

SS&C Technologies (NYSE: SSNC) – Monetizing AUM Growth Worldwide

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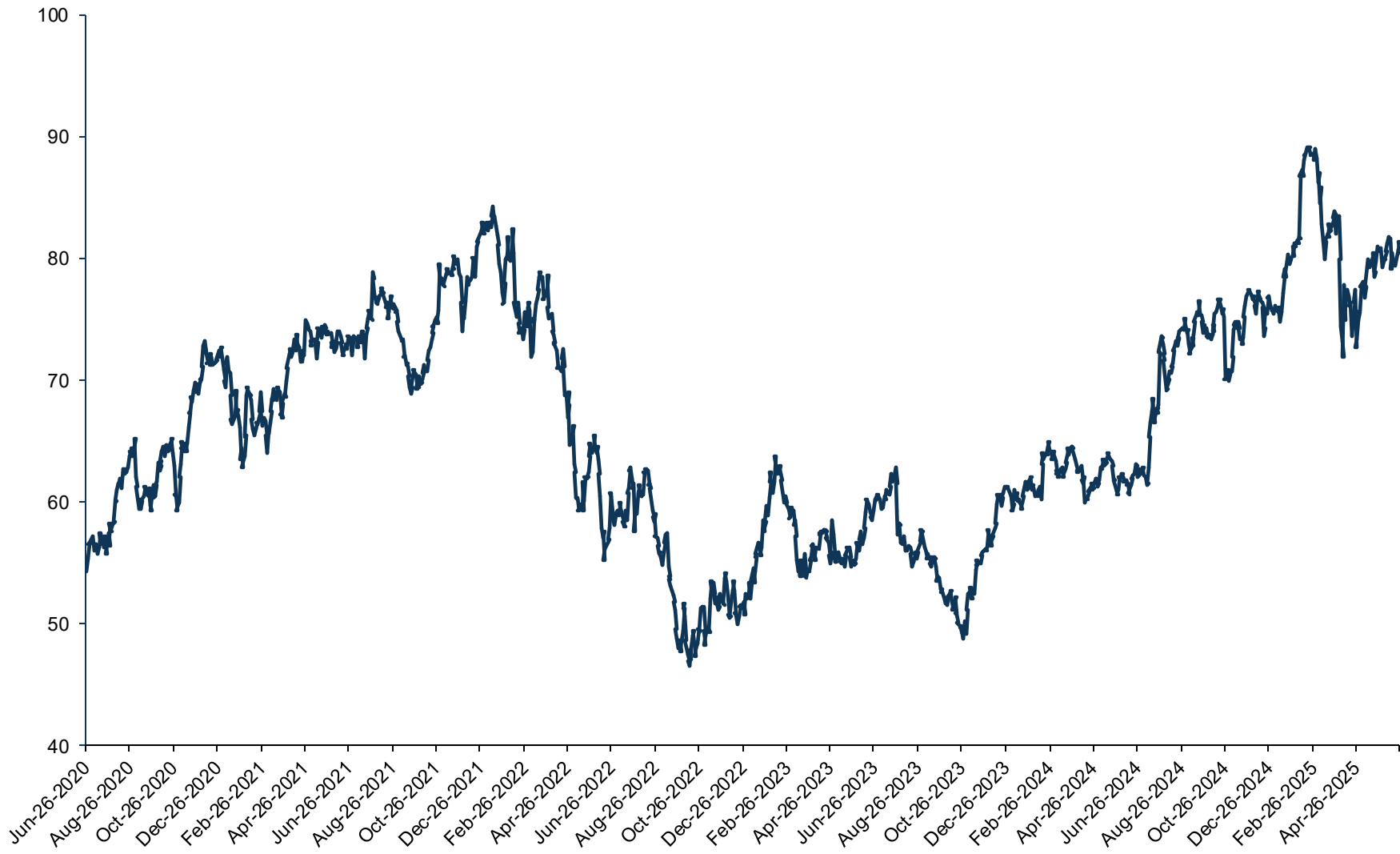
Executive Summary

- Current Price: \$79.43
- **DCF Implied Share Price: \$83.02 (+ 4.5%)**
- **Relative Valuation Implied Share Price: \$99.19 (+ 25%)**
- Reverse DCF Assumptions (What the Market is Currently Pricing):
 - 10-year sales CAGR = 12%
 - Gross Margins = 49%
 - SG&A + R&D as a % of sales = 26%
 - 10-year CapEx CAGR = 3%

