



Blue Owl Capital (OWL)

Updated May 7th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$18.0	5 Year CAGR Estimate:	20.3%	Market Cap:	\$28.0 B
Fair Value Price:	\$16.8	5 Year Growth Estimate:	18.3%	Ex-Dividend Date:	5/14/25
% Fair Value:	107%	5 Year Valuation Multiple Estimate:	-1.4%	Dividend Payment Date:	5/28/25
Dividend Yield:	5.0%	5 Year Price Target	\$39	Years Of Dividend Growth:	4
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

Blue Owl Capital is one of the world's largest alternative asset managers that offers primarily permanent capital solutions to clients. It is headquartered in New York City and went public in 2021. Its largest business segment is direct lending, but it also offers general partner private equity investment solutions and manages real estate and digital infrastructure investments.

On May 1, 2025, Blue Owl Capital Inc. reported its financial results for the first quarter ended March 31, 2025. The company achieved total revenues of \$683.5 million, marking a 33.1% increase from the same period in 2024, driven by a 35% rise in management fees to \$604.2 million, reflecting robust fundraising and asset deployment across its Credit, GP Strategic Capital, and Real Assets platforms. Despite the revenue growth, net income attributable to Blue Owl Capital Inc. declined by 70.4% to \$7.4 million, primarily due to elevated expenses associated with acquisitions and increased compensation costs. Fee-Related Earnings (FRE) rose by 19.2% year-over-year to \$345.4 million, while Distributable Earnings increased by 9.3% to \$262.5 million, indicating strong core operating performance.

The company reported Assets Under Management (AUM) of \$273.3 billion, with \$174.6 billion being fee-paying AUM. During the quarter, Blue Owl completed the acquisition of IPI, enhancing its digital infrastructure strategy within the Real Assets platform, and raised \$10.7 billion in capital, reflecting continued investor demand. The company declared a quarterly dividend of \$0.225 per Class A Share, payable on May 28, 2025, to shareholders of record as of May 14, 2025. Management expressed confidence in the company's resilient business model, supported by high levels of permanent capital, and its ability to capitalize on market opportunities amid economic uncertainties.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	---	---	---	---	---	---	\$0.32	\$0.53	\$0.65	\$0.77	\$0.84	\$1.95
DPS	---	---	---	---	---	---	\$0.13	\$0.48	\$0.56	\$0.72	\$0.90	\$1.60
Shares	---	---	---	---	---	---	404.9	445.6	465.7	608.3	625.7	600.0

OWL is currently growing rapidly as it strives to rapidly scale its three asset management platforms and achieve economies of scale. OWL's business model is uniquely structured in the alternative asset management space to avoid generating any carried interest while also consisting primarily of permanent capital. As a result, its earnings stream is expected to be much more stable than those of its peers. OWL's fundraising outlook appears to be strong for the foreseeable future despite the deceleration in the growth rate, and its permanent capital, carried interest-free earnings stream should be able to be quite resilient in the face of economic turmoil.

On top of that, its general partner solutions and triple net lease real estate businesses should be able to generate exceptionally stable earnings through economic cycles while its direct lending platform benefits from rising interest rates. As a result, we estimate that earnings per share will grow at a 18.3% CAGR over the next half decade and expect the dividend per share to grow rapidly over that same period as well.

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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Valuation Analysis

Year	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	---	---	---	43.4	21.9	21.3	30.3	21.4	20.0
Avg. Yld.	---	---	---	---	---	---	0.9%	4.1%	4.1%	3.1%	5.0%	4.1%

OWL has a very short operating history as a public company and therefore it is difficult to know exactly what valuation multiple is fair. Given that the company is still growing quickly in its early stages and recently expanded into the digital infrastructure space that should benefit from the rapid growth of artificial intelligence, we think a relatively high valuation multiple of 20 times is warranted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

