Booz Allen Hamilton Holding Corp. (BAH)

Updated November 9th, 2025 by Prakash Kolli

Key Metrics

Current Price:	$87	**5 Year CAGR Estimate:**	13.0%	**Market Cap:**	$10.61B
Fair Value Price:	$111	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	11/14/25
% Fair Value:	79%	**5 Year Valuation Multiple Estimate:**	4.9%	**Dividend Payment Date:**	12/02/25
Dividend Yield:	2.5%	**5 Year Price Target**	$149	**Years Of Dividend Growth:**	13
Dividend Risk Score:	C	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Booz Allen Hamilton Holding Corporation traces its roots to 1914. The company had an IPO on November 10, 2010. Booz is a leading provider of professional management and technology consulting services to the U.S. Government. Technology consulting services include information technology, cybersecurity, cloud computing, and engineering services. The company basically provides staffing to U.S. Government clients. About 97% of revenue is derived from contracts where the U.S. Government is the end client. Revenue was approximately 50% defense, 35% civil, and 16% intelligence in FY25. The company had $11.98B in revenue in FY25.

Booz reported results for Q2 FY 2026 on October 24th, 2025. Revenue decreased 8.1% to $2,890M from $3,146M, while adjusted diluted earnings per share declined 17.7% to $1.49 from $1.81 on a year-over-year basis. Booz decreased headcount to 32,500 in the quarter from 35,800 in the prior year. Client staff headcount decreased to 29,600 from 32,700 in the prior year. Greater head count drives revenue for the company. Contract type mix for the quarter varied as cost-reimbursable contracts was 59%, time-and-materials was 22%, and fixed-price was 19%. The firm national security business is growing, but the civil business is experiencing a delayed recovery.

Booz continues to win contracts, and the backlog is at a record of ~$40.2B of which $5,440M was funded, $10,668M was unfunded, and $24,080M was priced options. The book-to-bill ratio was 1.7X in the quarter.

Booz reduced guidance to (4.0% - 6.0%) revenue decrease and $5.45 to $5.65 adjusted diluted EPS.

Growth on a Per-Share Basis

Year[1]	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.94	$1.67	$2.03	$2.91	$3.41	$4.37	$4.21	$4.56	$5.50	$6.35	***$5.55***	***$7.43***
DPS	$0.52	$0.60	$0.68	$0.76	$0.96	$1.24	$1.48	$1.88	$1.92	$2.12	***$2.20***	***$2.68***
Shares[2]	148.9	143.5	140.0	138.7	136.3	132.6	132.2	130.8	129.7	128.3	***127.0***	***119.6***

The EPS history for Booz Allen Hamilton's short operating history as a public company has been volatile. But until several years ago the federal budget environment was unstable. However, Booz exhibited an upward trend in EPS from fiscal 2016 until 2021. Earnings began to grow again in 2023. However, the federal government's budget priorities have changed, and it is cutting personnel. We expect growth to slow and competition to increase. We are now forecasting on average a 6% annual growth rate for EPS out to FY 2031. This will be driven by client demand for the company's services, around 1%+ decrease in share count annually, and tuck-in acquisitions. A downside risk is poor billing practices and significant uncertainty with the new administration's budget and priorities that can lead to contract losses.

The company consistently repurchases shares each year but at the expense of more debt. Booz has reliably increased the dividend at a double-digit rate since FY 2012. However, we previously lowered our forecast to a 4% average annual growth rate in dividend per share out to FY 2031 because the payout ratio has risen, leverage is elevated, and growth will likely slow.

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[1] BAH's fiscal year ends on the last day of March, and all the tables are in fiscal year.

[2] Share count in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.2	17.9	17.3	20.3	20.9	20.0	23.9	22.1	23.4	17.0	***15.8***	***20.0***
Avg. Yld.	1.9%	1.7%	1.5%	1.7%	1.6%	1.8%	1.5%	1.9%	1.6%	2.0%	***2.5%***	***1.8%***

Booz Allen Hamilton's stock price is down appreciably since our last report on missing estimates and a weaker outlook. Our fair value estimate is 20X, near the 10-year average. We set our FY 2026 earnings estimate to near the mid-point of lowered guidance. Our fair value estimate is $111. Our 5-year price target is $149.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	27%	36%	33%	26%	28%	28%	35%	41%	35%	33%	***40%***	***36%***