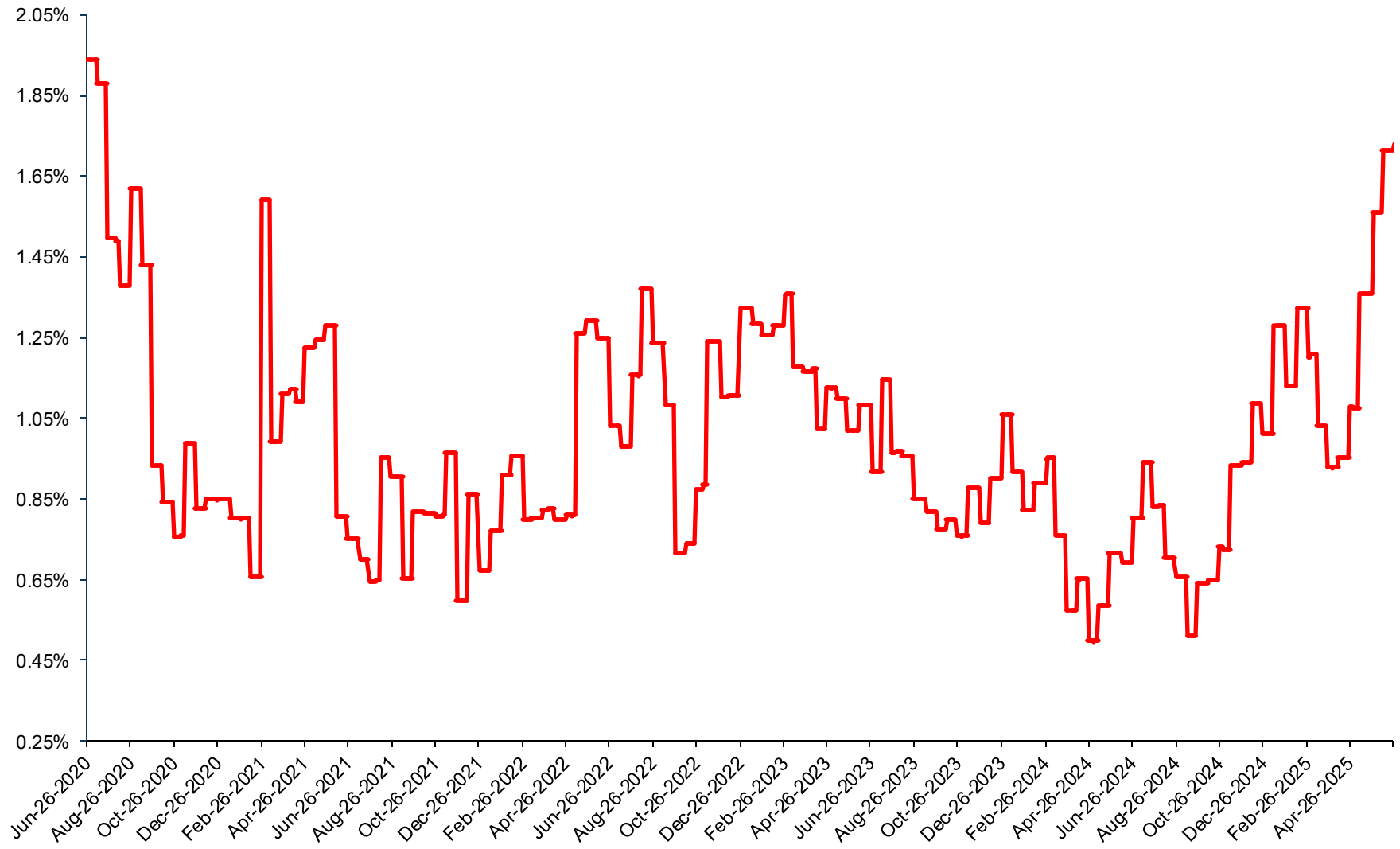
Recommendation

- Long \$SSNC (PT: \$99.19) *upside of 25%*

SSNC 5-Year Historical Stock Price

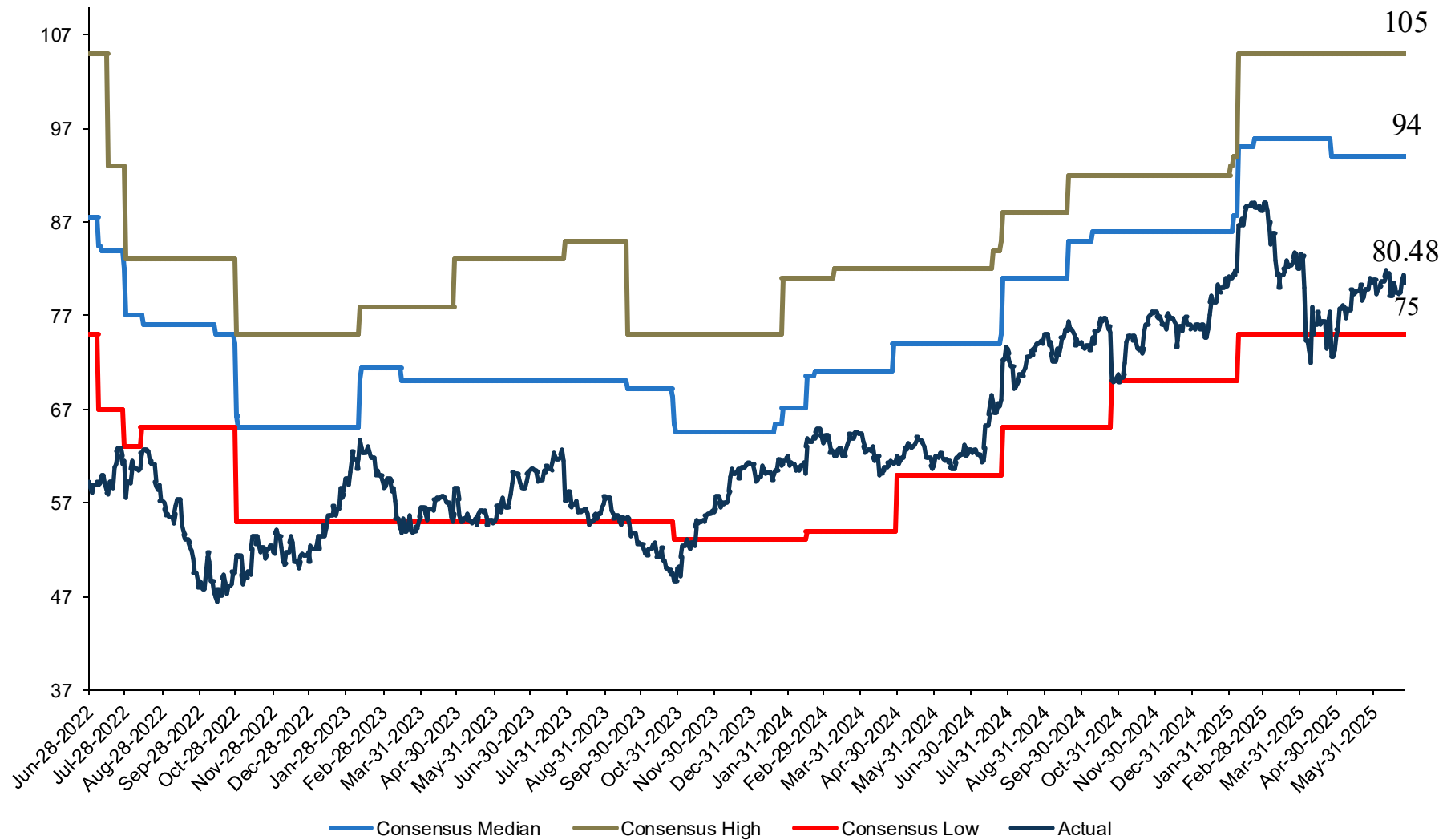


SSNC 5-Year Historical Short Interest



SSNC Analyst Price Targets

Market Sentiment Shows Median Upside of 18%



Business Overview

SSNC Snapshot, *usd mm* – June 20, 2025

Capitalization

Price	79.43
Shares	246.7
Mkt Cap	19,595
(-) Cash	515
(+) Funded Debt	7,031
EV	26,111

Ownership

Holders	Shares (millions)	% of Out.
William C. Stone (Founder/CEO)	34.8	14%
BlackRock	28.4	11%
Vanguard	20.4	8%
Janus Henderson	16.4	7%
Pzena Investment Management	10.4	4%
Boston Partners	6.1	2%

Business Overview

How SSNC Makes Money

- SS&C provides software services for the financial and healthcare industries, covering functions like trading, accounting, reporting, and compliance. The