Morningstar, Inc. (MORN)

Updated August 14th, 2026, by Josh Arnold

Key Metrics

Current Price:	$205	**5 Year CAGR Estimate:**	29.8%	**Market Cap:**	$7.7 B
Fair Value Price:	$369	**5 Year Growth Estimate:**	15.0%	**Ex-Dividend Date:**	10/03/26[1]
% Fair Value:	56%	**5 Year Valuation Multiple Estimate:**	12.5%	**Dividend Payment Date:**	10/30/26
Dividend Yield:	1.0%	**5 Year Price Target**	$742	**Years Of Dividend Growth:**	15
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	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 $7.7 billion.

Morningstar posted second quarter earnings on July 29th, 2026, and results were much better than expected on both the top and bottom lines. Adjusted earnings-per-share came $3.10, which was 27 cents ahead of estimates. Revenue was up almost 10% year-over-year to $663 million, beating estimates by more than $13 million. Organic revenue grew 6.8% on strength in Credit, Direct, and PitchBook.

Operating costs were up 6% to $509 million, driven by a $7.4 million increase in compensation costs, a $6.7 million in technology infrastructure, and a handful of other smaller expense increases.

Operating income was up 23% to $176 million on an adjusted basis, or 26.5% of revenue. That was up from 23.7% in the year-ago period. The company noted the CRSP acquisition was accretive to operating margin.

We see $12.30 in adjusted earnings-per-share for this year after a very strong Q2. We note that at least thus far, investor fears about AI making Morningstar's products obsolete are not coming to fruition.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.72	$2.88	$4.25	$3.52	$5.40	$6.36	$3.87	$4.69	$7.89	$9.86	***$12.30***	***$24.74***
DPS	$0.79	$0.88	$0.92	$1.00	$1.12	$1.20	$1.44	$1.50	$1.62	$1.82	***$2.00***	***$3.22***
Shares[2]	43	43	43	43	43	43	43	43	43	40	***39***	***36***

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.

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[1] Estimated date

[2] 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	***16.7***	***30.0***
Avg. Yld.	1.1%	1.1%	0.9%	0.8%	0.7%	0.5%	0.7%	0.5%	0.5%	0.8%	***1.0%***	***0.4%***

Morningstar's average price-to-earnings ratio has been very high in the past decade as its trough value was set earlier in 2026 in the mid-teens. 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 or below 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%	***16%***	***13%***

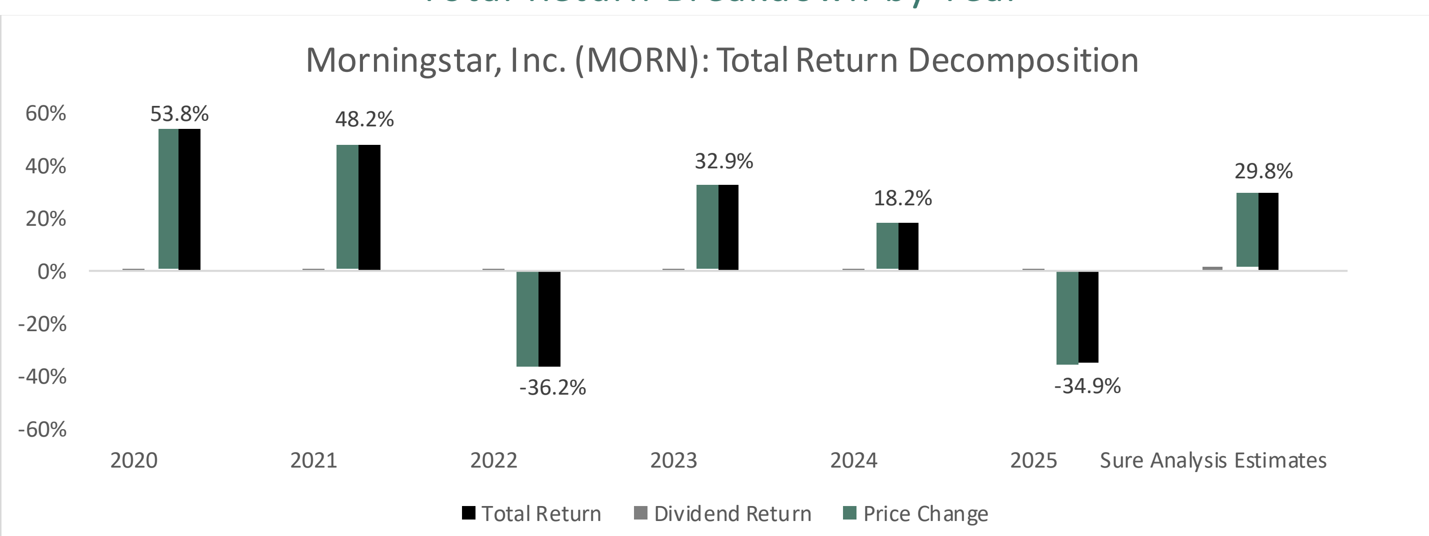
Morningstar's payout ratio is not likely to be above 16% of earnings anytime soon, barring a major shift in capital allocation strategy, so we see the yield as staying quite low for the foreseeable future. Certainly, management has been more interested in investing for future growth, and that strategy 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 29.8% total annual returns moving forward, as 15% growth and the 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 still nearly as cheap as it's ever been.

Total Return Breakdown by Year



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Income Statement Metrics

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

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,351	1,406	1,454	2,371	2,696	2,863	3,475	3,403	3,549	3,590
Cash & Equivalents	259	308	369	334	423	484	377	338	503	529
Accounts Receivable	146	148	172	189	205	269	308	344	358	390
Goodwill & Int. Ass.	678	660	631	1,373	1,585	1,535	2,120	2,063	1,971	1,990
Total Liabilities	654	601	519	1,287	1,425	1,447	2,268	2,076	1,930	2,368
Long-Term Debt	250	180	70	513	449	359	1,110	972	699	1,219
Shareholder's Equity	697	805	935	1,084	1,271	1,416	1,207	1,328	1,619	1,222
LTD/E Ratio	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
Return on Assets	13.5%	9.9%	12.8%	7.9%	8.8%	7.0%	2.2%	4.1%	10.6%	10.5%
Return on Equity	24.1%	18.2%	21.0%	15.1%	19.0%	14.4%	5.4%	11.1%	25.1%	26.3%
ROIC	19.8%	14.2%	18.4%	11.7%	13.5%	11.1%	3.4%	6.1%	16.0%	15.0%
Shares Out.	43	43	43	43	43	43	43	43	43	42
Revenue/Share	18.44	21.20	23.72	27.29	32.16	39.15	43.60	47.52	52.79	57.95
FCF/Share	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.