

Initiating Coverage:

# Lazard (\$LAZ)

**Bigger Fees, Bigger Deals: Lazard's Push for Productivity**

**Key Take-away:** In Q2 of 2025, Lazard exceeded revenue and EPS expectations by 11.8% and 36.8% respectively. This was mostly due to the strong performance of the Investment Banking advisory segment, which saw a record 20% increase in revenue from Q1 due to a recent rebound in M&A activity around the globe and several multi-billion-dollar transactions. Additionally, Lazard's Asset Management segment saw modest, but better-than-expected growth, despite ongoing fee compression and uncertainty in the fixed income market.

**Push for productivity:** CEO Peter Orszag recently disclosed (07/24/25) that Lazard had increased its minimum deal fee requirements and hired 14 additional managing directors during the first half of 2025, in attempt to enhance productivity. The specific numbers regarding the fee increase have been kept confidential, but it has helped them focus on larger, higher-profit transactions. These changes played roles in the company's recent advisories of the \$13.8 billion merger between Aedifica and Cofinimmo (Belgium) and Ferrero's \$3.1 billion acquisition of WK Kellogg.

**Focus on Private Markets & Alternatives:** Lazard has been expanding its advisory and asset management businesses into the rapidly growing private markets and alternative investments sector. The firm is now increasingly advising private equity firms and private credit funds, capitalizing on the surge of recent transactions in the private sector. In asset management, Lazard has added private credit, infrastructure, and thematic funds, which all typically allow for higher fees, and are less affected by market volatility. Additionally, Lazard recently partnered with Arini Capital Management, a European alternative credit manager and hedge fund, to expand its direct lending capabilities across Europe. This expansion diversifies Lazard's revenue base beyond traditional public market advisory and active equity management and puts them in a better position against future market volatility.

**Global Expansion in Restructuring & Capital Advisory:** Lazard has recently strengthened its restructuring and capital advisory business, positioning itself to see increased demand from distressed companies across the globe. Before 2025, Lazard's restructuring branch operated as a generalist team, focusing on companies across all industries. Now, the firm has built sector-specific restructuring coverage teams for energy transition, healthcare, and technology sectors. These 3 sectors were prioritized by Lazard because they face unique financing and structural challenges that create more restructuring opportunities. Many energy companies have high capital requirements for renewable energy projects, several health care companies have recently undergone highly leveraged acquisitions, and various technology companies have struggled due to high interest rates.

**Valuation:** We initiate coverage with a \$60 PT.



Consortium Research Group  
FIG | Investment Banking  
August 5<sup>th</sup>, 2025

Stock Rating: Overweight

Price Target: \$60.00

Price: \$52.21

Potential Upside/Downside: 15.0%

Ticker: SLAZ



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## Company Overview

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**Most “Truly International” Independent M&A Advisor:** In terms of global deal flow and client reach, Lazard is the most truly international independent M&A advisory firm as it generates roughly half its revenue outside the Americas. Despite having fewer international offices than Rothschild & Co., Lazard’s 41 offices in 26 countries are strategically located in major financial hubs, and the firm regularly advises on high-profile, large-scale cross-border transactions, making it a leader in international advisory compared to other independent advisory firms.

**Diversified Revenue Stream:** Unlike most independent advisory firms like Evercore and Moelis, which only have advisory branches of business, Lazard also has a global asset management arm. Lazard Asset Management oversees around \$220-250 billion across equity, fixed income, alternative, and ESG strategies and serves clients in over 70 countries. They charge annual management fees that generate recurring revenue (~45% of total) which provides earnings stability in economic downturns and slowed M&A activity.

**Strength of Restructuring Business:** Lazard is one of the leading global restructuring advisors. They were ranked number one globally in restructuring (LSEG Data & Analytics), advising on more than \$134.9 billion in restructuring mandates in 2024 alone. Restructuring is a counter-cyclical business, with its activity rising in economic downturns, giving Lazard a wider safety net when M&A activity slows down.

## Industry Overview

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**Declining Volume, Increasing Value in M&A Market:** M&A volumes globally have dropped by 9% in the first half of 2025 compared to the first half of 2024, reflecting caution amidst high interest rates and tariff uncertainty. However, overall deal value increased by roughly 15% during this same period, driven by a surge in large-cap transactions. AI has driven M&A activity in the technology and healthcare sectors, and renewable energy acquisitions have gained traction in the Energy sector, fueling this increase. It is important to note that following a weak July 2025 jobs report, the Federal Reserve is expected to cut interest rates up to 50 basis points in September, according to its members. This would likely increase M&A volume activity around the country as the cost of borrowing would decrease.

