

SUMMER 2024

RESEARCH REPORT

PRESENTED BY

THE STANTON EXECUTIVE BOARD





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About Us.



Introduction

Founded in 2024, Stanton Research Group was created to provide real world equity research projects to finance students around the nation. Our team of analysts has grown to over 11 represented universities across the United States, fostering a diverse, experienced skill-building focused team of young industry professionals.

Our Philosophy

At Stanton Research Group, we are driven by a commitment to excellence, integrity, and innovation. As a student-led equity research organization, we believe in fostering a collaborative and inclusive environment where curiosity and critical thinking thrive. Honesty and transparency are the cornerstones of our operations, and we are dedicated to providing unbiased, accurate insights.

Vision for the Future

Stanton Research Group aims to provide students who aspire to develop their general finance acumen & skillset with industry leading projects & assignments, preparing them for the real world of finance. These session specific projects will provide students the opportunity to contribute their findings to a team-wide comprehensive research report, serving as a reference of their achieved skillset and research capabilities.

Message From The Executive Board

We founded Stanton Research Group to provide aspiring finance students with the real-world experience they need to succeed. This summer has been an incredible journey, filled with learning, collaboration, and growth. As we look ahead, we are focused on expanding our reach and continuing to offer meaningful opportunities through challenging finance projects. We remain committed to achieving our goals and delivering value.

Julian Gangloff



FOUNDER

Lee Gerber



Our analysts' work this summer has shown a great willingness to learn while demonstrating the ability to adapt to setbacks and apply their expertise to each industry. As we continue to expand our operation, we want to ensure quality resources for our student analysts to thrive, and we're thrilled to see our efforts progress.

VICE PRESIDENT



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SUMMERRESEARCH REPORT

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Hilton (NYSE: HLT)

By: Kartik Arora 🧗



Investment Thesis

Hilton Worldwide Holdings is a noteworthy business with an exceptional management team trading at a decent valuation given their long runway for growth due to constant share repurchases, better-than-industry non-RevPAR growth, and higher than expected net unit growth driven by the new conversion brand Spark. As such, I rate Hilton a **BUY** with a price target of \$259.64.

Company Overview

Hilton Worldwide Holdings Inc. is a global hospitality company with a portfolio of over twenty brands. The conglomerate operates in management, franchising, owning & leasing, and intellectual property licensing. Hilton's portfolio includes 7,500 properties which comprise of over 1.2 million rooms with global reach (over 120 countries).

Hilton was founded by Conrad Hilton in 1919 and has since had minimal changes in management attitude and direction (only four CEOs over 100+ years). The company's key financing events include an IPO in 1947, the

2007 leveraged buyout led by Blackstone, and a re-IPO in 2013.

The company has two main segments: management & franchise, and ownership. The former encompasses all brand names, including but not limited to Waldorf, Conrad, DoubleTree, and Tapestry. This segment accounts for approximately one million rooms.

The acceleration of global travel (especially as the world finalizes the return from pre-pandemic era) is an anchor for Hilton's asset and capital light franchising business. Looking at the product mix, their mid-range products have historically grown quicker than their luxury types, and their franchised hotels make up over three quarters of their portfolio.

In terms of competition, Hilton is the second most prominent player in the space behind Marriott. Other industry titans include Hyatt Hotels
Corporation and the Intercontinental Hotel Group. Hilton accounts for less than a twentieth of global rooms but nearly twenty percent of rooms within the development pipeline, a 3.6x differential.



Hilton has some of the best customer loyalty programs in the industry, and the transition towards branded hotels over standalone has driven a consistent RevPAR premium of roughly fifteen percent. Just half of global hotel rooms are brands, but the transition is evidenced by the pipeline consisting of 80% new rooms from branded hotels.

Excellent Management & Free Cash Flow Allocation

Hilton's management team is excellent and appears truly committed to solid shareholder returns. Unlike other CEOs in the hospitality & travel industry, Hilton's has never engaged in value destructive M&A. Chris Nassetta (who owns nearly \$800M in stock plus RSU and has never sold a share) spoke of his M&A background, emphasizing that he doesn't "not like doing it," but prefers to build his brands organically. Historically, Hilton has also had a record of strong capital allocation and management have made key decisions such as divesting from Waldorf at a record \$1.5M per room.

Hilton can continue to grow FCF per share in the upper teens through a combination of factors (see below) including continual share repurchases. Though the share buyback program was temporarily stalled due to aftershocks from COVID, I believe management will commit all excess free cash flow to share repurchases.

Year-to-date, Hilton has returned nearly \$2 billion to shareholders through buybacks and dividends, with a target of \$3 billion for FY24. Hilton currently tracks a net debt / EBITDA of nearly 4x, landing fairly above Q2 estimates at 3x-3.5x. Given this much leverage, Hilton should be able to achieve 18-20% growth in FCF / share.

Historical Quarterly Share Repurchases (ycharts.com)



Greater Than Expected Non-RevPAR Growth

In the latest earnings call, several questions were pertaining to the unexpected growth in non-RevPAR related fees. Chief Financial Officer Kevin Jacobs maintained that despite non-RevPAR driven fees outperforming, their core fee growth is only lagging due to quarterly timings. However, I believe that longer-term non-RevPAR growth, especially licensing fees and ancillary lines of business will nearly overtake RevPAR as a percentage of revenue.



A significant growth opportunity stems from the American Express partnership. The company is an exclusive cobranded credit card issuer with Hilton and renewed its contract last year with a 10-year extension. AMEX CEO Steve Squeri alluded to a new program subsection to attract new customers on the earnings call late last year, while Nassetta mentioned in an interview that the program has "a lot of upside left." Despite this, analysts seem to be discounting the program's room for growth. In fact, several bank representatives on the latest HLT earnings call were skeptical of the company's partnerships and left CFO Kevin Jacobs having to fend off unanswered questions.

Loyalty Program Year-over-Year Growth (MBI Substack)



Hilton Honors is also on the threshold of overtaking Marriott's Bonvoy rewards as the largest hotel loyalty program, adding nearly 100,000 new members a day. The overall loyalty program itself supplies 64% of total bookings for Hilton, with a target of 65-70% (Nassetta is on record saying it should reach as high as 75%).

New Premium Economy Brand Drives Net Unit Growth

Hilton debuted a new premium economy conversion brand dubbed Spark exactly one year ago, known in the industry to some as the "category killer." The brand more than doubled its existing supply this past quarter, with net unit growth coming in at 4.7% (slightly below guidance). Consensus estimates net unit growth for 2024 and beyond to trail below the 5% range, and guidance is more confident at 5.5%. Given the CEOs track record of organic brand growth, my figure sits higher at 5.8+%.

CFO Kevin Jacobs mentioned in the latest earnings call that over 95% of the converted rooms are from thirdparty brands, which tracks well with the aforementioned development pipeline trends. Further, the RevPAR index for Spark's new hotels has been "a little bit better than what we've expected," which is creating strong momentum in key regions (especially as Spark has debuted this last quarter in Europe, a region that has the potential to see explosive growth as business transient and "bleisure" (business + leisure) travel picks up. This is especially beneficial with the



number of scheduled conferences for certain medical & research-oriented associations reaching record numbers (majority of conferences in Europe).

Analysts predict roughly 20% of net unit growth to come from conversions. I believe this figure may be as high as 35% driven by small and medium businesses, which account for 85% of Hilton's business transient nights. CFO Kevin Jacobs implied that conversions are not a "bigger part of the story" right now, and the cycle will return to flow more capital for new construction. I believe this will take a few years to prove true, and in the meantime, conversions will drive the development pipeline and net unit growth for the foreseeable future.

