Synchrony Financial (SYF)

Updated May 15th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$61	**5 Year CAGR Estimate:**	4.8%	**Market Cap:**	$23B
Fair Value Price:	$61	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	07/05/25[1]
% Fair Value:	100%	**5 Year Valuation Multiple Estimate:**	-0.1%	**Dividend Payment Date:**	07/15/25[2]
Dividend Yield:	2.0%	**5 Year Price Target**	$70	**Years Of Dividend Growth:**	4
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Synchrony Financial is a consumer financial services company. It operates through the following business units: Payment Solutions, Retail Credit, and CareCredit. Synchrony Financial offers private label credit cards, small-size business credit products, promotional financing for higher-priced consumer goods, promotional financing for healthcare procedures such as dental and vision, as well as a range of other services to its customers. The company is headquartered in Stamford, CT, and was founded in 2003.

Synchrony Financial reported its first quarter earnings results on April 29. The company managed to generate revenues of $3.7 billion during the quarter, which was down by 23% versus the previous year's quarter, which was in line with what was expected by the analyst community, mainly due to lower other income. The company experienced a purchase volume decline of 4% year over year, which was a slightly worse rate compared to the previous quarter.

Synchrony Financial generated earnings-per-share of $1.89 during the first quarter. Profits were down by 40% on a per-share basis versus the previous year's quarter, mainly due to the impact of outsized other income one year ago that did not happen during the most recent quarter. For the current year, Synchrony Financial expects net revenues of around $15.5 billion, while the analyst consensus estimate for the company's earnings-per-share stands at $7.60.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.65	$2.71	$2.61	$3.74	$4.29	$2.28	$6.86	$6.10	$5.33	$6.58	***$7.60***	***$8.81***
DPS	---	$0.26	$0.56	$0.72	$0.86	$0.88	$0.88	$0.92	$0.96	$1.00	***$1.20***	***$1.46***
Shares[3]	834	834	771	719	662	584	525	440	421	421	***400***	***350***

Synchrony Financial was founded in 2003, but the company's initial public offering was in 2014, which is why there is no Great Recession data available for the company. Over the last decade Synchrony Financial grew its earnings-per-share by around 10% a year, although growth was uneven over the years, with the company experiencing some ups and downs as the macro picture impacts profitability to a significant degree.

Synchrony Financial has broadened its cooperation by adding new vendors in the past, which includes companies such as Amazon and several airlines. Adding new cooperation partners could potentially result in growing active accounts, although growth hasn't been strong in the recent past. Purchase volumes and loan balances should grow in the long term, however, which is the basis for rising transaction fees and further growth for Synchrony Financial's net interest income. The coronavirus crisis hit the company's bottom line to a significant degree in 2020, but Synchrony Financial nevertheless remained profitable in that year. Synchrony made a strong recovery from the pandemic impact in the following years. We believe that Synchrony Financial should be able to grow its earnings-per-share in the long run, although likely at a slower pace compared to the last decade. Investors should also keep in mind that we will likely continue to see ups and downs in the company's profits on a year-over-year basis.

[1] Estimated date
[2] Estimated date
[3] In Millions

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.

Synchrony Financial (SYF)

Updated May 15th, 2025 by Jonathan Weber

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	12.0	10.7	12.4	8.7	8.4	14.9	6.7	5.4	7.1	9.9	***8.0***	***8.0***
Avg. Yld.	---	0.9%	1.7%	2.2%	2.4%	2.6%	1.9%	2.8%	2.6%	1.5%	***2.0%***	***2.1%***

Synchrony Financial has been valued at a price to earnings ratio of roughly 10 throughout the first couple of years since its IPO. More recently, shares traded at a lower valuation. Based on our adjusted earnings-per-share estimate of $7.60 for 2025, the earnings multiple stands at 8 right now. We believe that this represents fair value and do not forecast any multiple expansion or compression in the long run from here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	10%	21%	19%	20%	39%	13%	15%	18%	15%	***16%***	***17%***