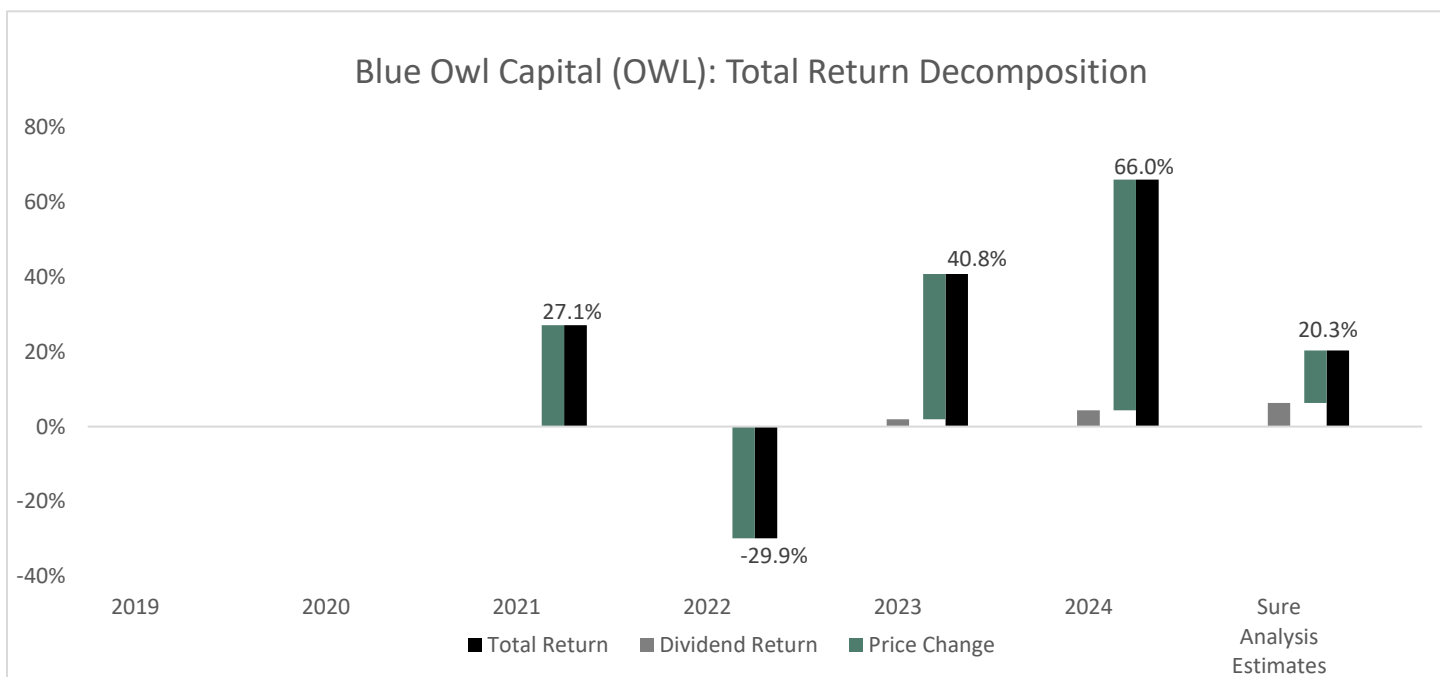
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	---	---	---	41%	91%	86%	94%	107%	82%

OWL's competitive advantage stems from its large and dominant market positioning in both direct lending and general partner private equity solutions. As a result, it should be able to continue raising funds at a strong pace in the coming years to further scale those businesses. While OWL has not operated through a recession before, we think it is better positioned than many asset managers to weather an economic storm given that almost all its assets under management is permanent capital and it does not accrue carried interest on its balance sheet either, resulting in a very stable earnings stream. Its balance sheet is also quite strong given its investment grade credit rating.

Final Thoughts & Recommendation

OWL offers investors pretty attractive risk-reward at the moment thanks to its very strong expected earnings per share and dividend per share growth over the next half-decade backed by a solid investment grade balance sheet and a fairly defensively positioned and well-diversified business model. While the growth runway and the forward dividend yield make for a very attractive total return profile, the current elevated payout ratio keeps us from rating it a Buy today, and we therefore rate it a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue					191	250	824	1,370	1,732	2,295
Gross Profit					79	9	(673)	475	861	1,278
Gross Margin					41.4%	3.6%	-81.7%	34.7%	49.7%	55.7%
SG&A Exp.					52	68	140	221	243	413
D&A Exp.					1	1	115	259	311	275
Operating Profit					27	(59)	(927)	(2)	318	607
Operating Margin					14.3%	-23.5%	-113%	-0.2%	18.4%	26.4%
Net Profit					23	(78)	(376)	(9)	54	110
Net Margin					12.0%	-31.2%	-45.7%	-0.7%	3.1%	4.8%
Free Cash Flow					43	5	276	663	881	935
Income Tax					0	(0)	(65)	(9)	26	49

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets						122	8,266	8,893	8,818	10,992
Cash & Equivalents						12	43	68	104	152
Accounts Receivable							5	12	16	27
Goodwill & Int. Ass.						-	6,744	6,611	6,334	7,602
Total Liabilities						623	2,419	3,344	3,540	5,186
Long-Term Debt						356	1,174	1,625	1,681	2,588
Shareholder's Equity						(508)	1,664	1,605	1,528	2,128
LTD/E Ratio						(0.70)	0.71	1.01	1.10	1.22

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets							-9.0%	-0.1%	0.6%	1.1%
Return on Equity							-14.1%	-0.2%	1.0%	2.0%
ROIC							-10.9%	-0.1%	0.8%	1.4%
Shares Out.							404.9	445.6	465.7	608.3
Revenue/Share					0.60	0.78	0.63	3.16	3.62	4.11
FCF/Share					0.13	0.01	0.21	1.53	1.84	1.68

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

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