



Raymond James Financial (RJF)

Updated January 31st, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	\$168	5 Year CAGR Estimate:	7.6%	Market Cap:	\$34.5 B
Fair Value Price:	\$142	5 Year Growth Estimate:	10.0%	Ex-Dividend Date¹:	03/27/25
% Fair Value:	119%	5 Year Valuation Multiple Estimate:	-3.4%	Dividend Payment Date¹:	04/15/25
Dividend Yield:	1.2%	5 Year Price Target	\$228	Years Of Dividend Growth:	13
Dividend Risk Score:	A	Retirement Suitability Score:	C	Rating:	Hold

Overview & Current Events

Raymond James Financial (RJF) is a financial holding company whose major operations include wealth management, investment banking, asset management, and commercial banking. Approximately 90% of the company's revenue is from the U.S., and 74% of fiscal 2024 revenue is from the company's Private Client Group (wealth management) segment. Other segments are Capital Markets (11% of revenues), Asset Management (8%), and Banking (7%). The company has more than 19,000 employees and supports 8,900 financial advisors across the United States, Canada, and the United Kingdom. The company was founded in 1962 and is headquartered in St. Petersburg, Florida.

On January 29th, 2025, Raymond James Financial released results for its first quarter of fiscal year 2025 for the period ending December 31st, 2024. For the quarter, the company reported a net income of \$599 million, which is flat compared to the preceding quarter's net income of \$601 million, and a 21% increase compared to the same quarter in the previous year. Earnings per diluted share for the quarter were \$2.86, the same as in the preceding quarter, and up from \$2.32 in the same quarter of the previous year. Higher non-interest expenses and provisions for credit losses due to challenging macroeconomic conditions negatively impacted RJF's results in prior quarters. However, strong performances in investment banking and brokerage contributed positively to the Capital Markets segment's outcomes. The Private Client Group and Asset Management segments also showed solid performances, with past acquisitions partially bolstering financials. Quarterly net revenues of \$3.54 billion were up 17% compared to the same quarter in the previous year and up 2% from the preceding quarter.

The company saw growth in its Private Client Group and Asset Management segments, with the Private Client Group assets under administration reaching \$1.49 trillion. The Private Client Group recorded year-over-year growth of 14% for net revenues, Asset Management's net revenues rose 25%, and Capital Markets' top line increased 42%. However, the Bank segment experienced a 4% decline in net revenues, though pre-tax income increased 28%. Financial assets under management increased to \$243.9 billion. As of December 31st, 2024, the total capital ratio was 25.0%, and the Tier 1 capital ratio was 23.7%, both of which increased since September 2024. Looking ahead, Raymond James Financial remains optimistic about growth, particularly in the Private Client Group and Asset Management segments. The company expects continued strength in client asset levels and robust investment banking activity, particularly within M&A and advisory services, which have shown strong results over the last two quarters. Additionally, RJF remains focused on attracting and retaining high-quality financial advisors to drive net new asset growth. Despite some seasonal headwinds anticipated in Q2 2025, the company remains well-positioned for future growth.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.29	\$2.43	\$3.39	\$4.31	\$4.93	\$4.07	\$7.05	\$7.49	\$7.97	\$9.70	\$10.90	\$17.55
DPS	\$0.48	\$0.53	\$0.59	\$0.73	\$0.91	\$0.99	\$1.04	\$1.36	\$1.68	\$1.80	\$2.00	\$3.68
Shares²	212	214	212	216	218	207	205	215	217	212	205	200

¹ Estimated date

² In millions.

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The company has grown earnings by 17.4% per year over the past decade and 21.8% over the past five years. We expect earnings to increase by 10% per year for the next five years. The company has been able to increase its yearly dividend payout for 13 consecutive years. Over the last five years, the average annual dividend growth rate is 15.1%. In December 2024, the company increased its quarterly dividend by 11.1% from \$0.45 to \$0.50 per share. In market downturns, the company's management strives to maintain its most recent dividend, if feasible. In the reported quarter, RJF repurchased 310,000 shares for \$50 million, with \$1.45 billion remaining under the buyback authorization.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.4	14.3	14.7	14.1	11.1	12.8	10.9	12.0	11.0	12.0	15.5	13.0
Avg. Yld.	1.9%	1.5%	1.2%	1.2%	1.7%	1.9%	1.3%	1.4%	1.5%	1.5%	1.2%	1.6%

During the past decade shares of Raymond James Financial have traded with an average price-to-earnings ratio of 12.9 times earnings and today, it stands at 15.5. We are using 13.0 times earnings as a fair value baseline, implying the potential for a valuation headwind. The company's dividend yield is currently 1.2% which is just below the average yield over the past decade of 1.5%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	21%	22%	17%	17%	18%	24%	15%	18%	21%	19%	18%	21%

