

Initiating Coverage:

Apollo Global Management (\$APO)

An APO-tunity in Private Credit and Permanent Capital

Key Takeaway: Apollo Global Management (\$APO) stands out in the private credit space because it benefits from a unique source of permanent capital through its insurance affiliate, Athene, which manages nearly \$200 billion in assets as of mid-2025. Unlike many competitors who rely on fundraising cycles, Apollo has stable, long-term capital that lets it invest without needing to constantly adjust for market ups and downs. With \$580 billion in total assets under management across credit, private equity, and alternatives, more than 75% of Apollo's revenue comes from fees. This makes its business model both steady and positioned for growth. As banks pull back from lending to middle-market companies, Apollo is well placed to grow and deliver strong, reliable earnings.

Permanent Capital Advantage: Apollo Global Management (\$APO) has a unique source of permanent capital via its insurance affiliate, Athene, which manages roughly \$200 billion in assets as of mid-2025. This permanent capital, in combination with long duration, affords Apollo advantages over its closest peers that rely on the temporary nature of episodic fundraising cycles, and the ability to operate in a meaningful, continuous and efficient manner in private credit and alternatives. In terms of size, Apollo has \$580 billion of assets under management across credit, private equity and alternatives, and over 75% of Apollo's revenue is fee related, providing a reliable income stream on an "annuity-like" basis positioned to grow as bank lending to middle-market companies tightens.

Strategic Transition to Private Credit and Alternatives: Apollo's private credit and alternatives business is now over 60% of its fee-earning assets and illustrates its successful transition away from traditional private equity. This shift to credit and alternatives helps lower the variance of earnings linked to deal cycles. Apollo's private credit business is approaching \$70 billion in AUM and growing at a double-digit rate, has a steady stream of fee-related earnings, and thus provides a normalizing effect on its revenue and fee volatility.

Durable Growth and Margin Expansion Potential: Apollo's commitment to fee-based revenues indicates sustainable growth. In the 2024 fiscal year, Apollo's adjusted EBITDA margins were nearly 50%, indicating operating leverage. The continued scaling in private credit, and the use of permanent capital, will enable them to grow their cash flow and possibly increase their valuation multiples, despite a challenging alternative asset management competitiveness.

Valuation: We initiate coverage with a \$145 PT.



Consortium Research Group
FIG | Asset Management
August 8th, 2025

Stock Rating: Equal Weight

Price Target: \$145.00

Price: \$141.97

Potential Downside: -8.9%

Ticker: \$APO

Market Cap: \$86b

Shares Outstanding: 593mm

Dividend Yield: 1.48%

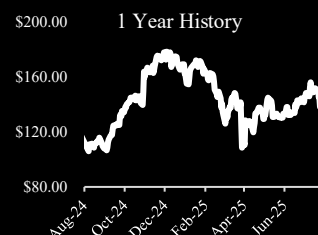


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Company Overview

Company Description: Apollo Global Management, Inc. (\$APO) is a global alternative asset manager located in Manhattan, NY. Founded in 1990, Apollo has over 30 years' experience and as of mid-2025, has approximately \$650 billion in AUM (assets under management) making it one of the largest alternative managers anywhere. Apollo's activities are grouped into three main business segments: Credit, Private Equity, and Real Assets, with credit strategies making up over 60% of fee-generating AUM. Apollo acts as an alternative asset manager for institutional investors, pension funds, and insurance companies around the world, through offices located in North America, Europe and Asia.

Permanent Capital, Permanent Edge: Apollo is clearly differentiated by its permanent capital structure, where its insurance subsidiary, Athene, purchased in 2021 was a notable element. Athene manages about \$200 billion in stable, long-duration capital, collected from insurance premiums and annuities. The permanent nature of Athene's capital allows Apollo to originate, acquire, and hold illiquid, long-dated credit investments more sustainably than peers that rely intermittent fundraising.

Adjustments in Fee-Related Earnings: The firm has altered its revenue composition towards fee-related earnings (FRE), which now make up 75%+ of total revenues. This shift minimizes earnings volatility that usually resulted from performance fees tied to traditional private equity carry. The company's diversified platform sees growth increase with credit strategies, insurance spread earnings, and scalable insurance flow of capital, with private credit currently being the highest grossing line. This platform places Apollo in a position to take advantage of secular demand and opportunities as banks retreat from more middle-market lending.

