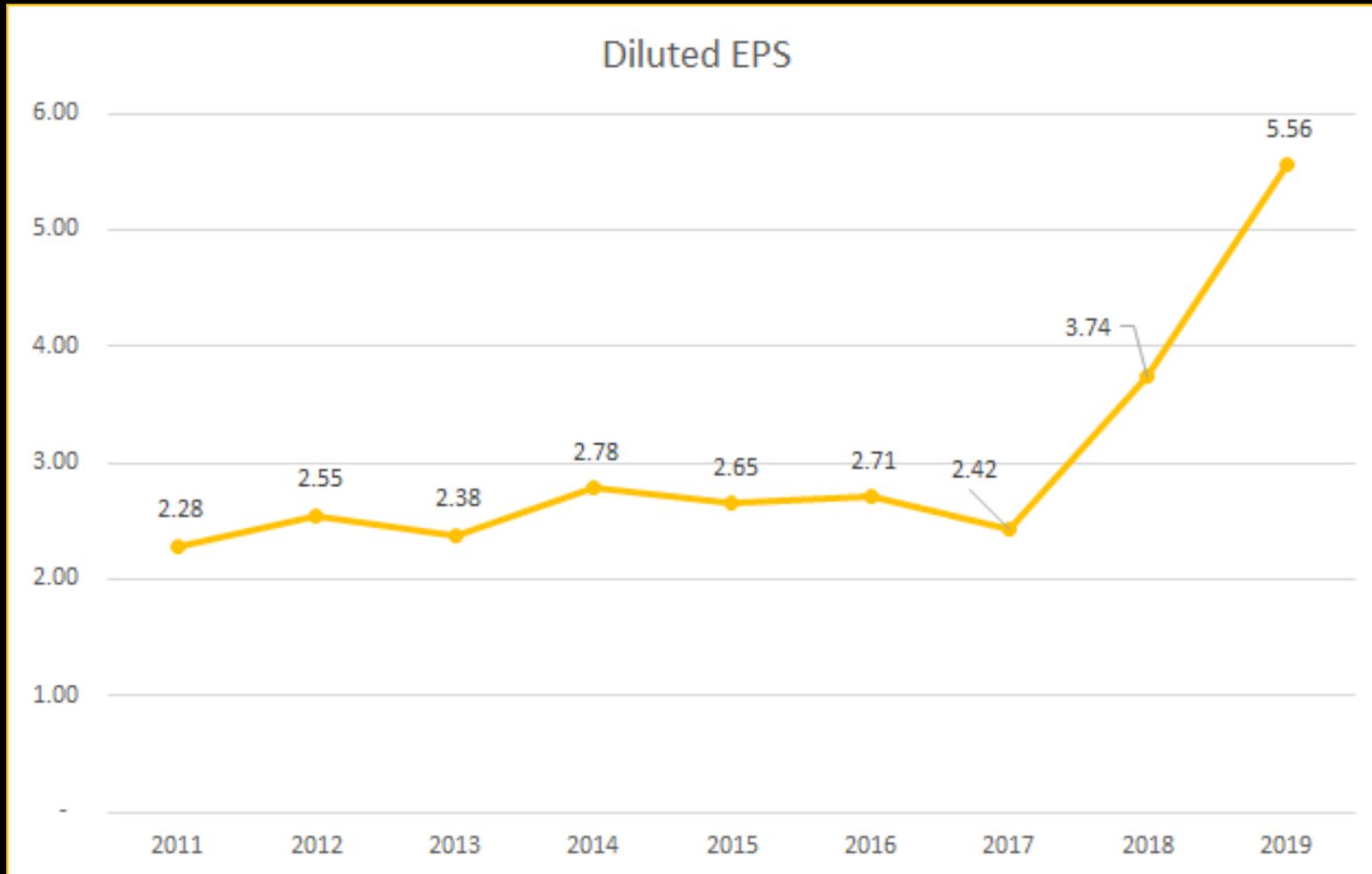
Total Shares Outstanding (millions)

