

## Analyst Report: Ryan Specialty Holdings, Inc. (RYAN)

**Industries:** Financial, Insurance, Property Insurance

Ryan Specialty Holdings leverages E&S; market expertise for continued growth.

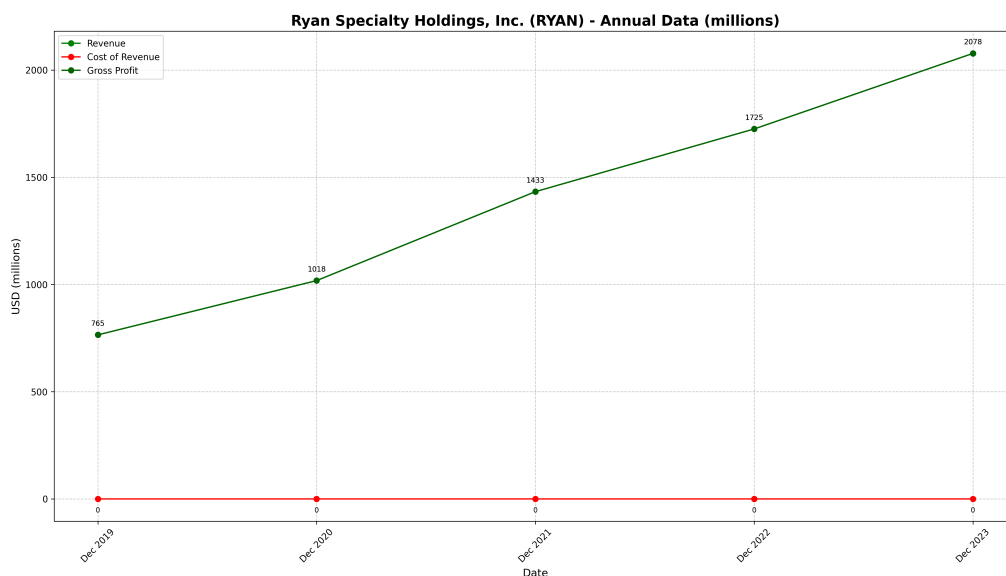
Forward Valuations	Bullish	Bearish
Implied Option Valuation	\$0.00 - \$0.00	\$0.00 - \$0.00
Sum of the Parts	\$80.00 - \$85.00	\$65.00 - \$70.00
Relative Multiples	\$25.00 - \$27.00	\$18.00 - \$20.00
Discounted Cash Flow	\$70.00 - \$75.00	\$55.00 - \$60.00

### SUMMARY DATA (ANNUAL)

<b>52-Week High</b>	<b>\$75.97</b>
52-Week Low	\$41.65
Shares	114.36
EPS	0.53
Dividend	0
Revenue	2,077.55
Cost of Revenue	0
Gross Profit	2,077.55
EBIT	223.99

### OUTLOOK

Over the next two quarters, Ryan Specialty Holdings, Inc. is expected to focus on integrating its recent acquisitions in the employee benefits space, expanding its presence in key growth markets, and further developing its technology platform, RT Connector. Success in these areas could drive revenue growth and enhance operational efficiency. However, the company will also need to navigate potential headwinds from increasing competition and evolving regulations.