Industry Overview

Private Credit Growth and Market Dynamics: Private credit is quickly standing out as the strongest performer within alternative asset management. By 2024, global private credit assets under management reached \$1.7 trillion, and are projected to exceed \$2.5 trillion by 2027. Current growth in private credit is attributed to remarkable institutional demand for yield that cannot be achieved through traditional benchmarks, while banks are also providing less credit as lenders tighten credit availability (e.g., Basel III restrictions on traditional bank lending). This gap in lending will become a growing opportunity for asset managers including Apollo, Blackstone and Ares to provide credit through direct, structured and opportunistic means.

Permanent Capital as a Strategic Advantage: Access to permanent or semi-permanent capital is the most important factor for winning as a player in this transformation. Insurance platforms have emerged as a specific differentiator. These platforms produce long-duration liabilities that can be re-deployed into higher-yielding credit strategies, allowing for long-term recurring fee and spread based income. Apollo's acquisition of Athene and similar undertakings by strategic competitors like KKR's Global Atlantic provide a stable capital source and less reliance on episodic fundraising cycles, enabling sustainable advantage from a consistent and sustainable capital deployment.

Transition from Performance Fees to Fee-Related Earnings: The industry is moving from inconsistent performance-based carry fees to earnings tied to fees that are more predictable. This is advantageous to managers that have a scalable credit platform, have a wide origination network, and a consistent capital base. Investors are increasingly appreciative of managers who can provide earning power through consistent, fee-related revenues as designated investors become more cautious amid market uncertainties and fewer private equity exits. Firms with strong credit and insurance platforms, like Apollo, will benefit and be well positioned in this outcome because they can have more predictable revenues and arbitrage the opportunities associated

with near-term credit growth. Conversely, investment firms that are more dependent on carry like Carlyle or TPG will have difficulty growing their business through the current market climate and competition as they seek to grow their credibility among investors.

Peer Comparisons

Comparable Companies

\$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Blackstone Inc. (BX)	\$217,669	\$127,410	48.1x	\$13,510	\$7,200
KKR & Co (KKR)	\$137,500	\$70,240	65.6x	\$16,480	\$5,861
Blue Owl Capital (OWL)	\$29,980	\$33,540	169x	\$2,466	\$1,140
Carlyle Group Inc. (CG)	\$18,059	\$24,970	17.7x	\$3,655	\$1,598
Apollo Global Management (APO)	\$86,370	\$90,620	26.4x	\$26,114	\$8,310

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	Yr Rev Growth Rate LF
Blackstone Inc. (BX)	17.7x	34.5%	45.3%	33.2%	6.5%
KKR & Co (KKR)	12.0x	32.0%	20.8%	17.9%	3.7%
Blue Owl Capital (OWL)	11.0x	59.0%	44.0%	30.0%	33.0%
Carlyle Group Inc. (CG)	15.6x	45.3%	32.19%	35.3%	3.6%
Apollo Global Management (APO)	10.9x	35.7%	14.0%	8.1%	8.1%

High	17.70x	59.0%	45.3%	35.3%	33.0%
75th Percentile	15.63x	45.3%	44.0%	33.2%	8.1%
Average	13.44x	41.3%	31.2%	24.9%	11.0%
Median	11.98x	35.7%	32.2%	30.0%	6.5%
25th Percentile	11.00x	34.5%	20.8%	17.9%	3.7%
Low	10.90x	32.0%	14.0%	8.1%	3.6%

General Dynamics Valuation

Implied Enterprise Value (25th Percentile)	\$	91,410
Implied Enterprise Value (Median)	\$	99,590
Implied Enterprise Value (75th Percentile)	\$	129,850
Implied Share Price (25th Percentile)		\$133.65
Implied Share Price (Median)		\$147.97
Implied Share Price (75th Percentile)		\$200.92

Source: Yahoo Finance

Note: Although Blue Owl is not the same as Apollo in terms of size, gross margin, and business focus - it is smaller and has a more concentrated focus to alternatives, as opposed to private equity (or more broadly private equity and credit) - it provides useful context as a growing competitor in the private credit space.

