STANTON RESEARCH GROUP

WINTER 2024/25

RESEARCH REPORT

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WINTER RESEARCH REPORT

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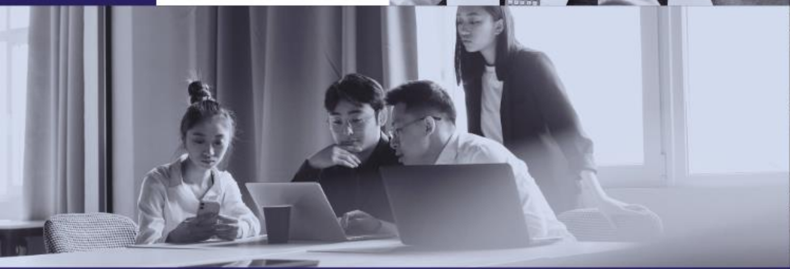

About Us.

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 45 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.

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INDUSTRY SPOTLIGHT

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WINTER
RESEARCH REPORT

COMMUNICATIONS
INDUSTRY

Communications Coverage Group | Ronda Woods| Paramount

US Cellular Corp (USM)

United States Cellular Corporation (UScellular) provides wireless telecommunications services to customers with 4.6 million retail connections in portions of 21 states collectively representing a total population of 32 million. UScellular operates in one reportable segment, and all of its wireless operating markets are in the United States. UScellular is a majority-owned subsidiary of Telephone and Data Systems, Inc. As of December 31, 2023, TDS owns 83% of UScellular Common Shares.

Rating BUY

Current Price:	$66.27
Price Target / Upside:	**$80.00**
52-Week Price H/L:	$32.01 - $68.31

Investment Rating Summary

- The wireless industry is expanding with increased infrastructure spending for network upgrades. The industry has grown 27.7% since 2023. Companies are making significant investments to upgrade their network and product portfolio, including considerable advances in software-defined, wide-area network capabilities and new cloud core architecture, which is affecting profitability. Tech stocks will shift to new 5G technologies signifying large investments coming in the future for these companies

- Over the past several years, USM made strategic investments to enhance its network and improve 5G coverage in its footprint. It's been making strategic moves to optimize its structure. In effort to increase demand for new technological standard rises, telecom are projected in invest 342.1 billion in their networks

- Historical stock price has shown growth in the stock from mid 2021 to current date, investor optimism in the telecom space.

- US cellular is expanding its footprint while adopting unlimited plans to enhance average revenue per user. The company has a mid-band spectrum in almost all operating markets. Its topline has benefited from solid user engagement in the fixed wireless business

Notable Risk Factors

- USM has had a debt burden with liabilities outweighing its current assets by 2.4 billion dollars. They are aiming to convert to 5G technologies which will result in a heavy investment for the company and weigh on their balance sheet

- Telephone and Data Systems (TDS), parent company to USM owning 83% of the business, announced in August 2023, that it would be exploring strategic, alternatives including a potential sale of the company.

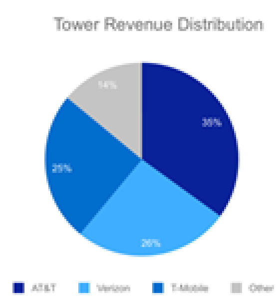
Income Statement	4022	4036	4121	4168	3906	3710	3534	3368	3211
Revenue YoY									
	0.35%	0.35%	1.14%	-6.29%	-5.02%	-4.73%	-4.71%	-4.65%	-100.00%
Operating revenues:									
Service	3035	3066	3115	3125	3044	2980	2834	2668	2512
Equipment sales	987	970	1021	1043	862	730	700	700	699
Total operating revenues	4022	4036	4136	4168	3906	3710	3534	3368	3211
Operating expenses									
System operations	756	782	790	755	740	722	720	720	730
Costs of equipment sold	1028	1011	1117	1216	989	867	919	876	835
Selling, general and administrative	1406	1367	1344	1407	1368	1296	1237	1179	1124
Depreciation, amortization, and accretion	11234	11232	11523	11714	10909	10304	9944	9510	9111
Loss on impairment of licenses	0	0	0	0	0	136	0	0	0
(Gain) loss on assets disposals, net	18	25	23	17	17	15	0	0	0
(Gain) loss on sale of business and other exit costs,net	-2	0	-2	5	0	-1	0	0	0
(Gain) loss on license sales and exchanges, net	0	-5	0	0	-2	6	0	0	0
Total operating expense	3922	3864	3951	4099	3768	3385	2282	2209	2149
	0	0	0	0	0	0	0	0	0
Operating income	111	172	170	69	138	325	1252	1159	1062
	0	0	0	0	0	0	0	0	0
Investment and other income (expense)	0	0	0	0	0	0	0	0	0
Equity in earnings of unconsolidated entities	166	179	180	158	159	163	160	160	160
Interest and dividend incomes	18	9	6	9	10	9	0	0	0
Gain (loss) on investments	0	-1	0	0	0	0	0	0	0
Interest expense	-110	-81	-131	-164	-197	-137	0	-49	0
Other items, net	0	-28	-45	0	0	0	0	0	0
Total investment and other income	74	78	10	3	-28	35	160	118	160

Key Metrics Overview

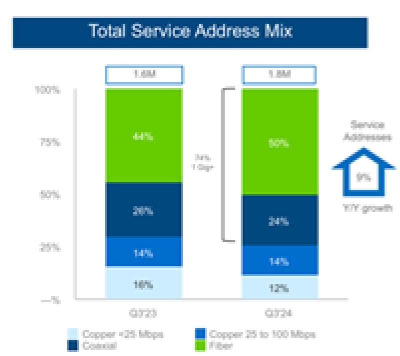
Shares O/S:	86,000,000
Market Cap	5.61B
Beta:	.47
EV/EBITDA	5.0x
Upcoming Earnings Date:	February 18, 2025

Historical Stock Price

Revenue Distribution



Fiber Footprint Increase



Sources: Parrot Analytics, YahooFinance, Nasdaq.com

Communications Coverage Group | Rudra Pandya | U.S. Cellular Corp

U.S. Cellular Corp (NYSE: USM)

U.S. Cellular Corp is a regional wireless service provider focused on delivering high-quality network coverage, customer service, and competitive pricing, with a strong focus on community involvement. It offers a range of services from wireless services, including postpaid and prepaid plans with internet access and IoT solutions for consumers, businesses, and government customers. Due to the competitive oligopolistic telecommunications industry where the "Big-3" players of Verizon, T-Mobile, and AT&T have a wide customer base, U.S. Cellular Corp is a sell rating because it experiences no economies of scale, has a roughly 1% market share, lack of consumer range unlike the big players, and more importantly because of its operations being acquired by larger companies.

Rating SELL

Current Price:	$62.69
Implied Price / Downside:	**$56.00 / -10.59%**
52-Week Price H/L:	68.31 – 32.01
Implied MOIC	0.89x

Market Events (Catalysts)

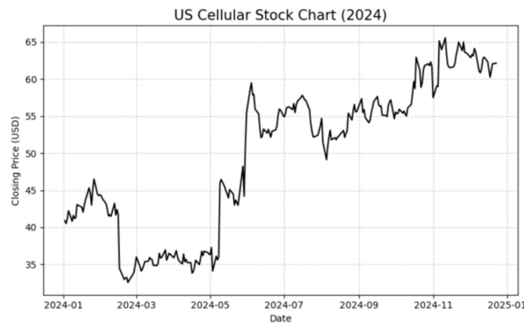
- **Consolidation of Industry by T-Mobile agreement:** On May 28 2024, T-Mobile is acquiring U.S. Cellular's wireless operations and 30% of its spectrum assets in a $4.4 billion deal, including assumed debt. The transaction is expected to close by mid-2025, which includes a license agreement for over 2000 towers and extending leases for 600 towers. T-Mobile will gain over 4 million new customers and expand its 5G coverage. U.S. Cellular will retain 70% of its spectrum portfolio. Overall, the deal shows further consolidation of the telecommunications industry.

- **License Sale to AT&T Company:** In November 2024, U.S. Cellular agreed to sell certain spectrum licenses to AT&T for $1.02 billion in cash. This move is to raise funds and focus on AT&T's operations. This deal is dependent on the earlier $4.4 billion agreement with T-Mobile and will help U.S. Cellular cash in on about 70% of its spectrum holdings. For AT&T, the new spectrum will improve its 5G network by adding more capacity and coverage, making it stronger against huge competitors like T-Mobile and Verizon. This sale shows how competitive the oligopolistic industry of telecommunications is as smaller players like U.S. Cellular Corp have to sell their assets.

Key Metrics Overview

Shares O/S:	53m
Market Cap	5.392b
Beta:	0.47
EV/EBITDA	10.83x
Upcoming Earnings Date:	02/03/2025

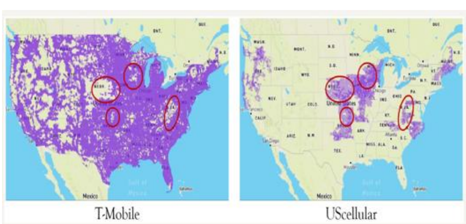
Historical Stock Price

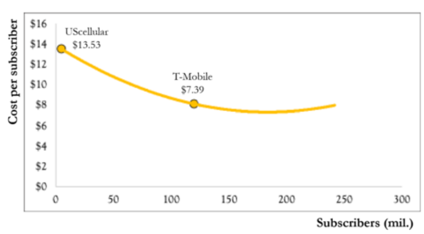


Notable Risk Factors

- **Structural Disadvantages:** U.S. Cellular, as a regional carrier, faces significant structural challenges compared to carriers like AT&T, Verizon, and T-Mobile. The company lacks economies of scale and network density necessary to compete effectively in the capital-intensive oligopoly of wireless markets. This disadvantage hinders its ability to invest in critical infrastructure, such as 5G deployment and network upgrades, leading to a poorer service quality, and hence a reduction of its subscriber base and market share.

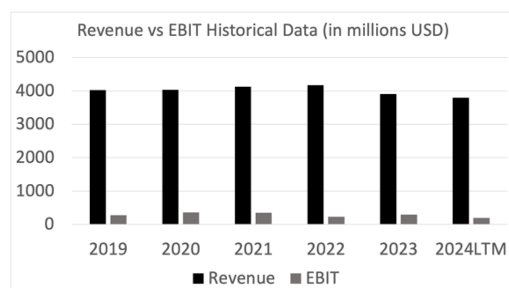
- **Consumer reach and "Big-3" competition:** According to expert reports, T-Mobile, AT&T, and Verizon have over 120.9 million, 115.5 million, and 114.5 million subscribers respectively, each with market shares of 32,1%, 30.6%, and 30.4%. U.S. Cellular only has 4.5 million subscribers with a 1.2% market share. Approximately, 40% of US Cellular's population is rural focus. The company has diseconomies of scale due to high operating costs ($13.53 / subscriber) than T-Mobile ($7.39 / subscriber). The "Big-3" have a wider reach of audience and U.S. Cellular with poor quality of service, discontinuous network, and high operating costs due to diseconomies of scale puts it at a tight position.





Red-circles is where US Cellular has a market focus and T-Mobile does not – rural areas in the United States.

Revenue vs EBIT performance

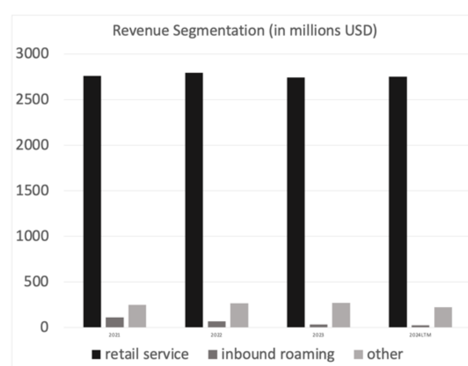


Sources: Bloomberg, Yahoo Finance, U.S. Cellular Investor Relations, Wall Street Journal, AP News

US Cellular Corp (NYSE: USM)
Market value per share: $62.44

Income Statement (in millions)	2021	2022	2023	2024LTM	2025E	2026E	2027E
Revenues:							
Retail service	2757.00	2793.00	2742.00	2750.00	2500.00	2475.00	2504.37
Inbound roaming	110.00	67.00	32.00	25.00	12.50	29.94	35.00
Other	248.00	265.00	270.00	224.00	141.53	225.00	202.05
Service revenues	3115.00	3125.00	3044.00	2999.00	2654.03	2729.94	2741.42
Equipment sales	1007.00	1044.00	862.00	800.00	1050.00	900.00	825.00
Total operating revenues	4122.00	4169.00	3906.00	3799.00	3704.03	3629.94	3566.42
% growth	-	1.14%	-6.31%	-2.74%	-2.50%	-2.00%	-1.75%
Costs:							
System operations	-790.00	-755.00	-740.00	-745.00	-757.50	-720.00	-747.00
Cost of equipment sold	-1118.00	-1216.00	-988.00	-950.00	-1068.00	-975.00	-935.00
SG&A	-1345.00	-1408.00	-1368.00	-1380.00	-1375.25	-1335.00	-1265.00
Depreciation and Amortization	-678.00	-700.00	-656.00	-675.00	-550.00	-575.00	-550.00
Loss on impairment of licenses	0.00	-3.00	0.00	0.00	0.00	0.00	0.00
Loss (+ Gain) on asset disposals	-23.00	-19.00	-17.00	-23.00	25.00	15.00	7.00
Loss (+ Gain) loss on sale of business	2.00	1.00	0.00	0.00	30.00	12.00	-13.00
Loss (+ Gain) lon license sales and exchanges	0	0	2	-7	-6	-6	-6
Total operating income	170.00	69.00	139.00	19.00	2.28	45.94	57.42
% of revenues	4.12%	1.66%	3.56%	0.50%	0.06%	1.27%	1.61%
Investment and other income (-expense):							
Equity in earnings of unconsolidated entities	179.00	158.00	158.00	152.00	155.00	154.00	153.50
Interest and dividend income	6.00	8.00	10.00	11.00	12.00	12.50	13.00
Gain (- loss) on investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest expense	-175.00	-163.00	-196.00	-186.00	-185.00	-165.00	-170.00
Income tax	-20.00	-37.00	-53.00	-26.00	-17.00	-35.00	-37.00
Net income	160.00	35.00	58.00	-30	-32.72	12.44	16.92
% of revenues	3.88%	0.84%	1.48%	-0.79%	-0.88%	0.34%	0.47%

Revenue Performance by Segment



Communications Industry Coverage Group | Yassin Tolba | Paramount Global

Paramount Global (PARA)

Paramount Global, formerly known as ViacomCBS until its rebranding in 2022, stands as a prominent American multinational mass media and entertainment conglomerate. Headquartered at One Astor Plaza in New York City, the company boasts a diverse portfolio that spans film, television, and streaming services. Key assets include Paramount Pictures, CBS Entertainment Group, Paramount Media Networks, and Paramount Streaming, which encompasses platforms like Paramount+ and Pluto TV.

Rating HOLD

Current Price:	$10.77
Price Target / Upside:	**$14.97 / 39.0%**
52-Week Price H/L:	9.54 – 14.54
Implied MOIC	1.39x

Investment Rating Summary

Strategic Merger with Skydance Media: Aiming to strengthen its position in the cutthroat media scene, Paramount Global declared in July 2024 a firm agreement to merge with Skydance Media. Valued at about $8 billion, the merger is expected to save $2 billion yearly from expenses. Emphasizing developments in streaming and artificial intelligence to improve content delivery and user experience, David Ellison, founder of Skydance, underlined the change of Paramount into a modern media and technology company. This calculated action is supposed to increase Paramount's competitive edge against powerful companies like Netflix and Disney.

Financial Performance and Credit Ratings: In 2024, Paramount's financial performance included revenues amounting to $90.65 billion, an operating income of $451 million, and a net income of $608 million. The company encounters significant challenges, as shown by a negative profit margin of -18.89% and a return on equity of -30.08%. Credit rating agencies have recognized these challenges; in September 2024, Fitch Ratings confirmed Paramount's Issuer Default Rating at 'BBB-' with a negative outlook, highlighting issues related to the company's financial leverage and profitability.

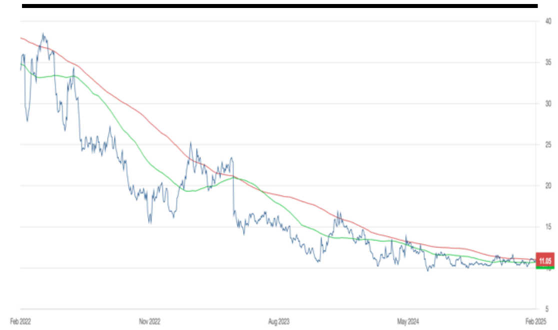
Challenges in the Streaming Sector: Achieving profitability has proven challenging for Paramount+, its streaming service. Technical problems and fierce rivalry from established companies like Netflix have slowed down membership growth. By using technology developments and enhancing the infrastructure of the platform, the merger with Skydance is supposed to solve these issues. The business also intends to investigate alliances in order to improve its streaming products and increase its market share.

