

# **NASDAQ: MORN – Pitching The Book**

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## Disclaimer

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# Summary

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## Price Targets

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3-Year Target	
'27 EPS	\$10.54
Target P/E	32x
3-Year Target	\$337.14
% return	34.1%
x money multiple	1.34x

12-Month Base Target	
'25 EPS	\$9.79
Target P/E	28x
EOY Target Price	\$274.23
% return	9%
x money multiple	1.09x

12-Month Risk Case	
'25 EPS	\$9.79
Target P/E	22x
Next 12 Months Risk	\$215.46
% return	-14%

## Capitalization (*usd mm*)

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Ticker	NASDAQ: MORN
Last Update	Sep 10, '25
Price	\$251.35
FDSO	43
MC	10,808
Cash	542
Debt	1,034
EV	11,300
Cash per share	\$12.60

## Rationale/Theses

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- I expect tailwinds of the venture capital AI craze to fuel PitchBook revenues, beyond street consensus
  
  
  
  
- The incremental uptick in wealth management AUM in North America + the # of individuals serviced in wealth management will grow beyond what is currently priced in MORN's stock price, this will flow directly to MORN's Wealth and Retirement segments topline

# Company Background

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## Morningstar Businesses

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- **Data and Analytics**: global investment data, research ratings, and analytics platform for investors (including PitchBook software)
- **Credit Ratings and ESG**: provides credit ratings, ESG scores and research through DBRS and Sustainalytics
- **Investment Management**: advisory services and asset management services for institutional and individual investors



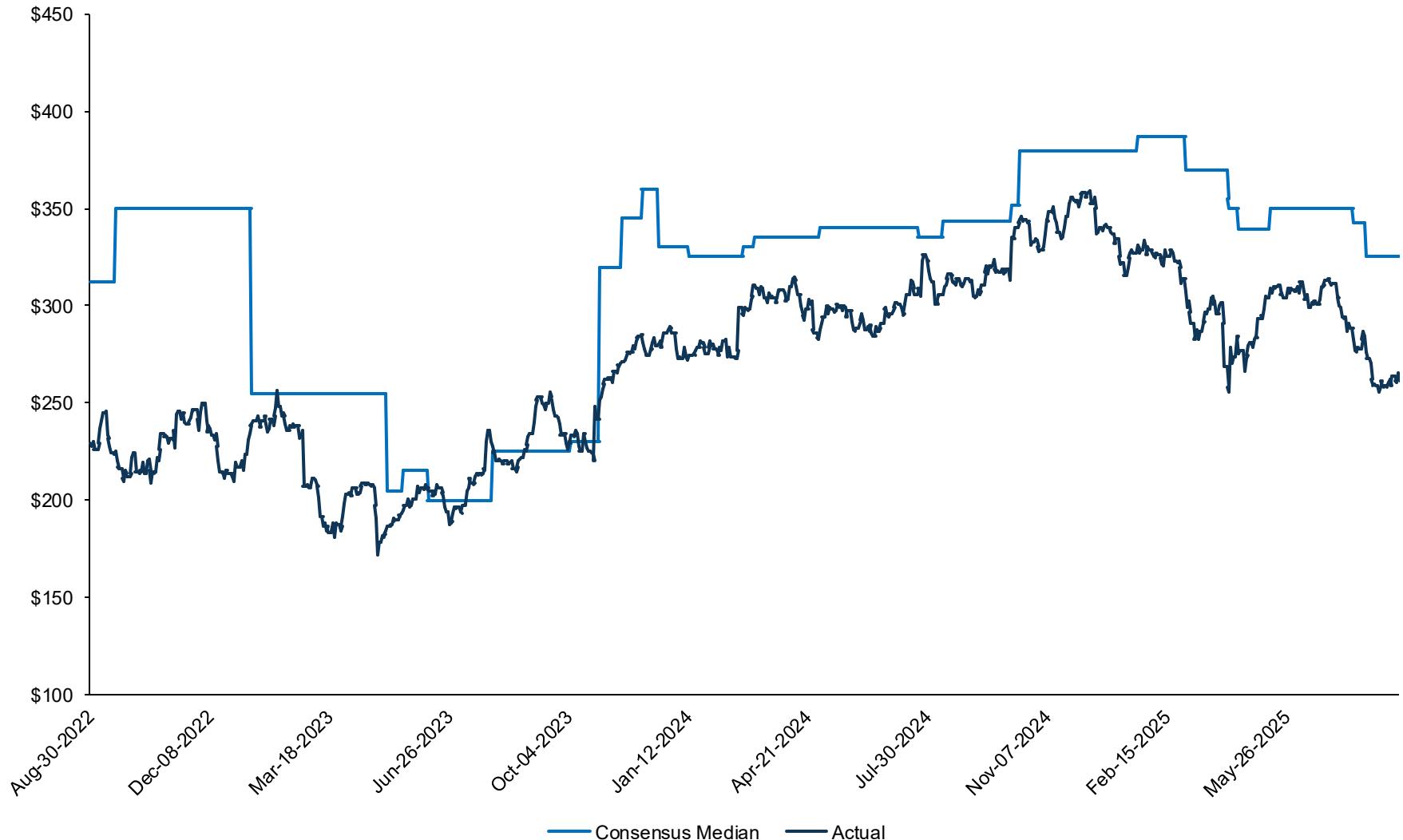
## What is PitchBook?

