



RELX PLC (RELX)

Updated February 17th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$51	5 Year CAGR Estimate:	4.3%	Market Cap:	\$95 B
Fair Value Price:	\$41	5 Year Growth Estimate:	7.5%	Ex-Dividend Date:	05/09/2025
% Fair Value:	126%	5 Year Valuation Multiple Estimate:	-4.5%	Dividend Payment Date:	06/25/2025
Dividend Yield:	1.5%	5 Year Price Target	\$58	Years Of Dividend Growth:	14 ¹
Dividend Risk Score:	B	Retirement Suitability Score:	C	Rating:	Sell

Overview & Current Events

RELX is a global provider of information-based analytics and decision tools for professional and business customers. It operates through four segments: Scientific, Technical & Medical, and Risk & Business Analytics; Legal; and Exhibitions. RELX PLC was incorporated in 1903 and is headquartered in London, the United Kingdom, and has a market cap of \$95 billion. The stock trades in the NYSE, though the original 1988 listing remains on the London Stock Exchange. It serves customers in more than 180 countries, and has offices in about 40 countries. All numbers have been converted to U.S. dollars unless otherwise noted.

On February 13th, 2025, RELX PLC reported its full-year² results for the twelve months ending December 31st, 2024. For the year, earnings-per-share was \$1.30, 8.3% higher than last year in USD terms. The rise in EPS was mainly driven by higher revenues, which grew by 1% to \$11.8 billion, and higher net margins, which expanded from 19.5% to 20.6%.

The company's first two business segments (Scientific, Technical & Medical, and Risk) reported sales growth of 4% and 8%, respectively. The Legal segment's revenues grew by 7%. The Exhibitions segment continued its recovery, growing revenues by 11%.

Management continued expanding RELX's portfolio during FY-2024, completing five acquisitions for a total consideration of £195 million (\$246 million), and seven disposals for £95 million (\$120 million). For FY2025, management expects to see positive momentum across the group and strong underlying growth in revenues, operating profits and EPS. Based on our initial estimates, we see FY2025 EPS of around \$1.62. RELX also declared a final dividend of 44.8GBp (\$0.56), pushing the total dividend for the year at 63.0GBp (\$0.79), an increase of 7% compared to last year. We don't speculate on the FY2025 dividend amount.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EADS³	\$0.70	\$0.69	\$1.10	\$0.92	\$1.03	\$0.87	\$1.03	\$1.03	\$1.20	\$1.30	\$1.62	\$2.33
DPS	\$0.44	\$0.44	\$0.53	\$0.54	\$0.61	\$0.65	\$0.67	\$0.66	\$0.75	\$0.79	\$0.79	\$1.13
Shares⁴	2,109	2,062	2,019	1,977	1,944	1,926	1,928	1,919	1,892	1,866	1,866	1,750

EPS has grown at CAGR of 7.1% over the past decade, while DPS has grown at a CAGR of 6.7% over the same period. The company has had consistent and stable growth over the past decade and has been a top holding in most of the U.K.'s income funds. In the original LSE listing, dividends have been growing annually since 2010 and have never been cut since 1999.

We have set our CAGR estimates to around 7.5% for both EPS and DPS through 2030 as demand for RELX's solutions remains robust across all segments. Buybacks should also aid EPS growth. RELX deployed £500 million on share buybacks in 2022, £800 million in 2023, and £1 billion in 2024.

¹ Dividends have been growing annually since 2010 in RELX's original listing and original declarations in constant currency.

² U.K.-based companies like RELX report twice per year. One interim H1 report, and one final, (H1 + H2) report.

