KeyValue

ASSET MANAGEMENT

EQUITY RESEARCH

ANALYSIS OF BLACKROCK

DATE :
27 June 2024

keyvalueam.com

Blackrock (BLK)

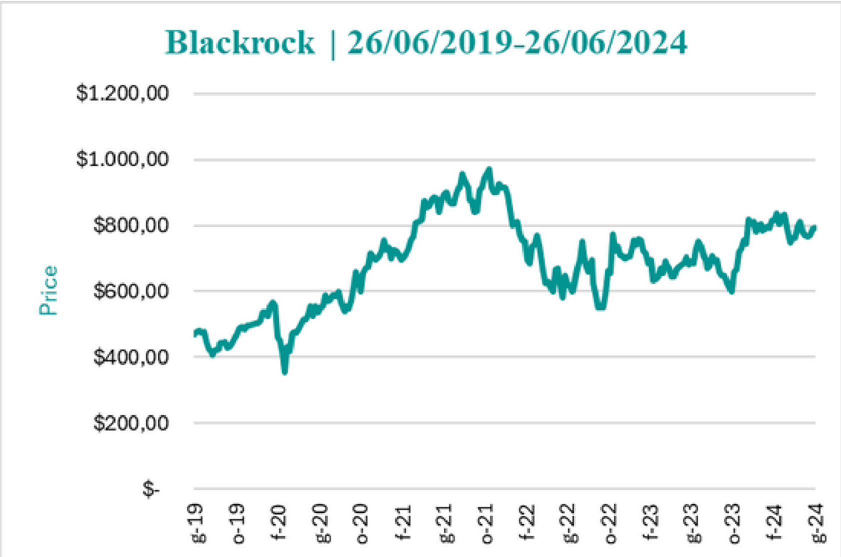
BUY: 921,84 (+17,02%)

Summary

Informations		
Country		New York City
Tax Rate		25%
Sector		Financial Institutions
Date		26/06/2024
Last Price	$	787,60
Target Price	$	921,62
+/- Potential		17,02%
Ticker		BLK

Market Data	
52-Week High	845,00
52-Week Low	596,18
Avg. 3 Month Volume	0.61 MM
5 Yr Beta	1,19

Iarket Data	
Revenue Growth (Cagr 3 yr)	3,29%
Revenue Growth (Cagr 5 yr)	4,70%
Price Return (ytd)	-1,60%
Price return (1 yr)	14,30%
Price Return (5 yr)	63,20%



Capital structure	
Market Cap	118.455
Enterprise Value	121.084
Shares O/S	150
Interest cover Ratio	21,71
Debt/Equity	61,20%

($mnl)	FY22	FY23	LMT
Revenues	17.873	17.859	18.344
Gross Profi	8.787	8.698	8.988
EBITDA	6.897	6.766	7.055
EBIT	6.479	6.339	6.623
Net Income	5.178	5.502	5.918

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OVERVIEW

Introduction

“Committed to a better future, long-term thinkers, focused on helping build a better tomorrow” this is the mission of BlackRock, the largest asset manager in the world. Established in 1988, it has grown into a financial titan by prioritizing democratization of investment. Central to this mission is innovation. iShares is a clear example of this committment: this is a collection of exchange-traded funds (ETFs) that are shaping investing by offering low-cost, diversified portfolios that mirror the performance of entire market sectors or specific investment strategies. It allows with retail investors with any budget to invest like experienced professionals, gaining exposure to a wide range of assets without the complexities of individual stock picking. BlackRock's innovative drive goes beyond iShares. They continuously develop new investment vehicles and strategies, like thematic ETFs that target specific trends such as clean energy or future technologies. This approach empowers investors to customize their portfolios by aligning with their values and capitalize on emerging market opportunities. BlackRock isn't just shaping the future of investing for individuals, they are also redefining asset management for institutions. Through their vast resources and expertise, BlackRock helps pension funds, endowments, and corporations navigate complex markets and achieve their long-term financial goals. Sustainability is another cornerstone of BlackRock's vision. They recognize the interconnectedness of financial development and growth and a healthy.

By promoting responsible investment practices and integrating environmental, social, and governance (ESG) factors into their strategies, BlackRock is helping to build a more sustainable future for generations to come and, considering also the outstanding performances of green and sustainable finance products, BlackRock will be a main player in this market. BlackRock has set himself as a financial giant through a strong, wise and expert leadership and robust ties within several industries and institutions worldwide. The company has also announced backing a multi-billionaire fund for the reconstruction of the areas affected by war in Ukraine, not only providing concrete support to the country but also guiding a massive economic operation estimated to be worth hundreds of billions of dollars.

BlackRock has also implemented the “One Company” strategy: a diversified offer requires all professionals to know in depth all the branches and products of the group so that they can reach customers with all the company’s available solutions. This strategy, called “One BlackRock”, is certainly example of a seasoned, experienced management which has led the group to what it is today: one of the most important and globally relevant financial groups.

Business Model

BlackRock addresses a diverse clientele encompassing individuals, financial institutions, and corporations. Their value proposition centers on comprehensive investment solutions, tailored to meet the specific needs and risk tolerances of each client segment, differently from competitors.

Individual Investors

BlackRock offers a range of investment options for retail investors. These include:

- Target date funds: structured for retirement saving, these funds automatically adjust asset allocation based on an investor's approaching retirement date.
- Robo-advisors: BlackRock's automated investment platforms provide low-cost, personalized investment management based on individual goals and risk tolerance.
- Fractional shares: this feature allows investors to purchase portions of high-priced stocks, making it easier to build a diversified portfolio even with limited funds.

Financial Institutions

BlackRock partners with financial advisors, wealth managers, and retirement plans to offer their clients access to a variety of solutions for which the US based group is a global leader.

- Customizable investment solutions: BlackRock's investment professionals work alongside financial institutions to design portfolios that align with client risk profiles and investment objectives.
- Model portfolios: These pre-structured portfolios offer a diversified mix of asset classes, saving financial institutions time and resources in portfolio construction.
- Risk management expertise: BlackRock's Aladdin platform provides institutions with advanced tools for portfolio optimization, risk analysis, and stress testing.

Corporations

BlackRock helps corporations achieve their long-term financial goals through top-tier industry soplutions.

- Employee benefit plans: BlackRock tailors and manages investment options for corporate retirement plans, such as 401(k)s, ensuring a secure financial future for employees.
- Cash management solutions: BlackRock offers strategies to optimize corporate cash holdings, maximizing returns while maintaining liquidity.
- Mergers and acquisitions advisory: BlackRock's expertise in asset valuation and risk management is a valuable resource for corporations navigating complex M&A transactions.

	Revenues				
Segment	**2023**	**%**	**2022**	**%**	**Incr/Decr**
Investment advisory, administration fees and securities lending revenue	14.399	81%	14.451	81%	-0,36%
Investment advisory performance fees	554	3%	514	3%	7,78%
Technology services revenue	1.485	8%	1.364	8%	8,87%
Distribution fees	1.262	7%	1.381	8%	-8,62%
Total advisory and other revenues	159	1%	163	1%	-2,45%
		0%		0%	
		0%		0%	
Total	17.859		17.873		-0,08%

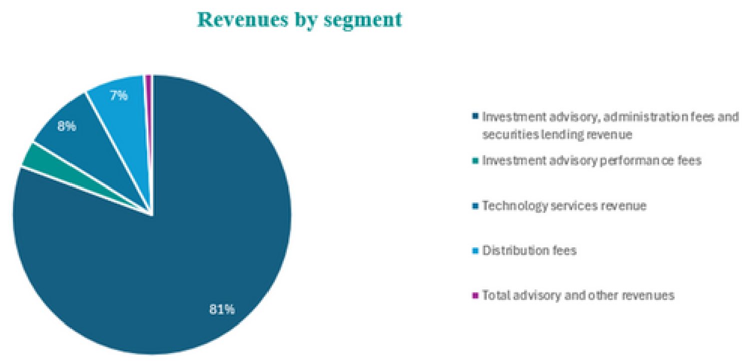
Business Model

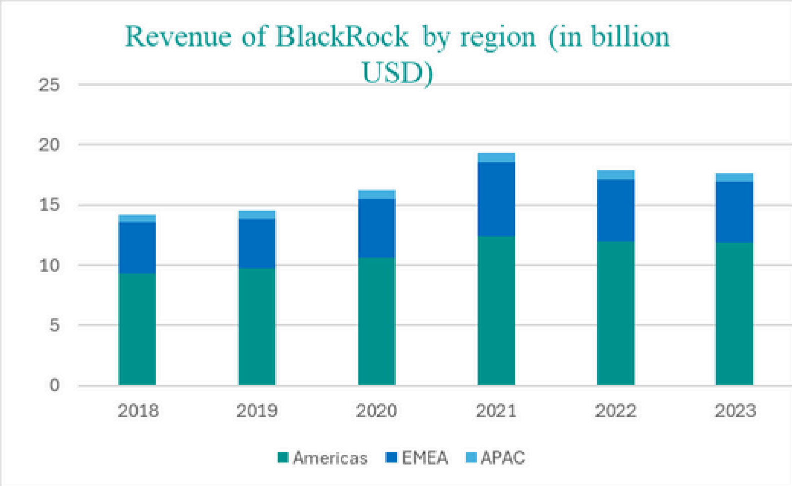
BlackRock operates with a multi-channel distribution strategy, ensuring accessibility for all investor segments:

