

SEI Investments Company: 10.3x EV/EBITDA with 28.9% EPS Growth Tests the Steady-Compounder Narrative

SEIC | SEI Investments Company | Financial Services | Asset Management | FY 2025 | 2026-06-12T12:38:40.041Z

At 10.3x EV/EBITDA and 15.6x EV/FCF, SEI is priced as a durable mid-single-digit asset and processing franchise, yet 28.9% EPS growth and 30.6% ROE suggest operating leverage inflection—tempered by 3.4% FCF growth and -2.4% operating cash flow growth that keep the debate centered on cash conversion.

SIGNALCORE VIEW

Mixed but researchable candidate

Value / Quality Candidate

SIGNAL SCORE

62 / 100

FUNDAMENTAL QUALITY

70 / 100

EXPANSION POTENTIAL

0 / 100

THESIS RISK

0 / 100

PRIMARY DEBATE — The investable debate is whether SEI remains a steady mid-single-digit compounder, reflected in 8.1% revenue growth and EV/Sales of 4.3x, or whether 28.9% EPS growth and 23.1% net income growth mark an operating leverage phase that could sustain earnings growth above its 5Y EPS growth average of 14.8%. Evidence: free cash flow growth of 3.4% versus EPS growth of 28.9%. Interpretation: earnings acceleration is not yet matched by cash flow acceleration. Implication: the primary metric to monitor is whether FCF growth closes the gap with EPS growth.

INVESTMENT NARRATIVE

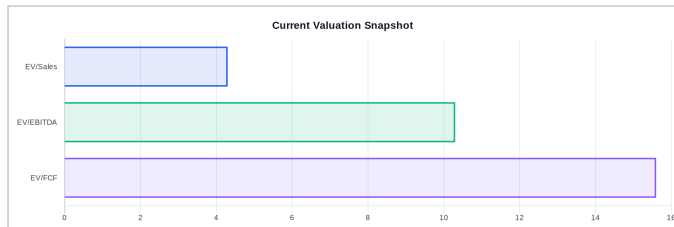
Archetype	Quality compounder with operating leverage inflection	<p>Core Tension: supported EPS trend and high returns vs modest top-line growth and lagging FCF growth/cash conversion</p> <p>Market Assumption: SEIC is a steady, mid- to high-single-digit grower priced for durability rather than breakout growth; technology/product initiatives (incl. AI) help sustain competitiveness but do not re-rate growth or multiples near term</p> <p>Trajectory: Improving: revenue growth modestly above 5Y trend, EPS growth accelerating with frequent beats; cash conversion (FCF growth 3.4%) lags and is the key friction</p> <p>Mispricing Hypothesis: The stock is priced as a steady asset/processing franchise (mid-teens FCF multiple), but the combination of accelerating EPS, supported beat rates, and high returns—potentially supported by ongoing product and AI initiatives—could sustain above-consensus earnings; if FCF growth converges toward EPS growth, the market may re-rate the multiple</p>
Company Type	Asset manager with outsourced investment processing and administration capabilities	
Key Monitoring Metric	FCF growth relative to EPS growth (cash conversion gap)	

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Revenue growth 8.1% vs 5Y revenue growth 6.6% suggests steady—top-line trajectory	Latest EPS growth 28.9% vs 5Y EPS growth 14.8% indicates accelerating earnings trend
EV/EBITDA 10.32x and EV/FCF 15.56x indicate a reasonable, steady-growth multiple	EPS beat rate 75% and revenue beat rate 62.5% suggest consistent outperformance vs expectations
FCF yield 6.23% consistent with a quality, cash-generative but mature profile	ROE 30.64% and ROIC 17.10% signal supported economics and potential for sustained value creation
FCF growth 3.4% trails EPS growth, implying limited cash conversion trend	Net debt/EBITDA -0.32 (net cash) provides flexibility to invest or return capital
Coverage clusters include product_strategy and ai_technology, implying incremental, not yet transformative, narrative	Narrative clusters around earnings_guidance and analyst_revision suggest estimates/guidance may be trending up