We look for a declining trend



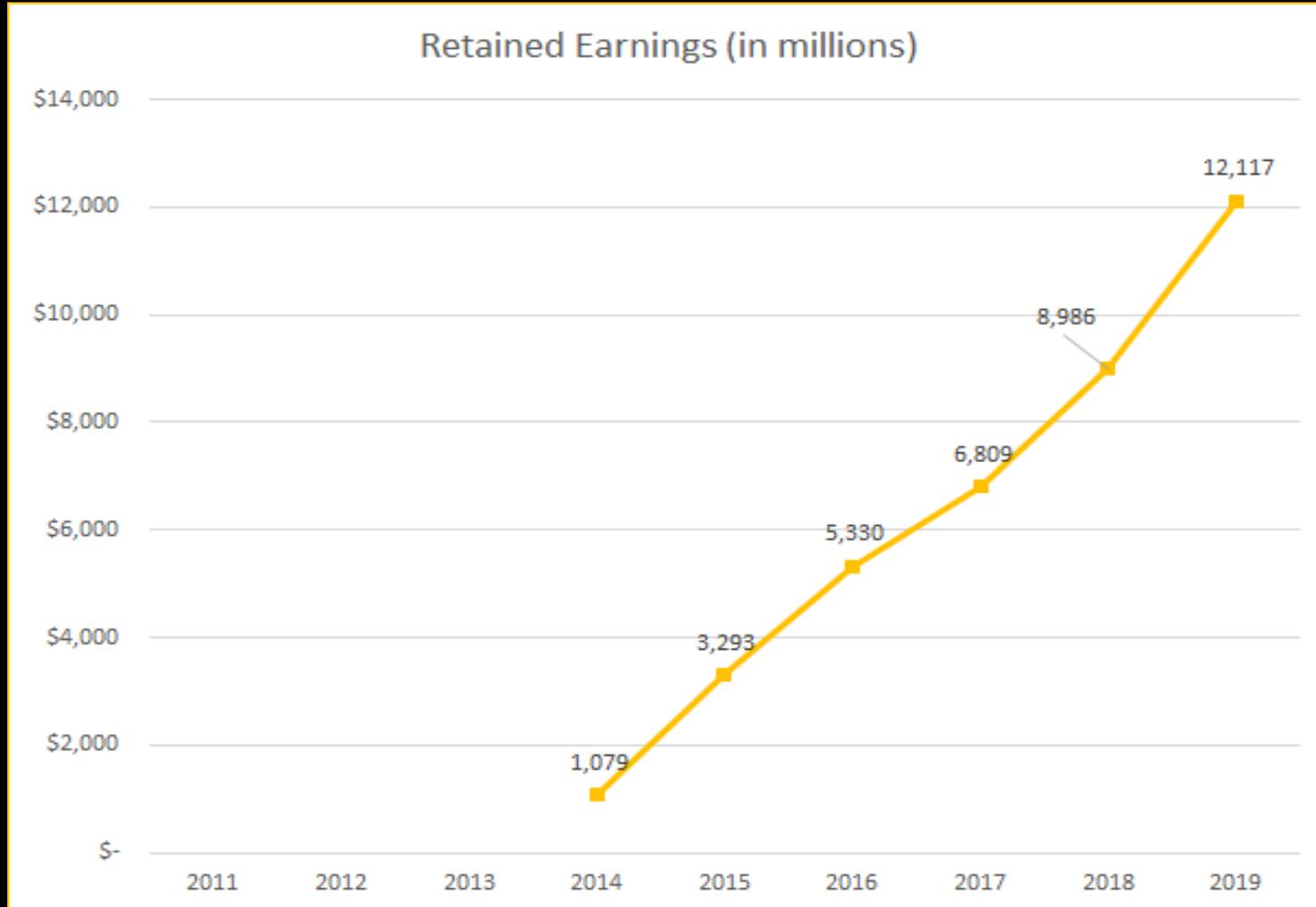
Diluted EPS

We look for an upward trend



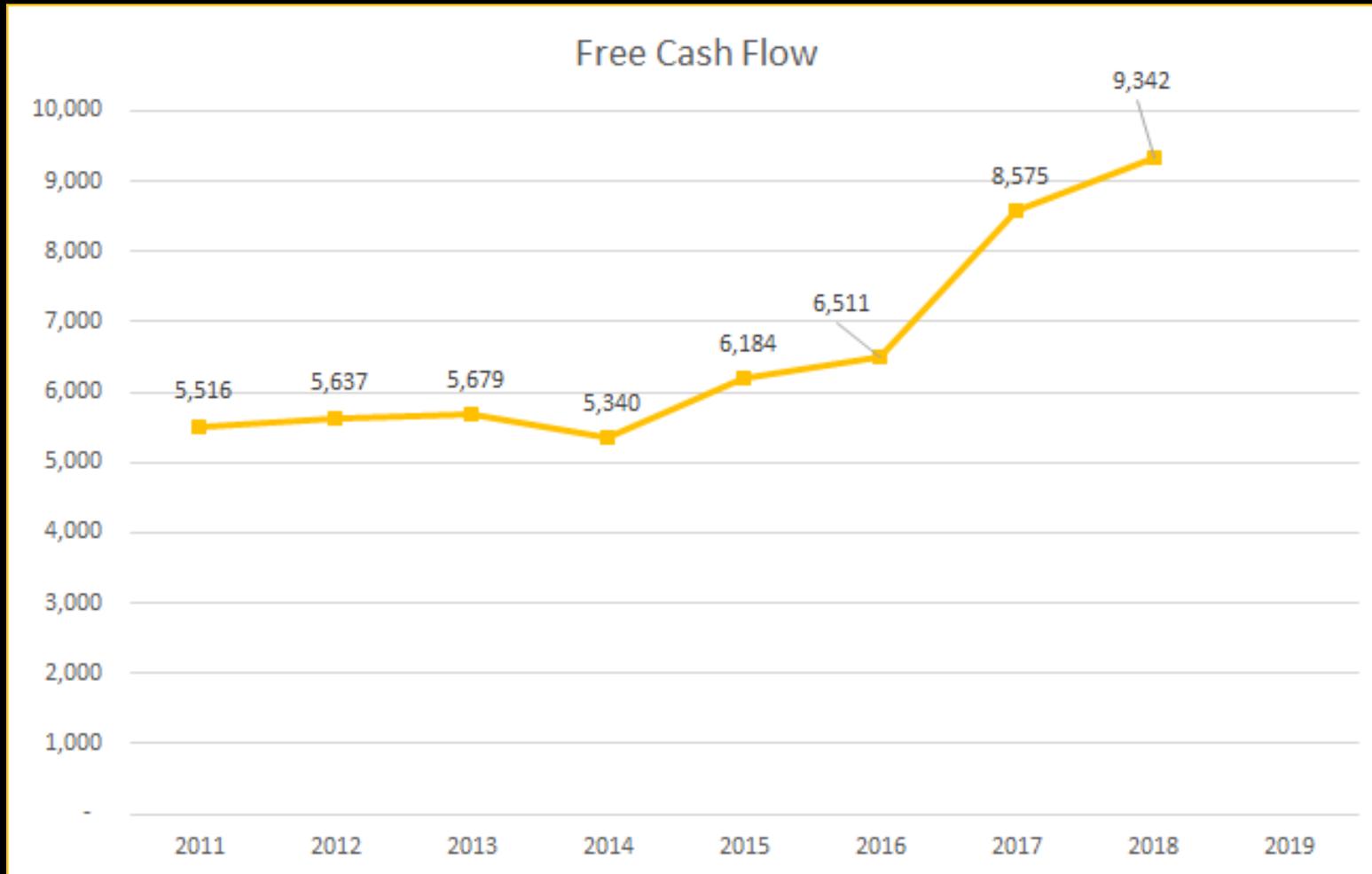
Retained Earnings

We look for an upward trend



Free Cash Flow

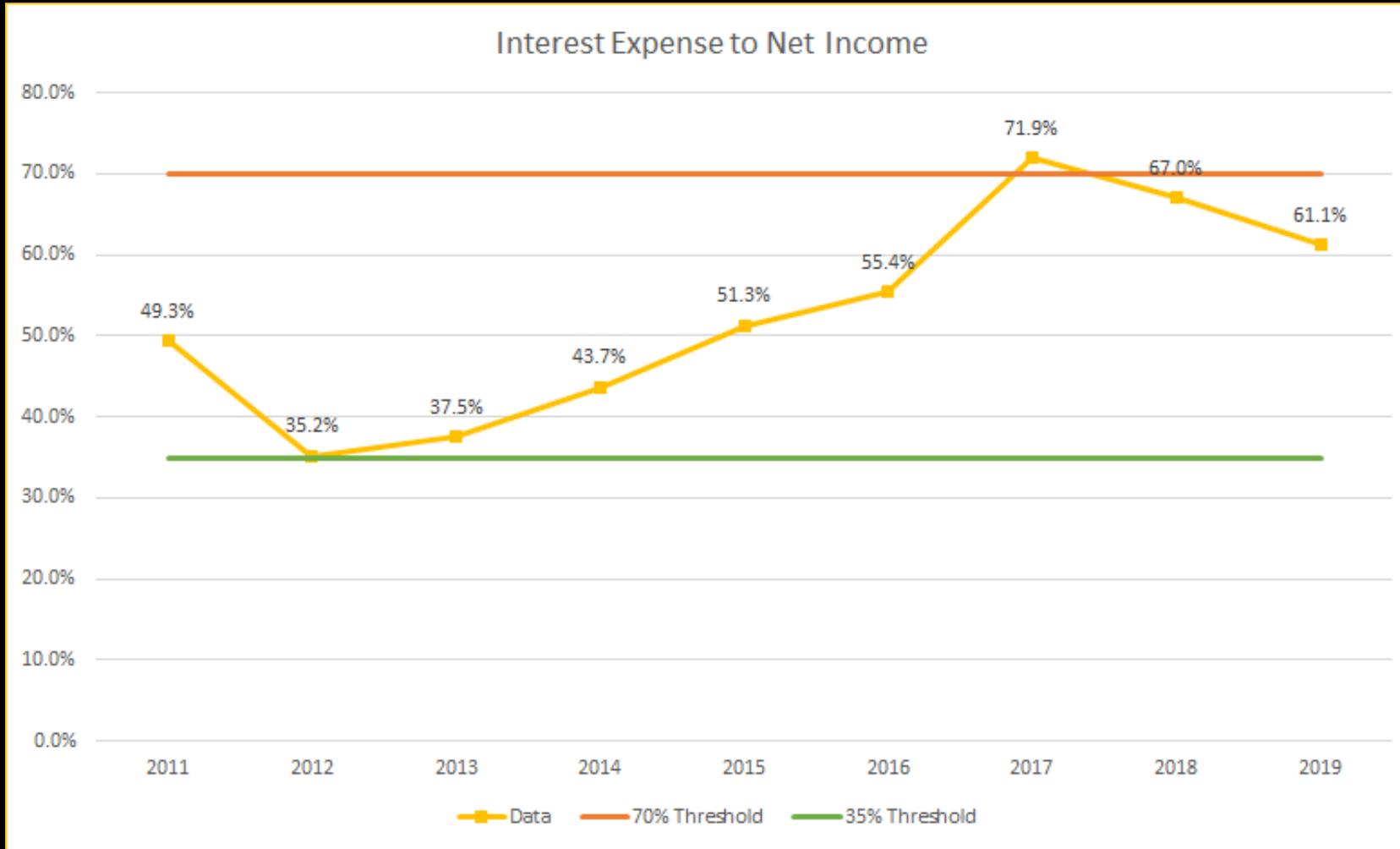
We look for an upward trend



Interest Expense to Net Income

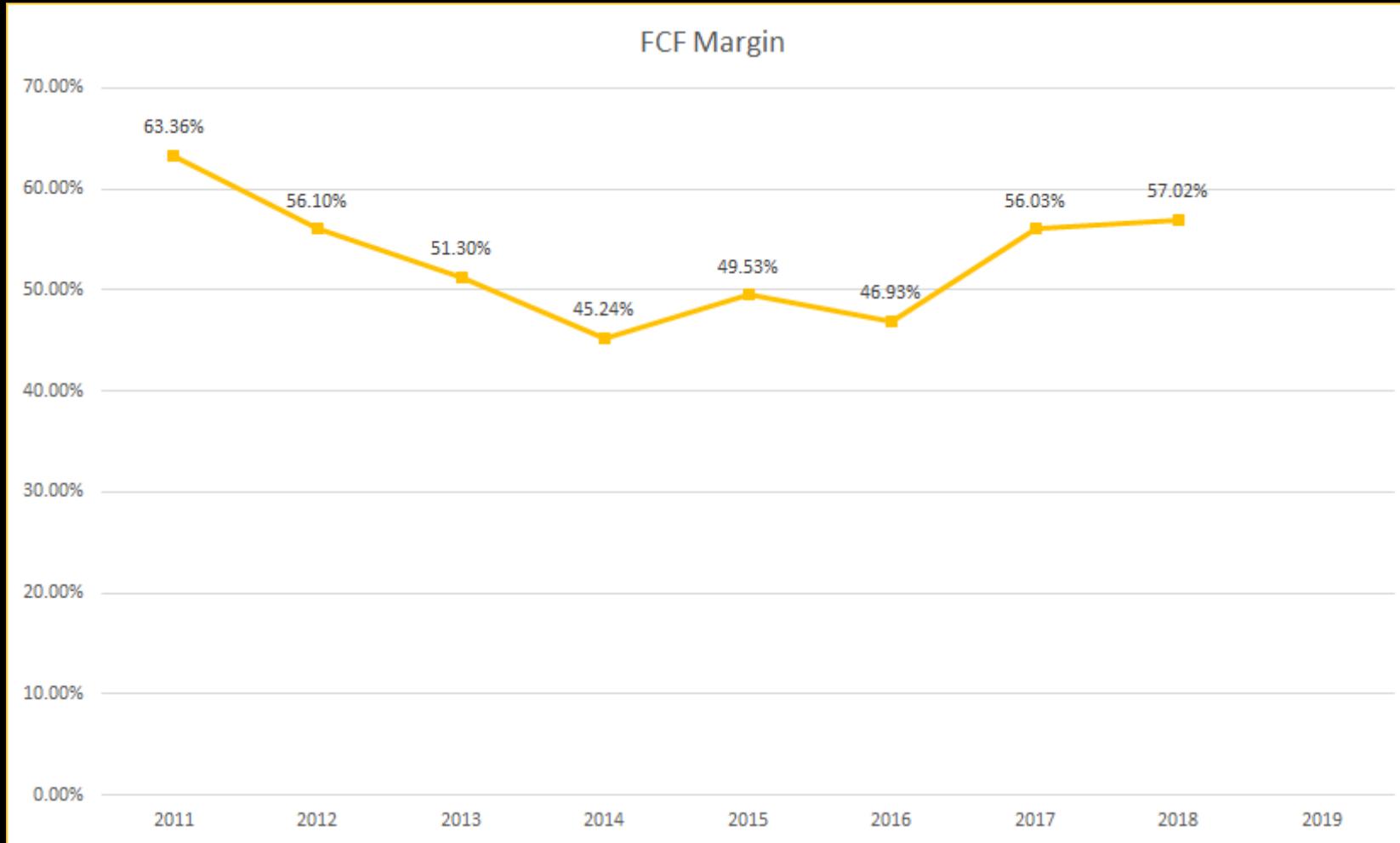
We look for this ratio to be below 70%

Great if below 35%



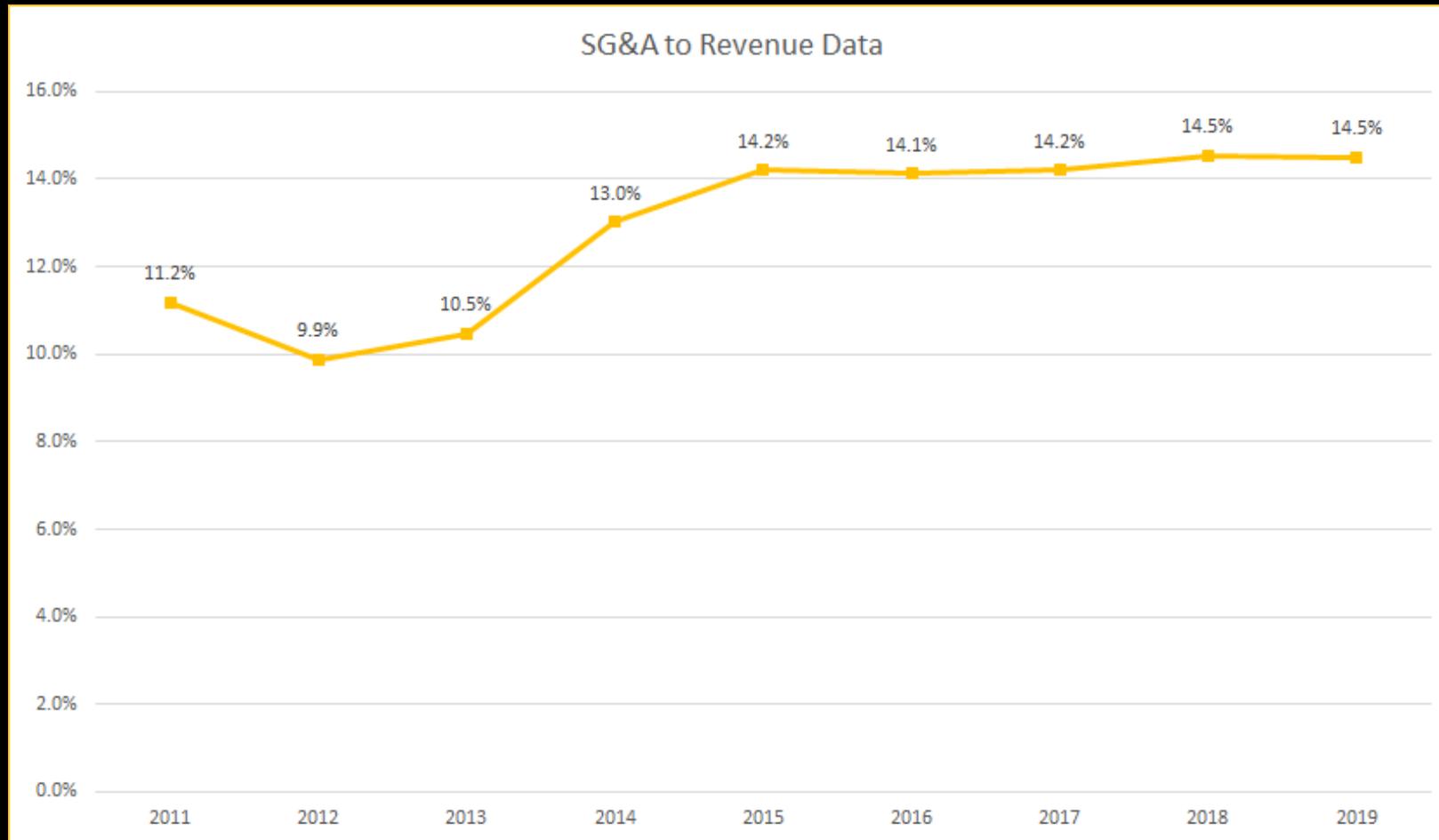
FCF Margin

We look for this ratio to be above 10%

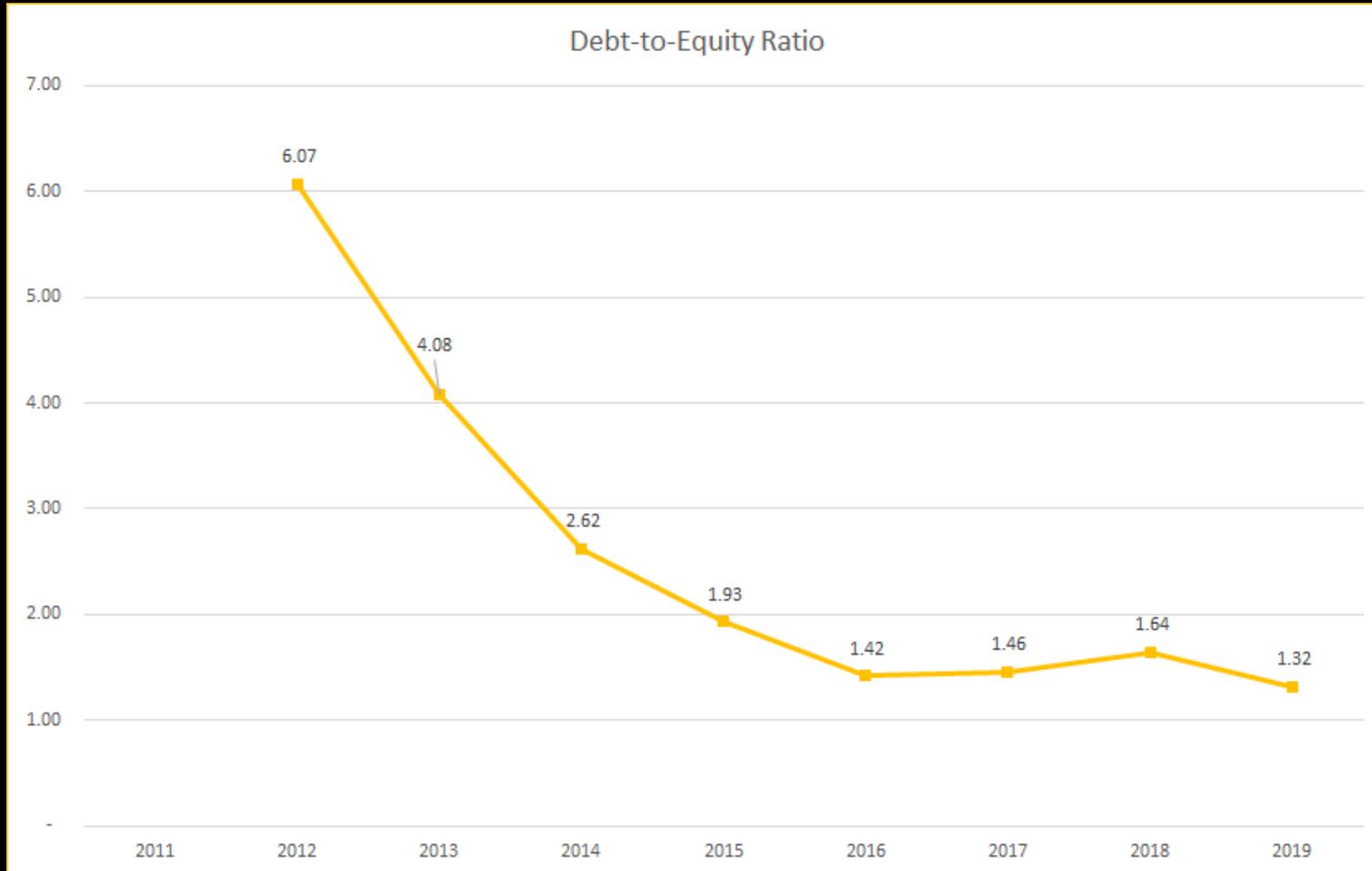


SG&A to Revenue

We look for this ratio to be below 80%



Debt-to-Equity Ratio



We usually look for a business to have a Debt to Equity ratio below 0.80.