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- Provides deep data and analytics on private equity, VC and M&A deals
- Used for due diligence, deal tracking, and market mapping in private markets
- Main users: venture capitalists, private equity investors, hedge funds, investment bankers, consultants, accredited investors

# Historical Prices

## Actual Stock Price VS Consensus Price Targets



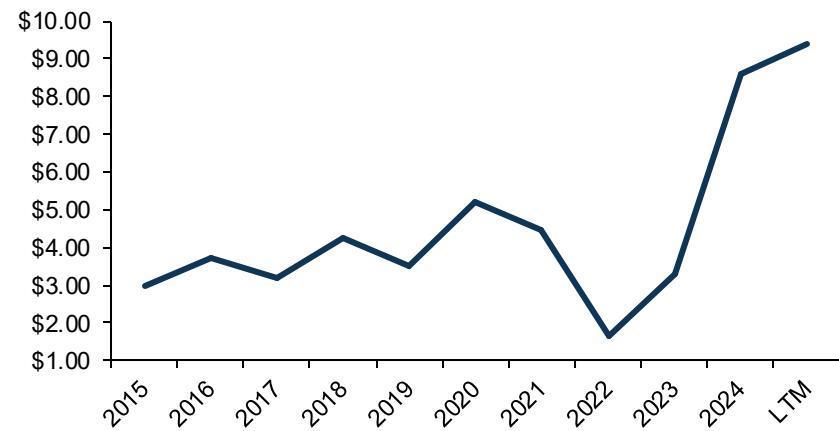
# Financial Snapshot

## Historical Financials

### Last 10Y Revenue (usd mm)



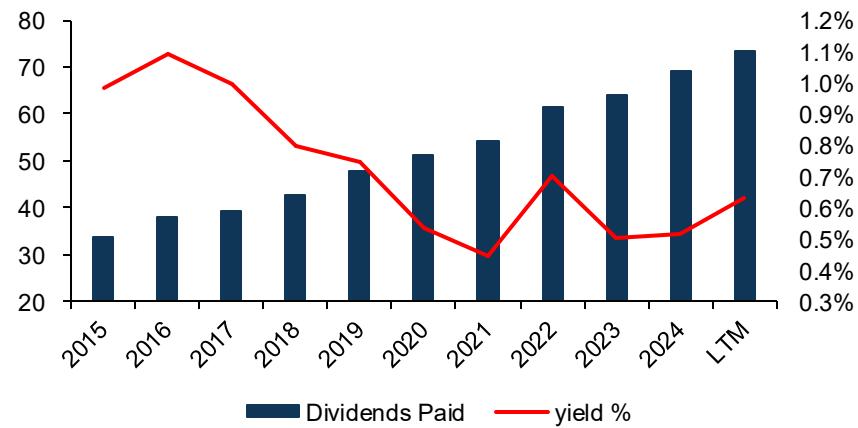
### Last 10Y Diluted EPS



### Last 10Y FCF (usd mm)



### Last 10Y Dividends Paid (usd mm)



# Reverse DCF

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## DCF Matrix (usd mm)

