

NerdWallet (NRDS): EV/EBITDA 4.0x and EV/FCF 4.2x Price in Cyclicity Despite 21.7% Revenue Growth and 83.0% FCF Growth

NRDS | NerdWallet, Inc. | Financial Services | Financial - Credit Services | FY 2025 | 2026-06-11T11:53:50.381Z

At 4.0x EV/EBITDA and 4.2x EV/FCF, the current price embeds skepticism that 21.7% revenue growth and 83.0% free cash flow growth are durable, despite 19.2% ROIC and net cash of -0.40x Net Debt/EBITDA.

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THEESIS RISK
Mixed but researchable candidate	65 / 100	74 / 100	0 / 100	3 / 100
Value / Quality Candidate				

PRIMARY DEBATE — The investable debate centers on whether NerdWallet’s 21.7% revenue growth and 65.0% EPS growth represent a durable inflection or a cyclical rebound. Historical volatility is evidenced by 5Y average EPS growth of -76.0%, supporting the view that earnings can reverse. In contrast, the latest fiscal year shows operating income growth of 640.4% and free cash flow growth of 83.0%, implying operating leverage in a digital marketplace model with capex to revenue of 0.2%. The implication is that if revenue growth versus guidance remains near 21.7% while margins hold, current multiples may not reflect the present return profile; if growth reverts toward prior volatility, the low multiple would be consistent with cyclicity.

INVESTMENT NARRATIVE

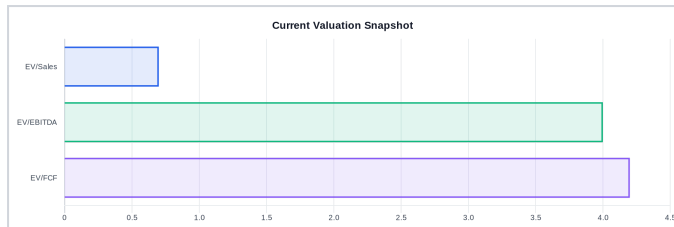
Archetype	Value with improving fundamentals (show me profitable growth)	Core Tension: supported recent growth and cash generation vs. market skepticism about durability given historical EPS volatility and sensitivity to macro/product/AI dynamics
Company Type	Digital financial advice and product marketplace platform serving consumers and SMBs across credit cards, mortgages, insurance, business finance, personal loans, banking, investing, and student lending in the US, UK, and Canada	Market Assumption: The business is cyclical and guidance-driven; recent strength will fade as macro conditions and product/AI uncertainties pressure monetization, so a low multiple is warranted Trajectory: From top-line scale to improving EPS/FCF with net cash and solid returns; if beat cadence persists, setup favors multiple re-rate from deep value territory Mispricing Hypothesis: The market anchors on past EPS drawdown and macro/AI/product uncertainty, undervaluing current growth, returns, and cash generation; at EV/FCF ~4.2 with 20%+ FCF yield and 20%+ revenue growth, even moderated growth could drive outsized equity returns
Key Monitoring Metric	Year-over-year revenue growth versus guidance	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTION EVIDENCE
Very low valuation: EV/EBITDA 3.98 and EV/FCF 4.24; FCF yield 21.4% and earnings yield 12.0% imply skepticism about durability	Latest revenue growth 21.7% and 5Y revenue growth 28.9% indicate supported top-line expansion
5Y EPS growth is -76%, signaling historically volatile earnings	Latest EPS growth 65% and FCF growth 83% show accelerating profitability and cash generation
Narrative clusters emphasize earnings_guidance and macro_sector (guidance- and macro-sensitive setup), plus product_strategy and ai_technology (strategic/tech uncertainty)	Healthy returns: ROE 18.3% and ROIC 19.2%
	Net Debt/EBITDA -0.40 (net cash) strengthens resilience
	Execution trend: Revenue beat rate 75% and EPS beat rate 62.5%