Since SYF is a Financial Institution, Buffett likes a Debt to Equity ratio below 9.

Historical Dupont Analysis

Year	Total Asset Turnover	Net Profit Margin	Financial Leverage Multiplier	Return on Equity
2019	0.16	22%	6.95	24.6%
2018	0.16	17%	7.28	20.0%
2017	0.16	13%	6.73	14.0%
2016	0.16	16%	6.35	16.4%
2015	0.16	18%	6.66	18.5%

Industry DuPont Analysis

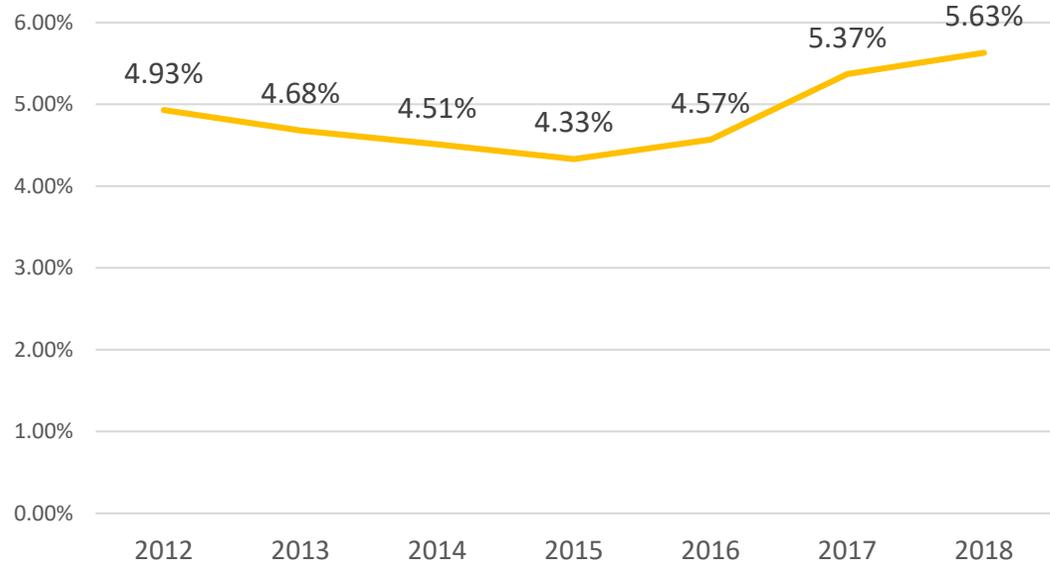
Company	Total Asset Turnover	Net Profit Margin	Financial Leverage Multiplier	Return on Equity
 synchrony	0.16	22%	6.95	24.6%
 DISCOVER	0.10	25.8%	9.61	25.4%
 AllianceData.	0.19	5.6%	16.34	17.7%
 citigroup	0.04	26.1%	10.10	10.1%
 AMERICAN EXPRESS	0.16	21.9%	8.61	30.1%
 Capital One	0.07	19.4%	6.73	9.8%