Market Position and Future Outlook: Paramount's diverse portfolio, encompassing successful entities like CBS and various sports broadcasting rights, positions the company favorably in the media industry. However, the rapidly evolving landscape necessitates continuous adaptation. The strategic initiatives undertaken, particularly the merger with Skydance, reflect Paramount's commitment to innovation and growth. Investors should monitor the integration process and the company's ability to realize projected cost savings and revenue enhancements.

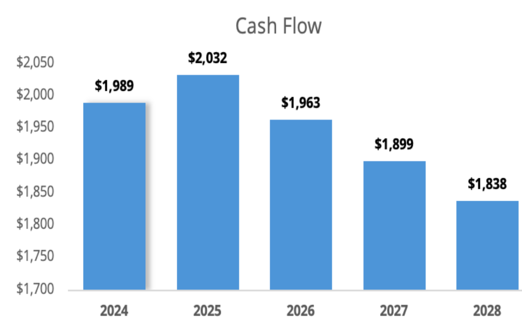
Key Metrics Overview

Shares O/S:	667 M
Market Cap	7.17 B
Beta:	1.77x
EV/EBITDA	16.4x
Upcoming Earnings Date:	02/26/2025

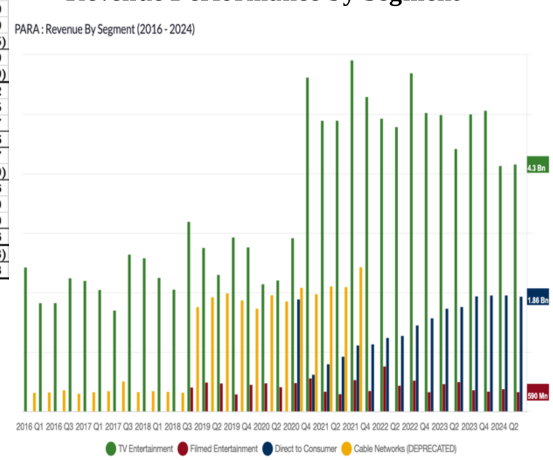
Historical Stock Price



Historical and Future Projections



Revenue Performance by Segment



Notable Risk Factors

Regulatory Scrutiny of Skydance Merger: Concerns over foreign influence resulting from Tencent Holdings' investment in Skydance Media have the Federal Communications Commission (FCC) under review Paramount Global proposed $8.4 billion merger with Skydance Media. The Center for American Rights has petitioned the FCC to challenge the merger pointing to possible ideological bias and news manipulation at CBS News as well as allegations of racial discrimination within CBS Television.

Leadership and Strategic Direction Uncertainty: Key board members leaving 2024 have created confusion about Paramount's strategic orientation. After serving seven years, Susan Avery, chair of the environmental, safety, and public policy committee, resigned in May. Gregory J. Goff left in October to join Amber Energy, a rival seeking control of Citgo Petroleum. These variations could point to changes in strategic priorities and company governance.

PARAMOUNT	2021H	2022H	2023H	2024F	2025F	2026F
Income Statement						
Revenue	28,586	30,154	29,652	28169	27324	26505
Cost of Sales	(17,744)	(19,845)	(22,388)	(18873)	(18307)	(17758
Gross Profit	10,842	10,309	7,264	9296	9017	8747
Selling, General, & Admin Expenses	(6,398)	(7,033)	(7,245)	(6479)	(6285)	(6096)
Gain (loss) from investments	47	(9)	168	0	0	0
Gain (loss) on extinguishment of debt	(128)	(120)	29	0	0	0
Net Gain (Loss) on Dispositions	2,343	56	-	0	0	0
Net. Others	(177)	(736)	(268)	(282)	(273)	(265)
EBITDA	6,529	2,467	(52)	2817	2732	2650
Depreciation Expense	(390)	(378)	(418)	(247)	(212)	(179)
EBIT	6,139	2,089	(470)	2569	2520	2472
Interest Expense	(986)	(931)	(920)	439	439	435
Interest Income	53	108	137	137	137	137
Net Interest Expense	(933)	(823)	(783)	439	439	435
EBT	5,206	1,266	(1,253)	3008	2959	2907
Income Tax Expense	(646)	(227)	361	(632)	(621)	(610)
Profits After Tax	4,560	1,039	(892)	2,376	2,338	2,296
Equity in loss of investee companies, net of tax	(91)	(204)	(360)	0	0	0
Net earnings from discontinued operations, net of tax	162	379	676	0	0	0
Net Income	4,631	1,214	(576)	2,376	2,338	2,296
Non-Controlling Interest	(88)	(110)	(32)	(90)	(100)	(108)
Net Income Attributed to Paramount	4,543	1,104	(608)	2,286	2,238	2,188

Sources: Bloomberg, Yahoo Finance, Reuters, Barrons, Financial Times, Market Watch, CNBC

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CONS. DISCRETIONARY

INDUSTRY

Consumer Discretionary Coverage Group | Andres Burfield | Abercrombie & Fitch Co. (NYSE: ANF)

Abercrombie & Fitch Co.

Abercrombie & Fitch (NYSE: ANF) is a global, digitally-led omnichannel retailer headquartered in New Albany, Ohio, since 1996. With a diverse range of apparel, personal care items, and accessories, Abercrombie & Fitch's primary sources of revenue are through its digital platforms, physical stores, and third-party partnerships. It operates two main brand segments: Hollister (encompassing Hollister, Gilly Hicks, and Social Tourist) and Abercrombie (featuring Abercrombie & Fitch and Abercrombie Kids brands), with Hollister having 57% of the market share compared to Abercrombie, with 43%.

These brands are renowned for high-quality, comfortable products sold across North America, Europe, the Middle East, and Asia. Hollister has 529 stores globally, while Abercrombie has 233. The majority of these are in the United States (560 out of 762 total stores combined). Internationally, Europe has the highest number of stores, with 127, followed by Asia with 48.

Investment Rating Summary

- Strategically, ANF is broadening its appeal and diversifying its clientele. Within Hollister, the creation of the more recent Social Tourist brand, ANF is looking to become more involved in younger markets through partnerships with influencers such as Charli and Dixie D'Amelio.
- Since the start of 2021, Abercrombie & Fitch has repurchased approximately 15 million shares for around $503 million. Notably, in 2021, the average cost per share was $36.99, decreasing to $26.37 in 2022. The company bought back 10.2 million shares in 2021 and 4.77 million in 2022. This share buyback can be attributed to the rapid increase in share price in 2022 and 2023. These buybacks resulted in a soar of the stock price at a multiple of almost 3. This shows ANF's confidence in their new management, policies, and room for growth within the next few years.
- Abercrombie & Fitch's EBITDA Margin % decreased 6.6% in 2022 compared to American Eagle and Urban Outfitters, which declined 5.7% and 4.3%, respectively. Although, ANF has experienced a positive % sales growth of 20% in Q3 YoY due to Black Friday spending.
- Abercrombie & Fitch's plan to leverage sales volume and manage overall operating margins is evident in Q2's inventory reduction of 30% from the previous year. Inventory reduction is crucial in protecting products from becoming obsolete, and control over the inventory shows that the company is cost-conscious.

Notable Risk Factors

- In August 2022, former Abercrombie & Fitch CEO Michael Jeffries faced allegations of leading a sex-trafficking scheme, with over 100 young men claiming they were coerced into sexual relations in exchange for job opportunities. The lawsuit accused the company of complicity, sparking debates on corporate responsibility and ethics in the fashion industry. Since Jeffries' departure in 2014, Abercrombie has rebranded, moving away from his exclusionary and sexualized marketing. While the case could influence corporate accountability, the company's market performance remains unaffected, though investors are advised to monitor developments.
- Abercrombie & Fitch and its subsidiary Hollister operate in a highly competitive retail market, primarily within the casual apparel segment. Their main competitors include American Eagle Outfitters, Forever 21, H&M, PacSun, Urban Outfitters and more recently, Lululemon due to Abercrombie's new athleisure line and Gilly Hicks activewear.
- Tariffs pose a risk to Abercrombie & Fitch's business by increasing the cost of imported materials and finished goods, potentially leading to higher prices for consumers or reduced profit margins. As a global retailer with a supply chain dependent on international manufacturing, heightened trade restrictions or tariffs—especially on textiles and apparel—could disrupt operations and force the company to seek alternative suppliers or adjust pricing strategies. Additionally, retaliatory tariffs in key markets could impact international sales, making the company vulnerable to geopolitical trade tensions and economic uncertainty.

Income Statement

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	3,712.77	3,697.75	4,280.68	4,616.25	4,963.36	5,351.25	5,778.61	6,244.12
Growth %		0%	16%	8%	8%	8%	8%	8%
COGS	(1,400.77)	(1,593.21)	(1,587.27)	(1,800.34)	(1,935.71)	(2,033.47)	(2,195.87)	(2,310.33)
Gross Profit	2,312.00	2,104.54	2,693.41	2,815.99	3,027.73	3,317.85	3,582.82	3,933.88
Margin %	62%	57%	63%	61%	61%	62%	62%	63%
Stores & Distribution Expense	(1,440.42)	(1,496.96)	(1,571.74)	(1,784.90)	(1,919.11)	(2,069.09)	(2,234.33)	(2,414.32)
Marketing, General & Administrative Expense	(536.82)	(517.60)	(642.88)	(646.27)	(694.87)	(749.17)	(809.01)	(874.18)
Other Operating Income, net	8.33	2.67	5.87	-	-	-	-	-
SG&A	(1,968.91)	(2,011.89)	(2,208.74)	(2,431.17)	(2,613.98)	(2,818.26)	(3,043.34)	(3,288.50)
EBIT	343.08	92.65	484.67	384.82	413.75	499.59	539.48	645.38
Margin %	9%	3%	11%	8%	8%	9%	9%	10%
Interest Expense	(37.96)	(30.24)	(30.35)	(34.81)	(35.25)	(35.70)	(36.19)	(36.65)
Interest Income	3.85	4.60	29.98					
EBT	308.97	67.02	484.30	240.12	263.36	343.21	377.08	477.08
Margin %	8%	2%	11%	5%	5%	6%	7%	8%
Income Taxes	(38.91)	(56.63)	(148.89)	(55.23)	(60.57)	(78.94)	(86.73)	(109.73)
Tax Rate %	13%	85%	31%	23%	23%	23%	23%	23%
Net Income	270.07	10.39	335.41	184.89	202.78	264.27	290.35	367.35
Less: Net Income attributable to noncontrolling interests	(7.06)	(7.57)	(7.29)	(7.31)	(7.39)	(7.33)	(7.34)	(7.35)
Net Income Attributable to A&F	263.01	2.82	328.12	177.59	195.40	256.94	283.01	360.00
Margin %	7%	0%	8%	4%	4%	5%	5%	6%
EBITDA	487.12	224.89	625.77	494.71	528.89	620.27	665.69	777.03
Margin %	13%	6%	15%	11%	11%	12%	12%	12%

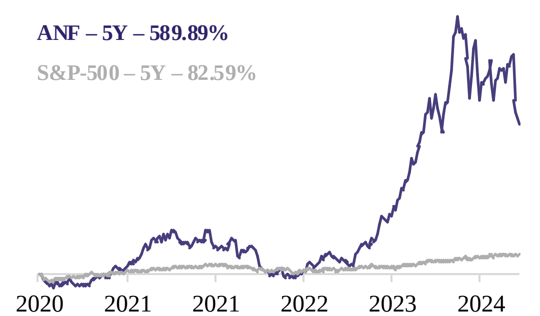
Sources: FactSet, Reuters, SEC Filings, The Wall Street Journal

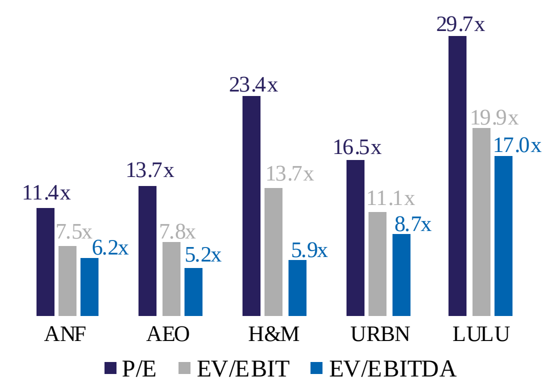
Rating:	**BUY**
Current Price:	$114.73
Price Target / Upside	**$135.0 / 17.7%**
52-Week Price High / Low:	$196.99 / $101.59
Beta:	1.28x

Key Metrics Overview

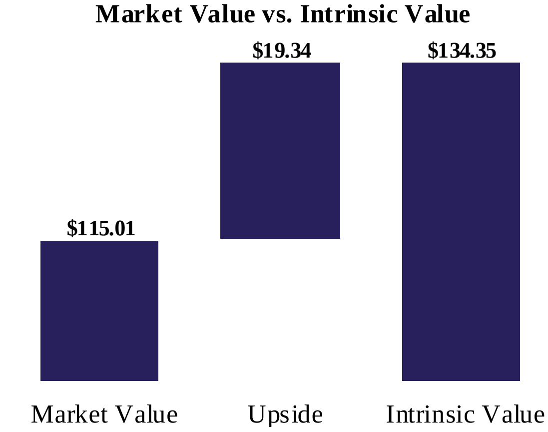
Shares O/S:	52.19M
Market Cap:	5.93B
P/E:	11.4x
EV/EBITDA:	6.2x
IRR / WACC:	14.0% / 9.28%
Upcoming Earnings Date	03/05/2025

ANF vs. S&P-500





Market Value vs. Intrinsic Value



Consumer Discretionary Coverage Group | Charles Hackett | Abercrombie & Fitch

Rating BUY

Current Price:	$114.63
Price Target / Upside:	**$155.34 / 35.5%**
52-Week Price H/L:	107.47 - 196.99
Implied MOIC	1.12x

Abercrombie & Fitch (ANF)

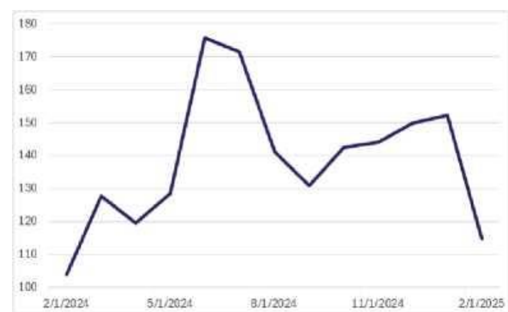
Abercrombie & Fitch is a leading specialty retailer of apparel and accessories which cater to a diverse range of consumers through established brands such as Abercrombie & Fitch and Hollister. Known for its focus on quality and style, Abercrombie has a strong presence in North America, Europe, and Asia supported by its brick-and-mortar retail network and e-commerce. The company's strong financial performance, brand repositioning strategy, operational efficiency improvements, and robust margin expansion support its potential growth, making it well positioned to capture changing consumer preferences and global demand for casual clothing.

Key Metrics Overview=	
Shares O/S:	52.2m
Market Cap	5.77b
Beta:	1.51x
EV/EBITDA	6.20x
Upcoming Earnings Date:	03/05/2025

Investment Rating Summary

- Abercrombie has successfully demonstrated strong momentum in brand revitalization, driving strong revenue growth and margin expansion in recent periods. Particularly, the company has strategically pivoted to focus on young adult and millennial demographics. This demographic alignment, combined with their digital first approach and expansion into new markets, provides a long runway for future growth.
- Abercrombie's financial discipline and inventory management has been exemplary, maintaining clean inventory levels while improving margins and cash flow generation. Their strategic pricing and promotional initiatives have helped with margins, with gross margins exceeding 65% in 3Q 2024. This demonstrates the company's ability to maintain pricing power and brand value while efficiently managing operational costs.
- Under CEO Fran Horowitz's leadership, Abercrombie has executed an incredible turnaround strategy, transforming the company from a teen retailer to a modern, digital first lifestyle and casual-wear brand. Management has successfully repositioned the brand portfolio, closed underperforming locations, and significantly improved operational efficiency. The emphasis on digital transformation has been particularly impactful, with online sales now representing over 25% of total revenue, showing management's ability to adapt to a changing retail landscape.