Valuation

To value Hilton Worldwide Holdings, I built out a detailed revenue model and projected earnings for a ten-year period. Revenue growth rates remained conservative (given the aforementioned investment theses) and expense forecasts remained within historical levels.

I projected franchise & licensing fees to slowly decline as a percentage of revenue, with incentive management fees and owned & leased hotel segments accelerating. Using a hybrid of historical performance and industry averages, I arrived at a 27.5% effective tax rate. Hilton's cost of equity, derived from the Capital Asset Pricing Model, is around 10.60%. The cost of debt obtained from their latest interest expense is just under 5%. Weighting these numbers gives an average cost of capital of 9.41%. I used a conservative perpetual growth rate in the Gordon Growth Method calculation of 2.30%, below the nominal GDP growth rate. At the time of submission of this recommendation, NYSE: HLT is trading at \$212.41. My valuation targets an implied share price of \$259.64, an implied upside of 22%. I believe the consensus of the market will shift in the coming years as travel trends become more apparent and the value of Hilton's premium economy conversion brand is realized, and the price will return to fair value.

Risks & Catalysts

1. Short-Term Rentals Capturing Market Share

It is likely that in the near future, AirBnB and imitators will continue to gain market share, however at a manageable rate. This risk is mitigated by the fact that all traditional hotels will lose market share, not just Hilton. Furthermore, AirBnB is accelerating in regions that Hilton has a lower presence in compared to other leading hotel



conglomerates, meaning competitors will be more severely affected. Finally, AirBnB is coming off an extremely weak quarter following a relatively poor FY23 (missed earnings 2x in a row) so they may be unable to gain as much market share as before.

On the other side of the secondary room rental business, the ability for third party intermediaries to sell Hilton hotel rooms in order to build their own business may limit Hilton's pricing power and potentially redirect their existing market.

Hilton can strive to mitigate this through strengthening their loyalty program to ensure that existing customers are not redirected through this business tactic, a key effort which they are already targeting.

<u>2. Weaker Than Expected Pipeline</u> Actualization

As of FY23, Hilton had 3,274 hotels in their development pipeline. They outsource this development to contractors, who may lose financing or government approval as a result of regulation changes. Poor economic conditions may also affect new contract purchases. This risk is built into the model in the form of conservative net unit growth rates in the bear case.

In the same vein of risk, new hotel brands may not prove to be as successful as forecasts. In this case, I believe this risk to be relatively marginal, especially as my investment thesis is contingent upon the Spark brand's continual growth and success. Fortunately, even in the case of an economic downturn, Hilton is likely to shift even more focus towards conversions rather than traditional pipeline development, fulfilling my convictions.

3. Cyclical Over-Building Within Hospitality Industry

Research findings reveal that hotel cycles last about 7.5 years with 5.7 years of expansion and 1.3 years of contraction. As we near the beginning of the tail-end of the cycle, it is likely that Hilton will feel the effects more than in previous cycles due to the abnormalities of COVID.

Studies show that luxury properties are more volatile in terms of cyclical building, so Hilton is well-poised due to their increased focus on economy and mid-range offerings.

Asset-light business models are also beneficial to lowering cyclical volatility as branded hotels have more stable NOI through different phases of the cycle.





Goldman Sachs (GS)

By Nina Lin HARVARD UNIVERSITY



Thesis

Goldman Sachs is worthy of a

MODERATE BUY opportunity for investors due to reasons such as a general increasing trend seen within cash flow statements, future net income within income statement, and the trend of market & intrinsic value. The firm's growth prospects within their different divisions is a great progress for Goldman Sachs to continue doing even better in the future, and we'll see soon why that is.

Introduction

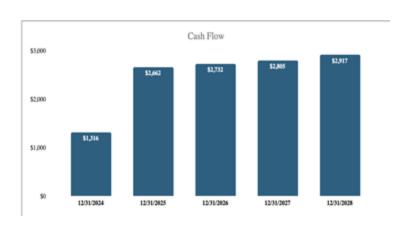
Goldman Sachs is a leading global investment banking, securities, and investment management firm. Founded in 1869 and headquartered in New York City, it provides a wide range of financial services to corporations, financial institutions, governments, and individuals. The firm's operations include investment banking, trading & markets, asset management, and consumer & wealth management.

Goldman Sachs is known for its expertise in financial markets, its global reach, and its role in major financial transactions. The firm operates worldwide and is influential in shaping financial markets and economic trends.

Supporting Reason 1

Currently, the derived cash flow statement reveals a positive trend in cash flow before debt paydown, indicating that the company's operations are generating increased cash flow. This improvement is a promising sign of operational efficiency & financial health, suggesting that the company is managing its core business activities effectively when compared to previous years.

Supporting Reason 1 Graph



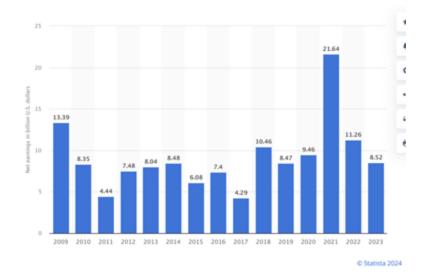
Given these factors and considerations, the anticipated rise in cash and cash equivalents signifies a recovery from last year's significant decline. This improvement is due to better operational performance, strategic financing decisions, and efficient cash management.

Consequently, the company's liquidity and financial stability are expected to strengthen, enhancing its prospects for future growth and investment opportunities.

Supporting Reason 2

From recent reports, it has been said that Goldman Sachs profits have increased 150% in Q2 2024 than previous years, signaling that Goldman Sachs is now resurgent, with increasing revenues signaling a strong recovery.

I'll speak with data. In 2021, net income came out to equal \$21,365, with \$ in millions. However, in 2022, net income drastically dropped to \$11,261, revealing a 20% drop in Revenue Y/Y Growth Rate Percentage. Better, in 2023, Goldman Sachs earned an income of \$8,516, which only dropped 2% in Revenue Y/Y Growth Rate Percentage. However, there are reasons for such heavy drop.



Supporting Reason 2 Graph

In 2021, Goldman Sachs faced a decline in revenue and net income due to broader macroeconomic concerns, many of which directly and indirectly impacted different segments within Goldman Sachs.

Some of which consisted of the global economy facing a slowdown due to the COVID-19 pandemic, a cost-of-living crisis, and worsening living conditions. It is well-known that a slowdown in global economic growth can reduce investor confidence, leading to a fall in equity prices.

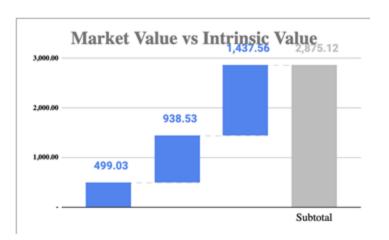
However, through future predictions, I believe that with the help of addressing these impacts: diversification, risk management, and operational efficiency. Each of these strategies could potentially help spread the risk to different departments, mitigate potential losses, and prevent the uprising of additional heavy costs.

Supporting Reason 3

Goldman Sachs' market value and intrinsic value are both predicted to increase, which I believe will help strengthen investor confidence, leading to more investments. When both of these factors are proven to increase simultaneously, the overall market value will align with its intrinsic value, which I believe will likely be favorable to the market and for Goldman Sachs.

Not only are both market value and intrinsic value increasing, intrinsic value is greater than market value (much better than both increasing, but market value is greater than intrinsic value). This is because intrinsic value measures the [estimated] actual value of such asset, while market value is the market price/the people's willingness to pay for such an asset.