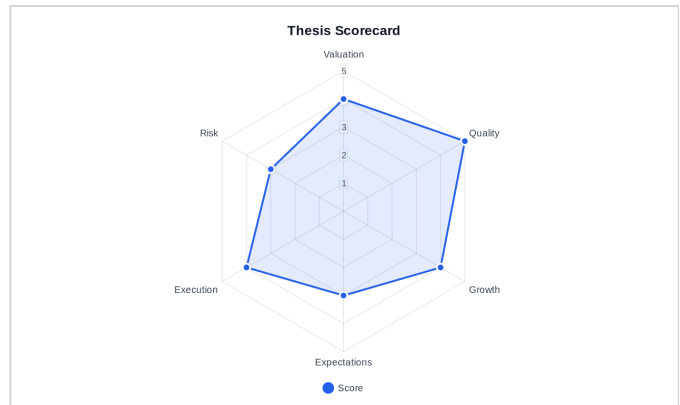
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	5	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
10.3x	15.6x	6.2%	17.1%	8.1%	28.9%	3.4%	75.0%

EXECUTIVE SUMMARY

Core Tension	supported EPS trend and high returns vs modest top-line growth and lagging FCF growth/cash conversion
Market Assumption	SEIC is a steady, mid- to high-single-digit grower priced for durability rather than breakout growth; technology/product initiatives (incl.
Current Pricing	At a price of \$88.15 and EV/EBITDA of 10.3x, the market appears to price SEI as a durable franchise rather than a breakout growth platform.
Valuation	Current EV/EBITDA of 10.3x is below the 3Y average EV/EBITDA of 11.6x, while current EV/FCF of 15.6x is below the 3Y average EV/FCF of 17.9x.
Quality	SEI exhibits high capital efficiency with ROE of 30.6% and ROIC of 17.1%, alongside net debt/EBITDA of -0.3 and a current ratio of 4.5.
Growth	Growth is accelerating at the earnings line relative to history.
Cash Flow	Cash flow trend lags earnings trend.
Execution	Over 8 quarters, EPS beat rate of 75.0% and revenue beat rate of 62.5%, with average EPS surprise of 10.3%, demonstrate consistent earnings outperformance.
Primary Monitor	Can free cash flow growth return toward the 3Y average of 9.4% while maintaining capex/revenue near 1.0%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	EPS Beat Rate	75.0%			
2	EPS Growth	28.9%			
3	ROIC	17.1%			
4	FCF Yield	6.2%			
5	Revenue Growth	8.1%			
6	FCF Growth	3.4%			

COMPANY & BUSINESS MODEL

SEI Investments Company is a publicly traded enterprise primarily focused on asset management. Leveraging its network of subsidiaries, SEI delivers a comprehensive suite of financial offerings. These encompass wealth, retirement, and investment solutions, alongside specialized asset management, asset administration, and outsourced investment processing services, in addition to general financial services and investment advisory expertise. Its extensive client roster serves a diverse array of financial entities, including private banks, independent financial advisors, investment managers, wealth management organizations, hedge fund managers, and broker-dealers. Additionally, it caters to corporations, institutional investors, various retirement schemes (both defined-benefit and defined-contribution), endowments, foundations, and non-profit organizations. Through its various entities, SEI actively manages customized client portfolios and also establishes and oversees a diverse range of mutual funds, covering equity, fixed income, and balanced strategies. Furthermore, the company directly

engages in investments across public equity and fixed income markets. Its investment decisions are informed by a blend of fundamental and quantitative analytical techniques, integrating both top-down macroeconomic perspectives and bottom-up individual security analysis. Established in 1968, SEI maintains its headquarters in Oaks, Pennsylvania.

