# Stifel Financial Corp. (SF)

*Updated January 30th, 2025, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $118 | **5 Year CAGR Estimate:** | 9.5% | **Market Cap:** | $12.1B |
| **Fair Value Price:** | $108 | **5 Year Growth Estimate:** | 10.0% | **Ex-Dividend Date:** | 03/02/25 |
| **% Fair Value:** | 110% | **5 Year Valuation Multiple Estimate:** | -1.9% | **Dividend Payment Date:** | 03/17/25 |
| **Dividend Yield:** | 1.6% | **5 Year Price Target** | $174 | **Years Of Dividend Growth:** | 8 |
| **Dividend Risk Score:** | C | **Retirement Suitability Score:** | D | **Rating:** | Hold |

## Overview & Current Events

Tracing its roots back to a partnership founded in 1890, Stifel Financial Corp. is a global wealth management and investment banking company with a rich corporate history. As of December 31st, 2024, SF had $501.4 billion in client assets under management. The company operates the following three segments:

1. Global Wealth Management: The Global Wealth Management segment's thousands of financial advisors provide clients with financial planning services and insurance and annuity products. The segment also offers asset management services to institutions, private clients, and investment advisers. The Stifel Bancorp business provides retail and commercial banking services to private and corporate clients, including personal loans, commercial real estate loans, and credit cards.
2. Institutional Group: The Institutional Group segment offers research services, investment banking activities like the execution of public offerings and debt placements, and public finance services for various bonds issued by states and cities.
3. Other: The Other segment is comprised of interest income from stock borrowing activities and interest income and gains and losses from held investments.

Over the years, SF has made several acquisitions to better serve clients and grow its business. Earlier this month, the company announced that it signed a definitive agreement to acquire Bryan, Garnier & Co., a leading independent full-service investment bank focused on European technology and healthcare companies. Stifel believes that Bryan Garnier's team of approximately 200 professionals strengthens the company's advisory business in Europe.

On January 29th, Stifel shared its financial results for the fourth quarter ended December 31st. The company's net revenue rose 19% over the year-ago period to a new quarterly record of $1.36 billion during the quarter. Once again, strong capital markets and appreciation in financial markets buoyed asset management and transaction revenue by a double-digit rate in the quarter. Disciplined cost management helped SF's non-GAAP net profit margin to expand by 380 basis points to 18.3% for the quarter. That's how the company's non-GAAP diluted EPS soared 48.7% year-over-year to $2.23 during the quarter. This was $0.25 ahead of the analyst consensus in the quarter.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $1.64 | $1.75 | $2.54 | $3.52 | $4.07 | $4.56 | $7.08 | $5.74 | $4.68 | $6.81 | ***$8.17*** | ***$13.16*** |
| **DPS** | - | - | $0.13 | $0.32 | $0.40 | $0.45 | $0.60 | $1.20 | $1.44 | $1.68 | ***$1.84*** | ***$2.96*** |
| **Shares[1]** | 100.5 | 100.0 | 106.3 | 106.2 | 102.5 | 103.2 | 104.5 | 105.4 | 101.1 | 102.2 | ***102.2*** | ***102.2*** |

Since 2015, Stifel's non-GAAP diluted EPS has compounded by about 17% annually. In the years ahead, we continue to expect annual non-GAAP diluted EPS growth of 10% from an anticipated 2025 base of $8.17. This is backed up by the overall macro argument that economic growth helps markets to move higher over time. That should support continued growth in asset management and investment banking for Stifel. The company also operates in an industry with opportunities for consolidation, so this gives it flexibility to execute acquisitions to generate more growth.