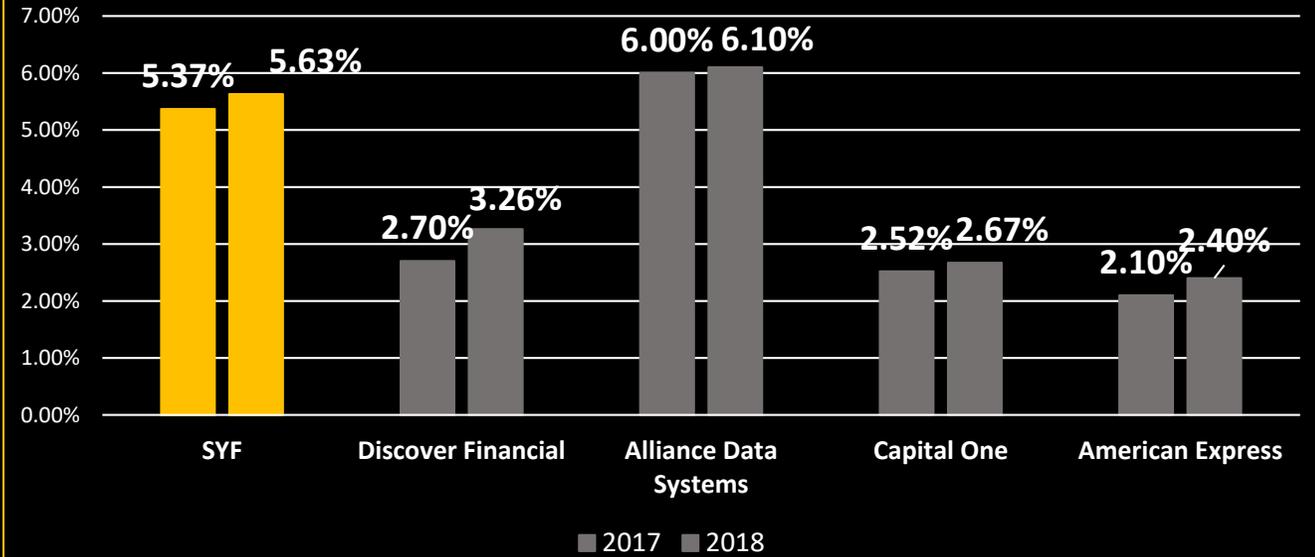
Industry Specific Metrics

Specific Industry Metrics

Net Charge-Off Rate



Net Charge-Off Rate



2020 Outlook

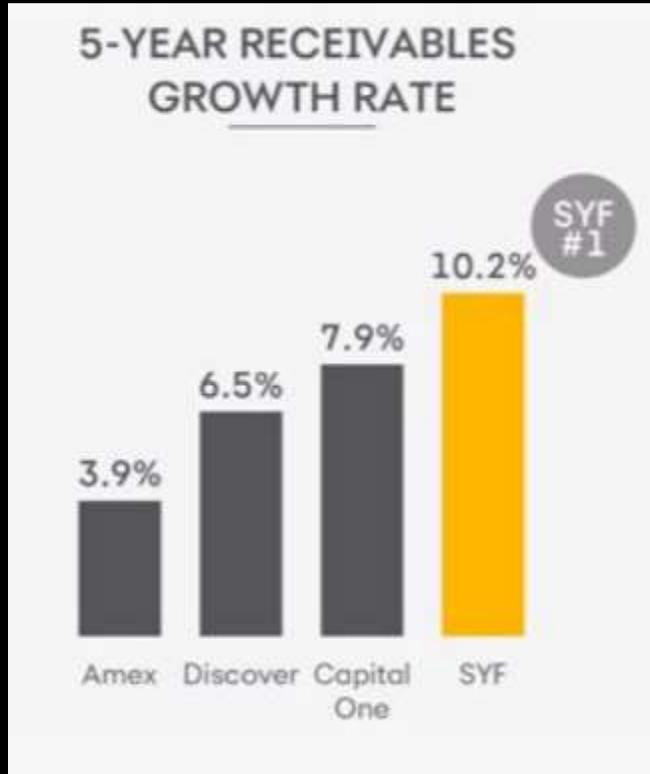
Benefit from Walmart

Net Charge-Off Rate

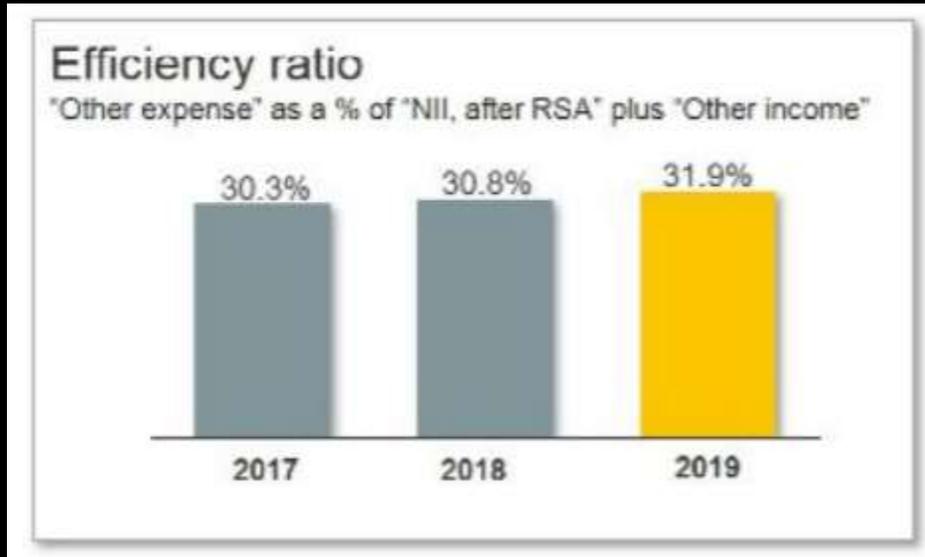
5.4% - 5.6%



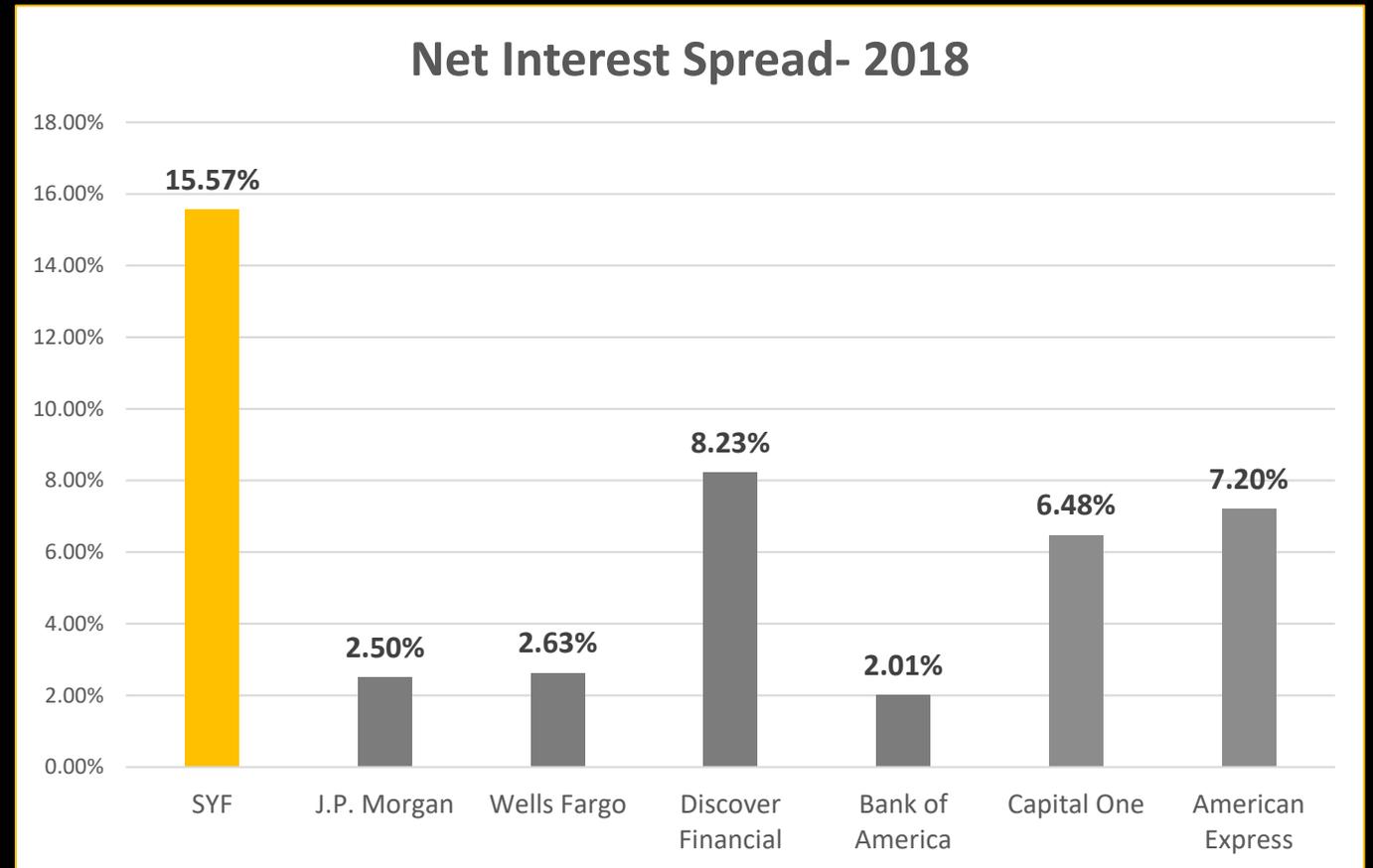
Industry Specific Metrics



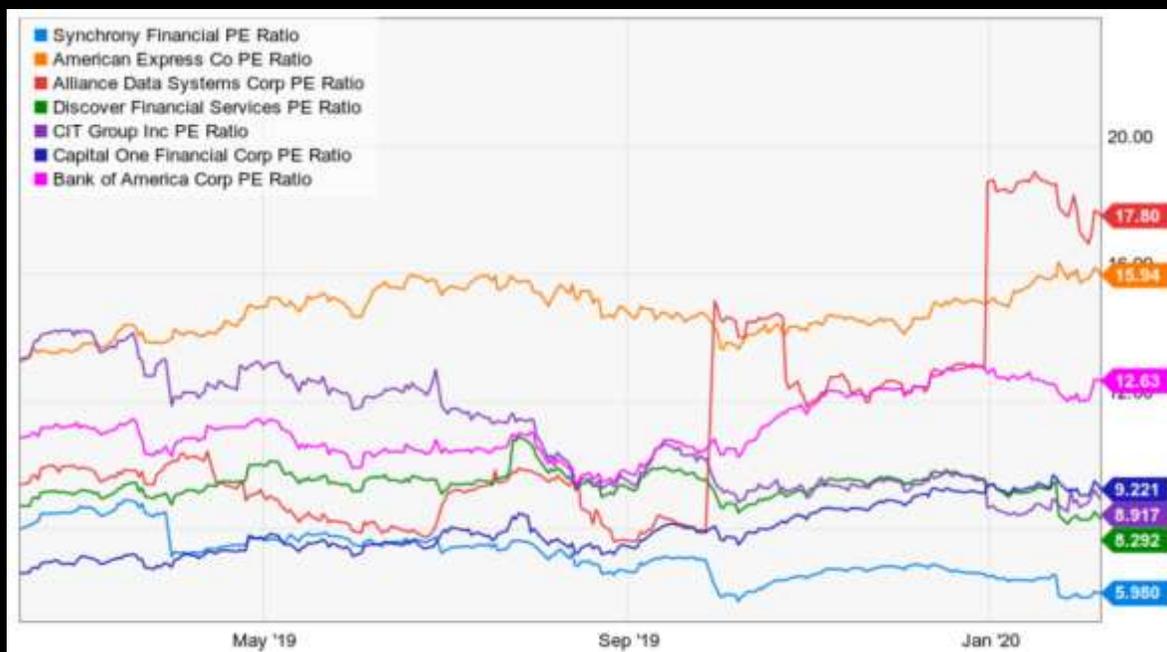
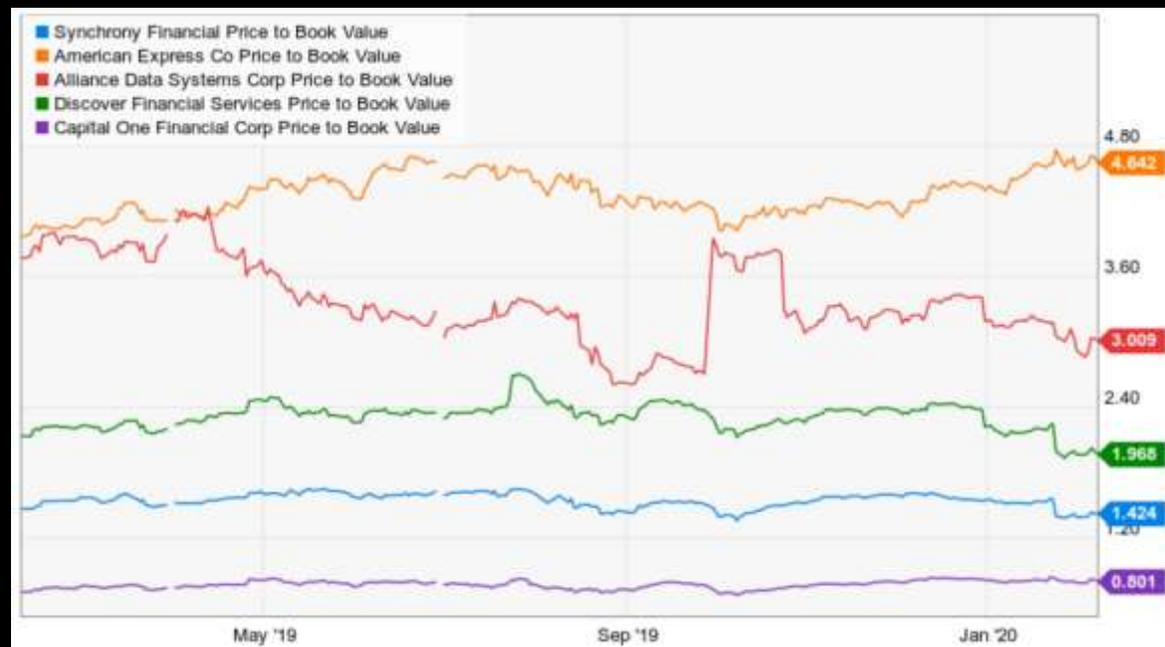
Industry Specific Metrics