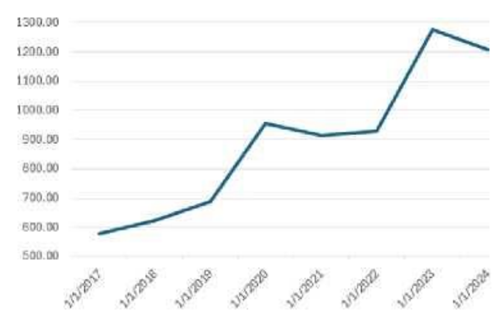
Historical Stock Price



Notable Risk Factors

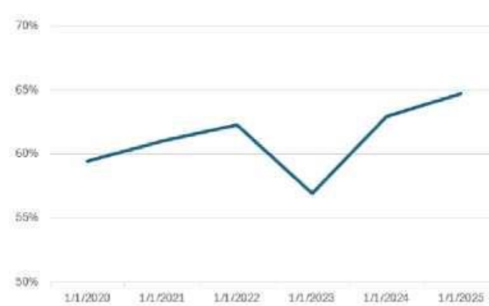
- Abercrombie operates in the apparel industry and success depends on the company's ability to understand and anticipate consumer preferences and provide merchandise which satisfies such demands. Changing consumer preferences and fashion trends can adversely affect sales. Conversely, underestimating consumer demand for certain merchandise can lead to inventory shortages which impact customer relationships and result in lost sales.
- Abercrombie participates in a market which is highly competitive with many individual and specialty retail suppliers, department stores, and discount stores. Recently, an increase in e-commerce businesses has encouraged further entry of new and established competitors. Increased competition can result in the company's inability to grow or maintain sales, adversely affecting business operations.

Online Retail Sales Growth



Income Statement	2024A	2025E	2026E	2027E
Revenue	**4,281**	**4,616**	**4,963**	**5,351**
Cost of Sales	**(1587)**	**(1800)**	**(1936)**	**(2033)**
Gross Profit	**2,693**	**2,816**	**3,028**	**3,318**
SG&A	**(2215)**	**(2431)**	**(2614)**	**(2818)**
EBITDA	**620**	**494**	**529**	**621**
Depreciation	**(141)**	**(109)**	**(115)**	**(121)**
EBIT	**479**	**385**	**414**	**500**
Income Tax Expense	**(149)**	**(88)**	**(95)**	**(115)**
Interest Expense	**(23)**	**(34)**	**(34)**	**(35)**
Net Income	**307**	**263**	**284**	**350**
Profit Margin	*7%*	**6%**	**6%**	*7%*

Gross Margin Growth



Sources: Seeking Alpha, Yahoo Finance

CONS. STAPLES
INDUSTRY

Consumer Staples Coverage Group | Katherine Lee, Alec Jarmain, and Hieu Pham | elf Beauty Inc.

elf Beauty Inc.

Elf Beauty Inc. is an American beauty brand headquartered in Oakland, CA founded by Joseph Shamah and Scott Vincent Borba in 2004. Elf, signifying "eyes, lips, face," focuses on affordable and inclusive cosmetics, geared and focused towards vegan and cruelty-free formulations for their products. Elf is currently available in 18 countries, various retailers, and through their online retailer website. Elf Beauty Inc.'s promising growth rates, attractive pricing strategies, appeal with their younger customer base, and competitive market share in the beauty industry positions elf Beauty Inc. for a competitive buy rating.

Rating BUY

Current Price:	$71.13
Price Target / Upside:	**$123.69 / 74.0%**
52-Week Price H/L:	$63.50 – $221.83
Implied MOIC	1.10x

Key Metrics Overview

Shares O/S:	56.34m
Market Cap	4.01B
Beta:	1.44x
EV/EBITDA	31.41x
Upcoming Earnings Date:	05/28/2025

Investment Rating Summary

- In August 2023, Elf Beauty Inc. acquired Naturium for approximately $355 million, making this acquisition their largest acquisition to date. Their acquisition of this skincare and bodycare brand continued to accelerate their potential seen with their double digit growth in the skincare industry.

- Elf Beauty Inc. operates in over thousands of stores across the United States and can be found in 17 other countries internationally, expanding its global beauty footprint. Elf Beauty's main competitors are MAC Cosmetics, NYX Cosmetics, Urban Decay, and Shiseido Company. Despite its competitors, elf Beauty operates consistently to adopt the digital-first strategy following innovations and trends to both technology and the beauty industry, maintain their cruelty-free product testing, and provide affordable prices for quality products.

- Unlevered free cash flows (FCF) are projected to increase, starting at $187.9 million in 2025 and reaching up to $392.6 million by 2029. This consistent upward trend highlights elf Beauty's ability to generate substantial cash from its core business operations, underscoring its ability to comfortably sustain its business and stable cash flow to reinvest into its business following fast-changing consumer trends. Elf Beauty's high profit margins as well as low capital expenditures positions elf Beauty for continual financial growth.

Notable Risk Factors

Elf Beauty continually faces risks being in the consumer industry, specifically in beauty, with intense competition for loyal customers as well as market share. In addition to the competitive beauty industry, elf Beauty is at risk with supply chain disruptions, reliance on limited retailers to stock their products, and decrease in consumer discretionary spending during macroeconomic downturns.

- Elf Beauty navigates an unique positioning within the beauty industry: reliance on social media. With TikTok and Gen Z making up a substantial portion of their customer base, the TikTok ban and its uncertain existence in the United States poses as a threat, where many customers have streamed from. The exposure and marketing coming from such platform pressures elf Beauty to launch new products to follow the rapidly changing tastes of consumers.

- Elf's recent Q3 earning call reported on February 6th beat revenue by 7.54% at 355.32m, yet missed EPS by -2.55%. The consequential falling stock prices were fueled by concerns of the TikTok ban, tariff concerns with the new administration, and slowing sales after the holiday. Despite these risks, analysts expect elf Beauty to reposition themselves to after this hiccup to meet their consistent and consecutive benchmark of double digit growth year over year.

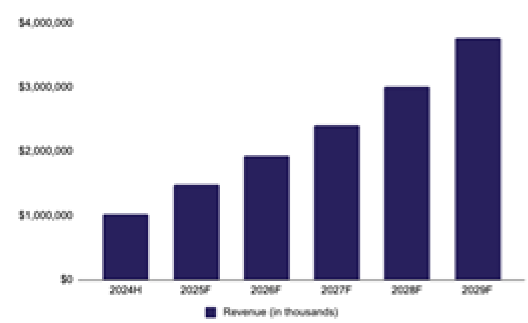
(dollars in thousands)

Income Statement:	FY 22	FY 23	FY 24	FY 25	FY 26
Revenue:	**392155**	**578844**	**1023932**	1484701	1930112
Cost of sales:	(140423)	(188448)	(299836)	(398782)	(530380)
Gross profit:	**251732**	**390396**	**724096**	**1085920**	**1399732**
SG&A:	(221962)	(322253)	(574418)	(832917)	(1082793)
Operating Income:	**29770**	**68143**	**149678**	**253002**	**316939**
Other income/(expense):	(1438)	(1875)	1210	1210	1210
Impairment of equity investment:	0	0	(2875)	0	0
Interest expense, net:	(2441)	(2018)	(7023)	(3827)	(3827)
Loss on extinguishment of debt:	(460)	(176)	0	0	0
Pre-Tax Income:	**25431**	**64074**	**140990**	**250385**	**314322**
Income tax:	(3661)	(2544)	(13327)	(23218)	(29232)
Net income:	**21770**	**61530**	**127663**	**227167**	**285090**

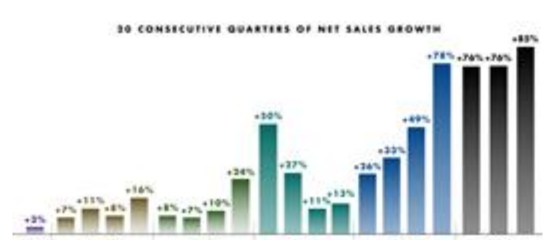
Sources: Refinitiv, Yahoo Finance, Wall Street Journal, MacroTrends, elf Beauty

Historical Stock Price

Historical and Future Projections



Net Sales Growth



STANTON
RESEARCH
GROUP

ENERGY
INDUSTRY

Energy Coverage Group | Paulina Lisowski | Sunoco LP

Sunoco LP (SUN)

Sunoco LP is an energy infrastructure and fuel distribution master limited partnership (MLP) operating across the U.S., Puerto Rico, Europe, and Mexico. It manages over 14,000 miles of pipeline and more than 100 terminals, with operations in Fuel Distribution, Pipeline Systems, and Terminals. The company distributes motor fuel, petroleum products, and operates retail stores under various brands, offering food, beverages, and other retail services. Founded in 1886 and headquartered in Dallas, Texas, Sunoco LP was previously known as Susser Petroleum Partners LP.

Investment Rating Summary:

- Sunoco LP presents a compelling current buy and long-term investment opportunity due to its strong and growing infrastructure network, consistent growth, and strategic acquisitions. Sunoco has significantly expanded its midstream and terminal network through key acquisitions such as the $7.3 billion acquisition of NuStar Energy L.P, a pipeline and terminal operator, in May 2024, which expanded Sunoco's network to 9,500 miles of pipeline and over 100 terminals. Sunoco's acquisition of key elements in the energy supply chain strengthens Sunoco's position as a leader, particularly in North American markets, leading ultimately to an expected 10% cash flow increase across 3 years.

- In addition to its asset expansion, Sunoco LP has maintained a strong financial profile, providing reliable and growing distributions to investors. The company operates with a stable cash flow model and with revenue, EBITDA, EBIT, net income all increasing consistently and projected to grow in upcoming years. Sunoco's financials are supported by long-term fuel supply agreements and relative stability in energy and fuel demand. Sunoco has demonstrated consistent distribution increases, making it a compelling investment option. The recent increase in its quarterly distribution following the NuStar acquisition further supports Sunoco's sustained revenue growth.

- Another critical factor supporting Sunoco's long-term value is its strategic focus on diversification and operational efficiency through European terminal acquisition and West Texas divestiture. In April 2024, Sunoco acquired 100% of the equity interest in Zenith Energy Netherlands Amsterdam B.V. for €170 million, leading to increased supply chain efficiency and strategic investment in global energy, especially in a critical component of Europe's energy market. In addition, Sunoco's simultaneous divestiture of 204 convenience stores to 7-Eleven, Inc. for approximately $1.0 billion demonstrates Sunoco's ability to optimize its portfolio while positioning for material growth. Furthermore, the joint venture with Energy Transfer in the Permian Basin positions Sunoco to benefit from the long-term growth of U.S. energy production while leveraging economies of scale.

Notable Risk Factors:

- Despite its strong investment case, Sunoco LP faces regulatory and environmental risks that could impact future growth. As a fuel distributor and pipeline operator, the company is subject to strict environmental regulations and potential changes in government policies regarding fossil fuels. Changes in environmental regulation may force Sunoco to invest in costly infrastructure changes or alternative energy solutions.

- Another potential risk is the company's dependence on the broader energy market and market competition. Issues such as commodity price volatility may lead to revenue fluctuation, greatly depending on changes in political environment and macroeconomic conditions. Furthermore, market competition from other energy competitors such as Valero Energy Corp and Murphy USA Inc. may lead to margin compression and pressure to expand operations.

Summary:

- Sunoco LP stands out as a strong current and long-term investment due to its strategic expansion of infrastructure assets, reliable cash flow, and business acquisitions. The company's focus on fuel distribution and midstream operations increases its profit and growth potential while maintaining a strong commitment to increasing investor returns. However, regulatory challenges, macroeconomic

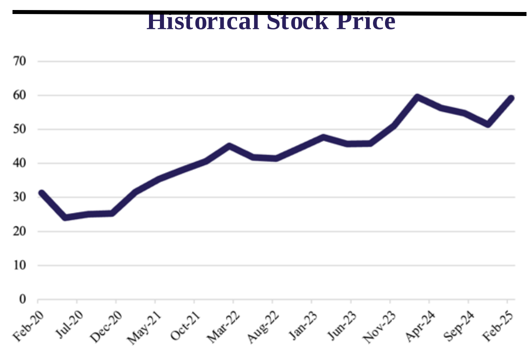
Income Statement	2023H	2024YTD	2025F	2026F
Revenue	23,068	23,065	24066	26221
Cost of Sales	21,890	21,705	-	-
Gross Profit	**1,178**	**1,360**	-	-
Operating Income	628	564	-	-
Total Expenses	22,440	22,501	-	-
Selling, General, & Admin Expenses	194,000	329	-	-
EBITDA	**825**	**1,389**	**1926**	**2010**
Depreciation Expense	183	258	-	-
EBIT	**642**	**1,131**	**1425**	**1444**
Interest Expense	212	324	426	455
Net Interest Expense	**212**	**324**	**426**	**455**
EBT	**430**	**807**	**1589**	**2177**
Income Tax Expense	36	180	-	-
Net Income	**311**	**487**	**969**	**978**

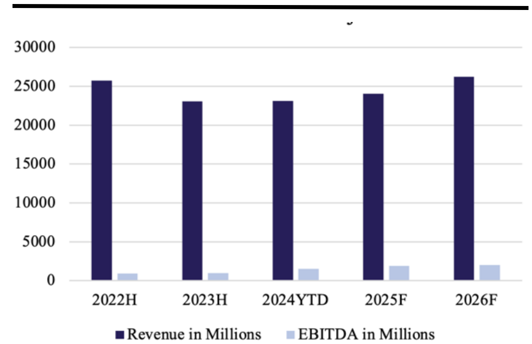
Rating: BUY / HOLD

Current Price:	**$59.15**
Average Price Target / Upside:	$63.50 / 7.35%
52-Week Range:	49.45 - 64.89
PE Ratio:	15.13

Key Metrics Overview

Shares O/S:	136m
Market Cap:	7.85B
Beta:	1.30x
EBITDA:	826m
Upcoming Earnings Date:	02.11.2025





Sources: Sunoco LP, Market Screener, YahooFinance

CNX Resources Corporation (CNX)

CNX Resources is a leading US-based natural gas company primarily from the Appalachian mountain range with operations generally Pennsylvania, Ohio and West Virginia. The company operates with a unique extraction of hydraulic stimulation and water allowing the company to operate to an extent of ESG with minimal waste management and maximum spill avoidance.

Investment Rating Summary

- **Operational Efficiency:** CNX has a longstanding and proven track record with optimizing production and distribution of their energy systems within the Appalachian Basin. This has led to historically having the opportunity to remain profitable or minimize losses even during downturns in natural gas prices.

- **Funding for Dynamic Efficiency:** CNX has just issued $200 million in senior notes (debt) via bonds, with the intent of funding dynamic efficiency, or R&D aimed at innovation to improve operational productivity and long-term cost savings. Dynamic efficiency aims to optimize and increase strength of natural gas production and operations via innovation like automation, technological efficiencies, and labor-relieving drilling techniques.

- **Shareholder Returns/Repurchasing:** CNX has been outwardly repurchasing shares, reducing its outstanding share xcount with 2.4M repurchased shares in 2024's 3Q. This not only reflects confidence in the company's valuation, but also, with less shares outstanding in the market, allows for returns/profits to be divided amongst less investors, improving share-specific metrics like earnings-per-share (EPS) and price-earnings ratio (P/E).

Risks & Bear Factors:

- **Increased Debt Burden:** CNX in 2024 recently issued $200 million in senior notes, increasing its overall debt burden, which could pressure financial flexibility if cash flows weaken, and limit the ability to repay in quick succession. While the company claims to be putting the increased debt towards R&D, the large sum of debt is reason for skepticism.