[1] Share count is 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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## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 17.2 | 19.0 | 15.7 | 7.8 | 9.9 | 11.1 | 10.0 | 10.2 | 14.8 | 15.9 | ***14.5*** | ***13.2*** |
| **Avg. Yld.** | - | - | 0.3% | 1.2% | 1.0% | 0.9% | 0.9% | 2.1% | 2.1% | 1.6% | ***1.6%*** | ***1.7%*** |

Since 2015, Stifel's P/E ratio has ranged from as low as the high single-digits to as high as the high teens. The average P/E ratio over that time has been 13.2. Looking ahead, we're convinced that this is still a sensible fair value multiple for SF stock. That's because the company's growth prospects appear to be holding up enough to defend such a multiple. As it stands, SF's current P/E ratio of 14.5 is moderately above our fair value.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | - | - | 5% | 9% | 10% | 10% | 8% | 21% | 31% | 25% | ***23%*** | ***22%*** |

Operating for 135 years, Stifel is a trusted player in its industry. Couple that with the results that it delivers, and this has translated into a loyal and expanding client base. That is how SF's non-GAAP diluted EPS has grown at a double-digit annual pace over the last decade.

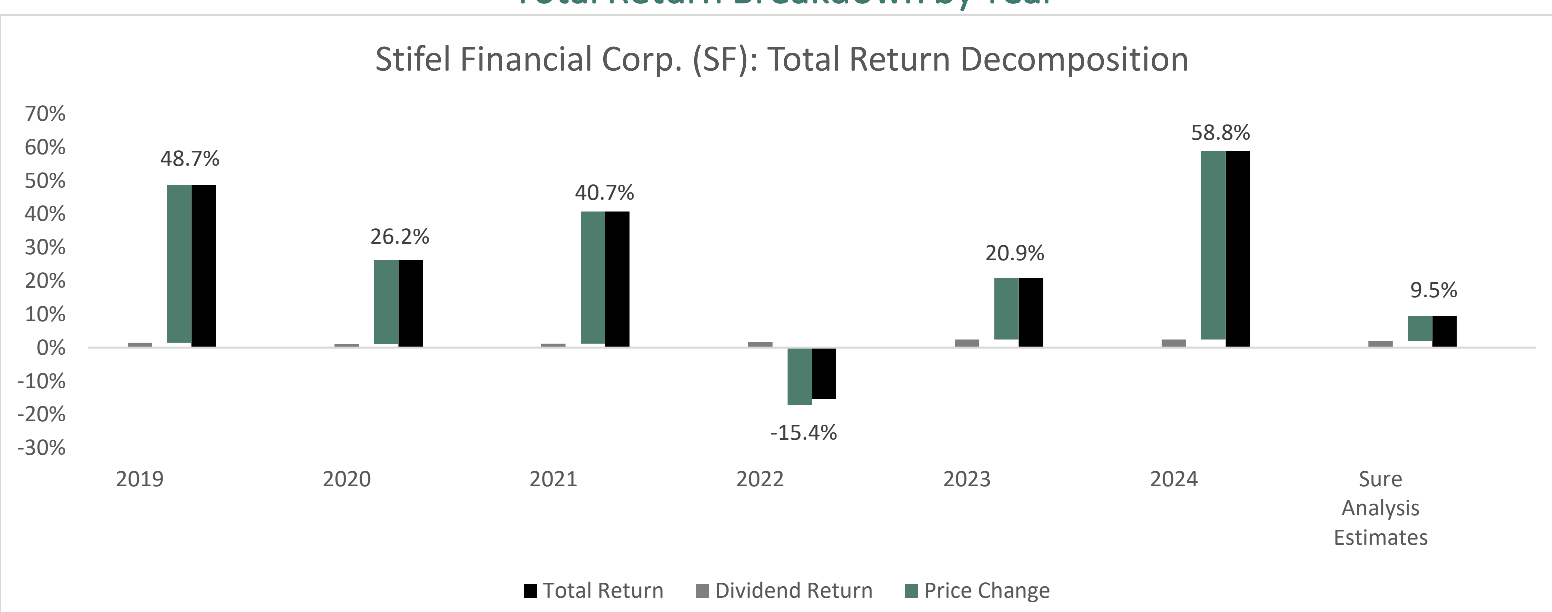
The company is also financially sound. SF's Tier 1 risk-based capital ratio of 18.2% was a solid improvement over Q4 2023's figure of 17.2%. This earns SF respective credit ratings of BBB and BBB+ from S&P and Fitch and both agencies assign Stifel a stable ratings outlook.