## 1. Business Description

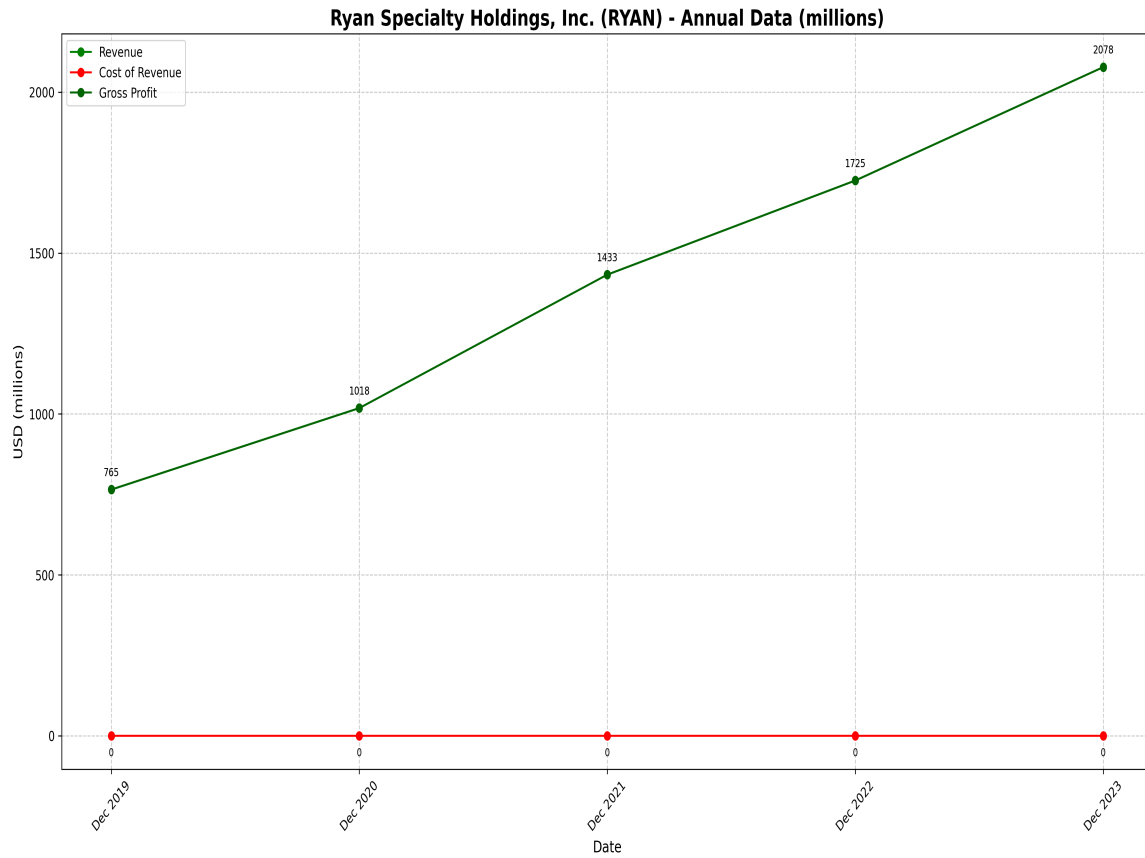
Ryan Specialty Holdings, Inc. is a leading global specialty insurance solutions provider. The company operates as a wholesale broker and managing underwriter, offering services to retail insurance brokers and carriers. RYAN assists retail brokers in placing complex risks, while providing carriers with distribution, underwriting, and risk management expertise. The company emphasizes the E&S; market's flexibility in crafting custom insurance solutions. RYAN's strategy involves attracting and retaining top talent, leading in innovation, and broadening product offerings through strategic acquisitions. The company focuses on collaboration with retail brokers and carriers, emphasizing its non-retail approach, which avoids channel conflicts.

