The Brink's Company (BCO)

Published March 3rd, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$92	**5 Year CAGR Estimate:**	12.5%	**Market Cap:**	$4.1 B
Fair Value Price:	$90	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	02/03/25
% Fair Value:	102%	**5 Year Valuation Multiple Estimate:**	-0.4%	**Dividend Payment Date:**	03/03/25
Dividend Yield:	1.1%	**5 Year Price Target**	$159	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Retirement Suitability Score:**	D	**Rating:**	Buy

Overview & Current Events

Brink's offers cash and valuables management and transportation, digital retail solutions, and ATM managed services. Its clients are financial institutions, retailers, government agencies, mints, jewelers and other commercial operations. It operates in 51 countries and has customers in over 100 countries. Brink's was founded in 1859, is headquartered in Richmond, Virginia, and has a market capitalization of $4.1 billion.

In 2024, Brink's revenue was well diversified across the globe, with 33% of revenue generated in North America, 26% Latin America, 24% Europe, and 16% from Rest of World.

On February 26th, 2025, The Brink's Company reported fourth quarter 2024 results for the period ending December 31, 2024. For the quarter, the company generated revenue of $1.26 billion, which was 1% higher year-over-year, or 11% higher in constant currency. Adjusted net income equaled $251 million or $2.12 per share, a 23% decrease compared to Q4 2023.

For FY 2024, Brink's achieved $5.0 billion of revenue, but adjusted EPS fell 2% year-over-year to $7.17.

Leadership initiated its first quarter 2025 outlook, expecting revenue to be $12.0 billion to $12.5 billion. Adjusted EPS is expected to be $1.10 to $1.40. For the full year, management expects mid-single digits organic revenue growth, free cash flow conversion of 40% to 45%, and for shareholder returns to account for half of free cash flow.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.75	$2.28	$3.03	$3.46	$3.89	$3.76	$4.75	$5.99	$7.35	$7.17	***$7.10***	***$12.51***
DPS	$0.40	$0.40	$0.55	$0.60	$0.60	$0.60	$0.75	$0.80	$0.86	$0.95	***$0.97***	***$1.56***
Shares[1]	49.3	50.0	50.7	50.9	50.2	50.4	49.5	47.3	44.5	42.9	***42.0***	***35.0***

The Brink's Company has increased its EPS at an impressive rate in the last decade. Over the last nine and five years, Brink's has improved its EPS by 17.0% and 13.0% CAGR. Since 2018, the company has also generated more revenue in its higher margin businesses (digital retail solutions and ATM managed services), driving North America adjusted EBITDA margins from 11.7% to 16.8% in 2024.

In 2024, Brink's repurchased $204 million of its common stock, and spent $42 million on dividends. In fact, Brink's has been returning more cash to shareholders as the years go by. In 2022, 2023, and 2024, Brink's returned 40%, 52%, and 61% of free cash flow to shareholders. During this time, its leverage ratio also declined from 3.2X to 2.8X, which enabled it to return higher levels of cash to shareholders.

The share count of Brink's has remained fairly stable over the last decade. In recent years, it has made efforts to repurchase a portion of its shares, reducing its float at a 3.6% CAGR. We believe it will continue to reduce its share count at this rate.

[1] In millions.

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Brink's has also regularly increased its dividend. Over both the last nine and five years, the company's dividend increased at a CAGR of 10.1%. We see 10% annual dividend growth as reasonable given its low payout ratio and expected double-digit EPS growth.

We are forecasting $7.10 in earnings-per-share for 2025 along with 12% annual growth through 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.5	14.8	22.1	21.4	21.0	15.0	15.4	10.1	9.5	13.4	***12.9***	***12.7***
Avg. Yld.	1.4%	1.2%	0.7%	0.8%	0.7%	1.2%	0.9%	1.3%	1.2%	1.0%	***1.1%***	***1.0%***

The Brink's Company has traded in a wide range of valuation multiples in the last decade, from 9.5 times earnings to 22.1 times earnings. Over the last ten and five years, Brink's has traded at an average P/E ratio of 15.9 and 12.7, respectively. We peg fair value for the stock at its 5-year average, while it currently trades at 12.9 times earnings. As a result, we forecast a headwind to total returns from valuation contraction. The dividend is likely to remain in line with its historical average, at around just 1%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	23%	18%	18%	17%	15%	16%	16%	13%	12%	13%	***14%***	***12%***