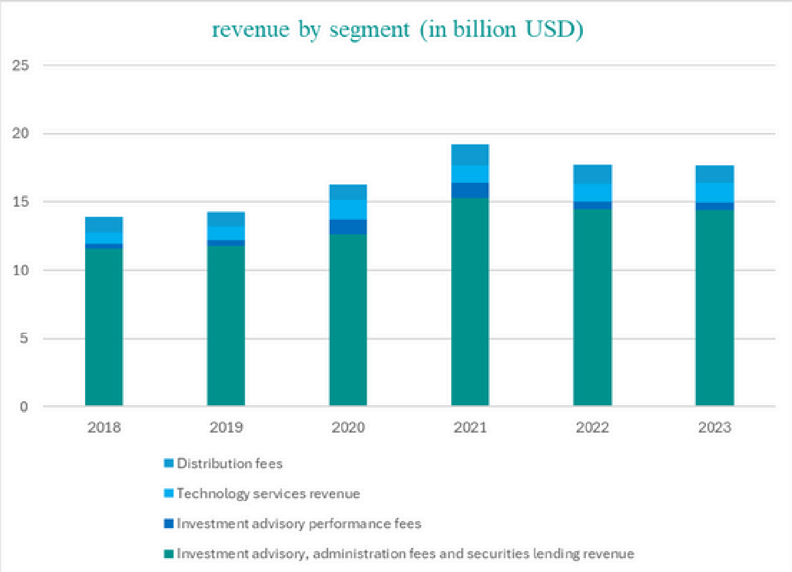
- **Direct online investing platform:** allows individual investors to research investments, open accounts, and manage their portfolios conveniently.
- **Financial advisors and wealth managers:** BlackRock holds strong partnerships with financial advisors and wealth managers who leverage BlackRock's investment solutions and research to create personalized financial plans for their clients.
- **Institutional sales channels:** BlackRock maintains dedicated sales teams focused on building relationships with pension funds, endowments, and corporations, tailoring investment solutions to their specific needs and regulatory requirements.

BlackRock's primary revenue streams include:

- **Investment management and subscription fees:** fees for managing actively managed funds and iShares ETFs and for top-notch platforms like Aladdin.
- **Securities lending income:** BlackRock earns income by lending out securities held within client portfolios to other market participants. This practice generates additional returns for clients while also providing liquidity to the broader financial system.







Management

Capital Allocation

BlackRock's management has demonstrated excellent capital allocation over the years. This allocation was characterized by strategic and well-considered decisions that allowed the company to maintain a leadership position in the investment management industry.

Strategic Acquisitions Two of the most significant acquisitions in BlackRock's history were those of Merrill Lynch Investment Management (MLIM) and Barclays Global Investors (BGI).

- Merrill Lynch Investment Management (MLIM): In 2006, BlackRock acquired MLIM for approximately $9.6 billion. This acquisition significantly expanded BlackRock's portfolio management capabilities, adding a broad range of investment products and increasing its global client base.
- Barclays Global Investors (BGI): In 2009, BlackRock completed the acquisition of BGI for approximately $13.5 billion. This move made BlackRock the largest asset manager in the world, with a strong presence in the ETF market thanks to BGI's iShares products. The integration of BGI has allowed BlackRock to further strengthen its passive product offerings and improve the diversification of its revenue sources.

We see a relatively low return on invested capital (ROIC) for BlackRock. However, this is not a negative factor in the company's capital allocation. BlackRock's long-term strategy focuses on equity holdings that provide very high returns at the expense of low capital turnover. Consequently, the ROIC is strongly influenced by this strategy, but it does not represent a point of weakness, since BlackRock's investments, not visible on the balance sheet due to their market value, are performing very well.

One area where BlackRock should consider increasing investment is research and development (R&D). Increasing R&D spending could help the company maintain its strong competitive advantages, especially in the technology sector, where the Aladdin platform represents a crucial asset.

A strong point in BlackRock's capital allocation is its ongoing and consistent buybacks. The company has done buybacks strategically, focusing more on times when the company is undervalued, such as in 2022. This strategy not only returns value to shareholders, but also helps support the stock price in times of market volatility.

Management

Background e strategia

Larry Fink has a strong academic background, with a bachelor's degree in Political Science from the University of California, Los Angeles (UCLA) and an MBA from the UCLA Anderson School of Management. Fink is known for his long-term vision and his ability to anticipate market trends. We can summarize it in several key points:

- Sustainability: Fink is a strong advocate of sustainable investing. Under his leadership, BlackRock has integrated ESG criteria into many of its investment strategies, promoting sustainability as a crucial element for long-term value creation.
- Technological Innovation: Fink has always recognized the importance of technology in the financial industry. The creation of the Aladdin platform is an example of its commitment to innovation. Aladdin provides integrated risk and investment management, improving operational efficiency and providing a competitive advantage to BlackRock.
- Risk Management: Risk management is another pillar of Fink's strategy. He believes that sound risk management is essential for long-term success. This approach was evident during the 2008 financial crisis, when BlackRock successfully navigated through prudent management and a strong capital structure.
- Global Growth: Fink led BlackRock's global expansion, establishing a significant presence in numerous international markets. This has allowed the company to diversify its sources of income and reduce exposure to risks specific to a single market.

BlackRock has been able to exploit financial crises to strengthen its market position. During the 2008 financial crisis for example, BlackRock capitalized on the opportunity to acquire Barclays Global Investors (BGI), making it the largest asset manager in the world.

Another key element of BlackRock's strategy has been the transition from active to passive funds. BlackRock recognized the potential of ETFs early and invested heavily in the iShares product range, which has become a leader in the ETF market. This move allowed BlackRock to benefit from the growing demand for low-cost, diversified investment products.

Management

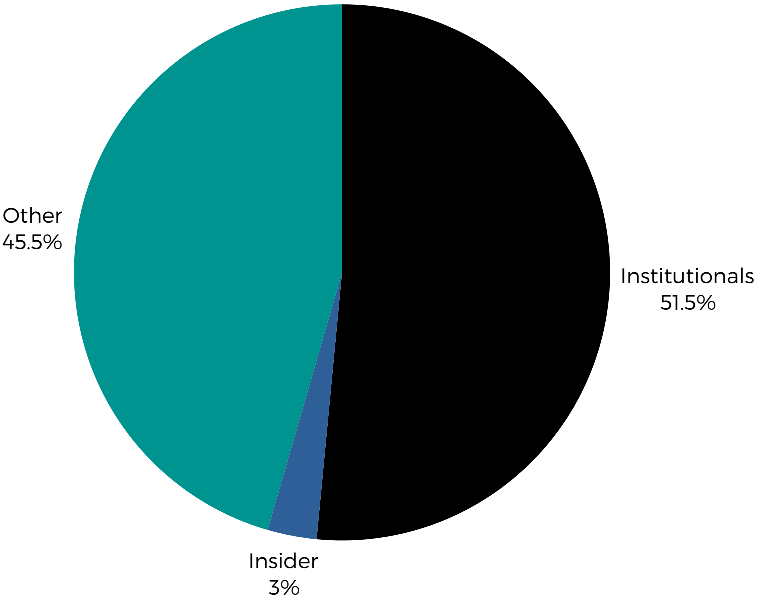
Compensation and share ownership

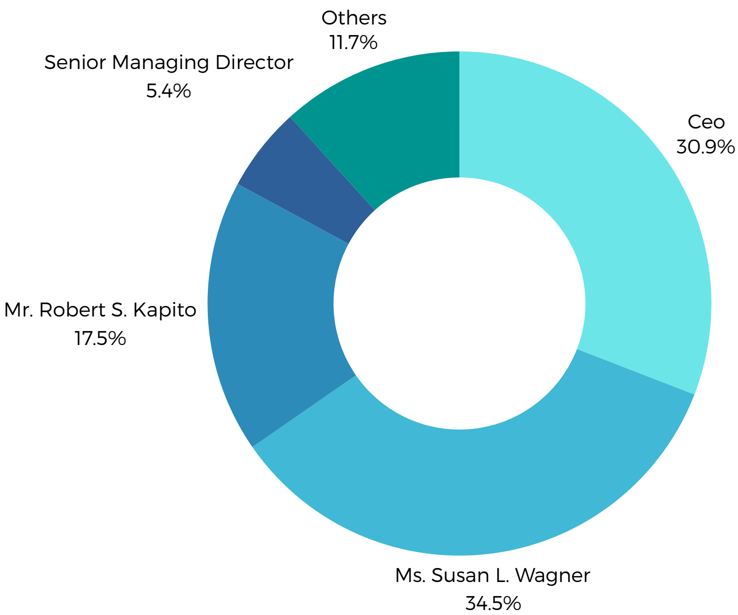
BlackRock Inc.'s compensation strategy is designed to align the interests of its executives with those of shareholders, drive long-term value creation and attract and retain the industry's top talent.