- **Industry Price Volatility:** CNX's performance is highly dependent on natural gas prices, which are externally influenced by market trends, economics, weather patterns, exports, and regulatory developments. Extended periods of low gas prices would directly impact revenue, profitability, and cash flow generation. Recently, this has manifested in constant revenue decrease, with a year-over-year of -54.17%

Income Statement	FY 2021	FY 2022	FY 2023	FY 2024	2025E	2026E	2027E	2028E	2029E
Revenue	2,383.70	3,923.60	1,462.70	1,369.24	1,387.45	1,405.90	1,424.60	1,443.55	1,462.75
Cost of Goods Sold	517.72	666.67	549.14	548.07	555.36	562.75	570.23	577.82	585.50
Gross Profit	1,865.98	3,256.93	913.56	821.17	**832.09**	**843.15**	**854.37**	**865.73**	**877.24**
SG&A & Operating Expenses	1,834.77	2,854.54	(1,758.99)	(506.55)	(513.28)	(520.11)	(527.03)	(534.04)	(541.14)
EBITDA	31.21	402.40	2,672.55	1,327.71	**1,345.37**	**1,363.26**	**1,381.39**	**1,399.77**	**1,418.38**
Depreciation & Amortization Expense	515.12	461.22	433.59	470.25	476.50	482.84	489.26	495.77	502.36
EBIT	(483.91)	(58.82)	2,238.96	857.47	868.87	880.43	892.13	904.00	916.02
Interest Expense	151.20	127.70	143.30	151.30	153.31	155.35	157.42	159.51	161.63
EBT	(635.11)	(186.52)	2,095.66	706.17	**715.56**	**725.07**	**734.72**	**744.49**	**754.39**
Income Tax Expense	(137.9)	(69.9)	502.2	144.5	146.45	148.40	150.37	152.37	154.40
Net Income	(497.21)	(116.62)	1,593.45	561.64	569.11	576.68	584.35	592.12	599.99

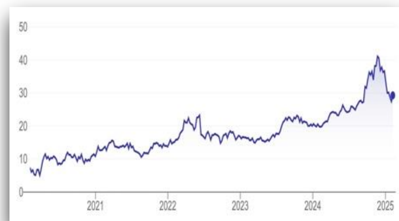
Rating: HOLD

Current Stock Price:	$29.26
Price / Target Upside:	**$30.20 / 3.21**
52-Week Price H/L:	$41.19 / $19.07

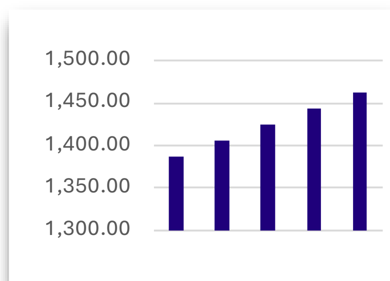
Key Metrics Overview

Shares O/S:	149.25M
Market Cap:	4.35B
Beta:	1.38x
EV/EBITDA:	12.85

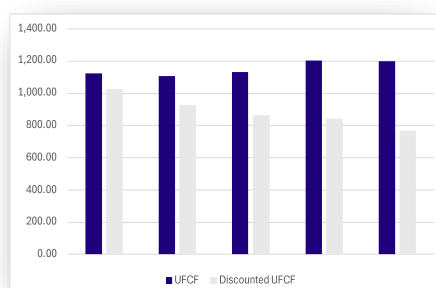
Historical Stock Price



5-Year Revenue Forecast (2025 - 2029)



5-Year Unlevered Free Cash Flow Forecast (2025 - 2029)



Sources: CapitalIQ, YahooFinance, CNX Resources, AInvest, FactSet, SEC Filings, WSJ, Business Insider

FINANCIALS
INDUSTRY

Financials Coverage Group | Shawn Lisann | Voya Financial

Voya Financial ($VOYA)

Voya Financial ($VOYA) is a leading provider of workplace benefits and savings solutions and technologies to U.S. employers, enabling better financial outcomes for their employees and for those who depend on their employees through retirement solutions, retail wealth services, and a comprehensive portfolio of benefits products. Voya Financial stands out in the competitive landscape against competitors like Fidelity, MetLife, Prudential, Empower, and TIAA (See Figure 2) by offering a well-diversified and technology-enhanced financial services model. The firm's AI-driven investment strategy, strong workplace financial health focus, and strategic leadership position it for long-term success.

Investment Rating Summary

- Voya's investment management segment is well-positioned to leverage AI-driven efficiencies and alpha generation through its Collaborative Alpha strategy, which blends human expertise with AI to optimize investment outcomes. By breaking down traditional silos and leveraging advanced analytics, this approach enhances portfolio performance without over-reliance on high-multiple tech stocks, a competitive advantage over competitors like Fidelity and TIAA. The financial sector is particularly suited for AI adoption due to structured data and a regulatory focus on risk management. Voya's AI integration strengthens fraud detection, risk assessment, and efficiency, driving margin expansion and superior investment decisions, positioning the firm for long-term success in an increasingly digital and dynamic landscape.

- Voya leads in workplace financial wellness, offering retirement planning, health savings accounts, and insurance products. With financial health a growing priority, Voya is well-positioned to meet employer demand for integrated benefits. The Benefitfocus acquisition strengthens its tech-driven benefits administration, boosting client retention and revenue. Unlike traditional asset managers like Prudential and MetLife, Voya's focus on workplace wellness sets it apart.

- Leadership and management is of the utmost importance, and Heather Lavallee has been a strong leader as CEO for Voya and has led Voya's transformation into a capital-light, fee-based model with a strong focus on operational efficiency and shareholder returns. Under her leadership, Voya has divested capital-intensive businesses while increasing share buybacks and dividends. The company's prudent risk management and strategic acquisitions (e.g., AllianzGI partnership) further solidify its competitive edge over peers like Empower and Prudential in particular.

Notable Risk Factors

- Higher interest rates and macroeconomic uncertainty could impact investment flows and asset valuations. Other market risks include fluctuations in credit spreads, real estate values, and equity markets, all of which can affect asset prices and capital liquidity.

- Poor fund performance or credit downgrades could erode investor confidence and lead to outflows. If its investment products underperform compared to benchmarks or competitors, this could lead to redemptions, lowering AUM and reducing fee income.

- We are entering a period of uncertainty in the economy with new political and geopolitical developments everyday. In volatile markets, investors may become more risk-averse, potentially affecting AUM growth and fee income.

© Stanton Research Group, 2024	2024F	2025F	2026F	2027F	2028F
Income Statement					
Revenue	8800	10736	12883	14815	17038
Cost of Sales	7742	9364	11286	12950	14909
Gross Profit	1058	1372	1597	1865	2129
Selling, General, & Admin Expenses	0	0	0	0	0
EBITDA	1058	1372	1597	1865	2129
Depreciation Expense	0	0	0	0	0
EBIT	1058	1372	1597	1865	2129
Interest Expense	323	419	488	569	650
Net Interest Expense	323	419	488	569	650
EBT	735	953	1110	1296	1479
Income Tax Expense	32	57	57	72	79
Net Income	703	896	1053	1224	1400

Sources: Bloomberg, YahooFinance, SEC Filings

Rating BUY

Current Price: (2/1/25)	$70.99
Price Target / Upside:	**$96.84 / 36.4%**
52-Week Price H/L:	63.11 – 84.30
Implied MOIC	0.53x

Key Metrics Overview =

Shares O/S:	96mn
Market Cap	6,830m
Beta:	1.03x
EV/EBITDA	6.9x
Upcoming Earnings Date:	2/05/2025

Figure 1: Future Cash Flow Projections

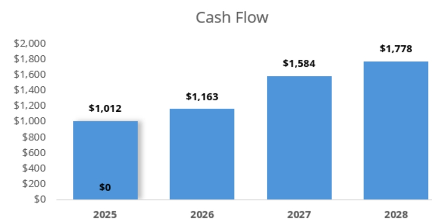
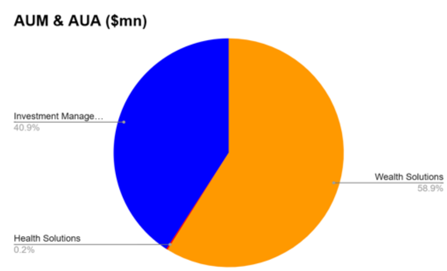


Figure 2: Competitors by Segment

Market/Product Segment	Select Competitors
Small-Mid Corporate	Fidelity Empower
K-12 Education	Equitable Corebridge
Higher Education	TIAA Fidelity
Healthcare & Other Non-Profits	Fidelity TIAA
Government	Empower Nationwide
Mid-Large Corporate Recordkeeping	Fidelity Empower
Stable Value	Prudential MetLife

Figure 3: AUM & AUA by Segment



Financials Coverage Group | Colin Gray | Voya Financial

Voya Financial (VOYA)

Voya Financial is a leading health, wealth, and investment management company, recognized for its strong brand loyalty in the financial services industry. They have an extremely extensive distribution network and a history of strategic acquisitions to enhance product offerings and market presence. Recently, they have demonstrated steady financial performance and growth as they have looked to expand their product offerings in the wealth solutions market.

Investment Rating Summary

- In January of 2025, Voya Financial completed the acquisition of OneAmerica Financial, inc. full-service retirement plan business. As a result of the acquisition, Voya's Wealth Solutions business now serves approximately 60,000 retirement plans which support roughly 8 million participants, with Wealth Solutions Defined Contribution client assets growing to $670 billion. The acquisition advances Voya's growth strategy in Workplace Solutions by helping to strategically scale Voya's full-service retirement business within Wealth Solutions. The acquisition also provides Voya with a larger range of capabilities that blend well with its existing product suite. This includes competitive employee stock ownership plan administration, as well as new opportunities to expand the firm's distribution channels.

- Voya Financial distinguishes itself from its competitors such as Prudential Financial, Principal Financial Group, and Fidelity Investments by maintaining a specialized focus on the retirement plan industry. While its competitors offer a wider breadth of financial services, Voya's concentrated strategy allows it to excel within its niche. By dedicating its extensive expertise and resources to its retirement solutions, Voya can deliver tailored products, deepen client relations, and optimize its operational efficiency. This focus positions Voya as a leader within the retirement services space, enabling it to compete effectively against

- Unlevered free cash flows (FCF) are expected to grow consistently, rising from $654 million in 2024 to $1.5 billion in 2028. The steady increase demonstrates Voya Financials' ability to generate substantial cash from its core operations. It reflects the company's financial strength, resilience, and capability to reinvest in growth opportunities while delivering value to its shareholders.

Notable Risk Factors

- Voya Financial continuously faces risk with their core business operations, the most notable being interest rate risk which affects Voya's net interest margins and overall financial stability. They also face substantial market risk as fluctuations in financial markets can affect the value of Voya's investments and assets under management, potentially leading to reduced revenues and profitability.

- As a financial services provider, Voya Financial is also subject a extensive regulation. Non-compliance with new or evolving laws can lead to legal penalties and reputational damage.

	2023H	2024F	2025F	2026F	2027F	2028F
Revenue	7348	7576	7811	8053	8302	8560
Benefits and Expenses:						
Policyholder Benefits	(1960)	(1970)	(2031)	(2094)	(2159)	(2226)
Interest credited to contact owner account balances	(1076)	(1136)	(1172)	(1208)	(1245)	(1284)
Operating Expenses	(3096)	(2292)	(2363)	(2437)	(2512)	(2590)
Other Expense	(10)	0	0	0	0	0
Net amortization of DPAC and value of businesses acquired	(230)	(457)	(471)	(486)	(501)	(516)
EBIT	**976**	**1720**	**1773**	**1828**	**1885**	**1944**
Interest Expense	(298)	(235)	(235)	(235)	(235)	(235)
EBT	**678**	**1485**	**1538**	**1593**	**1650**	**1709**
Income Tax Expense (benefit)	51	(386)	(400)	(414)	(429)	(444)
Net Income	**729**	**1099**	**1138**	**1179**	**1221**	**1264**

Sources: Bloomberg, YahooFinance

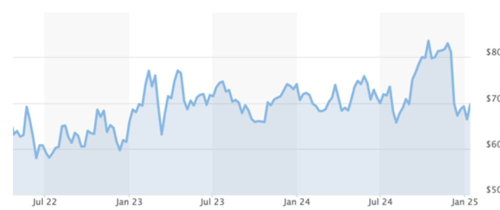
Rating BUY

Current Price:	$69.67
Price Target / Upside:	**$155.05 / 126%**
52-Week Price H/L:	$84.30 – $63.11
Implied MOIC	2.95x

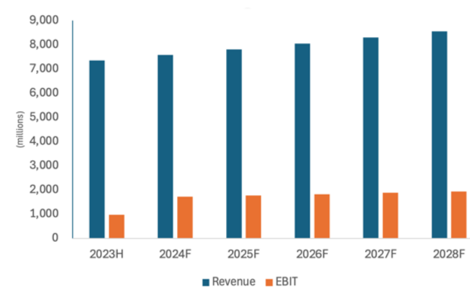
Key Metrics Overview=

Shares O/S:	96.22m
Market Cap	6.62b
Beta:	1.25x
EV/EBITDA	9x
Upcoming Earnings Date:	2/5/2025

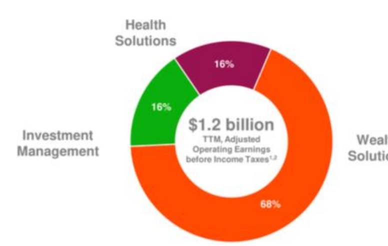
Historical Stock Price



Historical and Future Projections



Revenue Performance by Segment



Financials Coverage Group | Michael Bridges | Voya Financial

Voya Financial (VOYA)

Voya Financial, is an American financial services company specializing in retirement, investment, and insurance solutions. The company, based in New York City, was originally part of ING Group, a Dutch multinational financial services firm. In April 2014, the firm was rebranded as Voya Financial, marking its transition into an independent firm, and issuing their IPO on the New York Stock Exchange. The firm has grown to over 9,000 employees and $339bn of AUM, serving corporate, government, healthcare, education, and the public sector.

Investment Rating Summary

- In July 2017, Voya Financial entered into a master agreement for outsourced services with Cognizant Worldwide Limited to enhance its IT operations and service delivery. As part of the agreement, certain Voya employees were transferred to Cognizant, becoming part of the team providing services back to Voya. This transition included protections for the transferred employees ensuring their roles within Cognizant for a minimum period of one to two years. The agreement between the firms established performance-related service commitments, with provisions for service level credits to Voya if Cognizant failed to meet the agreed upon standards. This partnership aimed to use Cognizant's expertise in IT services to improve Voya's operations and technological capabilities.
- Assets under management has grown rapidly for Voya Financial in the last few years, increasing 37.8% from $246b in FY2020 to $339b in FY2024. Projections show no signs of slowed growth, reaching as high as $440b in 2028. Wealth solutions have shown to be an extremely strong cash flow, bringing in $820m of earnings in FY2024, a 29.7% Y/Y increase from FY2023. Looking ahead, the firm is poised for meaningful growth in FY2025; Voya aims to integrate OneAmerica, with this transition focused on enhancing customer experience. Voya has developed plans worth $20bn to drive strong cash flows in Wealth Solutions, as well as increase consumer value through enhanced products.
- Voya Financial completed its acquisition of OneAmerica Financial, a full retirement plan business on January 2nd of 2025. As a result, Voya's Wealth solutions business now serves approximately 60,000 retirement plans supporting 8 million participants, with Wealth Solutions Defined Contribution client assets now growing to $670bn. This acquisition advances the firm's growth strategy by adding more scale to their retirement model within Wealth Solutions. This will equip Voya with an expanded set of skills that complement their existing line of products, introducing a competitive employee stock ownership plan, as well as new opportunities to grow the firm's distribution footprint. The firm aims to successfully integrate OneAmerica into their business model in 2025.

Notable Risk Factors

- Voya Financial continually faces risks within the volatility of the market. The S&P 500 dropped 2.3% due to Nvidia's 16.9% drop in January 2025, triggered by the emergence of a competitive AI model. This event highlighted the vulnerability of Voya's investment portfolio, given the high concentration of technology in the market-cap-weighted index. This volatility could directly impact the returns on the firm's products and overall stability.
- The broader economic environment plays an important role in Voya's business model. The recent volatility in employment readings caused market concerns about a potential deterioration in the labor market. The recent August 2024 JOLTS reports showed an unexpected rise in job openings, which spread to a sell-off in risk assets. Macroeconomic indicators can create uncertainty and affect investor sentiment, influencing Voya's investment strategies and financial performance.