INVESTMENT THESIS

SEI Investments Company, with a \$10.6B market cap and \$10.3B enterprise value, operates an asset management and outsourced investment processing platform generating fee-based revenue across wealth, retirement, and institutional channels. The core tension is visible in the data: latest EPS growth of 28.9% and net income growth of 23.1% contrast with revenue growth of 8.1% and free cash flow growth of 3.4%. Evidence: EPS growth 28.9% versus 5Y average EPS growth 14.8%. Interpretation: earnings are accelerating faster than the historical trend. Implication: operating leverage may be emerging within a platform model where incremental revenue can expand margins. However, operating cash flow growth of -2.4% and free cash flow growth of 3.4% versus a 3Y average FCF growth of 9.4% indicate cash trend trails earnings trend. Evidence: latest operating cash flow growth -2.4% and capex growth 60.0%. Interpretation: higher capital expenditure relative to cash generation has limited FCF acceleration. Implication: the market's steady-growth framing remains anchored to cash conversion rather than EPS alone. At 10.3x EV/EBITDA and 15.6x EV/FCF, combined with a 6.9% earnings yield and 6.2% free cash flow yield, the valuation embeds durability rather than breakout expansion. Evidence: ROE 30.6% and ROIC 17.1%. Interpretation: capital efficiency is high relative to the valuation multiples. Implication: if cash flow growth converges toward EPS growth, the multiple may prove conservative relative to returns on capital.

INVESTABLE DEBATE

The investable debate is whether SEI remains a steady mid-single-digit compounder, reflected in 8.1% revenue growth and EV/Sales of 4.3x, or whether 28.9% EPS growth and 23.1% net income growth mark an operating leverage phase that could sustain earnings growth above its 5Y EPS growth average of 14.8%. Evidence: free cash flow growth of 3.4% versus EPS growth of 28.9%. Interpretation: earnings acceleration is not yet matched by cash flow acceleration. Implication: the primary metric to monitor is whether FCF growth closes the gap with EPS growth.

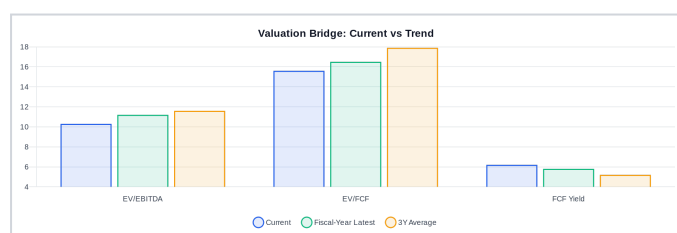
MARKET EXPECTATIONS

At a price of \$88.15 and EV/EBITDA of 10.3x, the market appears to price SEI as a durable franchise rather than a breakout growth platform. Evidence: EV/FCF 15.6x and free cash flow yield 6.2%. Interpretation: the multiple assumes cash generation remains steady but does not accelerate toward historical 3Y average FCF growth of 9.4%. Implication: the current price aligns with a steady compounder profile rather than a structural growth reacceleration.

CURRENT VALUATION VS HISTORICAL TREND

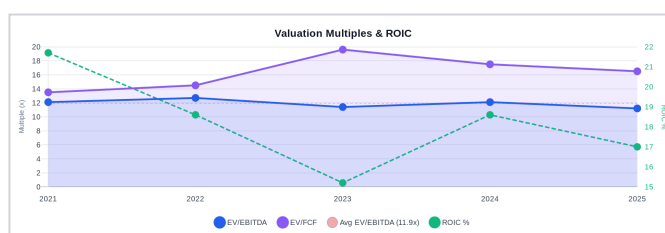
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	10.3x	11.2x	11.6x	11.9x
EV/FCF	15.6x	16.5x	17.9x	16.3x
FCF Yield	6.2%	5.8%	5.2%	5.7%

Current EV/EBITDA is 10.3x, while fiscal-year trend data shows latest EV/EBITDA of 11.2x versus a 3Y average of 11.6x. Current EV/FCF is 15.6x, while fiscal-year trend data shows latest EV/FCF of 16.5x versus a 3Y average of 17.9x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 10.3x, while fiscal-year trend data shows latest EV/EBITDA of 11.2x versus a 3Y average of 11.6x.



