Barclays PLC (BCS)

Published September 3rd, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$20	**5 Year CAGR Estimate:**	7.1%	**Market Cap:**	$70 B
Fair Value Price:	$20	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	8/8/25
% Fair Value:	99%	**5 Year Valuation Multiple Estimate:**	0.2%	**Dividend Payment Date:**	9/16/25
Dividend Yield:	2.2%	**5 Year Price Target**	$26	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

Barclays PLC provides a wide range of financial services in the United Kingdom, Europe, the Americas, Africa, the Middle East, and Asia. The company operates through Barclays UK (retail banking division); Barclays UK Corporate Bank (corporate banking division); Barclays Wealth Management; Barclays Investment Bank; and Barclays US Consumer Bank (a global leading card issuer) segments. The two major segments are Barclays UK and Barclays Investment Bank, which generate approximately 44% and 47%, respectively, of total earnings. The company was founded in 1690 and trades with a market capitalization of $70 billion. It is based in London, UK.

In late July, Barclays reported (7/29/25) financial results for the second quarter of fiscal 2025. The bank achieved a return on tangible equity of 12.3%. Net interest income grew 11% over the prior year's quarter. Barclays UK grew its income 10%, partly thanks to the acquisition of Tesco Bank. Barclays Investment Bank grew its income 10%, assisted by the rally of global markets. As a result, the pre-tax profit of the bank grew 28%. Barclays posted a healthy Tier 1 capital ratio of 14.0%. It also provided solid guidance, expecting a return on tangible equity of approximately 11% in 2025 and more than 12% in 2026. Management also expects to maintain a fixed annual amount of dividends in the upcoming years and provide growth of dividend per share via material share repurchases. As the bank exhibits strong business momentum in all its segments, we expect 10-year high earnings-per-share of $2.35 this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.14	$0.56	-$0.58	$0.49	$0.73	$0.44	$2.01	$1.47	$1.35	$1.75	***$2.35***	***$3.00***
DPS	$0.33	$0.25	$0.15	$0.24	$0.36	---	$0.17	$0.31	$0.38	$0.42	***$0.44***	***$0.51***
Shares[1]	17.1	17.0	17.3	17.4	17.5	17.7	17.4	16.9	15.1	14.4	***14.0***	***12.0***

Barclays has a history of more than three centuries; this bodes well for the business model of the bank. On the other hand, as shown in the above chart, the company has exhibited a more volatile performance record than a typical bank. One of the reasons behind the choppy performance was Brexit, i.e., the exit of the United Kingdom from the European Union. Brexit was the primary reason behind the losses reported by Barclays in 2017.

Even in recent years, Barclays has failed to show consistent growth. In the last three years, the bank has grown its tangible net asset value per share by 7% per year on average but it has not grown its earnings per share, despite the tailwind from share repurchases. However, the bank is now focused on its two most promising segments, namely Barclays UK and Barclays Investment Bank. Thanks to positive momentum and outlook in these two segments, we expect 5% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	17.0	---	20.8	11.1	14.3	4.9	5.6	5.7	6.2	***8.5***	***8.6***
Avg. Yld.	2.1%	2.6%	1.4%	2.4%	4.4%	---	1.7%	3.7%	4.9%	3.9%	***2.2%***	***2.0%***

[1] In billions.

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Due to its volatile performance record, Barclays has been trading at remarkably low price-to-earnings ratios over the last four years. The stock is currently trading at price-to-earnings ratio of 8.5, which is slightly lower than the 6-year average earnings multiple of 8.6 of the stock. We expect the stock to trade close to its historical valuation in five years. In such a case, the stock will enjoy a modest 0.2% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	236%	45%	---	49%	49%	0%	8%	21%	28%	24%	*19%*	*17%*

