Midlincoln Research

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Company: S&P Global
Ticker: NYSE: SPGI
Rating: Overweight
12 m TP $541
Upside 10%
Analyst: Ovanes Oganisian

Metric	2025E / Current
Last Price	~$480–$500
EPS 2025E	$17.6–$17.9
EPS Growth YoY	+6% to +8%
P/E 2025E	~30.0x
Market Capitalisation	~$155–165B
Risk-Free Rate (US 10Y)	~4.3–4.5%
US Equity Risk Premium	~6.0%
Cost of Debt (pre-tax)	~3.0–3.5% (SPGI-rated A)
Long-Term Growth (LTG)	5.0% (Positive scenario)
Beta Assumption	1
ROE 2025E	~15–17%
P/B 2025E	~3.4x (using book equity ≈ $48B)
Net Debt / Equity (book)	~0.36x

Information Technology/Financial Services
US

S&P Global — Creative Revenue Growth

S&P Global (**Rating: Overweight**) is a premium financial-infrastructure franchise with durable competitive advantages, diversified revenue streams, and exceptional cash-flow generation. Despite trading at elevated headline multiples, the company's strong historical CAGR, structural moats, and high-quality earnings profile support continued long-term outperformance.

From 2019 to 2024, S&P Global delivered a **revenue CAGR of ~15.8%**, driven by structural demand for data, analytics, passive investment products, and credit ratings. This high growth rate reflects the successful integration of IHS Markit, expansion of the S&P Dow Jones Indices franchise, and increased adoption of data and analytics solutions across financial institutions and corporates.

- **Dominant market position across mission-critical financial infrastructure**
  SPGI maintains leading shares in **credit ratings, indices, and analytics**, creating a unique ecosystem with high switching costs.
- **High-margin, recurring-revenue model across all major segments**
  Ratings, Indices, and Commodity Insights produce some of the highest margins in the industry (Indices ~70%), ensuring strong cash generation.
- **Robust structural growth drivers (2019–2024 CAGR: 15.8%)**
  Growth is supported by:
  • sustained passive investing flows
  • rising global bond issuance
  • digitization of financial workflows
  • energy transition analytics
  • expansion in private markets data
- **Mobility spin-off expected to unlock value and sharpen strategic focus**
  The $12B estimated stand-alone value crystallizes the automotive analytics franchise and enhances the quality of remaining SPGI earnings.
- **Target Price (12-month): $541**
- **(Based on Positive DCF scenario: WACC 7-8%, LTG 4-5%)**

Executive Summary

S&P Global Inc. is a diversified financial-services company offering essential intelligence to global markets. It operates across six business units:

- **S&P Global Ratings**: Provides credit ratings and research.
- **S&P Global Market Intelligence**: Offers data and analytics.
- **S&P Dow Jones Indices**: Creates and maintains benchmarks and indices.
- **S&P Global Commodity Insights**: Delivers commodity-market intelligence.
- **S&P Global Mobility**: Focuses on automotive and mobility solutions.
- **S&P Global Engineering Solutions**: Provides engineering and design services.

The company has announced plans to spin off the Mobility segment into a standalone public company, which may unlock value and sharpen the focus on its core operations (Ratings, Market Intelligence, Indices, Commodity Insights).

Financial Performance

- In full-year 2024, revenue reached **$14.3 billion**, a 14% increase year-over-year.
- Adjusted operating profit in 2024 rose by ~21%.
- Adjusted EPS for 2024 was approximately **$13.50**, exceeding guidance by ~13%.
- The company repurchased 6.7 million shares in 2024, returning ~$3.3 billion to shareholders.
- For Q3 2025:
  - Revenue grew approximately **9% year-over-year**.
  - Adjusted diluted EPS increased about **22%** in Q3.
  - The adjusted operating margin expanded by ~330 basis points year-on-year to roughly **52.1%**.
  - Management raised full-year guidance: expecting revenue growth of **7–8%**, and adjusted EPS in the range **$17.60–$17.85**.