DCF Summary												
usd mm	FY		Projected									
	2024	LTM	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Total Revenues</b>	<b>2,275</b>	<b>2,347</b>	<b>2,410</b>	<b>2,594</b>	<b>2,827</b>	<b>2,940</b>	<b>3,058</b>	<b>3,180</b>	<b>3,308</b>	<b>3,440</b>	<b>3,577</b>	<b>3,720</b>
(-) COGS	896	917	964	1,038	1,131	1,176	1,223	1,272	1,323	1,376	1,431	1,488
(-) OpEx	768	783	729	750	769	823	856	890	926	963	1,002	1,042
<b>EBITDA</b>	<b>611</b>	<b>648</b>	<b>717</b>	<b>806</b>	<b>928</b>	<b>941</b>	<b>979</b>	<b>1,018</b>	<b>1,058</b>	<b>1,101</b>	<b>1,145</b>	<b>1,191</b>
(-) D&A	190	190	192	191	188	206	214	223	232	241	250	260
<b>EBIT</b>	<b>421</b>	<b>458</b>	<b>525</b>	<b>615</b>	<b>740</b>	<b>735</b>	<b>764</b>	<b>795</b>	<b>827</b>	<b>860</b>	<b>894</b>	<b>930</b>
(-) Taxes	104	117	131	154	185	184	191	199	207	215	224	233
(+) CapEx	(143)	(146)	(138)	(149)	(165)	(176)	(183)	(191)	(198)	(206)	(215)	(223)
(-) Δ in NCWC			18	9	12	6	6	6	6	7	7	7
(+) D&A	190	190	192	191	188	206	214	223	232	241	250	260
<b>FCFF</b>	<b>365</b>	<b>385</b>	<b>429</b>	<b>494</b>	<b>566</b>	<b>575</b>	<b>598</b>	<b>622</b>	<b>647</b>	<b>673</b>	<b>700</b>	<b>728</b>
<b>PV of FCFF</b>			<b>400</b>	<b>430</b>	<b>459</b>	<b>435</b>	<b>421</b>	<b>409</b>	<b>396</b>	<b>384</b>	<b>373</b>	<b>361</b>

## Assumptions

'28-'35 Rev CAGR	4.00%
COGS as a % of sales	40.00%
OpEx as a % of sales	28.00%
D&A as a % of sales	7.00%
Taxes	25.00%
CapEx as a % of sales	6.00%
WACC	7.25%
Next 10Yr Sales CAGR	4.44%

## What's Implied

- At current prices, the market is implying that MORN will grow sales at a very conservative 4.4%/yr
- The market also assumes that gross margins will hover at around 60% and OpEx as a % of sales will be roughly 28%
- I believe MORN will outperform on sales growth and margins for the reasons detailed later**

# Revenue Build

## Condensed Revenue Build (usd mm)

usd mm	2025	2026	2027	2028	2029
Data and Analytics (Data + Direct)	827	840	869	899	928
TAM	82,737	84,009	86,909	89,911	92,817
mktshare %	1.0%	1.0%	1.0%	1.0%	1.0%
PitchBook	993	1,008	1,043	1,079	1,114
TAM	82,737	84,009	86,909	89,911	92,817
mktshare %	1.20%	1.20%	1.20%	1.20%	1.20%
Credit (DB RS)	355	363	369	372	373
TAM	16,502	16,865	17,140	17,311	17,356
mktshare %	2.2%	2.2%	2.2%	2.2%	2.2%
Wealth (Advisor Workstation)	360	385	412	578	619
TAM	6,000	6,420	6,869	9,635	10,309
mktshare %	6%	6%	6%	6%	6%
Retirement (Investment Mgmt+ Workplace)	90	96	103	145	155
TAM	6,000	6,420	6,869	9,635	10,309
mktshare %	1.5%	1.5%	1.5%	1.5%	1.5%
Total	2,625	2,692	2,796	3,073	3,188

## Explanation

- The revenue per operating segment of the company are built from a top-down approach based on total addressable market (TAM) and market share penetration
- The TAM numbers stem from respective segments' industry forecasts in AUM, industry revenue or estimated demand for the latter services
- The operating segments which are most important in my bull case are PitchBook (underpriced VC AI spend), Wealth and Retirement (because of an increased demand for wealth management services from the generational wealth transfer from Baby Boomers)

