

Evercore (EVR): EV/EBITDA 13.2x and EV/FCF 9.0x Price Mean Reversion Despite 55.1% EPS Growth

EVR | Evercore Inc. | Financial Services | Financial - Capital Markets | FY 2025 | 2026-06-15T08:22:28.750Z

At EV/EBITDA 13.2x and EV/FCF 9.0x, the current price of \$357.38 implies that 55.1% EPS growth and 23.4% free cash flow growth represent cyclical peak conditions rather than a sustained operating-leverage phase supported by ROE of 41.1% and net cash of -0.08x Net Debt/EBITDA.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Interesting research candidate	68 / 100	79 / 100	0 / 100	0 / 100
Value / Quality Candidate				

PRIMARY DEBATE — The investable debate centers on whether 29.5% revenue growth and 55.1% EPS growth represent peak-cycle advisory activity or the beginning of a sustained operating leverage phase. Evidence: revenue growth of 29.5% versus a 5Y average of 13.8% indicates above-trend expansion. Interpretation: activity levels may be cyclical. Implication: the current EV/EBITDA of 13.2x suggests the market is pricing normalization rather than multi-year compounding despite ROE of 41.1%.

INVESTMENT NARRATIVE

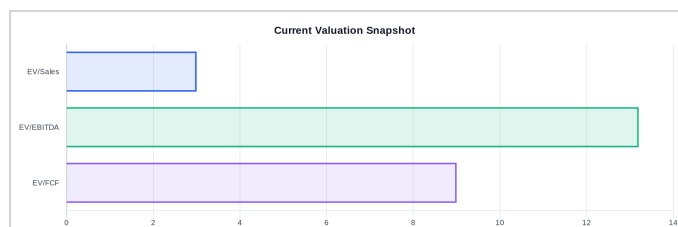
Archetype	Quality cyclical with emerging structural tailwinds	<p>Core Tension: Are recent outsized growth and beats a cyclical peak that will mean-revert, or the start of a sustained share-gain/operating-leverage phase supported by product strategy and AI-enabled capabilities?</p> <p>Market Assumption: Current performance is above-trend and primarily cycle-driven; growth and margins will normalize as M&A/capital markets activity reverts, warranting only a moderate multiple despite supported near-term prints.</p> <p>Trajectory: Positive near-term trend with accelerating fundamentals and unanimous beats; potential upward estimate revisions alongside product/AI initiatives.</p> <p>Mispricing Hypothesis: The market applies skepticism to the durability of elevated advisory activity and Evercore's ability to compound share and margins via product strategy and AI-enabled platform, leading to sustained EPS/FCF above consensus despite cyclicity; current FCF-based valuation (EV/FCF ~9x, FCF yield ~11%) embeds excessive mean-reversion.</p>
Company Type	Independent, capital-light investment banking advisory with wealth/asset management; net cash balance sheet	
Key Monitoring Metric	Consensus forward EPS revisions trajectory	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Business mix is inherently cyclical (investment banking advisory/capital markets).	100% EPS Beat Rate and 100% Revenue Beat Rate point to consistent outperformance versus expectations.
Latest Revenue Growth 29.5% vs 5Y Revenue Growth 13.8% suggests current run-rate above trend.	supported quality metrics: ROE 41.05%, ROIC 20.10%, and net cash (Net Debt/EBITDA -0.08) support durability and optionality.
Latest EPS Growth 55.1% vs 5Y EPS Growth 27.4% indicates possible peak-cycle operating leverage.	FCF Growth 23.4% alongside supported EPS/Revenue growth signals broad-based trend, not just accounting leverage.
Earnings Yield 5.36% (~P/E ~18.6) and EV/EBITDA 13.17 imply the market isn't pricing a long-duration hyper-growth story.	Coverage clusters include product_strategy and ai_technology, suggesting potential structural initiatives that could sustain share gains beyond the cycle.
High FCF Yield 11.02% and EV/FCF 9.02 are consistent with skepticism around durability of recent cash generation.	Analyst_revision cluster implies upward estimate trend, inconsistent with imminent mean reversion.

SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	5	4	3	5	3	4
SUPPORTED	SUPPORTED	SUPPORTED	MIXED	SUPPORTED	MODERATE	SUPPORTED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THEESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
13.2x	9.0x	11.0%	20.1%	29.5%	55.1%	23.4%	100.0%

EXECUTIVE SUMMARY

Core Tension	Are recent outsized growth and beats a cyclical peak that will mean-revert, or the start of a sustained share-gain/operating-leverage phase supported by product strategy and AI-enabled capabilities?
Market Assumption	Current performance is above-trend and primarily cycle-driven; growth and margins will normalize as M&A/capital markets activity reverts, warranting only a moderate multiple despite supported near-term prints.
Current Pricing	At a price of \$357.38 and earnings yield of 5.4%, the implied P/E near 18.6x reflects moderate expectations relative to 55.1% EPS growth.
Valuation	Current EV/EBITDA of 13.2x is below the fiscal-year latest EV/EBITDA of 18.4x and slightly below the 5Y average of 13.4x, while ROIC is 20.1% compared with a 5Y average of 13.8%.
Quality	ROE of 41.1% and ROIC of 20.1% demonstrate high capital efficiency for a capital-light advisory model with invested capital of \$2.6B.
Growth	Latest EPS growth of 55.1% exceeds the 3Y average of 19.1% and 5Y average of 27.4%, while revenue growth of 29.5% exceeds the 5Y average of 13.8%.
Cash Flow	Operating cash flow growth of 27.2% and free cash flow growth of 23.4% are both positive, while 5Y average free cash flow growth is 22.5%.
Execution	Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 33.9% and revenue surprise of 15.9%.
Primary Monitor	Can ROIC of 20.1% remain above the 5Y average of 13.8% through a downturn?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Beat Rate	100.0%	1	EPS Dispersion	25.0%
2	EPS Growth	55.1%			
3	FCF Growth	23.4%			
4	Revenue Growth	29.5%			
5	ROIC	20.1%			
6	FCF Yield	11.0%			

COMPANY & BUSINESS MODEL

Evercore Inc. functions as an autonomous investment banking advisory firm, maintaining a substantial international presence with operations spanning the United States, Europe, and Latin America. The company is structured into two core business units: Investment Banking and Investment Management. Its Investment Banking division provides extensive strategic guidance, covering mergers and acquisitions, corporate strategic planning, defense advisory, shareholder relations, special committee engagements, and complex transaction structuring. This segment also delivers capital markets expertise, encompassing equity offerings, corporate restructurings, debt solutions, private placements,

market risk management and hedging, private capital advisory, and private fund services. Moreover, it supplies institutional investors with research-backed sales and trading services via a comprehensive, content-driven platform. The Investment Management division specializes in offering wealth management solutions to high-net-worth individuals, foundations, and endowments, in addition to overseeing financial assets for institutional clients. Established in 1995, Evercore Inc. has its headquarters in New York, New York. The firm was formerly known as Evercore Partners Inc. until it rebranded to Evercore Inc. in August 2017.