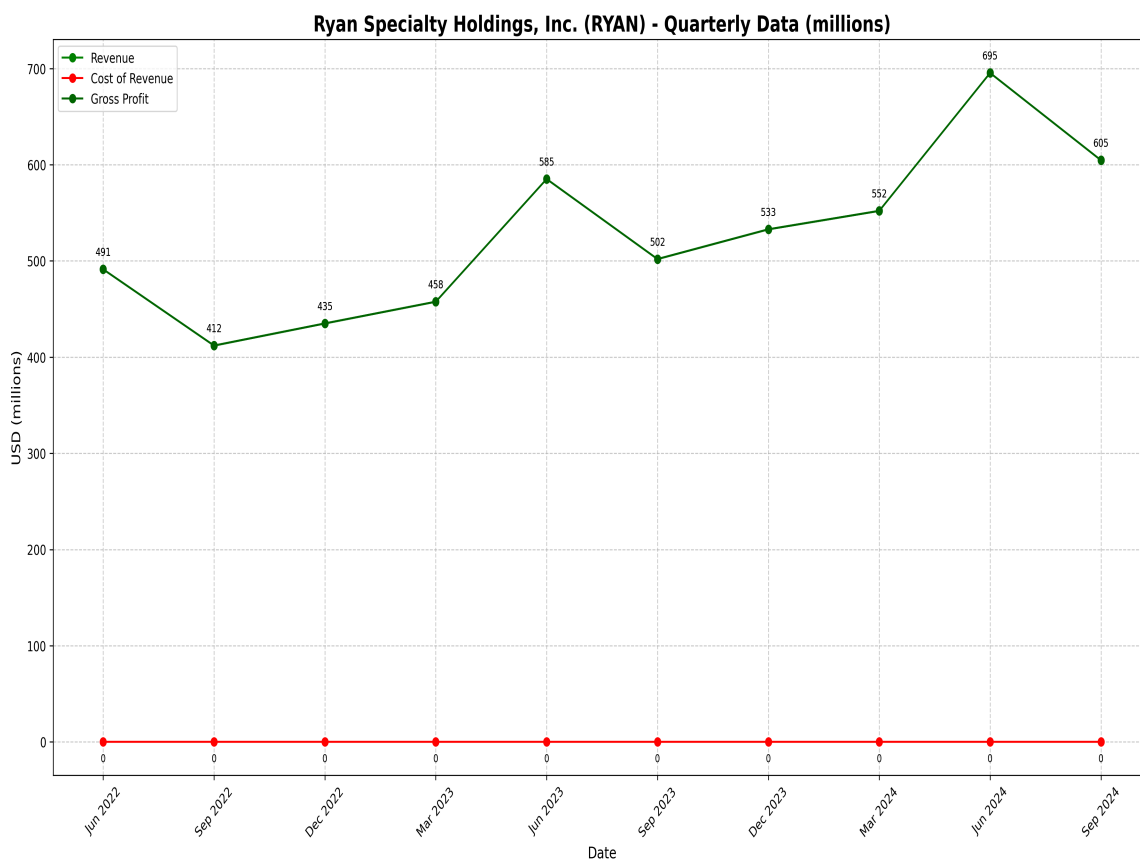
RYAN has a multi-channel approach to E&S; and Admitted markets through Wholesale Brokerage, Binding Authority, and Underwriting Management specialties. Wholesale Brokerage distributes various specialty insurance products, while Binding Authority provides quick access to carriers with delegated underwriting authority. Underwriting Management oversees MGUs, MGAs, and programs for specific lines or industry classes. RYAN's growth is fueled by strategic acquisitions, consolidating market share and expanding its reach. The company leverages technology like RT Connector, a digital marketplace, to streamline processes and enhance client services. Financial performance shows double-digit revenue growth and strong earnings per share, reflecting the efficacy of RYAN's business model.

RYAN operates as a holding company controlling New Ryan Specialty, LLC, which in turn controls Ryan Specialty, LLC. This structure enables RYAN to consolidate financial results while maintaining partnership-level taxation. The company entered a Tax Receivable Agreement (TRA) with LLC Unitholders, stipulating payments based on realized tax savings. The TRA and the dual-class stock structure, where Class B shares hold 10 votes each, concentrate voting control with the Ryan Parties. RYAN prioritizes human capital and fosters a positive work environment based on core values such as integrity, client focus, and innovation. The company's diverse workforce and commitment to inclusion are highlighted as strengths in serving clients and partners.

## 2. Financial Analysis

No financial data provided. Unable to provide analysis of Ryan Specialty Holdings, Inc.'s financial situation and evolution without this data.