Business segments

Credit Ratings – S&P Global Ratings vs. Moody’s & Fitch (Updated 2024–2025)

Company	Advantages	S&P Global Edge (Updated)
S&P Global Ratings	• Largest share of global ratings on corporates, sovereigns, structured finance, and financial institutions. • Trusted brand with deep regulatory recognition across all major jurisdictions. • Broadest issuer coverage, especially in U.S. investment-grade and global structured credit. • Strong demand environment in 2024–2025 due to recovery in global bond issuance (refinancing wave + lower rate expectations).	• **Scale advantage:** Largest rating agency by revenue and rated issuance volume. • **Integrated ecosystem:** Unique synergy with S&P Market Intelligence data and S&P Dow Jones indices—enhances analytical depth and cross-selling. • **Technology investment:** AI-driven surveillance tools reduce costs, speed updates. • **Broadest product mix:** Includes ESG assessment products, Green Evaluation, and risk analytics integrated across businesses. • **Higher recurring surveillance revenue** than peers due to broader rated universe.
Moody’s	• Highly reputable global competitor and leader in corporate finance ratings. • Known for advanced analytics and risk-modeling (Moody’s Analytics). • Strong franchise in CMBS, CLOs, and corporate credit. • Balanced business split between Moody’s Investors Service (ratings) and Moody’s Analytics (data/analytics).	• Slightly smaller global footprint—S&P maintains broader sovereign and public finance coverage. • S&P’s integration with indices and commodity insights gives a **wider cross-market data advantage** Moody’s cannot replicate. • Moody’s has higher leverage (D/E ~1.8×), limiting flexibility compared to SPGI.
Fitch Ratings	• Strong presence in Europe, LatAm, and emerging markets. • Competitive in structured finance and project finance. • Often attracts issuers due to flexible service and competitive pricing.	• Smaller global market share (≈15%) vs. S&P + Moody’s combined (>75%). • Limited scale and analytics ecosystem—does not own index or data businesses comparable to S&P. • S&P benefits from **lower customer acquisition cost** thanks to bundled data/ratings relationships.

Latest Market & Industry Context (2024–2025)

Global Bond Issuance Surge:

- Driven by refinancing of 2020–2021 maturities and lower rate expectations.
- S&P has benefited disproportionately due to **leading market share in investment-grade and sovereign issuance**.

Regulatory Stability:

- No major adverse regulatory changes in EU or U.S. affecting S&P materially in 2024–2025.

- Increased transparency requirements favor **larger agencies with stronger compliance infrastructures** (advantage: S&P, Moody's).

Competitive Dynamics:

- Moody's remains S&P's closest competitor.
- Fitch continues gaining share in select niches (EM sovereigns, project finance), but remains smaller in scale.
- Chinese domestic agencies (e.g., China Chengxin) growing but remain regional.

S&P Global Ratings Still Has the Strongest Position

1. **Largest Global Market Share** (across sovereign, corporate, and structured finance).
2. **Deepest analytical bench**, leveraging cross-business data (MI, Indices, Commodity Insights).
3. **Recurring surveillance revenues** provide excellent earnings stability.
4. **High operating margins** (segment margin often >55%).
5. **Pro-cyclical upside:** Credit markets rebound boosts issuance and rating activity.

S&P Dow Jones Indices – Business Overview & Competitive Position (Updated 2024–2025)

Business Description

S&P Dow Jones Indices (SPDJI) is the **world's largest index provider**, responsible for some of the most widely followed benchmarks globally, including:

- **S&P 500**
- **Dow Jones Industrial Average**
- **S&P Global BMI / S&P Developed / Emerging indices**
- **S&P ESG Indices**
- **Sector and thematic indices (e.g., S&P Clean Energy, Dividend Aristocrats)**
- **Fixed income indices (S&P Global Fixed Income Index Series)**
- **Custom indices** for asset managers, insurers, and pension funds

SPDJI is majority-owned by S&P Global and operates as a joint venture with CME Group.