Bonuses are evaluated and distributed annually based on key performance indicators such as revenue growth, return on equity and customer satisfaction metrics. It also uses long-term equity incentives that typically include stock options and restricted stock units (RSUs), which vest over several years, promoting retention and long-term strategic thinking. For example, in 2023, the company granted approximately $565 million worth of RSUs, reflecting a commitment to driving long-term performance

Institutional investors hold a significant portion of BlackRock shares, accounting for approximately 51.51% of the total. This high level of institutional ownership indicates financial institutions' confidence in BlackRock's strategy and management.

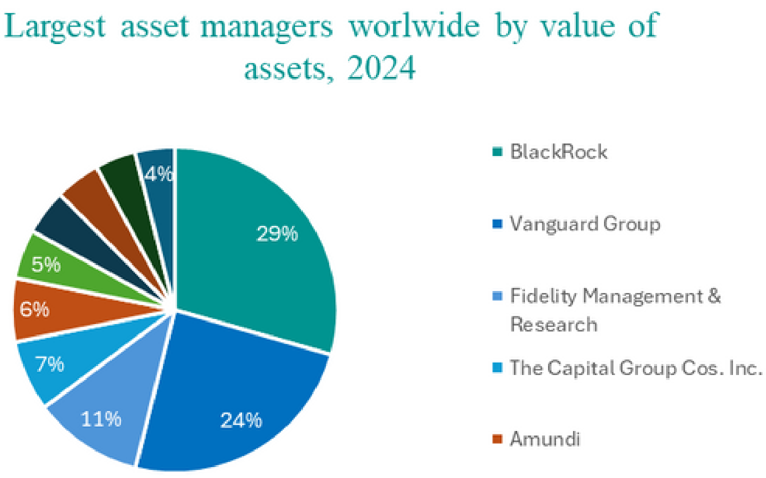
The main direct shareholders are the CEO who holds almost 31% of the insider share and Ms. Susan L. Wagner (former vice president) with a 34.5% share.

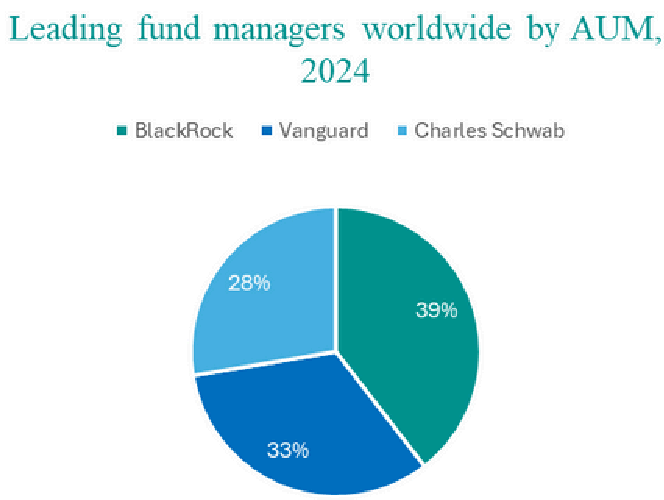


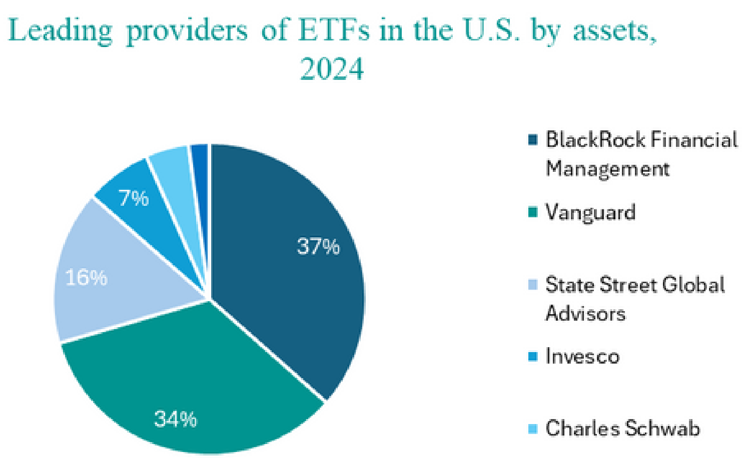


Sector

The financial services sector is experiencing a period of explosive growth, driven by a confluence of factors. The rise of FinTech, for instance, is disrupting traditional models, pushing for more innovation and efficiency. Data analytics are becoming increasingly crucial for informed investment decisions, and the demand for sustainable investment solutions is booming as environmental and social responsibility gain prominence. Asset management, a cornerstone of this industry, is witnessing strong growth. Investors, navigating an increasingly complex financial landscape, are consistently turning to experienced professionals and services for guidance. This trend is deemed to benefit established asset management firms with a proven track record. Furthermore, the global financial services market is projected to see a Compound Annual Growth Rate (CAGR) of around 10.96% between 2022 and 2027, highlighting the robust growth potential within this sector. This poses great opportunities for established players who can adapt to the changing landscape and embrace technology and sustainability within their offerings.



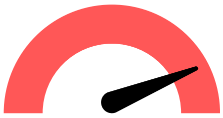




EXTERNAL ANALYSIS

Porter's Five Forces

1. Rivalry between Existing Competitors



The asset management sector is extremely competitive and, in particular, as regards the ETF segment, where BlackRock finds itself competing with important names including Vanguard, Fidelity and State Street. BlackRock stands out for its well-known iShares platform, which allows you to obtain exposures on a wide range of asset classes quickly and at often extremely low costs.

2. Threat of New Entrants

The entry of new entrants into the industry does not scare BlackRock: the barriers to entry into investment management are high and include stringent legislative and regulatory requirements, the need to build a trusted brand, as well as a good reputation. In addition to this, BlackRock, like all the other big names that populate the asset management sector, enjoys an infrastructure that allows it to exploit significant economies of scale, which make cost competition more complicated for any new entrants.

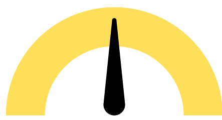
3. Bargaining Power of Suppliers

BlackRock employs a broad spectrum of services, including data provision, research and market analysis, relying on leading firms such as Morningstar, Bloomberg and FactSet. Especially due to its size and reputation BlackRock has significant bargaining power, which very often allows it to negotiate better prices.

4. Bargaining Power of Customers

BlackRock is aimed at a wide range of clients: from large institutional investors (including pension funds and insurance companies), to high-net-worth private clients, up to retail investors (especially due to the wide range of ETFs made available). While on the one hand these last two categories have low contractual influences, on the other hand large institutions are able to negotiate more advantageous commissions and conditions. It is important to underline that, in any case, customers are very attentive to costs and performance, so poor results or too burdensome fees could incentivize them to move their resources elsewhere

5. Threat of Substitute Products



As we have previously mentioned, the finance sector is extremely competitive. The first consequence of this is that there is a wide range of investment alternatives, including hedge funds, private equity and online platforms. Some of these picks have risk and return profiles very different from those of BlackRock and above all lack its reputation, which often makes them less preferred. Another aspect that must be evaluated concerns the ever-increasing interconnection between the world of finance and that of technology: this could lead, over the course of not too many years, to the emergence of new automated and low-cost alternatives

Competition

As we have seen, the asset management sector is extremely competitive and, of great importance, is the competition on the ETF side. In fact, BlackRock is not the only manager that focuses on this business segmentation. The ETF market has grown rapidly in recent years and has attracted institutional and retail investors looking for products that offer cost-effective diversification. The main driver of competition is in fact the cost, which, as far as ETFs are concerned, is almost universally very low

BlackRock
Through its iShares brand, BlackRock is the largest ETF issuer in the world. At the end of 2023, BlackRock had approximately $9.101 trillion in AUM. Of this, more than $2.851 trillion was in iShares ETFs. iShares offers over 400 ETFs spanning multiple asset classes, sectors and geographic regions, making it the undisputed leader in the ETF market with a global ETF market share of approximately 38%.