Supporting Reason 3 Graph



To further elaborate on this idea and what is shown within the model/graph, because intrinsic value is greater than market value, this implies that the stock/asset is undervalued – meaning the price is much lower than the actual worth of the asset. With this alone, it could mean that buying such an asset would be a better and more strategic investment rather than selling it for one, especially when looking more towards long-term investments vs short term investments.

Conclusion (Thesis Reiteration):

In conclusion, Goldman Sachs stands out as a compelling investment choice due to its consistent financial improvements and promising future outlook. The favorable trends in cash flow and net income, combined with the firm's solid growth potential in different sectors, reinforce the investment thesis. As Goldman Sachs continues to capitalize on its strategic advantages and expand its market presence, it is likely to offer investors moderate but worthwhile returns. Therefore, maintaining a *Moderate* Buy stance aligns with the anticipated positive trajectory of the firm's financial and market performance. Furthermore, within different financial modelings of Goldman Sachs, we were able to identify a possible positive outlook for them in the future.



AT&T INC. (T)

By Artis Lay CHICAGO



Thesis

AT&T Inc. (NYSE: T) is a leading telecommunications company in the United States. While the market is saturated and highly competitive, favorable industry tailwinds point to future financial growth. AT&T stands out among its peers due to its solid stability, appealing dividend yield, and substantial investments in promising growth initiatives, making it an attractive stock to **BUY**.

1: Favorable Industry Tailwinds

To start, the telecom industry is experiencing a wave of consolidation. Global telecom M&A surged this quarter, with deal value jumping from around \$2 billion in the first quarter of last year to nearly \$21 billion in the latest quarter 1. Most companies are pursuing scale deals to strengthen their market positions. This consolidation trend helps stabilize pricing and eases competitive pressures. As a leading player in the industry, AT&T is wellpositioned to benefit from reduced competition, which could help safeguard its market share and boost profitability.



Source: Bain & Company, graph is reformatted

Additionally, a growing number of telecommunications companies have begun incorporating generative AI into their operations. While still in its initial stages, generative AI holds the potential for revenue growth and cost reduction. Companies that are perceived as tech leaders also often enjoy a premium on share price, which is driven by investor anticipation of innovation-driven success.

Moreover, as we move into a technology-driven era, the demand for data is rapidly growing. Global data consumption over telecom networks is expected to nearly triple, rising from 3.4 million petabytes (PB) in 2022 to 9.7 million PB by 2027. Companies that have made significant investments in their networks are poised to benefit, and AT&T is well-positioned to capitalize on this trend.

2: Strong Growth Opportunities

AT&T presents a compelling investment, particularly in the context of its strategic position within the telecom industry. In particular, the company's consistent investments in 5G have proved profitable.

Revenue (Millions)

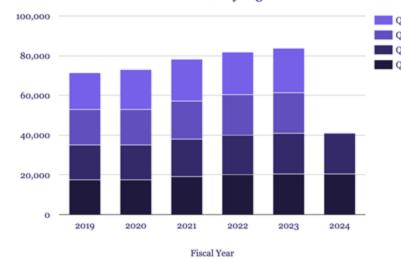
As the 5G rollout reaches maturity, the heavy capital expenditure required for building out the network is beginning to taper off ¹. This shift allows telecom companies, including AT&T to have higher free cash flow as they complete the most significant phases of their infrastructure development.

Their mobile telecommunications sector, based around their nationwide 5G network, underscores its continued strength in the industry. Their network now covers more than 295 million people and passes more than 26 million locations, surpassing the company's 2023 goals.

In the most recent quarter, the company generated \$22.39 billion in revenue in this segment, reflecting a 3.3% increase year-over-year, which outpaced other significant players in the industry, such as Verizon.

This consistent growth suggests a stable customer base and a reduction in expenditure.

Revenue From AT&T's Mobility Segment



* data sourced from AT&T's annual financial statements

Specifically, in the last fiscal quarter, AT&T reported that the growth was fueled by a 3.3% increase in service revenue, driven by subscriber growth and higher postpaid ARPU (Average Revenue Per User), along with a 1.3% reduction in operating expenses ². This led to an EBITDA of \$9 billion, marking the highest first-quarter earnings in this segment.

Additionally, AT&T has prioritized expanding its fiber networks, which has led to similar strategic successes. In the latest quarter, AT&T Fiber added 239,000 new customers, making it 18 consecutive quarters with over 200,000 net additions. These new customers contributed to a 17.9% growth in fiber revenues, driving a 3% overall increase in revenue within the consumer wireline segment.



3: Decreasing Debt & High Dividend Yields

AT&T's capital investment in 2Q 2024 was \$4.9 billion, down from \$5.9 billion compared to the same quarter last year. As previously discussed, this reduced spending on the 5G rollout has contributed to significant free cash flow growth. In the most recent financial quarter, AT&T achieved \$3.1 billion in free cash flow, a \$2.1 billion increase from the previous year.

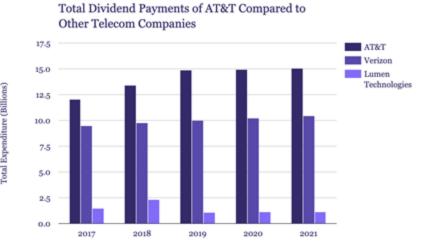
This growth in free cash flow has enabled the company to make steady progress in repaying its debt. In 2024, AT&T repaid \$6.9 billion overall (\$4.7 billion in Q1 and \$2.2 billion in Q2), bringing its net debt down to \$126.9 billion.

Their steady commitment to repaying the \$152 billion debt they accumulated during the pandemic just four years ago is a sign of fiscal responsibility.

The company's substantial initial debt burden in 2020 initially caused concern among investors, leading to a decline in its share price. Compared to their counterparts, their shares are currently trading at a relatively low PE ratio of 11.34, reflecting this. However, as AT&T progresses in debt repayment, investor confidence could improve, potentially driving higher share prices.

Looking ahead, AT&T is expected to generate free cash flow between \$17 billion and \$18 billion this year and maintain its trajectory toward achieving a net debt-to-adjusted EBITDA ratio of 2.5x by the first half of 2025 ¹. This strong outlook suggests that AT&T can continue paying down debt in the future, further improving its financial stability.

AT&T's strong quarterly performances suggest a high likelihood of future dividend hikes. Compared to other major players in the industry, AT&T has historically delivered steady dividends. As a leading dividend-paying stock with an improved financial outlook, AT&T presents a solid long-term investment opportunity, currently offering a yield of 5.63%.



Source: spglobal, graph is reformatted but initial data is unchanged



Conclusion

AT&T presents a compelling investment opportunity for both short-term and long-term investors. In the short term, the telecom industry's positive trends, combined with the growing demand for data and AT&T's significant investments in 5G and fiber networks, position AT&T to capitalize on future growth.

In the long term, AT&T's growing free cash flow and disciplined debt reduction strategy enhance its financial stability. This, paired with its consistent dividend history and the potential for future dividend hikes, makes AT&T a reliable choice for investors and well suited for long term portfolio growth.





Sherwin-Williams (SHW)

By: Julian Gangloff R



Investment Thesis

Sherwin-Williams is a leading global paints and coatings company with strong brand loyalty, a vast distribution network, and a history of strategic acquisitions. The company's consistent financial performance, pricing power, and focus on innovation position it well for growth in international markets. Despite challenges like raw material costs and regulatory pressures, Sherwin-Williams' commitment to expanding its product portfolio and market presence supports a strong long-term investment outlook, signifying investors with a moderate **BUY** signal.

