# SS&C Technologies Holdings, Inc. (SSNC)

*Updated February 7th, 2025, by Ian Bezek*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $87 | **5 Year CAGR Estimate:** | 10.5% | **Market Cap:** | $22.0 B |
| **Fair Value Price:** | $74 | **5 Year Growth Estimate:** | 13.0% | **Ex-Dividend Date:** | 02/28/25[1] |
| **% Fair Value:** | 118% | **5 Year Valuation Multiple Estimate:** | -3.3% | **Dividend Payment Date:** | 03/14/25[1] |
| **Dividend Yield:** | 1.1% | **5 Year Price Target** | $136 | **Years Of Dividend Growth:** | 8 |
| **Dividend Risk Score:** | D | **Retirement Suitability Score:** | F | **Rating:** | Buy |

## Overview & Current Events

SS&C Technologies, short for Securities Software and Consultants, is a company which provides technology solutions to the financial services industry. Specifically, its core software platform offers various functions including accounting, portfolio management, trading, and lending to fund managers, financial advisors and institutional clients. The firm also has a smaller position in the healthcare software space. SS&C has thrived over the years thanks to shrewd mergers and acquisitions; it has made more than 50 purchases over the years. These deals have added numerous additional functions onto its core fund administration platform.

The company has enjoyed strong growth, both organically and from its relentless dealmaking. Revenues have skyrocketed from $768 million in 2014 to $5.9 billion in 2024. This has translated into strong growth in earnings per share and dividends as well. Earnings fell a bit in 2022 and 2023, in part due to weaker equity market conditions compared to the 2021 boom. But with the stock market hitting record highs again, fund managers are spending more liberally on software tools, and SS&C is back to delivering record results.

The company's Q4 results, reported February 6th, 2025, have continued that favorable momentum. Revenues of $1.53 billion grew 8.4% year-over-year and beat expectations. Meanwhile, GAAP earnings of $0.98 soared 27% from the $0.77 reported in the same period of 2023. Note that we are using GAAP earnings, rather than non-GAAP, as the basis for this report as SS&C spends heavily on recurring stock compensation expenses, and we believe that it is a real cost which investors should consider as part of the company's valuation. The company's earnings grew especially quickly this quarter due to a significant decrease in administrative costs. We expect a slowdown compared to 2024's tremendous results, but there is a clear path to another double-digit EPS increase this year if equity markets remain strong.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $0.22 | $0.64 | $1.55 | $0.42 | $1.66 | $2.35 | $2.99 | $2.48 | $2.39 | $3.00 | ***$3.35*** | ***$6.17*** |
| **DPS** | $0.25 | $0.25 | $0.27 | $0.30 | $0.43 | $0.53 | $0.68 | $0.80 | $0.88 | $0.98 | ***$1.00*** | ***$1.84*** |
| **Shares[2]** | 191 | 206 | 212 | 244 | 264 | 267 | 262 | 255 | 255 | 255 | ***253*** | ***247*** |

SS&C has been a tremendous growth story over the past decade, and we expect more strength going forward. We model 13% per year, though this assumes the company will be able to find additional attractive M&A targets. Historically, SS&C has funded its growth through both share dilution and heavy debt issuance. However, as the company has grown its internal cash flows tremendously, it has reduced the need for outside funding. As a result, SS&C has been able to start buying back stock, though this has only been enough to offset share-based comp in recent years.

SS&C has grown its dividend tremendously, albeit off a small base. The dividend has increased at a blistering 16% annualized rate over the past decade, though the most recent hike, on August 21st, 2024, was a more modest 4.2% increase. We expect a 13% dividend growth rate going forward, though this could end up being significantly smaller if the company ramps up its share buyback program instead.

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[1] Estimated date

[2] In millions.

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## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Avg. P/E | 156.9 | 44.3 | 25.4 | 109.6 | 35.6 | 30.0 | 26.2 | 20.1 | 24.8 | 23.0 | ***26.0*** | ***22.0*** |
| Avg. Yld. | 0.5% | 0.7% | 0.6% | 0.5% | 0.6% | 0.7% | 0.7% | 1.2% | 1.5% | 1.4% | ***1.1%*** | ***1.4%*** |

SS&C Technologies stock has traditionally traded at a high multiple of its GAAP earnings per share, averaging a 49.6x P/E ratio since 2015. This has come down to 24.8x over the past five years, and we continue to expect the P/E ratio to decline over time as the company becomes larger and more mature. We forecast a 22x P/E five years from now.