(Amounts in millions)

Income Statement:	FY2021H	FY2022H	FY2023H	FY2024F	FY2025F	FY2026F
Total Revenue	**4,230**	**5,930**	**7,348**	**8,005**	**8,165**	**8,328**
Operating Expenses	(2,586)	(2,542)	(3,096)	(3,244)	(3,244)	(3,244)
Other Expenses	1,319	(2,826)	(3,442)	(3,717)	(3,755)	(3,736)
EBIT	**2,963**	**562**	**810**	**1,044**	**1,167**	**1,348**
Interest Expense	(186)	(134)	(132)	(151)	(139)	(141)
EBT	**2,777**	**428**	**678**	**893**	**1,028**	**1,208**
Income Tax Expense (benefit)	(98)	(5)	(51)	(51)	(36)	(46)
Income from Continuing Operations	**2,875**	**433**	**729**	**944**	**1,063**	**1,254**
Income (loss) from Discont Ops	12	-	-	-	-	-
Net Income	**2,887**	**433**	**729**	**944**	**1,063**	**1,254**
Net income attributable to NCI	761	(77)	104	-	-	-
Dividends	36	36	36	36	36	36
Net Income available to Shareholders	**2,090**	**474**	**589**	**908**	**1,027**	**1,218**

Sources: Yahoo Finance, Wall Street Journal, SEC EDGAR, Voya

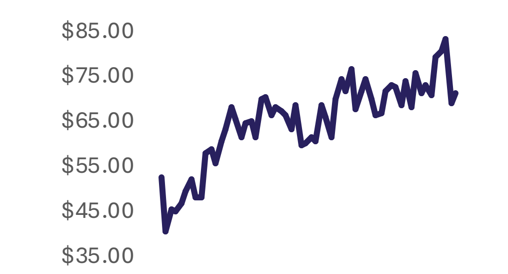
Rating **BUY**

Current Price:	$70.84
Price Target / Upside:	**$80.56/ 13.72%**
52-Week Price H/L:	63.11 – 84.30
Implied MOIC	1.11x

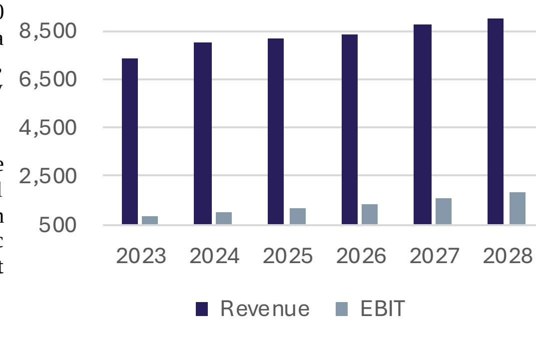
Key Metrics Overview

Shares O/S:	110.60m
Market Cap	41.6m
Beta:	1.25x
EV/EBITDA	4.17x
Upcoming Earnings Date:	2/10/2025

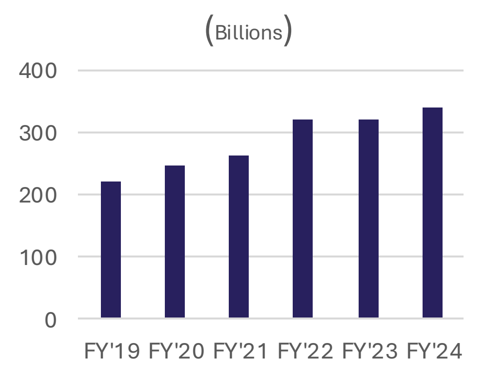
Historical Stock Price



Historical and Future Projections



Assets Under Management



STANTON
RESEARCH
GROUP

HEALTHCARE
INDUSTRY

Healthcare Coverage Group | Mayank Barnwal | Jazz Pharmaceuticals, Inc.

Jazz Pharmaceuticals, Inc. (JAZZ)

Jazz Pharmaceuticals is a global biopharmaceutical company whose innovations aim to transform the lives of patients and their families. It is dedicated to developing life-changing medicines for people with serious diseases - often with limited or no therapeutic options. Its diverse growing portfolio of marketed medicines includes leading therapies for sleep disorders and epilepsy and cancer treatments.

Investment Rating Summary

- **Sustainable top-line revenue growth:** Commercial catalysts drive increased confidence in the company's long-term revenue growth. Its strategy for growth is rooted in executing commercial launches and ongoing commercialization initiatives, advancing R&D programs, and delivering impactful clinical results. Epidiolex is the #1 branded epilepsy treatment and Zepzelca is the #1 Treatment in 2L with potential to expand to 1L SCLC, which represent 25-30% of the revenue generation in the neuroscience and oncology segments respectively and are poised to reach blockbuster status in 2025.

- **Zanidatamab and Ziihera provide near-term pipeline catalyst:** The company is pursuing multiple oncology and neuroscience preclinical and clinical R&D activities of which its advancing Zanidatamab Development Program is making significant regulatory progress. It is on path to a potential EU approval as early as 2Q2025, with an estimated $2B+ peak sales potential. Zanidatamab has the capacity to transform HER2-targeted therapies and its Phase 3 EpowHer late-line BC trial is being currently enrolled. Ziihera has also been recently approved in the U.S. for the treatment of adults with previously treated, unresectable or metastatic HER2+ (IHC3+) BTC.

- **Operational strength underpins growth potential and execution on investment opportunities:** The GW Acquisition in May 2021 expanded the neuroscience business with a global, high-growth childhood-onset epilepsy Epidiolex franchise. Its Vision 2025 aims to continue delivering sustainable growth and enhanced value, focusing on commercial execution, pipeline productivity and operational excellence. Along with the deep oncology experience of the team, including extensive expertise in the HER2 therapy space, additional adoption and uptake of the company's portfolio is expected.

Notable Risk Factors

- **Substantial revenue dependence on Xyrem:** Jazz Pharmaceuticals expects that it will continue to meaningfully depend on oxybate revenues from both Xywav and Xyrem. The FDA recently published its summary of clinical superiority findings stating Xywav is clinically superior to Xyrem due to reduced chronic sodium burden, so an additional focus on Xywav could lead to revenue concentration and stray away from a diversified product mix.

- **Concentration of credit risk related to product sales:** The business is subject to credit risk from its accounts receivable as although customer creditworthiness is monitored, collateral is not required. In 2023, five customers accounted for 79% of gross AR, the largest customers being ESSDS (48%), ASD Specialty Healthcare LLC (13%), and McKesson Corporation (11%). Jazz also depends on single source suppliers for most of its products, product candidates and their APIs, and any potential supply chain disruptions could significantly impact the company's ability to manufacture and distribute its products.

- **Ongoing Epidiolex Patent Litigation:** On January 3, 2023, Jazz Pharmaceuticals filed a patent infringement suit against the Epidiolex ANDA Filers which alleges that by filing their ANDAs, the defendant has infringed certain of its Orange Book listed patents. The Court in the Epidiolex Patent Litigation has scheduled trial for September 2025.

Income Statement	Historicals	Forecast				
In Thousands ($)	2023H	2024F	2025F	2026F	2027F	2028F
Revenues:						
Product sales, net	$ 3,736,943	$ 3,767,259	$ 3,825,346	$ 3,907,672	$ 4,011,494	$ 4,134,719
Royalties and contract revenues	97,261	98,050	99,562	101,705	104,407	107,614
Total Revenues	**3,834,204**	**3,865,309**	**3,924,908**	**4,009,376**	**4,115,900**	**4,242,333**
Operating Expenses:						
Cost of product sales (exluding amortization of acquired developed technology)	435,577	406,584	412,853	421,738	432,943	446,242
Selling, general and administrative	1,343,105	1,315,445	1,335,727	1,364,474	1,400,726	1,443,754
Research and development	849,658	832,544	649,136	663,106	680,724	701,634
Intangible asset amortization	608,284	624,651	624,651	624,651	624,651	623,319
Acquired in-process research and development	19,000	-	-	-	-	-
Intangible asset impairment change	-	-	-	-	-	-
Total operating expenses	**3,255,624**	**3,179,224**	**3,022,367**	**3,073,969**	**3,139,044**	**3,214,949**
Income (loss) from operations	**578,580**	**686,085**	**902,541**	**935,408**	**976,856**	**1,027,384**
Interest expense, net	(289,438)	(284,542)	(259,799)	(247,428)	(247,428)	(235,056)
Foreign exchange gain (loss)	8,787	(4,732)	(4,732)	(4,732)	(4,732)	(4,732)
Income (loss) before income tax expense (benefit) and equity in loss of investees	**297,929**	**396,812**	**638,010**	**683,248**	**724,697**	**787,596**
Income tax expense (benefit)	(119,912)	49,601	79,751	85,406	90,587	98,449
Equity in loss of investees	3,009	3,009	3,009	3,009	3,009	3,009
Net income (loss)	**414,832**	**344,201**	**555,250**	**594,833**	**631,101**	**686,137**

Sources: Bloomberg, YahooFinance, FinViz, JAZZ Investor Relations, Market Research

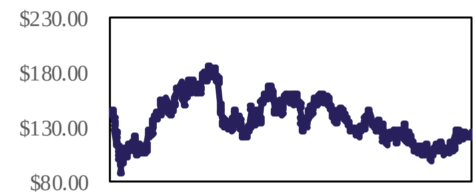
Rating BUY

Current Price:	$121.53
Price Target / Upside:	**$245.54 / 102.04%**
52-Week Price H/L:	134.17 – 99.06
Implied MOIC:	2.02x

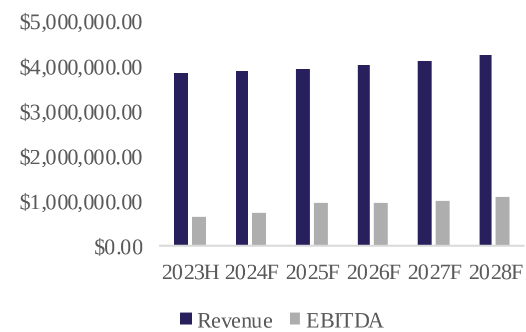
Key Metrics Overview

Shares O/S:	62.3m
Market Cap:	8.10b
Beta:	0.47x
EV/EBITDA:	34.27x
Upcoming Earnings Date:	02/26/2025

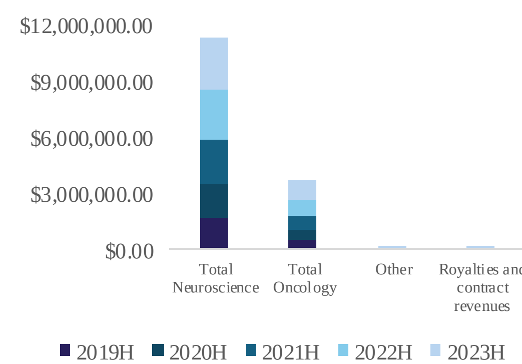
Historical Stock Price



Historical and Future Projections ($000s)



Revenue Performance by Segment ($000s)



Healthcare Coverage Group | Aarav Ghimire | Ansys, Inc.

Ansys, Inc. (ANSYS)

ANSYS is a global leader in engineering simulation software, known for its industry-defining technology, strong customer loyalty, and commitment to innovation. With a diverse portfolio of solutions spanning aerospace, automotive, healthcare, and high-tech manufacturing, ANSYS has established itself as the go-to provider for complex physics-based simulations. Its strong financial position, consistent investment in R&D, and strategic acquisitions position it well for long-term growth and international expansion.

Investment Rating Summary

- ANSYS acquired Lumerical, a leading photonic simulation company, in 2020, strengthening its capabilities in optical and semiconductor applications. This acquisition expanded ANSYS's multiphysics simulation offerings, allowing it to capitalize on high-growth industries like telecommunications and AI-driven computing. By integrating Lumerical's technology into its ecosystem, ANSYS reinforced its position as the industry standard for comprehensive simulation solutions.
- ANSYS has a deep presence across mission-critical industries, serving over 45,000 customers worldwide, including many Fortune 500 companies. Its broad adoption across aerospace, automotive, and industrial applications highlights its role as a must-have tool for innovation. While competitors like Dassault Systèmes and Siemens offer strong alternatives, ANSYS's unparalleled physics-based simulation expertise gives it a lasting competitive edge as industries increasingly rely on digital twin technology.
- Free cash flow (FCF) is expected to see steady growth, reaching approximately $880 million in 2024 and surpassing $1.2 billion by 2028. The company's high-margin software business model, strong customer retention, and growing shift toward subscription-based licensing drive robust cash generation. This enables ANSYS to reinvest in cutting-edge technology, pursue strategic acquisitions, and return value to shareholders through disciplined capital allocation.

Notable Risk Factors

- ANSYS faces volatility in software licensing trends as industries transition from perpetual to subscription-based models. While this shift ultimately enhances revenue predictability, it can introduce short-term fluctuations in cash flow, impacting financial forecasting and investor sentiment. Managing this transition effectively will be key to maintaining growth momentum.
- As a technology company operating in a highly regulated environment, ANSYS must navigate complex compliance requirements related to export controls, intellectual property, and cybersecurity. Stricter regulations—especially in international markets like China—could create barriers to growth, increasing compliance costs and limiting expansion opportunities. However, ANSYS's focus on high-value industries and strong customer relationships positions it well to adapt to evolving regulatory landscapes.

Income Statement								
Revenue	1907	2066	2269	2609	3053	3633	4396	5407
Cost of Sales	(197)	(181)	(190)	(235)	(275)	(327)	(396)	(487)
Gross Profit	**1710**	**1884**	**2079**	**2375**	**2778**	**3306**	**4000**	**4920**
Selling, General, & Admin Expenses	(715)	(773)	(855)	(979)	(1145)	(1362)	(1648)	(2028)
Other Operating Expenses	(405)	(434)	(495)	(548)	(641)	(763)	(923)	(1135)
D&A Expense	(76)	(85)	(104)	(141)	(27)	(30)	(35)	(38)
EBIT	**513**	**593**	**625**	**707**	**966**	**1150**	**1394**	**1719**
Interest Expense	(10)	(17)	(28)	(45)	(45)	(45)	(45)	(45)
Net Interest Expense	**(10)**	**(17)**	**(28)**	**(45)**	**(45)**	**(45)**	**(45)**	**(45)**
Other Non-Operating Income/(Expense)	12	1	(4)	3	3	4	4	5
Unusual Expenses		(2)	(2)					
EBT Incl. Unusual Expenses	**515**	**575**	**591**	**665**	**924**	**1109**	**1354**	**1680**
Income Tax Expense	(61)	(52)	(92)	(73)	(102)	(122)	(149)	(218)
Net Income	**455**	**524**	**500**	**592**	**822**	**987**	**1205**	**1461**

S

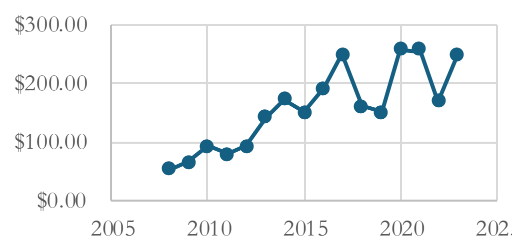
Rating **BUY**

Current Price:	$344.86
Price Target / Upside:	**$385.52 / 12%**
52-Week Price H/L:	298.8 – 361.45
Implied MOIC:	1.12x

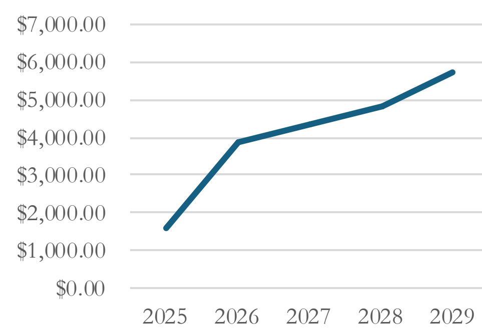
Key Metrics Overview ($mm)

Shares O/S:	87.5
Market Cap:	30,311.9
Beta:	1.11
EV/EBITDA:	37x

Historical Stock Price



Historical and Future Revenue ($mm)



INDUSTRIALS
INDUSTRY

Industrials Coverage Group | William Walker | Deere & Co.

Deere & Co. (DE)

Deere & Co. is an industry leader in manufacturing and distribution of assorted heavy equipment all over the world. With a focus in sustainability and innovation, DE has solidified itself as a supplier for farmers and its other various partners for many years. Known for its iconic green and yellow branding, they have built a long-lasting reputation in agriculture and automation. Even with their very traditional products, they have shown growing interest in AI and analytical innovation hoping to keep up with the ever-expanding industry.

Investment Rating Summary

- To kick off 2025 Deere & Co. announced 6 companies that they plan on collaborating with for their *Startup Collaborator Program*. This has been a focal point for DE since 2019 with hopes of bringing innovation and new technology for their customers. The main companies that they have listed so far include, *Array Labs*, *Landscan*, *LIDWAVE*, *Presien*, *ReSim*, and *Witricity*. This shows the dedication that DE has shown to begin a new wave in their business as well exploring new tech to help improve their well-known products. In the tech heavy market at the moment this is a great sign for potential investors.
- Over the past few months, DE has returned +6.2% in comparison to the average S&P being +2.7%. According to *Zacks.com*, they are expected to post $3.11 per share for this current quarter have revenues of $9.28 billion in this quarter as well which is 1.66% higher than was forecasted. With a strong history of meeting earnings expectations and hitting every mark in the past year, they have shown as a reliable and sustainable company for many passive investors.
- Overall, with Deere & Co. hitting the company's all time high at $469.73, they have led the charge of Industrial and Agricultural performance in the new year. *MSN* reports that they have shown a 20.72% increase in 2024, even within the struggling industry. This has been a good sign so far but is something that investors should be monitoring closely.

