

SIKULI CAPITAL

Conviction through contrarian research

Fair Isaac (FICO)

Valuation Snapshot — Fair Value Range

As of May 20, 2026 | Credit scoring monopoly + decision platform

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
\$1,215.22	~\$1,150	\$890 - \$1,425
May 2026	Bull 25% / Base 50% / Bear 25%	Approximately fair; rich multiple

Verdict: FICO posted record Q2 FY26 revenue of \$692M and EPS of \$11.14 (non-GAAP \$12.50)^[1], raising FY26 guidance to \$2.45B revenue and \$35.60 GAAP EPS. The mortgage-score pricing increase (Tri-merge to \$4.95) and continued enterprise score volumes drove the beat. At 24x forward P/E, FICO commands a premium for its toll-road monopoly position in US credit underwriting — but the multiple is now elevated even by historical standards. PEG ratio of 0.87 suggests room remains if growth holds.

CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	\$1,194	Trading range \$1,150-\$1,204 ^[2]
Q1 FY26 revenue	\$512M	Q1 EPS \$6.61 GAAP ^[3]
Q2 FY26 revenue	\$692M	Net income \$264.5M ^[1]
Q2 FY26 non-GAAP EPS	\$12.50	vs \$7.81 prior year ^[1]
FY26 revenue guide	\$2.45B	Raised ^[1]
FY26 GAAP EPS guide	\$35.60	^[1]
Forward P/E	24.2x	Trailing 37.6x ^[3]
EV/EBITDA	28.7x	^[4]

BULL / BASE / BEAR SCENARIOS

Scenario (weight)	Assumptions	Fair Value
Bull (25%)	Mortgage origination cycle recovery, additional pricing actions, 35x forward P/E	\$1,425
Base (50%)	Hit guide, +15% EPS growth, multiple holds 30x	\$1,150

Scenario (weight)	Assumptions	Fair Value
Bear (25%)	Regulatory pricing scrutiny, multiple compresses to 22x forward	\$890
Probability-weighted	<i>Toll-road monopoly; valuation supports current price but limits upside.</i>	~\$1,150

Key Risks

- **Regulatory pricing:** CFPB and lender pushback on mortgage-score pricing increases; antitrust scrutiny possible.
- **Mortgage cycle:** Tied to home transactions; high rates suppress volumes.
- **Alternative data:** Long-term threat from alternative-data underwriting (VantageScore, custom models).
- **Stock concentration:** Heavily owned by quality-growth funds; positioning unwind risk.

What Would Change Our View

- **Upside:** Mortgage cycle recovery, additional pricing, software platform growth.
- **Downside:** Regulatory pricing cap, mortgage volumes decline, multiple compression.

Sources

- [1] <https://www.sec.gov/Archives/edgar/data/0000814547/000081454726000020/exhibit991erq22026.htm>
- [2] <https://finance.yahoo.com/quote/FICO/>
- [3] <https://stockanalysis.com/stocks/fico/statistics/>
- [4] <https://www.alphaspread.com/security/nyse/fico/relative-valuation/ratio/enterprise-value-to-ebitda>

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