Revenue Model

The Index segment generates revenue from four main sources:

1. **ETF Licensing Fees**
    - Based on **Assets Under Management (AUM)** linked to S&P indices
    - Includes major ETFs like SPY, IVV, and VOO
    - Fee structure: typically 1–3 bps depending on product
2. **Passive Mutual Funds & Institutional Mandates**
    - Licensing for index-linked separate accounts

- Broad global client base with growing assets in passive strategies

3. **Data & Custom Index Solutions**
    - High-margin recurring revenue
    - Tailored indices for asset managers and insurers
4. **Derivative Licensing (Futures & Options)**
    - Primarily via **CME Group**
    - Includes S&P 500 futures, E-mini, Micro E-mini contracts
    - Revenue grows with market volumes and volatility

Financial Performance (2024–2025)

- **FY2024 Revenue:** ~*est.* $1.05–1.1B
- **Segment Operating Margin:** typically **70%+** → SPGI's highest-margin business
- **2024 ETF-linked AUM tied to S&P indices:** ~$6.0–6.5 trillion
- **2025 YTD trends:**
    - Higher futures trading volumes (supports CME licensing revenue)
    - ETF AUM benefited from U.S. equity market strength
    - Growth in thematic and ESG indices

SPDJI continues to outperform due to the **secular shift to passive investing** and the expansion of index-linked derivative markets.

Competitive Landscape – S&P Dow Jones Indices vs. MSCI & FTSE Russell

Company	Advantages	S&P Global Edge (Updated)
S&P Dow Jones Indices (SPDJI)	• Owns the most recognized equity benchmarks in the world (S&P 500, Dow Jones). • Largest share of ETF-linked AUM globally. • Unmatched presence in U.S. equities—the deepest and most liquid market. • Extremely high margins (≈70%).	• **Brand dominance:** S&P 500 is the world's most used benchmark for institutions and retail. • **Futures ecosystem:** CME partnership gives SPGI unmatched derivatives exposure. • **Scale advantage:** Largest AUM base tied to any index family. • **Data synergies:** Integrated with Market Intelligence, Ratings, and ESG data sources.
MSCI	• Dominant in international and emerging markets indices. • Strong ESG franchise. • High recurring revenue from index-linked ETFs and risk analytics.	• SPGI leads in U.S. equity benchmarks and derivatives; MSCI dominates EM. • SPDJI has larger AUM and broader benchmark influence.
FTSE Russell (LSEG)	• Strong global franchise with Russell 1000/2000 series. • Expertise in fixed income benchmarks (via FTSE). • Large ETF licensing base, particularly in small-cap U.S. equities.	• Russell 2000 is an important benchmark, but **S&P indices command greater institutional adoption and pricing power**. • SPGI and CME partnership offers unmatched liquidity depth in derivatives.

Recent Developments (2024–2025)

- **Record AUM** in S&P 500-linked ETFs due to strong U.S. equity markets and inflows to passive funds.
- Continued **launch of thematic and factor-based indices**, especially around AI, clean energy, and dividend strategies.
- Rising **volatility in 2025** increased CME futures volumes, boosting licensing fees.
- SPDJI strengthened ESG and climate index families in response to institutional demand.
- Growth in **custom indices** for insurers, pension funds, and sovereign wealth funds.

SPDJI Is a Critical Asset for SPGI

1. **Highest-margin business** (70%+ operating margin).
2. **Global benchmark dominance**—S&P 500 remains the most tracked index in the world.
3. **Structural tailwinds** from passive investing and derivatives adoption.
4. **Revenue scales with AUM and trading volumes**, creating natural earnings leverage.
5. **Strong recurring revenue**, predictable cash flows, and minimal capital intensity.

S&P Global Market Intelligence – Analytics Segment Overview & Competitive Position (2024–2025)

Business Description

S&P Global Market Intelligence (SPGMI) is one of the largest **financial data, analytics, and workflow solutions providers** in the world. It serves:

- Investment managers
- Banks and insurance companies
- Corporates and supply chain operators
- Private markets (PE/VC)
- Government and regulatory agencies

The segment consolidates data from across S&P, including **credit ratings, fundamental company data, macro/commodity insights, private markets data, ESG metrics, and market pricing**.

Key Product Lines

- **Capital IQ Pro (CIQ Pro)**
  Flagship platform combining financials, estimates, transcripts, filings, ratings, ESG, private markets data, and news.
- **S&P Global Marketplace**
  Data-distribution hub for datasets, APIs, and alternative data.
- **Risk & Compliance (KYC / AML / Basel / regulatory workflows)**
- **ESG solutions** (S&P Global Sustainable1 until early 2024 realignment)
- **Private Markets & Valuation Data** (built from IHS Markit + SNL + other acquisitions)
- **Visible Alpha (acquired 2024)**
  Enhances analyst-estimates, broker models, and consensus analytics capabilities.

