



FactSet Research Systems, Inc. (FDS)

Updated January 19th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$460	5 Year CAGR Estimate:	10.2%	Market Cap:	\$17.7 B
Fair Value Price:	\$479	5 Year Growth Estimate:	8.5%	Ex-Dividend Date:	02/28/2024 ¹
% Fair Value:	96%	5 Year Valuation Multiple Estimate:	0.8%	Dividend Payment Date:	03/21/2024 ²
Dividend Yield:	0.9%	5 Year Price Target	\$720	Years Of Dividend Growth:	25
Dividend Risk Score:	A	Retirement Suitability Score:	C	Rating:	Buy

Overview & Current Events

FactSet Research Systems, Inc. (FDS), a financial data and analytics firm founded in 1978, provides integrated financial information and analytical tools to the investment community in the Americas, Europe, the Middle East, Africa, and the Asia Pacific. The company provides insight and information through research, analytics, trading workflow solutions, content and technology solutions, and wealth management.

On December 19th, 2024, FactSet Research Systems announced Q1 2025 results, reporting non-GAAP EPS of \$4.37 for the period, beating market consensus by \$0.09 while revenue rose 4.9% to \$568.7 million.

FactSet Research Systems kicked off fiscal 2025 with solid, yet measured growth in Q1, reporting GAAP revenues of \$568.7 million, a 4.9% year-over-year increase. The revenue boost was driven by strong performance across its wealth management, asset owner, and institutional client segments. Organic Annual Subscription Value (ASV), a key performance metric, rose 4.5% to \$2,258.8 million, reflecting sustained demand for FactSet's financial data and analytics solutions. However, the company faced margin pressures, with its GAAP operating margin slipping 120 basis points to 33.6%, due to increased amortization expenses and professional fees.

Earnings per share offered a mixed picture. GAAP diluted EPS edged up 1.3% to \$3.89, while adjusted diluted EPS rose 6.1%, supported by revenue growth and lower employee compensation costs. Free cash flow, however, took a significant hit, falling 56.4% year over year to \$60.5 million, largely due to higher capital expenditures and timing of vendor payments. Despite these challenges, FactSet reaffirmed its fiscal 2025 guidance, including projected GAAP revenues of \$2.29–\$2.31 billion and adjusted diluted EPS in the range of \$16.80–\$17.40. CFO Helen Shan emphasized the company's focus on cost discipline and strategic execution, expressing confidence in delivering on its medium-term growth targets.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$5.80	\$8.29	\$6.55	\$6.90	\$9.25	\$9.83	\$10.56	\$10.25	\$12.03	\$13.91	\$17.10	\$25.71
DPS	\$1.66	\$1.88	\$2.12	\$2.40	\$2.72	\$2.98	\$3.18	\$3.42	\$3.74	\$4.04	\$4.16	\$6.85
Shares³	41.6	40.9	39.4	38.7	38.1	37.9	37.9	37.9	38.9	38.6	38.9	37.3

FactSet has grown its earnings-per-share by an average compound growth rate of 10.3% over the last 10 years. The company's investments and improved product offerings could lead to significant margin expansion in the following years. We have increased our EPS estimate for 2025 to \$17.10, matching the midpoint of the management's guidance, but we have maintained our 8.5% annual earnings growth forecast for the next five years, leading to an estimated earnings-per-share of \$25.71 by 2030. FactSet has increased its dividend for 25 consecutive years, making it a member of the "Dividend Champions," which could gain it greater visibility for income investors. However, we do not anticipate a significant increase in the dividend payout; instead, we forecast dividend growth to align with earnings growth. In

¹ Estimated ex-dividend date.

² Estimated dividend payment date

³ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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In addition, the increased earnings arising from expanding margins could be a primary dividend growth driver in the following years. We also believe that the company's continued investments in its digital platforms will continue to drive user-base growth in the coming years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	27.8	19.2	26.7	30.2	28.1	31.6	35.1	40.4	35.0	33.0	26.9	28.0
Avg. Yld.	1.0%	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.8%	0.9%	0.9%	0.9%	1.0%

FactSet has traded with a relatively high valuation multiple in the last decade. The stock's 10-year average P/E ratio is around 30.7, and the five-year average is 35.0. We are using a P/E target of 28.0 as our fair value target by 2030. While the dividend yield remains relatively low at 0.9%, the modest payout ratio and above-average expected growth rate should allow for a long dividend growth runway in the years ahead.