The company's average yield has risen over time as the company has devoted more of its profits to its dividend. We expect the yield to settle around 1.4% over the long term.

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

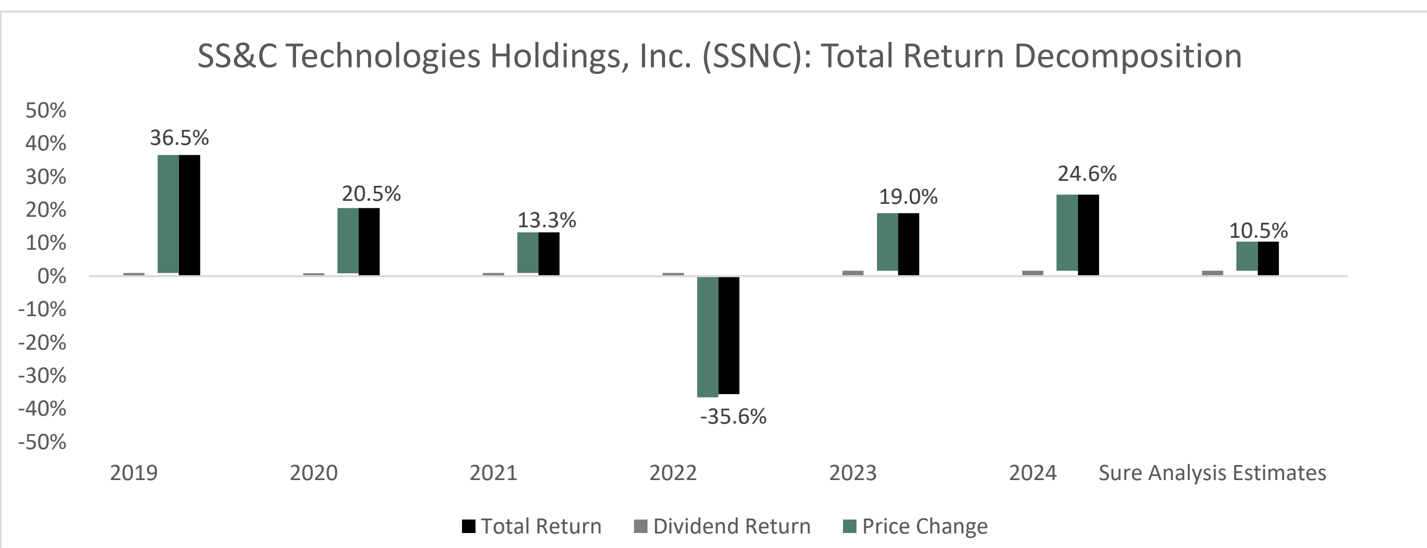
| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payout | 114% | 39% | 17% | 71% | 26% | 23% | 23% | 32% | 37% | 33% | ***30%*** | ***30%*** |

SS&C has had a variable but generally low dividend payout ratio. We believe the current dividend is easily covered out of earnings. That said, we'd note that the company has a debt/EBITDA ratio of almost 3x at the moment, which is fairly high for the software industry. And, in the past, SS&C has taken on large chunks of debt to fund major M&A deals. It's not inconceivable that SS&C could have to greatly limit dividend growth for a time if its industry experienced a downturn. SS&C has built a far-reaching ecosystem for fund managers and financial planners and it would be time-consuming and inconvenient for most of its customers to move away from SS&C's products. This should give it a fair bit of pricing power and help insulate it from near-term economic volatility.