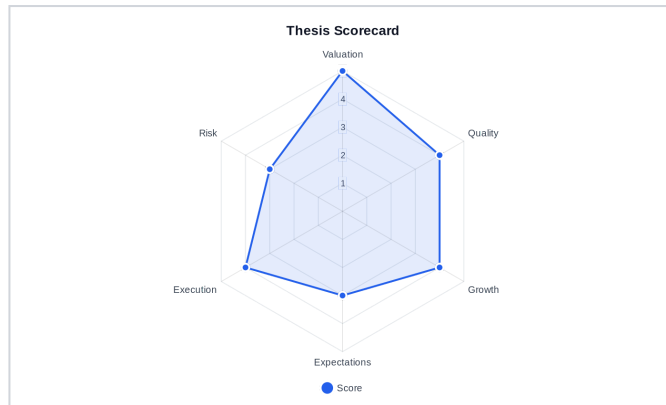
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
5	4	4	3	4	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
4.0x	4.2x	21.4%	19.2%	21.7%	65.0%	83.0%	62.5%

EXECUTIVE SUMMARY

Core Tension	supported recent growth and cash generation vs.
Market Assumption	The business is cyclical and guidance-driven; recent strength will fade as macro conditions and product/AI uncertainties pressure monetization, so a low multiple is warranted
Current Pricing	At a price of \$8.40, market cap of \$611.5M, and enterprise value of \$555.2M, the company trades at 0.7x EV/Sales, 4.0x EV/EBITDA, and 4.2x EV/FCF.
Valuation	Current EV/EBITDA of 4.0x compares with fiscal-year latest EV/EBITDA of 7.8x and a 3Y average of 14.8x, while current EV/FCF of 4.2x compares with latest EV/FCF of 7.0x and a 3Y average of 15.0x.
Quality	ROE of 18.3% and ROIC of 19.2% indicate solid capital efficiency for a digital marketplace model with capex to revenue of 0.2%.
Growth	Latest revenue growth of 21.7% exceeds the 3Y average of 15.9% but trails the 5Y average of 28.9%, indicating growth above recent trend but below peak expansion years.
Cash Flow	Operating cash flow growth of 83.3% and free cash flow growth of 83.0% indicate aligned expansion in cash generation.
Execution	Over 8 quarters, EPS beat rate of 62.5% and revenue beat rate of 75.0% indicate a pattern of outperforming consensus, with average EPS surprise of 34.1% and average revenue surprise of 4.1%.
Primary Monitor	Can revenue growth sustain 21.7% relative to the 3Y average of 15.9%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS	
1	FCF Growth	83.0%		
2	EPS Growth	65.0%		
3	EPS Beat Rate	62.5%		
4	FCF Yield	21.4%		
5	ROIC	19.2%		
6	Revenue Growth	21.7%		

COMPANY & BUSINESS MODEL

NerdWallet, Inc. operates an online platform dedicated to providing tailored financial advice for both individual consumers and small to medium-sized businesses. The company facilitates connections between these users and various financial product providers. Its guidance is delivered through a comprehensive suite of resources, including educational articles, interactive tools and calculators, and specialized product marketplaces, all accessible via its website and the NerdWallet mobile application. Key financial areas covered encompass credit cards, mortgages, insurance, business finance solutions, personal loans, banking, investment strategies, and student lending. Serving customers in the United States, the United Kingdom, and Canada, NerdWallet was founded in San Francisco, California, in 2009.

INVESTMENT THESIS

NerdWallet operates a digital financial advice and marketplace platform across credit cards, mortgages, insurance, and business finance, generating monetization from connecting consumers and SMBs to financial providers. The core tension is between very low valuation metrics —EV/EBITDA 4.0x and EV/FCF 4.2x— and recent operating trend including 21.7% revenue growth and 83.0% free cash flow growth. Evidence of 5Y EPS growth of -76.0% supports the market assumption that earnings have historically been volatile. However, current ROIC of 19.2%, ROE of 18.3%, free cash flow yield of 21.4%, and net cash reflected in Net Debt/EBITDA of -0.40x indicate a business that is currently generating cash at a rate not aligned with deep value multiples. The implication is that the valuation embeds skepticism that recent profitability and cash generation are sustainable, consistent with a guidance- and macro-sensitive narrative, but the supplied operating metrics show improving fundamentals relative to history.