Vanguard Second largest ETF manager, with a strategy strongly focused on passive management and low costs. As of the end of 2023, Vanguard managed approximately $7.2 trillion in total assets, of which approximately $1.5 trillion was in ETFs. Vanguard's ETF products are known for having some of the lowest expenses in the industry, making them very attractive to long-term investors. Vangurad holds 25% of the global ETF market, with a catalog of around 80 ETFs

State Street Global Advisor
SSGA, a pioneer in the world of ETFs, occupies the third step of this ranking, thanks also to its SPDR (Standard & Poor's Depositary Receipts) brand which offers a wide range of ETFs. As of mid-2023, SSGA managed approximately $3.6 trillion in total assets, of which nearly 30% was in ETFs (approximately $1 trillion). SPDR is known for its SPDR S&P 500 ETF, one of the most popular ETFs in the world, allowing the manager to hold 17% of the global ETF market with approximately 140 ETFs

Competitors asset management segment

Caratteristiche	BlackRock	Vanguard	SSGA	Fidelity	JP Morgan	Capital Group
ETF	Excellent	Excellent	Good	Decent	Decent	Decent
Mutual Funds	Excellent	Excellent	Good	Excellent	Good	Excellent
Wealth Management and Financial Advisory	Excellent	Good	Good	Excellent	Excellent	Good
Alternative Investments	Excellent	Decent	Good	Good	Excellent	Decent
Trading and Capital Markets	Excellent	Good	Good	Good	Excellent	Decent
Risk Management	Excellent	Good	Good	Excellent	Excellent	Good
Technology and Innovation	Excellent	Good	Good	Excellent	Excellent	Good

SWOT

Strengths

BlackRock's strong reputation and expertise, combined with its position as the world's largest asset manager, with $9.101 trillion in AUM, provide the company with considerable resources and influence, allowing it to offer a broad range of products and services to investors. its customers.
Its large size also allows it to benefit from economies of scale, resulting in lower operating costs and higher profit margins.
BlackRock offers a broad and varied landscape of investment products, including ETFs and money market funds along with other alternatives. This diversification allows it to satisfy the needs of investors, improving its competitive advantage. An important role is also played by ESG investments, of which BlackRock is a pioneer, and which will play an important role in the coming years

Weaknesses

As previously mentioned, BlackRock's client base is mostly institutional clients (around 80% of AUM). While this provides a stable source of revenue, it also exposes the firm to the risk of significant withdrawals should these clients decide to change their investment strategies or switch to competitors.
Another aspect to take into consideration concerns the controversies and legal disputes to which the company is subjected: between December 2023 and March 2024, first Tennessee and then Mississippi accused BlackRock of misleading investors on the advantages of ESG investments by issuing statements false and misleading. These risks could lead to financial penalties, but more importantly damage to the company's reputation

Opportunities

BlackRock's iShares ETF platform maintains its market-leading position both domestically and globally. The growing demand for passive investment strategies has helped strengthen the company's position to capitalize on this trend and further grow its AUM.
The acquisition of Kreos Capital, a provider of growth and venture debt financing for companies in the technology and healthcare sectors, dating back to last year (2023), represents a great opportunity to strengthen its position as a leading asset manager credit globally.
Another opportunity appears to be linked to post-war reconstruction in Ukraine, to which BlackRock, together with JP Morgan, aims to allocate around 15 billion dollars

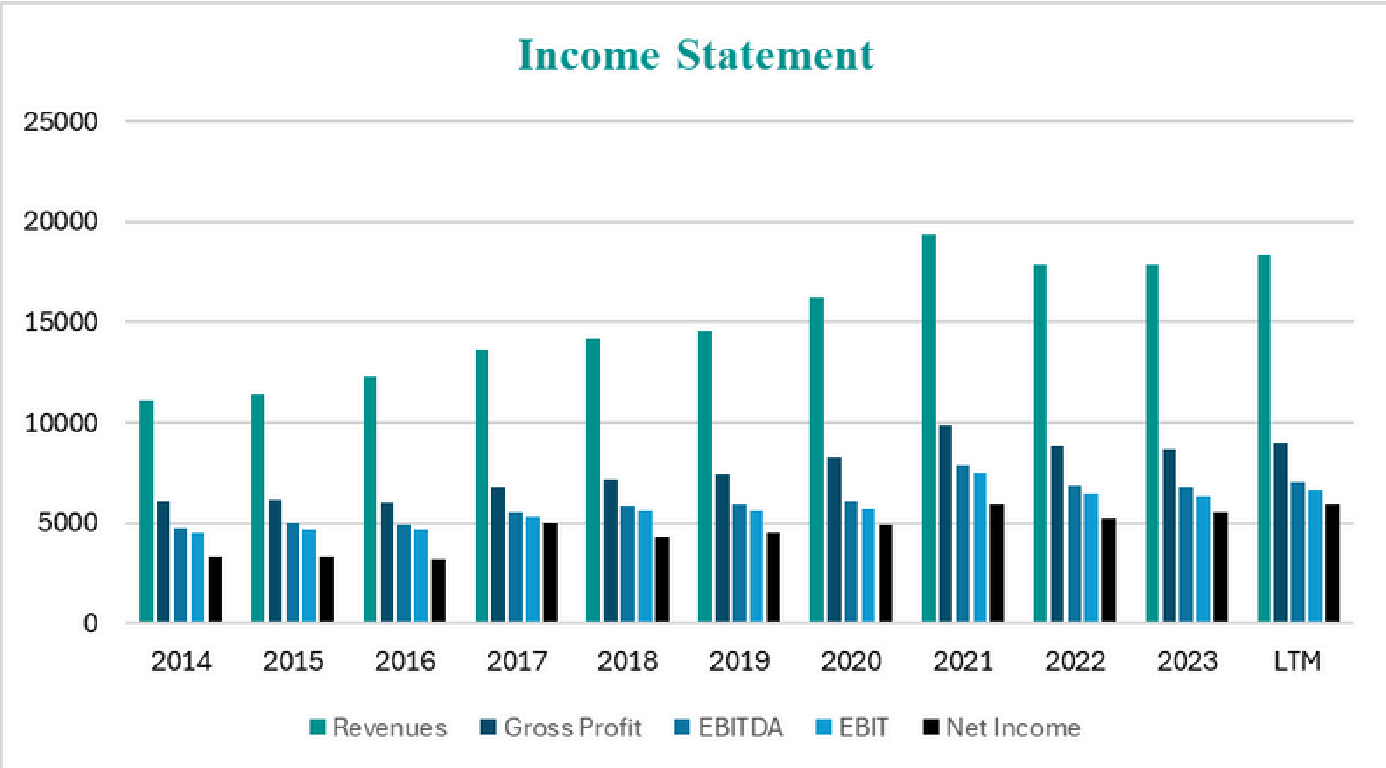
Threats

As already stated, the wealth management industry is highly competitive, with numerous players offering similar products and services. This competition could put pressure on BlackRock's margins, impacting its profitability.
Market volatility due to macroeconomic aspects also plays an important role, as it is one of the direct sources of revenues for BlackRock.
Furthermore, given the recent legal and regulatory disputes, the intense and stringent regulation could represent a significant Achilles' heel.