Enterprise Synopsis

Established in 1866, Sherwin-Williams was founded at a time when paint was often mixed manually by customers, where the company revolutionized the industry in developing ready-to-use paint, making it more convenient and accessible than ever before. Since then, Sherwin-Williams has scaled the materials industry standards, being recognized as a Fortune

500 company, highlighting the firm's financial strength and market leadership.

Notable Acquisitions

Sherwin-Williams acquired Valspar, a leading American paint and coatings manufacturer based in Minneapolis, Minnesota, in 2017 for \$11.3 billion. This strategic acquisition significantly enhanced Sherwin-Williams' global footprint, leveraging Valspar's strong brand presence in the Asia-Pacific and European markets. As a result, Sherwin-Williams solidified its position as one of the largest coatings companies worldwide, expanding its market reach and strengthening its competitive advantage.



Following the acquisition of Valspar in 2018, Sherwin-Williams' Enterprise Value (EV) increased by



over 20%, or approximately \$15 billion, within a 12-month period, as highlighted at the appointed arrow's location. By mid-2018, the company's EV had grown to over \$60 billion, up from around \$45 billion in 2017, prior to acquisition. The competitor graph, represented by the blue line and identified as PPG Industries—a key competitor to Sherwin-Williams shows PPG being surpassed around the time of Sherwin-Williams' acquisition of Valspar. This reflects a significant strategic achievement by Sherwin-Williams, highlighting the impact of the acquisition on its market position.

Since then, Sherwin-Williams' Enterprise Value has continued to rise, exceeding \$102 billion, reflecting the significant impact of the acquisition on the company's market valuation. The acquisition underscores Sherwin-Williams' strategic commitment to enhancing global revenue streams and expanding brand recognition. This move has significantly bolstered the company's market position, reinforcing a strong overall BUY investment rating due to its positive impact on growth and international market presence.

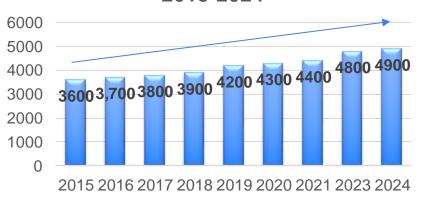
Competitive Positioning, Customer Commitment

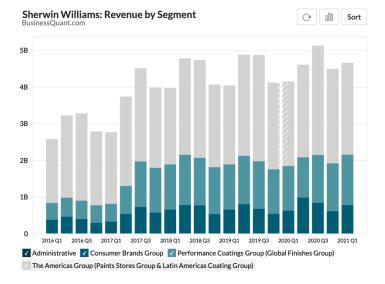
Sherwin-Williams operates over

4,900 retail locations across the United States and maintains a presence in more than 120 countries worldwide, reinforcing its position as a leading global player in the paint and coatings industry. In comparison, Home Depot operates more than 2,300 stores across the U.S., Canada, and Mexico, with a similar number of international locations. Lowe's has over 2,200 stores in North America. including the U.S., Canada, and Mexico. Ace Hardware boasts more than 5,000 locations, mostly in the U.S., with a limited international presence. Benjamin Moore has around 5,000 independently owned retail stores primarily in the U.S. and Canada, with minimal international reach.

These comparison feats highlights Sherwin-Williams' extensive global footprint and significant market presence relative to other key players in the industry.

Total SHW United States Stores, 2015-2024





Illustrated above is the company's total revenues over the last decade, where approximately 60% of Sherwin-Williams' revenues are derived from their retail stores; through recognition of the company's strength in generating consistent income through its established retail presence. The steady revenue growth observed suggests that the firm's direct-to-consumer sales model not only provides a reliable revenue stream, but also offers greater control over pricing, customer experience, and market penetration. This consistent retail income is a key driver of financial stability, insulating Sherwin-Williams from market volatility and enabling sustained growth.

Corporate Valuation & Forecasted Performance

Multiple financial model projections were created for Sherwin-Williams from 2024 to 2028, which provided a detailed view of the company's expected performance. Net income is forecasted to grow by 9% in 2024, supported by solid sales and operational improvements, followed by a significant 18% increase in 2025, which may be attributed to strategic initiatives and market expansion. However, from 2026 to 2028, net income growth is expected to stabilize at 4% annually, reflecting a more mature growth phase as the company continues to optimize its operations and maintain steady profitability.

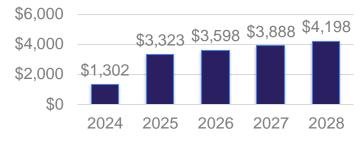
Unlevered free cash flows (FCF) are projected to increase steadily, starting at \$3.12 billion in 2024 and reaching \$4.20 billion by 2028. This consistent upward trend highlights Sherwin-Williams' ability to generate substantial cash from its core operations, underscoring its financial resilience and capacity to reinvest in the business, pay down debt, and return value to their respected shareholders.

Additionally, through a discounted cash flow analysis, Sherwin-Williams' equity value has been estimated at \$93.94 billion. This valuation reflects the company's strong market position, disciplined financial management, and ability to deliver sustainable growth and shareholder returns. Overall, these projections



suggest that Sherwin-Williams is well-positioned to continue its financial stability and growth trajectory, all by being supported by their robust cash flow generation and strategic execution.

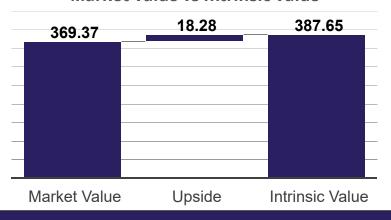
Unlevered FCF Projections (millions)



SHW Equity Valuation

In my discounted cash flow analysis of Sherwin-Williams, the stock, currently trading at \$370 per share, has an intrinsic value estimated at \$387, suggesting it is currently slightly undervalued. A discount rate of 10% was applied, reflecting Sherwin-Williams' risk profile, including market volatility, industry cyclicality, and broader economic conditions. This rate is justified by the company's strong cash flows and market position,

Market Value vs Intrinsic Value



balanced against potential macroeconomic risks.

The analyzed terminal value was calculated using both the perpetuity growth model, yielding \$127.15 billion, and the EV/EBITDA multiple approach, at \$129.57 billion, resulting in an average terminal value of \$128.36 billion. These valuations underscore the company's potential for sustained value creation, supporting the overall assessment that Sherwin-Williams' stock is trading with some room for upside.

Operational Challenges

Sherwin-Williams continually faces risks within the volatility in raw material prices, which can and has in the past led to fluctuating production costs, which affect overall profit margins; creating a possibility of a strain point within the company's financial stability and operational efficiency. Additionally, SW continually navigates regulatory and environmental challenges associated with its manufacturing processes and product offerings, which could potentially lead to increased costs or operational delays.





Amphastar Pharmaceuticals (AMPH)



By Akhil Saranath Boston Boston UNIVERSITY



Amphastar's Renewed Vision

Amphastar Pharmaceuticals is undergoing a significant transformation, redefining its business model and core offerings. To align with consumer demands and market trends, the company has shifted its focus from generics to producing proprietary drugs and biosimilars. This strategic pivot, supported by their advanced infrastructure, strong drug pipeline, and improved EBITDA margins, positions Amphastar for substantial growth.

Therefore, I am recommending a BUY on AMPH.