## BALANCE SHEET, LAST 10 YEARS

	2023	2022	2021	2020	2019
Total Assets	7,247.21	6,383.74	5,458.71	4,529.38	2,190.30
Total Debt	2,155.04	2,157.18	1,683.27	1,688.97	669.04
Shares	114.36	108.62	105.73	106.49	0
EPS	0.53	0.57	-0.07	0	0
Dividend	0	0	0	0	0
Revenue	2,077.55	1,725.19	1,432.77	1,018.27	765.11
Cost of Revenue	0	0	0	0	0
Gross Profit	2,077.55	1,725.19	1,432.77	1,018.27	765.11
EBIT	223.99	181.82	150.16	124.30	104.64

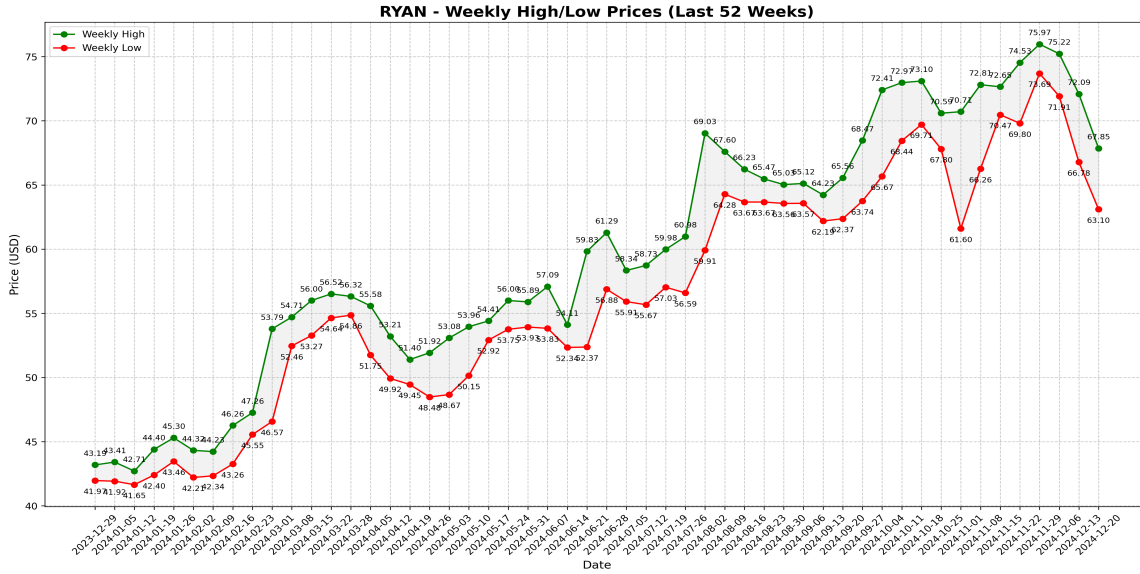
(\* millions, except EPS and dividend)

## BALANCE SHEET, LAST 10 QUARTERS

	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Total Assets	8,478.50	8,272.41	7,116.50	7,247.21	6,425.86	7,235.80	6,046.96	6,383.74	5,687.96	6,442.42
Total Debt	2,849.84	2,143.46	2,149.23	2,155.04	2,157.97	2,160.43	2,144.64	2,157.18	2,136.77	2,127.58
Shares	121.92	118.39	117.81	117.56	115.87	112.92	111.03	110.36	109.43	108.05
EPS	0.15	0.38	0.14	0.19	-0.04	0.27	0.12	0.17	0.11	0.23
Dividend	0	0	0	0	0	0	0	0	0	0
Revenue	604.69	695.44	552.05	532.86	501.94	585.15	457.60	435.01	412.00	491.29
Cost of Revenue	0	0	0	0	0	0	0	0	0	0
Gross Profit	604.69	695.44	552.05	532.86	501.94	585.15	457.60	435.01	412.00	491.29
EBIT	58.02	96.61	52.36	53.19	51.27	70.61	48.92	53.12	44.02	60.52

(\* millions, except EPS and dividend)

### 3. Stock Technical Analysis



No stock price data provided. Unable to provide analysis of Ryan Specialty Holdings, Inc.'s stock price evolution and technical analysis without this data.