company operates globally, offering solutions including fund administration, data management, healthcare analytics, and professional services. The company was founded in 1986, in Windsor Connecticut, where it is headquartered.
- **The company's pricing and revenue generation stem from:**
 - **Dynamic pricing based on clients' AUM, # of accounts, # of trades/volume, # of medical claims**
 - **Specific and tailored pricing also applies to complex and exotic clients**
 - **Companies must sign contracts of 1-5 years with monthly/quarterly payments and automatic annual renewals**

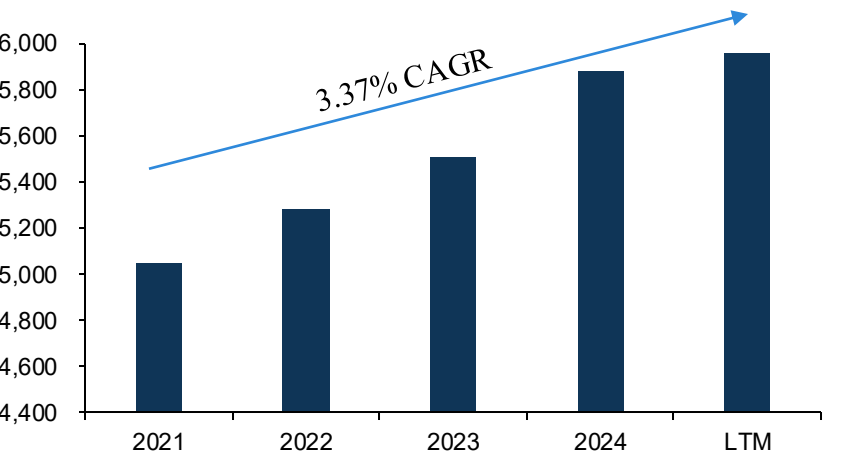
Geographical Sales

<i>usd mm</i>	2021	2022	2023	2024	LTM
US	3,628	3,732	3,804	4,068	4,112
UK	596	573	639	673	685
EMEA	328	402	458	493	507
Canada	191	228	221	223	220
Rest of Americas	80	90	101	119	119
APAC	228	258	280	306	318

