



Equitable Holdings (EQH)

Updated November 20th, 2022, by Tiago Dias

Key Metrics

Current Price:	\$30	5 Year CAGR Estimate:	18.6%	Market Cap:	\$12.0 B
Fair Value Price:	\$49	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	11/25/2022
% Fair Value:	61%	5 Year Valuation Multiple Estimate:	10.4%	Dividend Payment Date:	12/05/2022
Dividend Yield:	2.7%	5 Year Price Target	\$66	Years Of Dividend Growth:	4
Dividend Risk Score:	C	Retirement Suitability Score:	C	Rating:	Buy

Overview & Current Events

Equitable Holdings, Inc. (EQH) is a leading financial services company specializing in Individual retirement, Group Retirement, Investment Management and Research, and Protection Solutions. With a history tracing back to 1859, this \$12.0 billion market cap company has raised its dividend every year since 2018.

Equitable Holdings reported Q3 2022 earnings on November 2nd, 2022. For the quarter, earnings-per-share equalled \$0.69, compared to the \$1.59 per share in the same period of 2021. The company also declared a new dividend of \$0.20 per share of common stock. This dividend will be paid on December 5th.

The company's fair value models and the strength of its capital management program proved resilient in the quarter, protecting the company's balance sheet while they continue to deliver on the 50-60% payout ratio target. As the markets remain challenging, the management team will remain prudent, managing what they can control, and introduce some investment and productivity initiatives that will drive growth into the future.

Growth on a Per-Share Basis

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2027
EPS	--	--	--	--	--	--	\$3.89	\$4.85	\$4.99	\$6.58	\$6.55	\$8.77
DPS	--	--	--	--	--	--	\$0.26	\$0.58	\$0.66	\$0.71	\$0.80	\$1.07
Shares	--	--	--	--	--	--	528	463	440	391	380	320

Insurance companies are stable non-cyclical businesses with generally reliable revenue and income streams that allow them to pay consistent dividends and return capital to shareholders. Equitable Holdings has certainly fit that mold, with its performance since the AXA spin-off showing consistently increasing earnings and dividends, as well as regular share buybacks. While the company could certainly stand to increase its dividend a bit faster, its current low payout ratio gives them some breathing room that will be valuable in the current era of increasing inflation and interest rates.

Despite a stellar performance since 2018, due to the lack of long-term standalone performance data, and a worsening macro climate, we expect that earnings and dividends will grow at a CAGR of around 6% over the next 5 years, with expected 2027 EPS of around \$8.77 and a dividend payment of \$1.07 per share.

Valuation Analysis

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Now	2027
Avg. P/E	--	--	--	--	--	--	5.3	4.4	4.2	4.7	4.6	7.5
Avg. Yld.	--	--	--	--	--	--	1.3%	2.7%	3.2%	2.3%	2.7%	1.6%

Equitable Holdings has traded at a significant discount to both the general market and its peers in the insurance industry since it became public in 2018. While it's possible that such a discount will remain, particularly when considering the inherent risks and issues involved with life insurance, we think that the company's solid earnings, book value and track history may allow it to be re-rated closer to the market average, and in-line with the insurance PE ratio average.

As such we expect the by 2027 it will be trading at a multiple of around 7.5 times earnings.

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.



Equitable Holdings (EQH)

Updated November 20th, 2022, by Tiago Dias

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2027
Payout	--	--	--	--	--	--	7%	12%	13%	11%	12%	12%

