

# S&P Global INC.(SPGI)

Earnings Update

Hold | Outperform

Justin, Ryker, Jenna, Jaiden| March 4, 2025



## Overview- Justin

- With one of the widest moats in terms of financial services, S&P Global has offered credit ratings, benchmarks, and data analytics to both capital and commodity markets around the world since 1917.
  - These ratings benefit both bond issuers and bond investors, igniting a network effect as a result.
- Consisting of a large team of skilled business analysts, S&P Global can efficiently leverage data resources.
- Its multiple clients can personalize their own data analysis to fulfill their specific needs.

## Results- Jaiden

- Revenue beat by 2.6%.
- Earnings per share beat by 10.6%%.
- reported revenue growth in all segments, as well as strong operating margin expansion and EPS growth for the company, exceeding consolidated financial guidance on both a GAAP and adjusted basis.
- S&P Global saw strong revenue growth due to the rising demand for financial data, risk assessment, and analytics with a focus on AI driven insights.

## Key Performance Indicators- Ryker

- Revenue increased 14% YoY to \$14.208 billion.
- GAAP net income increased 47% to \$3.852 billion and adjusted net income rose 22% to \$4.898 billion.
- GAAP diluted EPS increased 50% to \$12.35 while adjusted diluted EPS grew 25% to \$15.70.
- The company returned \$4.4 billion to shareholders via \$1.1 billion in dividends and \$3.3 billion in share repurchases.

## Guidance- Jaiden

- Revenue is expected to rise again next year.
- S&P Global plans to enhance its data and analytics as they aim to meet the growing demand for market intelligence amid global economic uncertainties.
- No share buyback plan announced yet for 2025.