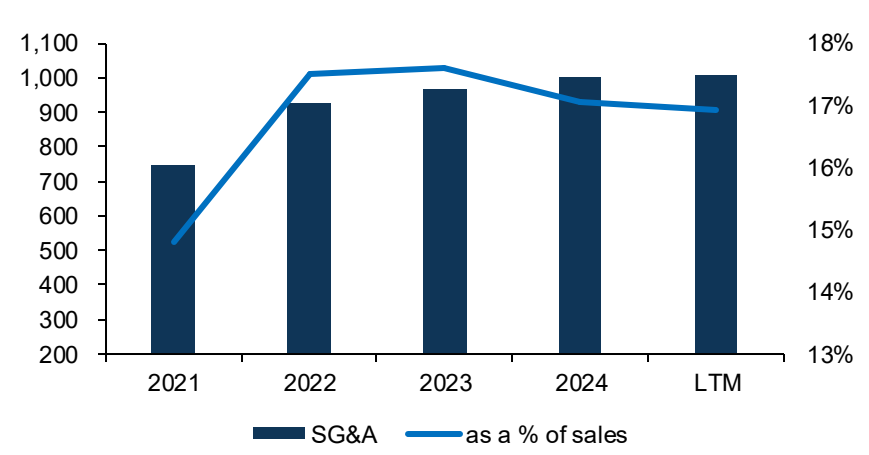
Business Overview

Financial Snapshot (usd mm)