VALUATION MULTIPLES & ROIC OVERLAY

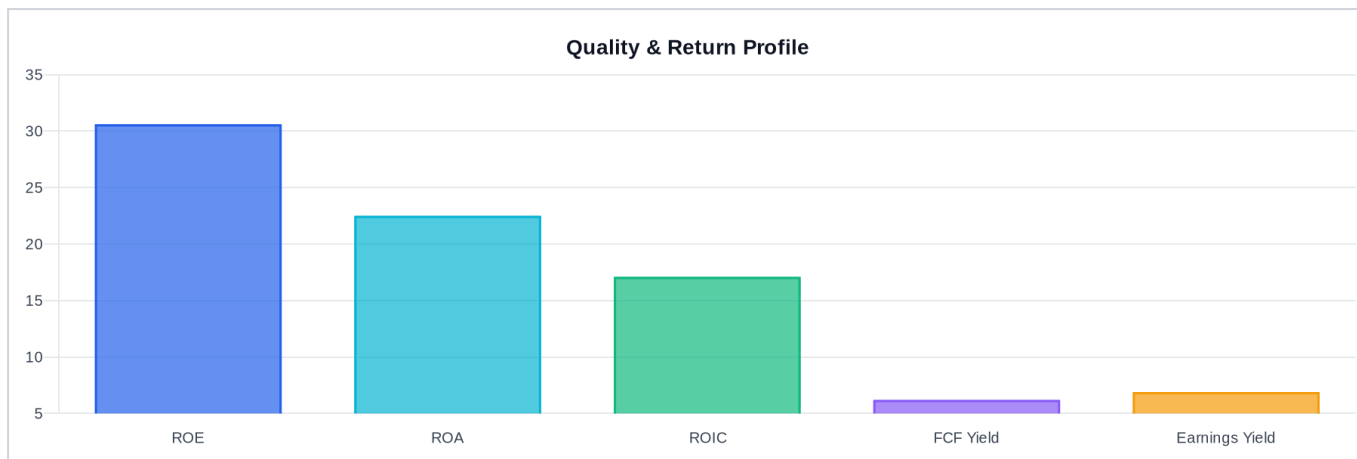
Current EV/EBITDA of 10.3x is below the 3Y average EV/EBITDA of 11.6x, while current EV/FCF of 15.6x is below the 3Y average EV/FCF of 17.9x.

VALUATION ANALYSIS

Current EV/EBITDA of 10.3x is below the 3Y average EV/EBITDA of 11.6x, while current EV/FCF of 15.6x is below the 3Y average EV/FCF of 17.9x. Evidence: ROIC 17.1% versus 3Y average ROIC 16.9%. Interpretation: valuation multiples are modestly below recent historical averages while capital efficiency is slightly above its 3Y average. Implication: the valuation is broadly aligned with, and not above, the supplied return profile. The earnings yield of 6.9% versus FCF yield of 6.2% further indicates earnings and cash flow are directionally consistent but not expanding at the same pace.

QUALITY & CAPITAL EFFICIENCY

SEI exhibits high capital efficiency with ROE of 30.6% and ROIC of 17.1%, alongside net debt/EBITDA of -0.3 and a current ratio of 4.5. Evidence: working capital of \$960.7M and free cash flow to firm of \$626.1M. Interpretation: the balance sheet reflects net cash and liquidity headroom within an asset-light model where capex/revenue is 1.0% in the latest fiscal year. Implication: the quality profile supports durability assumptions embedded in a 10.3x EV/EBITDA multiple.



QUALITY & RETURN PROFILE

SEI exhibits high capital efficiency with ROE of 30.6% and ROIC of 17.1%, alongside net debt/EBITDA of -0.3 and a current ratio of 4.5.