INVESTABLE DEBATE

The investable debate centers on whether NerdWallet's 21.7% revenue growth and 65.0% EPS growth represent a durable inflection or a cyclical rebound. Historical volatility is evidenced by 5Y average EPS growth of -76.0%, supporting the view that earnings can reverse. In contrast, the latest fiscal year shows operating income growth of 640.4% and free cash flow growth of 83.0%, implying operating leverage in a digital marketplace model with capex to revenue of 0.2%. The implication is that if revenue growth versus guidance remains near 21.7% while margins hold, current multiples may not reflect the present return profile; if growth reverts toward prior volatility, the low multiple would be consistent with cyclicality.

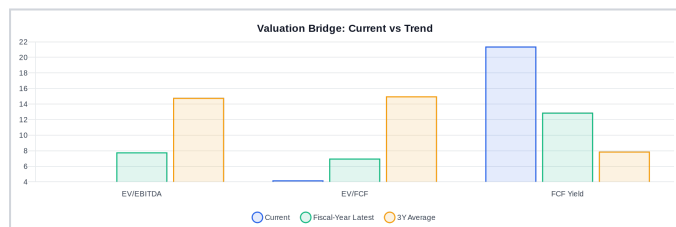
MARKET EXPECTATIONS

At a price of \$8.40, market cap of \$611.5M, and enterprise value of \$555.2M, the company trades at 0.7x EV/Sales, 4.0x EV/EBITDA, and 4.2x EV/FCF. Earnings yield of 12.0% and free cash flow yield of 21.4% imply the market is discounting the durability of current earnings and cash flow. This skepticism is consistent with 5Y average net income growth of -84.8% and 5Y average EPS growth of -76.0%. The implication is that the market is pricing a normalization or contraction in profitability rather than sustained 60.2% net income growth.

CURRENT VALUATION VS HISTORICAL TREND

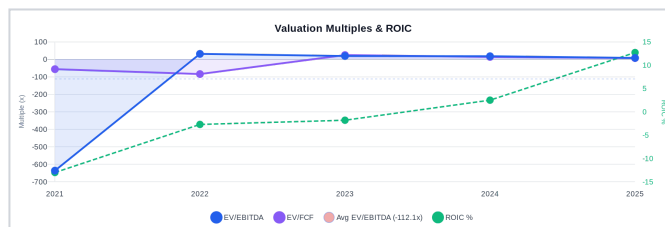
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	4.0x	7.8x	14.8x	-112.1x
EV/FCF	4.2x	7.0x	15.0x	-19.1x
FCF Yield	21.4%	12.9%	7.9%	4.2%

Current EV/EBITDA is 4.0x, while fiscal-year trend data shows latest EV/EBITDA of 7.8x versus a 3Y average of 14.8x. Current EV/FCF is 4.2x, while fiscal-year trend data shows latest EV/FCF of 7.0x versus a 3Y average of 15.0x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 4.0x, while fiscal-year trend data shows latest EV/EBITDA of 7.8x versus a 3Y average of 14.8x.



VALUATION MULTIPLES & ROIC OVERLAY

Current EV/EBITDA of 4.0x compares with fiscal-year latest EV/EBITDA of 7.8x and a 3Y average of 14.8x, while current EV/FCF of 4.2x compares with latest EV/FCF of 7.0x and a 3Y average of 15.0x.

VALUATION ANALYSIS

Current EV/EBITDA of 4.0x compares with fiscal-year latest EV/EBITDA of 7.8x and a 3Y average of 14.8x, while current EV/FCF of 4.2x compares with latest EV/FCF of 7.0x and a 3Y average of 15.0x. At the same time, ROIC is 19.2% versus a 3Y average of 4.5%, and latest FCF yield of 12.9% exceeds the 3Y average of 7.9%. The evidence shows valuation multiples below historical averages while capital efficiency and cash yield exceed 3Y averages. The implication is that the current price is applying a discount to a return profile that has improved relative to recent history.