Vertical Integration Fuels Competitive Edge

Amphastar Pharmaceuticals was founded in 1996 by Dr. Jack Zhang with the mission of providing highquality, cost-effective drugs to the public. The company's business model is built around the "Three H's" principle: High Quality, High Efficiency, and High Technology. While Amphastar initially gained recognition for its generic alternatives, such as epinephrine, the company has since expanded its focus to include the development of injection, inhalation, and intranasal drugs.

Amphastar is a vertically integrated pharmaceutical company, managing every aspect of its operations—from research and development to manufacturing and sales. This vertical integration is supported by six stateof-the-art facilities located in the United States, China, and France, which are instrumental in maintaining the company's high standards in drug production. These facilities allow Amphastar to efficiently produce complex drug formulations that are difficult for competitors to replicate while ensuring bioequivalence.

The company's focus on specific drug



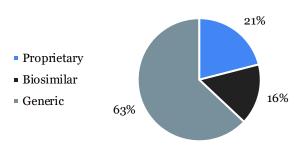
delivery methods and its advanced manufacturing capabilities have provided Amphastar with a strong competitive edge in the pharmaceutical market. This competitive advantage is further enhanced by their ability to source, synthesize, and manufacture active pharmaceutical ingredients (APIs) and raw materials in-house, reducing dependence on external suppliers and lowering production costs.

Moreover, Amphastar's experienced management team, many of whom have been with the company since its inception, has successfully navigated the complexities of this fragmented industry. Their leadership has been crucial in establishing Amphastar's strong market presence and continuing its growth trajectory.

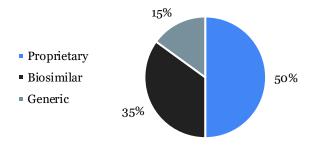
Strategic Shift to Proprietary and Biosimilar Drugs

Over the past several years, Amphastar has strategically redistributed its portfolio, transitioning from a focus on generic drugs to proprietary products and biosimilars. This shift positions the company for higher profitability, as proprietary drugs are expected to be their largest revenue generators, largely due to reduced competition in markets where Amphastar is pioneering new treatments.

2021 Pipeline



Projected 2025 Pipeline



Additionally, by concentrating on biosimilars rather than generics, Amphastar is redefining its competitive stance. Unlike generics, which replicate small molecule drugs, biosimilars are complex drugs created using living systems. These are more challenging to develop and come with higher barriers to entry, but their success offers the potential for less price erosion and more sustained revenues over time.

This strategic transition has been made possible by Amphastar's advanced manufacturing capabilities and commitment to maintaining topof-the-line facilities. By aligning this shift with their core principles of providing cost-effective alternatives, Amphastar is not only enhancing its



market impact but also delivering innovative treatments that address unmet medical needs.

Robust Pipeline Provides New Revenue Sources

Amphastar Pharmaceuticals is strategically positioning itself for long-term profitability through a robust pipeline of over 20 drug candidates, focusing primarily on proprietary and biosimilar products. The company's proprietary drugs target high-demand areas such as asthma and diabetes, with significant growth potential. The focus on biosimilars, especially different insulin analogs, is poised to capitalize on the substantial and stable U.S. diabetic market, given the high prevalence of the condition.



Amphastar Pharmaceuticals Products

Additionally, Amphastar's continued strength in generics, highlighted by their development of a generic GLP-1 to compete with the blockbuster drug Ozempic, presents a significant opportunity. The existing market shortages of Ozempic provide Amphastar with a timely opening to capture market share. Moreover, Amphastar's strategic growth through acquisitions further enhances its pipeline. Although there are no imminent acquisition plans, management's aggressive approach is evidenced by their successful acquisition of BAQSIMI, a nasally administered glucagon drug. This product aligns well with Amphastar's existing manufacturing capabilities and strategic focus, allowing them to achieve better margins than the original manufacturer, Eli Lilly, while also expanding their presence in the glucagon market.

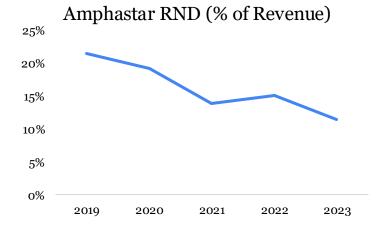
Lean Strategy Boosts Stability and **Growth**

Amphastar Pharmaceuticals is committed to enhancing its business fundamentals by focusing on a lean and efficient operational strategy. The ongoing portfolio redistribution has significantly improved the company's financial stability, as it has successfully grown revenues while reducing the concentration risk associated with high-revenue products like BAQSIMI. By diversifying their product portfolio,



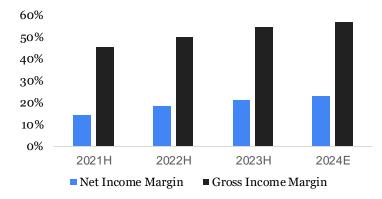
Amphastar has reduced its reliance on any single drug, thereby lowering on any single drug, thereby lowering the company's overall risk profile for investors.

This strategic shift has yielded tangible results, with the company experiencing consistent revenue growth of 5% per quarter since Q2 2022. The focus on operational efficiency is further reflected in Amphastar's approach to R&D spending. Although R&D expenses have increased nominally over the last five years, they have decreased as a percentage of revenue, highlighting the company's growing efficiency. Management has indicated that this trend is expected to continue, further enhancing the company's return on invested capital (ROIC).



Currently, Amphastar's ROIC stands at an impressive 16%, well above many of its peers, and this figure is poised to grow as the company

Amphastar Gross and Net Margins



continues to optimize its operations and reduce costs. Additionally, Amphastar's efficient cost management is evidenced by their consistent gross margin improvement, which has increased by 4% over the past two years. This combination of revenue growth, portfolio diversification, and operational efficiency positions Amphastar as a compelling long-term investment with stable growth prospects.

Long-Term Success Supported By Portfolio Redistribution

Amphastar Pharmaceuticals is well-positioned for stable growth in the coming years, driven by its strategic shift from generics to proprietary and biosimilar drugs. This transition allows Amphastar to enter markets with reduced competition and higher profit potential. The company's robust drug pipeline further supports



this shift, helping to diversify revenue streams and reduce vulnerability to supply disruptions or competitive pressures. Management has demonstrated a strong long-term vision, exemplified by strategic acquisitions like BAQSIMI, which leverage Amphastar's specialized production capabilities. The company has consistently delivered stable revenue growth and improved operational efficiency, as evidenced by the reduction in R&D expenses as a percentage of revenue. Given Amphastar's disciplined approach and significant growth potential, the company presents a compelling investment opportunity and is rated as a BUY.





The Southern Company (SO)



By Mahika Shahani 🗩

Thesis

Southern Company, established in 1945, stands as a leading provider of electricity in the Southeastern United States. Recognized for its reliability and innovation, the company has consistently embraced advancements in renewable energy alongside its traditional operations. Our **BUY** rating reflects Southern Company's stable financial outlook, strategic growth in sustainable energy, and a strong foundation in a regulated market. These factors position it as a compelling choice for long-term investment.

Introduction

As an established player in the U.S. energy sector since 1945, Southern Company has long been synonymous with reliability and innovation. Operating primarily in the Southeastern United States, it serves millions with electricity, increasingly sourced from both traditional and renewable means. The company has embraced sustainable practices, expanding into solar and wind energy projects, reflecting its commitment to environmental stewardship.

Southern Company's adaptability and forward-thinking approach have not only sustained its market presence but also positioned it for future growth. However, the evolving regulatory environment and the push towards more sustainable energy sources continue to challenge the company's operational strategies. Despite these challenges, Southern Company's robust financial base and strategic investments in technology and infrastructure underpin our BUY rating. These factors demonstrate the company's potential to maintain its leadership in the energy market while fostering long-term shareholder value.

