

S&P Global Inc., based in New York, is a diversified financial services company. The company has approximately 42,000 employees. SPGI shares are a component of the S&P 500.

Analyst's Notes

Analysis by Kevin Heal, May 15, 2025

ARGUS RATING: **BUY**

- Spinning off Mobility unit
- SPGI reported 1Q25 adjusted EPS of \$4.37, up 9% from \$4.01 in the prior year.
- In February 2025, management increased its annualized dividend by 5.5% to \$3.84 per share. The current yield is about 0.75%. The company has raised its dividend annually for 52 years.
- On April 29, SPGI announced its intent to separate the Mobility segment into a standalone public company. Mobility provides auto data and technology.
- Our revised target price is \$570.

INVESTMENT THESIS

Our rating on S&P Global Inc. (NYSE: SPGI) is BUY. S&P Global has completed its multiyear restructuring and is now focused on its faster-growing financial businesses, including the lucrative and not-very-competitive bond rating business and the licensing of its S&P indices, as investors increasingly turn to passive strategies. The company has a transparent management team and consistently 'under promises and overdelivers' on financial results. The company faces risks related to rising long-term interest rates, rising defaults in the corporate bond market, and even tariff and trade talks. We think that management can navigate the current period of inflation and high interest rates successfully. The shares are not cheap, and pullbacks offer good buying opportunities. Given the company's long-term record for earnings and dividend growth, and market performance, we think the SPGI shares are suitable as a core long-term financial services sector holding in diversified accounts. Our revised target price is \$570, raised from \$530.

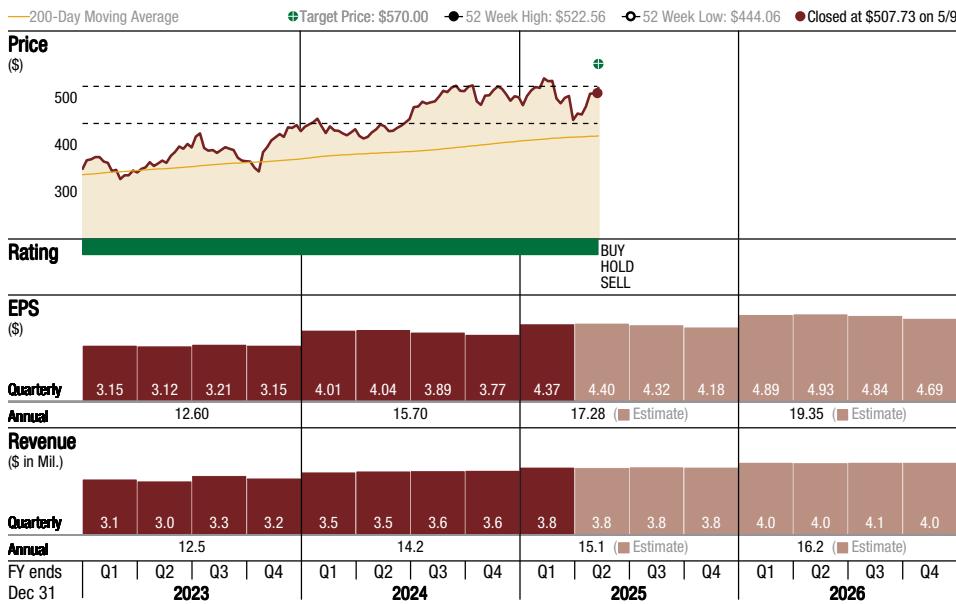
RECENT DEVELOPMENTS

Year-to-date, SPGI shares have outperformed the broad market, rising 3.5%, compared to a flat performance for the S&P 500. Over the past year, SPGI has also outperformed, rising 19% while the broad market has advanced 13%. Approximately 14% of the shares are held in various ETFs. The beta on SPGI is 1.00.

