

BlackRock provides investment management, risk management, and advisory services for institutional and retail clients worldwide. Its range of products includes separate accounts, mutual funds, the iShares franchise of ETFs, and other pooled investment vehicles. Assets under management were \$11.6 trillion as of March 31, 2025.

## Analyst's Notes

*Analysis by Stephen Biggar, April 14, 2025*

**ARGUS RATING:** **BUY**

- Lowering target as recent market turmoil reduces our AUM forecasts
- On April 11, BlackRock reported 1Q25 adjusted EPS of \$11.30, up from \$9.81 a year earlier and above the consensus of \$10.13. Revenue was up 12%, while average AUM climbed 15% to \$11.7 trillion.
- The company experienced long-term net inflows of \$83 billion in 1Q, though market depreciation subtracted \$138 billion from AUM.
- The company recently benefited from the 4Q acquisition of Global Infrastructure Partners, an infrastructure private markets investment platform with \$116 billion in client assets and \$70 billion of fee-paying AUM. The acquisition is also positively impacting operating margins.
- We believe that BLK should trade at a premium to large-cap financial stocks given the company's above-average operating margins, stable long-term asset inflows, and history of product innovation. Our new target price is \$1,028.

## INVESTMENT THESIS

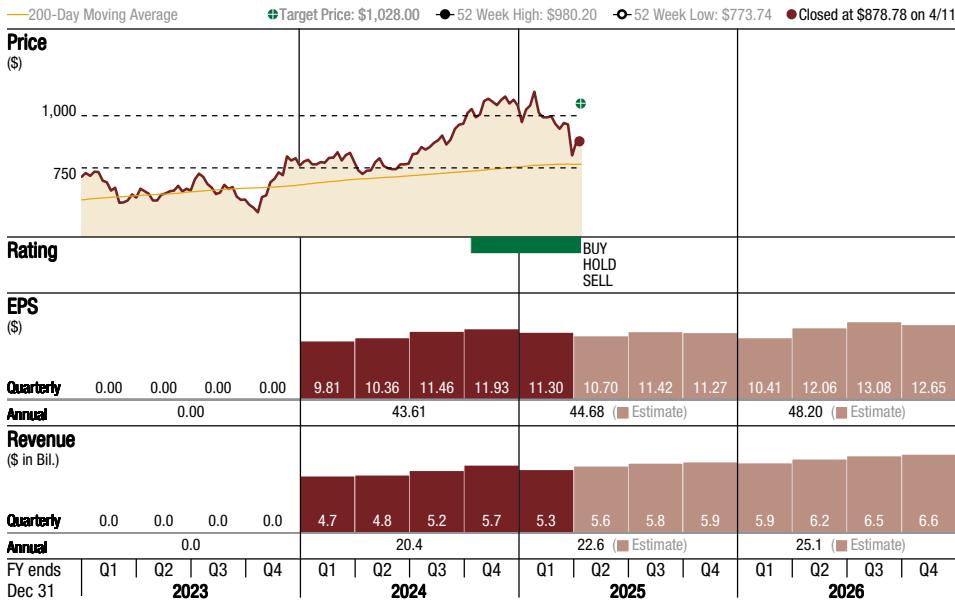
We are maintaining our BUY rating on BlackRock Inc. (NYSE: BLK) following the company's 1Q results, which featured long-term inflows of \$83 billion and a 15% year-over-year rise in average AUM despite \$138 billion of market depreciation in 1Q.

On October 1, 2024, the company closed the acquisition of Global Infrastructure Partners, an infrastructure private markets investment platform with \$116 billion in assets and \$70 billion in fee-paying AUM. We believe the acquisition, which will triple BLK's assets in the infrastructure category, and BlackRock's strong distribution capabilities will enable accelerated growth in investments into the infrastructure category. The acquisition is expected to positively impact operating margins.