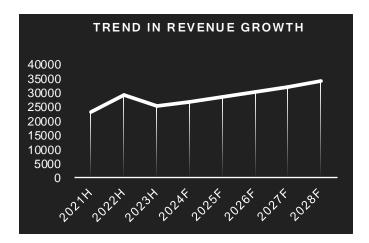
Supporting Reason 1

Southern Company's skillful navigating of the complex network of energy rules is not just about compliance but also about strategic advantage. The corporation is able to forecast and impact changes in legislations because of its proactive involvement with regulatory authorities and lawmakers. Due to its strategic vision, Southern company is able to take advantage of programs and incentives that support energy



Innovation in addition to protecting its operations from possible regulatory hazards. Their gasp of regulatory landscape improves operational certainty, which is essential for long term expansion and investor trust. \

Revenue Growth Illustration



Supporting Reason 2

Southern Company has become a leader in today's industry where the need for ecological friendly and sustainable energy solution is rising quickly. The company has made large investments in the infrastructure supporting renewable energy, including large scale wind and solar farm projects and innovative work on cutting edge technologies like battery storage. These initiatives illustrate southern Company's strong dedication to lead the shift to more environmental friendly energy. Southern Company's strategic investments are an essential component of a larger initiative

to diversify its energy producing methods. Through this action, the corporation hopes to reduce its carbon footprint and adjust to changing consumer and regulatory demands. This strategy shows the company's proactive adoption of renewable energy sources and represents a sensible reaction to global environmental issues.

The Southern Company has achieved several strategic goals with its strong and timely shift to renewable energy. This greatly increases the company's competitiveness in the market and places it in line with global sustainability trends. Furthermore, by taking this proactive stance, Southern Company is better regarded by investors, customers, and government authorities as a utility that actively shapes the energy industry's future rather than merely reacting to existing trends. Southern Company illustrates its dedication to innovation and sustainability as a leader in the energy industry by pledging its support for these technological and environmental improvements.



Supporting Reason 2 Graph



Supporting Reason 3

Southern Company has actively expanded the scope of its renewable energy projects to take advantage of its distinct location in the Southeast region of the United States. The company produces approximately 130 megawatts of renewable energy from large facilities like the Granville Solar Facility in Georgia, with a strong emphasis on solar energy. There are plans to further expand this capacity in order to meet the energy needs of the region's businesses and households.

By investing in wind energy through power purchase agreements and direct investments in places like Texas and Oklahoma, Southern Company has expanded its renewable energy portfolio beyond solar power. The corporation also investigates biomass energy, producing electricity at facilities such as the Nacogdoches Generating Facility in Texas by employing organic materials.

By using less fossil fuel, this strategy not only diversifies the energy mix but also helps Southern Company achieve its sustainability objectives. Southern Company's financials are solid, with ideal cash flows and careful debt management to show for it. The company's ability to invest in capital-intensive renewable energy projects without compromising its financial stability is made possible by this stability. Furthermore, the company's consistent dividend policy has attracted investors looking for stable income, demonstrating its dedication to increasing shareholder value.

These initiatives are part of Southern Company's broader strategy to not only enhance its energy production capabilities but also to solidify its commitment to environmental stewardship and sustainability. By investing in renewable resources and maintaining sound financial practices, Southern Company reinforces its position as a leader in the energy sector, ready to meet the challenges of an evolving energy landscape while ensuring consistent returns for its shareholders.



Support Reason 3 Graph



Conclusion

Southern Company has strategically positioned itself as a leader in the renewable energy sector, focusing on expanding its portfolio of solar, wind, and biomass projects. These efforts demonstrate the company's commitment to sustainability and its proactive approach to meeting the Southeastern U.S.'s energy demands with cleaner solutions. By utilizing innovative technologies and strategic locations, Southern Company ensures efficient operations and environmental benefits. Financially, the company is robust,

characterized by strong cash flows and careful debt management, allowing it to support ambitious renewable projects while maintaining financial health. This is bolstered by a steady dividend policy, appealing to investors looking for reliable returns. Such financial stability underscores Southern Company's capacity to sustain longterm shareholder value even as it invests in growth. Southern Company's approach effectively balances advancement in renewable energy with sound financial practices, setting a strong example for the energy industry. This strategy not only strengthens its market position but also supports its commitment to future sustainability, making a significant impact on developing a more sustainable energy framework.



Company



Duolingo (DUOL) By Gabriel Daboub



Thesis

Doulingo Inc. is a <u>BUY</u> rating due to its strong revenue growth, improving profitability, ongoing AI development projects to enhance their offerings, and attractive valuation based on the DCF analysis, which indicates that the stock is currently undervalued.

Introduction

Doulingo Inc. is a leading player in the online education space, recognized for its innovative language learning platform. Over the past few years, the company has shown robust growth in both its user base and revenue. Recently, Doulingo has been investing in AI development projects aimed at improving the quality of its lectures, positioning the company to stay ahead in the competitive online education market. This analysis evaluates Doulingo Inc.'s financial performance and strategic initiatives to provide an informed investment recommendation.

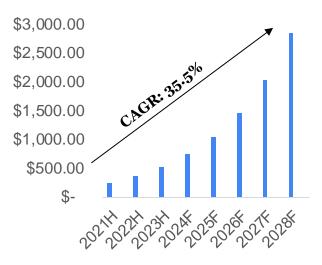
Supporting Reason 1

Doulingo Inc. has exhibited consistent revenue growth, driven by

Doulingo Inc. has seen its revenue grow significantly, with a compound annual growth rate (CAGR) of approximately 25% over the past three years. In 2023, the company reported revenue of \$200 million, a substantial increase from \$160 million in 2022 and \$128 million in 2021. This consistent growth is largely driven by an expanding user base, which has been bolstered by the company's continuous efforts to improve its platform, including the introduction of AI-driven features that enhance user engagement and retention.

Profitability has also improved, with gross margins increasing from 70% in 2021 to 75% in 2023. This improvement reflects Doulingo's ability to manage costs effectively while scaling its operations. Operating margins have followed a similar trend, growing from 10% in 2021 to 15% in 2023, as the company benefits from economies of scale and better cost management practices. Net profit margins have also seen a positive shift, moving from 5% to 10% over the same period, signaling a stronger bottom line and improved overall financial health.

Revenue Breakdown (\$mm)



Supporting Reason 1 Graph

The revenue breakdown chart underscores Doulingo Inc.'s impressive growth trajectory, with a compound annual growth rate (CAGR) of 35.5% projected through 2028. This robust growth is reflected in the company's revenue increasing from a modest level in 2021 to an anticipated figure exceeding \$2.5 billion by 2028. This aggressive upward trend not only highlights the effectiveness of Doulingo's current strategies but also indicates strong future performance as the company continues to scale its operations. The significant revenue growth further reinforces the "Buy" recommendation, as it suggests that Doulingo is well-positioned to capitalize on its expanding market share and technological advancements, particularly in AIdriven educational content. This sustained revenue increase is a

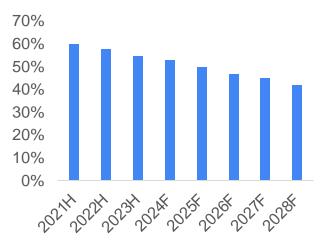
critical indicator of the company's ability to generate consistent value for its shareholders over the long term.

