Silvercrest Asset Management Group Inc. (SAMG)

Updated January 3rd, 2025 by Samuel Smith

Key Metrics

Current Price:	$18.4	**5 Year CAGR Estimate:**	8.9%	**Market Cap:**	$253M
Fair Value Price:	$14.3	**5 Year Growth Estimate:**	10.9%	**Ex-Dividend Date:**	03/14/25[1]
% Fair Value:	129%	**5 Year Valuation Multiple Estimate:**	-4.9%	**Dividend Payment Date:**	03/21/25[2]
Dividend Yield:	4.3%	**5 Year Price Target**	$24	**Years Of Dividend Growth:**	7
Dividend Risk Score:	F	**Retirement Suitability Score:**	D	**Rating:**	Hold

Overview & Current Events

Silvercrest Asset Management Group is a prominent investment management firm specializing in providing personalized wealth management services to high-net-worth individuals, families, and select institutional investors. Founded in 2002, the firm is headquartered in New York City and is known for its client-centric approach, combining sophisticated investment strategies with comprehensive financial planning. Silvercrest offers a wide range of services, including portfolio management, estate and tax planning, family office services, and philanthropic advisory.

Silvercrest experienced strong growth during the third quarter of 2024, with assets under management (AUM) increasing by $1.0 billion to $35.1 billion, reflecting a 5% sequential rise and a 13% year-over-year increase. Discretionary AUM, which drives revenue, grew by $1.0 billion to $22.6 billion, largely due to rising markets. The firm's diversified wealth management business benefited from broader equity market participation across market capitalizations, while its Small Cap institutional business saw new opportunity mandates, further strengthening future revenue prospects.

Revenue for the quarter rose to $30.4 million, a 2% year-over-year increase, driven by higher discretionary AUM. However, higher compensation and benefits expenses, which rose by 11% year-over-year, impacted overall profitability. These expenses supported investments in next-generation talent and infrastructure, positioning the firm for long-term growth. General and administrative expenses also grew by 13% due to increased professional fees and portfolio systems expenses. Consequently, net income attributable to Class A shareholders was $2.3 million, or $0.24 per diluted share. Adjusted EBITDA totaled $6.3 million, representing 20.9% of revenue.

Silvercrest's new institutional business pipeline expanded by 20% to $1.2 billion, excluding potential inflows from its newly launched Global Equity strategy. This initiative, backed by a high-capacity team, aims to capitalize on significant global asset allocator interest. Additionally, the firm remains committed to strategic investments, including hiring and infrastructure enhancements in locations such as Atlanta and Singapore, to support future growth. Silvercrest plans to balance its share repurchase program with strategic acquisitions while maintaining a disciplined approach to capital deployment.

Growth on a Per-Share Basis

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029
EPS	$0.86	$0.78	$0.86	$0.95	$1.30	$1.17	$1.89	$1.35	$1.12	$1.44	***$1.19***	***$2.00***
DPS	$0.48	$0.48	$0.48	$0.48	$0.56	$0.60	$0.64	$0.66	$0.70	$0.74	***$0.80***	***$0.90***
Shares[3]	7.8	8.0	8.1	8.1	8.5	9.5	9.7	9.9	9.6	9.5	***9.5***	***21.5***

As the chart above illustrates, while SAMG's earnings per share have experienced some volatility from year to year, the overall trend has been strongly higher over time. This strong earnings growth has enabled management to consistently grow its dividend each year for several years now. Moreover, with the expected payout ratio for 2024 being just slightly

[1] Estimate
[2] Estimate
[3] Share count 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.

over 50%, it appears that SAMG is poised to continue growing its dividend per share for years to come, though it will likely be at a pace that is slower than our expected 10.9% earnings-per-share CAGR for the company through 2029. This is because the company tends to like to have its payout ratio around 50% and it is currently well above that level.

Valuation Analysis

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Now	2029
Avg. P/E	17.44	16.67	12.79	14.74	13.85	17.09	7.94	12.59	10.71	10.42	***15.46***	***12.00***
Avg. Yld.	3.20%	3.69%	4.36%	3.43%	3.11%	3.00%	4.27%	3.88%	5.83%	4.93%	***4.35%***	***3.70%***

SAMG stock currently trades for a price-to-earnings ratio of 15.46 based on our earnings estimate for this year. Our estimate of fair value is a price-to-earnings ratio of 12 due to the volatility of the earnings from year to year, countered by the solid growth track record of the company and its focus on growing its dividend consistently. As a result, SAMG stock appears to be overvalued and poised for valuation multiple contraction moving forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