The company held an Investor Day in June 2023. Management's presentation focused on BlackRock's 'Platform as a Service' in asset management, which it believes enables clients to grow over time while remaining within the BlackRock ecosystem (consisting of iShares & index products, markets & trading, investment, and corporate operations). The company also discussed its Alladin platform for institutional investors, wealth managers,

## Market Data

Pricing reflects previous trading week's closing price.



Please see important information about this report on page 5

## Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 26% Hold, 0% Sell.

## Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

### Market Overview

Price	\$889.95
Target Price	\$1.03 Thousand
52 Week Price Range	\$745.55 to \$1.08 Thousand
Shares Outstanding	155.02 Million
Dividend	\$20.84

### Sector Overview

Sector	Financial
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	14.70%

### Financial Strength

Financial Strength Rating	MEDIUM-HIGH
Debt/Capital Ratio	22.4%
Return on Equity	15.4%
Net Margin	30.1%
Payout Ratio	0.47
Current Ratio	--
Revenue	\$20.96 Billion
After-Tax Income	\$6.31 Billion

### Valuation

Current FY P/E	19.92
Prior FY P/E	20.41
Price/Sales	6.58
Price/Book	2.90
Book Value/Share	\$306.52
Market Capitalization	\$137.96 Billion

### Forecasted Growth

1 Year EPS Growth Forecast	2.45%
5 Year EPS Growth Forecast	16.00%
1 Year Dividend Growth Forecast	2.16%

### Risk

Beta	1.17
Institutional Ownership	76.57%

**Analyst's Notes** ...Continued

and asset servicers. In addition, BlackRock highlighted its opportunities in asset management outsourcing, where it has \$719 billion of AUM in outsourced CIO, EMEA and APAC wealth solutions, insurance, and managed models, including \$400 billion of net new business over the past three years. The company plans its next Investor Day in June 2025.

In terms of long-term growth, management has noted the fragmented nature of the asset management industry, with BlackRock having only a 3% share of clients' overall portfolios. The company is targeting annual organic base fee growth of 5% in 2023-2027.

With some \$4.3 trillion in ETF assets under management, BlackRock is the largest ETF provider, well ahead of second-place Vanguard. The iShares franchise has allowed the company to dominate the ETF market, with strong organic growth in the U.S. and Europe over the past year. This large scale helped the company to boost its operating margin from 39.3% in 2010 to 44.9% in 2020, and to 45.5% as of 4Q24. BlackRock sees the global ETF market increasing from \$10 trillion in assets in 2023 to \$15 trillion by 2025 and \$25 trillion by 2030.

Also at the Investor Day, CFO Martin Small reemphasized the company's priorities for the use of cash, with organic business investments first, and tactical acquisitions and strategic minority investments second, followed by dividends and finally share repurchases.

While 2022 was the exception, AUM has generally benefited

from strong market appreciation over the last several years, while costs have been relatively well controlled. BLK has been able to retain a high proportion of assets across the investment cycle, which we believe reflects its broad array of low-priced fixed-income, equity, international, and alternative-asset products. BLK's broad product suite has enabled the company to retain a substantial portion of these assets in its iShares product line. We also see BlackRock's ETFs as well positioned to capture share from assets flowing out of mutual funds and into investment vehicles with lower costs, better performance, and more control over capital gains taxes.

On valuation, we believe that BLK should trade at a premium to large-cap financial stocks given the company's above-average operating margins, stable long-term asset inflows, and history of product innovation. Our target price is \$1,028 (lowered from \$1,135).

**RECENT DEVELOPMENTS**

BLK shares have risen 17% over the past year, compared to a 6% increase for the broad market.

On April 11, BlackRock reported 1Q25 adjusted EPS of \$11.30, up from \$9.81 a year earlier and above the consensus of \$10.13. Revenue was up 12% to \$5.28 billion, led by a rise in investment advisory fees. Average AUM in 1Q climbed 15% from the prior year to \$11.7 trillion.