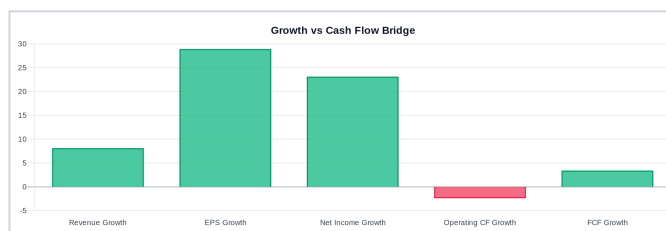
GROWTH TRAJECTORY

Growth is accelerating at the earnings line relative to history. Evidence: latest EPS growth 28.9% versus 3Y average EPS growth 19.0% and 5Y average 14.8%. Interpretation: margin expansion or operating leverage is contributing more than revenue alone. Implication: classification aligns with a quality compounder with operating leverage inflection. However, revenue growth of 8.1% versus 5Y average of 6.6% indicates steady rather than breakout top-line expansion.



HISTORICAL GROWTH TRENDS

Growth is accelerating at the earnings line relative to history.



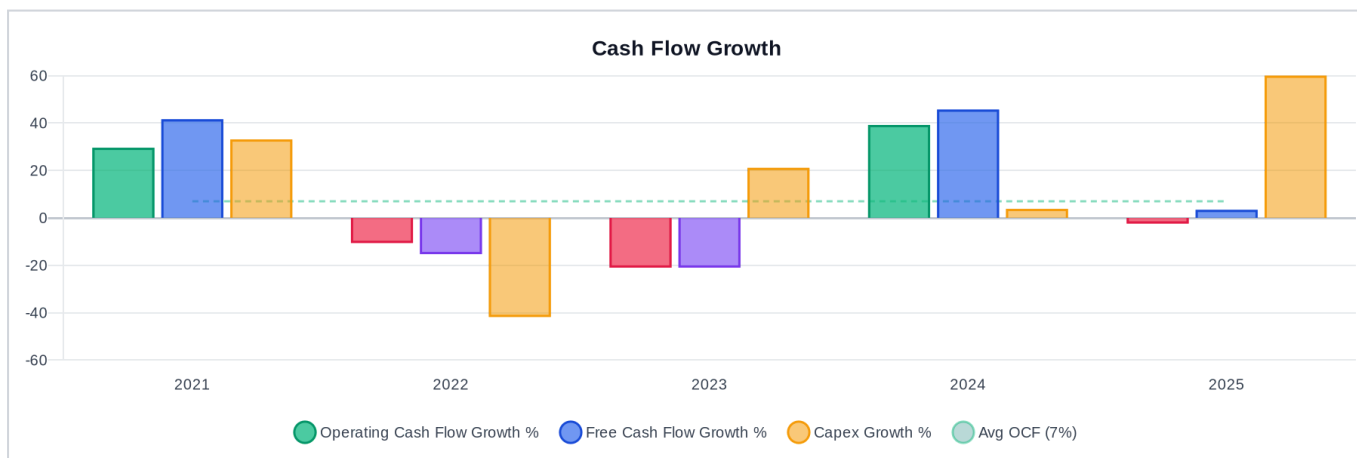
GROWTH VS CASH FLOW BRIDGE

Growth is accelerating at the earnings line relative to history.

CASH FLOW GROWTH & CONVERSION

Cash flow trend lags earnings trend. Evidence: latest free cash flow growth 3.4% versus 3Y average 9.4% and 5Y average 10.9%. Interpretation: current FCF growth is below historical norms. Implication: the thesis depends on FCF growth improving toward historical averages to support sustained earnings acceleration.