The company's dividend payout ratio is set to be around 23% in 2025. This is also low enough to withstand the temporary downturns in non-GAAP diluted EPS that happen occasionally. That has Stifel positioned to build on its eight-year dividend growth streak in the coming years.

## Final Thoughts & Recommendation

Stifel Financial's 1.6% dividend yield, 10.0% annual non-GAAP diluted EPS prospects, and a 1.9% annual valuation multiple downside could deliver 9.5% annual total returns through 2030. In closing, the stock's valuation remains a bit excessive, so we're maintaining our hold rating.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 2,172 | 2,289 | 2,531 | 2,882 | 2,983 | 3,293 | 3,696 | 4,677 | 4,334 | 4,291 |
| SG&A Exp. | 1,404 | 1,569 | 1,726 | 1,959 | 1,771 | 1,978 | 2,279 | 2,820 | 2,586 | 2,555 |
| D&A Exp. | 42 | 47 | 58 | 45 | 40 | 54 | 60 | 64 | 70 | 81 |
| Net Profit | 176 | 92 | 82 | 183 | 394 | 448 | 503 | 825 | 662 | 523 |
| Net Margin | 8.1% | 4.0% | 3.2% | 6.3% | 13.2% | 13.6% | 13.6% | 17.6% | 15.3% | 12.2% |
| Free Cash Flow | 224 | (332) | (470) | 652 | 421 | 469 | 1,588 | 684 | 1,075 | 447 |
| Income Tax | 112 | 49 | 61 | 87 | 140 | 149 | 148 | 242 | 223 | 184 |

## Balance Sheet Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 9,518 | 13,326 | 19,129 | 21,384 | 24,520 | 24,610 | 26,604 | 34,050 | 37,196 | 37,727 |
| Cash & Equivalents | 690 | 811 | 913 | 696 | 1,937 | 1,143 | 2,279 | 1,963 | 2,200 | 3,362 |
| Accounts Receivable | 484 | 1,599 | 1,416 | 1,384 | 1,201 | 1,352 | 937 | 1,153 | 924 | 842 |
| Goodwill & Int. Ass. | 850 | 979 | 1,079 | 1,078 | 1,154 | 1,356 | 1,323 | 1,455 | 1,457 | 1,522 |
| Total Liabilities | 7,196 | 10,834 | 16,391 | 18,522 | 21,322 | 20,940 | 22,365 | 29,015 | 31,868 | 32,433 |
| Accounts Payable | 638 | 1,787 | 1,766 | 1,413 | 1,614 | 2,600 | 2,412 | 2,364 | 2,130 | 2,304 |
| Long-Term Debt | 708 | 1,060 | 1,740 | 2,083 | 1,797 | 1,327 | 1,172 | 1,173 | 1,175 | 1,176 |
| Shareholder's Equity | 2,322 | 2,492 | 2,588 | 2,712 | 3,018 | 3,305 | 3,704 | 4,350 | 4,643 | 4,609 |
| LTD/E Ratio | 0.30 | 0.43 | 0.64 | 0.73 | 0.57 | 0.37 | 0.28 | 0.23 | 0.22 | 0.22 |

## Profitability & Per Share Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 1.9% | 0.8% | 0.5% | 0.9% | 1.7% | 1.8% | 2.0% | 2.7% | 1.9% | 1.4% |
| Return on Equity | 8.0% | 3.8% | 3.1% | 6.5% | 13.0% | 13.1% | 12.7% | 17.8% | 12.8% | 9.8% |
| ROIC | 6.3% | 2.8% | 2.0% | 3.9% | 7.9% | 9.0% | 9.7% | 14.2% | 10.4% | 8.1% |
| Shares Out. | 99.5 | 100.5 | 100.0 | 106.3 | 106.2 | 102.5 | 103.2 | 104.5 | 105.4 | 101.1 |
| Revenue/Share | 18.96 | 19.43 | 21.76 | 23.71 | 24.45 | 27.94 | 32.26 | 39.46 | 36.87 | 37.82 |
| FCF/Share | 1.95 | (2.81) | (4.04) | 5.36 | 3.45 | 3.98 | 13.86 | 5.77 | 9.15 | 3.94 |

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