# Relative Valuation

## 2025 MORN vs Comps

	'25	Median	MORN	Δ
Revenue Growth %	6%	6%	6.0%	
EBITDA Margin %	51%	30%	-41.6%	
EV/EBITDA	23x	16x	-33.5%	
EV/FCF	31x	22x	-29.2%	
P/Sales	12x	4x	-63.4%	
FCF Yield %	3%	5%	35.7%	
Debt/EBITDA	2x	1x	-27.2%	
Payout Ratio %	28%	20%	-29.2%	
P/E	31x	27x	-14.1%	

## 2026 MORN vs Comps

	'26	Median	MORN	Δ
Revenue Growth %	8%	8%	-5%	
EBITDA Margin %	56%	32%	-44%	
EV/EBITDA	21x	14x	-34%	
EV/FCF	29x	23x	-21%	
P/Sales	11x	4x	-62%	
FCF Yield %	4%	5%	21%	
Debt/EBITDA	2x	1x	-28%	
Payout Ratio %	26%	19%	-26%	
P/E	28x	23x	-16%	

## Comparables – Sept. 3, '25 (usd mm)

Ticker	Market	Enterprise	Current	%-52-Wk	Revenue Growth %		EBITDA Margin %		EV/EBITDA		EV/FCF		P/Sales		FCF Yield %		Debt/EBITDA		Payout Ratio %		P/E	
	Cap	value	Price usd	High	'24-'25	'25-'26	'25	'26	'25	'26	'25	'26	'25	'26	'25	'26	'25	'26	'25	'26	'25	'26
NYSE: SPGI	164,620	179,359	\$539.24	93%	6%	8%	51%	50%	24x	22x	31x	29x	11x	10x	3%	4%	2x	1x	22%	21%	31x	28x
NYSE: ICE	100,249	118,995	\$175.13	92%	8%	6%	67%	68%	18x	17x	29x	26x	10x	9x	4%	5%	3x	3x	28%	27%	25x	23x
NASDAQ: CME	97,068	98,743	\$269.35	93%	5%	5%	71%	71%	22x	20x	24x	24x	15x	14x	4%	4%	1x	1x	105%	94%	24x	23x
NYSE: MCO	89,061	94,319	\$496.44	93%	4%	10%	50%	51%	25x	23x	39x	32x	12x	11x	3%	3%	2x	2x	28%	26%	36x	32x
NYSE: MSCI	42,675	46,987	\$551.61	86%	9%	9%	39%	61%	38x	23x	33x	29x	14x	13x	3%	4%	4x	2x	42%	43%	32x	29x
NASDAQ: VRSK	37,505	40,304	\$268.44	83%	8%	12%	55%	56%	23x	21x	39x	35x	12x	11x	3%	3%	2x	2x	26%	25%	39x	35x
NYSE: FDS	14,019	15,275	\$370.80	74%	5%	6%	40%	40%	17x	16x	24x	22x	6x	6x	5%	5%	2x	2x	25%	25%	22x	20x
Mean	77,885	84,855		88%	7%	8%	53%	57%	24x	20x	31x	28x	11x	11x	4%	4%	2x	2x	39%	37%	30x	27x
Median	89,061	94,319		92%	6%	8%	51%	56%	23x	21x	31x	29x	12x	11x	3%	4%	2x	2x	28%	26%	31x	28x
NASDAQ: MORN	10,602	11,094	\$251.35	69%	6%	8%	30%	32%	16x	14x	22x	23x	4x	4x	5%	5%	1x	1x	20%	19%	27x	23x

Δ from median -24% 0.3% -0.4% -21% -25% -8x -7x -9x -6x -8x -7x 1.2% 0.8% -0.54x -0.48x -8% -7% -4.5x -4.6x

# Relative Valuation Takeaway

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## Results Explained

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- The multiples results reflect an average of the  $\Delta$  (MORN – Comps) multiples from last slide, including EV/EBITDA, EV/FCF, P/Sales and P/E
- The efficiency results are an average of the  $\Delta$  from last slide: revenue growth, EBITDA margin, FCF yield and payout ratio
- **Under both 2025 and 2026 valuations it's clear that MORN is greatly discounted on a multiple's basis (by roughly 35%), yet the company is also underperforming its peers on an efficient basis (by 7-13%)**
- I believe MORN is greatly discounted against peers, even though its operating at a slight inefficiency

## 2025 RV Results

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Under/Over valued?		
Multiples	-35.1%	undervalued
Efficiency	-7.3%	overvalued