Compensation and benefits expense, which accounted for 33%

**Growth & Valuation Analysis****GROWTH ANALYSIS**

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	16,205	19,374	17,873	17,859	20,407
COGS	7,939	9,655	9,189	9,277	10,321
Gross Profit	8,266	9,719	8,684	8,582	10,086
SG&A	1,847	2,084	2,057	2,098	2,257
R&D	—	—	—	—	—
Operating Income	6,313	7,488	6,476	6,333	7,538
Interest Expense	143	118	60	-181	-229
Pretax Income	6,524	8,173	6,290	7,155	8,295
Income Taxes	1,238	1,968	1,296	1,479	1,783
Tax Rate (%)	19	24	21	21	21
Net Income	4,932	5,901	5,178	5,502	6,369
Diluted Shares Outstanding	155	154	152	151	152
EPS	31.85	38.22	33.97	36.51	42.01
Dividend	14.52	16.52	19.52	20.00	20.40
<b>GROWTH RATES (%)</b>					
Revenue	11.5	19.6	-7.7	-0.1	14.3
Operating Income	12.0	18.6	-13.5	-2.2	19.0
Net Income	10.2	19.6	-12.3	6.3	15.8
EPS	12.5	20.0	-11.1	7.5	15.1
Dividend	10.0	13.8	18.2	2.5	2.0
Sustainable Growth Rate	7.5	9.4	7.2	2.1	7.6
<b>VALUATION ANALYSIS</b>					
Price: High	\$722.42	\$973.16	\$927.48	\$819.00	\$1,082.45
Price: Low	\$323.98	\$670.28	\$503.12	\$596.18	\$745.55
Price/Sales: High-Low	6.9 - 3.1	7.8 - 5.3	7.9 - 4.3	6.9 - 5.0	8.0 - 5.5
P/E: High-Low	22.7 - 10.2	25.5 - 17.5	27.3 - 14.8	22.4 - 16.3	25.8 - 17.7
Price/Cash Flow: High-Low	37.4 - 16.8	30.1 - 20.8	29.1 - 15.8	29.9 - 21.8	37.4 - 25.8

**Financial & Risk Analysis****FINANCIAL STRENGTH**

	2022	2023	2024
Cash (\$ in Millions)	7,416	8,736	12,762
Working Capital (\$ in Millions)	16,927	18,138	23,650
Current Ratio	14.08	15.63	16.40
LT Debt/Equity Ratio (%)	22.5	24.7	29.9
Total Debt/Equity Ratio (%)	22.5	24.7	29.9

**RATIOS (%)**

	2022	2023	2024
Gross Profit Margin	48.6	48.1	49.4
Operating Margin	36.2	35.5	36.9
Net Margin	29.0	30.8	31.2
Return On Assets	3.8	4.6	4.9
Return On Equity	13.7	14.3	14.7

**RISK ANALYSIS**

	2022	2023	2024
Cash Cycle (days)	—	—	—
Cash Flow/Cap Ex	9.3	12.1	19.4
Oper. Income/Int. Exp. (ratio)	30.7	25.5	16.4
Payout Ratio	42.6	51.9	85.3

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## Analyst's Notes ...Continued

of revenues, rose 10%, and adjusted operating income was up 14%. The adjusted operating margin was 43.2%, up from 42.2% a year earlier.

In the first quarter, BlackRock had \$83 billion of long-term net inflows. Market depreciation decreased assets by \$138 billion from the end of 4Q. Long-term assets under management averaged \$10.8 trillion in 1Q25, with 59% in equities, 28% in fixed income, 9% in multi-asset, and 4% in alternatives.

In 4Q24, BlackRock announced an agreement to acquire HPS Investment Partners for \$12 billion in stock. The company said the acquisition, which is expected to close in mid-2025, would create an integrated private credit franchise with \$220 billion in pro-forma client assets.