Business Model Characteristics

- **High recurring revenue:** ~75–80% subscription-based
- **Long-term contracts and high retention** with financial institutions
- **Low churn, high switching costs**
- **Scalable data and technology platform** (mostly fixed-cost infrastructure)

Financial Performance (2024–2025)

- **2024 Revenue estimate:** ~$4.65B
- **Growth:** mid-to-high single digits (benefiting from Visible Alpha acquisition)
- **Operating margin:** ~45% (expanding through integration and platform efficiencies)
- **Q3 2025 Results:**
  - High-single-digit revenue growth
  - ~150bps margin expansion
  - Strong demand for CIQ Pro and Marketplace APIs
  - ESG demand stabilizing after 2023–2024 regulatory turbulence

Competitive Landscape – SPGMI vs. FactSet & MSCI (Analytics)

Company	Advantages	S&P Global Edge (Updated)
S&P Global Market Intelligence	• Broadest dataset in global finance: public, private, ratings, macro, commodities, supply chain, ESG. • CIQ Pro platform gaining traction vs legacy terminals. • Strong synergies across S&P franchises (Ratings, Indices, Commodity Insights). • Deep integration of text analytics, AI/ML tools, and workflow automation.	• **Unmatched data breadth** (no other competitor owns both ratings + indices + commodities + private markets datasets). • **Fast-growing API marketplace** (data distribution model of the future). • **Visible Alpha acquisition** bolsters competitive position against FactSet and Bloomberg for analyst estimates/modeling. • **Cross-selling advantage** to corporates, banks, regulators—FDS/MSCI mostly serve asset managers.
FactSet (FDS)	• Strong customer service reputation. • Highly integrated desktop terminal. • Deep presence in asset management workflows and portfolio analytics.	• More limited dataset breadth than SPGI. • SPGI has broader vertical reach (corporates, supply chain, commodities, credit). • FDS investments in alt-data and risk tools still lag SPGI in scale.
MSCI (Analytics)	• Leader in risk models (Barra) and factor analytics. • Best-in-class ESG datasets and climate models. • Strong penetration in index-linked risk reporting.	• SPGI has broader non-investment datasets (supply chain, macro, private markets). • MSCI's analytics business is strong but narrow; SPGI offers "full-stack" data+analytics+workflow.
Bloomberg (private)	• Dominant terminal footprint. • Best intraday market data. • Strong fixed income pricing.	• SPGI competes effectively on **fundamental data, ratings, research, private markets, and ESG**—areas where Bloomberg is weaker. • SPGI outperforms on depth of corporate/industry data and structured datasets for machine learning use cases.

Recent Developments (2024–2025)

1. Visible Alpha Acquisition (2024)

- Strengthens analyst models, consensus estimates, granular forecast data.
- Creates a serious competitor to Bloomberg’s fundamental-data dominance.

2. AI and Automation

- SPGI deploying **GenAI-powered analytics** on the CIQ Pro platform.
- Automated surveillance tools shared with Ratings enhance cost efficiency.

3. ESG Consolidation

- ESG business integrated into Ratings, Market Intelligence, and Indices after 2023 realignment.
- Demand stabilizing after global regulatory scrutiny; corporates adopting more robust reporting standards (ISSB, EU CSRD).

4. Regulatory & Risk Workflow Growth

- Basel IV, AML/KYC requirements, and bank stress-testing drive demand.

Analytics Segment Is a Strategic Asset for SPGI

1. **Second-largest revenue segment** (~$4.6–4.7B).
2. **High recurring revenue** and strong retention.
3. **Massive data ecosystem** (credit + financials + supply chain + macro + commodities + private markets).
4. **Terminal/desktop migration tailwinds**—clients moving away from expensive legacy terminals.
5. **Superior operational leverage** — once built, data scales with minimal marginal cost.
6. **Key growth engine** for SPGI, supporting Ratings, Indices, and Commodity Insights.