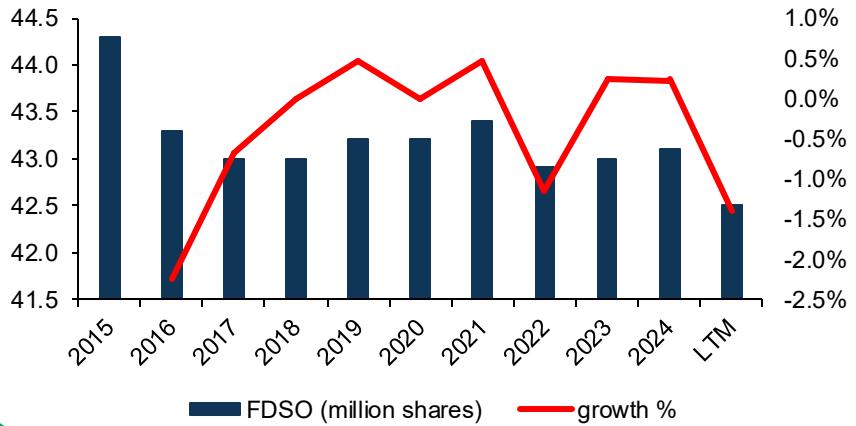
## 2026 RV Results

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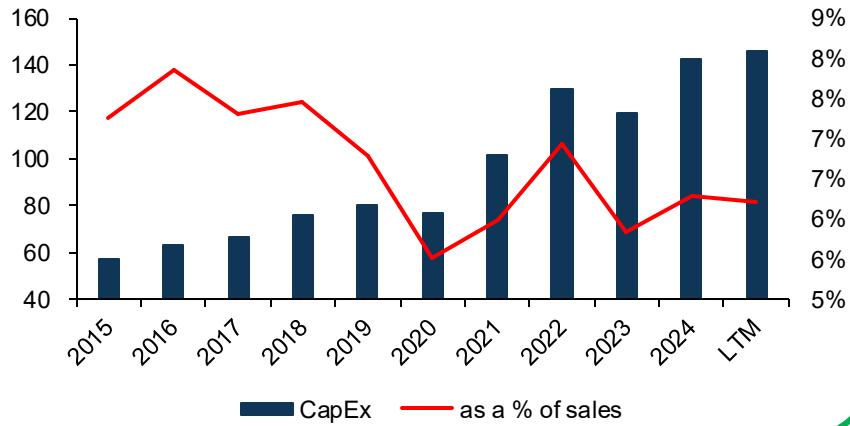
Under/Over valued?		
Multiples	-35%	undervalued
Efficiency	-13%	overvalued

# Supplemental Pros and Cons

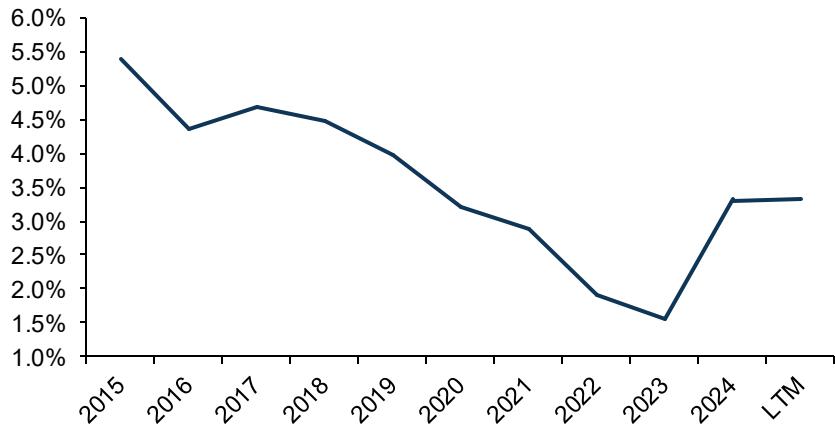
## Share Buybacks (*million shares*)