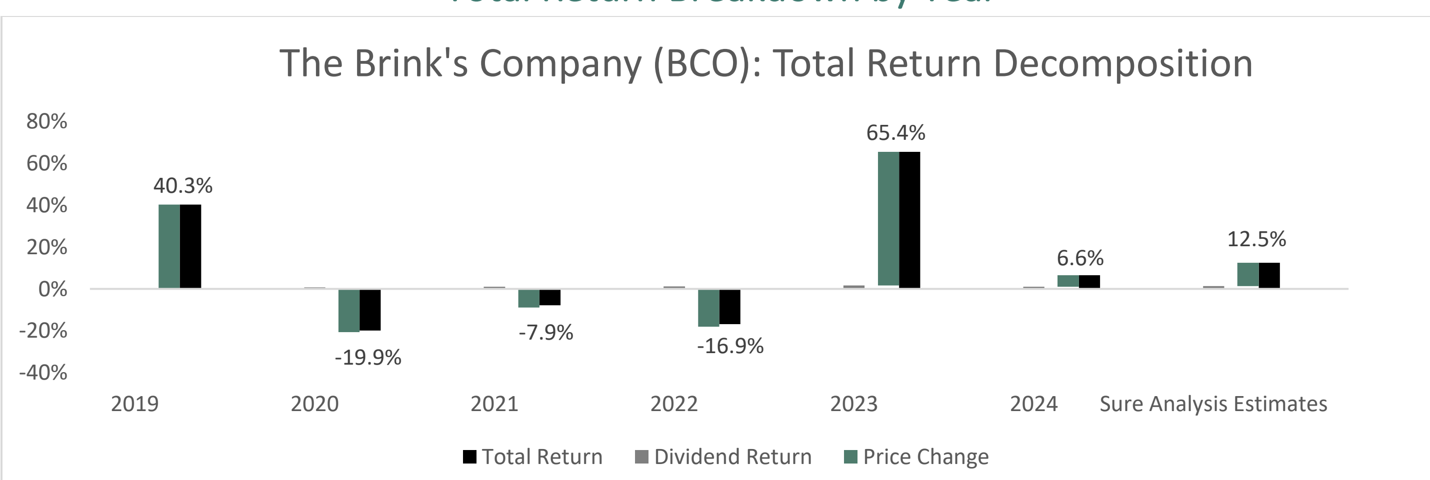
Brink's brand name is one of its competitive advantages, as it's a well-known brand with a strong reputation and unique offerings. Its global services diversify its revenue streams in a healthy way, but at the same time, it leaves it open to foreign currency fluctuations. This has been an issue recently, with very high inflation in Argentina.

The company targets a 2X to 3X net debt target. And as of the most recent quarterly report, Brink's has reduced its net debt leverage to 2.8X adjusted EBITDA, so it is within range. Furthermore, its dividend payout ratio is very low at just 14% of EPS, clearing the way for many more years of dividend growth.

Final Thoughts & Recommendation

Brink's is a reputable, global brand that offers unique products and services with more than 150 years of operations. In the last one year, shares of The Brink's Company have risen by 10.8%, underperforming the S&P 500 Index, which increased by 17.2%. Moving forward, we forecast that Brink's could deliver 12.5% annualized total returns through 2030, comprised of 12% EPS growth and the 1.1% dividend yield, partly offset by -0.4% P/E multiple contraction. We initiate our coverage of Brink's at a buy 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	3,061	3,021	3,347	3,489	3,683	3,691	4,200	4,536	4,875	5,012
Gross Profit	618	629	739	786	851	814	964	1,074	1,168	1,269
Gross Margin	20.2%	20.8%	22.1%	22.5%	23.1%	22.0%	23.0%	23.7%	24.0%	25.3%
SG&A Exp.	452	424	468	509	605	585	668	704	689	835
D&A Exp.	140	132	147	162	185	207	240	246	276	293
Operating Profit	170	208	274	279	250	233	302	379	482	442
Operating Margin	5.5%	6.9%	8.2%	8.0%	6.8%	6.3%	7.2%	8.4%	9.9%	8.8%
Net Profit	(12)	35	17	(33)	29	16	105	171	88	163
Net Margin	-0.4%	1.1%	0.5%	-1.0%	0.8%	0.4%	2.5%	3.8%	1.8%	3.3%
Free Cash Flow	95	78	122	209	204	199	310	297	500	204
Income Tax	67	79	158	70	61	57	120	41	139	93

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,947	1,995	3,060	3,236	3,764	5,136	5,567	6,366	6,602	6,623
Cash & Equivalents	182	184	614	343	311	621	710	972	1,177	1,395
Accounts Receivable	468	486	606	556	595	629	623	760	685	604
Inventories	13	11	5	6					19	24
Goodwill & Int. Ass.	214	205	559	908	1,057	1,645	1,903	1,986	1,962	1,857
Total Liabilities	1,616	1,640	2,721	3,069	3,556	4,933	5,314	5,796	6,082	6,311
Accounts Payable	155	139	175	175	185	206	211	297	250	317
Long-Term Debt	431	443	1,237	1,554	1,644	2,486	2,967	3,403	3,531	3,896
Shareholder's Equity	318	337	317	154	192	129	123	447	397	185
LTD/E Ratio	1.35	1.31	3.90	10.11	8.57	19.30	24.12	7.61	8.89	21.07

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-0.6%	1.8%	0.7%	-1.1%	0.8%	0.4%	2.0%	2.9%	1.4%	2.5%
Return on Equity	-3.0%	10.1%	4.8%	-13.2%	15.5%	7.8%	46.2%	41.5%	16.1%	39.1%
ROIC	-1.4%	4.4%	1.4%	-2.0%	1.6%	0.7%	3.6%	4.7%	2.2%	3.9%
Shares Out.	49.3	50.0	50.7	50.9	50.2	50.4	49.5	47.3	44.5	42.9
Revenue/Share	62.10	59.70	64.61	68.54	72.08	72.66	83.84	94.88	103.94	111.87
FCF/Share	1.92	1.54	2.35	4.11	3.99	3.92	6.19	6.22	10.65	4.54

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