The inclusion of Blue Owl gives a better picture of the landscape of alternative asset managers and shows how the market applies different values depending on the business model and scale. In particular, this comparison provides context for Apollo's relative valuation and illustrates that the market can be expected to re-rate Apollo on the basis of its more diversified and stable fee-related earnings base.

Sustainable Fee Growth Through Diversified Platform and Insurance Capital

Apollo's acquisition of Athene provided a consistent and repeating source of capital via insurance premiums and annuities which currently finance over 75% of its fee-related earnings (FRE). This has decreased Apollo's earnings volatility compared to companies whose earnings are entirely dependent on performance fees while creating a more predictable income stream.

Apollo's diversified platform of private credit, principal investing and asset management puts Apollo in a position to take advantage of growth across asset classes. Specifically, Apollo's integrated approach smooths revenue fluctuations, reduces risk associated with sudden losses of capital, and provides supportive asset growth. Additionally, solid capital and disciplined risk management should protect Apollo during economic downturns.

Given these advantages along with a valuation appeal to its peer group, Apollo holds the potential for valuation multiple expansion, as investors identify its smoother earnings profile, as well as future earnings growth. Apollo's combination of steady fee-based income, diversified business, and continued growth provides a strong investment proposition.

Permanent Capital Strategy Boosts M&A Flexibility and Innovation

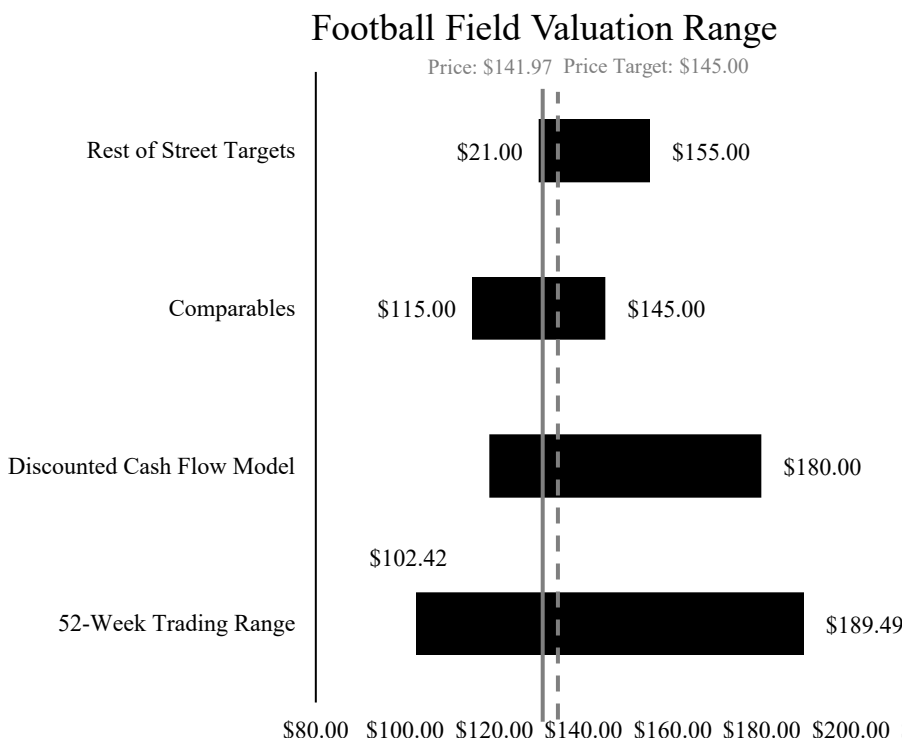
Apollo has a one-of-a-kind strategic advantage, unlike other firms, with over \$200 billion of permanent capital through Athene and other retirement services platforms. This means that Apollo has a ton of dry powder to go after significant acquisitions, like Griffin Capital and the Securitized Products Group at Credit Suisse, without the short-term redemption risk to their capital, and a long and patient capital base to incubate and grow new credit verticals and investment strategies.

In a fast-moving capital market where innovation in product and services for lending, infrastructure, and yield-linked solutions for retirement is generating most of the alpha in the market, their permanent capital model is an asymmetric advantage. It ultimately allows for sustained product development and direction product iteration before competitors invest in similar, more highly volatile capital structures. Additionally, it allows Apollo to move faster because of its strength on its balance sheet and quickly adjust products based on the competition, regulatory changes, and actual or projected shifts in client preferences.