³ Earnings per American Depositary Share

⁴ Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.2	23.1	29.3	19.5	23.2	22.5	25.4	27.9	25.7	32.1	31.5	25.0
Avg. Yld.	2.4%	2.4%	2.2%	2.3%	2.4%	2.8%	2.2%	2.3%	2.4%	1.9%	1.5%	2.0%

RELX's valuation has been consistent over the years, with its average P/E standing at 25 times. Despite management's positive future outlook, we believe that shares are currently somewhat overvalued at a P/E of 31.5, and have set our fair P/E target in line with its historical average. Still, we note that RELX is one of the U.K.'s most consistent stocks in terms of growth with a big institutional presence. Investors have been willing to pay a premium valuation over the past few years, even during the pandemic and during 2022-2023's shaky environment. As we've mentioned in previous reports, it could be that investors won't have an opportunity to purchase RELX shares at a discount, and this continues to hold true.

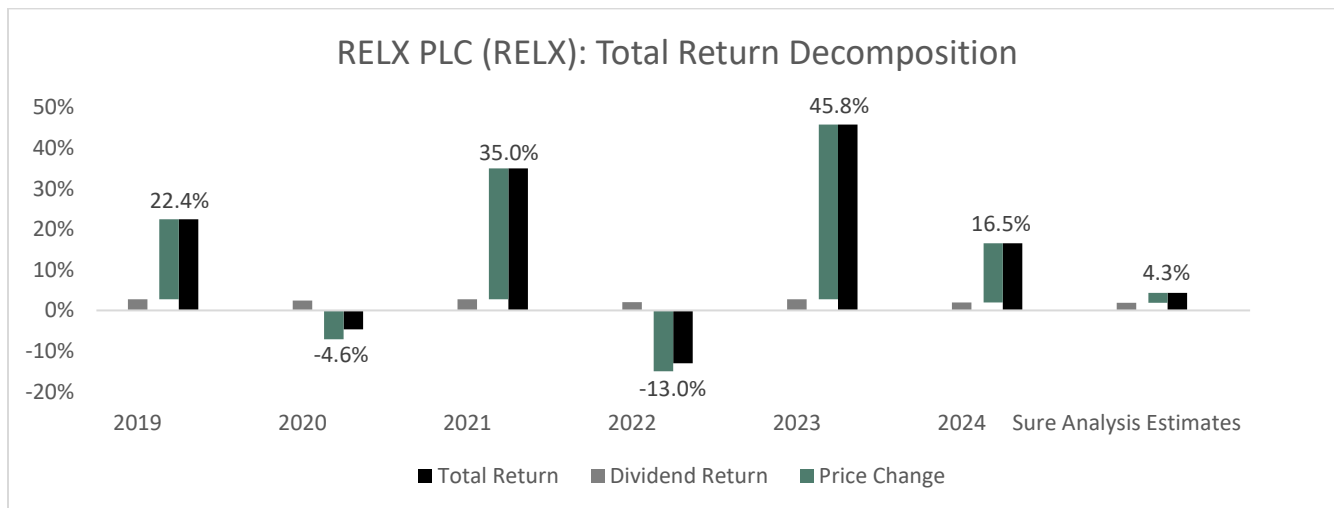
Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	63%	64%	48%	59%	59%	75%	65%	64%	63%	61%	49%	49%

RELX holds a sort of legendary status in the U.K.'s investing culture, posing as one of the safest growth stocks one can own, having achieved consistent market-beating returns. With prudent capital allocation, the company secures its future advancements while growing its dividends and maintaining a healthy payout ratio. The payout ratio currently stands at a relatively comfortable level of 49%, allowing for excess cash to be allocated in future acquisitions and share repurchases. Further, while RELX's net borrowings position is at a heavy \$8.04 billion, operating cash flow covers interest payments by over 10 times. Hence, we believe the company should be able to absorb rising interest rates aright. We also find RELX's ability to withstand a potential recession strong, as the need for analytics is vital to operate any modern business. The industry, however, is under heavy competition. With new technologies in the sector being developed by the day, RELX must continually innovate and acquire other companies to stay ahead of the curve.

