

### Key Statistics (USD)

Price	179.22
Market Cap	45.00B
Enterprise Value	44.98B
PEG Ratio (5 yr. expected)	4.55
52 weeks high	188.26
52 weeks low	96.46
Beta (5Y-monthly)	1.40
Dividend yield %	1.56%
EPS (TTM)	12.42
1-Yr Stock performance	77.97%

### Firm's Brief Description.

Discover Financial Services is a digital banking and payment services company with one of the most recognized brands in U.S. financial services. Since its inception in 1986, the company has become one of the largest card issuers in the United States. It operates in two segments, Digital Banking and Payment Services. The Digital Banking segment offers Discover-branded credit cards to individuals; personal loans, home loans, and other consumer lending; and direct-to-consumer deposit products comprising savings accounts, certificates of deposit, money market accounts, IRA certificates of deposit, IRA savings accounts and checking accounts, and sweep accounts. The Payment Services segment operates the PULSE to access automated teller machines, debit, and electronic funds transfer network; and Diners Club International, payments network that issues Diners Club branded charge cards and/or provides card acceptance services, as well as offers payment transaction processing and settlement services. The company was incorporated in 1960 and is based in Riverwoods, Illinois.

### Growth Rates

	YoY	3-Yr Avg
Revenues	19.31%	12.77%
Earnings	-32.78%	107.7%
Free Cash Flow	30.95%	19.76%

### Margins

	Company	3-Yr Avg
Gross Profit Margin	76.97%	85.36%
Operating Margin	18.57%	36.53%
Net Profit Margin	16.02%	33.11%

### Key Ratios

	Company	3-Yr Avg
Current Ratio	1.13	1.18
Total Ratio	1.11	1.12
Financial Leverage	10.22	9.21
ROE	19.83%	30.25%
ROA	2.02%	3.47%
ROC	9.01%	14.36%

### Valuation Metrics

	TTM	FY 2023
Price to Sales	2.59	2.24
Price to Earnings	14.46	7.61
Price to Cash Flow	4.65	4.30
Price to Book Value	2.61	2.14

### Sector Overview

- Discover Financial Services said it will miss a deadline to file its quarterly report with regulators, citing disagreements with the Securities and Exchange Commission over its accounting treatment of a credit-card misclassification blunder.
- Capital One's acquisition of Discover, worth \$35.3 billion, may impact consumers in the future, but changes won't happen immediately. The deal, expected to close later this year or early 2025, could lead to changes in payment processing networks, potentially affecting Capital One debit and credit cardholders, especially when traveling abroad.
- Geopolitical and Cyber Risks Remain Top Threats to the Financial Services Sector in 2025.

### Fundamental Analysis

Discover Financial Services' stock has surged almost 78% over the past year, now trading at \$179.22, near its 52-week high. The company showed strong revenue growth of 19.31%, exceeding its 3-year average, but earnings declined sharply by 32.78%, contrasting with its 3-year average growth of 107.7%, with respect. A free cash flow growth of 30.95% highlights effective liquidity management, but the net profit margin of 16.02% is well below the 3-year average of 33.11%, signaling profitability challenges. Key ratios show a total ratio of 1.11, indicating efficient liability coverage, and financial leverage of 10.22, reflecting high reliance on debt. A ROE of 19.83% demonstrates solid equity returns, but the P/E ratio of 14.46 and PEG ratio of 4.55 suggest the stock is priced at a premium. raising concerns about whether such

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