QUALITY & CAPITAL EFFICIENCY

ROE of 18.3% and ROIC of 19.2% indicate solid capital efficiency for a digital marketplace model with capex to revenue of 0.2%. Income quality of 2.0 and free cash flow to firm of \$135.8M support cash-backed earnings, while Net Debt/EBITDA of -0.40x and a current ratio of 2.6 reflect balance sheet resilience. Compared with 3Y average ROE of 6.0% and ROIC of 4.5%, current returns show improvement. The implication is that present profitability metrics justify more than distressed valuation multiples if sustained.



QUALITY & RETURN PROFILE

ROE of 18.3% and ROIC of 19.2% indicate solid capital efficiency for a digital marketplace model with capex to revenue of 0.2%.

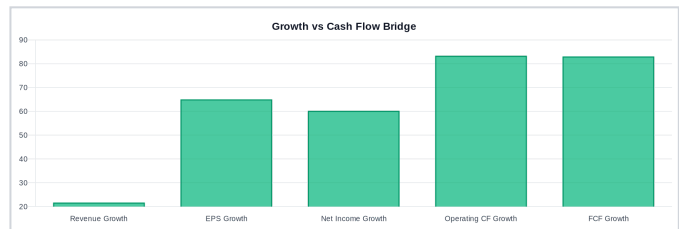
GROWTH TRAJECTORY

Latest revenue growth of 21.7% exceeds the 3Y average of 15.9% but trails the 5Y average of 28.9%, indicating growth above recent trend but below peak expansion years. EPS growth of 65.0% contrasts with a 5Y average of -76.0%, and free cash flow growth of 83.0% exceeds 5Y average FCF growth of 103.5% only modestly below but above the 3Y average of 280.6% on a volatile base. Given the priority of FCF growth at 83.0% and EPS growth at 65.0%, profitability trend currently supports the improving fundamentals narrative.



HISTORICAL GROWTH TRENDS

Latest revenue growth of 21.7% exceeds the 3Y average of 15.9% but trails the 5Y average of 28.9%, indicating growth above recent trend but below peak expansion years.



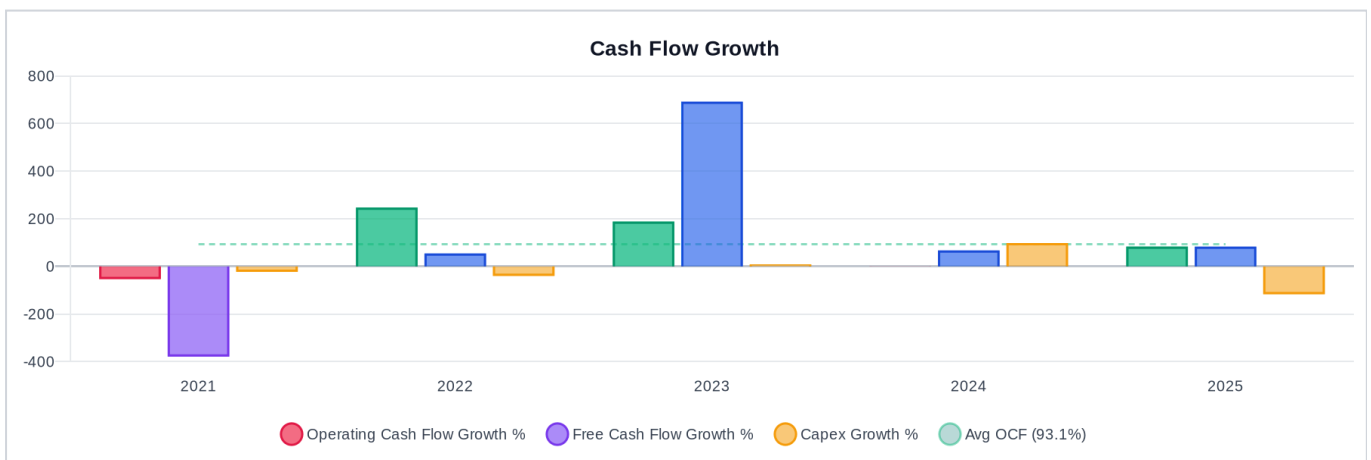
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth of 21.7% exceeds the 3Y average of 15.9% but trails the 5Y average of 28.9%, indicating growth above recent trend but below peak expansion years.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth of 83.3% and free cash flow growth of 83.0% indicate aligned expansion in cash generation. Capex growth of -116.7% and capex to revenue of 0.2% show limited reinvestment drag. The implication is that operating cash flow is converting into free cash flow rather than being absorbed by capital intensity, consistent with a digital platform model.