On October 1, BLK closed on the acquisition of Global Infrastructure Partners (GIP), an infrastructure private markets investment platform with \$116 billion in client assets and \$70 billion of fee-paying AUM, for \$3 billion in cash and up to 12 million BLK common shares. The company previously noted that infrastructure is currently a \$1 trillion market and is expected to be one of the fastest growing segments of private markets, supported by global demand for upgraded digital infrastructure like fiber broadband, cell towers and data centers; renewed investment in logistical hubs such as airports, railroads and shipping ports as supply chains are rewired; and a movement toward decarbonization and energy security. GIP sports fee-based margins above 50%, ahead of BlackRock's in the mid-40s. The acquisition

is expected to be modestly accretive to EPS in the first year after closing.

In March 2025, BLK acquired Prequin, an independent provider of private markets data, for about \$3.2 billion in cash. The company said the addition of Prequin's data and research tools with Blackrock's Aladdin platform's workflow capabilities would create a leading private markets technology and data provider. The company said private markets data is estimated to be an \$8 billion total addressable market.

### EARNINGS & GROWTH ANALYSIS

BlackRock's three main segments are retail, iShares, and institutional. The retail segment is expected to grow through an expanding product set, as well as through market growth and new sales channels.

iShares, historically the fastest-growing segment, is expected to benefit from product expansion and market share gains. In 1Q25, iShares ETFs saw net inflows of \$107 billion. This reflected \$34 billion of inflows into fixed-income products and \$65 billion of inflows into equity products, with the balance in alternative products.

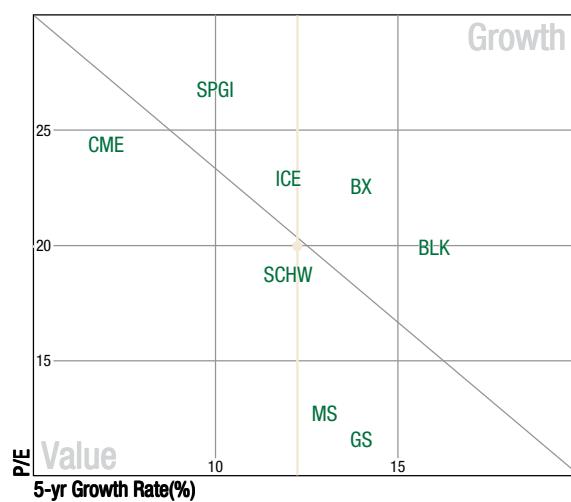
In the institutional segment, drivers include an enhanced 'solutions-oriented' approach and expanding client relationships. In 1Q, the segment saw outflows of \$37 billion, with \$8 billion into active products but \$45 billion out of index products.

BlackRock has generally seen long-term inflows in a wide

### Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare BLK versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how BLK stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how BLK might fit into or modify a diversified portfolio.



Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
MS	Morgan Stanley	175,504	13.0	12.7	13.0	6.3	BUY
BX	Blackstone Inc	162,878	14.0	22.6	21.0	19.2	BUY
GS	Goldman Sachs Group, Inc.	156,632	14.0	11.6	11.9	10.4	BUY
SPGI	S&P Global Inc	148,004	10.0	26.8	27.1	12.0	BUY
SCHW	Charles Schwab Corp.	139,680	12.0	18.8	22.9	20.7	BUY
BLK	Blackrock Inc.	137,962	16.0	19.9	30.1	7.9	BUY
CME	CME Group Inc	95,028	7.0	24.4	57.5	6.9	BUY
ICE	Intercontinental Exchange Inc	91,799	12.0	22.9	29.7	12.0	BUY
<b>Peer Average</b>		<b>138,436</b>	<b>12.3</b>	<b>20.0</b>	<b>26.6</b>	<b>11.9</b>	



## Analyst's Notes ...Continued

variety of market environments. We believe that this reflects the company's strong diversification across product lines. The company is targeting long-term AUM growth of 5% annually. AUM fell 5% in 2018 but rebounded to 7% growth in 2019 and rose a healthy 17% in 2020. Strong markets in 2021 lifted AUM by 15%, but this reversed to a 5% decline in 2022, while 2023 saw a 16% rebound and 2024 continued the trend with a strong 23% rise. We look for more modest 9% AUM growth in 2025.

