Jack Henry & Associates (JKHY)

Updated November 14th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$164	**5 Year CAGR Estimate:**	8.9%	**Market Cap:**	$12B
Fair Value Price:	$161	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	01/29/26[1]
% Fair Value:	102%	**5 Year Valuation Multiple Estimate:**	-0.4%	**Dividend Payment Date:**	02/18/26[2]
Dividend Yield:	1.4%	**5 Year Price Target**	$237	**Years Of Dividend Growth:**	35
Dividend Risk Score:	A	**Sector:**	Information Technology	**Rating:**	Hold

Overview & Current Events

Jack Henry & Associates is a business software & services company that is headquartered in Missouri. It was founded in 1976. The company provides information technology services to the financial services industry, including to more than 1,300 banks as well as other companies, such as insurance corporations.

Jack Henry & Associates reported its fiscal first quarter earnings results on November 4. The company generated revenues of $645 million during the quarter, which was 7% more than the revenues that Jack Henry & Associates generated during the previous year's quarter. Revenues were up by 9% on an adjusted basis, which was up sequentially. The company was able to increase the revenues for its services and support unit by 6%, which was a lower growth rate compared to the previous quarter. Meanwhile, its processing business saw growth of 10%, with that segment's growth rate remaining accelerating from one quarter earlier.

Jack Henry earned $1.97 on a per-share basis during the first quarter, beating estimates easily. Management updated its guidance for fiscal 2026, calling for adjusted revenue to come in between $2.465 billion and $2.488 billion, which indicates solid growth of roughly 5%. Earnings-per-share are forecasted to come in at around $6.38 to $6.49 in fiscal 2026. This indicates that earnings-per-share will grow by around 3% this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.12	$3.14	$3.65	$3.52	$3.86	$4.12	$4.94	$5.02	$5.23	$6.24	***$6.44***	***$9.46***
DPS	$1.06	$1.18	$1.36	$1.54	$1.72	$1.78	$1.96	$2.08	$2.20	$2.26	***$2.32***	***$3.57***
Shares[3]	79	77	77	77	77	75	74	73	73	73	***73***	***72***

Jack Henry & Associates has a compelling earnings-per-share growth track record. Over the last decade, Jack Henry & Associates' earnings-per-share grew, on average, by 8% per year. Earnings growth has been relatively reliable in the past, as Jack Henry & Associates' earnings-per-share grew during almost every year over the last decade, even during the pandemic, with just one minor profit pullback between 2018 and 2019.

In the past, profit growth has been driven by rising revenues to a large degree, while the company was also able to grow its margins to some extent over the years. Margin growth was made possible by the fact that Jack Henry & Associates benefits from solid operating leverage. Due to a relatively high portion of fixed costs, revenue increases allowed for margin expansion during most years.

In the long run, the company should continue to benefit from operating leverage, which is why we believe that there is a good chance that profits will grow faster than revenues. Jack Henry's industry keeps growing, thus the revenue growth outlook is positive, even if there are no market share gains. Between revenue growth, some margin growth potential, and buybacks, Jack Henry should be able to grow its earnings-per-share at a high single-digit rate, we believe.

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[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.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	24.8	29.1	43.8	37.1	47.7	40.1	37.2	33.1	31.2	29.2	***25.5***	***25.0***
Avg. Yld.	1.4%	1.3%	0.9%	1.2%	0.9%	1.1%	1.1%	1.3%	1.3%	1.2%	***1.4%***	***1.5%***

Jack Henry & Associates is a high-quality growth company. Shares have never traded at a low valuation over the last decade, as investors always were willing to pay a premium valuation for Jack Henry. The company currently is valued with an earnings multiple of around 25, which we deem justified. We do not believe that Jack Henry's valuation will move much over the next couple of years, thus there won't be a major total return impact.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	34%	38%	37%	44%	45%	43%	40%	41%	42%	36%	***36%***	***38%***

