Ares Management Corp. (ARES)

Updated February 11th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$137	**5 Year CAGR Estimate:**	13.4%	**Market Cap:**	$45 B
Fair Value Price:	$128	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	3/17/26
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.3%	**Dividend Payment Date:**	3/31/26
Dividend Yield:	3.9%	**5 Year Price Target**	$226	**Years Of Dividend Growth:**	8
Dividend Risk Score:	F	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

Ares Management Corporation (ARES) is a leading global alternative investment manager that offers its clients investment solutions across the credit, real estate, private equity and infrastructure asset classes. Ares Management was founded in 1997 and is headquartered in Los Angeles, California. It has total assets under management of $623 billion and a market capitalization of $45 billion. Approximately 75% of the assets under management are in the U.S. while the remaining 25% is in Europe and Asia.

The key feature of Ares Management is its high-growth strategy, which has helped expand the investing platform of the company at a breathtaking pace. That's why Ares Management is one of the very few stocks that have outperformed the S&P 500 by an impressive margin over the last decade (+1082% vs. +260%) and over the last five years (+171% vs. +77%).

In early February, Ares Management reported (2/5/26) financial results for the fourth quarter of fiscal 2025. The company posted 29% growth of assets under management over the prior year's quarter and enjoyed increased management fees. Earnings-per-share grew 18%, from $1.23 to $1.45, though they missed the analysts' estimates by $0.24. During the quarter, the company grew its assets under management 4.5%, from $596 billion to an all-time high of $623 billion. Management continues to expand the investing platform and the customer base and expects the total fundraising in 2026 to meet or exceed the record year 2025.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.20	$0.62	$0.30	$1.06	$0.87	$2.15	$0.87	$3.65	$3.97	$4.76	***$6.40***	***$11.28***
DPS	$0.91	$1.10	$1.08	$1.28	$1.60	$1.88	$2.44	$3.08	$3.72	$4.48	***$5.40***	***$7.00***
Shares[1]	83	82	96	120	150	180	176	201	215	221	***230***	***350***

Ares Management is a high-growth company. To be sure, it grew its assets under management at a 17% average annual rate from 2014 to 2021 and accelerated to 22% average annual growth of assets under management from 2021 to 2024. As a result, the company has increased the number of $1 billion funds that it operates from 10 in 2014 to 32 now. Ares Management has grown its earnings-per-share by 40% per year on average over the last five years and thus it has vastly outperformed the S&P 500 over this period (+171% vs. +77%). Even better, despite its explosive growth, the company has ample room for future growth. Private debt is undersized (less than 20%) vs. private equity and thus it has ample room to grow in the upcoming years. In addition, funding needs for global infrastructure are expected to grow to $5 trillion per year by 2040. We expect 12% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	12.9	30.6	83.3	22.6	44.8	28.8	80.5	24.9	37.5	35.1	***21.4***	***20.0***
Avg. Yld.	5.9%	5.8%	4.3%	5.3%	4.1%	3.0%	3.5%	3.4%	2.5%	2.7%	***3.9%***	***3.1%***

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[1] In millions.

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Thanks to its extraordinary performance record, Ares Management has traded at an average price-to-earnings ratio of 40.1 over the last decade. This huge valuation premium has been justified by the stellar earnings growth of the company. Nevertheless, we assume a fair price-to-earnings ratio of 20.0 for this stock in order to be on the safe side. The stock is currently trading at a forward price-to-earnings ratio of 21.4, which is higher than our assumed fair valuation level. If the stock trades at its fair valuation level in five years, it will incur a -1.3% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2031**
Payout	76%	177%	360%	121%	184%	87%	280%	84%	94%	94%	***84%***	***62%***