Income quality of 2.0 and free cash flow to firm of \$135.8M support the view that net income growth of 60.2% is translating into cash. Cash conversion cycle of 7.8 days and working capital of \$126.1M indicate limited balance sheet friction. The implication is that current profitability is cash-backed rather than accrual-driven.



CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth of 83.3% and free cash flow growth of 83.0% indicate aligned expansion in cash generation.

ANALYST EXPECTATIONS

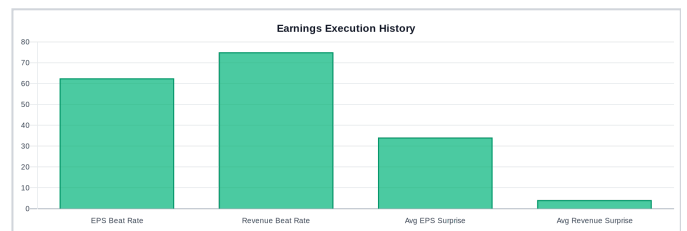
Next Revenue Estimate	\$1.1B
Revenue Bull Case	\$1.1B
Revenue Bear Case	\$1.0B
Next EPS Estimate	0.96
EPS Bull Case	0.99
EPS Bear Case	0.93
Revenue Dispersion	5.11%
EPS Dispersion	6.64%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate of \$1.06B and next EPS estimate of \$0.96 are based on analyst coverage of 1 for revenue and 1 for EPS, with revenue dispersion of 5.1% and EPS dispersion of 6.6%. Limited coverage implies estimate reliability is constrained, while contained dispersion suggests consensus stability. Relative to 21.7% revenue growth and 65.0% EPS growth, expectations appear Reasonable rather than Demanding. The implication is that the hurdle to meet estimates is aligned with recent execution but coverage breadth is narrow.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$1.06B and next EPS estimate of \$0.96 are based on analyst coverage of 1 for revenue and 1 for EPS, with revenue dispersion of 5.1% and EPS dispersion of 6.6%.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate of 62.5% and revenue beat rate of 75.0% indicate a pattern of outperforming consensus, with average EPS surprise of 34.1% and average revenue surprise of 4.1%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	62.5%
Revenue Beat Rate	75.0%
Avg EPS Surprise	34.1%
Avg Revenue Surprise	4.1%
EPS Beats / Misses	5 / 3
Revenue Beats / Misses	6 / 2

Over 8 quarters, EPS beat rate of 62.5% and revenue beat rate of 75.0% indicate a pattern of outperforming consensus, with average EPS surprise of 34.1% and average revenue surprise of 4.1%. The most recent quarter showed EPS of \$0.29 versus \$0.25 estimated and revenue of \$222.2M versus \$227.6M estimated, indicating an EPS beat but revenue miss. The implication is that execution has been more consistent at the earnings line than the revenue line.

Given 62.5% EPS beat rate and 75.0% revenue beat rate across 8 quarters, recent execution supports the credibility of the \$0.96 next EPS estimate and \$1.06B revenue estimate. However, analyst coverage of 1 for both revenue and EPS limits supported by supplied metricsness of consensus formation. The implication is that while historical execution supports estimates, estimate risk remains due to narrow coverage.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
If revenue reaches the bull case of \$1.09B and EPS reaches \$0.99 while ROIC remains at 19.2%, and the multiple holds at 4.0x EV/EBITDA, then earnings durability would be consistent with current capital efficiency and cash generation of 83.0% FCF growth, supporting the valuation case through sustained profitability.	If revenue meets the consensus \$1.06B and EPS reaches \$0.96 while EV/FCF remains near 4.2x and free cash flow growth remains near 83.0%, then the business would continue to generate cash at levels consistent with a 21.4% FCF yield, aligning valuation with current fundamentals.	If revenue trends toward the bear case of \$1.03B and EPS toward \$0.93 while ROIC declines from 19.2% toward the 3Y average of 4.5%, and EV/EBITDA remains at 4.0x, then the low multiple would reflect reduced capital efficiency and a reversion toward historical volatility including 5Y EPS growth of -76.0%.
	Revenue Estimate \$1.06B EPS Estimate \$0.96	
	EV/FCF 4.2x	