Industry Specific Metrics

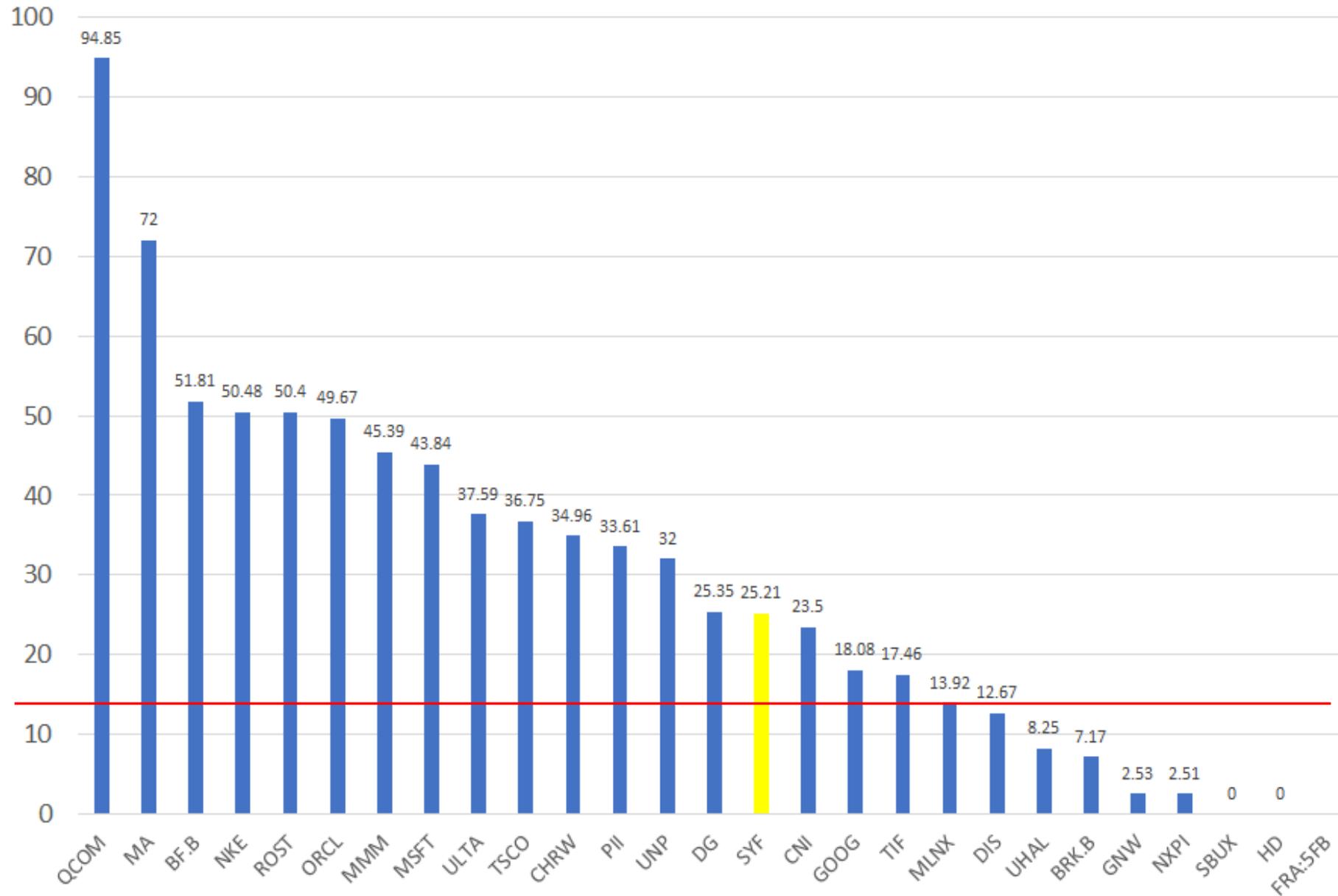






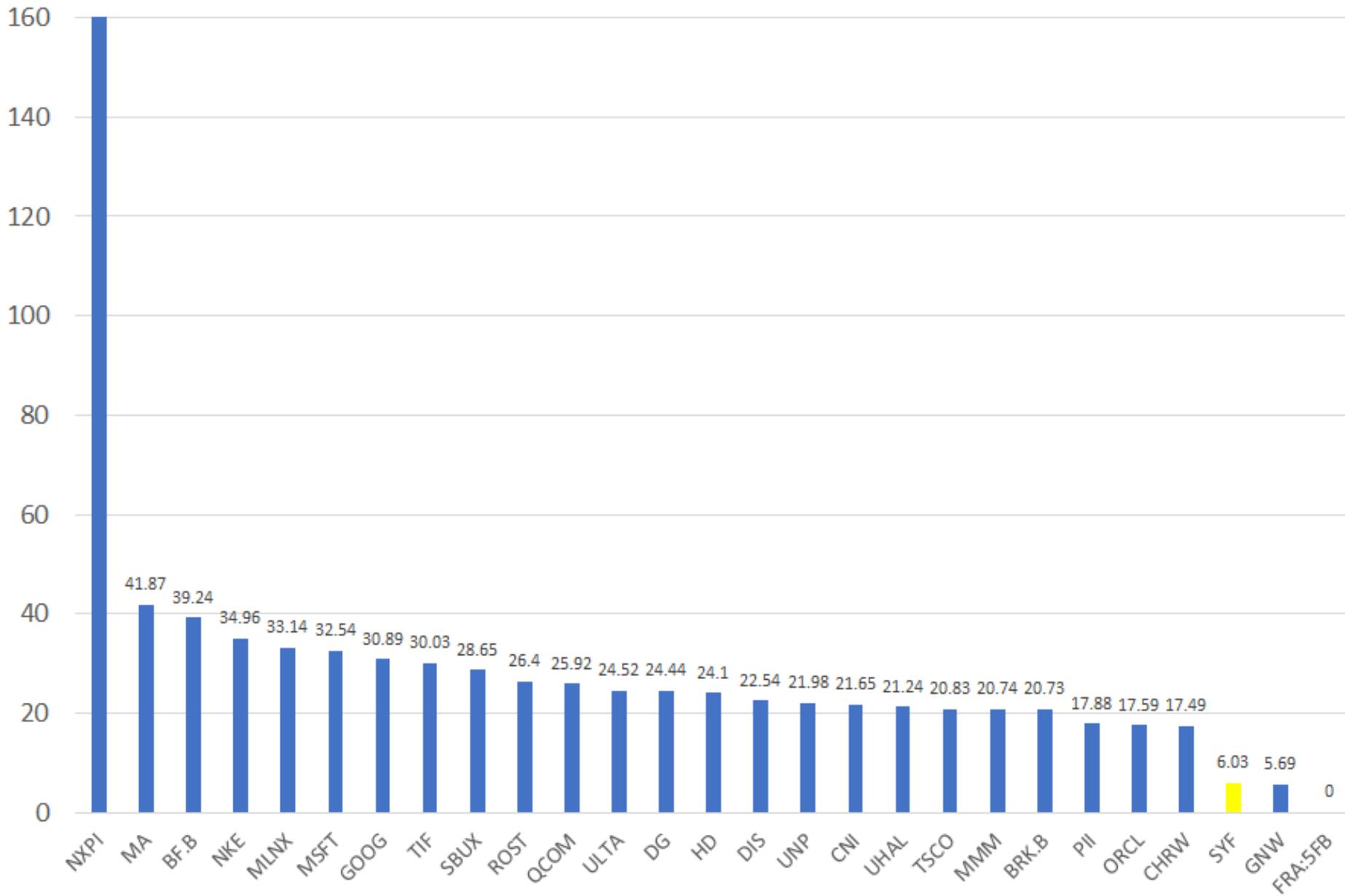
Intraportfolio

Return on Equity



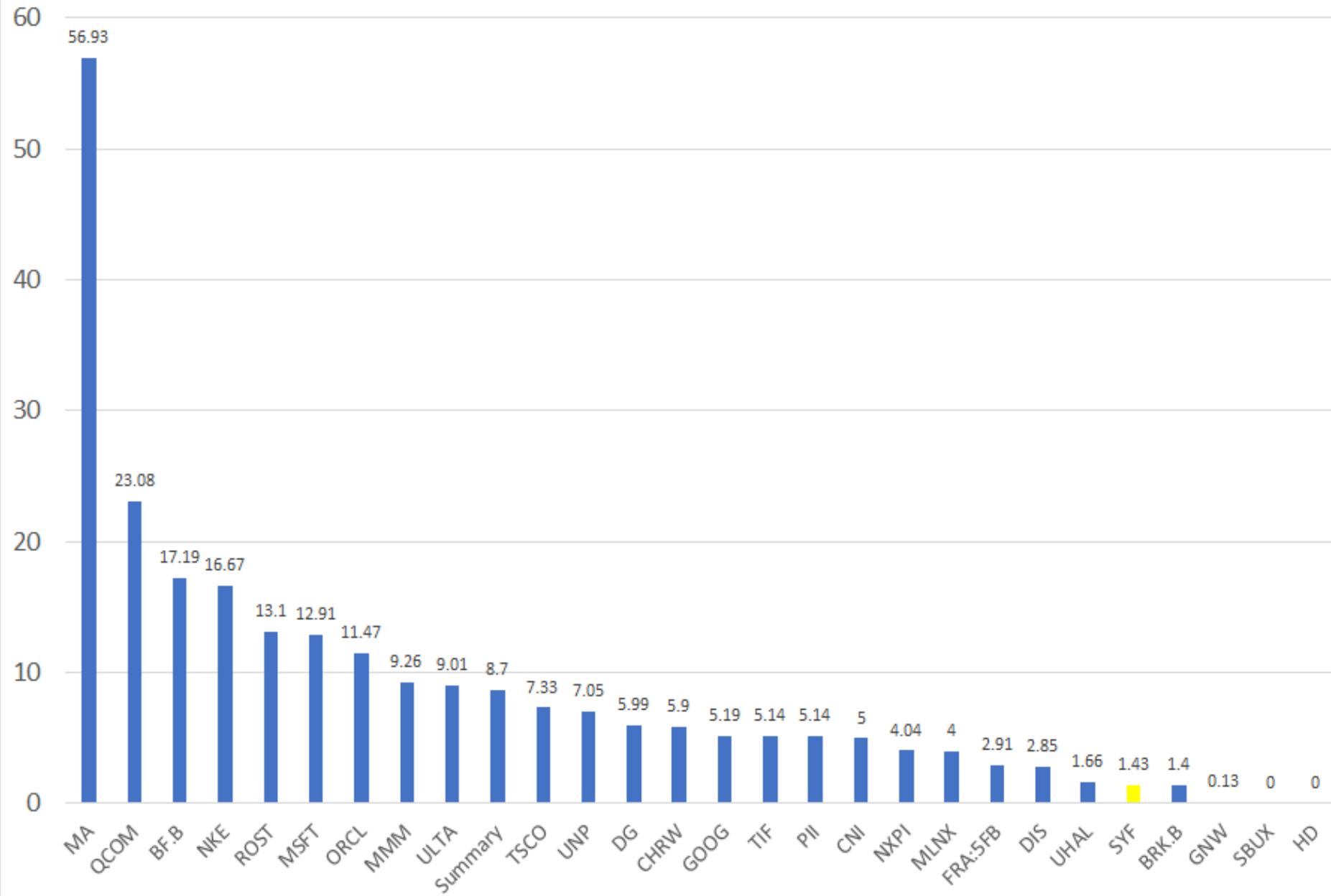
Above 15%

Price to Earnings



The lower
the better

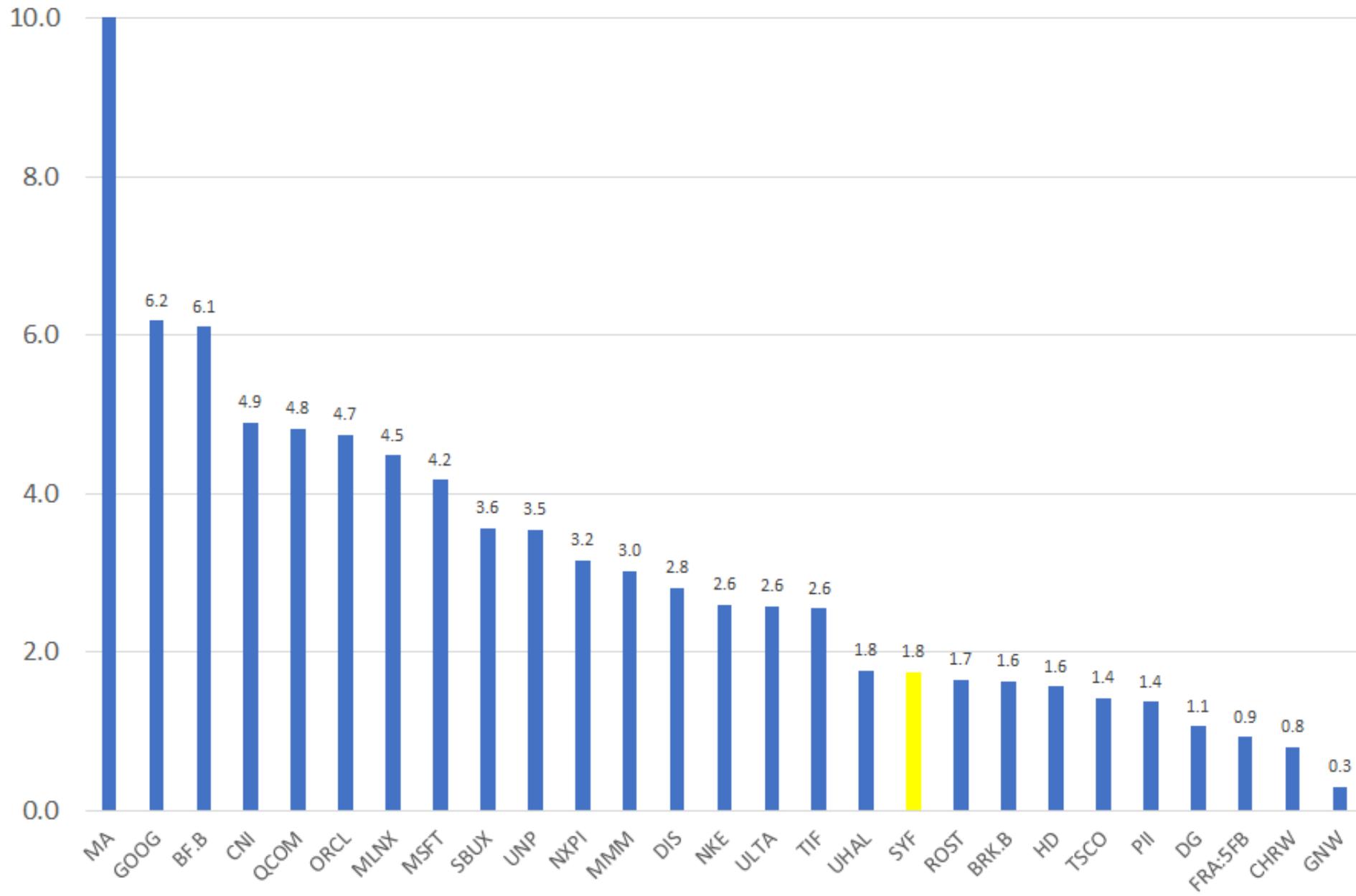
Price to Book



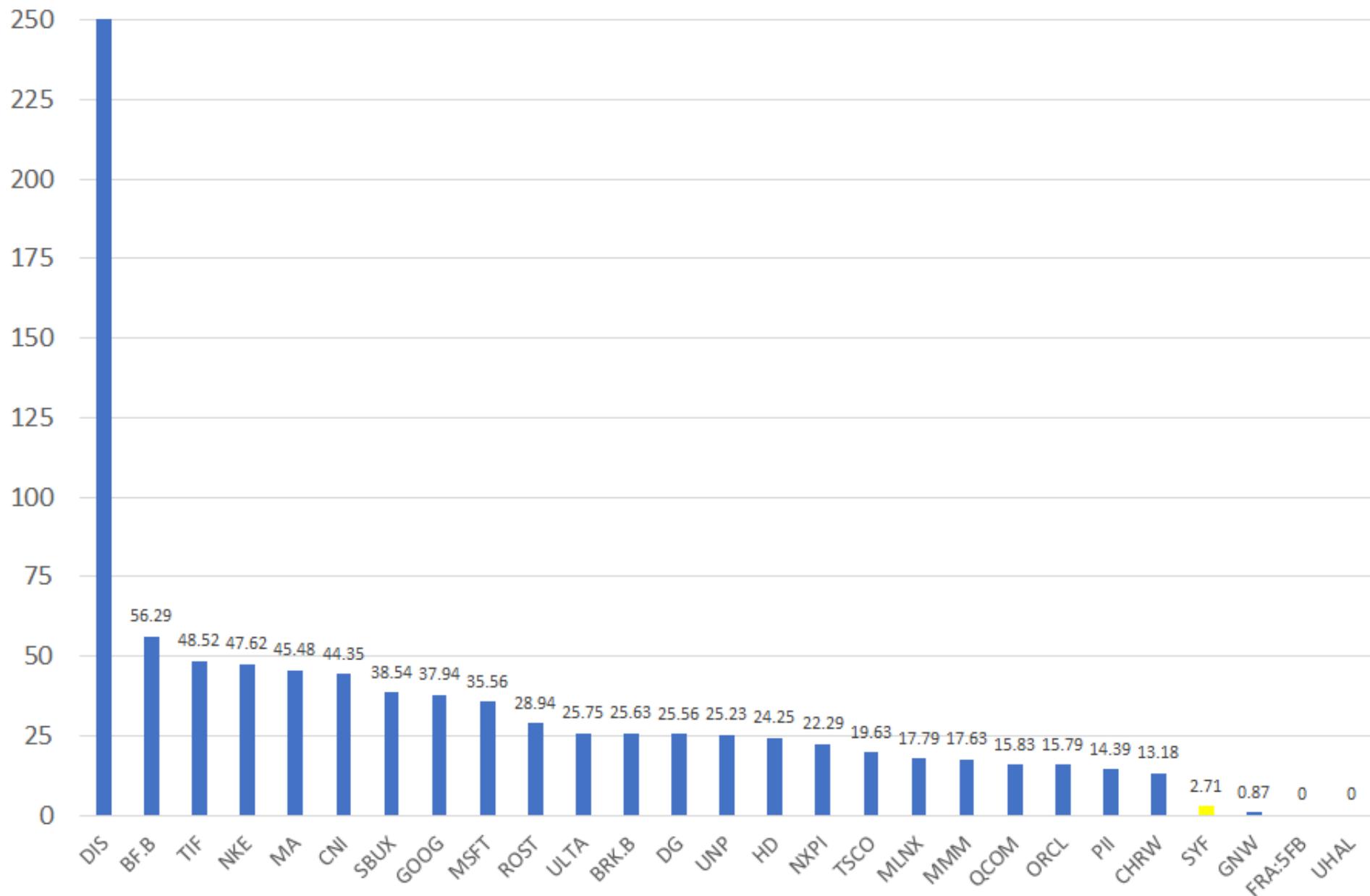
The lower
the better

Price to Sales

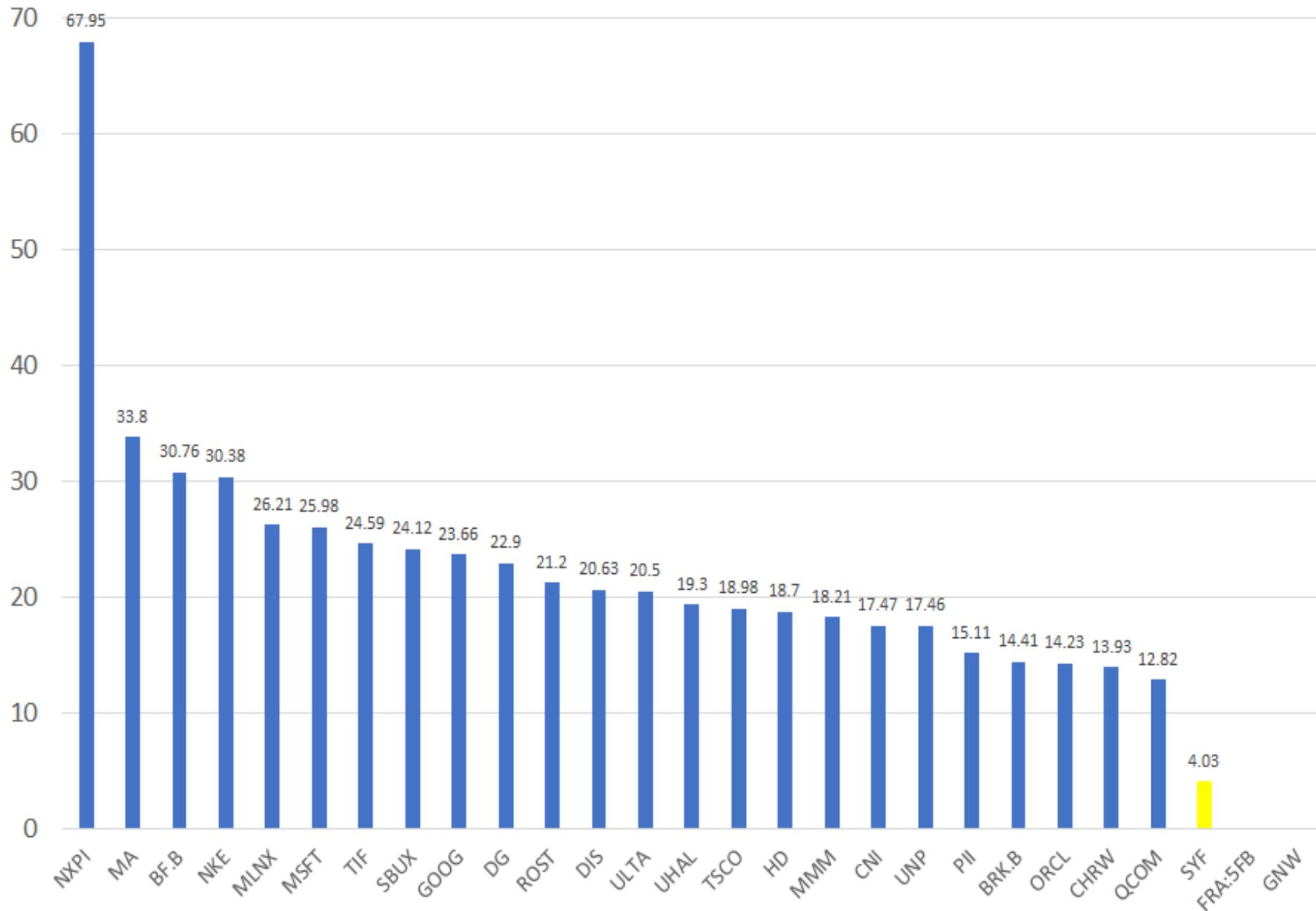
The lower the better



Price to Free Cash Flow



Enterprise Value to Earnings Before Interest Tax



The Lower the
better

Conscious Investor 5 Year

	12/14	12/15	12/16	12/17	12/18	EPSttm	Years
EPS (\$)	2.780	2.650	2.710	2.420	3.740	\$5.560	5
SPS (\$)	14.159	14.973	16.974	19.862	22.793		5

	HGROWTH	STAEGR [®]
EPS (\$)	5.06%	90.48%
SPS (\$)	13.27%	98.02%

Conscious Investor 3 Year

	12/14	12/15	12/16	12/17	12/18	EPSttm	Years
EPS (\$)	2.780	2.650	2.710	2.420	3.740	\$5.560	3
SPS (\$)	14.159	14.973	16.974	19.862	22.793		3