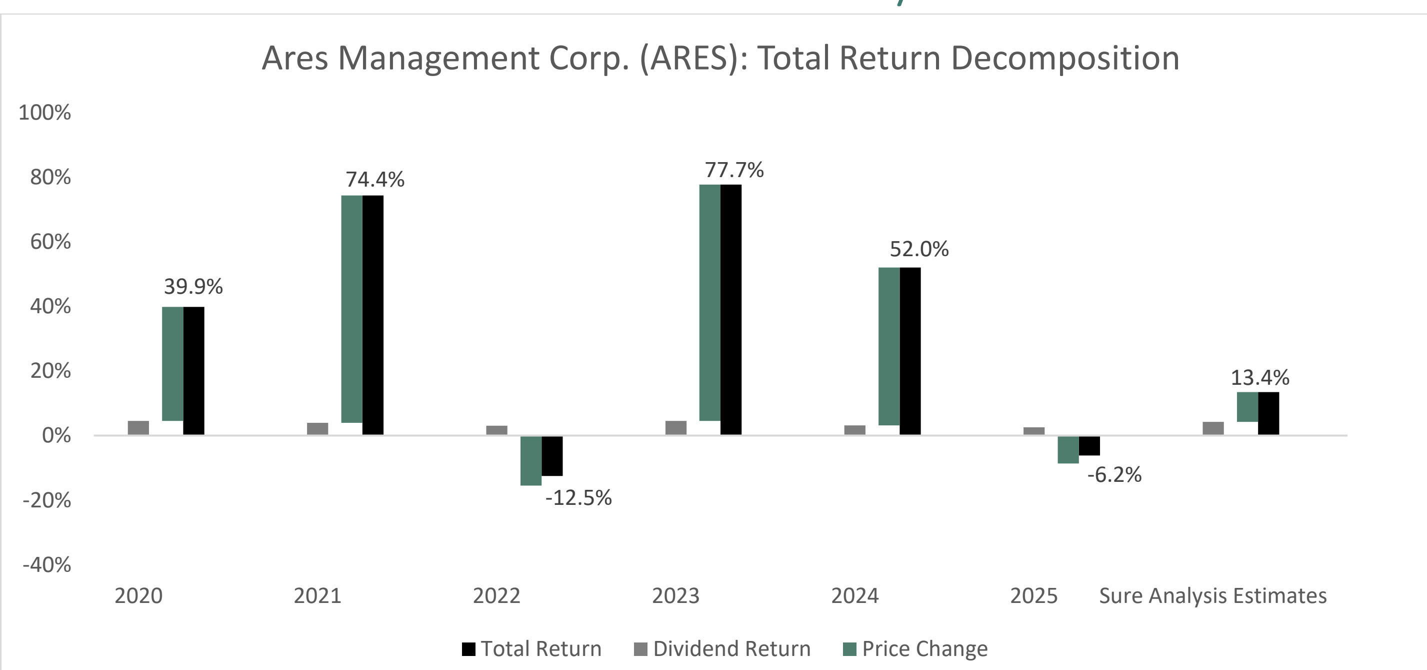
Ares Management faces competition from several well-known global alternative asset managers, such as Blackstone and KKR. Nevertheless, Ares Management has proved capable of growing its business at a fast pace with remarkable consistency thanks to its multi-asset class expertise. The company offers highly attractive investing opportunities to its customers and thus it has been growing its assets and its earnings with hardly any pressure from competitors.

While Ares Management has proved an excellent investment for long-term investors, it is not suitable for all types of investors. Whenever there is a bear market or a sell-off of the broad market, the stock usually declines much faster than the broad market due to its sensitivity to the underlying investment environment and the huge premium in its valuation. Therefore, the stock is suitable only for patient investors, who can endure adverse periods and remain focused on the long-term growth trajectory of this high-quality investment manager.

Final Thoughts & Recommendation

Ares Management has declined -28% in the last 12 months, primarily due to its rich initial valuation. This is a reminder of the risk of stocks with strong earnings growth but also rich valuation levels. However, we view the stock as attractive around its current price. The stock could offer a 13.4% average annual return over the next five years thanks to 12.0% growth of earnings-per-share and its 3.9% dividend, partly offset by a -1.3% valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,388	1,675	1,300	2,193	2,130	4,756	3,729	4,987	5,192	6,470
Gross Profit	940	1,161	730	1,540	1,363	3,594	2,231	3,500	3,460	5,081
Gross Margin	67.7%	69.3%	56.1%	70.2%	64.0%	75.6%	59.8%	70.2%	66.6%	78.5%
SG&A Exp.	548	676	246	767	663	2,185	1,214	1,268	1,186	---
D&A Exp.	37	33	29	39	41	113	341	232	159	---
Operating Profit	372	445	430	730	679	1,346	980	2,189	2,253	1,761
Operating Margin	26.8%	26.6%	33.0%	33.3%	31.9%	28.3%	26.3%	43.9%	43.4%	27.2%
Net Profit	112	76	57	149	152	409	168	474	464	1,088
Net Margin	8.1%	4.5%	4.4%	6.8%	7.1%	8.6%	4.5%	9.5%	8.9%	16.8%
Free Cash Flow	(638)	(1,896)	(1,435)	(2,100)	(442)	(2,623)	(770)	(300)	2,700	---
Income Tax	11	(23)	32	52	55	147	72	173	165	199

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,830	8,564	10,155	12,014	15,169	21,605	22,003	24,731	24,884	---
Cash & Equivalents	798	675	495	745	1,062	1,393	1,115	1,498	2,735	---
Accounts Receivable	760	26	61	47	45	160	121	129	169	---
Goodwill & Int. Ass.	202	184	175	152	593	2,211	2,208	2,182	2,138	---
Total Liabilities	4,452	7,103	8,760	10,156	12,697	17,791	18,204	20,256	18,060	---
Accounts Payable	104	146	167	150	162	383	400	423	687	---
Long-Term Debt	3,392	5,718	7,368	8,398	10,723	12,289	13,144	15,436	12,506	---
Shareholder’s Equity	592	275	289	470	895	1,825	1,589	1,893	2,085	---
LTD/E Ratio		9.97	12.53	10.93	8.98	6.73	8.27	8.15	3.53	---

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.2%	1.1%	0.6%	1.3%	1.1%	2.2%	0.8%	2.0%	1.9%	---
Return on Equity	9.5%	5.4%	4.0%	9.2%	7.0%	13.0%	4.4%	11.5%	8.2%	---
ROIC	3.0%	1.3%	0.7%	1.6%	1.3%	2.8%	1.0%	2.6%	2.4%	---
Shares Out.	83	82	96	120	150	180	176	201	215	217
Revenue/Share	16.74	20.46	13.54	18.30	14.25	26.41	21.25	25.47	26.21	29.77
FCF/Share	(7.69)	(23.17)	(14.95)	(17.52)	(2.95)	(14.56)	(4.39)	(1.53)	13.63	

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