



# Morningstar, Inc. (MORN)

Updated March 8<sup>th</sup>, 2026, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$190	<b>5 Year CAGR Estimate:</b>	29.7%	<b>Market Cap:</b>	\$7.5 B
<b>Fair Value Price:</b>	\$341	<b>5 Year Growth Estimate:</b>	15.0%	<b>Ex-Dividend Date:</b>	04/03/26 <sup>1</sup>
<b>% Fair Value:</b>	56%	<b>5 Year Valuation Multiple Estimate:</b>	12.4%	<b>Dividend Payment Date:</b>	04/30/26
<b>Dividend Yield:</b>	1.1%	<b>5 Year Price Target</b>	\$685	<b>Years Of Dividend Growth:</b>	15
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Financials	<b>Rating:</b>	Buy

## Overview & Current Events

Morningstar was founded in 1984 as a way for investors to seek information about hundreds of popular mutual funds that was out of reach prior to the company's Sourcebook product. Since that time, Morningstar has grown tremendously, serving about nine million clients. It produces ~\$2.6 billion in annual revenue and has a market capitalization of about \$7.5 billion.

Morningstar posted fourth quarter and full-year earnings on February 12<sup>th</sup>, 2026, and results were pretty good. Revenue was up 8.5% year-over-year to \$641 million, and 8.1% on an organic basis. Strength in revenue was from Morningstar Credit, Morningstar Direct, and PitchBook.

Operating expenses were up 3.8% year-over-year to \$505 million, which was driven by a \$12 million increase in compensation costs. Operating income was \$160 million, down 5% year-over-year. Adjusted operating margin was 23.9% of revenue on an adjusted basis, up sharply from 20.6% a year earlier.

We start 2026 with an estimate of \$11.35 in adjusted earnings-per-share, noting that fears of investors turning to AI tools for investment research seems not to be coming to fruition as of yet.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$3.72	\$2.88	\$4.25	\$3.52	\$5.40	\$6.36	\$3.87	\$4.69	\$7.89	\$9.86	<b>\$11.35</b>	<b>\$22.83</b>
<b>DPS</b>	\$0.79	\$0.88	\$0.92	\$1.00	\$1.12	\$1.20	\$1.44	\$1.50	\$1.62	\$1.82	<b>\$2.00</b>	<b>\$3.22</b>
<b>Shares<sup>2</sup></b>	43	43	43	43	43	43	43	43	43	40	<b>39</b>	<b>36</b>

Morningstar's earnings-per-share history is very strong considering the wide array of economic conditions that have existed in the past decade. The company saw a small dip in earnings at the height of the crisis in 2009 and there have been a couple of other small blips, but it has managed an average growth rate of more than 11% in the past decade. We see growth as continuing at this pace going forward on the strength of PitchBook, in particular, and are therefore forecasting 15% earnings-per-share growth for the coming years.

We think revenue growth and a further margin growth potential make 15% earnings-per-share growth look feasible from 2026's level of earnings. This growth estimate is also dependent on the company's appetite for acquisitions moving forward. Its long-term revenue and earnings growth include many acquisitions over time, so we see this estimate as including some additional M&A that has not occurred yet. Morningstar's position in its niche is well established and we see its future as very bright looking forward. It also continues to experience tremendous success with its PitchBook and other licensed products, and the significant costs related to recent mergers should not recur in future years, which will also help boost margins. We note that relatively high interest rates globally will likely crimp transaction-based revenue for the foreseeable future, but Morningstar has been able to work through these and then some.

<sup>1</sup> Estimated date

<sup>2</sup> Share count 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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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.4	28.1	27.2	40.2	29.8	41.1	56.0	61.0	42.7	22.0	<b>16.7</b>	<b>30.0</b>
Avg. Yld.	1.1%	1.1%	0.9%	0.8%	0.7%	0.5%	0.7%	0.5%	0.5%	0.8%	<b>1.1%</b>	<b>0.5%</b>

Morningstar’s average price-to-earnings ratio has been very high in the past decade as its trough value was 21.4, set in 2016. Investors have always been willing to pay a premium for this stock, but recently the valuation has been under significant pressure. Morningstar, and other businesses like it with lucrative subscription models, tend to receive premium valuations due to their high rates of recurring revenue and superior profitability. Today’s price-to-earnings ratio of 16.7 is well below our estimate of fair value, which we see as 30. Earnings estimates remain high, helping the valuation. With this in mind, the valuation could provide a huge tailwind to total returns. We see the yield remaining around 1% for the foreseeable future; Morningstar is not a high-income stock and almost certainly won’t be for the foreseeable future.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	21%	31%	22%	28%	21%	19%	37%	32%	21%	18%	<b>18%</b>	<b>14%</b>