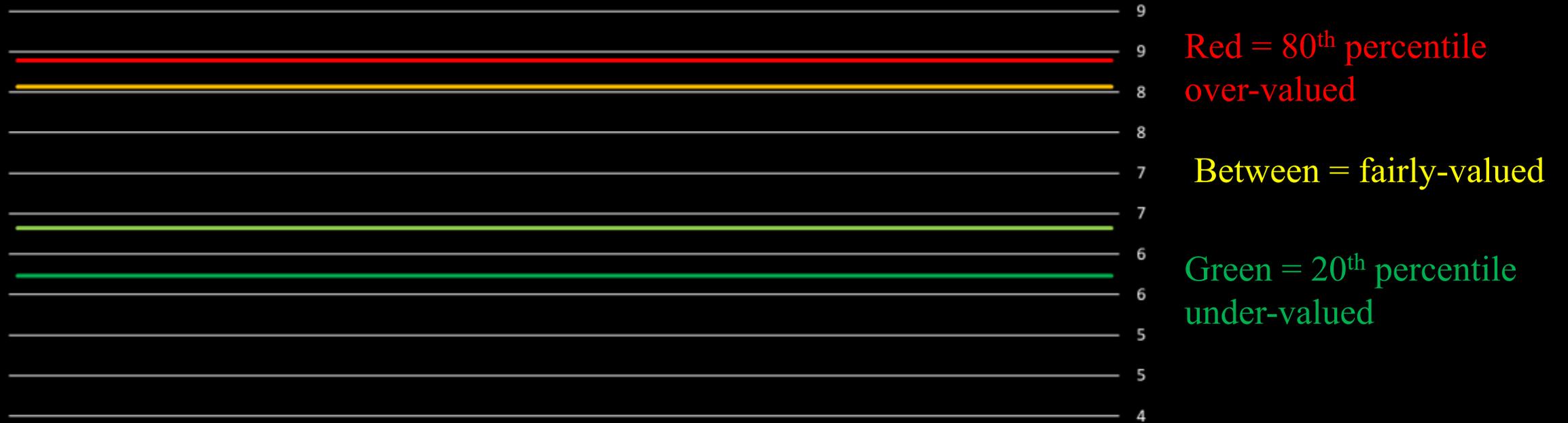
	HGROWTH	STAEGR [®]
EPS (\$)	17.48%	88.07%
SPS (\$)	15.88%	99.77%

Conscious Investor 2 Year

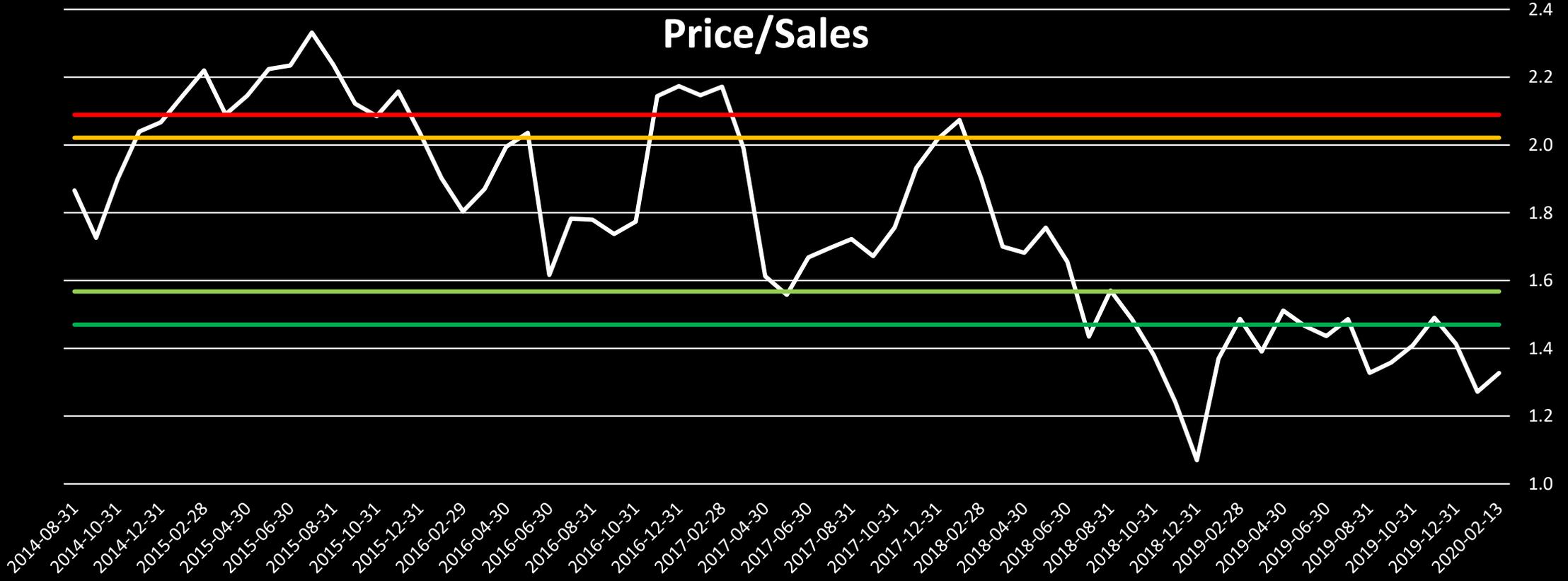
	12/14	12/15	12/16	12/17	12/18	EP Sttm	Years
EPS (\$)	2.780	2.650	2.710	2.420	3.740	\$5.560	2
SPS (\$)	14.159	14.973	16.974	19.862	22.793		2