FINANCIAL STATEMENT

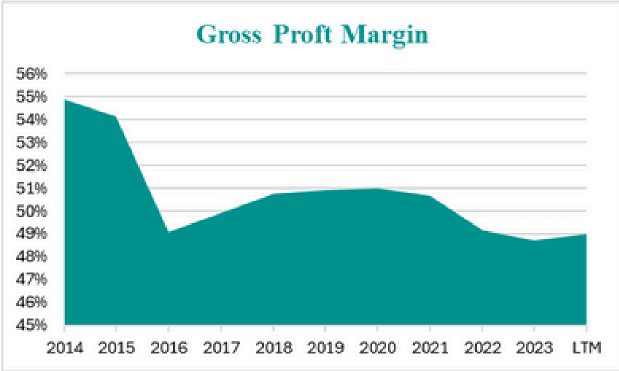
Income Statement

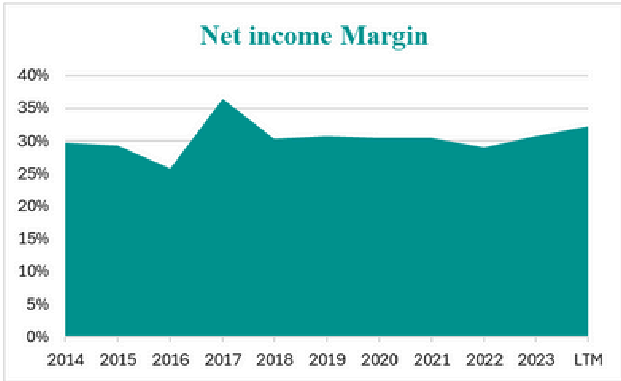
Income Statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Revenues	**11.081**	**11.401**	**12.261**	**13.600**	**14.198**	**14.539**	**16.205**	**19.374**	**17.873**	**17.859**	**18.344**
% YoY Growth		2,89%	7,54%	10,92%	4,40%	2,40%	11,46%	19,56%	-7,75%	-0,08%	2,72%
COGS	(4.997)	(5.229)	(6.243)	(6.811)	(6.993)	(7.133)	(7.939)	(9.556)	(9.086)	(9.161)	(9.356)
Gross Profit	**6.084**	**6.172**	**6.018**	**6.789**	**7.205**	**7.406**	**8.266**	**9.818**	**8.787**	**8.698**	**8.988**
% YoY Growth		1%	-2%	13%	6%	3%	12%	19%	-11%	-1%	3%
Operating expenses	(1.610)	(1.508)	(1.379)	(1.527)	(1.623)	(1.802)	(2.548)	(2.334)	(2.308)	(2.359)	(2.365)
EBITDA	**4.752**	**4.959**	**4.902**	**5.502**	**5.802**	**5.900**	**6.076**	**7.899**	**6.897**	**6.766**	**7.055**
% YoY Growth		4%	-1%	12%	5%	2%	3%	30%	-13%	-2%	4%
Depreciation & Amortization	313,59	339,47	331,54	326	346	757	571	576	618	618	612
EBIT	**4.474**	**4.664**	**4.639**	**5.262**	**5.582**	**5.604**	**5.718**	**7.484**	**6.479**	**6.339**	**6.623**
% YoY Growth		4%	-1%	13%	6%	0%	2%	31%	-13%	-2%	4%
Other Expenses/Income	183	135	23	165	(17)	336	657	590	207	934	1.004
Interest Expenses/Income	(232)	(204)	(205)	(205)	(184)	(203)	(205)	(205)	(212)	(292)	(325)
Income Tax Expense	(1.131)	(1.250)	(1.289)	(270)	(1.076)	(1.261)	(1.238)	(1.968)	(1.296)	(1.479)	(1.384)
Net Income	**3.294**	**3.345**	**3.168**	**4.952**	**4.305**	**4.476**	**4.932**	**5.901**	**5.178**	**5.502**	**5.918**
% YoY Growth		2%	(5%)	56%	(13%)	4%	10%	20%	(12%)	6%	8%
Supplementary Data											
Effective Tax Rate	(26%)	(27%)	(29%)	(5%)	(20%)	(22%)	(19%)	(24%)	(21%)	(21%)	(18%)
Diluted Shares Outstanding	171	169	167	164	162	157	155	154	152	151	150
EPS	19,25	19,79	19,02	30,12	26,58	28,43	31,85	38,22	33,97	36,51	39,35
% YoY Growth		3%	(4%)	58%	(12%)	7%	12%	20%	(11%)	7%	8%
Dividends per Share	7,72	8,72	9,16	10,00	12,02	13,20	14,52	16,52	19,52	20,00	20,10
Payout Ratio	40%	44%	48%	33%	45%	46%	46%	43%	57%	55%	51%
R&D Expense	164	170	175	0	0	0	0	0	600	607	632
Selling and Marketing Expense	413	365	325	0	0	0	0	0	331	344	352
EBT Incl. Unusual Items	4.395	4.602	4.455	5.259	5.378	5.787	6.524	8.173	6.290	7.155	7.514

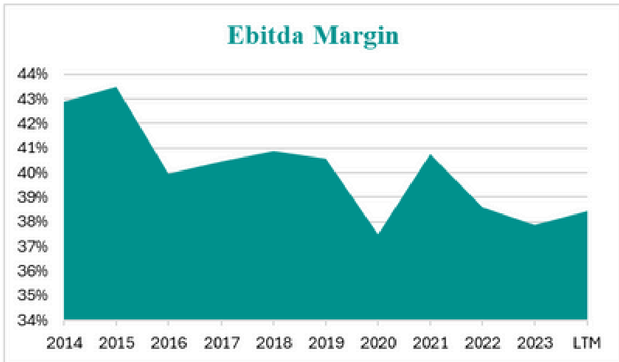


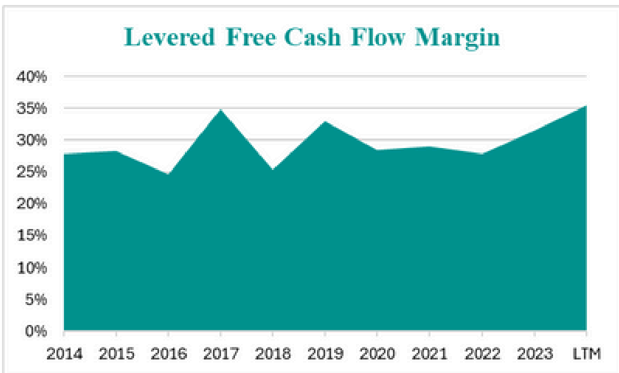
Income Statement

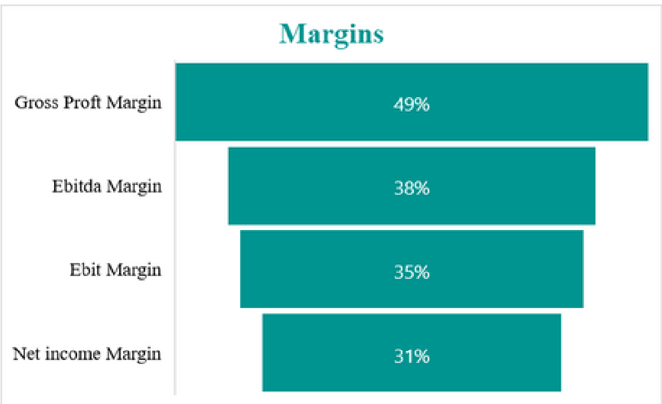
Blackrock has shown some significant variations and relevant historical trends in recent years. From 2018 to 2023, revenues increased from 14,198 million to 18,344 million, despite some fluctuations, with notable growth in 2020 (+11.46%) and 2021 (+19.56%), followed by a contraction in 2022 (-7.75%) and a slight recovery in 2023 (+2.72%). This trend reflects both market dynamics and the company's strategic responses to changing economic environments. The gross margin will stand at 49% in 2023, remaining stable compared to 2022 but down 2 percentage points compared to the average maintained from 2017 to 2021 (51%). Despite the small drop, it is greater than the sector average, showing Blackrock's especially technological competitive advantages. As regards the latest quarterly reports, it has shown that a bullish trend can be seen in all margins with a free cash flow margin that reaches its historical maximum and stands at 36%. The Net Income Margin is very good, reaching 31% in 2023 and 32% in the last 12 months. This indicates that a good part of the profit is translated into Net Income.











