Stifel Financial Corp. (SF)

Updated April 26th, 2025, by Kody Kester

Key Metrics

Current Price:	$86	**5 Year CAGR Estimate:**	14.7%	**Market Cap:**	$8.8B
Fair Value Price:	$98	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	06/02/25[1]
% Fair Value:	88%	**5 Year Valuation Multiple Estimate:**	2.7%	**Dividend Payment Date:**	06/16/25[1]
Dividend Yield:	2.1%	**5 Year Price Target**	$158	**Years Of Dividend Growth:**	8
Dividend Risk Score:	A	**Sector:** Financials		**Rating:**	Buy

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 March 31st, 2025, SF had $485.9 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.

Earlier this month, the company announced that it had completed the hiring of 36 advisors from B. Riley, representing roughly $4 billion in AUM. This is the latest example of a bolt-on acquisition that we believe can help SF continue to meet its clients' evolving needs.

On April 23rd, SF released its first-quarter earnings report for the period ended March 31st, 2025. The company's net revenue increased by 7.9% year-over-year to $1.26 billion in the quarter. Healthy capital markets and market appreciation throughout all but the last few weeks of March provided a boost to SF during the quarter. The company's non-GAAP diluted EPS dropped by 67.1% over the year-ago period to $0.49 for the quarter. That missed the analyst consensus by $1.15. However, it's worth noting that this miss was entirely attributable to the provisions for legal matters to the tune of $1.16 per share. Factoring this out, SF's non-GAAP diluted EPS would have grown by just over 10%.

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	***$7.53***	***$12.13***
DPS	-	-	$0.13	$0.32	$0.40	$0.45	$0.60	$1.20	$1.44	$1.68	***$1.84***	***$2.96***
Shares[2]	100.5	100.0	106.3	106.2	102.5	103.2	104.5	105.4	101.1	102.2	***103.1***	***103.1***

Since 2015, SF's non-GAAP diluted EPS has compounded by about 17% annually. In the years ahead, we still expect annual non-GAAP diluted EPS growth of 10% from an anticipated 2025 base of $7.53. This is backed up by the overall macro argument that economic growth helps markets to move higher over time. The company also operates in an industry with opportunities for consolidation, so this gives it flexibility to execute acquisitions to generate more growth.

[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

Stifel Financial Corp. (SF)

Updated April 26th, 2025, by Kody Kester

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	***11.4***	***13.0***
Avg. Yld.	-	-	0.3%	1.2%	1.0%	0.9%	0.9%	2.1%	2.1%	1.6%	***2.1%***	***1.9%***

Since 2015, SF's P/E ratio has varied from as little as the high single-digits to as much as the high teens. The average P/E ratio over that time has been around 13. Looking ahead, we're still confident that this approximates SF's fair value. That's because the company's growth prospects appear to be intact enough to warrant such a multiple. As it stands, SF's current P/E ratio of 11.4 is moderately below 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%	***24%***	***24%***

Operating for 135 years, SF 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.

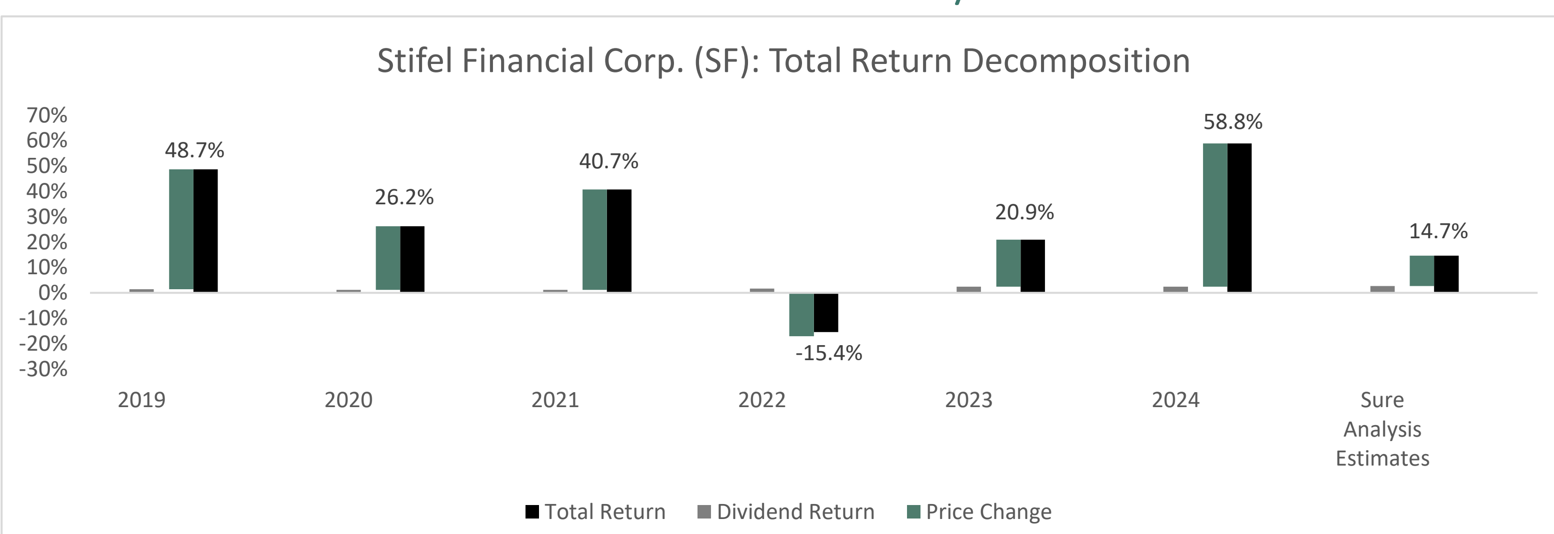
The company is also financially sound. SF's Tier 1 risk-based capital ratio of 17.6% was a modest improvement over the 17.3% figure recorded in Q1 2024. This earns SF respective credit ratings of BBB and BBB+ from S&P and Fitch and both agencies assign stable ratings outlooks.

The company's dividend payout ratio is set to be in the mid-20 % range in 2025. That is also low enough to withstand the temporary downturns in non-GAAP diluted EPS that happen occasionally. This has SF positioned to build on its eight-year dividend growth streak in the coming years.

Final Thoughts & Recommendation

SF's 2.1% dividend yield, 10.0% annual non-GAAP diluted EPS prospects, and a 2.7% annual valuation multiple expansion potential could deliver 14.7% annual total returns over the medium term. The recent selloff in shares has made the stock much more attractive, so we're upgrading shares to a buy rating now.

Total Return Breakdown by Year



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.

Stifel Financial Corp. (SF)

Updated April 26th, 2025, by Kody Kester

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 & Equivalent	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.