INVESTMENT THESIS

Evercore operates a capital-light advisory and investment management model with enterprise value of \$13.7B and EV/Sales of 3.0x, implying the market is valuing its fee-based advisory franchise as cyclical rather than structurally compounding. The core tension is whether 29.5% revenue growth and 55.1% EPS growth reflect a temporary rebound from prior declines or a sustained share and margin expansion phase. Evidence shows ROE of 41.1%, ROIC of 20.1%, free cash flow yield of 11.0%, and Net Debt/EBITDA of -0.08x. Interpretation: capital efficiency and balance sheet flexibility are elevated relative to many capital markets peers. Implication: the current EV/FCF of 9.0x embeds skepticism that recent cash generation of \$1.5B in free cash flow to firm is durable across cycles. Historically, fiscal-year EV/EBITDA was 18.4x versus a 3Y average of 18.8x, while current EV/EBITDA is 13.2x. Interpretation: the market multiple has compressed relative to prior fiscal valuations despite ROIC improving to 12.5% versus a 3Y average of 10.2%. Implication: valuation is not expanding in line with improved capital efficiency, reinforcing the mispricing hypothesis that durability is discounted. Growth context reinforces the debate. Latest revenue growth of 29.5% compares with a 5Y average of 13.8%, and latest EPS growth of 55.1% compares with a 5Y average of 27.4%. Interpretation: current performance is above long-term averages, consistent with cyclical recovery dynamics following 2023 revenue growth of -12.1%. Implication: the market assumption of normalization is numerically grounded, but the magnitude of operating leverage, with operating income growth of 48.9% and net income growth of 56.5%, suggests incremental margins are expanding rather than merely reverting. Cash flow data shows operating cash flow growth of 27.2% and free cash flow growth of 23.4%, while capex growth was -145.8% and capex to revenue remains 1.9%. Interpretation: free cash flow growth is supported by operating growth and reduced capital intensity. Implication: the 11.0% free cash flow yield is supported by cash conversion rather than accounting accruals, especially with income quality of 2.0. The mispricing hypothesis rests on whether consensus forward EPS of \$22.35 adequately reflects sustained execution. With EV/EBITDA of 13.2x and earnings yield of 5.4%, the market is not pricing a hyper-growth trajectory. Interpretation: multiples reflect a cyclical advisory firm rather than a structural compounder. Implication: if ROE of 41.1% and ROIC of 20.1% persist, the valuation framework may be conservative relative to delivered returns.

INVESTABLE DEBATE

The investable debate centers on whether 29.5% revenue growth and 55.1% EPS growth represent peak-cycle advisory activity or the beginning of a sustained operating leverage phase. Evidence: revenue growth of 29.5% versus a 5Y average of 13.8% indicates above-trend expansion. Interpretation: activity levels may be cyclical. Implication: the current EV/EBITDA of 13.2x suggests the market is pricing normalization rather than multi-year compounding despite ROE of 41.1%.

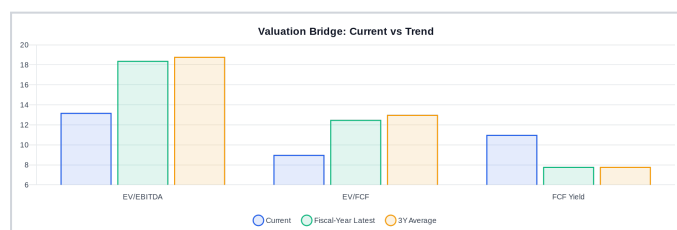
MARKET EXPECTATIONS

At a price of \$357.38 and earnings yield of 5.4%, the implied P/E near 18.6x reflects moderate expectations relative to 55.1% EPS growth. EV/FCF of 9.0x and free cash flow yield of 11.0% imply skepticism that \$1.5B in free cash flow to firm will persist. Interpretation: the market assumes margin and activity normalization. Implication: current pricing embeds mean reversion rather than sustained 20%+ returns on invested capital.

CURRENT VALUATION VS HISTORICAL TREND

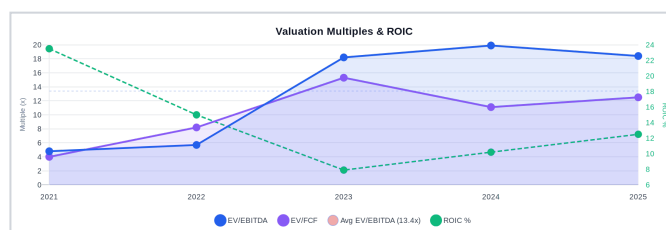
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	13.2x	18.4x	18.8x	13.4x
EV/FCF	9.0x	12.5x	13.0x	10.2x
FCF Yield	11.0%	7.8%	7.8%	12.1%