SPGI reported 1Q25 adjusted EPS of \$4.37, up 9% from \$4.01 in the prior year. Revenue of \$3.77 billion rose 8% from the prior year on an adjusted pro forma basis. The adjusted operating margin increased by 100 basis points to 50.8%.

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 27% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$519.28
Target Price	\$570.00
52 Week Price Range	\$419.49 to \$545.39
Shares Outstanding	313.90 Million
Dividend	\$3.84

Sector Overview

Sector	Financial
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	14.50%

Financial Strength

Financial Strength Rating	MEDIUM-HIGH
Debt/Capital Ratio	24.3%
Return on Equity	16.2%
Net Margin	27.3%
Payout Ratio	0.22
Current Ratio	0.85
Revenue	\$14.49 Billion
After-Tax Income	\$3.95 Billion

Valuation

Current FY P/E	30.05
Prior FY P/E	33.08
Price/Sales	11.25
Price/Book	4.77
Book Value/Share	\$108.81
Market Capitalization	\$163.00 Billion

Forecasted Growth

1 Year EPS Growth Forecast	10.06%
5 Year EPS Growth Forecast	10.00%
1 Year Dividend Growth Forecast	5.49%

Risk

Beta	1.00
Institutional Ownership	86.54%

Analyst's Notes ...Continued

Management lowered guidance for 2025. It now projects 4%-6% adjusted revenue growth, an operating margin of 48.5%-49.5%, and adjusted EPS of \$16.75-\$17.25. We note that S&P management historically sets a low bar for financial expectations at the beginning of the year and then raises its outlook as the quarters go by.

On April 29, SPGI announced its intent to separate the Mobility segment into a standalone public company. Mobility provides auto data and technology through three divisions:

Used Vehicle Sales and Service (primarily CARFAX), Strategy & Product Planning, and New Vehicle Sales & Marketing. SPGI expects to complete the separation within 12 to 18 months.

The company continues to refine its portfolio of businesses. In April, S&P Global and CME Group announced an agreement to sell OSSTTRA to KKR for \$3.1 billion, which will be divided evenly between S&P Global and CME Group. OSSTTRA provides post-trade solution for the global OTC market. In 4Q24 completed the sale of PrimeOne. In 3Q24, S&P Global also divested Fincentric, its digital solutions business. In 2Q24, S&P Global completed the purchase Visible Alpha, a financial technology provider of deep industry and segment consensus data, sell-side analyst models, and analytics from high-quality, exclusive sources.

EARNINGS & GROWTH ANALYSIS

The company has five primary segments: Market Intelligence (32% of revenue), Ratings (30%), Commodity Insights (15%),

Dow Jones Indices (12%), and Mobility (11%). We review the recent results and provide our outlooks for these divisions below.

Global Market Intelligence revenue rose 5% to \$1.2 billion led by growth in Data, Analytics & Insights and Credit & Risk solutions. The adjusted operating margin was 32.8%, inching up from 32.7% in the prior year.

Global Ratings revenue rose 8%, to 1.15 billion, led by billings in Structured Finance and Governments. The adjusted operating margin was 66.2%, up from 64.7% in the prior year.

Global Commodity Insights revenue rose 9% to \$612 million, led by growth in Advisory & Transactional Services and Energy & Resources Data & Insights. The adjusted operating was 48.1%, up from 47.2% in the prior year.

Dow Jones Indices revenue rose 15% to \$445 million, led by an 18% increase in Asset-Linked Fees. The adjusted operating margin was 72.9%, flat from the prior year.

Global Mobility revenue rose 9% to \$420 million, led by growth in Dealer and Financials. The adjusted operating margin was 38.5%, up from 38.1 in the prior year.

Moving to margins, we note that the adjusted pro forma operating margin in 1Q widened 100 basis points to 50.8%. Management attributed the increase to growth in the Ratings and Indices divisions as well as disciplined expense management. For 2024, the company reported an operating margin of 49% and is guiding to 48.5%-49.5% margin in 2025.