Balance Sheet

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Balance Sheet											
Cash and equivalents	5.723	6.083	6.091	6.894	6.302	4.698	8.509	9.323	7.416	8.736	9.097
Short Term Investments	0	0	0	0	0	0	0	0	0	0	0
Cash and short Term Investments	**5.723**	**6.083**	**6.091**	**6.894**	**6.302**	**4.698**	**8.509**	**9.323**	**7.416**	**8.736**	**9.097**
Total Receivables	2.326	2.476	2.462	2.932	3.118	3.580	3.819	4.169	4.014	4.371	3.961
Inventory	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0
Other current Assets	33.996	31.549	27.935	24.390	20.841	15.597	16.675	7.120	5.766	4.577	4.278
Total Current Assets	**42.517**	**40.828**	**37.054**	**35.053**	**30.278**	**23.892**	**29.020**	**20.629**	**17.213**	**17.701**	**17.934**
Net PP&E	467	581	559	592	643	1.384	1.330	2.383	2.547	2.533	2.516
Long term Investments	1.480	965	1.229	1.403	2.652	3.170	3.361	8.254	8.944	11.154	6.209
Goodwill	12.961	13.123	13.118	13.220	13.526	14.562	14.551	15.351	15.341	15.524	15.522
Other intangibles	17.344	17.372	17.363	17.389	17.839	18.369	18.263	18.453	18.302	18.258	18.219
Other long-Term Assets	165.013	152.372	150.834	152.565	94.472	107.070	110.153	87.333	55.044	57.833	63.588
Total non-current Assets	**197.275**	**184.433**	**183.123**	**185.188**	**129.295**	**144.730**	**147.962**	**132.019**	**100.415**	**105.510**	**106.054**
Total Assets	**239.792**	**225.261**	**220.177**	**220.241**	**159.573**	**168.622**	**176.982**	**152.648**	**117.628**	**123.211**	**123.988**
Accounts Payable	910	989	805	905	951	874	897	1.207	1.202	886	1.445
Accrued Liabilities	1.865	1.971	1.880	2.153	1.988	2.057	2.499	2.951	2.272	2.393	1.061
Long-Term Debt due within one year	750	0	0	0	0	0	50	14	0	1.097	0
Current Portion of Capital Lease Obligations	0	0	0	0	0	0	0	0	0	180	0
Other Current Liabilities	33.654	31.336	27.792	24.190	20.655	15.466	16.512	7.081	5.784	4.564	4.011
Total Current Liabilities	**37.304**	**34.375**	**30.552**	**27.504**	**23.935**	**18.690**	**20.089**	**11.443**	**9.350**	**9.474**	**6.517**
Long Term Debt	4.172	4.930	4.915	5.014	4.979	4.955	7.264	7.446	6.654	6.918	9.860
Other non-current Liabilities	165.702	151.918	150.374	151.651	93.185	104.939	106.838	88.606	56.078	58.553	58.694
Total non-current Liabilities	**174.968**	**161.842**	**160.281**	**160.473**	**102.098**	**115.003**	**119.237**	**102.312**	**69.493**	**72.497**	**75.726**
Total Liabilities	**212.272**	**196.217**	**190.833**	**187.977**	**126.033**	**133.693**	**139.326**	**113.755**	**78.843**	**81.971**	**82.243**
Common Stocks	2	2	2	2	2	2	2	2	2	2	2
Additional Paid in Capital	19.386	19.405	19.337	19.256	19.168	19.186	19.293	19.640	19.772	19.833	19.617
Retained Earnings	10.145	12.033	13.660	16.939	19.282	21.662	24.334	27.688	29.876	32.343	33.121
Treasury Stocks	(1.894)	(2.489)	(3.185)	(3.967)	(5.387)	(6.732)	(8.009)	(9.087)	(10.805)	(11.991)	(12.082)
Comprehensive Income and Other	(273)	(448)	(716)	(432)	(691)	(571)	(337)	(550)	(1.101)	(840)	(933)
Total Equity	**27.520**	**29.044**	**29.344**	**32.264**	**33.540**	**34.929**	**37.656**	**38.893**	**38.785**	**41.240**	**41.745**

One of the most obvious trends is the significant reduction in liabilities, both short and long term. This indicates the strategy aimed at reducing debt and improving the financial health of the company. The reduction in non-current liabilities, in particular, reflects effective long-term debt management, which is good for long-term financial sustainability. In parallel, BlackRock's net worth has shown an overall growth trend, despite some fluctuations. This increase in net worth, supported by stable share capital and retained earnings, indicates that the company is managing to generate profits and reinvest them effectively in the business.

Asset management shows a certain dynamism. While there have been fluctuations in liquidity and short-term investments, these changes suggest active management of financial resources to respond to operational needs and market opportunities. The reduction of PP&E indicates a strategy of reducing physical assets in favor of a greater emphasis on intangible assets and greater operational efficiency. This adaptation can be seen as a strategic response to changing market dynamics, demonstrating the company's ability to remain flexible and resilient.

Cash Flow Statement

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Cash Flow Statement											
D&A	314	339	332	326	346	757	571	576	618	618	612
Asset Writedown & Restructuring Costs	0	0	0	0	0	0	0	0	0	0	0
Stock-Based Compensation	334	336	349	454	610	788	909	1.069	1.440	1.718	1.787
Change In Accounts Receivable	8	(80)	(160)	(187)	(2)	(188)	106	(430)	(198)	(159)	(378)
Change In Inventories	0	0	0	0	0	0	0	0	0	0	0
Change In Accounts Payable	6	23	(6)	(45)	55	23	96	(20)	66	(49)	(32)
Cash from Operations	**1.287**	**1.470**	**2.200**	**2.913**	**4.029**	**4.422**	**5.727**	**7.230**	**7.838**	**7.302**	**6.584**
Change in Net Working Capital	**(396)**	**(332)**	**(396)**	**(388)**	**(943)**	**43**	**(186)**	**(292)**	**(336)**	**355**	**715**
CAPEX	(148)	(185)	(204)	(178)	(267)	(395)	(419)	(348)	(442)	(360)	(216)
Cash Acquisition	(30)	(826)	(48)	(460)	(6.314)	(101)	0	(2.682)	(126)	0	0
Divestitures	0	0	0	0	0	0	0	0	0	0	0
Cash From Investing	**(491)**	**(1.488)**	**(960)**	**(443)**	**(4.685)**	**(456)**	**(414)**	**(3.537)**	**(570)**	**776**	**475**
Total Debt Issued	0	989	0	0	2.248	0	3.144	0	0	0	1.997
Total Debt Repaid	(15)	(602)	(0)	0	0	0	(3.150)	0	0	(500)	0
Issuance of Common Stock	228	164	146	158	191	233	270	291	278	314	341
Repurchase of Common Stock	(774)	(811)	(1.311)	(1.340)	(2.443)	(3.190)	(3.731)	(4.669)	(7.068)	(4.989)	(7.179)
Common & Preferred Stock Dividends Paid	0	0	0	0	0	0	0	0	0	0	0
Cash from Financing	**(507)**	**(201)**	**(1.091)**	**(1.184)**	**(5)**	**(2.946)**	**(3.488)**	**(4.301)**	**(6.825)**	**(5.182)**	**(4.858)**
Net Change in Cash	**283**	**(241)**	**135**	**1.295**	**(663)**	**1.007**	**1.828**	**(634)**	**392**	**2.905**	**2.204**
% YoY		-185%	-156%	861%	-151%	-252%	82%	-135%	-162%	641%	-0,2413081
Free Cash Flow to the firm	**3.092**	**3.220**	**3.029**	**4.752**	**3.601**	**4.788**	**4.599**	**5.618**	**4.984**	**5.642**	**6.514**
FCFE	**2.920**	**3.071**	**2.883**	**4.558**	**3.454**	**4.629**	**4.433**	**5.462**	**4.816**	**5.410**	**6.249**

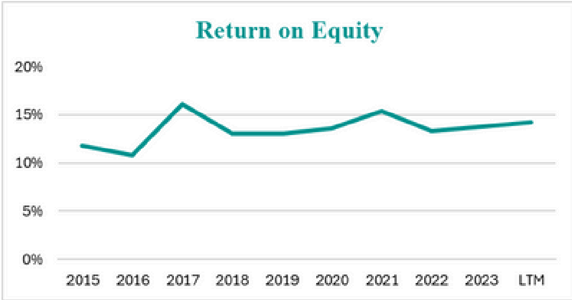
Cash flow from operating activities was generally positive, with a significant increase from 2019 onwards, indicating greater operational efficiency and optimal working capital management. This positive trend suggests that the company's core operations are strong and profitable. Cash flows from investing activities have shown significant variation, with substantial capital expenditures in some years, reflecting ongoing investments in long-term infrastructure and resources. Cash flows from financing activities have shown significant fluctuations, with periods of debt and equity issuance followed by periods of redemption and share repurchases.

In 2020 and 2021, there was significant share repurchase activity and debt repayment, reflecting a strategy to optimize the capital structure and return value to shareholders.

Net cash flow has shown volatility, with years of strong growth followed by years of declines, but the overall trend appears positive, with significant increases in net cash flows in some years, reflecting the company's ability to effectively generate and manage cash flow. earnings. Free Cash Flow (FCF) showed an increasing trend, indicating that BlackRock was able to generate sufficient cash to finance its operations, investments and return cash to shareholders. A positive and growing FCF is a sign of financial strength and prudent capital management.

Furthermore, the Profit quality ratio indicates that on average 94.63% of the net income is translated into free cash flow, indicating a good source of internal financing for the company.