Current EV/EBITDA is 13.2x, while fiscal-year trend data shows latest EV/EBITDA of 18.4x versus a 3Y average of 18.8x. Current EV/FCF is 9.0x, while fiscal-year trend data shows latest EV/FCF of 12.5x versus a 3Y average of 13.0x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 13.2x, while fiscal-year trend data shows latest EV/EBITDA of 18.4x versus a 3Y average of 18.8x.



VALUATION MULTIPLES & ROIC OVERLAY

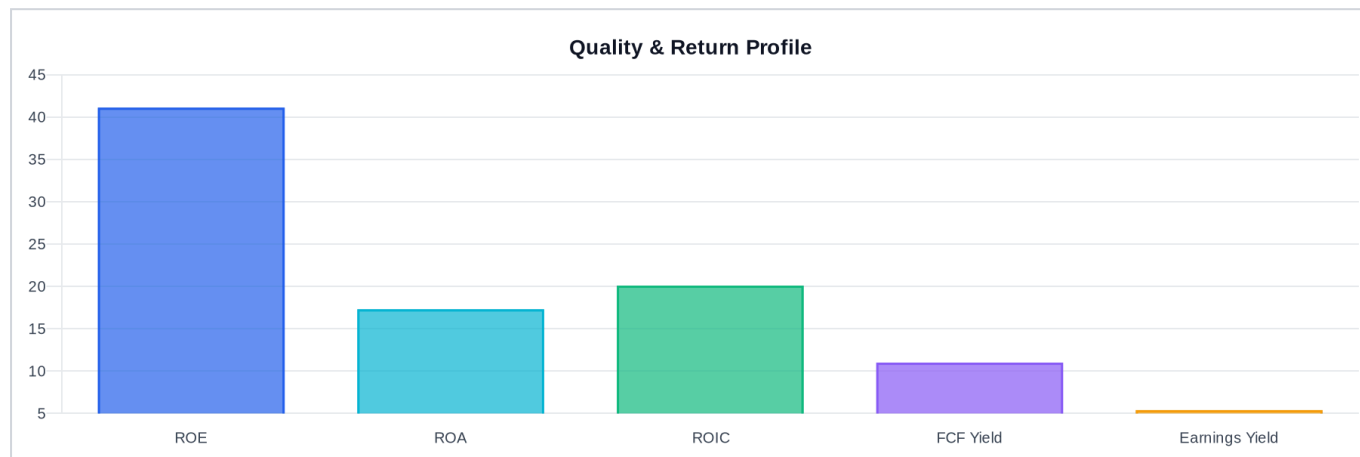
Current EV/EBITDA of 13.2x is below the fiscal-year latest EV/EBITDA of 18.4x and slightly below the 5Y average of 13.4x, while ROIC is 20.1% compared with a 5Y average of 13.8%.

VALUATION ANALYSIS

Current EV/EBITDA of 13.2x is below the fiscal-year latest EV/EBITDA of 18.4x and slightly below the 5Y average of 13.4x, while ROIC is 20.1% compared with a 5Y average of 13.8%. Interpretation: valuation multiples have not expanded in proportion to improved capital efficiency. Implication: the valuation case is supported by ROE of 41.1% and free cash flow yield of 11.0%, suggesting multiples reflect cyclical caution.

QUALITY & CAPITAL EFFICIENCY

ROE of 41.1% and ROIC of 20.1% demonstrate high capital efficiency for a capital-light advisory model with invested capital of \$2.6B. Net Debt/EBITDA of -0.08x and current ratio of 7.9x indicate balance sheet flexibility. Income quality of 2.0 and cash conversion cycle of -252.7 days support cash realization. Interpretation: quality metrics are consistent with durable advisory economics. Implication: the classification aligns with a Quality Cyclical rather than a leveraged recovery.