Turning to our estimates, based on trends and forecasts for

Growth & Valuation Analysis

GROWTH ANALYSIS

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	7,442	8,297	11,181	12,497	14,208
COGS	2,094	2,180	3,753	4,141	4,391
Gross Profit	5,348	6,117	7,428	8,356	9,817
SG&A	1,541	1,729	3,396	3,159	3,166
R&D	—	—	—	—	—
Operating Income	3,601	4,210	3,019	4,054	5,478
Interest Expense	141	119	304	334	297
Pretax Income	3,228	4,164	4,702	3,671	5,308
Income Taxes	694	901	1,180	778	1,141
Tax Rate (%)	21	22	25	21	21
Net Income	2,339	3,024	3,248	2,626	3,852
Diluted Shares Outstanding	242	242	319	319	312
EPS	9.66	12.51	10.20	8.23	12.35
Dividend	2.68	3.08	3.32	3.60	3.64
GROWTH RATES (%)					
Revenue	11.1	11.5	34.8	11.8	13.7
Operating Income	13.3	16.9	-28.3	34.3	35.1
Net Income	10.2	29.3	7.4	-19.2	46.7
EPS	12.3	29.5	-18.5	-19.3	50.1
Dividend	17.5	14.9	7.8	8.4	1.1
Sustainable Growth Rate	456.6	182.2	12.9	3.7	7.0
VALUATION ANALYSIS					
Price: High	\$379.87	\$484.21	\$472.83	\$443.72	\$533.29
Price: Low	\$186.06	\$303.50	\$279.32	\$321.15	\$407.69
Price/Sales: High-Low	12.4 - 6.1	14.1 - 8.8	13.5 - 8.0	11.3 - 8.2	11.7 - 8.9
P/E: High-Low	39.3 - 19.3	38.7 - 24.3	46.4 - 27.4	53.9 - 39.0	43.2 - 33.0
Price/Cash Flow: High-Low	26.9 - 13.2	30.8 - 19.3	57.8 - 34.2	40.9 - 29.6	31.7 - 24.2

Financial & Risk Analysis

FINANCIAL STRENGTH

Cash (\$ in Millions)	2022	2023	2024
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Working Capital (\$ in Millions)	-332	-982	-933
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Current Ratio	0.94	0.84	0.85
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LT Debt/Equity Ratio (%)	31.1	35.0	36.0
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Total Debt/Equity Ratio (%)	31.7	35.1	36.0
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RATIOS (%)

Gross Profit Margin	66.4	66.9	69.1
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Operating Margin	27.0	32.4	38.6
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Net Margin	29.0	21.0	27.1
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Return On Assets	8.5	4.3	6.4
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Return On Equity	16.9	7.4	11.4
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RISK ANALYSIS

Cash Cycle (days)	—	—	—
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Cash Flow/Cap Ex	29.2	25.9	45.9
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Oper. Income/Int. Exp. (ratio)	16.5	12.0	18.9
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Payout Ratio	25.7	27.7	46.2
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Analyst's Notes ...Continued

bond issuance and analytical services, as well as management's updated guidance, we are slightly lowering our 2025 adjusted EPS estimate to \$17.28 from \$17.62 and our 2026 EPS estimate to \$19.35 from \$19.74. Our five-year EPS growth rate forecast is 10%.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on S&P Global is Medium-High. The company achieves above-average scores on our main measures of financial strength: leverage based on debt/capital, profitability, fixed-cost coverage, profitability, cash flow generation, and earnings quality. In 1Q25, the debt/capital ratio was 7.4%.

S&P Global has a history of paying - and growing - dividends. In February 2025, it increased its annualized dividend by 5.5% to \$3.84 per share. The current yield is about 0.75%. We consider the payout to be secure. The company has raised its dividend annually for 52 years. Our dividend estimates are \$3.84 for 2025 and \$4.00 for 2026.