Operating cash flow growth of -2.4% alongside free cash flow growth of 3.4% and capex growth of 60.0% highlights conversion friction. Evidence: capex/revenue 1.0% versus 3Y average 2.3%. Interpretation: despite low structural capex intensity, year-over-year capex growth has absorbed incremental operating cash. Implication: sustained negative operating cash flow growth would challenge the durability implied by a 6.2% FCF yield.



CASH FLOW GROWTH — OCF, FCF & CAPEX

Cash flow trend lags earnings trend.

ANALYST EXPECTATIONS

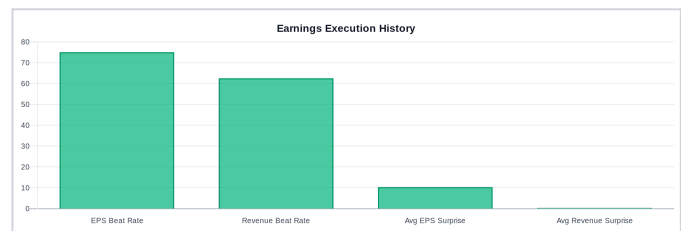
Next Revenue Estimate	\$3.4B
Revenue Bull Case	\$3.4B
Revenue Bear Case	\$3.3B
Next EPS Estimate	10.95
EPS Bull Case	11.24
EPS Bear Case	10.79
Revenue Dispersion	3.12%
EPS Dispersion	4.05%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate of \$3.4B and next EPS estimate of \$10.95, with revenue dispersion of 3.1% and EPS dispersion of 4.1%, suggest contained expectation risk. Evidence: analyst coverage of 1 for revenue and 1 for EPS. Interpretation: low dispersion indicates stable consensus, but limited coverage reduces external validation. Implication: expectations appear Reasonable relative to 8.1% revenue growth and 28.9% EPS growth.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$3.4B and next EPS estimate of \$10.95, with revenue dispersion of 3.1% and EPS dispersion of 4.1%, suggest contained expectation risk.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate of 75.0% and revenue beat rate of 62.5%, with average EPS surprise of 10.3%, demonstrate consistent earnings outperformance.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	75.0%
Revenue Beat Rate	62.5%
Avg EPS Surprise	10.3%
Avg Revenue Surprise	0.3%
EPS Beats / Misses	6 / 2
Revenue Beats / Misses	5 / 3

Over 8 quarters, EPS beat rate of 75.0% and revenue beat rate of 62.5%, with average EPS surprise of 10.3%, demonstrate consistent earnings outperformance. Evidence: most recent quarter EPS of 1.44 versus estimate 1.29. Interpretation: execution has been supported at the earnings line than the revenue line. Implication: historical performance supports credibility of current EPS estimates of \$10.95.

Given EPS beat rate of 75.0% and contained EPS dispersion of 4.1%, estimates appear anchored in observed execution. Evidence: revenue beat rate 62.5% and average revenue surprise 0.3%. Interpretation: earnings variability is higher than revenue variability. Implication: earnings expectations are credible but more sensitive to margin dynamics than top-line shifts.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
If EPS reaches the bull case of \$11.24 and revenue reaches \$3.4B while ROE remains at 30.6%, and if EV/EBITDA holds at 10.3x, then earnings durability combined with high capital efficiency would support the view that operating leverage is sustainable.	If EPS approximates the next estimate of \$10.95 and revenue remains near \$3.4B while free cash flow growth remains at 3.4% and EV/FCF stays near 15.6x, then SEI continues to trade as a steady compounder with moderate cash conversion.	If EPS declines toward the bear case of \$10.79 and free cash flow growth remains at 3.4% while operating cash flow growth stays at -2.4% and EV/EBITDA remains at 10.3x, then the earnings acceleration narrative would be challenged by cash conversion constraints.
<div style="border: 1px solid black; padding: 2px; display: inline-block;">EPS Bull Case \$11.24</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">Revenue Bull Case \$3.4B</div>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Next EPS Estimate \$10.95</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">Next Revenue Estimate \$3.4B</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">EV/FCF 15.6x</div>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">EPS Bear Case \$10.79</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">Operating Cash Flow Growth -2.4%</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 10px;">EV/EBITDA 10.3x</div>
<div style="border: 1px solid black; padding: 2px; display: inline-block;">ROE 30.6%</div>		

SCENARIO PROBABILITY MATRIX

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

12-24 MONTH CONDITIONAL OUTLOOK

Revenue growth of 8.1% versus a 5Y average of 6.6% indicates modest acceleration, but dispersion of 3.1% suggests limited variability around the \$3.4B estimate.