QUALITY & RETURN PROFILE

ROE of 41.1% and ROIC of 20.1% demonstrate high capital efficiency for a capital-light advisory model with invested capital of \$2.6B.

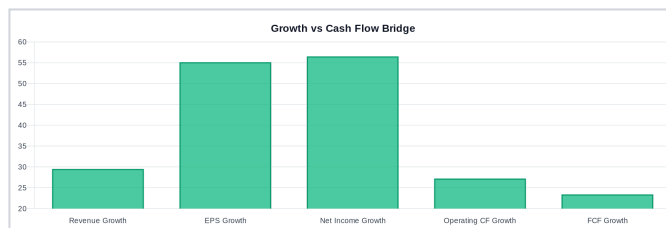
GROWTH TRAJECTORY

Latest EPS growth of 55.1% exceeds the 3Y average of 19.1% and 5Y average of 27.4%, while revenue growth of 29.5% exceeds the 5Y average of 13.8%. Interpretation: growth is accelerating relative to historical averages following 2023 declines. Implication: growth trend challenges the assumption of immediate normalization, though cyclical nature remains evidenced by prior -12.1% revenue growth in 2023.



HISTORICAL GROWTH TRENDS

Latest EPS growth of 55.1% exceeds the 3Y average of 19.1% and 5Y average of 27.4%, while revenue growth of 29.5% exceeds the 5Y average of 13.8%.



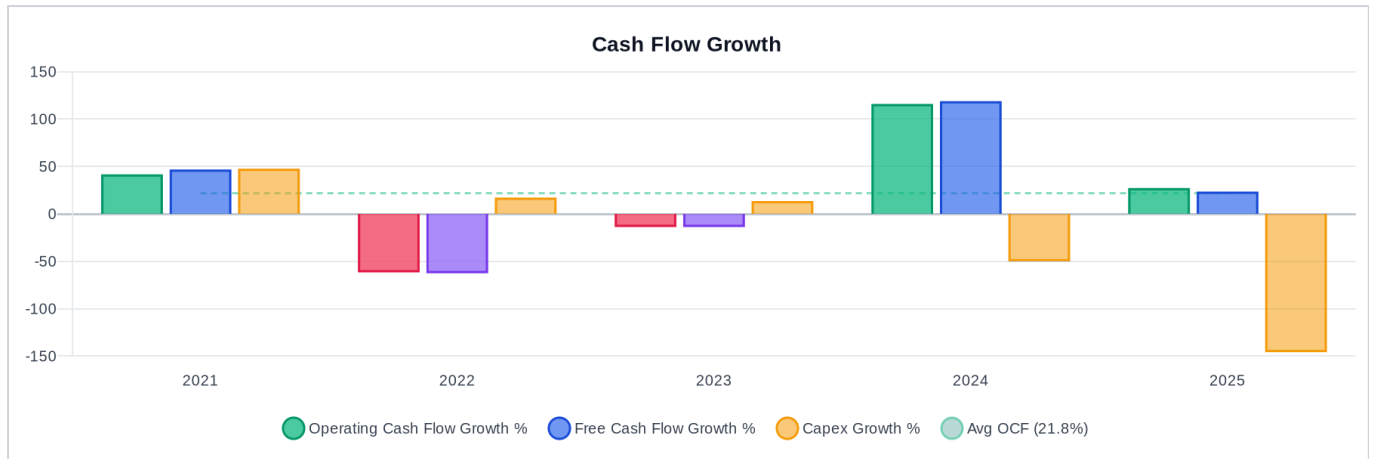
GROWTH VS CASH FLOW BRIDGE

Latest EPS growth of 55.1% exceeds the 3Y average of 19.1% and 5Y average of 27.4%, while revenue growth of 29.5% exceeds the 5Y average of 13.8%.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth of 27.2% and free cash flow growth of 23.4% are both positive, while 5Y average free cash flow growth is 22.5%. Interpretation: cash flow trend is slightly above long-term averages and supported by reduced capex growth of -145.8%. Implication: free cash flow generation is not currently constrained by capital expenditures.