**Private Equity Driving Deal Activity:** Many private equity funds delayed spending from 2021-2023 due to rising interest rates and uncertain valuations. As a result, these firms have saved up record levels of dry powder today, which they have used to acquire primarily large-cap companies. In the first half of 2025, private equity deal value saw a 19% rise globally, fueled by deals in the technology and healthcare sectors. This activity is helping keep the M&A market busy, even though many regular companies are doing fewer deals.

**Government Regulations Slowing Deals:** State and Federal Governments have tightened merger rules, making it harder and slower for deals to get approved. In the U.S., the new Federal Trade Commission and Department of Justice merger guidelines (issued December 2023) lower the threshold for antitrust law violations in merging companies, adding an extra barrier to completing these deals. Additionally, expanded HSR filing requirements (effective February 2025) have added an estimated 68-121 hours

onto filing preparation time, making the merger process much slower. The deal uncertainty and extended timelines from these regulations has discouraged some companies from pursuing acquisitions.

## Peer Comparisons

Comparable Companies						
<i>\$mm</i>						
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM	
Evercore Inc. (EVR)	\$11,700	\$12,600	24.8x	\$3,090	\$570	
Moelis & Company (MC)	\$4,600	\$4,400	14.0x	\$1,384	\$212	
Houlihan Lokey, Inc. (HLI)	\$13,460	\$12,400	30.0x	\$2,390	\$480	
PJT Partners (PJT)	\$7,290	\$7,510	30.4x	\$1,490	\$328	
<b>Lazard</b>	<b>\$5,000</b>	<b>\$6,000</b>	<b>19.0x</b>	<b>\$3,060</b>	<b>\$442</b>	

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF	
Evercore Inc. (EVR)	22.1x	94.0%	19.0%	19.0%	20.5%	
Moelis & Company (MC)	20.8x	92.5%	15.3%	17.7%	39.0%	
Houlihan Lokey, Inc. (HLI)	25.8x	94.0%	20.0%	18.5%	28.0%	
PJT Partners (PJT)	22.9x	95.8%	20.0%	18.4%	29.0%	
<b>Lazard</b>	<b>13.6x</b>	<b>36.0%</b>	<b>15.0%</b>	<b>14.0%</b>	<b>18.0%</b>	

High	25.83x	95.8%	20.0%	19.0%	39.0%	
75th Percentile	22.90x	94.0%	20.0%	18.5%	29.0%	
<b>Average</b>	<b>21.03x</b>	<b>82.5%</b>	<b>17.9%</b>	<b>17.5%</b>	<b>26.9%</b>	
<b>Median</b>	<b>22.11x</b>	<b>94.0%</b>	<b>19.0%</b>	<b>18.4%</b>	<b>28.0%</b>	
25th Percentile	20.75x	92.5%	15.3%	17.7%	20.5%	
Low	13.57x	36.0%	15.0%	14.0%	18.0%	

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	\$	9,174
<b>Implied Enterprise Value (Median)</b>	<b>\$</b>	<b>9,771</b>
Implied Enterprise Value (75th Percentile)	\$	10,120

Implied Share Price (25th Percentile)	\$	82.70
<b>Implied Share Price (Median)</b>	<b>\$</b>	<b>88.97</b>
Implied Share Price (75th Percentile)	\$	92.64

Source: CapIQ

## Investment Theses

**Rebound in M&A Activity & Productivity Initiatives Will Drive Growth:** Lazard is well-positioned to capitalize on the recent rebound in global M&A activity, driven particularly by high-value transactions. As an established “elite boutique” bank that consistently advises on multi-billion-dollar deals, Lazard has strengthened its position by raising minimum deal fees and expanding its managing director headcount. These recent productivity initiatives have already helped yield high results, as seen in Q2 2025 with advisory revenue up a company record 20% and multiple multi-billion-dollar deals closed. We expect Lazard’s focus on high-value deals to boost advisory margins and increase earnings growth as M&A volumes continue to recover.