EPS growth of 28.9% versus a 5Y average of 14.8% indicates operating leverage, yet sustainability depends on FCF growth improving from 3.4% toward its 3Y average of 9.4%.

With EV/EBITDA at 10.3x below the 3Y average of 11.6x and ROIC at 17.1% near its 3Y average of 16.9%, valuation appears consistent with current capital efficiency.

An EPS beat rate of 75.0% over 8 quarters supports estimate credibility, but operating cash flow growth of -2.4% warrants monitoring.

If EPS remains near \$10.95 and ROE stays around 30.6% while FCF growth exceeds 3.4%, then the steady compounder narrative would remain intact.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can free cash flow growth return toward the 3Y average of 9.4% while maintaining capex/revenue near 1.0%?	If free cash flow growth rises above the 3Y average of 9.4%, then the cash conversion gap versus EPS growth of 28.9% would narrow.	If EPS growth falls below the 5Y average of 14.8%, then the operating leverage inflection case challengedens.
Is EPS growth of 28.9% sustainable if revenue growth remains near 8.1%?	If ROIC increases above the 5Y average of 18.2%, then capital efficiency would exceed historical norms.	If free cash flow growth turns negative below 0.0% from 3.4%, then the 6.2% FCF yield would be less supported by growth.
Will ROIC remain above 16.9% as operating cash flow growth recovers from -2.4%?	If operating cash flow growth turns positive above 0.0% from -2.4%, then cash generation would align more closely with earnings growth.	If ROE declines below the 3Y average of 25.6%, then the current EV/EBITDA of 10.3x would be less aligned with capital efficiency.



RISK & THESIS MONITOR

Can free cash flow growth return toward the 3Y average of 9.4% while maintaining capex/revenue near 1.0%?