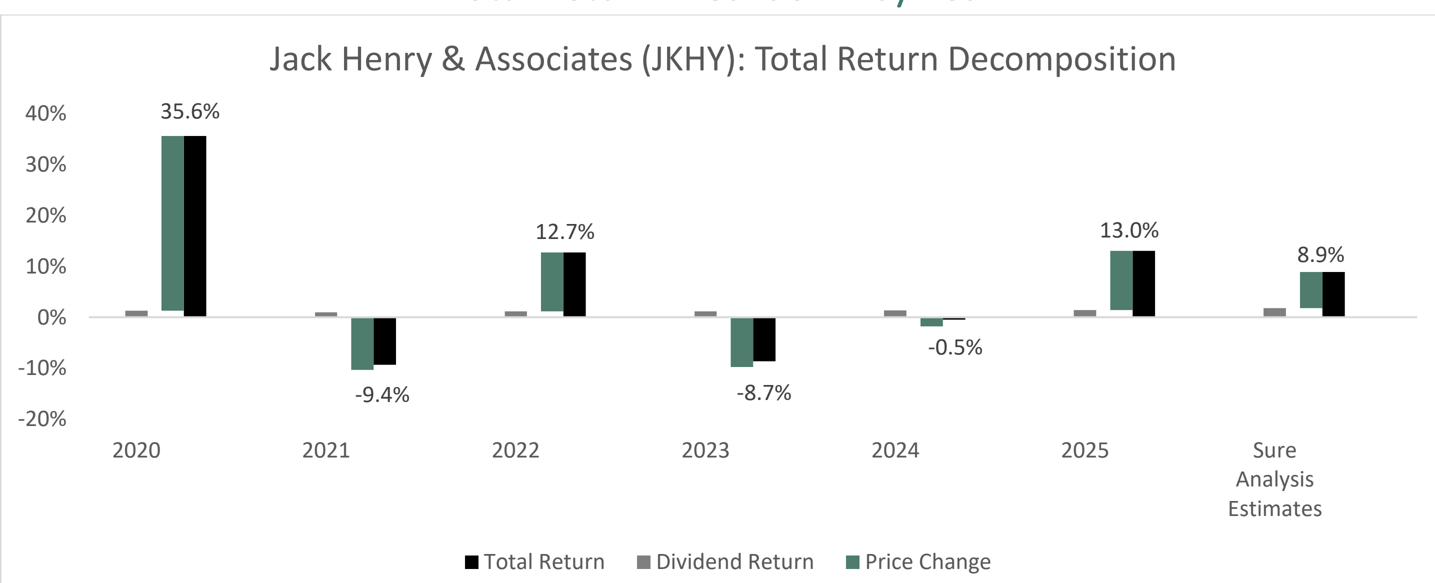
Jack Henry & Associates has raised its dividend at a compelling pace over the last decade, which was not primarily a result of an increase in the company's dividend payout ratio, but rather driven by earnings growth primarily. Jack Henry & Associates pays out roughly 40% of its net profits, which is why the dividend looks quite safe. It is likely that Jack Henry & Associates will be able to raise its dividend during recessions or economic downturns, as this is what the company did during the Great Recession, too.

Jack Henry & Associates has shown that it operates a recession-resistant business model. The company was able to generate earnings-per-share growth during every year through the Great Recession. Jack Henry & Associates' services have high switching costs from the customers' perspective, which creates sticky customers with high lifetime values. The positive growth outlook for the whole industry is why competitive pressures are not a huge problem.

Final Thoughts & Recommendation

Jack Henry & Associates is a high-quality business that generated attractive earnings and dividend growth in the past, which went hand in hand with appealing total returns for shareholders. The company's growth outlook over the coming years is robust as well, mainly due to industry tailwinds. Total returns are expected to come in at a very solid but not great level going forward, which is why we rate Jack Henry & Associates a hold for now.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,355	1,431	1,471	1,553	1,697	1,758	1,943	2,078	2,216	2,375
Gross Profit	581	612	618	630	689	695	814	859	919	1,015
Gross Margin	42.9%	42.8%	42.0%	40.6%	40.6%	39.5%	41.9%	41.3%	41.5%	42.7%
SG&A Exp.	158	163	172	186	198	187	218	235	278	283
D&A Exp.	130	140	152	161	172	176	178	191	200	205
Operating Profit	342	364	356	347	385	399	475	481	505	569
Operating Margin	25.3%	25.5%	24.2%	22.4%	22.7%	22.7%	24.4%	23.1%	22.8%	23.9%
Net Profit	249	246	365	272	297	311	363	367	382	456
Net Margin	18.4%	17.2%	24.8%	17.5%	17.5%	17.7%	18.7%	17.6%	17.2%	19.2%
Free Cash Flow	201	209	262	260	333	304	313	175	336	410
Income Tax	112	121	(9)	75	84	86	109	108	116	130

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,905	1,984	2,049	2,216	2,480	2,388	2,504	2,823	2,983	3,116
Cash & Equivalents	70	115	31	94	213	51	49	12	38	102
Accounts Receivable	254	277	311	332	323	329	373	388	367	354
Goodwill & Int. Ass.	915	927	1,092	1,118	1,152	1,164	1,193	1,456	1,476	1,490
Total Liabilities	909	952	726	787	930	1,069	1,123	1,215	1,140	985
Accounts Payable	15	7	30	10	10	18	21	19	25	28
Long-Term Debt	0	50	-	-	69	161	167	325	210	51
Shareholder's Equity	996	1,032	1,323	1,429	1,550	1,319	1,382	1,609	1,842	2,131
LTD/E Ratio	0.00	0.05	-	-	0.04	0.12	0.12	0.20	0.11	0.02

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	13.3%	12.6%	18.1%	12.7%	12.6%	12.8%	14.8%	13.8%	13.2%	14.9%
Return on Equity	25.0%	24.2%	31.0%	19.8%	19.9%	21.7%	26.9%	24.5%	22.1%	22.9%
ROIC	24.4%	23.7%	30.4%	19.8%	19.5%	20.1%	24.0%	21.1%	19.2%	21.5%
Shares Out.	79	77	77	77	77	75	74	73	73	73
Revenue/Share	16.99	18.29	18.96	20.07	22.06	23.24	26.44	28.42	30.34	32.52
FCF/Share	2.52	2.67	3.38	3.37	4.33	4.02	4.26	2.39	4.60	5.62

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

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