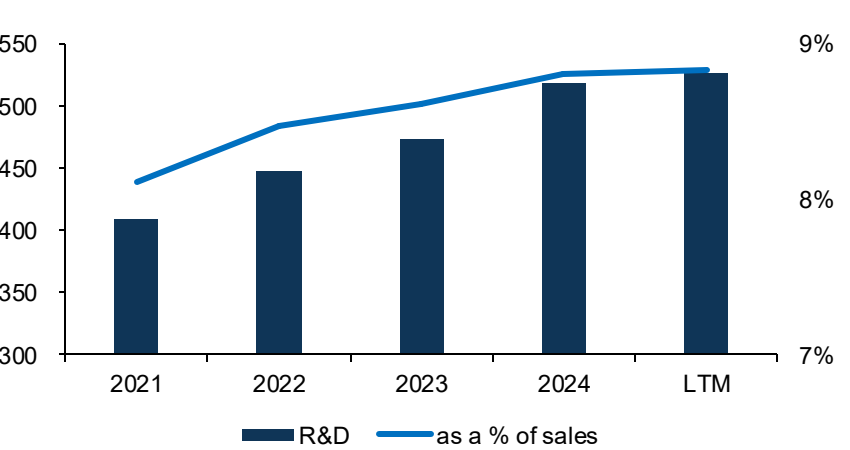
Historical Sales



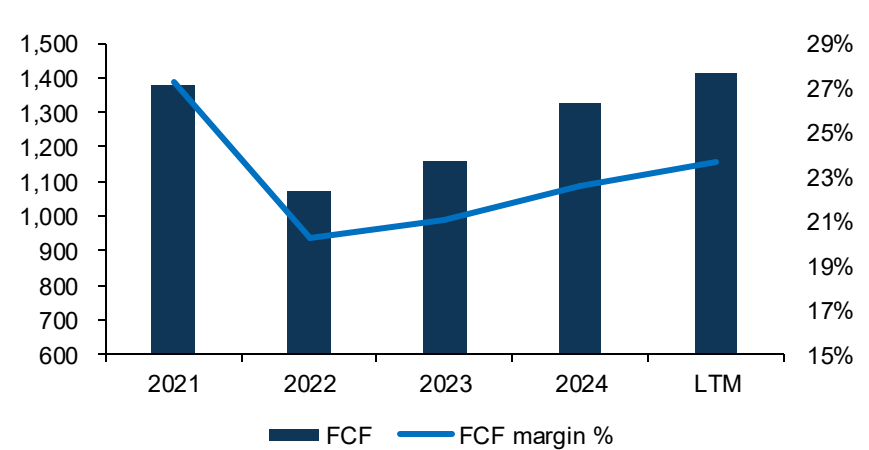
Historical SG&A



Historical R&D Expense

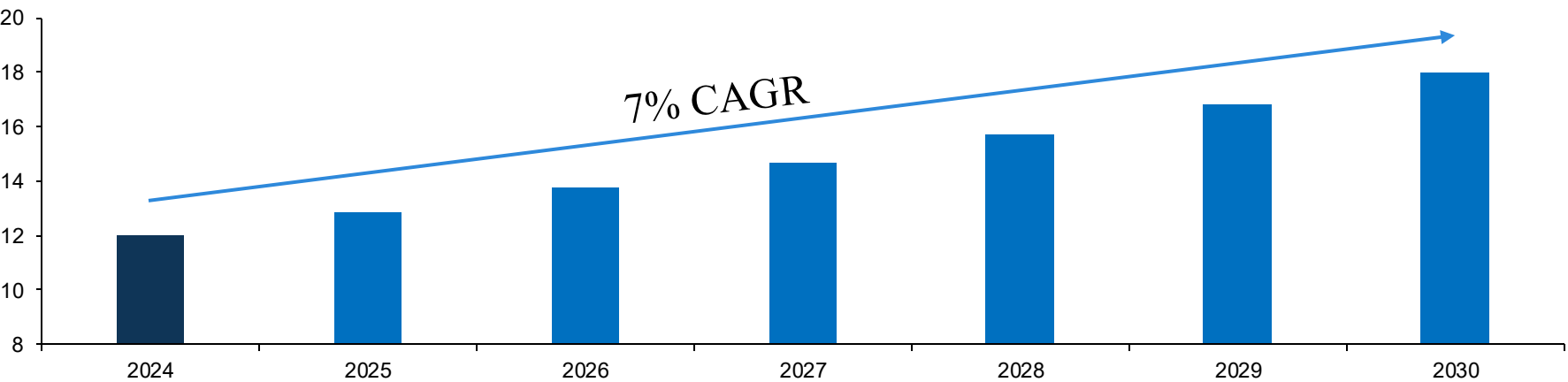


Historical FCF

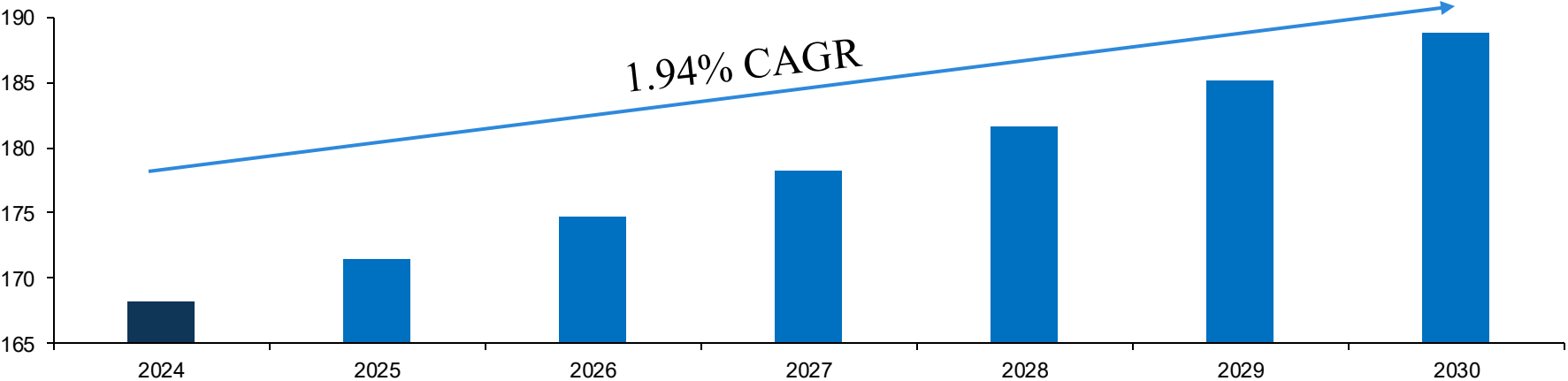


Industry Overview

Sovereign Wealth Funds AUM (2024-2030), *usd trillions*



Global Wealth Management AUM (2024-2030), *usd trillions*



Investment Theses

Investment Theses

Growing AUM – Notably Australia and Gulf Countries

- SSNC makes money with a dynamic pricing model based on the AUM of its clients - with global AUM (hedge funds, SWFs, PE) forecasted to grow significantly, so should the organic sales of the company
- The management team has also hinted at a large push towards the Gulf countries' Sovereign Wealth Funds (this segment alone will grow 7%/yr for the next 5 years)

Increased Payouts

- At the beginning of June, the company announced a share repo authorization (a quarter earlier than anticipated), which was upsized by 50%, because of the low share price of SSNC (\$1bn to \$1.5bn)

Massive Leeway for Margin Improvements

- According to SSNC's management team during the June 4th, '25 William Blair conference, margins have a lot of untapped potential with AI and automation across R&D and SG&A
- The company targets 50 bps increase in operating margins Y/Y

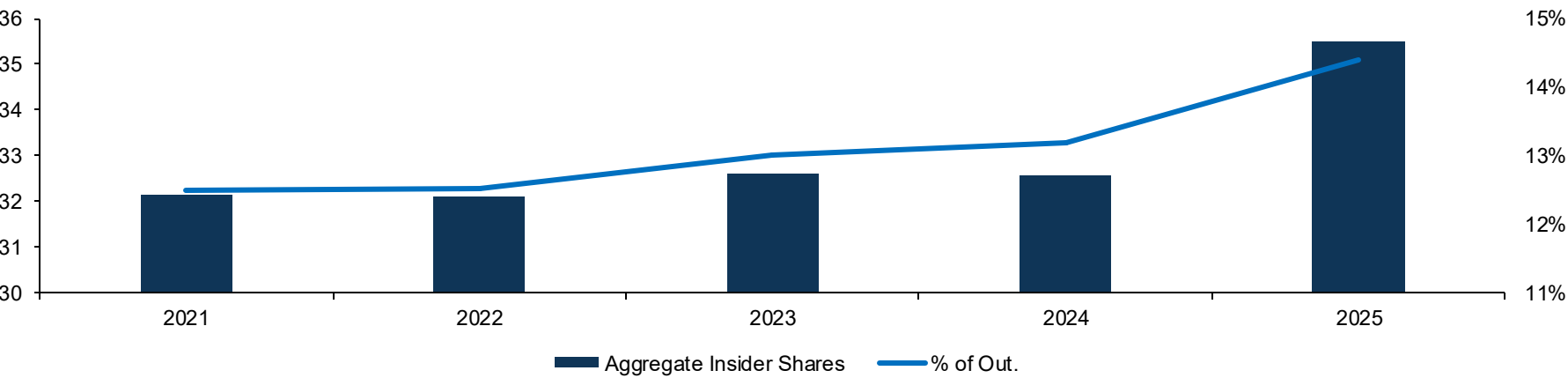
Continued Acquisitions

- During the William Blair Conference at the beginning of June, the management team reaffirmed their intentions to keep acquiring competitors, but only at adequate multiples