Notable Risk Factors

- As listed above, it is difficult to consistently out-perform any sector for an extended period of time which will be interesting over the next few months. One concern is that even though they have been performing well, DE reported a decline in net sales and revenues in 2024.
- Another recent concern as of January 20th, was the Federal Trade Commission's lawsuit against Deere & Co. over "allegedly increasing equipment repair costs" which has taken a big hit to farmer's ability to make these repairs on everyday equipment. Now these claims are all alleged but have been taken into question over the past few decades, that they have been withholding repair provisions. Essentially, it is said that DE has been taking out the middle-men in these repairs which in turn forcers customers to go directly to Deere for basic repairs. It has boosted DE's profits while increasing prices for struggling farmers. This is something to keep an eye on but overall, the stock itself is not anything to be concerned about.

Income Statement	2024	2025F	2026F	2027F
Revenue	61251	51716	54302	57017
Cost of Sales	(37715)	(30775)	(34210)	(35921)
Gross Profit	**23536**	**20941**	**20092**	**21096**
SG&A	(5887)	(6097)	(5973)	(6272)
EBITDA	**17649**	**14844**	**14118**	**14824**
Depreciation Expense	(2177)	(2290)	(2303)	(3101)
EBIT	**15472**	**12554**	**11816**	**11724**
Interest Expense	(2453)	(3348)	(3480)	(3480)
Net Interest Expense	**(2453)**	**(3348)**	**(3480)**	**(3480)**
EBT	**13019**	**9206**	**8336**	**8244**
Income Tax Expense	(2864)	(2118)	(1834)	(1814)
Net Income	**10155**	**7088**	**6502**	**6430**

***In Millions**

Sources: Bloomberg, Yahoo Finance, Edgar, DE

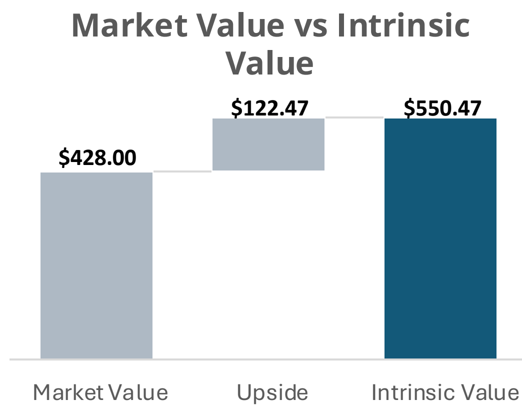
Rating **BUY**

Current Price:	$476.56
Price Target / Upside:	**$550 / 13.5%**
52-Week Price H/L:	$340.52 – $485.03
Implied MOIC:	2.42x

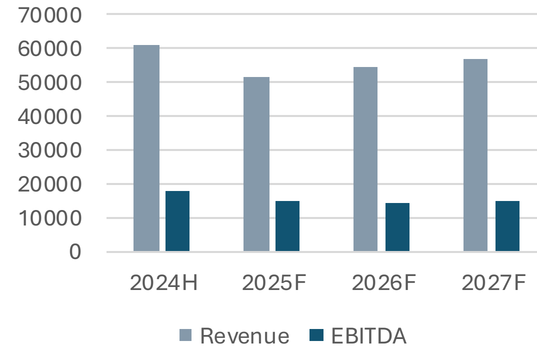
Key Metrics Overview

Shares O/S:	272.35m
Market Cap	129.79B
Beta:	0.94x
EV/EBITDA:	12.73x
Upcoming Earnings Date:	02/20/2025

Historical Stock Price (03/24 – 02/25)



Historical and Future Projections



STANTON
RESEARCH
GROUP

REAL ESTATE
INDUSTRY

Real Estate Coverage Group | Andres Burfield & Jashith Sachdeva | STAG Industrials

STAG Industrial, Inc. (NYSE: STAG)

STAG Industrial, Inc. is a REIT focused on acquiring, owning, and operating industrial properties across the United States. It aims to identify properties offering relative value through a risk assessment model. The company seeks to maintain a balanced, diversified portfolio to maximize cash flows for stockholders and achieve long-term growth in distributable cash flow per share. STAG owns about 569 buildings in 41 states, totaling 112.3 million rentable square feet, including 493 distribution buildings, 70 light manufacturing buildings, one flex/office building, and five value-add portfolio buildings.

Investment Rating Summary

- **Business Model and Lease Structure:** Stag differentiates itself from larger industrial REITs like LXP by focusing on secondary markets rather than major transportation hubs. Unlike LXP, which competes in high-demand primary markets, Stag encounters fewer competitors in secondary markets, enabling it to secure favorable lease terms and achieve higher rental yield opportunities. The top 20 tenants collectively account for only 16.4% of total rental revenue, mitigating exposure to the financial performance of any single tenant. This diversification enhances cash flow stability. Stag's lease expirations have an average lease term of 4.5 years. In Q3 2023, rental growth on lease renewals experienced a significant surge of 54%, primarily driven by older leases being adjusted to current market rates. This ongoing lease turnover cycle presents substantial long-term revenue growth potential.
- **Synergies from the Housing Demand:** The company benefits from long-term industrial real estate trends that remain strong even during economic downturns. The growing onshoring movement, where companies relocate manufacturing back to the U.S. to reduce reliance on overseas supply chains, is increasing demand for industrial facilities. Additionally, supply chain diversification is leading businesses to secure multiple distribution hubs, further driving demand for logistics properties. The sustained growth of e-commerce continues to fuel the need for warehouse and fulfillment centers. Since Stag focuses on mission-critical logistics properties, its assets are essential for tenant operations, reducing the risk of vacancies and ensuring steady rental income.
- **Access to Secondary Markets:** As a publicly traded REIT, Stag benefits from relatively easy access to capital compared to smaller private investors in secondary markets. Allowing Stag to acquire and manage assets at a competitive cost, secure prime properties and strong tenants, and maintain financial flexibility.

Notable Risk Factors

- **Unfavorable Macroeconomic Conditions:** Stag faces risks from inflation and rising mortgage rates, which increase operating and borrowing costs while potentially outpacing rental income growth. Higher interest rates make refinancing debt and acquiring properties more expensive, limiting expansion. Additionally, rising rates can weaken tenant demand, increasing vacancies and reducing cash flow. Declining real estate values may also impact Stag's ability to raise capital, making long-term growth more uncertain.
- **Inability to get funding:** Stag Industrial relies heavily on external funding to grow and meet its financial obligations as a REIT. Since it's required to distribute at least 90% of its taxable income to maintain its REIT status, it can't always reinvest profits back into the business, making it dependent on third-party financing. Factors like market conditions, investor confidence, and debt levels all impact its ability to secure funding on favorable terms. If capital isn't available when needed, the company might struggle to expand or maintain consistent distributions to shareholders.

Operating Model	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Rental Income	559.43	654.38	705.16	759.9	818.9	882.4	950.9	1,024.7
Ancillary Income	2.73	2.97	2.68	2.68	2.68	2.68	2.68	2.68
Total Revenue	**562.16**	**657.35**	**707.83**	**762.64**	**821.61**	**885.15**	**953.63**	**1,027.43**
Growth %		*17.0%*	*7.8%*	*7.8%*	*7.8%*	*7.8%*	*7.8%*	*7.8%*
Direct Operating Expense	(107.99)	(125.70)	(139.60)	(150.240)	(161.696)	(174.025)	(187.295)	(201.576)
Net Operating Income (NOI)	**454.17**	**531.64**	**568.24**	**612.40**	**659.91**	**711.13**	**766.34**	**825.85**
Margin %	*81%*	*81%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*
Depreciation & Amortization	(238.70)	(275.04)	(278.45)	(314.31)	(338.61)	(364.80)	(393.02)	(423.44)
General & Administrative Expenses	(48.63)	(46.96)	(47.49)	(57.21)	(61.63)	(66.40)	(71.53)	(77.07)
Loss on Impairment	-	(1.78)	-	-	-	-	-	-
Other Expenses	(2.88)	(4.36)	(4.69)	(4.67)	(5.04)	(5.43)	(5.84)	(6.30)
Other Expenses, net	**(290.21)**	**(328.14)**	**(330.63)**	**(376.19)**	**(405.28)**	**(436.62)**	**(470.40)**	**(506.80)**
Interest Expense, net:	(63.36)	(77.92)	(94.51)	(94.51)	(94.51)	(94.51)	(94.51)	(94.51)
Gain on Sale of Rental Property	97.98	57.49	54.10	69.86	69.86	69.86	69.86	69.86
Gain/(loss) on Extinguishment of Debt	(2.15)	(0.84)	-	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
Net Income / Loss	**196.43**	**182.23**	**197.20**	**210.56**	**228.99**	**248.86**	**270.29**	**293.40**
Margin %	*35%*	*28%*	*28%*	*28%*	*28%*	*28%*	*28%*	*29%*
FFO Calculation								
Net Income	196.43	182.23	197.20	210.56	228.99	248.86	270.29	293.40
Depreciation and Amortization	(238.70)	(275.04)	(278.45)	(314.31)	(338.61)	(364.80)	(393.02)	(423.44)
Gain or Loss on Sale of Assets	97.98	57.49	54.10	69.86	69.86	69.86	69.86	69.86
Other Items	(2.88)	(4.36)	(4.69)	(4.67)	(5.04)	(5.43)	(5.84)	(6.30)
FFO	**340.03**	**404.15**	**426.24**	**459.69**	**502.78**	**549.23**	**599.30**	**653.28**

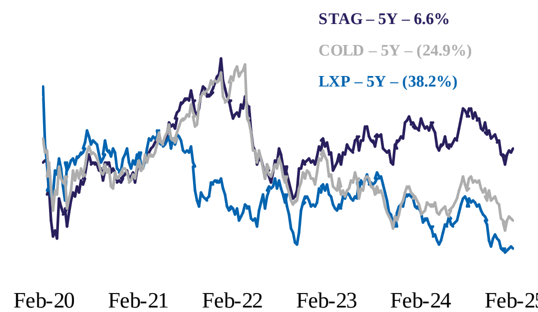
Sources: Bloomberg, FactSet, YahooFinance

Rating:	**BUY**
Current Price:	$34.68
Price Target / Upside	**$40.38 / 16.47**
52-Week Price High / Low:	$32.32 / $41.67
ROCE:	2.6%

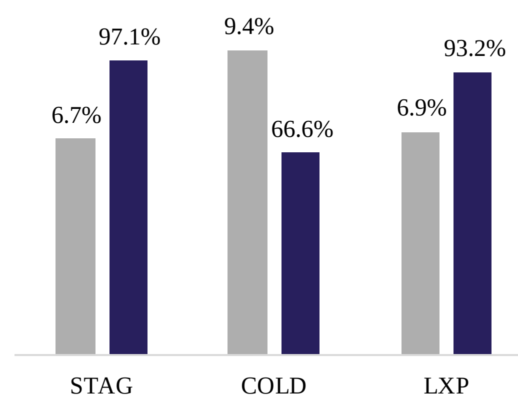
Key Metrics Overview

Shares O/S:	182.21M
Market Cap:	$6.44B
Beta:	1.09x
EV/EBITDA:	15.9x
P/E	35.01x
Upcoming Earnings Date	03/05/2025

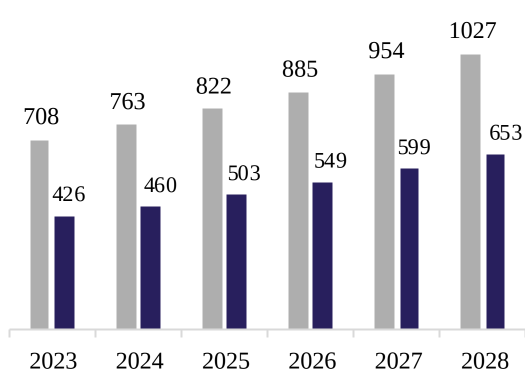
STAG vs. Industrial REITs



Cap Rates & Occupancy Rates



Revenues & Funds From Operation ($M)



STANTON RESEARCH GROUP

TECHNOLOGY
INDUSTRY

Technology Coverage Group | Alayna Veeck | Cirrus Logic, Inc.

Cirrus Logic, Inc. (CRUS)

Cirrus Logic, Inc. is an American semiconductor company that specializes in low-power, high-precision mixed-signal processing solutions for mobile and consumer applications. More specifically, products include audio, analog, and mixed-signal components for smartphones, tablets, laptops, AR/VR headsets, wearables, home theater systems, automotive entertainment systems, and professional audio systems – all of which are categorized by revenue in High-Performance Mixed-Signal (HPMS) and Audio. Founded in 1984, the company is considered the pioneer of the "fabless" model, which is a company that designs and sells semiconductor chips without producing them. The geographical spread of sales are 62.3% Mainland China, 12.2% Hong Kong, 7% India, 6.7% South Korea, 5.4% Vietnam, and 1% United States. As for marketing, Cirrus sells its products through direct sales force, external sales representatives, and distributors. Close competitors include Skyworks Solutions, Analog Devices, First Solar, MACOM, and Marvell listed respectively in the CCA analysis below.

Rating: BUY

Current Price:	104.41
52-Week Range:	81.30 - 147.46
Price Target/Upside:	50.6%
Implied MOIC:	$160.75

Key Metrics

Shares O/S:	53.14M
Market Cap:	5.67B
Beta:	0.91
EV/EBITDA:	11.73
P/E:	19.43
Forward P/E:	15.92
Upcoming Earnings Date:	05/06/2025

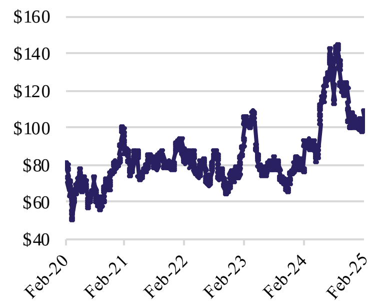
Investment Rating Summary

- **AI-Powered Audio**: Cirrus Logic is enhancing its presence in the AI-driven audio market. In early January 2025, the company introduced a collaboration with Intel launch flexible audio solution – a reference design based on the newest Intel Core Ultra processors (series 2) that provides enhanced audio experiences from mainstream to premium PCs. Additionally, the design includes original equipment manufacturers (OEMs) to customize the audio experience for reference their specific needs. Given the increasing demand for AI-powered voice processing and noise cancellation, Cirrus Logic's partnership with Intel provides a scalable growth opportunity in the expanding PC audio segment, especially given the advanced ability to guarantee compatibility and performance across a wide variety of designs.

- **Amplifer Expansion:** With proprietary architecture and over 4,000 pending/issued patents, new amplifier and codec launches and camera controllers (now in its 5th generation of innovations) have contributed to higher ASPs (average selling prices) and improved margins. While there are risks associated with customer Apple's supply chain, the more likely improvement in efficiencies and stronger product mix would significantly enhance profitability on top of its position for its long-term differentiation. To quantify this, CRUS expects to address half of the overall laptop market – even 15% capture would add up to $600 million in annual revenue.

- **Strong Momentum & Growth Forecast:** Cirrus Logic reported $555.7 million in Q3 revenue, beating the management guidance midpoint by 15% and consensus EPS (for the 4th consecutive quarter) with a record print of $2.51. This caused the stock price to jump 7% intraday, outweighing the actual revenue decline 10% Y/Y. Moreover, the gross margin of 53.6% was up 230bps Y/Y. On top of these results, CEO John Forsyth noted that products are starting to be implemented into more devices more frequently, such as laptops. With these factors, analysts on Wall Street upgraded their price target including Benchmark, Barclays, and Susquehanna, contributing to the consensus potential upside of 24.13%. To cement this as a forward-looking catalyst, CRUS lies in an industry that has shown record-breaking growth over the past two years – individually, Forsyth expects the "revenue to double in FY26."

Historical Performance – 5Y

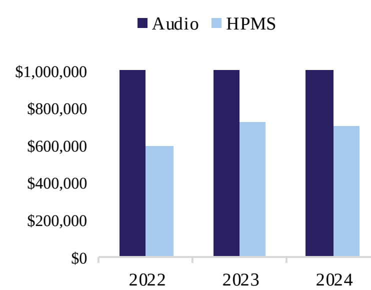


Notable Risk Factors

- **Customer Dependence**: 87% of Cirrus Logic's revenue comes from Apple iPhone sales. Therefore, any shift in Apple's supplier strategy or a decline in iPhone demand would severely impact Cirrus Logic's earnings. However, this has been an ongoing concern that continues to dissipate with more Android-focused revenue channels. Similarly, a geopolitical hit to China could restrict revenue growth given that it contributes to over 70% of all sales as pictured below.

- **Semi-Cyclicality:** Although the company has diversified into PC audio and automotive applications, economic downturns or slowdowns in general consumer electronics could affect revenue growth. Internally, the company anticipates an increase in inventory dollars to decline revenue in the following quarter which leaves less cash flexibility.