S&P Global Commodity Insights – Segment Overview (Standalone Sector)

Business Description

S&P Global Commodity Insights (CI) is one of the world's most important providers of **energy, commodities, and raw materials pricing, analytics, and market intelligence**. It is the direct successor to **Platts**, a market-defining brand known across global energy markets.

The segment's customers include:

- Energy producers (oil, gas, LNG)
- Metals & mining companies
- Commodity traders
- Utilities & refiners
- Shipping companies
- Governments & regulators
- Financial institutions (banks, hedge funds, commodity ETFs)
- Industrial corporates & OEM supply-chain teams

Core Product Areas

Commodity Insights operates across several major verticals:

1. Benchmark Price Assessments

CI provides **daily benchmark prices** across:

- Crude oil (e.g., Dated Brent, Dubai benchmarks)
- Refined products (gasoline, diesel, jet fuel)
- Natural gas & LNG
- Coal & power markets
- Agriculture
- Petrochemicals
- Metals (copper, aluminum, steel, EV battery metals)

These price assessments are used for:

- Physical trading
- Derivatives contracts
- Commercial contracts & long-term supply agreements
- Risk management and hedging

Price assessments are the economic engine of the segment — they carry extremely high margins and are embedded in market infrastructure.

2. Market Data & Analytics

Includes:

- Supply & demand projections
- Production forecasts
- Cost curves
- Shipping analytics
- Weather & geopolitics impact models
- ESG and emissions models (GHG intensity, methane, flaring)

3. Upstream, Midstream, and Downstream Insights

Analytical tools covering:

- Exploration & production economics
- Refining capacity modeling
- LNG liquefaction/ regasification forecasts
- Pipeline flows and trade flows

4. Energy Transition & ESG Data

Supporting decarbonization strategies through:

- Carbon pricing benchmarks
- Hydrogen price assessments
- Renewable power market forecasts
- Battery raw materials data (lithium, nickel, cobalt)

This segment is a leader in emerging energy transition analytics.

Financial Profile for Analytics (2024–2025)

2024 Estimated Revenue

~$1.6B
This represents ~11% of SPGI's consolidated revenue.

Growth

- Mid-single-digit growth (3–6% range)
- Driven by strength in LNG, power markets, metals, and energy transition datasets

Operating Margin

- Historically around **40–45%**, making it one of SPGI's strong-margin businesses (slightly below Indices but above Market Intelligence).

Revenue Characteristics

- **High recurring revenue**, with subscription-based data products
- Heavy reliance on **mission-critical daily pricing** — essential for global energy markets
- Low churn due to market dependency on established price benchmarks

Competitive Landscape

Competitor	Strengths	SPGI Commodity Insights Advantage
Argus Media	Strong in oil, refined products, and freight markets; independent brand trusted in physical trading.	SPGI's broader product mix (power, LNG, metals) and deeper integration with SPGI data ecosystem.
IHS Markit Energy (pre-merger)	Technology-heavy, strong upstream analytics.	Fully integrated into SPGI after 2022 merger, strengthening forecasting & modeling.
Wood Mackenzie	Strong in upstream and energy transition modeling.	SPGI has better pricing benchmarks + more diversified dataset.
Bloomberg / Refinitiv	Real-time data delivery.	SPGI owns proprietary price benchmarks — higher pricing power.

SPGI is the market leader in LNG, oil benchmarks, power markets, and emerging energy transition datasets.

Recent Developments (2024–2025)

1. Integration with IHS Markit's energy assets
The 2022 merger created the largest energy analytics platform globally — combining Platts benchmarks with IHS's upstream/midstream/downstream models.

2. Growth in LNG benchmarks
Global LNG trade expansion has significantly increased adoption of SPGI's LNG pricing.

3. Carbon & hydrogen benchmarks
CI has launched price assessments for:

- Hydrogen (blue, green)
- Carbon capture
- Carbon credits
- Renewable energy certificates

These are becoming new profit centers.

4. EV battery materials
Market demand for:

- Lithium carbonate/hydroxide
- Nickel sulfates
- Cobalt intermediates

…has increased pricing-product adoption in the EV value chain.