Income quality of 2.0 and operating cash flow growth of 27.2% alongside net income growth of 41.7% indicate cash conversion broadly tracks earnings. Capex to revenue of 1.9% confirms capital-light operations. Interpretation: advisory earnings convert into cash at acceptable levels. Implication: the 11.0% free cash flow yield is supported by operational cash generation rather than leverage.



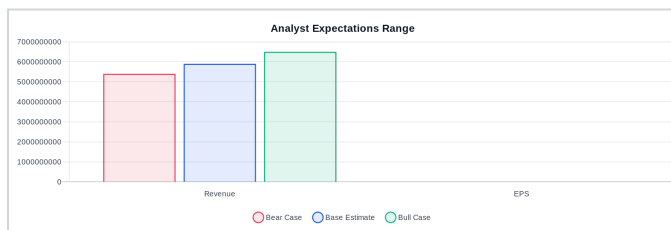
CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth of 27.2% and free cash flow growth of 23.4% are both positive, while 5Y average free cash flow growth is 22.5%.

ANALYST EXPECTATIONS

Next Revenue Estimate	\$5.9B
Revenue Bull Case	\$6.5B
Revenue Bear Case	\$5.4B
Next EPS Estimate	22.35
EPS Bull Case	25.3
EPS Bear Case	19.7
Revenue Dispersion	19.26%
EPS Dispersion	25.04%
Revenue Coverage	3
EPS Coverage	1

Next revenue estimate of \$5.9B and next EPS estimate of \$22.35 are accompanied by revenue dispersion of 19.3% and EPS dispersion of 25.0%, with analyst coverage of 3 on revenue and 1 on EPS. Interpretation: expectations carry uncertainty due to limited coverage and high dispersion. Implication: expectations are Demanding given 55.1% EPS growth but low consensus confidence.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$5.9B and next EPS estimate of \$22.35 are accompanied by revenue dispersion of 19.3% and EPS dispersion of 25.0%, with analyst coverage of 3 on revenue and 1 on EPS.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 33.9% and revenue surprise of 15.9%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	100.0%
Revenue Beat Rate	100.0%
Avg EPS Surprise	33.9%
Avg Revenue Surprise	15.9%
EPS Beats / Misses	8 / —
Revenue Beats / Misses	8 / —

Over 8 quarters, EPS beat rate is 100% and revenue beat rate is 100%, with average EPS surprise of 33.9% and revenue surprise of 15.9%. Interpretation: management has consistently exceeded expectations. Implication: historical execution supports credibility of near-term forecasts despite dispersion.

Given 100% EPS beat rate across 8 quarters and average EPS surprise of 33.9%, execution history supports estimate credibility. However, EPS dispersion of 25.0% and single-analyst EPS coverage introduce uncertainty. Interpretation: credibility is supported by execution but limited by coverage depth. Implication: forward estimates should be monitored against surprise trends.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
<p>If revenue reaches the bull case of \$6.5B and EPS reaches \$25.30 while ROIC remains at or above 20.1%, and the market maintains EV/EBITDA at 13.2x, then the valuation case would be supported by sustained operating leverage and capital efficiency above the 5Y ROIC average of 13.8%.</p> <p>Revenue Bull Case \$6.5B EPS Bull Case \$25.30</p> <p>ROIC 20.1%</p>	<p>If revenue approximates the next estimate of \$5.9B and EPS approximates \$22.35 while EV/FCF remains near 9.0x and free cash flow yield stays near 11.0%, then the company reflects cyclical normalization with elevated but stable returns on capital.</p> <p>Next Revenue Estimate \$5.9B</p> <p>Next EPS Estimate \$22.35 EV/FCF 9.0x</p>	<p>If revenue trends toward the bear case of \$5.4B and EPS declines toward \$19.70 while EV/EBITDA remains at 13.2x and ROIC falls toward the 3Y average of 10.2%, then the current multiple would reflect peak-cycle earnings and mean reversion.</p> <p>Revenue Bear Case \$5.4B EPS Bear Case \$19.70</p> <p>Avg ROIC 3Y 10.2%</p>