## IOFS- Ryker

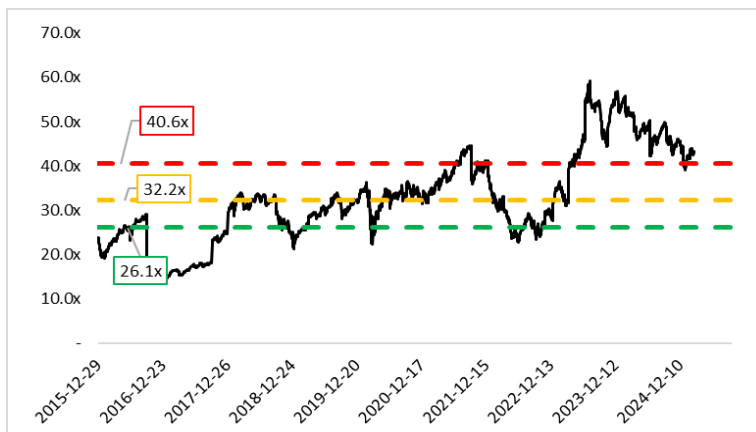
In Millions Except Per Share Data	2015-12	2016-12	2017-12	2018-12	2019-12	2020-12	2021-12	2022-12	2023-12	2024-12	TTM	Threshold
Revenue	\$ 5,313	\$ 5,661	\$ 6,063	\$ 6,258	\$ 6,699	\$ 7,442	\$ 8,297	\$ 11,181	\$ 12,497	\$ 14,208	\$ 14,207	
Cost of Goods Sold	\$ 1,718	\$ 1,773	\$ 1,694	\$ 1,838	\$ 1,976	\$ 2,094	\$ 2,180	\$ 3,753	\$ 4,141	\$ 4,391	\$ 4,391	
Gross Profit	\$ 3,595	\$ 3,888	\$ 4,369	\$ 4,420	\$ 4,723	\$ 5,348	\$ 6,117	\$ 7,428	\$ 8,356	\$ 9,817	\$ 9,816	
Gross Margin %	68%	69%	72%	71%	71%	72%	74%	66%	67%	69%	69%	> 40%
Selling, General, & Admin. Expense	\$ 1,532	\$ 1,467	\$ 1,606	\$ 1,424	\$ 1,342	\$ 1,541	\$ 1,729	\$ 3,396	\$ 3,159	\$ 3,166	\$ 3,166	
% of Gross Profit	43%	38%	37%	32%	28%	29%	28%	46%	38%	32%	32%	< 30%
EBITDA	\$ 2,074	\$ 3,550	\$ 2,790	\$ 3,021	\$ 3,275	\$ 3,575	\$ 4,461	\$ 6,019	\$ 5,148	\$ 6,778	\$ 6,778	
Depreciation, Depletion and Amortization	\$ 157	\$ 181	\$ 180	\$ 206	\$ 204	\$ 206	\$ 178	\$ 1,013	\$ 1,143	\$ 1,173	\$ 1,173	
% of Gross Profit	4%	5%	4%	5%	4%	4%	3%	14%	14%	12%	12%	< 10%
Operating Income	\$ 1,906	\$ 2,240	\$ 2,583	\$ 2,790	\$ 3,177	\$ 3,601	\$ 4,210	\$ 3,019	\$ 4,054	\$ 5,478	\$ 5,479	
Operating Margin %	36%	40%	43%	45%	47%	48%	51%	27%	32%	39%	39%	> 20%
Interest Expense	\$ 102	\$ 181	\$ 149	\$ 134	\$ 141	\$ 141	\$ 119	\$ 304	\$ 334	\$ 297	\$ 297	
% of Operating Income	5%	8%	6%	5%	4%	4%	3%	10%	8%	5%	5%	< 35%
EBIT	\$ 1,917	\$ 3,369	\$ 2,610	\$ 2,815	\$ 3,071	\$ 3,369	\$ 4,283	\$ 5,006	\$ 4,005	\$ 5,605	\$ 5,605	
Tax Rate %	30%	30%	33%	21%	21%	22%	22%	25%	21%	22%	22%	
Net Income	\$ 1,156	\$ 2,106	\$ 1,496	\$ 1,958	\$ 2,123	\$ 2,339	\$ 3,024	\$ 3,248	\$ 2,626	\$ 3,852	\$ 3,853	
Net Margin %	22%	37%	25%	31%	32%	31%	36%	29%	21%	27%	27%	> 10%
Shares Outstanding (Diluted Average)	274.6	265.2	258.9	253.2	246.9	242.1	241.8	318.5	318.9	311.9	308.9	
EPS (Diluted)	\$ 4.21	\$ 7.94	\$ 5.78	\$ 7.73	\$ 8.60	\$ 9.66	\$ 12.51	\$ 10.20	\$ 8.23	\$ 12.35	\$ 12.35	