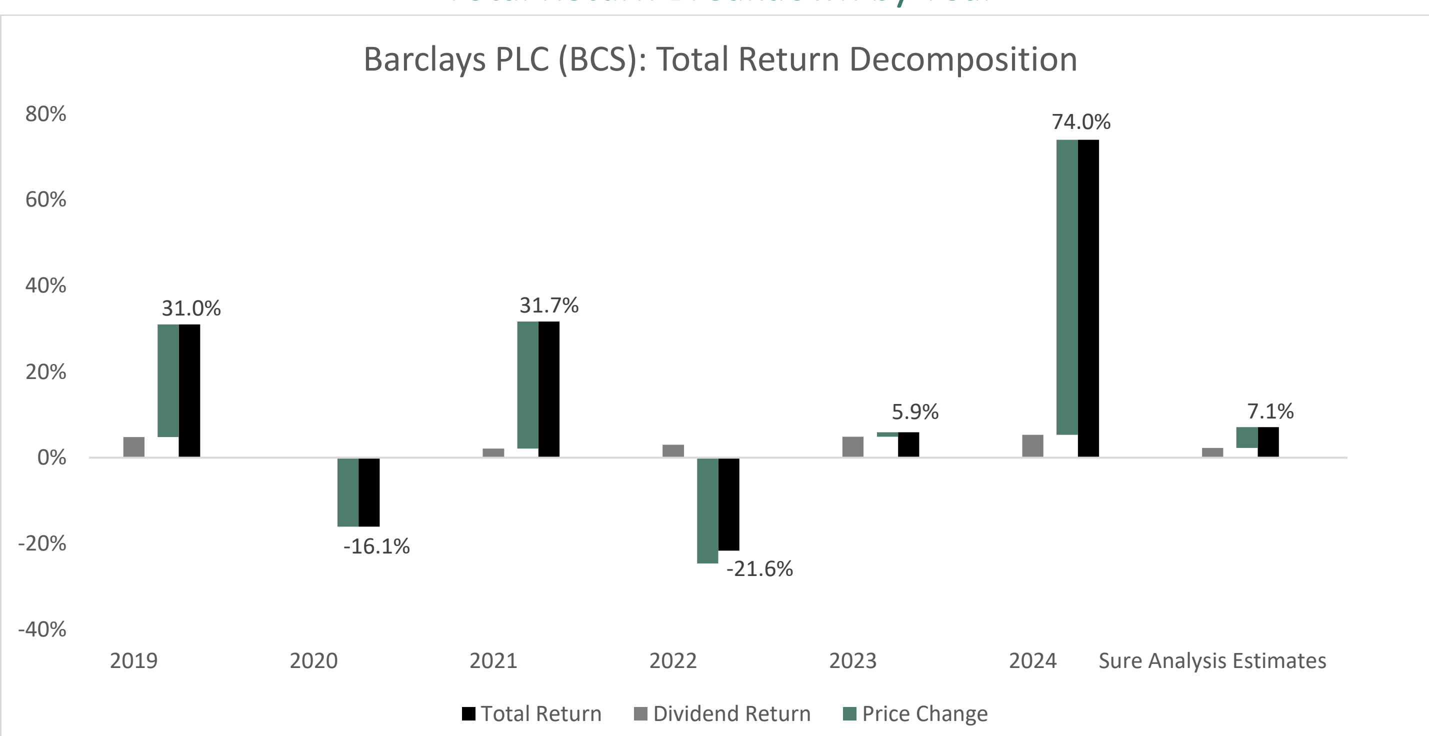
Barclays faces competition from several major financial institutions, such as HSBC Holdings, Lloyds Banking Group and Deutsche Bank. In addition, Barclays has proved vulnerable to recessions and downturns in its business. It incurred losses in 2017 due to the exit of the UK from the European Union and saw its earnings-per-share plunge -40% in 2020 due to the coronavirus crisis. Moreover, as the profit of the Investment Banking division is highly sensitive to the status of financial global markets, the stock is highly vulnerable to bear markets and sell-offs of financial markets. Therefore, the stock is suitable only for investors who can tolerate stock price pressure and volatility during downturns.

On the bright side, Barclays has a healthy Tier 1 capital ratio of 14.0%. It has also recovered from every financial crisis, except for the Great Recession, which caused irreversible losses to the shareholders of the bank. 17 years after that crisis, the stock is still trading 64% lower than its pre-crisis all-time high.

Final Thoughts & Recommendation

Barclays has exhibited volatile business performance but its current business momentum is strong across all segments, primarily thanks to the ongoing rally in global financial markets and the excessive liquidity with which most central banks have flooded the global financial system. Barclays could offer a 7.1% average annual return over the next five years thanks to 5.0% growth of earnings-per-share, a 2.2% dividend and the potential for a 0.2% annualized valuation tailwind. The stock receives 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	40432	35925	34512	38267	38327	35401	37564	45073	63813	70563
SG&A Exp.	4211	3024	5890	7527	7878	4540	11987	10766	8659	9927
D&A Exp.	10.4%	8.4%	17.1%	19.7%	20.6%	12.8%	31.9%	23.9%	13.6%	14.1%
Net Profit	(425)	2574	1077	2441	3242	2057	8598	6243	5392	6855
Net Margin	-1.1%	7.2%	3.1%	6.4%	8.5%	5.8%	22.9%	13.9%	8.5%	9.7%
Free Cash Flow	277	-23981	6021	-3081	-2120	11975	18404	-19415	11483	-11227
Income Tax	1755	1340	2885	1215	1280	775	1565	1280	1534	2239

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	1651	1499	1533	1443	1511	1845	1875	1821	1884	1901
Cash & Equivalents	74759	128285	335820	323865	309348	399825	448480	443808	425175	413326
Acc. Receivable	12118	9547	10618	10154	10756	10865	10918	9911	9936	10364
Goodwill & Int.	1562	1419	1456	1374	1438	1769	1797	1753	1809	1826
Total Liab ($B)	1493	786	603	353	282	120	274	102	113	124
Long-Term Debt	247670	214698	214535	184981	181329	186274	232116	223541	226433	213185
Total Equity	80335	72192	74353	67404	70951	74670	76923	66169	73868	74826
LTD/E Ratio	3.08	2.97	2.89	2.74	2.56	2.49	3.02	3.38	3.07	2.85

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.0%	0.2%	0.1%	0.2%	0.2%	0.1%	0.5%	0.3%	0.3%	0.4%
Return on Equity	-0.5%	3.0%	1.4%	3.3%	4.6%	2.8%	11.1%	8.6%	7.6%	9.1%
ROIC	-0.1%	0.8%	0.4%	0.9%	1.3%	0.8%	3.0%	2.1%	1.8%	2.3%
Shares Out.	17.1	17.0	17.3	17.4	17.5	17.7	17.4	16.9	15.1	14.4
Revenue/Share	9.48	8.43	8.12	8.81	8.77	8.01	8.63	10.69	16.06	18.48
FCF/Share	0.06	(5.63)	1.42	(0.71)	(0.49)	2.71	4.23	(4.60)	2.89	(2.94)

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