US EQUITY RESEARCH

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Blackstone

A Scalable Compounder in the Era of Alternative Asset Dominance

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Company Overview

Blackstone Inc. is the world's largest alternative asset manager, overseeing over USD1.2 trillion in assets under management (AUM) as of Q2 2025. The firm specializes in providing investors with diversified exposure to private markets, offering investments across a wide range of strategies including private equity, real estate, private credit, infrastructure, and hedge fund solutions. Blackstone's core business model is built on generating recurring management fees and performance-related income. Its strategic approach involves making long-term, value-driven investments that are generally less correlated with public markets. The firm's significant scale, deep expertise accumulated over decades, and expansive global network are key competitive advantages. These attributes enable Blackstone to identify and access unique investment opportunities (proprietary deal flow) and effectively deploy capital across various economic cycles.

Investment Overview

Leveraging scale for long-term market share gains. Blackstone Inc. stands as the world's largest alternative asset manager, commanding over $1.2 trillion in AUM as of Q2 2025. Its comprehensive offerings across private equity, real estate, private credit, infrastructure, and hedge fund solutions provide investors with diversified exposure to private markets, which are less correlated with public equities and bonds. This unparalleled scale, coupled with deep expertise and a global network, provides significant competitive advantages, enabling the firm to access proprietary deal flow and deploy capital across various economic cycles.

Resilient-than-peers growth outlook. Blackstone offers a unique combination of earnings durability, secular growth, and capital efficiency. Its leadership in key alternative sectors—especially private credit, infrastructure (particularly AI-powered infrastructure), and real estate—positions it to benefit from long-term shifts in institutional and individual capital allocation. The expansion of its perpetual capital vehicles and increasing demand from private wealth channels enhance fee stability and visibility, ensuring a more resilient revenue stream compared to peers more reliant on traditional, public market strategies.

Maintain BUY with TP of USD190. Blackstone's strong balance sheet, consistent dividend yield (approximately 3.3%), and proven ability to generate performance fees across cycles make it a compelling long-term compounder. As private markets increasingly become crucial for yield, diversification, and innovation exposure, Blackstone is positioned as a scalable, resilient, and high-quality platform for sustained outperformance. The "BUY" recommendation with a target price (TP) of USD190 reflects confidence in its continued leadership and growth trajectory in the alternative asset management space.

Risks

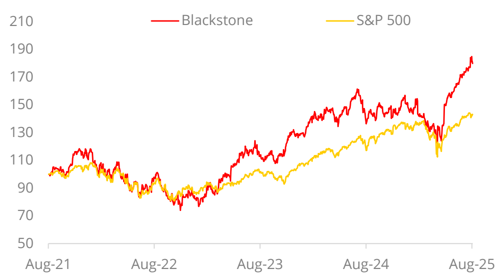
Emerging risks. While Blackstone's business model is robust, its earnings are inherently tied to AUM and performance fees, making it sensitive to market cycles and asset valuations. The firm faces potential fundraising risks from disruptions in attracting both institutional and private investors. Furthermore, exposure to illiquid, long-term investments introduces valuation uncertainties and credit/default risks. Growing areas like digital infrastructure also present sector-specific risks, including rapid technological change and evolving regulations. Operational and geopolitical risks, including reliance on key personnel and navigating diverse global regulatory environments, also warrant attention.

Key Financial Data

Bloomberg Ticker	BX US
Sector	Financials
Share Price (USD)	167.64
DBS Rating	BUY
12-mth Target Price (USD)	190.0
Market Cap (USDbn)	205.8
Volume (mn shares)	3.1
Free float (%)	98.9
Dividend yield (%)	2.5
Net Debt to Equity (%)	52.9
Fwd. P/E (x)	33.4
P/Book (x)	24.7
ROE (%)	37.7

Closing Price as of 7 Aug 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

Financial Summary (USDmn)

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
Sales	12,590	9,694	11,391	12,448	15,861
% y-o-y	*7.9*	*-23.0*	*17.5*	*9.3*	*27.4*
Gross Profit	9,688	8,023	12,681	-	-
% y-o-y	-	*-17.2*	*58.1*	-	-
EBITDA	7,810	6,255	6,879	7,665	9,936
% y-o-y	*8.8*	*-19.9*	*10.0*	*11.4*	*29.6*
Net Profit (Loss)	3,828	2,978	3,395	3,922	5,144
% y-o-y	*-38.0*	*-22.2*	*14.0*	*15.5*	*31.2*
FCF	6,031	3,833	6,610	7,358	9,277
CAPEX	235	224	145	149	74
EBITDA Margin (%)	62.0	64.5	60.4	61.6	62.6
Net Margin (%)	30.4	30.7	29.8	31.5	32.4
ROA (%)	36.6	7.2	22.8	14.1	17.6
ROE (%)	44.8	24.3	42.8	37.0	49.4
Tax Rate (%)	6.4	9.0	11.1	10.9	11.6

Source: Refinitiv

Valuation Metrics

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
P/E	32.7	42.8	38.2	33.5	25.9
P/B	15.7	17.8	14.0	11.1	11.9
Dividend Yield	2.6	2.0	2.3	2.6	3.3
EV/EBITDA (x)	28.3	35.3	32.1	28.8	22.2
FCF Yield %	0.2	3.0	3.6	3.5	4.5

Source: Refinitiv

Credit & Cashflow Metrics

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
Debt / Equity	1.6	0.7	0.8	0.6	0.6
Net Debt / Equity	1.0	0.5	0.6	0.5	0.5
Debt / Assets	0.3	0.3	0.3	0.2	0.2
Net Debt / Assets	0.2	0.2	0.2	0.2	0.2
EBITDA / Int Exp	24.6	14.5	25.5	26.8	33.7
Debt / EBITDA	1.6	1.8	1.6	1.5	1.1
ST Debt / Total Debt (%)	0.8	0.0	0.0	-	-
[Cash + CFO] / ST Debt	115.5	nm	nm	-	-
Receivables Days	212.8	211.4	142.6	-	-
Days Payable	-	-	-	-	-
Inventory Days	-	-	-	-	-

Source: Refinitiv

Target Price & Ratings History

Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	28 Jul'25	178.1	190.0	BUY

Source: DBS
Analyst: Vishal Kapoor

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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