BULL CASE

BASE CASE

BEAR CASE

Revenue Bull Case \$1.09B

EPS Bull Case \$0.99

Revenue Bear Case \$1.03B

EPS Bear Case \$0.93

ROIC 19.2%

3Y Avg ROIC 4.5%

SCENARIO PROBABILITY MATRIX

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

12-24 MONTH CONDITIONAL OUTLOOK

If year-over-year revenue growth remains near 21.7% versus the 3Y average of 15.9%, then scale expansion would continue above recent trend.

If EPS growth remains near 65.0% and net income growth near 60.2%, then operating leverage evidenced by 640.4% operating income growth would remain intact.

If EV/EBITDA remains at 4.0x while ROIC holds at 19.2%, then valuation would remain below the 3Y average multiple of 14.8x despite improved returns.

If EPS beat rate remains near 62.5% and revenue beat rate near 75.0%, then estimate credibility would continue to be supported by execution data.

If revenue growth versus guidance aligns with 21.7% and free cash flow growth remains near 83.0%, then the narrative would center on durability of profitable growth rather than cyclical implied by 5Y EPS growth of -76.0%.

THESIS MONITOR

TRACK QUARTERLY

THESIS CHANGES IF

THESIS WEAKENS IF

Can revenue growth sustain 21.7% relative to the 3Y average of 15.9%?

If revenue growth falls below the 3Y average of 15.9%, then the above-trend growth argument would be challenged.

If free cash flow growth falls below 0.0% from 83.0%, then the improving cash generation thesis would fail.

Will ROIC remain above the 3Y average of 4.5% at the current 19.2% level?

If ROIC falls below 19.2% and approaches the 3Y average of 4.5%, then capital efficiency improvement would reverse.

If Net Debt/EBITDA rises above 0.0x from -0.40x, then balance sheet resilience would deteriorate.

Can free cash flow growth remain near 83.0% without capex rising above 0.2% of revenue?

If free cash flow growth falls below the 5Y average of 103.5%, then cash-flow trend would trail historical expansion.

If EPS growth falls below 0.0% from 65.0%, then the profitability inflection would reverse.



RISK & THESIS MONITOR

Can revenue growth sustain 21.7% relative to the 3Y average of 15.9%?