## Final Thoughts & Recommendation

SS&C is firing on all cylinders today, driven by a strong environment for equity markets and thus the fund managers and institutions that provide money management services. This tailwind won't last forever, and SS&C could face a bit of multiple compression when equity market sentiment sours. That said, the company's growth rate is so strong that it can still deliver generous returns even accounting for a share price that is currently above our fair value estimate. We foresee 10.5% total annualized returns from here going forward, making SSNC stock a buy today.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 768 | 1,000 | 1,481 | 1,675 | 3,421 | 4,633 | 4,668 | 5,051 | 5,283 | 5,503 |
| Gross Profit | 357 | 468 | 681 | 789 | 1,370 | 2,021 | 2,094 | 2,409 | 2,515 | 2,652 |
| Gross Margin | 46.5% | 46.8% | 46.0% | 47.1% | 40.0% | 43.6% | 44.9% | 47.7% | 47.6% | 48.2% |
| SG&A Exp. | 99 | 193 | 240 | 238 | 525 | 723 | 709 | 752 | 925 | 969 |
| D&A Exp. | 100 | 151 | 229 | 237 | 519 | 775 | 725 | 667 | 672 | 670 |
| Operating Profit | 200 | 165 | 289 | 398 | 527 | 914 | 986 | 1,242 | 1,143 | 1,209 |
| Op. Margin | 26.1% | 16.5% | 19.5% | 23.7% | 15.4% | 19.7% | 21.1% | 24.6% | 21.6% | 22.0% |
| Net Profit | 131 | 43 | 131 | 329 | 103 | 439 | 625 | 800 | 650 | 607 |
| Net Margin | 17.1% | 4.3% | 8.8% | 19.6% | 3.0% | 9.5% | 13.4% | 15.8% | 12.3% | 11.0% |
| Free Cash Flow | 234 | 213 | 381 | 426 | 551 | 1,198 | 1,078 | 1,292 | 926 | 964 |
| Income Tax | 47 | 18 | 33 | (46) | 22 | 93 | 151 | 236 | 227 | 249 |

## Balance Sheet Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 2,266 | 5,802 | 5,707 | 5,540 | 16,108 | 16,741 | 15,924 | 17,333 | 16,653 | 18,103 |
| Cash & Equivalents | 110 | 434 | 118 | 64 | 167 | 153 | 209 | 564 | 440 | 432 |
| Acc. Receivable | 58 | 130 | 173 | 179 | 516 | 489 | 479 | 522 | 594 | 621 |
| Goodwill & Int. | 1,962 | 5,039 | 5,185 | 5,062 | 12,862 | 12,455 | 12,113 | 11,609 | 12,796 | 12,551 |
| Total Liabilities | 919 | 3,697 | 3,448 | 2,853 | 11,528 | 11,625 | 10,207 | 11,110 | 10,550 | 11,705 |
| Accounts Payable | 12 | 12 | 16 | 27 | 41 | 37 | 28 | 29 | 50 | 80 |
| Long-Term Debt | 620 | 2,751 | 2,501 | 2,045 | 8,256 | 7,154 | 6,442 | 5,949 | 7,080 | 6,720 |
| Total Equity | 1,347 | 2,105 | 2,259 | 2,686 | 4,580 | 5,116 | 5,717 | 6,165 | 6,044 | 6,340 |
| LTD/E Ratio | 0.46 | 1.31 | 1.11 | 0.76 | 1.80 | 1.40 | 1.13 | 0.96 | 1.17 | 1.06 |

## Profitability & Per Share Metrics

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 5.8% | 1.1% | 2.3% | 5.8% | 1.0% | 2.7% | 3.8% | 4.8% | 3.8% | 3.5% |
| Return on Equity | 10.2% | 2.5% | 6.0% | 13.3% | 2.8% | 9.0% | 11.5% | 13.4% | 10.6% | 9.7% |
| ROIC | 6.6% | 1.3% | 2.7% | 6.9% | 1.2% | 3.5% | 5.1% | 6.6% | 5.1% | 4.6% |
| Shares Out. | 175 | 191 | 206 | 212 | 244 | 264 | 267 | 262 | 255 | 255 |
| Revenue/Share | 4.40 | 5.24 | 7.20 | 7.92 | 14.04 | 17.54 | 17.51 | 18.90 | 20.16 | 21.62 |
| FCF/Share | 1.34 | 1.11 | 1.85 | 2.01 | 2.26 | 4.53 | 4.04 | 4.84 | 3.53 | 3.79 |

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