	HGROWTH	STAEGR [®]
EPS (\$)	54.55%	100.00%
SPS (\$)	14.76%	100.00%

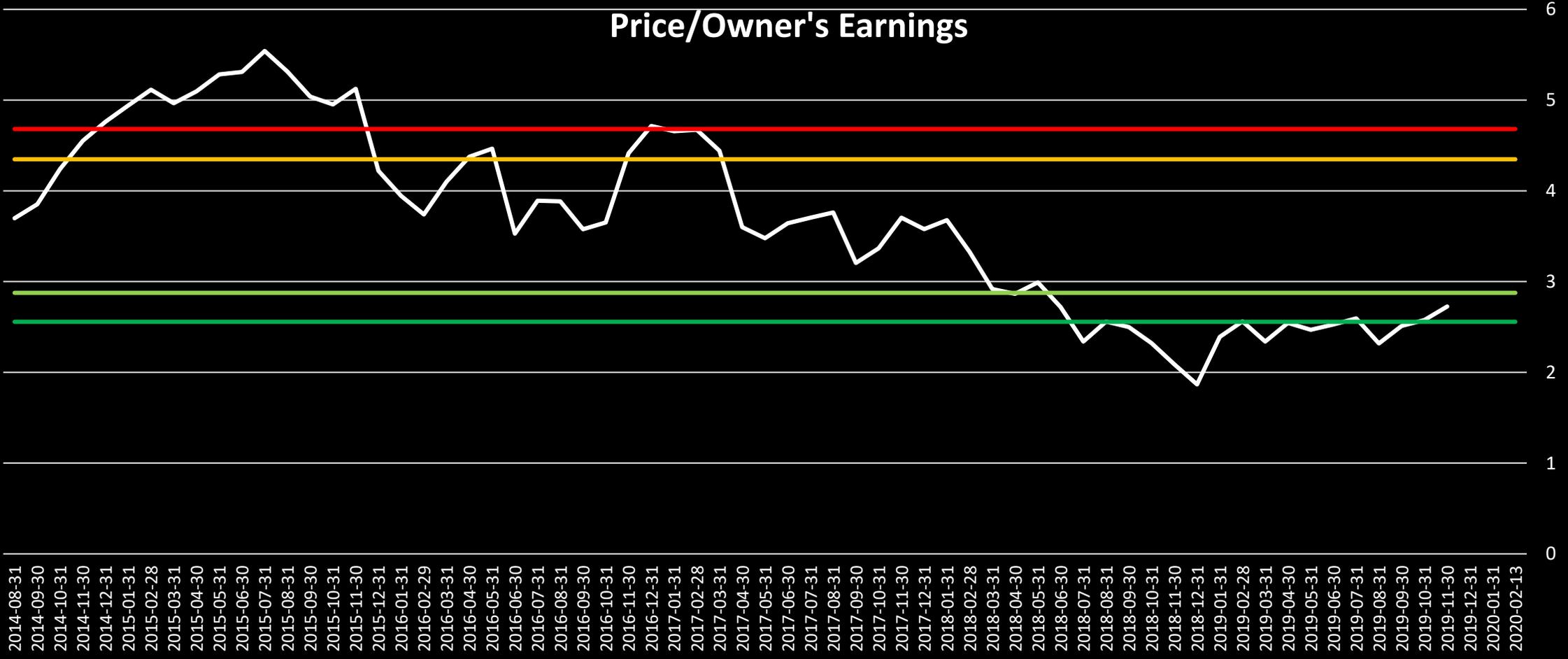
Value Bands



Price/Sales



Price/Owner's Earnings

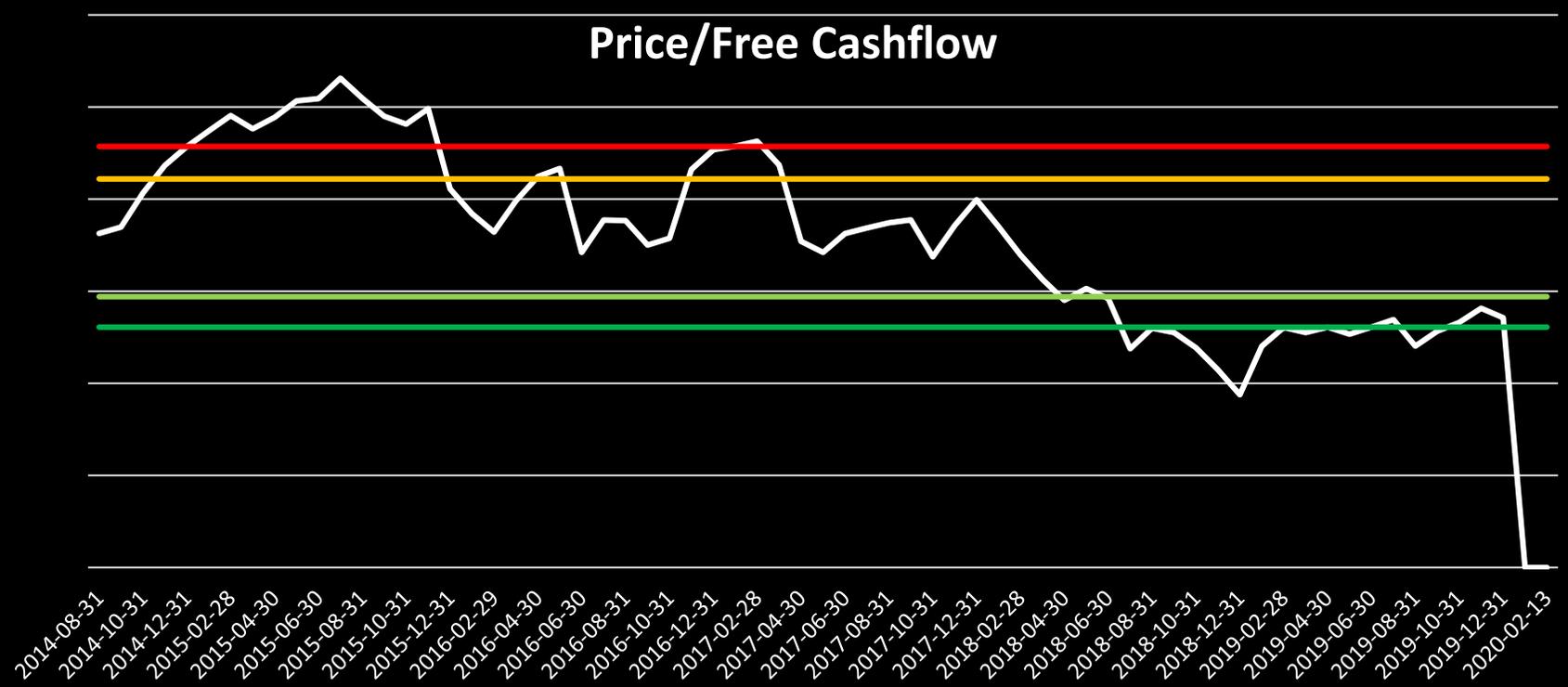


Price/Earnings less Cash

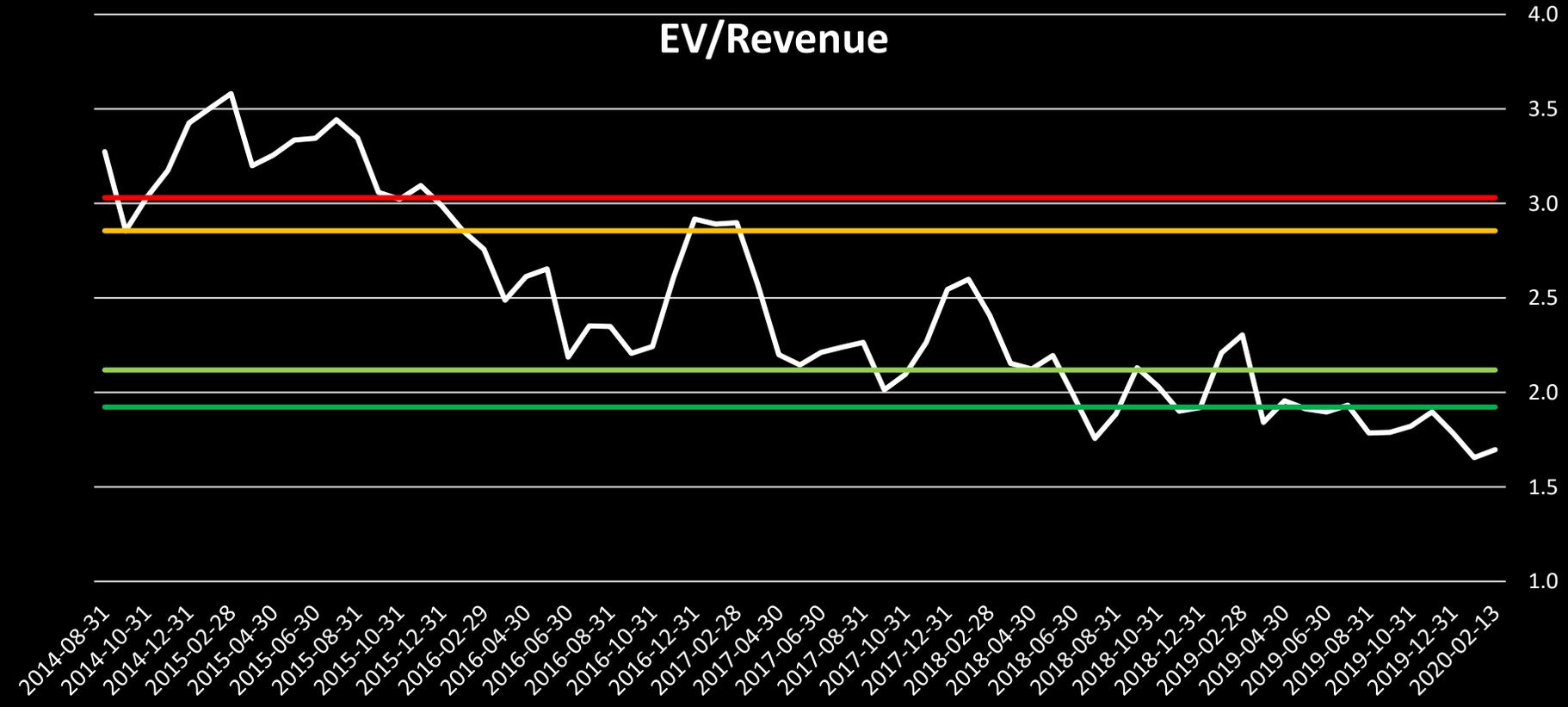




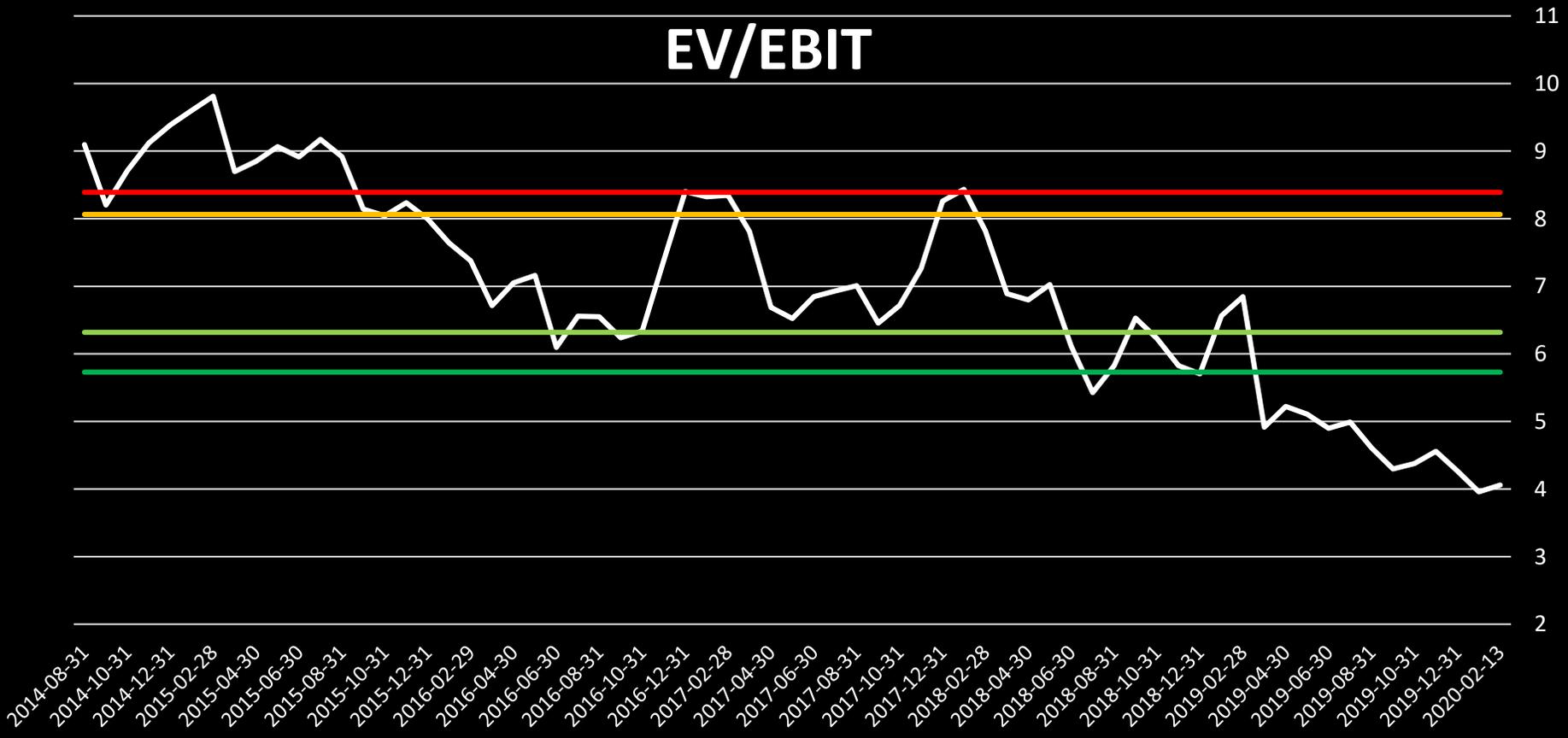
Most recent P/FCF = 2.71



EV/Revenue



EV/EBIT



Discounted Cash Flows

DCF - Bear

DCF Parameters		DCF Results	
Earnings Per Share [?] :	\$ 3.94	Fair Value [?] :	\$ 37.18
Growth Rate In the Next [?] :	10 Years 3 %	! Result may not be accurate due to the low predictability of business	
Terminal Growth Rate [?] :	4 %	Tangible Book Value [?] \$ 19.5	<input type="checkbox"/> Add to Fair Value
Years of Terminal Growth [?] :	10	Growth Value [?] :	25.58
Discount Rate [?] :	12 %	Terminal Value [?] :	11.6
Business Predictability [?] :	☆☆☆☆☆	Stock Price :	\$ 33.77
<input type="button" value="Save the parameters"/>		Margin Of Safety :	9.17%

Growth Rate: 3%

DCF - Base

DCF Parameters	DCF Results
Earnings Per Share [?] : \$ <input type="text" value="3.94"/>	Fair Value [?] : \$ 51.07
Growth Rate In the Next [?] <input type="text" value="10"/> Years <input type="text" value="8"/> %	! Result may not be accurate due to the low predictability of business
Terminal Growth Rate [?] : <input type="text" value="4"/> %	Tangible Book Value [?] \$ <input type="text" value="19.5"/> <input type="checkbox"/> Add to Fair Value
Years of Terminal Growth [?] : <input type="text" value="10"/>	Growth Value [?] : 32.43
Discount Rate [?] : <input type="text" value="12"/> %	Terminal Value [?] : 18.64
Business Predictability [?] : ★★★★★	Stock Price : \$ <input type="text" value="33.77"/>
<input type="button" value="Save the parameters"/>	Margin Of Safety : 33.88%

Growth Rate: 8%

DCF - Bull

DCF Parameters		DCF Results	
Earnings Per Share [?] :	\$ <input type="text" value="3.94"/>	Fair Value [?] :	\$ 66.21
Growth Rate In the Next [?] :	<input type="text" value="10"/> Years <input type="text" value="12"/> %	! Result may not be accurate due to the low predictability of business	
Terminal Growth Rate [?] :	<input type="text" value="4"/> %	Tangible Book Value [?] \$	<input type="text" value="19.5"/> <input type="checkbox"/> Add to Fair Value
Years of Terminal Growth [?] :	<input type="text" value="10"/>	Growth Value [?] :	39.4
Discount Rate [?] :	<input type="text" value="12"/> %	Terminal Value [?] :	26.81
Business Predictability [?] :	☆☆☆☆☆	Stock Price :	\$ <input type="text" value="33.77"/>
<input type="button" value="Save the parameters"/>		Margin Of Safety :	49.00%

Growth Rate: 12%

Reverse DCF

Reverse DCF Results

Growth Rate ? : **1.44%**

At a Discount Rate of 12%, SYF only has to grow at 1.44% over the next 10-years to give us a 0% Margin of Safety.

Reverse DCF Results

Growth Rate ? : **-0.79%**

At a Discount Rate of 10%, SYF does not have to do much to have a margin of safety of 0%.

Recommendation

MARKET ORDER

400 shares

- Great business
- Strong moat
- Opportunities for growth
- Being offered at a value gap