Sales Growth – Product



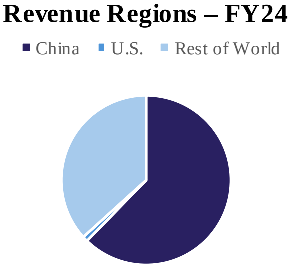
Company Comparable Analysis

($USD millions)

	Market Data					Financials			Multiples		
Ticker	Price	Shares O/S	Market Cap	Net Debt	EV	Revenue	EBITDA	Net Income	EV/ Revenue	EV/ EBITDA	P/E
CRUS	$ 106.77	53	5,674	-418	5,256	1,840	427	305	2.9x	12.3x	58.x
SWKS	$ 65.70	161	10,561	-550	10,011	4,050	965	527	2.5x	10.4x	16.2x
ADI	$ 205.21	496	101,807	5,650	107,457	9,430	4,170	1,640	11.4x	25.8x	21.8x
FSLR	$ 167.03	107	17,882	-576	17,306	3,850	1,720	1,250	4.5x	10.1x	43.4x
MTSI	$ 122.03	74	9,072	-75	8,997	791	156	-103	11.4x	57.7x	154.4x
MRVL	$ 110.45	865	95,572	3,472	99,044	5,380	1,150	-1,480	18.4x	86.1x	20.5x
Average									8.5x	33.7x	52.4x
Median									**7.9x**	**19.x**	**32.6x**

CRUS Valuation	EV/ Revenue	EV/ EBITDA	P/E
Implied Enterprise Value	14,606	8,125	9,520
Net Debt	-418	-418	-418
Implied Market Value	15,023	8,542	9,937
Shares Outstanding	53	53	53
Implied Value Per Share	**$ 282.71**	**$ 160.75**	**$ 187.00**
Implied Upside (Downside)	*164.8%*	*50.6%*	*75.1%*

Revenue Regions – FY24



Margins – TTM

	CRUS	Comparables
Gross	★ 52.2%	☆ 49.4%
Operating	★ 20.4%	☆ 18.8%
EBITDA	☆ 23.1%	★ 23.5%
Profit	★ 16.6%	☆ 14.8%
FCF	☆ 24.9%	★ 26.6%

Sources: Bloomberg, Yahoo Finance, Cirrus Logic, SEC-10K

Technology Coverage Group | Daniel Franzene | Cirrus Logic Inc.

ACI Worldwide Inc. (ACIW)

ACI Worldwide Inc. (NASDAQ: ACIW) is a leading provider of real-time electronic payment and banking solutions, serving financial institutions, merchants, and billers globally. The company's broad product suite includes payment processing, fraud detection, and electronic bill presentment and payment services. ACI's commitment to innovation and strategic partnerships positions it as a critical player in the rapidly evolving fintech landscape.

Rating BUY

Current Price:	$52.40
Price Target / Upside:	**$66.78 / 27.44%**
52-Week Price H/L:	29.64 – 59.71

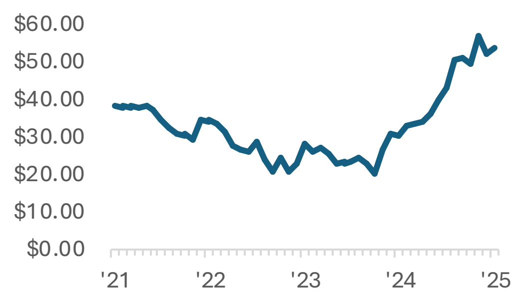
Investment Rating Summary

- ACI Worldwide has strategically focused on expanding its real-time payment capabilities and global reach. In January 2024, ACI acquired PayFlex, a leading real-time payment technology provider, to strengthen its position in the rapidly growing real-time payments market. This acquisition bolstered ACI's capabilities in delivering faster, more secure payment solutions. In March 2024, ACI acquired Walletron, a digital billing and mobile wallet technology company, enhancing its electronic bill presentment and payment offerings. These acquisitions expanded ACI's customer base and provided new cross-selling opportunities, bolstering recurring revenue streams.
- ACI's financial performance reflects steady growth and strong profitability. For fiscal year 2023, the company reported revenue of $1.45 billion, with adjusted EBITDA margins of 28%. The company's shift towards SaaS-based and recurring revenue models has improved its financial predictability and resilience. ACI's strong free cash flow generation, totaling $230 million in 2023, supports continued investment in R&D and strategic acquisitions. With increasing demand for real-time payments and digital banking solutions, ACI is well-positioned for sustained growth.
- ACI Worldwide processes billions of transactions per day equating to trillions of U.S. dollars. ACI's diversified customer base includes the top 10 banks worldwide, over 80,000 merchant customers, 3,000 organizations utilizing its electronic bill payment solutions, and thousands of banks, merchants, and intermediaries leveraging its fraud prevention technologies across 94 countries. This broad customer network reduces dependency on any single client or region. The company's focus on real-time payments, combined with its robust fraud prevention technologies, gives it a competitive edge in the fintech industry.

Key Metrics Overview

Shares O/S:	53.14MM
Market Cap	5.48B
Beta:	1.19x
EV/EBITDA	13.15x
Upcoming Earnings Date:	3/6/2025

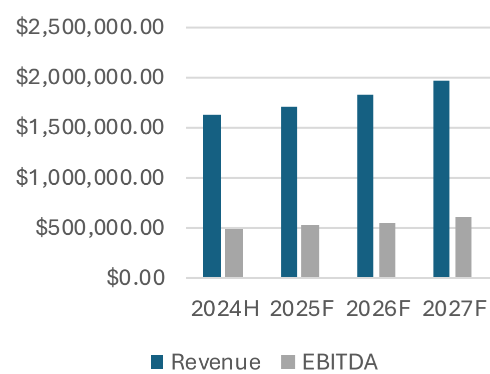
Historical Stock Price



Notable Risk Factors

- ACI Worldwide operates in a highly competitive and rapidly evolving fintech landscape. The company faces competition from both established players and emerging fintech startups, which could impact market share and pricing power. Technological disruptions and the fast pace of innovation require continuous investment in product development to maintain competitive positioning.
- The company's exposure to regulatory changes and compliance requirements across multiple jurisdictions presents operational risks. Data security and privacy concerns, particularly in the context of electronic payments, pose potential vulnerabilities that could affect customer trust and brand reputation. Additionally, macroeconomic factors, including inflation, interest rate fluctuations, and geopolitical tensions, may impact global demand for payment solutions. Despite these challenges, the company's strong financial foundation, diversified customer base, and focus on real-time payments and fraud prevention provide a solid platform for long-term growth.

Historical and Future Projections

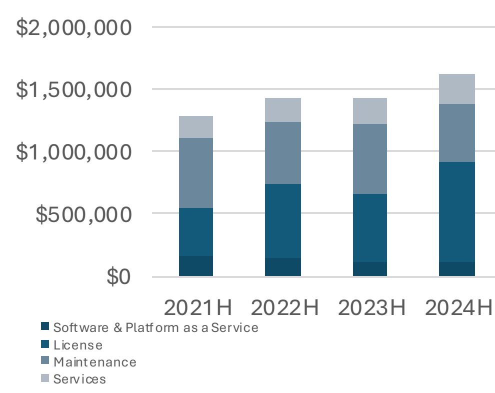


(Amounts in Thousands)
(LTM Data)

Income Statement:	**2024H**	**2025F**	**2026F**	**2027F**	**2028F**
Revenue	1,617,813.00	1,698,703.65	1,817,612.91	1,963,021.94	2,120,063.69
Cost of Goods Sold	(773,385.00)	(812,054.25)	(868,898.05)	(938,409.89)	(1,013,482.68)
Gross Profit	**844,428.00**	**886,649.40**	**948,714.86**	**1,024,612.05**	**1,106,581.01**
Research & Development	(142,699.00)	(149,833.95)	(160,322.33)	(173,148.11)	(186,999.96)
Selling, General, & Administrative	(227,922.00)	(237,818.51)	(254,465.81)	(274,823.07)	(296,808.92)
Depreciation & Amoritization	(115,644.00)	(122,862.78)	(132,774.00)	(144,811.61)	(157,925.48)
Operating Profit	**358,163.00**	**376,134.16**	**401,152.73**	**431,829.26**	**464,846.66**
Interest Income	15,590.00	16,987.04	18,176.13	19,630.22	21,200.64
Interest Expense	(75,682.00)	(73,281.44)	(73,415.44)	(74,051.57)	(75,138.93)
Other Income (Expense)	(3,799.00)	2,500.00	2,500.00	2,500.00	2,500.00
Pre-Tax Profit	**294,272.00**	**322,339.76**	**348,413.42**	**379,907.90**	**413,408.36**
Taxes	(67,093.00)	(73,492.35)	(79,437.06)	(86,617.69)	(94,255.68)
Net Income	**227,179.00**	**248,847.40**	**268,976.36**	**293,290.21**	**319,152.68**
Gross Margin % (COGS/R)	*47.80%*	*47.80%*	*47.80%*	*47.80%*	*47.80%*
Net Profit Margin % (NI/R)	*14.04%*	*14.65%*	*14.80%*	*14.94%*	*15.05%*
EBIT	**369,954.00**	**395,621.19**	**421,828.85**	**453,959.48**	**488,547.29**
Depreciation & Amoritization	115,644.00	122,862.78	132,774.00	144,811.61	157,925.48
EBITDA	**485,598.00**	**518,483.98**	**554,602.85**	**598,771.08**	**646,472.77**

Sources: Bloomberg, YahooFinance, SEC

Revenue Performance by Segment



Technology Coverage Group | Jaden Herrera | Cirrus Logic, Inc.

Cirrus Logic, Inc. (CRUS)

Cirrus Logic, Inc. (CRUS) is a leading provider of low-power, high-precision mixed-signal processing solutions. The company specializes in audio and voice signal processing technology, serving markets such as mobile devices, consumer electronics, and automotive applications. With a strong emphasis on research and development, Cirrus Logic continues to drive innovation in custom analog and digital signal processing solutions.

Investment Rating Summary

- Cirrus Logic has established a dominant position in the mobile audio market, particularly through its longstanding partnership with Apple Inc. The company supplies high-performance audio and haptic solutions that enhance user experience in iPhones, iPads, and MacBooks. Apple's contribution to Cirrus Logic's revenue remains substantial, making it a key growth driver.
- CRUS is expanding its market presence beyond mobile, with strategic investments in automotive and broader consumer electronics. The company has made headway in developing audio solutions for high-end smart speakers, wearables, and automotive infotainment systems. These diversification efforts reduce revenue concentration risk and open new growth opportunities.
- Free cash flow (FCF) is expected to exhibit steady growth, beginning at $208M in 2024 and reaching $364M by 2029, with intermediate projections of $294M in 2025, $291M in 2026, $301M in 2027, and $327M in 2028. This consistent financial performance underscores Cirrus Logic's ability to reinvest in R&D, pursue strategic acquisitions, and return capital to shareholders.

Notable Risk Factors

- A significant portion of Cirrus Logic's revenue is derived from Apple, making the company highly dependent on Apple's product cycles, design changes, and supplier agreements. Any shift in Apple's sourcing strategy could materially impact CRUS's financial performance.
- The semiconductor industry is highly competitive, with companies like Qualcomm and Texas Instruments continuously innovating. Any lag in product development or failure to adapt to emerging trends, such as AI-driven audio processing, could erode Cirrus Logic’s market share.
- Supply chain disruptions, semiconductor shortages, and geopolitical tensions (such as U.S.-China relations) could influence Cirrus Logic’s manufacturing costs and revenue streams. Additionally, fluctuations in consumer demand for smartphones and electronics may impact sales volumes.

Income Statement

	2024A	2025P	2026P	2027P	2028P	2029P
Net sales	1,789	1,789	1,866	2,019	2,222	2,423
Cost of sales	873	874	911	986	1,085	1,183
Gross profit	916	**915**	**955**	**1,033**	**1,137**	**1,239**
Operating expenses:						
Research and development	426	422	440	477	524	572
Selling, general and administrative	144	144	150	163	179	195
Restructuring	2	0	0	0	0	0
Intangibles impairment	0	0	0	0	0	0
Total operating expenses	573	**567**	**591**	**639**	**704**	**767**
Income from operations	343	349	364	394	433	472
Interest income	21	34	48	62	78	96
Interest expense	-1	-1	-1	-1	-1	-1
Other income (expense)	0	0	0	0	0	0
Income before income taxes	364	**382**	**410**	**455**	**510**	**567**
Provision for income taxes	89	88	94	105	117	131
Net income	275	294	316	350	393	437

Sources: Bloomberg, TIKR, CRUS Investor Presentation

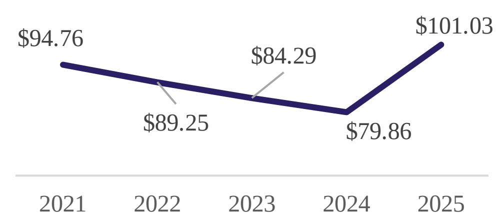
Rating BUY

Current Price:	$105.55
Price Target / Upside:	**$145.83 / 38.16%**
52-Week Price H/L:	$147.46 – $81.30
Implied MOIC	1.11x

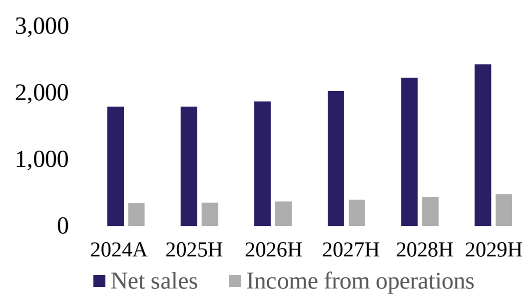
Key Metrics Overview

Shares O/S:	53.14m
Market Cap	5,548m
Beta:	0.89x
EV/EBITDA	10.50x
Upcoming Earnings Date:	05/06/2025

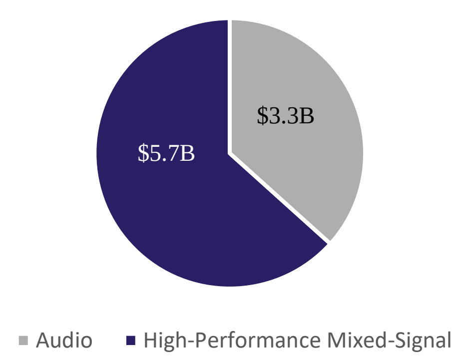
Historical Stock Price



Historical and Future Projections



CRUS SAM



Information Technology | Shrenik Kamma | ACI Worldwide Inc.

ACI Worldwide Inc. (ACIW)

ACI Worldwide Inc. is a leading global provider of real-time electronic payment and banking solutions, recognized for its extensive customer base and strong recurring revenue model. The company's focus on innovation, security, and scalability enables it to serve financial institutions, merchants, and billers worldwide. With a robust history of strategic acquisitions and a commitment to technological advancements, ACIW is well-positioned for continued growth in the rapidly evolving digital payments landscape.

Investment Rating Summary

- ACI Worldwide (NASDAQ: ACIW) is a leading provider of real-time digital payment solutions, helping banks, retailers, and government agencies process transactions securely and efficiently. With over 6,000 customers in 80+ countries, the company has built a strong global presence in high-volume payments, fraud detection, and cloud-based solutions. ACIW's recurring revenue model, history of strategic acquisitions, and continued investment in innovation make it well-positioned for growth as digital payments adoption accelerates. Given its consistent financial performance and competitive edge, we recommend a BUY rating, expecting sustained revenue expansion and strong free cash flow generation.

- ACIW operates in a highly competitive fintech space, going up against FIS, Fiserv, and Adyen. While FIS and Fiserv offer a broader range of financial services, ACIW specializes in real-time payment processing, making it a key player in secure, high-volume transactions. The company's long-term contracts, strong cybersecurity infrastructure, and international reach further strengthen its market position. In Q3 2024, ACIW reported $452 million in revenue, with the Bank segment driving 66% ($300M), the Biller segment 23% ($102M), and the Merchant segment 11% ($50M). Looking ahead, unlevered free cash flow (FCF) is expected to grow from $450M in 2024 to $680M by 2028, reinforcing ACIW's ability to scale while maintaining financial flexibility and shareholder value.

