



Blackstone Group Inc. (BX)

Updated February 17th, 2025, by Nikolaos Sismanis

Key Metrics

Current Price:	\$165	5 Year CAGR Estimate:	5.9%	Market Cap:	\$201.3 B
Fair Value Price:	\$104	5 Year Growth Estimate:	12.0%	Ex-Dividend Date:	02/10/25
% Fair Value:	158%	5 Year Valuation Multiple Estimate:	-8.7%	Dividend Payment Date:	02/18/25
Dividend Yield:	3.5%	5 Year Price Target	\$184	Years Of Dividend Growth:	2
Dividend Risk Score:	F	Retirement Suitability Score:	D	Rating:	Hold

Overview & Current Events

Blackstone, founded in 1985 by Peter Peterson and Stephen Schwarzman (still CEO), is one of the leading investment firms globally. At the end of December 31st, 2024, the company held \$1.13 trillion in assets under management (AUM), operating in Private Equity (31% of AUM), Real Estate (28%), Credit (33%) and Hedge Fund Solutions (8%). Today the \$201.3 billion market cap company employs about 4,735 people.

Note that the BX ticker previously represented an underlying unitholder interest in Blackstone, with the company acting as a general partner. However, on July 1st, 2019 Blackstone completed its transformation from a publicly traded partnership to a corporation. This move eliminated the Schedule K-1, replacing it with a Form 1099-DIV, and is intended to improve the market for the company's shares. This report marks the company's tenth quarter as a corporation.

On January 30th, 2025, Blackstone posted its Q4 and full-year results for the period ending December 31st, 2024. For the quarter, management and advisory fees for the period equaled \$1.86 billion, up 7% year-over-year. Incentive fees grew by 68% to \$404.7 million. Further, performance allocations were \$507.2 million, up from negative \$362.5 million last year. Thus, despite a 41% decline in interest and dividend income, total revenues landed at \$3.08 billion, up 139% year-over-year.

Distributable earnings during the quarter equaled \$2.17 billion or \$1.69 per share for the quarter, up 66 and 52% year-over-year, respectively. Total assets under management equaled \$1.13 trillion, up 8% year-over-year, driven by \$171.5 billion in inflows during the past 12 months. Blackstone also declared a quarterly dividend of \$1.44, whose annualized rate we have used in this year's expected dividend rate (subject to change). We have set our FY-2025 distributable EPS projection at \$5.80, which could also be adjusted over time based on net inflows and market conditions.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
DEPS	\$1.82	\$2.00	\$2.81	\$2.26	\$2.31	\$2.65	\$4.77	\$5.17	\$3.95	\$4.64	\$5.80	\$10.22
DPS	\$2.90	\$1.66	\$2.32	\$2.42	\$1.92	\$2.26	\$4.06	\$4.40	\$3.35	\$3.95	\$5.76	\$8.08
Shares¹	624	643	659	663	680	684	732	743	758	769	769	1000

Note that the table above shows earnings-per-unit, distributions-per-unit and units outstanding through 2018, reflecting the previous partnership format. In addition, Blackstone had previously reported economic net income, but is no longer doing so. With the transition to a corporation complete, we are using distributable earnings as our baseline.

Blackstone's performance fees tend to be lumpy, which in turn leads to irregular results. Over the past five years, DEPS grew by a compound average rate 15% per annum, however this varied widely from \$2.65 all the way up to \$5.17, and then down again \$3.95. Regardless, we remain optimistic based on Blackstone's ongoing momentum and \$168.6 billion in "dry powder capital" set to deploy – a new record for the company based on its latest results.

Based on Blackstone's recent performance and market dynamics, we expect a 12% distributable EPS CAGR in the medium-term from this year's base, as capital markets have entered an improving trajectory. We remain cautious, nonetheless, as the underlying market conditions can easily sway Blackstone's performance. Alongside a lumpy earnings

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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pattern, the distribution/dividend has been up and down as well. Our estimate uses the next-twelve-month payout of \$5.76 is sourced from the most recent \$1.44 dividend declaration's run rate.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	20.2	13.2	11.3	14.9	14.4	18.6	23.7	19.3	23.4	28.0	28.4	18.0
Avg. Yld.	7.9%	6.3%	7.3%	7.2%	4.4%	3.9%	4.0%	4.4%	3.6%	3.0%	3.5%	4.4%

We are using a fair value multiple of 18 times earnings, taking into consideration that earnings can easily fluctuate based on the underlying conditions in the capital markets. With shares presently trading at 28.4 times our estimated earnings, we find Blackstone to be overvalued. The current valuation reflects investors' expectations for a strong rebound in DEPS this year. Still, we believe the stock has run ahead of itself. Meanwhile, the 3.5% dividend yield will contribute to returns, but we do note that payouts are variable and can fluctuate significantly from quarter-to-quarter along with earnings.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	159%	83%	83%	107%	83%	85%	85%	85%	85%	85%	99%	79%