#### **4. Current Media Coverage & Stories**

Ryan Specialty Holdings (RYAN) has not been directly featured in the provided headlines. The headlines primarily mention individuals named Ryan in various contexts, including sports, politics, and crime, unrelated to the company's operations or industry.

## 5. Financial vs. Stock vs. Media Coverage Situations

Due to the lack of RYAN-specific media coverage, direct narrative comparison is not possible. Additionally, the absence of stock price and financial data limits any evaluation of how financial results could relate to possible narratives. If financial and stock market data were available, comparisons and contrasts between media sentiment, financial performance, and stock movements could be drawn.



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## 6. Industry Analysis

Ryan Specialty Holdings, Inc. operates within the highly competitive and fragmented insurance brokerage industry. The industry can be broadly classified into two main markets: the Admitted market, comprising licensed carriers with regulated rates and forms, and the Excess and Surplus (E&S;) market, offering more flexibility in terms and pricing. The E&S; market has grown due to the rise of complex, high-hazard risks not readily insured in the Admitted market. Wholesale brokers, like Ryan Specialty, play a vital role in facilitating the placement of these specialty risks. Competition among wholesalers is based on expertise, market access, and client service. The industry is undergoing consolidation at both retail and carrier levels, affecting relationships and distribution strategies. Technological advancements, including digital platforms and AI, are transforming the industry, requiring companies to adapt and innovate. The industry also faces cyclical premium pricing fluctuations, driven by factors like underwriting capacity, economic conditions, and catastrophic events. Regulation plays a significant role, governing licensing, compliance, and the handling of fiduciary funds.

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## 7. Drivers & Challenges

Several key trends, challenges and opportunities shape Ryan Specialty Holdings' landscape: **Talent Acquisition and Retention:** Attracting and retaining specialized insurance professionals is crucial in a competitive market. RYAN's success hinges on nurturing its talent pool, which includes wholesale brokers, underwriters, and other specialists. **Technological Innovation:** Adapting to and implementing technology solutions is essential for efficiency and competitive advantage. RYAN's digital marketplace, RT Connector, is a key driver in streamlining processes and enhancing client services. **Mergers and Acquisitions:** Strategic acquisitions play a key role in expanding Ryan Specialty's product portfolio, geographical reach and talent pool. Successful integration and alignment of acquired businesses are essential for sustainable growth. **E&S; Market Growth:** The E&S; market, a key focus for RYAN, is growing due to complex and high-hazard risks. RYAN's expertise in this market and ability to craft customized solutions drives its growth. **Regulation and Compliance:** Navigating evolving data privacy, cybersecurity, and other regulations requires substantial resources and compliance efforts, impacting RYAN's operations and costs. **Competition:** Intense competition in the insurance brokerage industry requires RYAN to maintain a strong brand, deliver high-quality services, and differentiate its offerings through intellectual capital and innovation.

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## 8. Bull Case

A bullish scenario for Ryan Specialty Holdings, Inc. anticipates robust growth in the E&S; market driven by the continuing increase of complex and specialty risks, including those related to emerging technologies, cyber threats and climate change. RYAN's specialized expertise and deep relationships with both retail brokers and carriers would position it to capture a significant share of this expanding market. Continued successful execution of the company's acquisition strategy could further expand its product offerings, geographical reach and talent pool, solidifying its competitive advantages. The seamless integration of technology platforms, such as RT Connector, would further enhance operational efficiencies and client services, attracting and retaining both clients and top talent. RYAN's commitment to fostering a positive work environment and promoting diversity and inclusion could enhance its ability to attract and retain the best talent in the industry, driving innovation and customer satisfaction. Successful execution of ACCELERATE 2025 could lead to significant cost savings and enhanced productivity, ultimately improving profitability margins and fueling shareholder returns. In this optimistic scenario, RYAN could emerge as a dominant force in the specialty insurance sector, experiencing accelerated revenue growth, improved profitability, and a rising stock price.