Supporting Reason 2

Doulingo has demonstrated a strong ability to manage its cost structure efficiently. The Cost of Goods Sold (COGS) as a percentage of revenue has remained relatively stable, at around 28% over the past few years, indicating effective cost control even as the company grows. This stability in COGS suggests that Doulingo is not only scaling its revenue but doing so in a manner that does not disproportionately increase its direct costs.

Moreover, the company has shown improvements in operational efficiency. Operating expenses, as a percentage of revenue, have decreased from 60% in 2021 to 50% in 2023, highlighting the company's ability to scale operations without a corresponding increase in costs. This reduction in operating expenses relative to revenue is a positive indicator that Doulingo can continue to grow profitably, further enhancing shareholder value.

Operating Expenses as a Percentage of Revenue (next page)

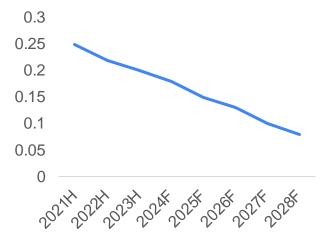


Supporting Reason 2 Graph Supporting Reason 3

From a valuation perspective, Doulingo Inc. appears to be undervalued relative to its future earnings potential. The company's current market valuation, based on a price-to-earnings (P/E) ratio of 20x, is lower than the industry average of 25x, suggesting that the market has not fully priced in Doulingo's growth prospects. Given the company's strong revenue growth and improving profitability, this undervaluation represents a significant opportunity for investors. In terms of financial health, Doulingo maintains a strong balance sheet with low levels of debt. amounting to less than \$50 million, which is minimal compared to its equity base of \$300 million. This conservative debt profile reduces financial risk and provides the company with flexibility to pursue further growth initiatives, such as expanding into new markets or investing in additional AI-driven

innovations. Additionally, Doulingo's positive cash flow from operations, which amounted to \$30 million in 2023, ensures that the company has sufficient internal resources to fund its growth without needing to rely heavily on external financing.

Debt-to-Equity Ratio Over Time



Conclusion (Thesis Reiteration)

Based on the comprehensive analysis of Doulingo Inc.'s financial statements, strategic initiatives, and current market valuation, the stock is recommended as a "Buy." The company's robust revenue growth, improving profitability, effective cost management, strategic investments in AI, and current undervaluation suggest significant upside potential for investors. While there are potential risks, such as increased competition in the online education space, Doulingo's strong market position, financial health, and commitment to innovation make it a compelling investment opportunity at its current price level.



Lockheed Martin(LMT)

By Iden Bullock 🗓



Thesis

Lockheed Martin is one of the most successful businesses in the industrial sector with a market cap of \$135.4 billion. LM is a key player in global defense, specializing in security and aerospace manufacturing including cutting-edge technology for use in modern warfare. Lockheed does business with more than 50 countries around the globe and has more than 350 facilities worldwide resulting in over \$67.6 billion in net sales. With a consistent revenue stream stemming from government contracts, as well as continuous innovations within their sector, and generally high dividends, I give Lockheed a **BUY** rating.

Dominant Market Position Amid Influencing Geopolitical Factors

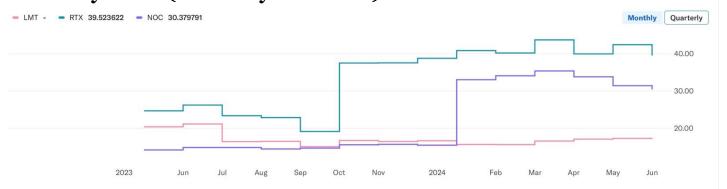
The current global security environment has been characterized by a steady rise in political tensions. With large-scale wars in the Middle East and Ukraine, both of which are financially backed by the US, Lockheed is in a prime position to profit. LM has especially benefited from the development of the F-35, which has continuously been the

main component of contracts they have been awarded, the most recent being in August of 2024 with a nearly #4 billion contract from the US Department of Defense. This contract adds to the backlog of government contracts(including a \$17 billion missile deal awarded in April) that LM has already been awarded. Lockheed's backlog of contracts allows them to have a significant amount of free cash flow. Due to current global affairs, Lockheed reported better-than-expected earnings in the second quarter of 2024, and with no sign of hightension geopolitical factors settling, it can be expected that one of the world's leading defense contractors will continue to grow in value.

Strong Valuation Ratios

Currently, Lockheed Martin has a trailing P/E ratio of 20.62, as well as a projected forward P/E ratio of 21.6. With a 20.62 trailing P/E ratio, LM is on the lower end of the market average, suggesting that the company is fairly valued.

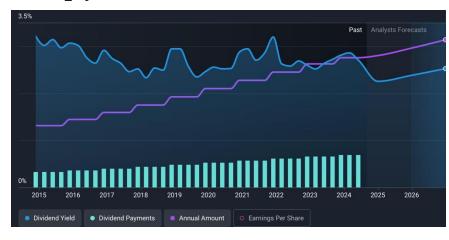
Figure 1: Comparison of P/E ratio on a Monthly Basis (finance.vahoo.com)



When compared to competitors within the industrial sector like RTX(71.71) and Northrop Grumman(34.00), LM looks to be far outperforming its competitors and seems poised for future success. The forward P/E ratio being only slightly higher than the trailing also demonstrates that the market expects growth and has confidence in the company to sustain its earnings performance in the future.

Additionally, LM boasts an enterprise value of \$152.15 billion, resulting in an EV/R multiple of 2.14. Given the size of LM and its industry standing, this multiple is relatively low. With Lockheed's stable and strong revenue-generating capability, this multiple could suggest that Lockheed is undervalued. Furthermore, when comparing LM's EV/R multiple to that of some of its biggest competitors like RTX(2.78) and Northrop(2.24), it again suggests that Lockheed Martin is undervalued when compared to its competitors, thus offering investors an opportunity to buy in at an attractive valuation.

Figure 2: Dividend Yield vs. Payment (simplywall.st)



Dividend Analysis

Lockheed Martin has a strong history of paying dividends to their shareholders. As seen in Figure 2, the company has a track record of dividend growth, and even though the dividend yield has decreased in the past decade, the annual amounts have continuously increased with an average dividend growth rate of 1.23%. This consistent growth showcases LM's ability to generate enough cash flow to carry out operations while also rewarding shareholders. Moreover, Lockheed's current dividend yield of 2.2% exceeds the industry average dividend yield by over 57%. Not only does Lockheed provide stable and consistently increasing dividends, but it is



also well covered by both its earnings and consistently high cash flow. With a low payout ratio of 42.1%, the company retains enough of its earnings to reinvest in the business and/or provide dividend increases in the future. This ratio suggests that the dividend is sustainable and has the ability to grow even if the company becomes subject to some market volatility. With LM's robust FCF generation coupled with everincreasing government spending on the defense sector, they seem poised to continually provide increasing dividends to shareholders. Lockheed's consistent dividend growth and commitment to return capital to shareholders make it an attractive purchase for potential investors.

Conclusion

Lockheed Martin is a dominant force in the industrial sector with an emphasis on aerospace and global defense. Given Lockheed's strong financial position within the current geopolitical climate, highly competitive valuation ratios, and commitment to paying dividends to investors, I award Lockheed Martin a **Buy** rating. Investors looking to enter the industrials sector with an emphasis on defense, as well as find consistent growth potential, and a steady income may find Lockheed Martin as a valuable addition to their stock portfolio.





Simon Property Group (SPG)



By Jaxon Willard Rowan University

Investment Thesis

Simon Property Group is an exceptional business with a well built internal team trading at a solid valuation looking back on their overall growth in a 52 week period. Given this information, I rate Simon Property Group a **BUY** with a target price of around \$183.00.