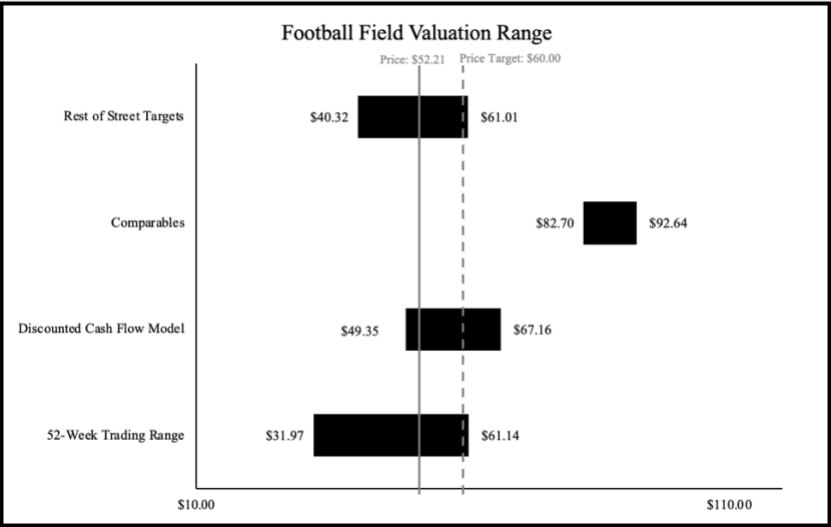
**Counter-Cyclical Restructuring and Global Reach Provide Protection in Downturns:** Lazard’s leading global restructuring services and expanded sector-specific coverage in energy transition, healthcare, and technology create revenue growth opportunities, especially in weak market conditions. With 41 offices in 26 countries, and nearly half of its revenue generated outside of the U.S., Lazard’s

global presence provides another natural hedge against volatility. These strengths position Lazard to outperform peers during periods of financial stress and downturns in M&A activity.

**Expansion in Private Markets and Alternative Asset Management Enhances Stability:** Lazard's push into the high-growth private markets advisory and alternative asset management provides a diversified and more stable revenue stream. Lazard's recent partnership with Arini Capital Management (an alternative credit manager and hedge fund) will allow them to expand lending capabilities in the private credit markets, which reached a record \$152 billion in 2024. Additionally, these strategies typically command higher fees and are less exposed to public market volatility. As private equity firms and private credit funds increase activity, Lazard is positioned to see an increase in advisory mandates and grow its asset management revenue.

Price Target & Valuation

Our analysis gives (\$LAZ) a price target of \$60.00 and an overweight rating.



Potential Downsides to Our Rating

**Prolonged Weakness in M&A Activity:** If high interest rates, stricter regulations, and macroeconomic uncertainty persist longer than expected, global M&A volumes could remain low. Especially considering Lazard’s revenue concentration in their advisory services, a continued slowdown in deal activity could hinder revenue growth.

**Fee Compression in Asset Management:** Lazard’s asset-management business, which generates nearly half of its total revenue, faces ongoing fee pressure from the industry-wide shift to lower-cost, passive investing strategies. Additionally, market volatility could accelerate investor withdrawals from actively managed funds, further reducing recurring fee income.

Our Price Target: \$60.00

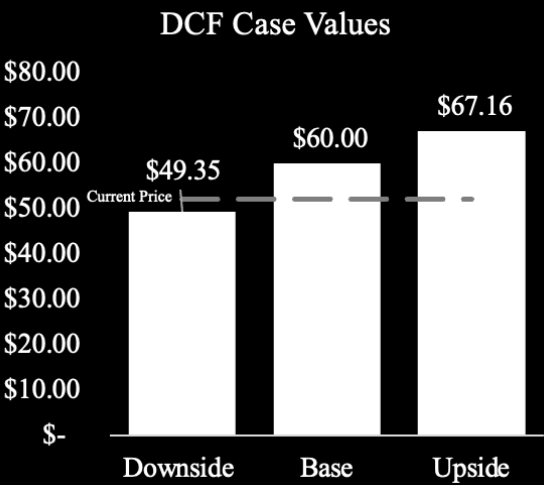
Our price target is based on an 8.0x 2030 EV/EBITDA and MSD advisory revenue growth, with advisory margins expanding slightly over the forecast period. We apply a premium to peers given Lazard’s cross-border M&A dominance, strength and expansion in restructuring services, and growing presence in private and alternative asset management.

Our Upside Case: \$67.00

Our upside case assumes stronger-than-expected revenue growth driven by an acceleration in M&A activity, increased deal values following recent productivity initiatives, and a successful expansion in energy, healthcare, and technology. We also assume continued growth in private and alternative asset management strategies, which carry higher fees and help offset market volatility.

Our Downside Case: \$49.00

Our downside case assumes LSD revenue growth driven by slowed M&A activity as high interest rates, strict government regulations, and geopolitical/macroeconomic uncertainty weigh on deal volume. Market volatility and competitive fee pressure in asset management services further limits earnings growth potential for the firm.