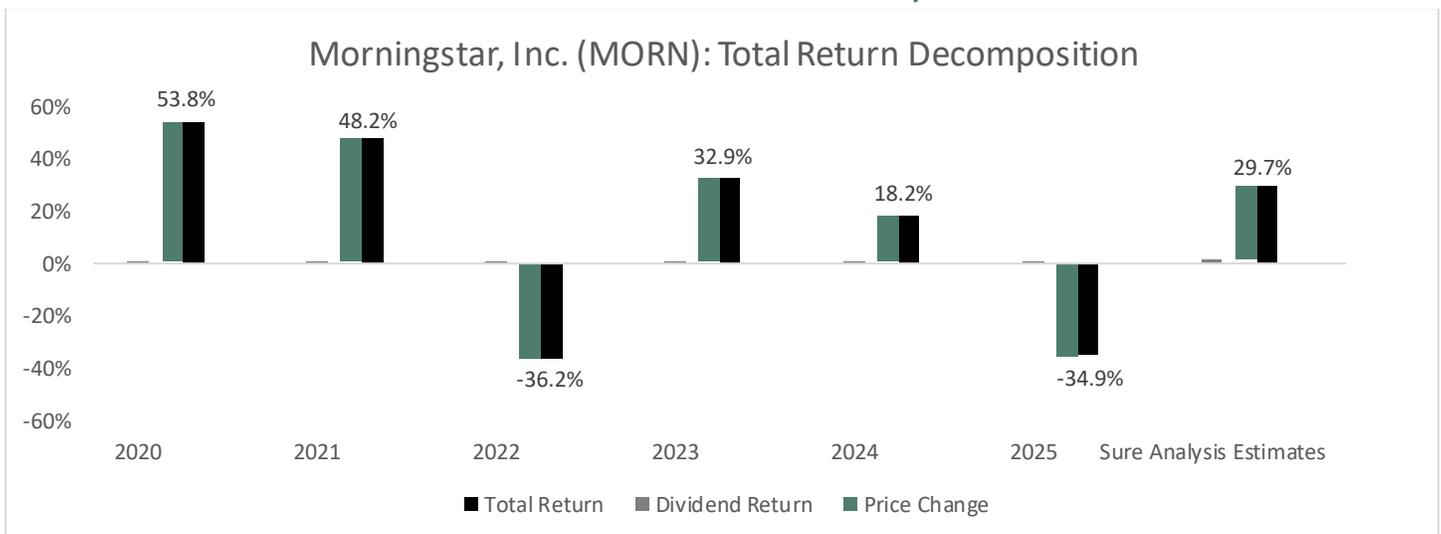
Morningstar’s payout ratio is not likely to be above 18% of earnings anytime soon, barring a major shift in capital allocation strategy, so we see the yield as staying quite low for the foreseeable future. Certainly, management has been more interested in investing for future growth, and that strategy isn’t going to change anytime soon. We also see rapidly rising earnings as a way to reduce the payout ratio. Share repurchases have picked up significantly recently.

Morningstar’s competitive advantage is in its very long operating history in a niche of the investment world it helped create. The company’s subscription service, particularly with its PitchBook product, is a key differentiator and we see it powering future growth for many years to come.

## Final Thoughts & Recommendation

Overall, we see Morningstar as a stock with a strong moat that is undervalued by quite some margin, breaking with a long tradition of the opposite. We are forecasting 29.7% total annual returns moving forward, as 15% growth and the 1.1% yield could be aided by a huge tailwind from the valuation. With the sizable returns forecast currently, we reiterate the stock at a buy rating, noting the stock is as cheap as it’s been in the past decade.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	799	912	1,020	1,179	1,390	1,699	1,871	2,039	2,275	2,446
<b>Gross Profit</b>	454	525	609	696	833	1,001	1,091	1,195	1,379	1,303
<b>Gross Margin</b>	56.9%	57.6%	59.7%	59.0%	60.0%	58.9%	58.3%	58.6%	60.6%	53.3%
<b>SG&amp;A Exp.</b>	203	264	296	389	478	593	757	780	768	801
<b>D&amp;A Exp.</b>	71	91	97	118	140	151	167	185	190	190
<b>Operating Profit</b>	181	170	216	190	215	257	168	231	421	525
<b>Operating Margin</b>	22.6%	18.6%	21.2%	16.1%	15.5%	15.1%	9.0%	11.3%	18.5%	21.5%
<b>Net Profit</b>	161	137	183	152	224	193	71	141	370	374
<b>Net Margin</b>	20.2%	15.0%	17.9%	12.9%	16.1%	11.4%	3.8%	6.9%	16.3%	15.3%
<b>Free Cash Flow</b>	151	184	239	254	308	348	168	197	449	443
<b>Income Tax</b>	64	43	48	46	60	63	57	33	104	122

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	1,351	1,406	1,454	2,371	2,696	2,863	3,475	3,403	3,549	3,590
<b>Cash &amp; Equivalents</b>	259	308	369	334	423	484	377	338	503	529
<b>Accounts Receivable</b>	146	148	172	189	205	269	308	344	358	390
<b>Goodwill &amp; Int. Ass.</b>	678	660	631	1,373	1,585	1,535	2,120	2,063	1,971	1,990
<b>Total Liabilities</b>	654	601	519	1,287	1,425	1,447	2,268	2,076	1,930	2,368
<b>Long-Term Debt</b>	250	180	70	513	449	359	1,110	972	699	1,219
<b>Shareholder's Equity</b>	697	805	935	1,084	1,271	1,416	1,207	1,328	1,619	1,222
<b>LTD/E Ratio</b>	0.36	0.22	0.07	0.47	0.35	0.25	0.92	0.73	0.43	1.03

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	13.5%	9.9%	12.8%	7.9%	8.8%	7.0%	2.2%	4.1%	10.6%	10.5%
<b>Return on Equity</b>	24.1%	18.2%	21.0%	15.1%	19.0%	14.4%	5.4%	11.1%	25.1%	26.3%
<b>ROIC</b>	19.8%	14.2%	18.4%	11.7%	13.5%	11.1%	3.4%	6.1%	16.0%	15.0%
<b>Shares Out.</b>	43	43	43	43	43	43	43	43	43	42
<b>Revenue/Share</b>	18.44	21.20	23.72	27.29	32.16	39.15	43.60	47.52	52.79	57.95
<b>FCF/Share</b>	3.49	4.27	5.55	5.89	7.12	8.02	3.92	4.60	10.42	10.49

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

### Disclaimer

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