RDE %	596%	324%	211%	312%	443%	460%	149%	9%	8%	12%	11%	> 15%
ROC %	30%	50%	35%	46%	48%	51%	49%	7%	6%	9%	9%	> 15%
Net Income	\$ 1,156	\$ 2,106	\$ 1,496	\$ 1,958	\$ 2,123	\$ 2,339	\$ 3,024	\$ 3,248	\$ 2,626	\$ 3,852	\$ 3,853	
Capital Expenditure	\$ 139	\$ 115	\$ 123	\$ 113	\$ 115	\$ 76	\$ 35	\$ 89	\$ 143	\$ 124	\$ 124	
% of Net Income	12%	5%	8%	6%	5%	3%	1%	3%	5%	3%	3%	< 50%
Free Cash Flow	\$ 217	\$ 1,445	\$ 1,893	\$ 1,951	\$ 2,661	\$ 3,491	\$ 3,563	\$ 2,514	\$ 3,567	\$ 5,565	\$ 5,565	
FCF Margin %	4%	26%	31%	31%	40%	47%	43%	22%	29%	39%	39%	> 10%
Purchase of Business	\$ 2,396	\$ 177	\$ 83	\$ 401	\$ 91	\$ 201	\$ 99	#BUSY!	\$ 296	\$ 305	\$ 305	
Dividends Per Share	\$ 1.32	\$ 1.44	\$ 1.64	\$ 2.00	\$ 2.28	\$ 2.68	\$ 3.08	\$ 3.32	\$ 3.60	\$ 3.64	\$ 3.64	
Dividend Payout Ratio	32%	29%	28%	26%	26%	26%	25%	59%	29%	23%	23%	< 60%
Dividend Yield %	1.3%	1.3%	1.0%	1.2%	0.8%	0.8%	0.7%	1.0%	0.8%	0.7%	0.7%	
Repurchase of Stock	\$ 974	\$ 1,123	\$ 1,001	\$ 1,660	\$ 1,240	\$ 1,164	#BUSY!	#####	\$ 3,301	\$ 3,301	\$ 3,301	
Stock Based Compensation	\$ 78	\$ 76	\$ 99	\$ 94	\$ 78	\$ 90	\$ 122	\$ 214	\$ 171	\$ 247	\$ 247	
% of Revenue	1.5%	1.3%	1.6%	1.5%	1.2%	1.2%	1.5%	1.9%	1.4%	1.7%	1.7%	
Obligation Ratio	1.8x	0.6x	0.5x	0.9x	0.9x	0.3x	-0.6x	3.2x	4.1x	2.7x	2.7x	< 5.0x
Short-Term Debt	\$ 143	#BUSY!	\$ 399	#BUSY!	#BUSY!	#BUSY!	#BUSY!	\$ 226	\$ 47	\$ 4	\$ 4	
Long-Term Debt	\$ 3,468	\$ 3,564	\$ 3,170	\$ 3,662	\$ 3,948	\$ 4,110	\$ 4,114	#####	\$ 11,412	\$ 11,394	\$ 11,394	
Preferred Stock	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	#BUSY!	
Pension Shortfall	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Leases x7	#BUSY!	#BUSY!	#BUSY!	#BUSY!	\$ 784	\$ 700	\$ 672	\$ 577	\$ 541	\$ 535	\$ 535	
Marketable Securities	\$ 6	\$ 8	\$ 12	\$ 18	\$ 28	\$ 9	\$ 11	\$ 14	\$ 26	\$ 20	\$ 20	
Cash and Cash Equivalents	\$ 1,481	\$ 2,392	\$ 2,777	\$ 1,917	\$ 2,866	\$ 4,108	\$ 6,497	\$ 1,286	\$ 1,290	\$ 1,666	\$ 1,666	