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## 9. Bear Case

A bearish outlook for Ryan Specialty Holdings, Inc. considers the potential for a slowdown in the E&S; market due to increased competition from established players and new entrants, including insurtech companies offering innovative, technology-driven solutions. This heightened competition could pressure RYAN's commission rates and reduce its market share. Failure to execute the acquisition strategy effectively, including difficulties in integrating acquired businesses or overpaying for assets, could strain RYAN's financial resources and create operational challenges. Technological disruptions or cybersecurity breaches could damage RYAN's reputation, disrupt operations, and expose the company to significant financial losses and legal liabilities. An economic downturn or increased frequency of catastrophic events could lead to reduced demand for insurance products, impacting RYAN's revenue and profitability. Failure to execute ACCELERATE 2025 as planned could result in less cost savings or higher restructuring expenses. Additionally, changes in tax laws or adverse outcomes from tax audits could negatively impact RYAN's financial performance. In a pessimistic scenario, RYAN could experience stagnating revenue growth, declining profit margins, and a significant decrease in its stock price.

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## 10. Forward Valuation

Forward Valuation for Ryan Specialty Holdings (RYAN) incorporates several methods:

**Discounted Cash Flow (DCF):** Bullish: Assumes continued growth in the E&S; market, successful acquisitions, and margin expansion. Projects free cash flow growth of 12-15% over the next five years, followed by a terminal growth rate of 3-5%. Uses a discount rate of 8-10%, reflecting RYAN's risk profile. Bearish: Assumes increased competition, pressure on commissions, and slower growth. Projects free cash flow growth of 5-7% for the next five years, and a terminal growth rate of 1-2%. Uses a discount rate of 10-12%.

**Relative Valuation (Multiples-Based):** Bullish: Applies a premium multiple of 20-22x to RYAN's projected earnings, reflecting its growth prospects and market leadership in the specialty insurance sector. Bearish: Applies a discount multiple of 15-17x, reflecting potential challenges from competition and market volatility.

**Sum-of-the-Parts (SOTP):** Bullish: Values each of RYAN's three specialties separately, using relative multiples based on comparable public companies, and sums the values, adding a premium for synergy and growth potential. Bearish: Values each specialty separately, but applies discount multiples and accounts for potential losses or write-downs in underperforming segments.

**Implied Option Valuation:** This method is less applicable to RYAN's current situation, given the lack of substantial embedded options or warrants in its capital structure. It could be considered if RYAN issues convertible debt or engages in complex financial transactions involving options.

The provided valuation numbers for DCF, relative multiples, and SOTP are illustrative and can be refined with access to detailed financial data. The options pricing model is not applicable without specific options or warrants.

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## 11. Executive Summary

Ryan Specialty Holdings, Inc. is a leading service provider of specialty insurance products and solutions, operating in the dynamic E&S; market. The company's success hinges on its ability to attract and retain top talent, drive innovation, and effectively integrate strategic acquisitions. Growth in the E&S; market, driven by complex and high-hazard risks, presents a significant opportunity for RYAN. Key drivers include leveraging technology, deepening relationships with retail brokers, and building a comprehensive binding authority business. However, challenges exist, including competition, regulatory changes, and potential cybersecurity threats. RYAN's performance is also subject to the cyclical nature of the insurance market and its ability to collect receivables. The company's substantial indebtedness and dual-class stock structure present additional risks. The successful execution of the ACCELERATE 2025 restructuring plan and continued innovation in product offerings are crucial for RYAN's future success. The absence of recent, company-specific media coverage limits the assessment of immediate market sentiment.