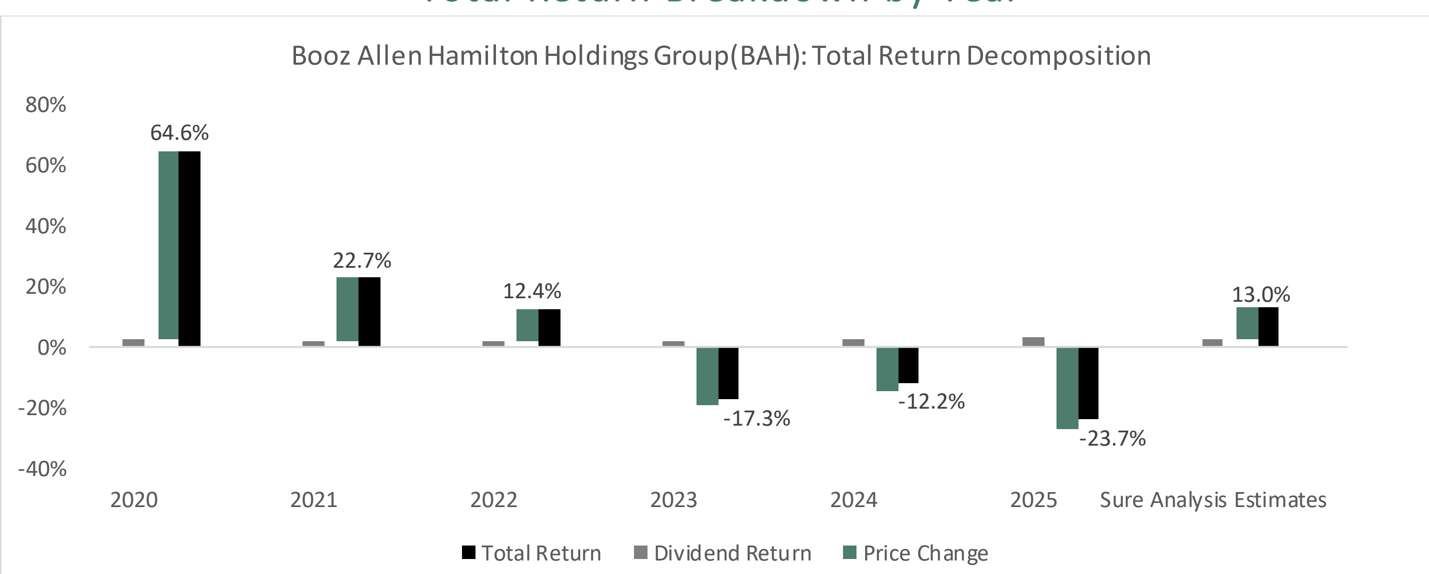
Booz Allen Hamilton is one of the largest prime services contractors for the U.S. Government. The company's competitive advantages include its scale, long-term history, technical depth, first mover advantage with many clients, and historical knowledge of many consulting projects. This is evident in the ~90% win rate for recompete contracts and ~61% win rate for new contracts. This provides some degree of recession resistance. But saying that, the company is not immune to economic downturns or slowdowns in federal government spending. Events such as changes in administration or party control of Congress can affect the federal budget and impact Booz' top and bottom lines.

The company has $83M in current long-term debt and $3,877M in long-term debt offset by $816M in cash and equivalents at end of the quarter. The leverage ratio is rising and is now ~2.43X and interest coverage is ~6.45X.

Final Thoughts & Recommendation

At present we are forecasting on average a 13.0% annualized total return through FY 2031 from a dividend yield of 2.5%, 6.0% EPS growth, and 4.9% P/E multiple expansion. The current administration has caused a significant shift in budget priorities and the government services contracting environment. Next, the government shutdown will probably affect the top and bottom lines. Also, competition is strong, leverage is high, and interest expense is trending up. The firm is restructuring and making targeted costs and head-count reductions to match demand. BAH maintains its hold rating.

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.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5406	5406	5809	6168	6704	7464	7859	8364	9259	10662
Gross Profit	2826	2826	3131	3301	3604	4085	4201	4464	4954	5741
Gross Margin	52.3%	52.3%	53.9%	53.5%	53.8%	54.7%	53.5%	53.4%	53.5%	53.8%
SG&A Exp.	2320	2320	2565	2717	2933	3334	336	3633	4342	1281
D&A Exp.	62	62	60	65	69	81	84	146	165	164
Operating Profit	445	445	506	520	602	669	754	685	447	1013
Operating Margin	8.2%	8.2%	8.7%	8.4%	9.0%	9.0%	9.6%	8.2%	4.8%	9.5%
Net Profit	294	294	261	302	419	483	609	466	272	606
Net Margin	5.4%	5.4%	4.5%	4.9%	6.2%	6.5%	7.7%	5.6%	2.9%	5.7%
Free Cash Flow	183	183	328	291	405	423	631	657	527	192
Income Tax	85	85	165	128	97	97	54	137	97	248

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3010	3010	3373	3607	3832	4794	5500	6026	6551	6564
Cash & Equivalents	188	188	217	287	284	742	991	696	405	554
Accounts Receivable	309	309	341	395	495	475	375	465	552	700
Goodwill & Int. Ass.	1583	1583	1843	1860	1868	1882	1888	2669	3024	2945
Total Liabilities	2602	2602	2800	3044	3156	3938	4428	4979	5559	5517
Accounts Payable	247	247	269	340	418	433	372	540	598	653
Long-Term Debt	1597	1597	1663	1819	1760	2186	2357	2800	2812	3412
Shareholder's Equity	408	408	574	562	675	856	1071	1046	992	1047
LTD/E Ratio	3.91	3.91	2.90	3.23	2.61	2.55	2.20	2.68	2.83	3.26

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	10.0%	10.0%	8.2%	8.6%	11.3%	11.2%	11.2%	8.1%	4.3%	9.2%
Return on Equity	98.9%	98.9%	53.1%	53.1%	67.6%	63.0%	63.2%	44.1%	26.7%	59.4%
ROIC	15.5%	15.5%	12.3%	13.1%	17.4%	17.6%	17.6%	12.8%	7.1%	14.7%
Shares Out.	149.1	148.0	148.9	143.5	140.0	138.7	138.7	134.9	132.7	130.8
Revenue/Share	36.11	36.11	38.66	41.74	46.83	52.85	56.66	62.02	69.76	81.50
FCF/Share	1.22	1.22	2.19	1.97	2.83	3.00	4.55	4.87	3.97	1.47

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