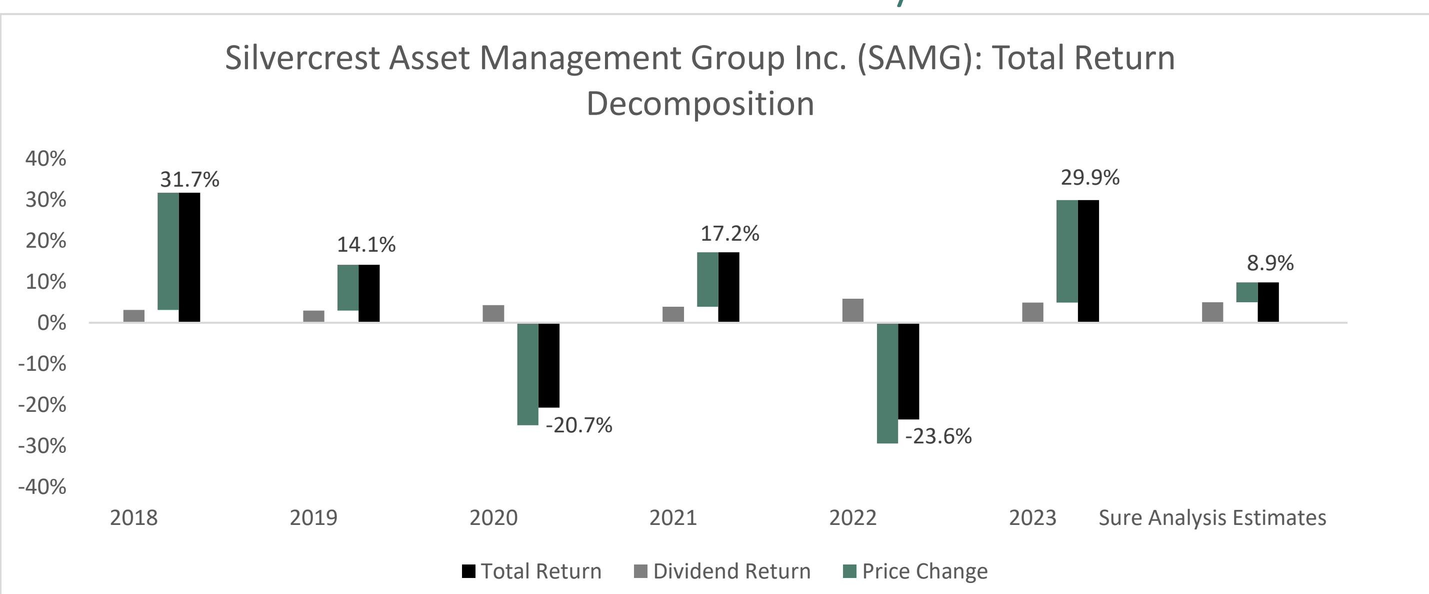
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029
Payout	56%	62%	56%	51%	43%	51%	34%	49%	63%	51%	***67%***	***45%***

SAMG is highly profitable, which leads to very strong interest coverage ratios and its balance sheet is overall quite strong, with low debt levels and strong current and quick ratios. Meanwhile, its capital-light business model enables it to return a significant amount of cash to shareholders while also investing for growth in the business. It operates in a fairly niche part of the wealth management industry, so it is able to avoid competing quite as heavily with some of the biggest names in the asset management industry as some other companies face. Moreover, by building long-term relationships with its clients, it is able to improve the stickiness of its assets under management. It is also worth noting that its earnings did not suffer too much during COVID-19 and it even grew its dividend in 2020.

Final Thoughts & Recommendation

SAMG stock appears to be slightly overvalued at the moment, resulting in an expected annual headwind from multiple contraction alongside solid growth potential and an attractive current dividend yield. As a result, our overall annualized total return expectation over the next half-decade is an attractive 8.9%, making the stock a hold at current prices.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	69	75	80	91	99	102	108	132	123	117
Gross Profit	29	32	31	37	41	42	46	59	52	45
Gross Margin	42.0%	43.0%	38.9%	40.7%	41.3%	41.2%	42.2%	44.9%	41.9%	38.1%
SG&A Exp.	14	15	17	17	20	23	23	29	13	26
D&A Exp.	2	2	3	3	2	3	4	4	4	4
Operating Profit	15	17	15	20	21	19	22	31	39	19
Operating Margin	22.1%	22.6%	18.2%	22.3%	21.4%	18.5%	20.6%	23.2%	31.3%	16.0%
Net Profit	5	5	5	5	10	9	10	15	19	9
Net Margin	6.9%	7.1%	6.2%	5.8%	9.8%	8.5%	9.2%	11.2%	15.3%	7.7%
Free Cash Flow	20	16	17	29	27	15	26	43	22	17
Income Tax	6	7	5	14	5	5	5	7	8	4

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	100	108	112	117	133	214	214	229	213	200
Cash & Equivalents	31	32	38	54	69	53	62	86	77	70
Accounts Receivable	3	2	4	5	3	5	4	3	4	3
Goodwill	31	40	39	37	35	93	90	88	85	83
Total Liabilities	47	47	46	45	51	116	110	113	87	78
Accounts Payable	3	4	4	4	3					
Long-Term Debt	4	5	2	1	-	16	13	9	6	3
Shareholder's Equity	43	46	47	49	56	65	71	80	85	83
LTD/E Ratio	0.10	0.10	0.05	0.02	-	0.25	0.18	0.11	0.07	0.03

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	4.8%	5.1%	4.5%	4.6%	7.7%	5.0%	4.7%	6.6%	8.5%	4.4%
Return on Equity	9.4%	9.3%	7.9%	7.7%	12.5%	9.6%	9.9%	13.3%	15.5%	7.3%
ROIC	8.2%	8.6%	7.4%	7.5%	12.4%	8.8%	8.7%	12.2%	14.6%	7.1%
Shares Out.	7.8	8.0	8.1	8.1	8.5	9.5	9.7	9.9	9.6	9.5
Revenue/Share	9.14	9.57	9.99	11.25	11.88	11.61	11.35	13.58	12.55	12.41
FCF/Share	2.59	2.02	2.15	3.55	3.26	1.70	2.76	4.48	2.28	1.81

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