Management Analysis

Management Analysis

Aggregate Insider Ownership (million shares)



Sentiment Analysis – Natural Language Processing

Event	Sentiment Tone	Sentiment Score (1-10)	Notable Quotes / Highlights
Q4 2024 Earnings Call	Cautiously Optimistic	7.5	Strong EPS beat; cautious on FX risk
UBS Financial Services Conf (Feb)	Competitive & Driven	8	Stone: 'I'm competitive... I don't like to lose'
Raymond James Conf (Mar)	Confident & Upbeat	8.5	Emphasis on recurring rev. and product depth
Q1 2025 Earnings Call	Guardedly Positive	7	GlobeOp +10% growth; conservative guide for Q2
JPMorgan TMC Conf (May)	Bullish & Sales-Focused	8.5	Stressed cross-sell, pricing levers, AI growth
William Blair Conf (Jun)	Strategic Optimism	8	Reinforced 4–8% 3-year CAGR; R&D reinvestment

Valuation

DCF Valuation

DCF Matrix (usd mm)

DCF Summary												
	FY		Projected									
usd mm	2024A	LTM	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total Revenue	5,882	5,961	6,118	6,500	6,758	7,185	7,553	8,459	9,474	10,611	11,885	13,311
(-) COGS	3,018	3,057	2,753	2,925	3,041	3,233	3,399	3,807	4,264	4,775	5,348	5,990
(-) R&D	518	526	1,040	1,105	1,149	1,221	1,284	1,438	1,611	1,804	2,020	2,263
(-) SG&A	1,002	1,009	551	585	608	647	680	761	853	955	1,070	1,198
EBITDA	1,344	1,369	1,774	1,885	1,960	2,084	2,190	2,453	2,748	3,077	3,447	3,860
(-) D&A	689	692	684	684	685	686	688	690	692	694	696	700
EBIT	655	676	1,090	1,201	1,275	1,398	1,502	1,763	2,056	2,383	2,751	3,160
(-) Taxes	132	113	240	264	280	307	331	388	452	524	605	695
(+) CapEx	(61)		(263)	(281)	(293)	(307)	(321)	(327)	(333)	(340)	(347)	(354)
(-) Δ in NCWC	120		(38)	38	26	43	37	91	102	114	127	143
(+) D&A	689		684	684	685	686	688	690	692	694	696	700
FCFF	1,031		1,310	1,302	1,360	1,426	1,503	1,648	1,860	2,099	2,367	2,668
PV of FCFF			1,209	1,108	1,068	1,033	1,004	1,016	1,058	1,102	1,146	1,192

DCF Assumptions

Sales '30-'34	12%
COGS as a % of sales	45%
SG&A as a % of sales	17%
R&D as a % of sales	9%
Tax Rate	22%
CapEx	2%
WACC	8.39%
TV WACC	9.75%

DCF Implied Share Price

Perpetual Growth Rate	3.00%
Terminal Value	40,719
PV of Terminal Value	16,060
Sum of PV of FCFF	10,936
Enterprise Value	26,996
(+) Cash	515
(-) Debt	7,031
Equity Value	20,481
Shares	247
Implied Share Price	\$83.02

current share price \$79.43
Upside/Downside ? 4.5%

Relative Valuation

Comparable Companies and Multiples – June 20, 2025 (usd mm)

	Market	Enterprise	Current	52-Week	Revenue Growth %		EBITDA Margin %		EV/EBITDA		FCF Yield %		EV/FCF		Debt/EBITDA		P/Sales	
Ticker	Cap	Value	Price	High	'24-'25	'25-'26	'25	'26	'25	'26	'25	'26	'25	'26	'25	'26	'25	'26
NYSE: FIS	42,121	53,407	\$80.17	87%	3%	5%	41%	42%	12x	12x	5%	6%	26x	22x	3x	3x	4x	4x
NYSE: MSCI	42,150	46,485	\$544.78	85%	7%	8%	60%	61%	38x	23x	3%	4%	32x	29x	3x	2x	14x	13x
NYSE: BR	27,780	31,103	\$236.50	96%	6%	5%	25%	25%	18x	17x	4%	4%	29x	25x	2x	2x	4x	4x
NYSE: FDS	16,027	17,403	\$422.34	84%	5%	6%	39%	39%	19x	18x	4%	4%	27x	25x	2x	2x	7x	7x
NASDAQ: MORN	12,701	13,144	\$300.61	82%	6%	8%	30%	30%	18x	16x	4%	4%	26x	27x	1x	1x	5x	5x
Median	27,780	31,103		85%	6%	6%	39%	39%	18x	17x	4%	4%	27x	25x	2x	2x	5x	5x
Mean	28,156	32,308		87%	5%	6%	39%	39%	21x	17x	4%	4%	28x	26x	2x	2x	7x	6x
NASDAQ: SSNC	19,595	26,111	\$79.43	89%	4%	6%	40%	40%	11x	10x	6%	8%	22x	17x	3x	3x	3x	3x