- Like any company in the fintech space, ACIW faces risks, including regulatory challenges, increased competition, and macroeconomic uncertainty. Compliance requirements in international markets could increase operating costs, while larger fintech firms with broader service offerings may put pressure on pricing and market share. Additionally, a slowdown in global economic activity could impact transaction volumes and client spending. However, ACIW's diversified revenue streams, expanding payment infrastructure, and focus on technological advancements help mitigate these risks, making it well-positioned for long-term success in the evolving digital payments industry

.Notable Risk Factors

- ACI Worldwide operates in a highly regulated industry, requiring ongoing investment in compliance, cybersecurity, and fraud prevention to meet evolving financial laws. Failure to comply with these regulations could lead to fines, legal challenges, or reputational damage, potentially hindering expansion into new markets. Additionally, cybersecurity threats remain a major concern, as data breaches or payment processing failures could disrupt operations, weaken customer trust, and increase costs related to security enhancements.

- Beyond regulatory and security risks, competition and economic uncertainty also present challenges. ACIW faces strong competition from FIS, Fiserv, and Adyen, which offer broader financial service ecosystems that could pressure ACIW's pricing and market share. The company must continually innovate and invest in technology to remain competitive. Additionally, economic downturns or shifts in consumer spending habits may reduce transaction volumes, leading clients, including banks, merchants, and billers, to cut back on technology investments, affecting ACIW's revenue growth. However, ACIW's diversified revenue streams, long-term contracts, and global presence help mitigate these risks, ensuring financial resilience and long-term growth potential.

Income Statement	2024H	2025F	2026F	2027F	2028F
Revenue	1617	1617	1617	1617	1617
Cost of Sales	(809)	(792)	(825)	(809)	(809)
Gross Profit	**809**	**825**	**792**	**809**	**809**
Selling, General, & Admin Expense	(291)	(307)	(323)	(307)	(307)
EBITDA	**517**	**517**	**469**	**501**	**501**
Depreciation Expense	(23)	(26)	(29)	(32)	(36)
EBIT	**494**	**491**	**440**	**469**	**466**
Interest Expense	(62)	(62)	(62)	(62)	(62)
Net Interest Expense	**(62)**	**(62)**	**(62)**	**(62)**	**(62)**
EBT	**432**	**429**	**378**	**407**	**404**
Income Tax Expense	0	0	0	0	0
Net Income	**432**	**429**	**378**	**407**	**404**

Sources: YahooFinance, Facset, Bloomberg, ACI Worldwide Inc Website

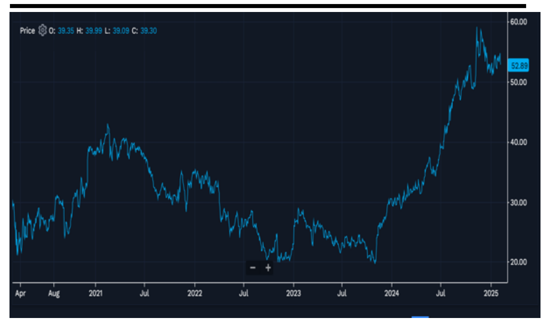
Rating BUY

Current Price:	$54.54
Price Target / Upside:	**$64.20 / 21%**
52-Week Price H/L:	$28.87– $59.71
Implied MOIC	1.38x

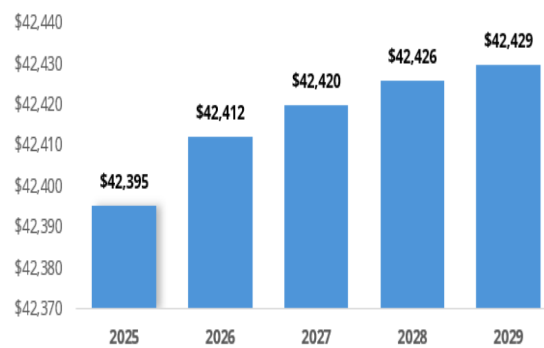
Key Metrics Overview

Shares O/S:	104.7m
Market Cap	5.67b
Beta:	1.06x
EV/EBITDA	14.9x
Upcoming Earnings Date:	3/06/2025

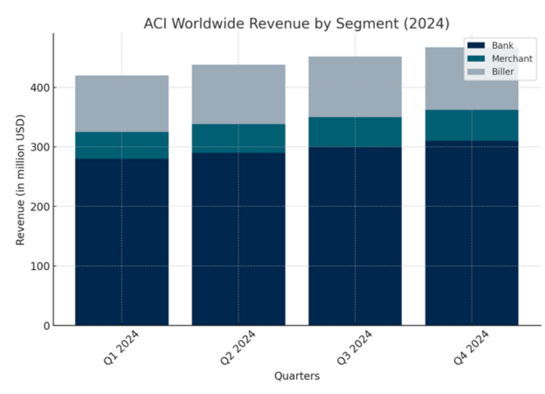
Historical Stock Price



Historical and Future Projections



Revenue Performance by Segment



UTILITIES
INDUSTRY

Utilities Coverage Group | Tim Lin | ONE Gas, Inc.

ONE Gas, Inc. (OGS)

ONE Gas, Inc. (OGS) is one of the largest publicly traded natural gas utilities in the U.S., providing energy services to approximately 2.3 million customers across Oklahoma, Kansas, and Texas. ONE Gas has deep roots in the utilities industry, with its founding tracing back to 1906 as Oklahoma Natural Gas Company, which later became ONEOK, Inc. In 2014, ONE Gas separated from ONEOK. Now, the company primarily serves residential, commercial, and transportation customers, with its largest natural gas distribution markets being Oklahoma City (OK), Kansas City (KS), and Austin (TX).

Investment Rating Summary

- As a fully regulated natural gas utility serving over 2.3 million customers across Oklahoma, Kansas, and Texas, ONE Gas Inc. operates in a relatively stable industry with predictable demand. The company is able to build a localized market monopoly by operating in strictly three states, giving OGS predictable cash flows, as regulatory frameworks and geographic exclusivity minimize competition and ensure consistent revenue streams. Furthermore, approximately 70% of OGS revenue, less the cost of gas, comes from fixed charges, which further enhances financial predictability and reduces volatility.

- OGS has demonstrated positive market performance in recent weeks, reaching a market capitalization of $3.997 billion as of February 4th, 2025 – approximately a 3.6% increase in market cap over the past month. Additionally, OGS stock has shown impressive performance over the past year, with a 15.96% increase. In January 2025, the company also raised its quarterly dividend by $0.01 to $0.67 per share, resulting in an annualized dividend of $2.68 per share. ONE Gas expects to increase their annual dividend by an average of 1-2% through 2029, with a target payout ratio of approximately 55-65% of net income, offering investors a steady stream of returns.

- Looking ahead, gas prices are expected to remain stable into 2025, with an approximated average cost of delivered gas at $5.15/MCF (thousand cubic feet). This stability maintains customer affordability and satisfaction, while controlled non-commodity costs maintain operational efficiency and minimize overruns. ONE Gas's essential service position, commitment to consistent dividend increases, and reliable cash flow make it a HOLD for conservative investors seeking a balance of appreciation and stable income over aggressive growth.

Notable Risk Factors

- ONE Gas, Inc. continuously navigates a complex landscape of environmental regulations and legislation related to its operations and service offerings. These challenges include complying with evolving requirements regarding environmental protection, the management and disposal of hazardous substances, and practices related to workplace health and safety. Such scrutiny can lead to the incentivization of alternative energy sources, increased operational costs and restrictions, as well as additional charges to fund energy efficiency activities. The company must balance these sustainable practices with its commitment to delivering high-quality service.

- ONE Gas continually faces risks associated with climate change, which could increase operating costs and restrict opportunities in new and existing markets, affecting financial growth. The likelihood of extreme weather in the service areas of ONE Gas (Oklahoma, Kansas, and Texas) may increase due to climate change, which would influence customers' energy usage. Specifically, a decrease in energy usage due to weather changes could negatively impact revenues and cash flows. Meanwhile, extreme weather conditions, in general, would require increased resiliency in One Gas systems, adding to costs and further

© Stanton Research Group, 2024	2021-H	2022-H	2023-H	2024-F	2025-F	2026-F	2027-F	2028-F
Income Statement								
Revenue	1809.0	2578.0	2372.0	2360.1	2508.8	2308.1	2347.4	2480.0
Cost of Revenue	1225.0	1931.0	1643.0					
Gross Profit	584.0	647.0	729.0					
Operating Expenses	274.0	297.0	351.0					
Operating Income	310.0	350.0	378.0					
Interest Expense	60.3	77.5	115.0					
Income Tax Expense	40.3	46.5	40.5	34.1	38.8	47.5	49.8	48.9
Depreciation and Amortization	207.0	228.0	280.0	296.2	324.1	365.9	395.7	428.0
EBITDA	**517.0**	**578.0**	**657.0**					
EBIT	**310**	**350**	**377**	**399.7**	**430.5**	**425.1**	**444.6**	**473.2**
EBT	**250**	**273**	**262**	**276.9**	**296.7**	**292.9**	**305.7**	**324.2**
Net Income	206.0	222.0	231.0					

Sources: Yahoo Finance, SEC EDGAR, ONE Gas, Inc.

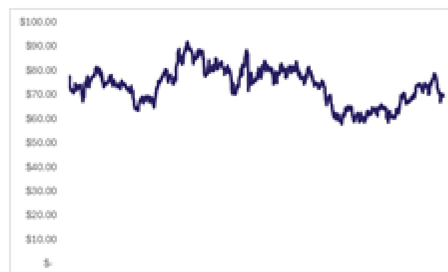
Rating **HOLD**

Current Price:	$70.55
Price Target / Upside:	**$77.37 / 8.81%**
52-Week Price H/L:	$57.74 – $78.89
Implied MOIC	1.10x

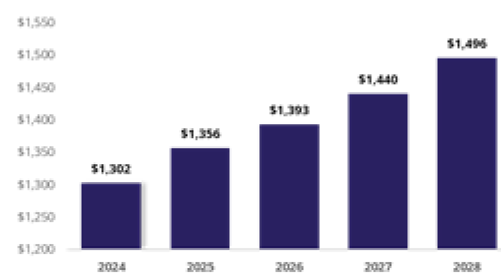
Key Metrics Overview

Shares O/S:	56.66m
Market Cap	3,997m
Beta:	0.79x
EV/EBITDA	10.70x
Upcoming Earnings Date:	02/19/2025

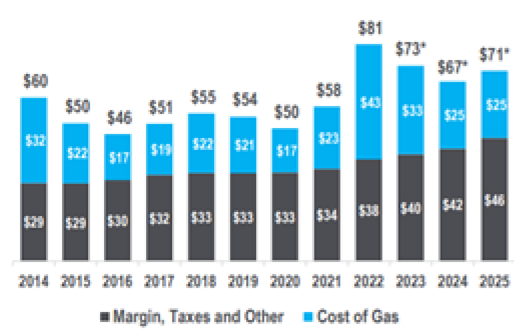
Historical Stock Price (2021-2024)



Historical and Future Projections



Avg. Monthly Residential Customer Bill

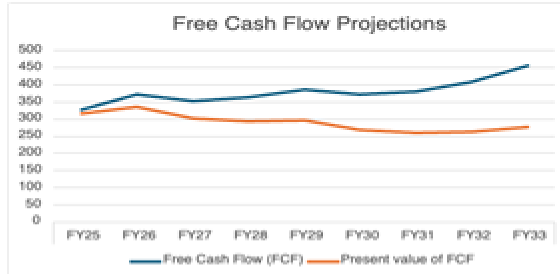


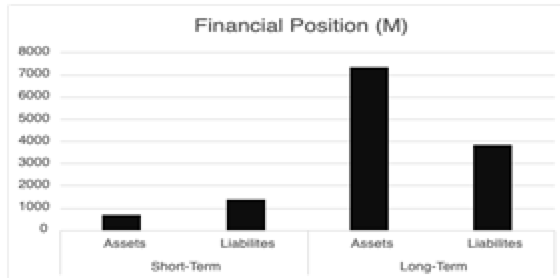
One Gas Inc. (OGS)

ONE Gas, Inc. (NYSE: OGS) is a 100% regulated natural gas utility company headquartered in Tulsa, Oklahoma. Serving approximately 2.3 million customers across Kansas, Oklahoma, and Texas, it operates through its divisions: Kansas Gas Service, Oklahoma Natural Gas, and Texas Gas Service. As one of the largest natural gas utilities in the United States, ONE Gas is committed to delivering safe and reliable energy while focusing on system integrity and environmental responsibility.

Rating **HOLD**

Current Price:	$69./34
DCF/ Upside:	**$68.45 / -1.3%**
Price H/L:	$40.94 - $80.96





Investment Analysis

Our valuation analysis suggests that ONE Gas is fairly valued in relation to its peers. Using a Discounted Cash Flow (DCF) model, our fair value estimate for ONE Gas stands at $68.45 per share, which is in line with comparable companies such as Spire ($71.2), Black Hills ($60.1), and New Jersey Resources ($47.0).** This suggests that ONE Gas is not significantly overvalued and is trading within an appropriate range based on sector valuation. The company's moderate earnings growth of 4-6% annually, alongside rising capital expenditures and debt, further support a neutral stance.

ONE Gas has committed to significant capital investments to modernize its pipeline infrastructure, reducing emissions and improving safety. The company plans to invest approximately $750 million in capital expenditures in 2025, with a strong emphasis on pipeline safety and environmental initiatives. While these investments are necessary, they also put pressure on free cash flow and require regulatory approval for cost recovery, adding an element of uncertainty.

Compared to peers like Atmos Energy (ATO) and Spire Inc. (SR), ONE Gas trades at a reasonable valuation given its stable revenue model and dividend yield (~3.5%). Atmos Energy, with a larger customer base and stronger long-term growth prospects, trades at a similar P/E multiple, making it a more attractive option. Spire, on the other hand, has a weaker balance sheet, making ONE Gas a relatively better pick between the two.

Based on the current valuation and financial outlook, we do not see a compelling reason to buy OGS at its current price, but it is not overvalued either. Its stable cash flow and dividend make it a reasonable hold for income investors.

Comps Table

Company Name	Price	Shares Out (M)	Mkt Cap (M)	EBITDA (M)	Debt/ EBITDA (x)	FY1 P/E
ONE Gas	71	57.03	4049	675	4.98	18.2
Spire	71.2	68.18	4388	781	6.27	15.8
Black Hills	60.0	71.91	4319	754	5.65	15.8
New Jersey Resources	46.9	101.1	4751	641	5.33	15.1

Notable Risk Factors

As a fully regulated utility, ONE Gas relies on rate case approvals for revenue increases. Delays or denials in rate hikes can pressure margins and limit growth. Furthermore, the company's rising capital expenditures ($750 million planned for 2025) and increasing debt burden ($3.3 billion net debt) pose risks to cash flow and financial flexibility, especially in a high-interest rate environment. ONE Gas depends on natural gas consumption, which is highly seasonal. Warmer-than-expected winters could lead to lower-than-expected revenue and earnings. While natural gas remains essential today, regulatory and environmental pressures could shift demand towards renewable energy and electrification in the coming decades.

Income Statement Projection

(USD in millions)		Projections									
	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032	Dec-2033
Revenue	**2,372**	**1,992**	**2,073**	**2,181**	**2,227**	**2,317**	**2,373**	**2,539**	**2,751**	**2,928**	**2,988**
% Growth	*-8%*	*-16%*	*4%*	*5%*	*2%*	*4%*	*2%*	*7%*	*8%*	*6%*	*2%*
Cost of goods sold	(1,135)	(933)	(950)	(978)	(976)	(992)	(993)	(1,037)	(1,096)	(1,137)	(1,130)
% of Revenue	*-48%*	*-47%*	*-46%*	*-45%*	*-44%*	*-43%*	*-42%*	*-41%*	*-40%*	*-39%*	*-38%*
Selling, G&A expenses	(580)	(487)	(507)	(533)	(545)	(567)	(580)	(621)	(673)	(716)	(731)
% of Revenue	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*	*-24%*
Net interest incomes/expenses	(115)	(97)	(101)	(106)	(108)	(113)	(115)	(123)	(134)	(142)	(145)
% of Revenue	*-4.9%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*	*-5%*
Other incomes/expenses	(270)	-	(236)	(249)	(254)	(264)	(271)	(289)	(314)	(334)	(341)
% of Revenue	*-11.4%*		*-11%*	*-11%*	*-11%*	*-11%*	*-11%*	*-11%*	*-11%*	*-11%*	*-11%*
Tax expense	(40)	(81)	(47)	(53)	(58)	(65)	(70)	(79)	(91)	(101)	(109)
Tax rate	*15%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*
Net profit	**231**	**395**	**232**	**262**	**286**	**317**	**344**	**389**	**445**	**497**	**532**
% Margin	*10%*	*20%*	*11%*	*12%*	*13%*	*14%*	*14%*	*15%*	*16%*	*17%*	*18%*

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