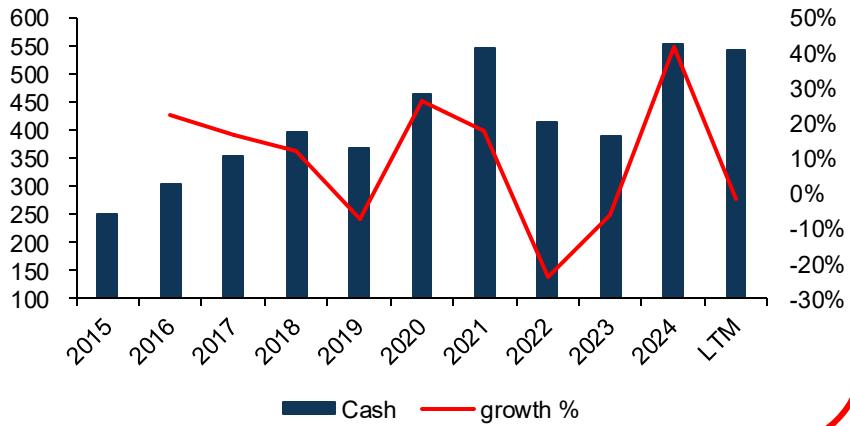
## No Foreseeable CapEx Cycle (*usd mm*)



## Declining FCF Yield %



## Sluggish Cash Balance Growth (*usd mm*)

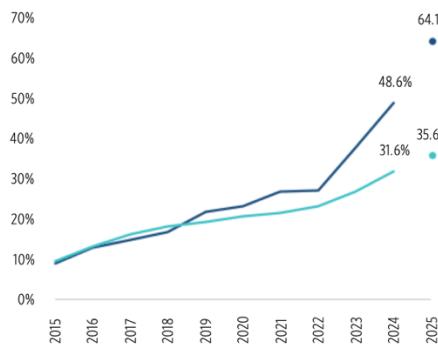


# Summary

## Incremental VC Activity in AI Flows Through PitchBook Sales

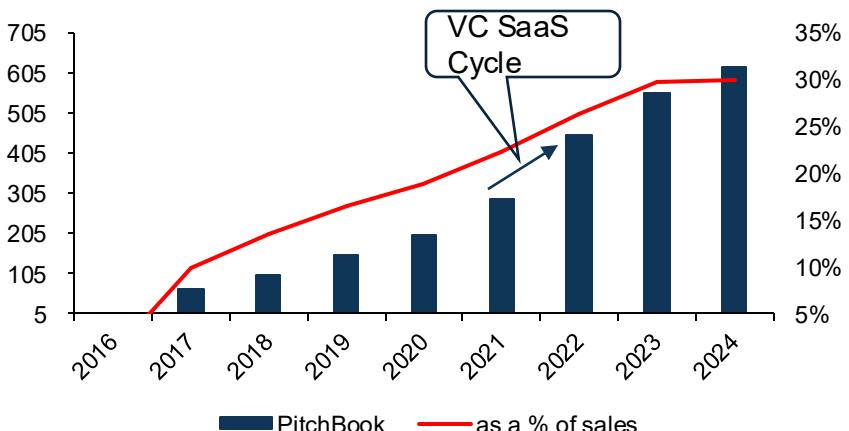
AI continues its dominance over VC deal activity

AI & ML VC deal activity as a share of all VC deal activity



Source: PitchBook • Geography: US • As of June 30, 2025

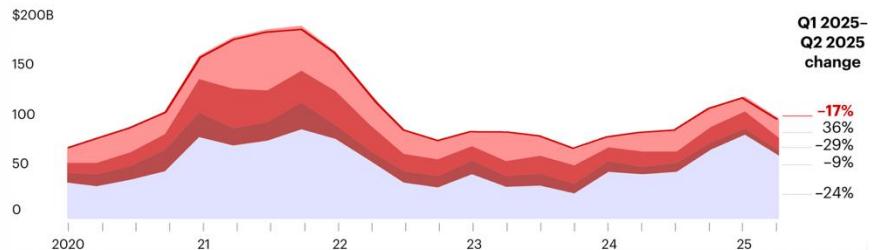
## '21-'22 PitchBook Sales Growth Fueled by VC SaaS Craze



## Uptrend in VC Funding Due to AI Craze

Venture capital, private equity, and corporate venture capital funds raised, by quarter (\$B)

US China Europe Rest of world Global total



## What This Means

- PitchBook sales see incremental growth during and shortly after VC cycles
- I believe the market is vastly underpricing the NTM PitchBook sales (see Revenue Build)
- I also strongly believe there are no superior alternatives for PitchBook to help private equity, VC and private debt investors navigate the craze to come