Commodity Insights Matters for SPGI

1. **Diversifies SPGI away from purely financial cycles**
    - Ratings & Indices are tied to capital markets
    - Commodity Insights is driven by energy/commodity cycles
2. **Benchmark pricing creates natural monopoly effects**
    - Once embedded in contracts, replacement is extremely hard
3. **Strong margin and recurring revenue**
    - Critical for SPGI's consolidated cash flow stability
4. **Energy transition secular tailwinds**
    - Hydrogen, renewables, carbon pricing, EV metals will define the next 20 years of commodity intelligence demand

S&P Global Mobility – Business Overview & Spin-Off Developments (2024–2025)

Business Description

S&P Global Mobility provides **automotive intelligence, forecasting, analytics, and data solutions** that serve OEMs, suppliers, financial institutions, insurers, dealers, fleet operators, and regulators. The segment was created from the IHS Markit automotive portfolio following the 2022 merger and includes:

- **Vehicle Registration Data & Forecasts** (production, sales, electrification curves)
- **Supply-Chain & Component-Level Analytics** (semiconductors, EV batteries, parts tracking)
- **Dealer Network Performance** tools
- **Connected Car & Telematics Data**
- **Vehicle Lifecycle Management** insights
- **Residual value modeling & auto finance analytics**

The business is heavily subscription-based, with **~81% recurring revenue**, and maintains long-term client relationships with nearly every major global automaker.

Financial Performance (2023–2025)

- **Revenue (FY2024):** ~$1.6B, +8% YoY
- **Adjusted Operating Margin:** ~35% (expanded >100bps YoY)
- **Q4 2024 Adjusted Operating Profit:** ~$143M (+12% YoY)
- **Recurring Revenue Mix:** ~81% (among the highest in SPGI portfolio)

The segment demonstrated resilient growth despite a volatile auto-production environment, supported by:

- Recovery in global auto supply chains
- Rapid expansion in EV platforms
- Increasing demand for connected-vehicle and telematics data
- Growth in dealer and fleet analytics products

Strategic Rationale Behind the Spin-Off

In early 2025, S&P Global announced its intention to **separate the Mobility segment into an independent, publicly traded company** via a tax-free distribution to shareholders.

Key Drivers:

1. **Sharpening Strategic Focus**
   SPGI is realigning around its four core franchises:
   Ratings, Market Intelligence, Commodity Insights, and Indices. Mobility is considered *non-core*.

2. **Unlocking Value**
   Mobility has distinct market dynamics (automotive/industrial) that differ from SPGI's core financial intelligence customers.
   As a standalone entity, it can:
   - Attract sector-specific investors
   - Pursue M&A in automotive technology and data
   - Build its own capital-allocation strategy
3. **Operational Synergies Post-Spin**
   SPGI will be able to focus investment in high-return financial-data businesses.
   Mobility will gain flexibility to invest in automotive-technology analytics (e.g. ADAS, telematics, EV supply chains).

Spin-Off Valuation & Market Expectations

- Analyst estimates and market-sourced discussions suggest the Mobility business could be valued **around $10–$12 billion** at spin-off.
- Valuation drivers:
  - Mid-to-high single-digit revenue growth
  - High recurring revenue
  - Strong margins (mid-30% range)
  - Unique position as one of the largest global automotive data platforms

Expected Timeline

- **Announcement:** Early 2025
- **Execution Window:** 12–18 months
  - Targeted for late 2025 or early 2026
- **Structure:** Tax-free spin-off, shareholders receive shares proportionate to SPGI holdings
- **Leadership:** To be announced closer to the separation date

Potential Overhangs / Risks

- Transition costs and one-time separation charges
- Potential multiple compression for Mobility (industrial/auto-tech peer group trades lower)
- Short-term margin dilution for SPGI as shared services unwind

Impact on S&P Global Post-Spin

Removing Mobility sharpens SPGI's profile:

Resulting Portfolio (Ex-Mobility):

- Higher margin
- Higher ROIC
- More streamlined regulatory profile
- Greater correlation to capital-market cycles

- More consistent cash-flow conversion

The spin-off is positioned as **value-accretive**, especially if Mobility receives auto/tech-oriented multiples higher than SPGI's internal valuation.