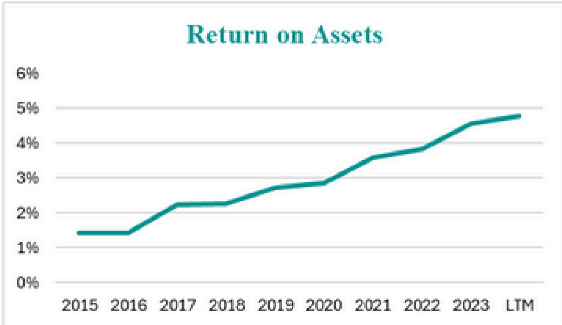
Profitability, Efficency and Financial Solidity

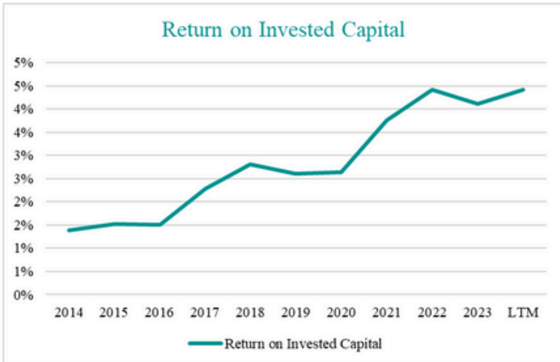


Profitability

In recent years, BlackRock's profitability has shown a positive trend, highlighted by the main financial indicators reported in the data and graphs provided. Return on Assets (ROA) showed constant growth, going from 2% in 2018 to 5% in LTM. This indicates that BlackRock has become increasingly efficient at using its assets to generate profit.

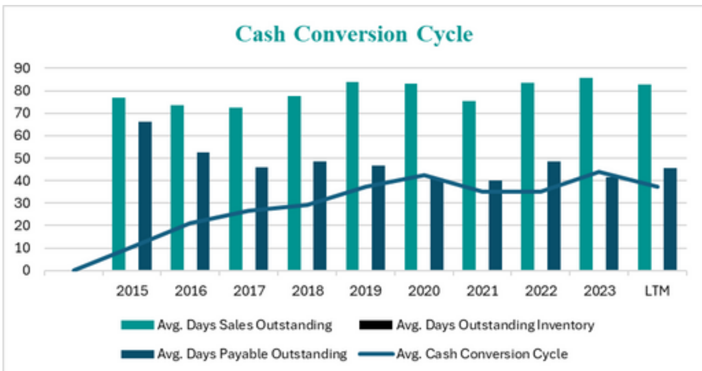
Return on Invested Capital (ROIC) followed a similar trend, increasing from 2% in 2018 to 4% in the LTM period. This suggests that BlackRock is improving its ability to earn returns from capital invested in its operations, signaling effective management of investments and financial resources. However, it is still highly low to ensure that the company can grow by reinvesting a small part of its profit. In particular, the ROIC is driven by the NOPAT margin which however causes its contribution to collapse due to a capital turnover which stands at 0.18, clearly understandable for Blackrock's business model.





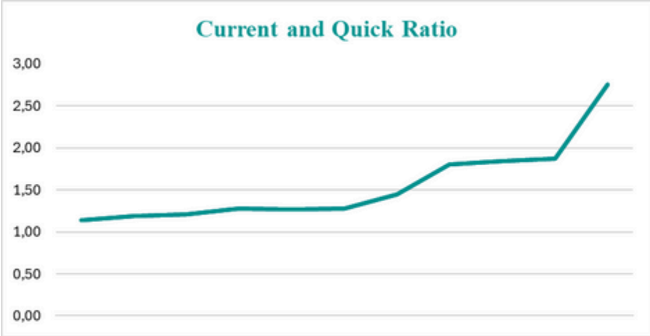
Efficiency

The Average Cash Conversion Cycle, which measures the time needed to convert assets into cash, showed an increase until 2020, followed by a slight reduction and stabilization around 37-44 days. This cycle includes management of accounts receivable (Avg. Days Sales Outstanding), which saw a slight increase from 76 to 82 days, and accounts payable (Avg. Days Payable Outstanding), which fluctuated but stabilized around 45 days. Asset Turnover increased steadily, from 0.05 in 2015 to 0.15 in the LTM period.

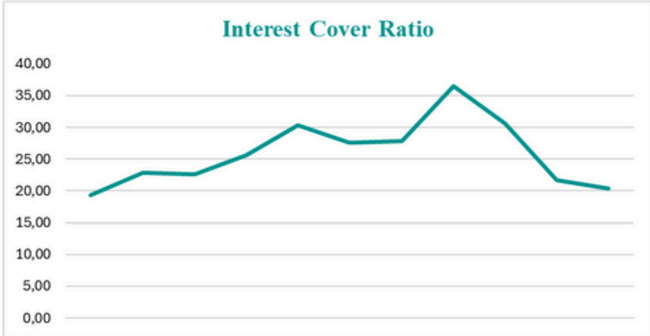


Financial Solidity

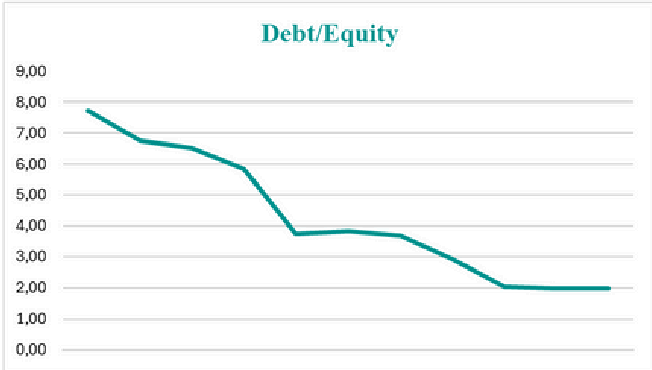
BlackRock's Current Ratio and Quick Ratio show an increasing trend from 2014 to the LTM period, going from approximately 1.14 to 2.75. The constant increase in these ratios indicates growing liquidity to cover short-term liabilities and to always be ready for new investment opportunities.



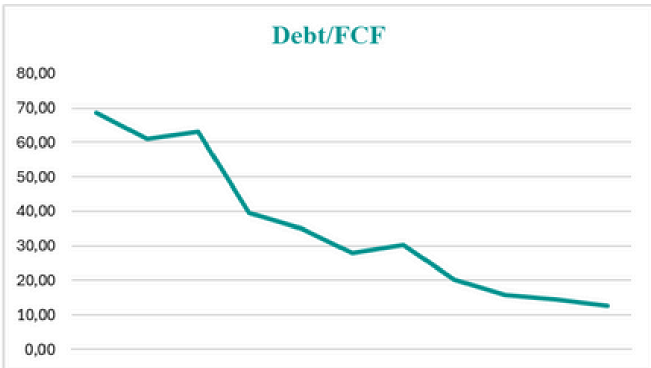
The Interest Coverage Ratio showed significant growth, rising from approximately 19.28 in 2014 to over 20.38 in the LTM period. The constant increase in the Interest Coverage Ratio indicates that BlackRock is significantly reducing its debt in the face of a constant increase in Ebit.



The Debt to Equity ratio showed a decreasing trend, going from 7.71 in 2014 to approximately 1.97 in the LTM period. The reduction in the Debt to Equity ratio suggests that BlackRock has improved its capital structure, reducing its reliance on debt and increasing equity.



The Debt to FCF (Free Cash Flow) ratio decreased significantly, from approximately 68.66 in 2014 to 12.63 in the LTM period. This ratio measures the company's ability to cover debt with free cash flow. The reduction in this ratio indicates that BlackRock has become more efficient at generating free cash flow relative to its debt, improving its self-financing capacity and reducing financial vulnerability.



Valuation

Multiples analysis

However, BlackRock's Price/Sales (P/S) multiple of 6.5x is higher than its peers' average (3.9x), suggesting that investors expect higher future sales growth for BlackRock compared to its peers, indicating strong revenue generation potential.

BlackRock's Price/Earnings (P/E) multiple, equal to 20.0x, is lower than the average of its competitors (25.8x). This suggests a possible underestimation of the multiple indicating possible price growth.

The P/BV multiple, equal to 2.9x, is slightly lower than the average of the competitors (3.3x) but higher than the weighted average and the median. This indicates that investors are paying slightly more on average for each dollar of the company's assets than peers, representing a negative point in the company's relative valuation and suggesting that BlackRock may be overvalued.

The P/TBV multiple of 19.6x is significantly higher than the average of its competitors (4.1x). While this high multiple may initially seem like a weakness, it actually underlines the market's confidence in BlackRock's intangible assets and its ability to generate returns from these assets, a positive sign of market perception and future potential.
As for areas of consideration, the high P/TBV multiple (19.6x) compared to peers (4.1x) suggests that BlackRock's valuation is heavily influenced by intangible assets such as brand value, intellectual property or 'starting. While this shows strong market confidence, it also introduces greater risk in the event that these intangible assets do not perform as expected.