Safety, Quality, Competitive Advantage, & Recession Resiliency

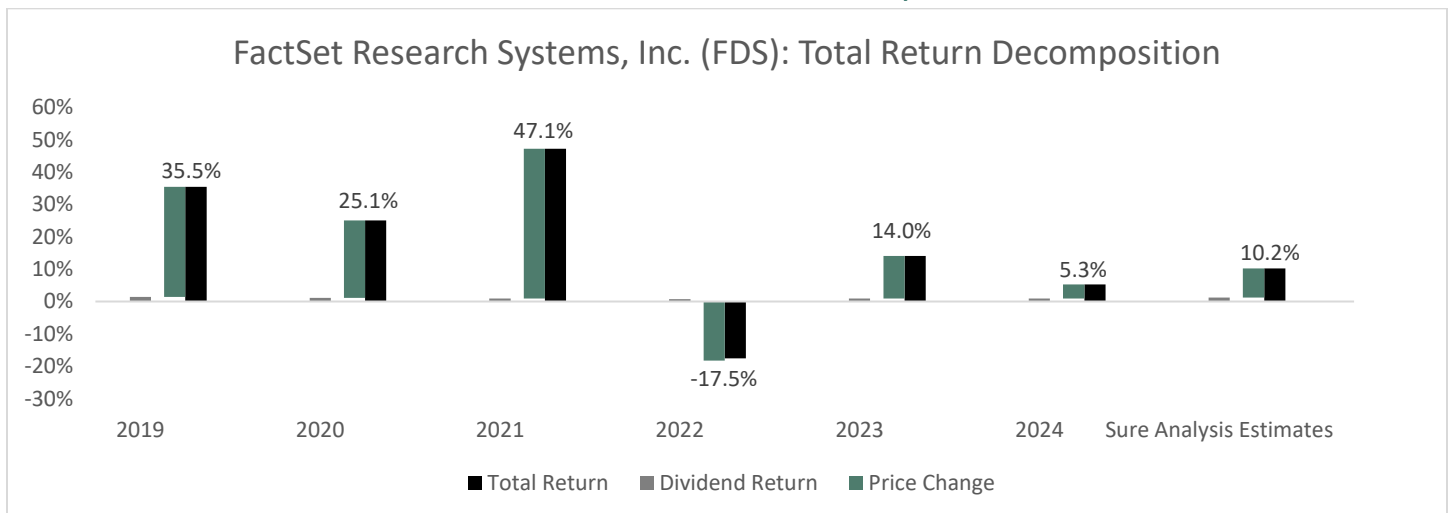
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	29%	23%	32%	35%	29%	30%	30%	33%	31%	29%	24%	27%

FactSet faces competition from Axioma, MSCI, Aladdin, S&P Capital IQ, Refinitiv, and Bloomberg. The company's proprietary data offerings differentiate the company in the marketplace, but alternative solutions by the other providers will dilute this competitive advantage over time. The high switching costs tied to changing providers provide the company with some protection and visibility over its cash flow because of its subscription-based offerings. However, the company remains exposed to fluctuations in the financial services industry, and any economic downturn that may lead to staffing contraction in the investment management industry will deteriorate FactSet's performance. During Q1, FactSet repurchased 104,475 shares of its common stock for \$48.8 million at an average price of \$467.00 per share, leaving \$251.2 million available under its current buyback program.

Final Thoughts & Recommendation

FactSet offers a safe, consistent, and steady long-term dividend growth record. We forecast 10.2% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 8.5%, the 0.9% dividend yield, a valuation tailwind. Therefore, we maintain our buy rating for the stock, as we believe the risk/reward profile is attractive at current levels.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,127	1,221	1,350	1,435	1,494	1,591	1,844	2,086	2,203
Gross Profit	640	655	691	772	799	805	973	1,112	1,191
Gross Margin	56.8%	53.6%	51.2%	53.8%	53.5%	50.6%	52.7%	53.3%	54.1%
SG&A Exp.	290	302	325	334	359	331	433	457	485
D&A Exp.	38	48	57	60	101	107		138	156
Operating Profit	350	352	366	438	440	474	540	655	706
Op. Margin	31.0%	28.8%	27.1%	30.5%	29.4%	29.8%	29.3%	31.4%	32.0%
Net Profit	339	258	267	353	373	400	397	468	537
Net Margin	30.1%	21.1%	19.8%	24.6%	25.0%	25.1%	20.1%	22.4%	24.4%
Free Cash Flow	283	284	352	368	428	494		585	615
Income Tax	122	86	85	69	54	68	47	116	114

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,019	1,413	1,419	1,560	2,083	2,225	4,014	3,963	4,055
Cash & Equivalents	228	195	209	360	586	682	503	425	423
Acc. Receivable	98	148	157	146	155	151	204	238	228
Goodwill & Int.	546	881	851	810	831	889	2,862	2,864	2,855
Total Liabilities	502	854	894	888	1,187	1,209	2,683	2,343	2,143
Accounts Payable	46	59	72	80	82	86	108	122	178
Long-Term Debt	300	575	575	574	574	575	1,982	1,613	1,366
Total Equity	517	560	526	672	896	1,016	1,331	1,620	1,912
LTD/E Ratio	0.58	1.03	1.09	0.85	0.64	0.57	1.48	1.00	0.71

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	38.6%	21.2%	18.9%	23.7%	20.5%	18.5%	12.7%	11.7%	13.4%
Return on Equity	64.6%	48.0%	49.2%	58.9%	47.5%	41.8%	33.8%	31.7%	30.4%
ROIC	49.0%	26.5%	23.9%	30.1%	27.5%	26.1%	16.2%	14.3%	16.5%
Shares Out.	40.9	39.4	38.7	38.1	37.9	37.9	38.7	39.9	38.6
Revenue/Share	27.25	30.81	34.29	36.92	38.66	41.26	47.69	53.61	57.05
FCF/Share	6.85	7.16	8.94	9.46	11.08	12.81	12.58	15.03	15.92

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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