Revenue Model by Sector (FY 2024)

Segment	Approximate Revenue ($ B)	% of Total Revenue*
Ratings	~ $4.15 B	≈ 29 %
Market Intelligence (Analytics/Data)	~ $4.65 B	≈ 33 %
Indices (S&P Dow Jones Indices)	~ $1.05 B	≈ 7 %
Commodity Insights	~ $1.60 B	≈ 11 %
Mobility	~ $1.60 B	≈ 11 %
Engineering Solutions	~ $0.18 B	≈ 1 %
Total Revenue (Reported)	**$14.21 B**	**100 %**

Segment-Level Assumptions

These assumptions reflect typical margin structures and forward growth patterns.

Revenue Growth Assumptions (2025–2029)

- **Ratings:** +6%
- **Market Intelligence:** +5%
- **Indices:** +4%
- **Commodity Insights:** +3%
- **Mobility:** +7% (until spin-off)

EBITDA Margin Assumptions

- **Ratings:** 55%
- **Market Intelligence:** 45%
- **Indices:** 70%

- **Commodity Insights:** 42%
- **Mobility:** 35%

Other Assumptions

- Tax: 21%
- Capex: 4% of revenue
- D&A: 3% of revenue
- Working capital needs low: 1% of revenue
- WACC (base case): 7.0%
- Terminal growth: 3.0%
- Mobility spin-off at end of 2025 at **$12B valuation**

Projected Revenue by Segment (2025–2029)

Revenue ($B)

Segment	2025	2026	2027	2028	2029
Ratings	4.40	4.66	4.94	5.23	5.55
Market Intelligence	4.88	5.12	5.37	5.64	5.92
Indices	1.09	1.14	1.19	1.24	1.29
Commodity Insights	1.65	1.70	1.75	1.80	1.85
Mobility	1.71	1.83	— (spun off)	—	—
TOTAL (with Mobility)	**13.73**	**14.45**	**13.25**	**13.90**	**14.61**

Segment EBITDA (2025 Base Year)

Segment	2025 Revenue	EBITDA Margin	EBITDA ($B)
Ratings	4.40	55%	**2.42**
Market Intelligence	4.88	45%	**2.20**
Indices	1.09	70%	**0.76**
Commodity Insights	1.65	42%	**0.69**
Mobility	1.71	35%	**0.60**
Total EBITDA 2025			**6.67B**

Scenario: “Positive”

- **LTG (Terminal Growth): 5%**
- **Other assumptions = same as the Positive (Bull) Scenario:**

    - Revenue CAGR 2025–2029: **7%**
    - Margins: **150 bps higher** than base model
    - Mobility valuation: **$12B**
    - Net debt: **$10.2B**
- **WACC range (6.5–8.0%)**.

DCF — Positive Scenario (LTG = 5%)

Enterprise Value ($B)

(includes $12B Mobility spin-off value)

WACC ↓	6.5%	7.0%	7.5%	8.0%
Ultra-Positive (LTG 5%)	**$189 B**	**$175 B**	**$162 B**	**$150B**

Equity Value ($B)

(Net debt = $10.2B)

WACC ↓	6.5%	7.0%	7.5%	8.0%
Ultra-Positive (LTG 5%)	**$178.8 B**	**$164.8 B**	**$151.8 B**	**$139.8B**

Fair Value Per Share

(305M shares outstanding)

WACC ↓	6.5%	7.0%	7.5%	8.0%
Ultra-Positive (LTG 5%)	**$587**	**$541**	**$498**	**$458**

- At **WACC 6.5%**, fair value = **$587/share**, ABOVE today's ~$500–$545 price.
- At **WACC 7%**, fair value = **$541/share**, roughly equal to current market levels.
- At **WACC ≥ 7.5%**, fair value drops below market price.
- **The market's current valuation is much closer to assuming a 5% terminal growth rate**, or
- The market expects **lower WACC**, or
- The market is assigning **franchise premium** beyond DCF logic (common for oligopoly data businesses: MSCI, SPGI, CME, Moody's, etc.).

Peer Group

Although **S&P Global Inc. (SPGI)** is classified under the **Information Technology sector** within the Global Industry Classification Standard (GICS), its **economic drivers, competitive dynamics, and valuation framework** are fundamentally different from traditional IT companies. As such, S&P Global should be benchmarked against **financial-infrastructure and information-services peers**, not software or IT services firms.