## Projections

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Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	3,049	3,090	3,304	3,538	3,795	7.6%
EBITDA	458	536	575	626	683	14.2%
EBIT	422	500	529	575	626	14.1%
NOPAT	403	561	424	52	322	-7.2%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	15.0%	17.3%	17.4%	17.7%	18.0%	17.1%
EBIT Margin	13.8%	16.2%	16.0%	16.3%	16.5%	15.8%
Revenue Growth	20.9%	1.3%	6.9%	7.1%	7.3%	8.7%
EBIT Growth	466.4%	18.5%	5.7%	8.8%	8.9%	101.7%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	22.7x	10.8x	9.7x	9.0x	8.4x	12.1x
EV/Sales	2.0x	2.0x	1.9x	1.8x	1.7x	1.9x
EV/EBITDA	13.8x	11.8x	11.0x	10.1x	9.2x	11.2x
FCF Yield	4.4%	9.3%	10.3%	11.1%	11.9%	9.4x

## About \$LAZ

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Lazard (\$LAZ), founded in 1848, operates as a global financial advisory and asset management firm. The company provides advice on mergers and acquisitions, restructuring, capital structure, and other financial matters, while also managing investment portfolios for institutions and individuals. Lazard operates across 41 offices in 26 countries, with a strong expertise in cross-border transactions, making it a leading independent advisory firm. Its key purpose is to deliver trusted financial advice and investment solutions to clients worldwide.

## Disclosures & Ratings

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Consortium Equity Research does not hold any professional relationships with any reported equities.

**Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

DCF Analysis (\$mm)											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/2025	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Stub						0.59	1.59	2.59	3.59	4.59	5.59
Discount Period						0.20	0.91	1.91	2.91	3.91	4.91
Revenue	2,567	3,194	2,773	2,521	3,049	3,090	3,285	3,494	3,719	3,962	4,224
Revenue Growth	0%	24%	-13%	-9%	21%	1%	6%	6%	6%	7%	7%
Investment Banking	1,418	1,786	1,659	1,384	1,747	1,700	1,819	1,951	2,097	2,260	2,441
Asset Management	1,117	1,355	1,126	1,078	1,115	1,200	1,272	1,345	1,419	1,494	1,568
Other	114	171	190	116	284	190	194	198	203	209	215
EBIT	502	742	548	75	422	500	493	533	577	624	676
EBIT Margin	20%	23%	20%	3%	14%	16%	15%	15%	16%	16%	16%
Tax Expense	99	181	124	23	100	100	123	133	144	156	169
Effective Tax Rate	20%	24%	23%	30%	24%	20%	25%	25%	25%	25%	25%
NOPAT	402.97	560.90	423.89	51.80	322.24	400.00	369.54	399.65	432.38	468.02	506.85
D&A	37	38	42	43	36	36	46	51	56	61	68
Capex	64	40	50	28	46	46	56	59	63	67	72
Changes in NWC	(210)	(95)	28	(282)	92	(75)	(131)	(131)	(130)	(129)	(127)
UFCF	586	654	389	349	221	465	491	522	555	591	629
PV of FCF						457	454	442	430	420	409

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	5.61%
Beta	1.30
Risk Free Rate	4.39%
Cost of Equity	7.69%
Weighted Average Cost of Debt	5.70%
Tax Rate	25.00%
Cost of Debt	1.46%
Total Equity	\$5,013
Total Debt	\$1,296
Equity/Total Capitalization	65.81%
Debt/Total Capitalization	34.19%
WACC	9.15%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$629
Growth	2.00%
Terminal Value	\$8,799
PV of Terminal Value	\$5,725
PV of Projection Period	\$2,611
PV of Terminal Value	\$5,725
Implied TEV	\$8,336
(-) Debt	\$2,604
(+) Cash	\$1,308
Implied Equity Value	\$7,040
Basic Shares Outstanding	95
Implied Share Price	\$73.91
Upside/Downside	41.56%

Implied Exit BF EV/EBITDA	12.3x
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Terminal Value	
Exit Multiple Method	
2034 EBITDA	\$743
EV/EBITDA Exit Multiple	7.0x
Terminal Value	\$5,204
PV of Terminal Value	\$3,386
PV of Projection Period	\$2,611
PV of Terminal Value	\$3,386
Implied TEV	\$5,997
(-) Debt	\$2,604
(+) Cash	\$1,308
Implied Equity Value	\$4,701
Diluted Shares Outstanding	95
Implied Share Price	\$49.35
Upside/Downside	-5.5%

Implied PGR	-8.0%
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Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$49.35
Upside/Downside	-5.47%