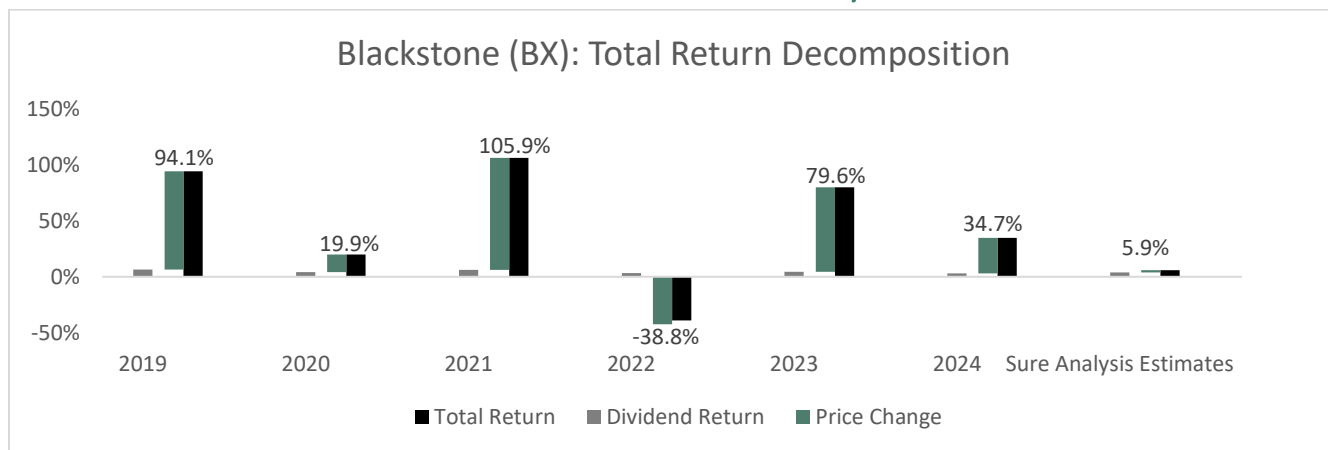
Blackstone did not fare particularly well during the last recession, posting a loss of -\$1.03 per unit in 2008. Moreover, the distribution went from \$1.20 in 2008 down to \$0.90 in 2009 and \$0.60 in 2010. However, the company recovered well, generating solid growth from 2009 through 2014. Performance during the COVID-19 pandemic was exceptional as the company was able to attract massive inflows against traditional asset management firms. In fact, this is Blackstone's competitive advantage, as it is the largest alternative investment firm in the world. If you're looking to invest outside of the conventional equity space, which is a trend that has been going on for some time, Blackstone has a leading seat at the table; especially for large institutional firms looking for stability.

As of its latest results, Blackstone held \$9.7 billion in cash and equivalents and \$19.1 billion in cash and net investments, or \$15.61 per share. Blackstone has a \$4.3 billion undrawn credit revolver and maintains A+ ratings from S&P and Fitch.

Final Thoughts & Recommendation

Blackstone is up roughly 29% over the past year. Despite some weakness year-to-date, as investors seem to be aiming to price in considerable earnings growth ahead. We remain optimistic about Blackstone's earnings growth prospects. Yet, valuation headwinds could suppress investors' total return prospects. Still, driven by our growth estimates and starting yield we project annual returns of 5.9% through 2030. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	7485	4647	5051	7005	6661	6861	5966	16650	7133	7,007
SG&A Exp.	3734	2946	594	621	673	673	725	928	1123	1,236
D&A Exp.	102	101	83	47	59	59	71	75	67	40
Net Profit	1585	710	1039	1471	1542	1542	1045	5857	1748	1,391
Net Margin	21.2%	15.3%	20.6%	21.0%	23.1%	22.5%	17.5%	35.2%	24.5%	19.9%
Free Cash Flow	1625	2338	-110	-1651	27	27	1824	3922	6101	3,833
Income Tax	291	190	132	743	249	249	356	1184	473	513

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	31497	22526	26403	34416	28925	28925	26270	41200	42520	40290
Cash & Equivalents	1412	1837	1837	1992	2208	2208	1999	2120	4252	2956
Accounts Receivable	559	613	773	875	636	---	---	---	---	---
Goodwill & Int. Ass.	2246	2064	1981	2188	2338	2338	2249	2175	2107	2091
Total Liabilities	14164	10296	13888	20904	15312	15312	11740	19490	24560	22210
Accounts Payable	1195	649	1082	2044	876	876	717	937	1158	2277
Long-Term Debt	8924	6117	8866	14815	9952	9952	6342	8714	13460	12290
Shareholder's Equity	11476	9638	9901	6634	6379	6379	6652	9423	7656	6817

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	5.2%	2.6%	4.2%	4.8%	4.9%	4.9%	3.6%	17.4%	4.2%	3.4%
Return on Equity	14.8%	6.7%	10.6%	17.8%	23.7%	23.7%	15.3%	72.9%	20.5%	7.4%
Shares Out.	596	624	643	659	670	680	697	720	741	755
Revenue/Share	12.21	3.91	4.23	10.51	5.52	5.68	8.56	23.12	9.63	9.28
FCF/Share	2.65	1.97	-0.09	-2.48	0.02	0.02	2.62	5.45	8.23	5.07

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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