Revenue Drivers Are Financial-Market Dependent, Not IT-Cyclical

Traditional IT companies derive revenue from:

- enterprise software deployments
- digital transformation budgets
- cloud infrastructure cycles
- corporate IT spending

In contrast, SPGI's revenue is driven by:

- global **bond issuance cycles** (Ratings)
- **AUM and ETF flows** (Indices)
- **financial institution and corporate data subscriptions** (Analytics)
- **commodity pricing benchmarks and energy markets** (Commodity Insights)

These are **market-cycle dependent**, not IT-spending dependent.

Thus, SPGI's revenue drivers closely resemble:

- Moody's (credit ratings)
- MSCI (index-linked AUM, ETF flows)
- ICE/CME (financial infrastructure)
- LSEG (data and analytics)

Oligopolistic Market Structure vs. Competitive IT Markets

SPGI operates in industries with **extreme barriers to entry**:

Credit Ratings
An SEC-designated NRSRO oligopoly (S&P, Moody's, Fitch).

Index Benchmarking
A global triopoly (S&P Dow Jones, MSCI, FTSE Russell).

Financial Data & Analytics
A duopoly/oligopoly (Bloomberg, SPGI, FactSet, LSEG).

Commodity Benchmarks
A concentrated market (Platts/S&P Global, Argus, Wood Mackenzie).

Recurring, Contracted Revenue vs. Transactional IT Licensing

SPGI revenue is:

- 70–85% subscription-based
- long-duration
- mission-critical
- high-retention (over 95% in Market Intelligence)

These attributes align with:

- LSEG
- MSCI
- Moody's
- Intercontinental Exchange

This differs sharply from IT services companies, where:

- churn is higher
- contracts are shorter
- pricing pressure is persistent
- revenues are tied to IT budgets

Margin Profile Aligns with Financial Infrastructure Firms

SPGI has:

- **Ratings margins:** ~55%
- **Indices margins:** ~70%
- **Market Intelligence margins:** ~45%
- **Consolidated EBITDA margin:** ~45–48%

These margin levels are comparable to:

- MSCI (58–60% margins)
- Moody's (48–50%)
- ICE/CME (60%+)
- LSEG (45–50%)

Traditional IT companies typically run:

- **software margins:** ~25–35%
- **IT services margins:** 10–20%

Valuation Multiples Closer to Moody's, MSCI, LSEG Than to IT Peers

The market prices SPGI based on:

- durability of cash flows
- barrier-to-entry
- regulatory moat
- benchmark/IP economics

As a result, SPGI trades at:

- **P/E:** ~30–35x
- **EV/EBITDA:** ~13–15x
- **FCF yield:** 2.5–3.5%

This multiple structure aligns with:

- Moody's
- MSCI
- LSEG

It does **not** resemble:

- Accenture
- Infosys
- IBM
- ServiceNow
- Salesforce

Structural and Regulatory Moats

SPGI's businesses are protected by:

- regulatory designation (NRSRO status)
- benchmark licensing agreements
- embedded index-linked ETFs
- decades-long adoption of S&P 500 as the global bellwether
- commodity benchmark inclusion in physical contracts

These moats produce:

- high ROIC
- pricing power
- recurring cash flows

Peer comparison

Company	Ticker	P/E (Latest)	EV/ EBITDA (Latest)	Revenue CAGR 2019-2024*
S&P Global Inc.	SPGI	~35.8×	~13.6×	~15.5
Moody’s Corporation	MCO	~38-40×	~24.7×	~7%
MSCI Inc.	MSCI	~29-35×	~25.4×	~13
Intercontinental Exchange	ICE	~27-30×	~16×	10.3%
London Stock Exchange Group	LSEG	—	~8.3×	

S&P Global – Key Estimates for 2025

Metric	2025 Estimate
Total Revenue	**$14.9B-15.3**
Revenue Growth YoY	**+5.5%-7%**
EBITDA	**$6.67B**
EBITDA Margin	**~44.7%**
Operating Income (EBIT)	**~$5.3B**
Net Income	**~$4.7B**
EPS (Diluted)	**$17.6 – $17.9**
EPS Growth YoY	**+6–8%**

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