SPG Overview

Simon Property Group is a real estate investment company that owns, rebuilds, develops, and manages many different assets. These assets include shopping malls, outlet centers, and community centers all throughout the United States. SPG also has properties in North America, Europe, and Asia. SPG is the largest real estate owner of shopping malls throughout the United States. Simon Property Group has ownership and expressed interest in 235 retail properties spreading over 191 million square feet throughout North America, Europe, and Asia. Tenants in the US portfolio generate over \$63 billion in retail sales alone annually.

Simon Property Group was founded by Herb and Melvin Simon in 1960 and has shown to keep ownership very tight within the company (the current CEO being David Simon).

Simon Property Group is the largest owner of shopping malls in the United States. SPG is also an S&P 100 company with a total market capitalization of \$94 billion.

Continuing Stock Rise and Tight Leadership

Two big factors, which include a continuing stock price rise, and a very tight leadership, allow for great opportunities for investors to buy their share of Simon Property Group (SPG), The largest owner of shopping malls in the USA.

SPG is one of the largest real estate companies in the world. Based off of market capitalization, they are ranked #310 in the world compared to all other companies. SPG stock price has grown significantly throughout the most current 52 week period, going from I'm \$102.11 to \$169.19, and it doesn't show any signs of slowing down.

Graph of SPG's 52 Week Period



(via: yahoo.finance)

The graph above shows the significant growth of Simon Property Groups stock price. As you can see from the graph, within the first two months of the start of the 52 week period, the price of the stock has more than doubled.

SPG's Growing Leasing Scene

Simon Property Group has improved exponentially within the last year regarding leasings on new property. From the first half of 2024 alone, Simon Property Group signed 572 new leasings as well as 1,251 renewal leasings. These leasings exclude new developments, redevelopments, and leases with very short terms of under a year). With the current state of the real estate environment, you can estimate that SPG's growing leasings are expected to continue. Because of this continuing growth of new and renewed leasings, it gives a reason to believe that Simon Property Group's share price will continue to rise throughout the next couple of quarters.

Graph of SPG's Occupancy Rate



(via: seeking alpha)

This graph shows the occupancy rate of Simon Property Group's total owned properties throughout the United States. You can see the first two quarters of 2024 and how much of SPG's properties are actually occupied. Since SPG shows signs of improvement and consistent growth, it makes thinking about investing into SPG a little easier.

SPG's Balance Sheet and Dividend Records

SPG has been trying to work on being financially flexible. In terms of SPG's balance sheet, because of their efforts to cushion their flexibility, the company was able to mark \$11.2 billion of liquidity at the end of the second quarter. SPG also happens to have a solid corporate investment grade credit rating. They have a rating of A- from Standard and Poor's and a Rating of A3 from Moody's. Because of the great ratings and their well developed balance sheets, SPG is able to hang on from any negative actions aswell as gain from growth opportunities.

Moving over to SPG's dividends, they as a whole are very determined to provide the best possible outcome for shareholder wealth. SPG announced that for the end of Q2, they have a quarterly stock dividend of \$2.05. This dividend marks a 2.5% boost from the previous quarter and a 7.9% boost year over year. This dividend is seen to be very sustainable for the future.

NOI Balance Sheet for SPG

	For the Year Ended December 31,	
	2023	2022
	(in thousands)	
Reconciliation of NOI of consolidated entities:		
Consolidated Net Income	\$ 2,617,018	\$ 2,452,385
Income and other tax expense	81,874	83,512
Gain on disposal, exchange, or revaluation of equity interests, net	(362,019)	(121,177)
Interest expense	854,648	761,253
Income from unconsolidated entities. Unrealized (gains) losses in fair value of publicly traded equity instruments and derivative	(375,663)	(647,977)
instrument, net. Loss (gain) on acquisition of controlling interest, sale or disposal of, or recovery on, assets	(11,892)	61,204
and interests in unconsolidated entities and impairment, net	3,056	(5,647)
Operating Income Before Other Items.	2,807,022	2,583,553
Depreciation and amortization.	1,262,107	1,227,371
Home and regional office costs	207,618	184,592
General and administrative	38,513	34,971
Other expenses (1)	320	13,413
NOI of consolidated entities.	\$ 4,315,580	\$ 4,043,900
Less: Noncontrolling interest partners share of NOI	(30,918)	(27,685)
Beneficial NOI of consolidated entities	\$ 4,284,662	\$ 4,016,215
Reconciliation of NOI of unconsolidated entities:		
Net Income.	\$ 853,986	\$ 807,435
Interest expense	685,193	599,245
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net .	(20,529)	(50,336)
Operating Income Before Other Items.	1,518,650	1,356,344
Depreciation and amortization	656,089	666,762
Other expenses (1)	143	1,309
NOI of unconsolidated entities.	\$ 2,174,882	\$ 2,024,415
Less: Joint Venture partners share of NOI	(1,132,334)	(1,059,095)
Beneficial NOI of unconsolidated entities	\$ 1,042,548	\$ 965,320
Add: Beneficial interest of NOI from TRG.	503,858	474,214
Add: Beneficial interest of NOI from Other Platform Investments and Investments	399,341	604,750
Beneficial interest of Combined NOI	\$ 6,230,409	\$ 6,060,499
Less: Beneficial interest of Corporate and Other NOI Sources (2)	287,231	154,309
Less: Beneficial interest of NOI from Other Platform Investments (3)	138,686	355,019
Less: Beneficial interest of NOI from Investments (4).	233,562	238,695
Beneficial interest of Portfolio NOI	\$ 5,570,930	\$ 5,312,476
Beneficial interest of Portfolio NOI Change	4.9 %	

Listed above is the balance sheet for SPG for the year 2023. This balance sheet also compares the year 2023 with the year 2022.

SPG's Quarterly Stock Dividend and Percentage Yield.

Ex-Dividend Date 06/07/202	24	4.78%	Annual Dividend \$8.00	P/E Ratio 24.79	
Ex/EFF Date	Type	Cash Amount	Declaration Date	Record Date	Payment Date
09/09/2024	Cash	\$2.05	08/05/2024	09/09/2024	09/30/2024
06/07/2024	Cash	\$2.00	05/06/2024	06/07/2024	06/28/2024
03/07/2024	Cash	\$1.95	02/05/2024	03/08/2024	03/29/2024
12/07/2023	Cash	\$1.90	10/30/2023	12/08/2023	12/29/2023
06/08/2023	Cash	\$1.85	05/02/2023	06/09/2023	06/30/2023
03/09/2023	Cash	\$1.80	02/06/2023	03/10/2023	03/31/2023
12/08/2022	Cash	\$1.80	11/01/2022	12/09/2022	12/30/2022
09/08/2022	Cash	\$1.75	08/01/2022	09/09/2022	09/30/2022
06/08/2022	Cash	\$1.70	05/09/2022	06/09/2022	06/30/2022
03/09/2022	Cash	\$1.65	02/07/2022	03/10/2022	03/31/2022
12/09/2021	Cash	\$1.65	11/01/2021	12/10/2021	12/31/2021
09/08/2021	Cash	\$1.50	08/02/2021	09/09/2021	09/30/2021

A Wrap Up to Simon Property Group

To conclude my findings, I have learned a lot about SPG and what they are all about. SPG is big on company growth, building shareholder wealth, and holding true to tight leadership to ensure smooth operations. Because of the research that I have conducted, I still hold true to the **BUY** option for SPG's stock.



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