BlackRock is targeting double-digit EPS growth, reflecting both the increasing scale of the business and the impact of share buybacks. The company's operating margin rose from 39.3% in 2010 to 44.9% in 2020, and expanded further to 44.5% in 2024. Margins were 43.2% in 1Q25, up from 42.2% in the prior year, and we look for improvement as acquisitions are integrated. In normal market environments, we look for ongoing margin expansion, driven by economies of scale.

The blended fee rate, or advisory fees divided by assets under management, has been on a lower trajectory mostly since 2017. The decline has been driven in part by a reduced mix of international products, which carry higher fees. We expect fee rates to face modest pressure going forward as competition for assets remains intense, and lower-fee index and ETF products grow relative to higher-fee active products.

BlackRock has guided toward a mid- to high-single-digit increase in core G&A expenses in 2025, reflecting the integration of GIP and Prequin and related headcount additions.

We are lowering our 2025 EPS estimate to \$44.68 from \$47.32 as AUM growth faces pressure from tariff-related market turmoil. Our 2026 forecast moves to \$48.20 from \$53.40.

### FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on BlackRock is Medium-High, the second-highest rank on our five-point scale.

Long-term borrowings of \$12.3 billion at December 31, 2024 were modest compared to shareholders' equity of \$47.5 billion. The company also maintains a healthy operating margin, generally in the low- to mid-40s. In 1Q24, Blackrock issued \$3 billion of debt to fund a portion of the acquisition of Global Infrastructure Partners.

Blackrock pays a quarterly dividend of \$5.21 per share, or \$20.84 annually, an amount that was increased by 2% as of 1Q25. The yield is about 2.4%. The payout ratio was 49% in 2024, and management is targeting a 40%-50% payout ratio going forward. Our dividend estimates are \$20.84 for 2025 (lowered from \$21.60) and \$21.60 for 2026 (lowered from \$23.30).

The company has an active share buyback program, expecting to repurchase \$375 million per quarter in 2025. It repurchased \$1.6 billion of its stock in 2024. Share issuance for acquisitions is expected to increase average share count by about 3% in 2025, but we look for a 1% decline in average shares in 2026.

### MANAGEMENT & RISKS

BlackRock has been led by chairman and CEO Laurence D. Fink since its formation in 1998. Mr. Fink owns about 1.6 million shares (1%) of BlackRock common stock. Robert S. Kapito serves as president. Compensation was about 50% of expenses in 2024 and about 32% of revenues. We believe that the company's compensation structure is very well aligned with shareholder interests, as 80% of top management's incentive compensation is tied to financial performance and to measures of client retention

and risk management.

BlackRock operates in the highly competitive field of asset gathering, and growth requires consistent asset inflows. Growth in asset management fees also depends on global market appreciation.

The asset management industry is also highly regulated, with changes in regulation often resulting in high compliance costs.

### COMPANY DESCRIPTION

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iShares is a global leader in ETFs, with funds in multiple asset classes and \$4.3 trillion in ETF assets under management as of March 31, 2025.

### VALUATION

BLK shares have traded between \$745 and \$1,084 over the past year and are currently near the middle of that range, pulling back recently as new tariff policy impact asset values.

BLK trades at about 20-times our 2025 EPS estimate. In our view, BLK should trade at a premium to peers given the company's typical mid-40s operating margin, well above the average for most large-cap financials; broad product suite, which provides diversification; and history of strong fund inflows. Our target price of \$1,028 (lowered from \$1,135) assumes a multiple of 23-times our 2025 EPS estimate, reduced as tariff policy adds uncertainty to asset values.

On April 14, BUY-rated BLK closed at \$889.95, up \$11.17.

## About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

### THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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