EV/EBITDA '25 Implied Share Price

EV/EBITDA '25	
'25 EBITDA	2,434
WACC	8.39%
PV of '25 EBITDA	2,245
Comparable Ratio	18x
Enterprise Value	40,740
(-) Funded Debt	7,031
(+) Cash	515
Implied Equity Value	34,224
Shares Outstanding	247
Estimated Share Price	\$138.73
Current Share Price	\$79.43
Upside/Downside %	75%

EV/EBITDA '26 Implied Share Price

EV/EBITDA '26	
'26 EBITDA	2,590
WACC	8.39%
PV of '26 EBITDA	2,204
Comparable Ratio	17x
Enterprise Value	38,102
(-) Funded Debt	7,031
(+) Cash	515
Implied Equity Value	31,586
Shares Outstanding	247
Estimated Share Price	\$128.04
Current Share Price	\$79.43
Upside/Downside %	61%

Relative Valuation

EV/FCF '25

EV/FCF '25	
'25 FCF	1,184
WACC	8.39%
PV of '25 FCF	1,092
Comparable Ratio	27x
Enterprise Value	29,975
(-) Funded Debt	7,031
(+) Cash	515
Implied Equity Value	23,459
Shares Outstanding	247
Estimated Share Price	\$95.09
Current Share Price	\$79.43
Upside/Downside %	20%

P/Sales '25

P/Sales '25	
'25 Sales	6,118
WACC	8.39%
PV of '25 Sales	5,644
Comparable Ratio	5x
Enterprise Value	29,546
(-) Funded Debt	7,031
(+) Cash	515
Implied Equity Value	23,030
Shares Outstanding	247
Estimated Share Price	\$93.35
Current Share Price	\$79.43
Upside/Downside %	18%

EV/FCF '26

EV/FCF '26	
'26 FCF	1,503
WACC	8.39%
PV of '26 FCF	1,279
Comparable Ratio	25x
Enterprise Value	31,998
(-) Funded Debt	7,031
(+) Cash	515
Implied Equity Value	25,482
Shares Outstanding	247
Estimated Share Price	\$103.29
Current Share Price	\$79.43
Upside/Downside %	30%

P/Sales '26

P/Sales '26	
'26 Sales	6,500
WACC	8.39%
PV of '26 Sales	5,533
Comparable Ratio	5x
Enterprise Value	26,843
(-) Funded Debt	7,031
(+) Cash	515
Implied Equity Value	20,327
Shares Outstanding	247
Estimated Share Price	\$82.40
Current Share Price	\$79.43
Upside/Downside %	4%

Relative Valuation

Median Implied Share Price

Valuation Method	Implied Share Price
EV/EBITDA '25	\$138.73
EV/EBITDA '26	\$128.04
EV/FCF '25	\$95.09
EV/FCF '26	\$103.29
P/Sales '25	\$93.35
P/Sales '26	\$82.40
Avg Implied Price	\$106.82
Median Implied Price	\$99.19
<i>Current Share Price</i>	<i>\$79.43</i>
<i>Upside/Downside %</i>	<i>25%</i>

Reverse DCF

What the Market is Assuming at the Current Price Point

DCF Summary												
	FY		Projected									
<i>usd mm</i>	2024A	LTM	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total Revenue	5,882	5,961	6,118	6,500	6,758	7,185	7,553	9,064	10,876	13,052	15,662	18,794
(-) COGS	3,018	3,057	3,120	3,315	3,447	3,664	3,852	4,622	5,547	6,656	7,988	9,585
(-) R&D	518	526	1,040	1,105	1,149	1,221	1,284	1,541	1,849	2,219	2,663	3,195
(-) SG&A	1,002	1,009	551	585	608	647	680	816	979	1,175	1,410	1,691
EBITDA	1,344	1,369	1,407	1,495	1,554	1,653	1,737	2,085	2,502	3,002	3,602	4,323
(-) D&A	689	692	684	684	685	686	688	690	692	694	696	700
EBIT	655	676	723	811	869	967	1,049	1,395	1,810	2,308	2,906	3,623
(-) Taxes	132	113	159	178	191	213	231	307	398	508	639	797
(+) CapEx	(61)		(263)	(281)	(293)	(307)	(321)	(327)	(333)	(340)	(347)	(354)
(-) Δ in NCWC	120		(38)	38	26	43	37	151	181	218	261	313
(+) D&A	689		684	684	685	686	688	690	692	694	696	700
FCFF	1,031		1,024	997	1,044	1,090	1,149	1,300	1,589	1,936	2,355	2,859
PV of FCFF			945	849	820	790	768	801	904	1,016	1,140	1,277

Reverse DCF

Assumptions

Sales '30-'34	20%
COGS as a % of sales	51%
SG&A as a % of sales	17%
R&D as a % of sales	9%
Tax Rate	22%
CapEx	2%
WACC	8.39%
TV WACC	9.75%

Implied Price Calculation

Perpetual Growth Rate	3.00%
Terminal Value	43,620
PV of Terminal Value	17,204
Sum of PV of FCFF	9,310
Enterprise Value	26,514
(+) Cash	515
(-) Debt	7,031
Equity Value	19,998
Shares	247
Implied Share Price	\$81.06

What this Means

- This means that the market is assuming:
 - 10-yr sales CAGR = 12%
 - Gross Margins = 49%
 - SG&A + R&D = 26%
 - 10-yr CapEx CAGR = 3%
- If the company outperforms on any of these metrics, the stock increases
- Inversely, the stock would decrease if the company underperforms on these metrics