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
37%	50%	13%	70 / 100

12-24 MONTH CONDITIONAL OUTLOOK

If revenue remains near \$5.9B and revenue growth sustains above the 5Y average of 13.8%, then advisory activity would appear above trend.

If EPS remains near \$22.35 and EPS growth remains above the 5Y average of 27.4%, then operating leverage would remain evident.

If EV/EBITDA remains near 13.2x while ROE remains near 41.1%, then valuation would remain below historical fiscal multiples of 18.4x.

If EPS beat rate remains near 100% across upcoming quarters, then execution credibility would continue to support estimates.

If ROIC remains at 20.1% and free cash flow yield remains near 11.0%, then the company would be viewed as a quality cyclical rather than a peak-cycle beneficiary.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can ROIC of 20.1% remain above the 5Y average of 13.8% through a downturn?	If ROIC rises above 20.1% and remains above the 5Y average of 13.8%, then the durability case strengthens.	If EPS Growth falls below 0.0% from 55.1%, then the operating leverage thesis challenged.
Will free cash flow growth sustain above the 5Y average of 22.5%?	If Free Cash Flow Growth exceeds the 5Y average of 22.5%, then cash-flow compounding would be reinforced.	If ROE falls below the 3Y average of 22.5% from 41.1%, then capital efficiency durability is challenged.
Does EV/EBITDA remain near 13.2x if revenue declines toward \$5.4B?	If revenue dispersion falls below 19.3%, then expectation uncertainty would decline.	If Free Cash Flow Yield falls below the 3Y average of 7.8% from 11.0%, then valuation support from cash generation declines.



RISK & THESIS MONITOR

Can ROIC of 20.1% remain above the 5Y average of 13.8% through a downturn?