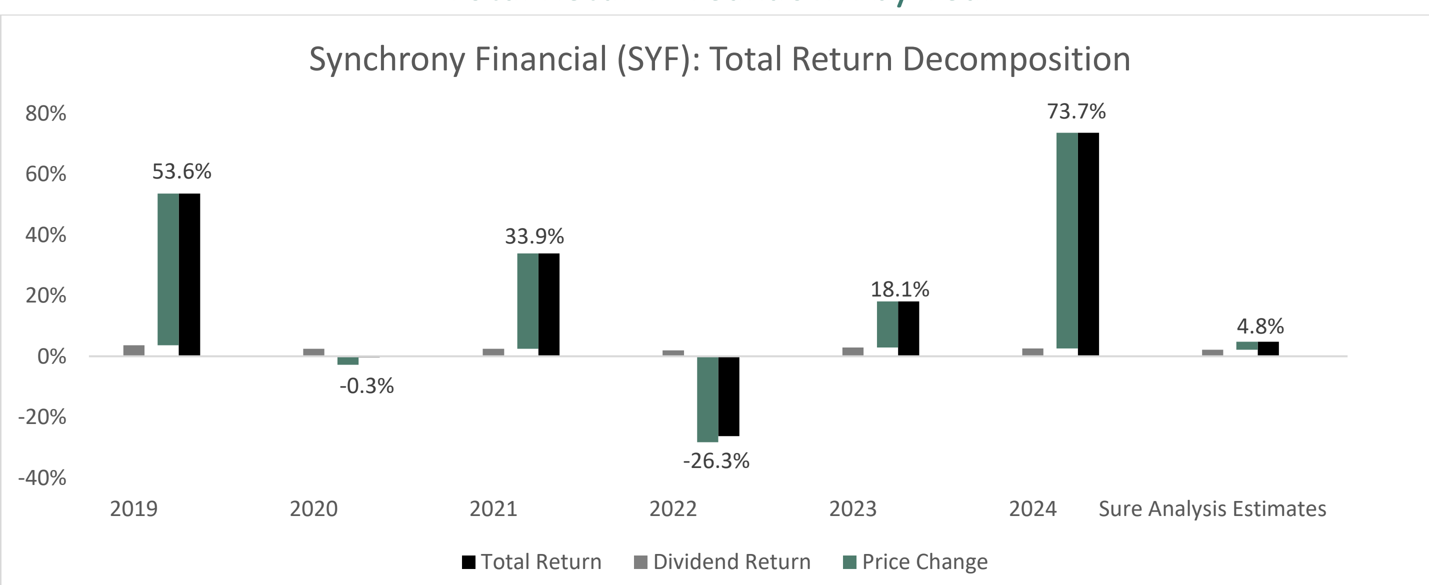
Synchrony Financial started to make dividend payments just a few years ago. Since then, the company has raised its dividend regularly and at a meaningful pace. Yet, Synchrony Financial's dividend payout ratio is still relatively low. We do not know whether Synchrony Financial will maintain its dividend during every recession, as the company's track record does not date back to the last financial crisis. During the pandemic, the company maintained its dividend.

Synchrony Financial is not the largest credit card company in the world; it has significantly larger peers, such as American Express. The market is large enough for many companies to operate profitably, though, which is why Synchrony Financial's relatively small size is not necessarily a large disadvantage. During and following the current recession, Synchrony Financial should see a larger-than-normal amount of credit losses, but the company remained profitable in 2020. As this crisis is passing, profitability should recover as things revert back to normal.

Final Thoughts & Recommendation

Synchrony Financial is one of the smaller credit card players. Synchrony's earnings in 2024 were below the peak level seen in 2021, but Synchrony could see its earnings-per-share climb to a new record this year. The long-term growth outlook is not too bad thanks to a solid pace of buybacks, we believe, and shares are trading at fair value right now. Based on our expectations, we rate shares a hold, as the total return outlook is solid but not great right 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.

Synchrony Financial (SYF)

Updated May 15th, 2025 by Jonathan Weber

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9747	10972	12367	13284	13312	11162	10192	11674	13627	16125
SG&A Exp.	1475	1621	1802	1955	2004	1828	1987	2168	2368	2396
D&A Exp.	174	219	254	302	367	383	390	419	458	
Net Profit	2214	2251	1935	2790	3747	1385	4221	3016	2238	3499
Net Margin	22.7%	20.5%	15.6%	21.0%	28.1%	12.4%	41.4%	25.8%	16.4%	21.7%
Free Cash Flow	6184	6511	8575	9342	8990	7487	7099	6694	8593	
Income Tax	1317	1319	1389	854	1140	412	1282	946	666	1054

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	83990	90207	95808	106792	104826	95948	95748	104564	117479	119463
Cash & Equivalents	12325	9321	11602	9396	12147	11524	8337	10294	14259	14711
Goodwill & Int. Ass.	1650	1661	1740	2161	2343	2203	2273	1847	1833	2128
Total Liabilities	71386	76011	81574	92114	89738	83247	82093	91691	103576	102883
Long-Term Debt	24279	20147	20799	23996	19866	15775	14507	14191	15982	15462
Shareholder's Equity	12604	14196	14234	14678	14354	11967	12921	12139	13169	15358
LTD/E Ratio	1.93	1.42	1.46	1.63	1.32	1.24	1.06	1.10	1.15	0.93

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.8%	2.6%	2.1%	2.8%	3.5%	1.4%	4.4%	3.0%	2.0%	3.0%
Return on Equity	19.2%	16.8%	13.6%	19.3%	25.2%	10.0%	32.0%	22.7%	16.7%	23.0%
ROIC	5.9%	6.3%	5.6%	7.6%	10.2%	4.4%	14.9%	10.9%	7.9%	11.3%
Shares Out.	834	834	771	719	662	584	525	440	421	421
Revenue/Share	11.67	13.20	15.46	17.79	19.77	18.89	17.90	24.15	32.18	40.25
FCF/Share	7.40	7.83	10.72	12.51	13.35	12.67	12.47	13.85	20.29	

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.