RISK ASSESSMENT

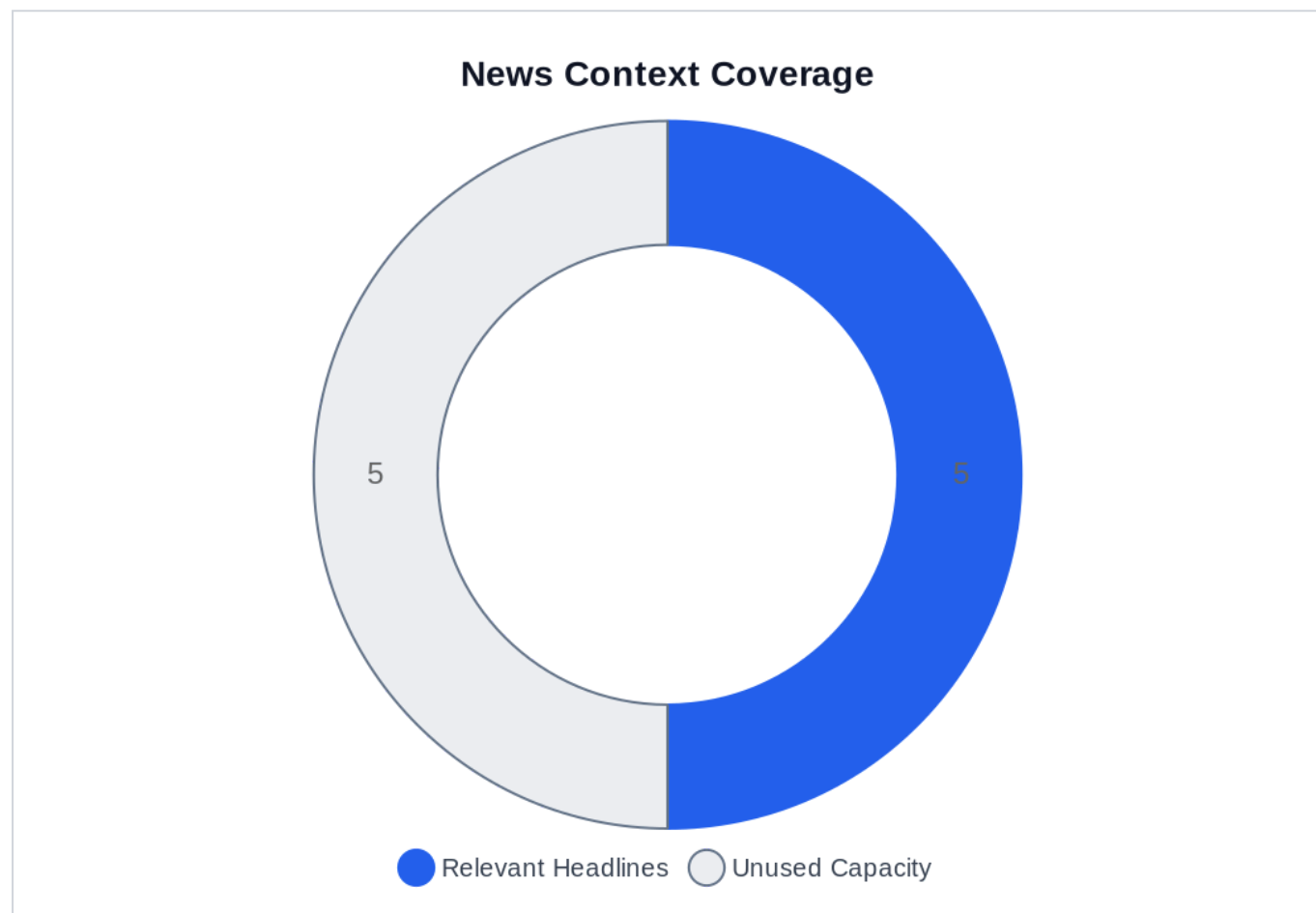
DIMENSION	SCORE	LEVEL
Valuation Risk	1 / 5	Low
Growth Risk	2 / 5	Low
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate

DIMENSION	SCORE	LEVEL
Quality Risk	2 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	2.2 / 5	

- Thesis risk score of 3 indicates balanced risk factors.
- Net Debt/EBITDA of -0.40x reduces leverage risk.
- Cash conversion cycle of 7.8 days limits working capital strain.

NEWS NARRATIVE

The headline "NerdWallet Reports First Quarter Results" noting revenue of \$222.2M is relevant to monitoring quarterly growth versus the \$1.06B next revenue estimate, while "NerdWallet Launches Consumer Financial Resilience Index as Recession Fears Rise" is relevant to macro sensitivity implied by 5Y EPS growth of -76.0%, but additional evidence is required to determine financial impact.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, product_strategy, ai_technology, macro_sector.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Positive evidence balance	High	Moderate	Value / Quality Candidate

Core Thesis: At 4.0x EV/EBITDA and 4.2x EV/FCF, the current price embeds skepticism that 21.7% revenue growth and 83.0% free cash flow growth are durable, despite 19.2% ROIC and net cash of -0.40x Net Debt/EBITDA.

Primary Risk: Revenue sensitivity to macro conditions as reflected in 21.7% latest revenue growth.

Monitor: Can revenue growth sustain 21.7% relative to the 3Y average of 15.9%?