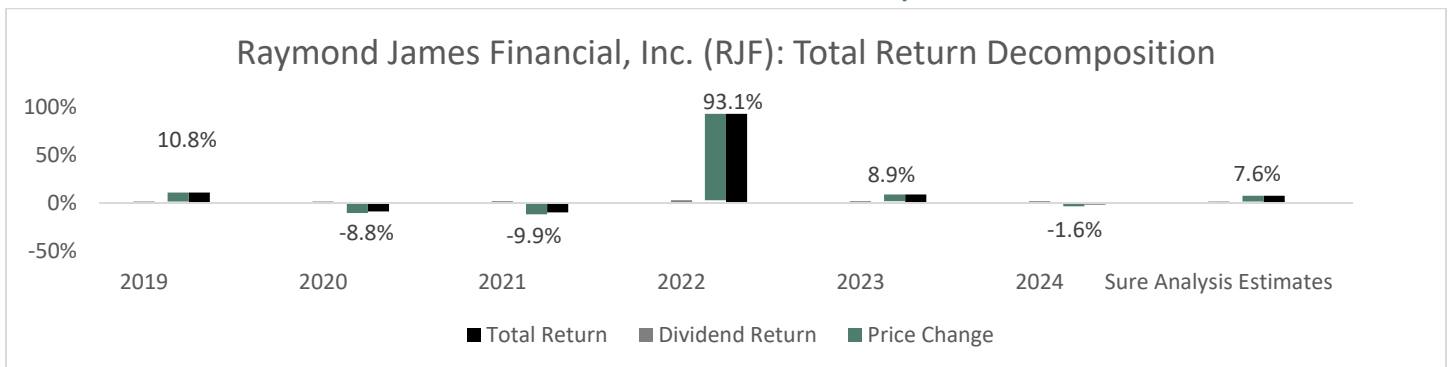
During the past five years, the company's dividend payout ratio has averaged around 18%. Raymond James Financial's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe. Management is targeting a 20% to 30% dividend payout ratio.

Raymond James' revenue and earnings held up well despite the current bear market and previous recessions. The company has an impressive streak of 138 consecutive quarters of profitability and strong credit ratings (A-/Stable Outlook (Fitch)). The company has diverse and complementary businesses and the ability to leverage different services across revenue segments. Its strategy is to be the "Premier Alternative" to Wall Street. The company has established a track record for growing efficiently through acquisitions in recent years. In June 2022, Raymond James Financial completed its \$1.1 billion acquisition of TriState Capital Holdings Inc. We expect the company to use its free cash flow to continue its M&A activities in the coming years but at a slower pace.

Final Thoughts & Recommendation

Raymond James Financial is a well-established capital markets company with a solid earnings track record and a dividend yield of 1.2%. The company should be able to grow client assets under management organically and via acquisitions. We estimate total return potential of 7.6% per year for the next five years based on a 10% earnings-per-share growth, the dividend yield, and a valuation headwind. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,101	5,345	6,292	7,182	7,646	7,889	9,630	10,850	11,470	12,640
SG&A Exp.	3,951	4,053	4,680	5,328	5,654	5,992	7,123	8,021	7,299	8,213
D&A Exp.	68	72	84	99	112	119	134	145	165	179
Net Profit	502	529	636	857	1,034	818	1,403	1,509	1,739	2,068
Net Margin	9.8%	9.9%	10.1%	11.9%	13.5%	10.4%	14.6%	13.9%	15.2%	16.4%
Free Cash Flow	825	(695)	(315)	750	439	3,930	6,551	(19)	(3,687)	1,950
Income Tax	296	271	289	454	341	234	388	513	541	575

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	26,468	31,487	34,883	37,413	38,830	47,482	61,891	80,950	78,360	82,990
Cash & Equivalents	2,808	1,650	3,670	3,500	3,957	5,390	7,201	6,178	9,313	11,000
Acc. Receivable	2,185	2,715	2,767	3,343	2,671	2,435	2,831	2,934	2,525	2,711
Goodwill & Int.	377	503	493	639	611	600	882	1,931	1,907	1,886
Total Liabilities	21,682	26,424	29,190	30,961	32,187	40,306	53,588	71,520	68,170	71,320
Accounts Payable	5,564	6,751	5,585	5,831	4,361	6,792	13,991	11,450	5,447	5,825
Long-Term Debt	1,867	2,289	3,063	2,449	2,444	2,933	2,895	3,329	3,139	3,089
Total Equity	4,522	4,917	5,582	6,368	6,581	7,114	8,245	9,338	10,140	11,590
LTD/E Ratio	0.41	0.47	0.55	0.38	0.37	0.41	0.35	0.34	0.31	0.26

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.0%	1.8%	1.9%	2.4%	2.7%	1.9%	2.6%	2.1%	2.2%	2.6%
Return on Equity	11.6%	11.2%	12.1%	14.3%	16.0%	11.9%	18.3%	17.2%	17.9%	18.9%
ROIC	7.7%	7.6%	7.9%	9.7%	11.5%	8.5%	13.2%	12.6%	13.3%	14.7%
Shares Out.	214	212	216	218	207	205	206	215	217	212
Revenue/Share	23.30	24.66	28.61	32.18	35.40	37.51	45.60	50.40	52.87	59.53
FCF/Share	3.77	(3.21)	(1.43)	3.36	2.03	18.69	31.02	(0.09)	(17.00)	9.19

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

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