- Margins remain strong, with gross margin at 69%, operating margin at 39% (which has been increasing the past 3 years) and net margin is 27%.
- Free cash flow grew to \$5.565 billion, nearly a 40% increase.
- Obligation ratio is within 5, at 2.7x.
- As mentioned previously, revenue, EPS, and net income continue to go higher.

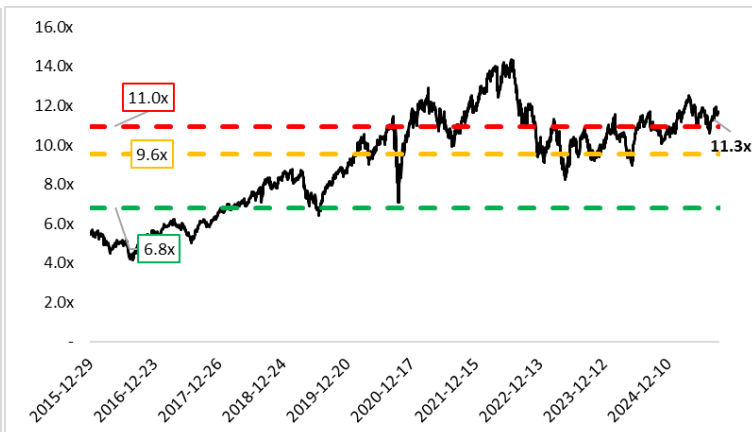
## Valuation- Jenna

### Value Bands:

#### PE Ratio

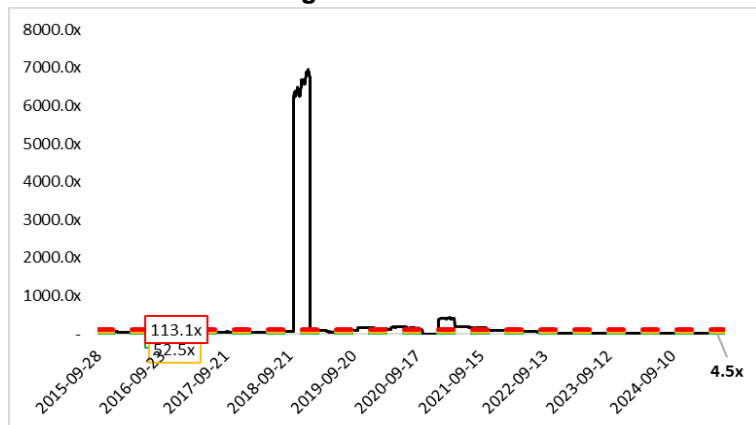


#### PS Ratio

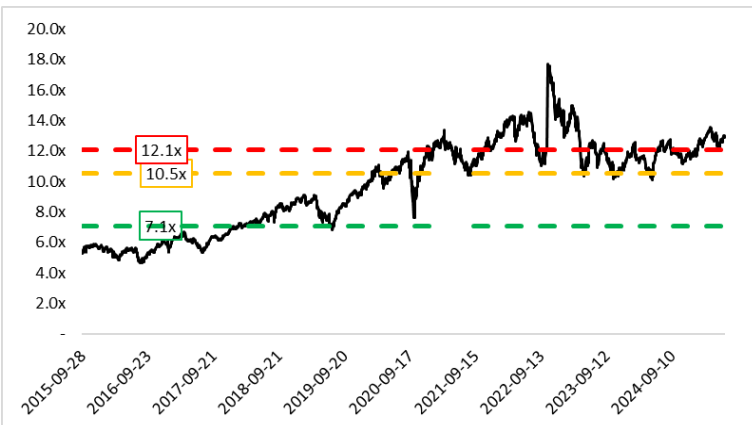


#### PB Ratio

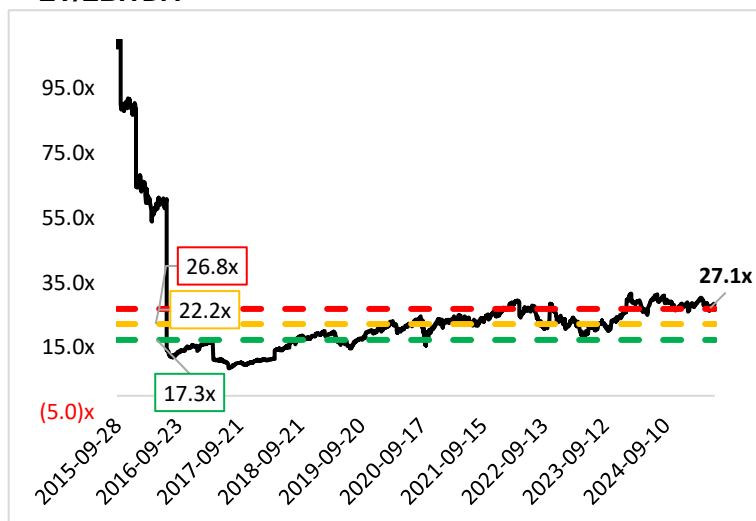
not significant



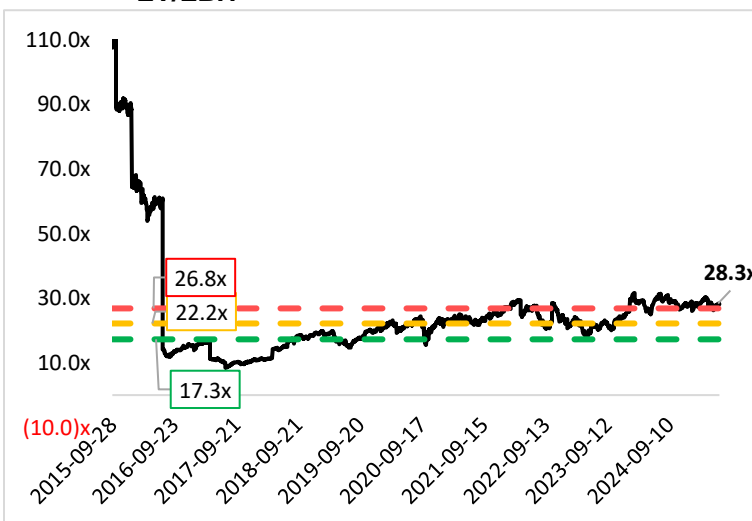
#### EV/Revenue



#### EV/EBITDA



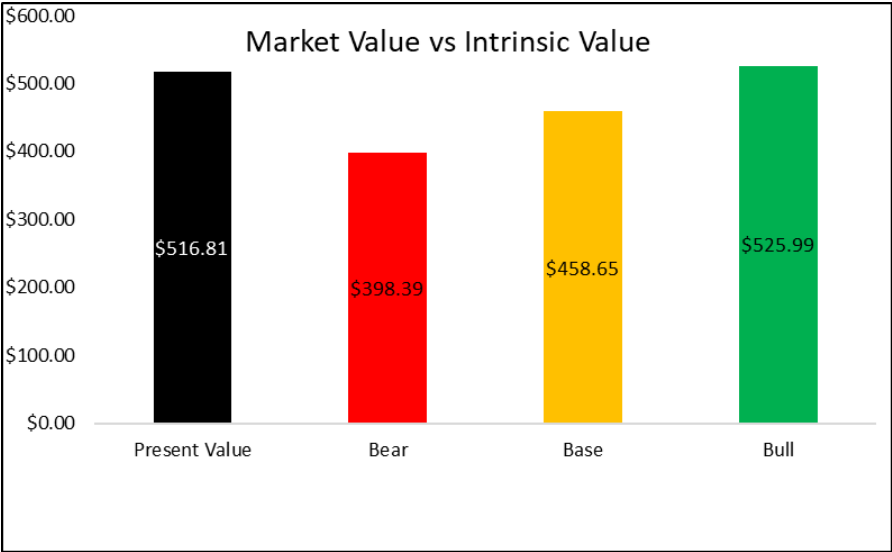
#### EV/EBIT



Valuation:

Ticker: SPGI												
Price: \$516.81												
5 Year Discounted Cash Flow												
								P/E	Total Return Price	PV	5 YR Return	Annual Return
Bear	EPS	Current	2025	2026	2027	2028	2029	40.0x	\$802.02	\$497.99	55.2%	9.2%