RISK ASSESSMENT

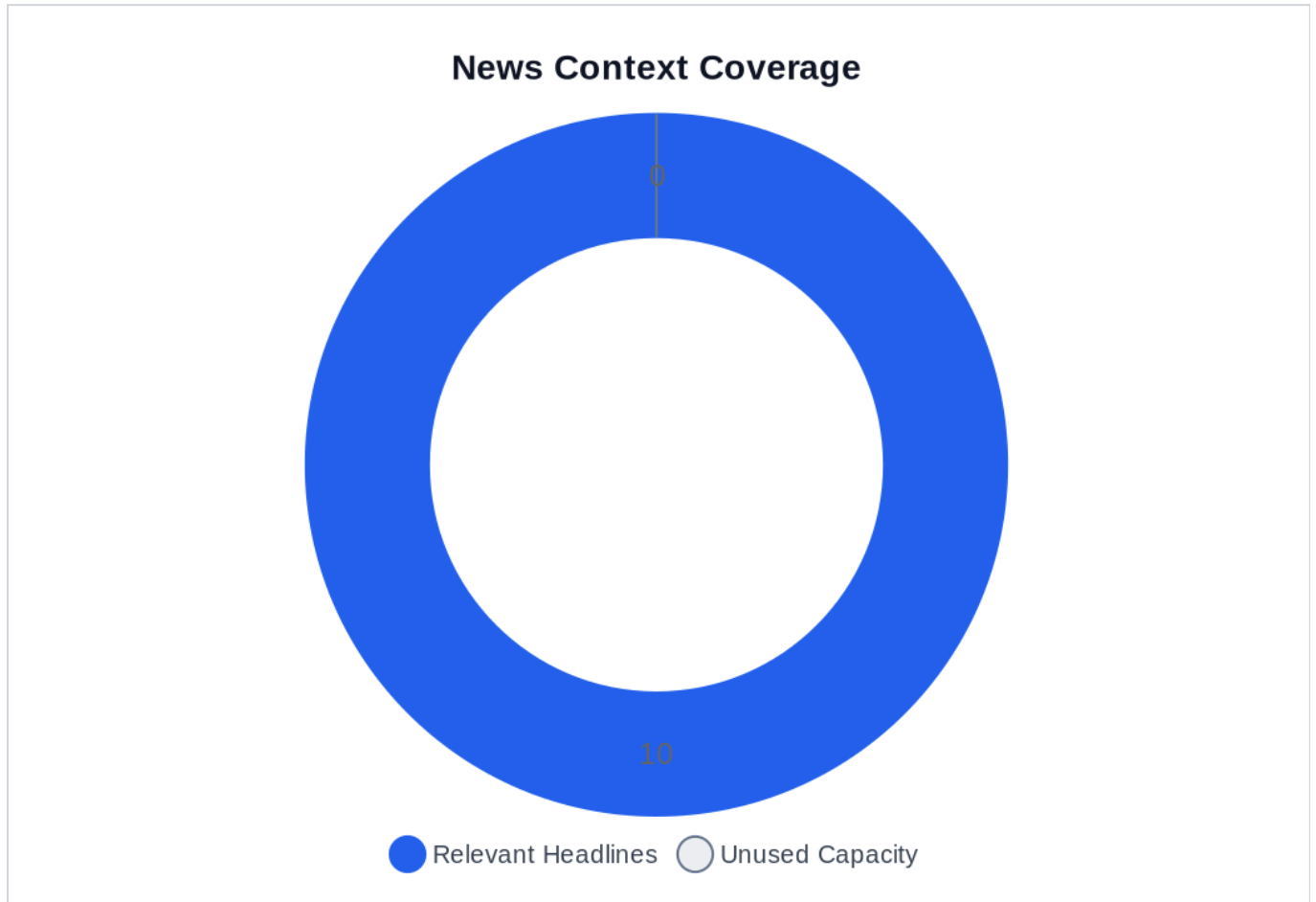
DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	2 / 5	Low
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	1 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	2.2 / 5	

- Net change in cash growth of -85.8% indicates balance sheet cash declined year over year despite net debt/EBITDA of -0.3.

- Cash conversion cycle of 106.8 days implies working capital timing affects operating cash flow of -2.4% growth.
- Stock-based compensation growth of -8.6% relative to net income growth of 23.5% suggests earnings quality currently favors cash retention.

NEWS NARRATIVE

The headline "SEI Names Sneha Shah Chief AI Strategist, Expands Enterprise AI and Data Leadership" is relevant to monitoring operating leverage and revenue growth of 8.1%, but additional evidence is required to determine financial impact. The headline "SEI Reports First-Quarter 2026 Financial Results" citing 20% EPS increase is consistent with recent EPS growth of 28.9%, yet cash conversion metrics such as free cash flow growth of 3.4% remain the primary metrics to monitor.



NEWS CONTEXT COVERAGE

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

INVESTMENT VIEW

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

Core Thesis: At 10.3x EV/EBITDA and 15.6x EV/FCF, SEI is priced as a durable mid-single-digit asset and processing franchise, yet 28.9% EPS growth and 30.6% ROE suggest operating leverage inflection—tempered by 3.4% FCF growth and -2.4% operating cash flow growth that keep the debate centered on cash conversion.

Primary Risk: Operating cash flow growth of -2.4% persisting alongside 60.0% capex growth could pressure free cash flow growth of 3.4%.

Monitor: Can free cash flow growth return toward the 3Y average of 9.4% while maintaining capex/revenue near 1.0%?