Risks

- SSNC has historically grown via acquisitions and modest organic growth, the company does have sufficient cash flow generation to support the historically high leverage they use for acquisitions, but the mandatory debt repayments need continuous follow-ups. In the next 3 years alone, SSNC has mandatory debt repayments of over \$2bn
- A lot of the rival softwares to SSNC are owned and built in house by the largest financial institutions. With the advent of AI, the ability for financial institutions to build their own softwares or fund management tools poses a great threat
- If the company were to overpay for future acquisitions (financed with leverage), the repayments burden could pose a great risk to SSNC with already significant mandatory debt + contractual obligations coming up in the next 3-5 years. The management team has explicitly stated that it plans on repaying a lot of its debt this year to reduce its Debt/EBITDA level back to its comps' average (SSNC: 3x VS Comps: 2x)

Summary

Pros

- My implied DCF share price excludes the very probable share repurchases of the company over the forecast period
- The company is currently selling at a comparable discount across a variety of multiples
- SSNC's FCF yield is 50%-100% higher than its peers and helps support debt repayments (adequate leverage levels to fuel future acquisitions)
- The management teams' aggregate ownership has increased since 2020
- The management team's tonality from a variety of events/earnings has shown optimistic sentiment regarding future sales and EPS
- SSNC has grown its cash by 171%, hasn't grown its debt levels, has repurchased 3.60% of shares and distributed 28.68% of earnings since 2020

Cons

- The payout ratio of SSNC is underwhelmingly lower than its peers (~30% vs 50%)
- SSNC keeps hinting at operating leverage and meaningful margin improvements, yet have shown little progress in reducing SG&A and R&D spending
- SSNC is extremely dependent on acquisitions to reach satisfactory sales growth targets
- The company has \$2.3bn mandatory debt repayments in the next 3 years, which could hinder dividend/share repo growth

Appendix

Appendix

Bottom-Up β Calculation, June 19, 2025 (usd mm)

Ticker	Mkt Cap	EV	LTM FCF Yield %	Levered β (5Yr)	D/E	Effective Tax Rate (LTM)	Unlevered β
NYSE: FIS	42,263	53,549	7%	1.08	0.80x	33%	0.70
NYSE: MSCI	42,068	46,403	3%	1.33	0.00x	18%	1.33
NYSE: BR	27,932	31,254	4%	0.97	1.53x	21%	0.44
NYSE: FDS	16,129	17,505	4%	0.85	0.81x	18%	0.51
NASDAQ: MORN	12,793	13,236	4%	1.03	0.62x	22%	0.69
NASDAQ: SSNC	19,595	26,111	7%	1.24	1.03x	12%	0.65
Relevered β							1.40

Debt/Equity Weightings

Total Debt	7,031
Market Cap	19,595
Firm Value	26,626
Debt Weighting	26%
Equity Weighting	74%

Cost of Equity (K_e)

$$\text{Cost of Equity (} K_e \text{)} = R_f + \beta(\text{ERP})$$

R_f	4.36%	June 19, '25 US 10Y
β	1.40	Bottom-Up
ERP	4.02%	Damodaran June '25
K_e	9.97%	

Appendix

Cost of Debt (Kd)

Cost of Debt (Kd) = Rf + Credit Spread

Rf	4.36%	June 19, '25 US 10Y
5-Yr Avg Interest Cvg Ratio	3.7x	
Credit Spread	0.95%	Damodaran
Kd	5.31%	

WACC Calculation

$$WACC = ((E/V * Ke) + ((D/V * Kd) * (1 - Tc)))$$

Cost of Debt (Kd)	5.31%
Weight of Debt (D/V)	26%
Marginal Tax Rate (Tc)	25%
Cost of Equity (Ke)	9.97%
Weight of Equity (E/V)	74%
WACC	8.39%

Appendix

Non-Cash Working Capital

usdmm	Historical					Assumptions	Forecasts									
	2021	2022	2023	2024	LTM		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenue	5,051	5,283	5,503	5,882	5,961		6,118	6,500	6,758	7,185	7,553	8,459	9,474	10,611	11,885	13,311
growth %		5%	4%	7%	1%		3%	6%	4%	6%	5%	12%	12%	12%	12%	12%
Accounts Receivable	741	821	836	950	995											
% of sales	15%	16%	15%	16%	17%											
Prepays + Other CA	2,943	1,160	2,781	3,342	4,728											
% of sales	58%	22%	51%	57%	79%											
Non-Cash Current Assets	3,684	1,981	3,617	4,292	5,723											
% of sales	73%	37%	66%	73%	96%											
Accounts Payable	29	50	80	70	60											
% of sales	1%	1%	1%	1%	1%											
Accrued + Other CL	3,416	1,587	3,148	3,713	5,013											
% of sales	68%	30%	57%	63%	84%											
Non-Cash Current Liabilities	3,444	1,636	3,228	3,783	5,073											
% of sales	68%	31%	59%	64%	85%											
Non-Cash Working Capital	240	345	389	509	650		612	650	676	719	755	846	947	1061	1188	1331
% of sales	5%	7%	7%	9%	11%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Δ in NCWC		105	44	120	142		(38)	38	26	43	37	91	102	114	127	143