The relative analysis, however, appears highly discordant and with a very high deviance for which it will be necessary to rely on an absolute evaluation.

	EV	Market Cap	P/S	P/E	P/BV	P/TBV
Simple Average	63.489,87	155.826,27	3,9x	25,8x	3,3x	4,1x
Weighted average - EV	-	-				
Weighted average - MC	-	-	4,0x	21,1x	2,8x	3,4x
Median	1,00	95.324,69	3,3x	17,9x	1,8x	2,3x
Standard Deviation			2,79	19,85	4,00	6,19
(% Average)			71%	77%	120%	186%
High	571.401	568.790	9,5x	68,5x	13,6x	19,6x
Low	1	21.865	0,7x	3,5x	1,0x	-1,9x
Price based on multiples			458,38	850,46	702,92	129,21

DCF

WACC

for Risk-free rate we used The weighted average between US10Y and DE10Y based on the revenues produced in € and $ respectively. The country risk and market risk premium were calculated as a weighted average based on the turnover of the individual country risk premium and market risk premium of the country/geographical areas. The beta was calculated as a weighted average between the Bottom Up method (40%) and its direct correlation with the S&P 500 (60%). Finally, the cost of debt was calculated taking the risk-free rate and adding a spread based on the interest cover ratio.

Capital Structure	
Equity	62.03%
Debt	37.97%
Wacc Calculation	
Cost of Equity	**13.83%**
Risk-free Rate	3.90%
Country Risk Premium	2.52%
Market Risk Premium	6.21%
Levered Beta	1.19
Net Cost of Debt	**3.51%**
Cost of Debt	4.49%
Tax Rate	21.78%
WACC	**9.91%**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Term
Sales (% growth)		7.0%	6.4%	5.8%	5.2%	4.6%	4.0%	3.7%	3.4%	3.1%	2.8%	2.5%
1 Optimistic Scenario		8.00%	7.70%	7.40%	7.10%	6.80%	6.50%	5.80%	5.10%	4.40%	3.70%	3.00%
2 Base Scenario		7.00%	6.40%	5.80%	5.20%	4.60%	4.00%	3.70%	3.40%	3.10%	2.80%	2.50%
3 Pessimistic Scenario		4.40%	4.22%	4.04%	3.86%	3.68%	3.50%	3.30%	3.10%	2.90%	2.70%	2.50%
Gross Profit margin		49.0%	49.4%	49.8%	50.2%	50.6%	51.0%	51.4%	51.8%	52.2%	52.6%	53.0%
1 Optimistic Scenario		51.00%	51.39%	51.79%	52.19%	52.59%	53.00%	53.20%	53.40%	53.60%	53.80%	54.00%
2 Base Scenario		49.00%	49.39%	49.79%	50.19%	50.59%	51.00%	51.39%	51.79%	52.19%	52.59%	53.00%
3 Pessimistic Scenario		48.00%	48.39%	48.79%	49.19%	49.59%	50.00%	50.39%	50.79%	51.19%	51.59%	52.00%
Ebit Margin		36.0%	36.4%	36.8%	37.2%	37.6%	38.0%	38.6%	39.2%	39.8%	40.4%	41.0%
1 Optimistic Scenario		38.00%	38.58%	39.17%	39.77%	40.38%	41.00%	41.39%	41.79%	42.19%	42.59%	43.00%
2 Base Scenario		36.00%	36.39%	36.79%	37.19%	37.59%	38.00%	38.58%	39.17%	39.77%	40.38%	41.00%
3 Pessimistic Scenario		35.00%	35.20%	35.40%	35.60%	35.80%	36.00%	36.39%	36.79%	37.19%	37.59%	38.00%
Depreciation & Amortization (% sales)		3.2%	3.3%	3.4%	3.5%	3.6%	3.7%	3.6%	3.5%	3.4%	3.3%	3.2%
1 Optimistic Scenario		3.21%	3.30%	3.40%	3.50%	3.60%	3.70%	3.59%	3.49%	3.39%	3.29%	3.20%
2 Base Scenario		3.21%	3.30%	3.40%	3.50%	3.60%	3.70%	3.59%	3.49%	3.39%	3.29%	3.20%
3 Pessimistic Scenario		3.21%	3.30%	3.40%	3.50%	3.60%	3.70%	3.59%	3.49%	3.39%	3.29%	3.20%
Capital Expenditures (% of sales)		1.9%	1.9%	1.9%	1.9%	2.0%	2.0%	2.0%	1.9%	1.9%	1.8%	1.8%
1 Optimistic Scenario		1.87%	1.90%	1.92%	1.95%	1.97%	2.00%	1.96%	1.92%	1.88%	1.84%	1.80%
2 Base Scenario		1.87%	1.90%	1.92%	1.95%	1.97%	2.00%	1.96%	1.92%	1.88%	1.84%	1.80%
3 Pessimistic Scenario		1.87%	1.90%	1.92%	1.95%	1.97%	2.00%	1.96%	1.92%	1.88%	1.84%	1.80%

Base case

In the base case, we expect steady and moderate growth for Blackrock over the next few years. Sales will initially increase by 7.0% in 2024, with a slight decline in annual growth rates until stabilizing at 2.5% by 2033. This scenario reflects a stable market with no significant changes in the economic landscape or customer behavior.

Gross profit margin is also expected to remain relatively stable at around 49.0%, with minor fluctuations over the following years, reaching 53.0%. These estimates remain in line with Blackrock's gross profit margins over the past 10 years, and seem to be accurate if taking into account a base scenario with moderate economic growth.

The EBIT margin ranges between 36.0% in 2024 and 41.0% in 2033. These estimates, again, remain in line with past historical data and EBIT margins, which have decreased slightly over the years to 36.0%. Depreciation and amortization expenses remain relatively stable at 3.21% of sales. This relatively low value makes sense due to the nature of the business, which essentially operates with IT and digital products, such as computers and terminals. Capital expenditures go from 1.87% to a pretty similar value of 1.8% in 2033. This suggests that the company is steadily investing in maintaining and modestly expanding its asset base.

Optimistic case

In the optimistic scenario, we expect robust growth for Blackrock. Sales are expected to grow 11.0% in 2024 and maintain higher growth rates than the base scenario, reaching 3.0% in 2033. Gross profit margin is expected to improve from 51.0% in 2024 to 54.0% in 2033, which represents an optimistic case where revenues escalate quickly due to a large expansion of Blackrock's core products. The EBIT margin is expected to grow from 38.0% in 2023 to 43.0% in 2033, thanks to high operational efficiency and careful control of expenses. Depreciation and amortization expenses remain stable at 3.2%, indicating prudent and well-managed investments. Capital expenditure follows a trend of reduction from 1.87% to 1.8%, a sign of effective investment management and a return on initial investments.

Pessimistic scenario

The pessimistic scenario considers the challenges that Blackrock could face due to strategic mistakes. Sales growth is expected lower, starting from 4.4% in 2023 and slowing to 2.5% by 2033. Gross profit margin may decline slightly, remaining stable around 88.0% throughout the period. EBIT margin is expected to decline to 35.0% in 2024, with slight growth to 38.0% in the long term, indicating pressure on operating margins.

DCF

Fair Value

Blackrock is undervalued compared to current levels with a value of 921.62 Dollars compared to the price of 787.60 Dollars on 25/06/2024. It is highlighted that both the optimistic and pessimistic scenarios have a potential positive variation, reflecting an actual underestimation and a potentially beneficial strategy to buy the stock.

	Worse	Base	Optimistic
Value	796.07	921.62	1104.49
+/- %	1.08%	17.02%	40.23%

Final Outlook

Currently, comparing the valuations carried out, Blackrock appears to be undervalued compared to its competitors and shows good growth potential in optimal scenarios. We would like to specify that, however, generally it presents a balanced valuation in terms of multiples but a very good growth prospect in absolute terms supported by the competitive advantages that the company possesses. the thesis of the analysis is BUY.

Sensitivity Analysis

Ev/Ebitda	Wacc 7.91%	8.91%	9.91%	10.91%	11.91%
16.4x	888.46	888.46	888.46	888.46	888.46
16.9x	905.00	905.00	905.00	905.00	905.00
17.4x	921.53	921.53	921.53	921.53	921.53
17.9x	938.07	938.07	938.07	938.07	938.07
18.4x	954.60	954.60	954.60	954.60	954.60

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