Final Thoughts & Recommendation

RELX is a well-managed company with an impressive history of shareholder value creation. We believe that EPS and DPS will continue their upward trajectory. However, we see annualized returns of just 4.3% in the medium-term, as valuation headwinds could heavily offset returns to be powered by our earnings growth of 7.5% and the 1.5% dividend yield. We rate shares a sell, even though we feel the stock can be suitable for dividend growth portfolios looking for exposure to international equities with limited risk. Regardless, note that U.S.-based investors should be wary of FX-related risks, as the company reports its earnings in GBP. Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9125	9342	9478	9996	10054	9125	9966	10,590	11,400	12,060
Gross Profit	\$5,871	\$5,971	\$6,085	\$6,468	\$6,536	\$5,933	6441	6,821	7,398	7,839
Gross Margin	64.3%	63.9%	64.2%	64.7%	65%	65.0%	64.6%	64.4%	64.9%	65.0%
SG&A Exp.	\$3,682	\$3,707	\$3,673	\$3,891	\$3,906	\$3995	3889	3,968	4,117	4,238
D&A Exp.	\$795	\$812	\$847	\$869	\$872	\$1,082	996	883	892	902
Operating Profit	\$2,190	\$2,264	\$2,412	\$2,578	\$2,630	\$1,938	2552	2,853	3,280	3,602
Operating Margin	24%	24.2%	254.%	25.8%	26.2%	21.2%	25.6%	26.9%	28.8%	29.9%
Net Profit	\$455	\$1573	2128	1897	1922	1571	2024	2,023	2,216	2,472
Net Margin	9125	16.8%	22.5%	19.0%	19.1%	17.2%	20.3%	19.1%	19.4%	20.5%
Free Cash Flow	---	1828	2014	2165	2182	1584	2310	2,433	2,464	2,715
Income Tax	---	412	84	390	432	353	448	596	631	783

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	16571	16367	17071	17763	18080	19280	18700	19,160	19,000	18,990
Cash & Equivalents	\$181	\$199	\$150	\$145	\$181	\$120	153	404	197	149
Accounts Receivable	\$2,089	\$2,120	\$2,166	\$2,210	\$2,321	\$2,626	2203	2,911	2,580	3,151
Inventories	\$234	\$257	\$266	\$269	\$285	\$327	341	374	405	415
Goodwill & Int. Ass.	12425	12280	12377	13238	13474	14510	14400	14,420	14,350	14,280
Total Liabilities	13344	13471	13945	14770	15208	16410	14350	14,610	14,620	14,590
Accounts Payable	\$361	\$365	\$324	\$237	\$227	\$4443	147	4,861	218	5,172
Long-Term Debt	\$5,759	\$5,932	\$6,571	\$7,620	\$7,961	\$9,333	8043	7,924	8,097	8,082
Shareholder's Equity	\$3,176	\$2,850	\$3,097	\$2,955	\$2,840	\$2,861	4362	4,570	4,408	4,368
LTD/E Ratio	1.813	2.0815	2.1213	2.5784	2.8033	3.27	1.84	1.73	1,837	1.85

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	9.1%	9.6%	12.7%	10.9%	10.7%	8.4%	10.7%	10.7%	11.6%	13.0%
Return on Equity	47.7%	52.2%	71.6%	62.7%	66.3%	55.1%	56.0%	45.3%	49.7%	56.3%
ROIC	16.9%	17.7%	23.0%	18.7%	17.9%	13.6%	16.5%	16.3%	17.8%	19.8%
Shares Out.	1125.9	2079.8	2035.2	1990.8	1956.2	1938	1939	1938	1,903	1,877
Revenue/Share	\$8.10	\$4.49	\$4.66	\$5.02	\$5.14	\$4.71	5.14	5.47	5.99	6.43
FCF/Share	\$1.49	\$0.88	\$0.99	\$1.09	\$1.12	\$0.82	1.19	7.92	1.30	1.45

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