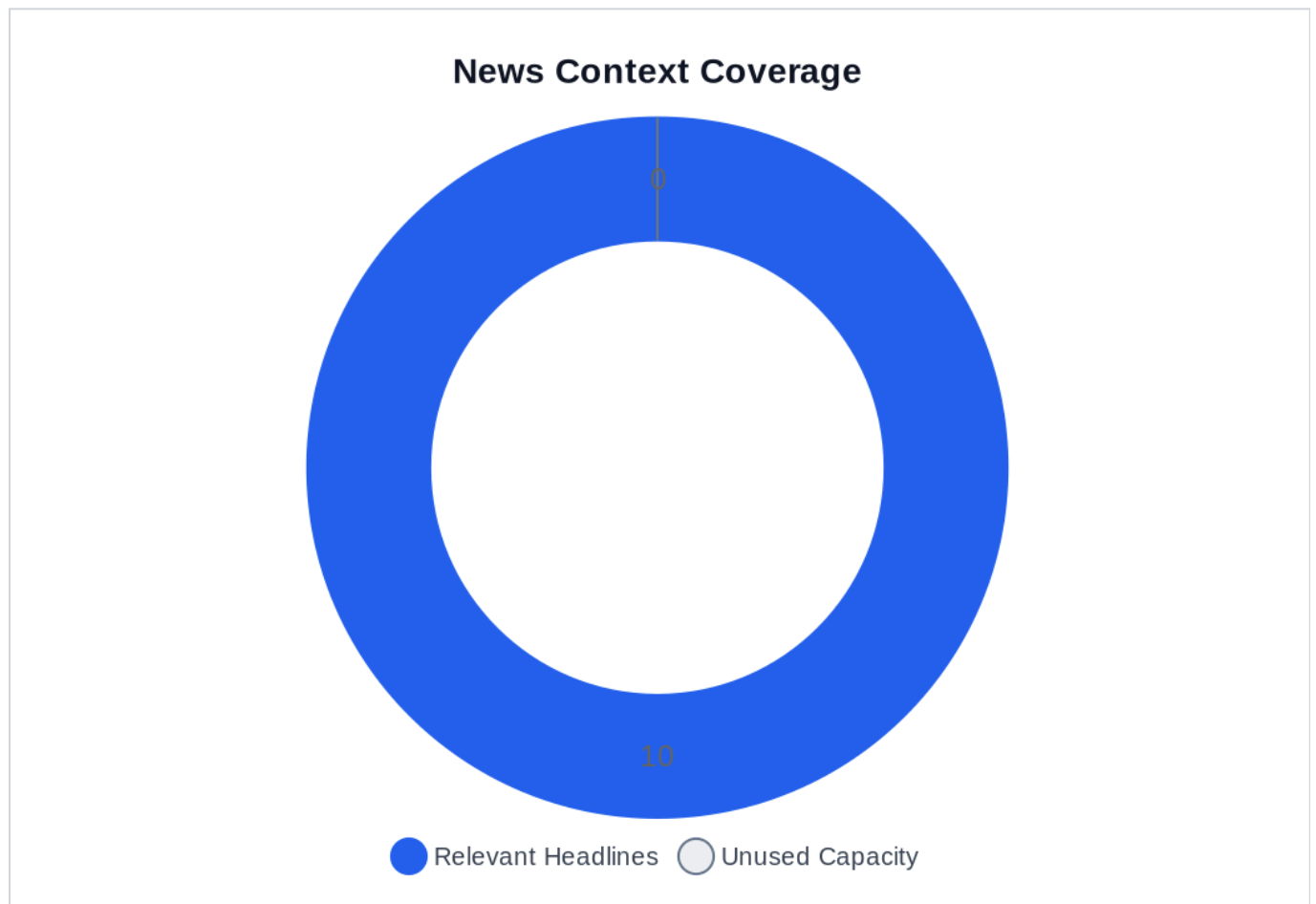
RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	2 / 5	Low
Execution Risk	1 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	1 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	2.0 / 5	

- Net income growth was -46.4% in 2023, illustrating cyclical sensitivity.
- Average operating cash flow growth over 3Y was 43.1%, above latest 27.2%, indicating potential deceleration.
- Analyst coverage for EPS is 1, limiting consensus supported by supplied metricsness.

NEWS NARRATIVE

The headline "Clay McCoy Joins Evercore as Senior Managing Director in Private Capital Advisory" is relevant to monitoring revenue growth of 29.5%, but additional evidence is required to determine financial impact. The headline "Evercore Chairman and Chief Executive Officer John S. Weinberg to Participate in the Morgan Stanley U.S. Financials Conference on June 9" is relevant to monitoring analyst expectations dispersion of 25.0%, but additional evidence is required to determine financial impact. Overall, recent news does not alter the thesis.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: analyst_revision, product_strategy, ai_technology.

INVESTMENT VIEW

EVIDENCE BALANCE

Positive evidence balance

CONVICTION

High

RISK LEVEL

Moderate

CLASSIFICATION

Value / Quality Candidate

Core Thesis: At EV/EBITDA 13.2x and EV/FCF 9.0x, the current price of \$357.38 implies that 55.1% EPS growth and 23.4% free cash flow growth represent cyclical peak conditions rather than a sustained operating-leverage phase supported by ROE of 41.1% and net cash of -0.08x Net Debt/EBITDA.

Primary Risk: Revenue volatility given 2023 revenue growth of -12.1%.

Monitor: Can ROIC of 20.1% remain above the 5Y average of 13.8% through a downturn?

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