		\$15.71	\$16.50	\$17.32	\$18.19	\$19.10	\$20.05	32.0x	\$641.61	\$398.39	24.1%	4.4%
			5%	5%	5%	5%	5%	15.0x	\$300.76	\$186.75	(41.8)%	(10.3)%
Base	EPS	Current	2025	2026	2027	2028	2029	40.0x	\$923.33	\$573.31	78.7%	12.3%
		\$15.71	\$16.97	\$18.32	\$19.79	\$21.37	\$23.08	32.0x	\$738.66	\$458.65	42.9%	7.4%
			8%	8%	8%	8%	8%	15.0x	\$346.25	\$214.99	(33.0)%	(7.7)%
Bull	EPS	Current	2025	2026	2027	2028	2029	40.0x	\$1,058.89	\$657.49	104.9%	15.4%
		\$15.71	\$17.44	\$19.36	\$21.49	\$23.85	\$26.47	32.0x	\$847.11	\$525.99	63.9%	10.4%
			11%	11%	11%	11%	11%	15.0x	\$397.08	\$246.56	(23.2)%	(5.1)%
Discount rate:												
10%												

	Bear	Base	Bull		
Net Margin Growth			0%	2%	2%
Revenue Growth			5%	6%	9%
Share Buybacks			0%	0%	.5%
EPS Growth Rate			5%	8%	11%



Total RoR Sensitivity				
		Est. EPS growth rate		
P / E		5%	8%	11%
	40.0x	9.2%	12.3%	15.4%
	32.0x	4.4%	7.4%	10.4%
	15.0x	(10.3)%	(7.7)%	(5.1)%

S&P Global is currently overvalued but expected to grow in the future. I say we hold the company for now.