The company also buys back stock. The Board has authorized the repurchase of shares totaling \$4.3 billion. In 1Q, the company repurchased share totaling \$650 million.

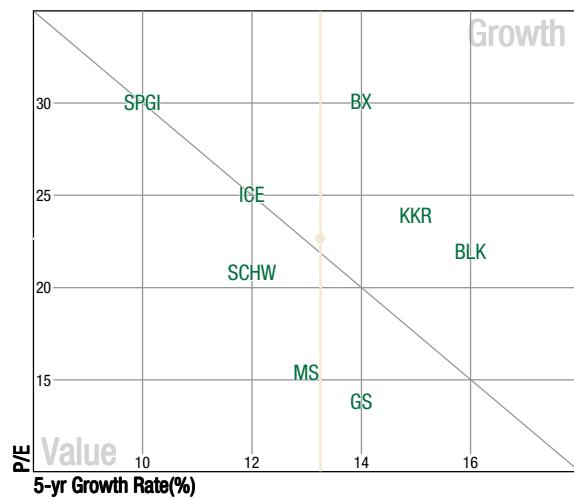
MANAGEMENT & RISKS

Martina L. Cheung is the President and CEO of S&P Global, as of November 1, 2024. Cheung held multiple leadership roles in her 14 years at S&P Global, including President of S&P Global Ratings and Chief Strategy Officer. She replaced Doug Peterson.

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare SPGI versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how SPGI stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how SPGI might fit into or modify a diversified portfolio.



Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
MS	Morgan Stanley	212,588	13.0	15.4	13.0	6.3	BUY
GS	Goldman Sachs Group, Inc.	188,983	14.0	13.9	11.9	9.0	BUY
SPGI	S&P Global Inc	163,002	10.0	30.1	27.3	12.0	BUY
SCHW	Charles Schwab Corp.	160,093	12.0	20.8	24.8	17.5	BUY
BLK	Blackrock Inc.	152,305	16.0	22.0	30.1	7.9	BUY
KKR	KKR & Co. Inc.	111,900	15.0	23.9	9.3	31.4	BUY
BX	Blackstone Inc	107,076	14.0	30.1	19.8	34.0	BUY
ICE	Intercontinental Exchange Inc	100,299	12.0	25.1	29.4	12.0	BUY
Peer Average		149,531	13.3	22.7	20.7	16.3	

Eric Aboaf was appointed CFO, effective February 2025. Richard E. Thornburgh is the nonexecutive chairman.

S&P Global is extremely transparent with investors, and provides substantial detail about its businesses through reports, webcasts and presentations.

Investors in SPGI shares face a variety of risks, including legal, macroeconomic, competitive, and regulatory risks. At the macro level, the company's bond-ratings business remains susceptible to rising interest rates. While the movement from active to passive investments could weigh on Market Intelligence revenue, investment management comprises only 25% of contract-based revenue. The consumer base has shifted to enterprise-wide contracts, resulting in less customer volatility.

As a global business, SPGI also faces international risks such as currency swings.

COMPANY DESCRIPTION

S&P Global Inc., based in New York, is a diversified financial services company. The company has approximately 42,000 employees. SPGI shares are a component of the S&P 500.

VALUATION

We think that SPGI shares remain attractively valued at current prices around \$518. The shares have traded between \$419 and \$545 over the past 52 weeks and are currently below the high point of the range.

Looking ahead, we expect solid earnings growth, multiple



Analyst's Notes ...Continued

expansion, and a higher share price over time as the company continues its transformation. We have compared S&P Global Financial to a group of publicly traded peers, including Morningstar, FactSet Research Systems, and Moody's. SPGI currently trades at 30-times our revised 2025 EPS estimate, near the peer average of 33. On price/sales, the stock is trading at a multiple of 11, within the peer group range of 3-13. Our revised 12-month revised target price is \$570, or 33-times forward EPS.

On May 15, BUY-rated SPGI closed at \$519.28, down \$7.34.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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