Stable, durable capital provides Apollo with unique capacity-building efficiencies without risk associated with market volatility and market-pressured liquidity, reinforcing its ability to create and sustain long-term returns.

Price Target & Valuation

Our analysis gives Apollo Global (\$APO) a price target of \$145 and an Equal Weight rating.



Potential Downsides to Our Rating

Exposure to Market Cyclicalities: Although Apollo has underscored its commitment to permanent capital and fee-related income, the rest of its business is still vulnerable to changes in the macroeconomic environment, as well as credit cycles. A prolonged downturn in the capital markets or stress in the private credit market could impact deployment, fee-related income and performance fees, and impair valuations in its principal investment portfolio.

Regulatory and Insurance-Side Risk: As Apollo increasingly relies on Athene and other retirement service providers, it could be exposed to regulatory, and capital adequacy risk. Changes in insurance regulation, credit downgrades or lower than expected spread income could reduce earnings and restrict its strategic flexibility, alongside its capital solutions model.

Integration and Scaling Challenges: Apollo has aggressively developed into new verticals and expanded its operations internationally. Execution missteps in the process of integrating new strategies or expanding into adjacent markets (e.g., real estate or infrastructure credit) could diminish returns and slow growth overall. Also, competition

Our Price Target: \$145.00

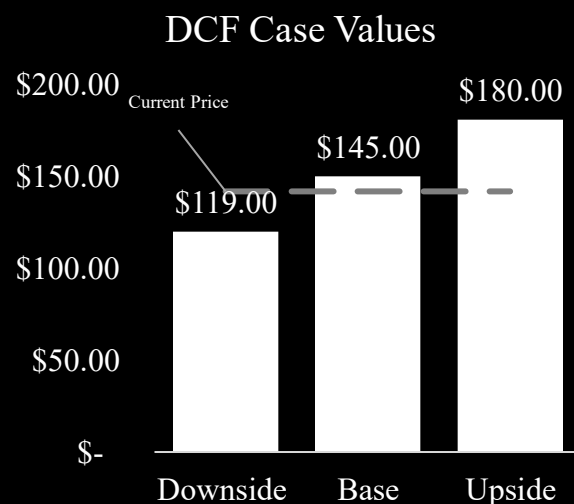
We initiate coverage with a price target of \$145.00 on Apollo Global Management. This reflects our view that while the company's durable permanent capital model, growing fee-related earnings, and leadership in private credit provide a solid foundation for sustainable long-term growth, current market pricing appears slightly elevated. APO's diversified platform (including private credit, retirement services (Athene), and principal investing) and its ability to hold long-duration assets support stable cash flow and margin expansion. Our valuation is derived from a discounted cash flow (DCF) model and comparable company multiples.

Our Upside Case: \$180.00

In the best-case scenario, we could see APO at \$180.00 per share if they realize accelerated growth in their private credit and insurance businesses, effectively deploy their capital through Athene and have a favorable interest rate environment. If alternative asset managers experience a broader re-rating in the market with greater investor confidence in fee-related earnings and permanent capital vehicles, their multiples could expand significantly.

Our Downside Case: \$119.00

In our downside case, market volatility, private credit growth slowdowns, or regulatory headwinds affecting Athene's capacity to generate capital may result in pressure on Apollo. Difficulties in scaling principal investments or adverse credit markets, could impair yields or cash flow, producing a multiple contraction and valuation near \$119.00. Also, if competition intensifies or there is a shift in investor preferences (away from alternatives), there would be an increased downside risk.



over deals remains significant and could squeeze investment yields.

Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	25,888	27,700	29,288	31,100	33,165	8.6%
EBITDA	8,344	9,290	9,132	9,627	10,179	6.9%
EBIT	7,269	8,000	8,400	8,850	9,350	8.8%
NOPAT	5,452	6,000	6,300	6,638	7,013	6.5%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	32.2%	33.5%	31.2%	31.0%	30.7%	31.7%
EBIT Margin	28.1%	28.9%	28.7%	28.5%	28.2%	28.5%
Revenue Growth	-19.0%	7.0%	5.7%	6.2%	6.6%	1.3%
EBIT Growth	37.4%	10.1%	5.0%	5.4%	5.6%	12.7%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	13.6x	10.9x	11.5x	11.8x	12.2x	12.0x
EV/Sales	3.7x	3.5x	3.3x	3.1x	2.9x	3.3x
EV/EBITDA	11.5x	10.4x	14.6x	12.6x	11.0x	12.0x
FCF Yield	7.4%	9.2%	1.2%	1.3%	8.2%	9.4%

About \$APO

APO, or Apollo Global Management, is a prominent global alternative asset manager specializing in credit, private equity, and real assets. Headquartered in New York, Apollo had approximately \$650 billion in AUM as of mid-2025, with credit strategies making up 60%+ of fee-generating AUM. Apollo is distinguished by its permanent capital base (mainly sourced from its insurance affiliate, Athene) that provides long-duration, recurring capital to scale private credit and other alternative investments

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

Overweight means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Apollo Global Management
Discounted Cash Flow

Active Case:	2 Base
Current Share Price	\$141.97

DCF Analysis (\$mm)											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/2025	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Stub						0.61	1.61	2.61	3.61	4.61	5.61
Discount Period						0.20	0.89	1.89	2.89	3.89	4.89
Revenue	2,221	5,813	10,844	31,944	25,888	27,700	28,743	29,954	31,352	32,958	34,797
Revenue Growth	0%	162%	87%	195%	-19%	7%	4%	4%	5%	5%	6%
Retirement Services	1,788	4,679	8,729	25,715	20,840	22,000	22,880	23,910	25,105	26,486	28,075
Asset Management	362	948	1,768	5,207	4,220	4,850	4,996	5,158	5,338	5,539	5,760
Principal Investing	71	186	347	1,022	828	850	867	887	909	934	962
EBIT	775	2,787	(6,467)	5,292	7,269	8,000	8,400	8,850	9,350	9,850	10,400
EBIT Margin	35%	48%	-60%	17%	28%	29%	29%	30%	30%	30%	30%
Tax Expense	86	594	(739)	(923)	1,062	1,100	1,035	1,168	1,317	1,483	1,670
Effective Tax Rate	11%	21%	11%	-17%	15%	14%	12%	13%	14%	15%	16%
NOPAT	689.00	2,193.00	(5,728.00)	6,215.00	6,207.00	6,900.00	7,365.27	7,681.80	8,033.21	8,366.89	8,729.75
D&A	19	27	529	803	1,075	1,290	719	749	784	824	870
Capex	60	65	203	35	40	50	431	449	470	494	522
Changes in NWC	(2,932)	1,859	2,801	3,155	1,259	700	57	60	63	66	70
UFCF	1,570	296	(8,203)	3,828	5,983	7,440	1,000	1,053	5,518	6,196	6,959
PV of FCF						7,319	928	900	4,338	4,482	4,633

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	1.68
Risk Free Rate	4.39%
Cost of Equity	6.08%
Weighted Average Cost of Debt	6.75%
Tax Rate	20.00%
Cost of Debt	2.59%
Total Equity	\$81,211
Total Debt	\$15,027
Equity/Total Capitalization	52.00%
Debt/Total Capitalization	48.00%
WACC	8.67%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$6,959
Growth	1.00%
Terminal Value	\$90,742
PV of Terminal Value	\$60,406
PV of Projection Period	\$22,600
PV of Terminal Value	\$60,406
Implied TEV	\$83,006
(-) Debt	\$28,327
(+) Cash	\$13,300
Implied Equity Value	\$67,979
Basic Shares Outstanding	572
Implied Share Price	\$118.84
Upside/Downside	-16.29%

Implied Exit BF EV/EBIT	8.0x
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Terminal Value	
Exit Multiple Method	
2034 EBIT	\$10,400
EV/EBIT Exit Multiple	12.0x
Terminal Value	\$124,800
PV of Terminal Value	\$83,078
PV of Projection Period	\$22,600
PV of Terminal Value	\$83,078
Implied TEV	\$105,678
(-) Debt	\$28,327
(+) Cash	\$13,300
Implied Equity Value	\$90,651
Diluted Shares Outstanding	572
Implied Share Price	\$158.47
Upside/Downside	11.6%

Implied PGR	0.3%
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Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$158.47
Upside/Downside	-8.53%