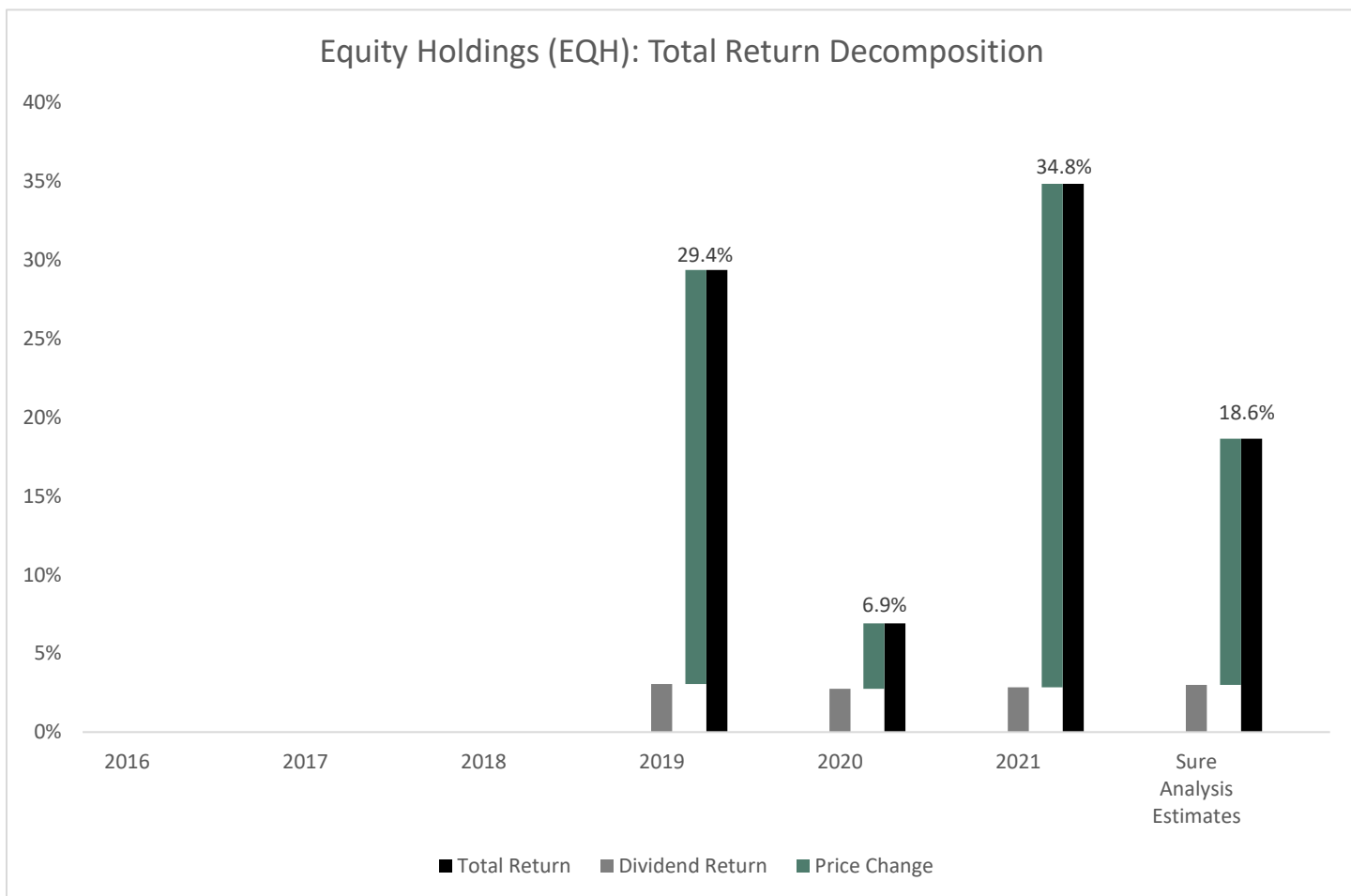
With reliable earnings, and an extremely low payout ratio, Equitable Holdings is well positioned to carry on its growth strategy even in the face of rising interest rates and an overall negative macro climate. With the consistent cashflows from premiums coming in, and a comparatively low dividend expense, we believe that Equitable Holdings can make good on its commitments to shareholders and clients, while maintaining a growth strategy that will bring the company better quality and higher margin business than its traditional retirement business.

The quality of the business can often be misjudged by the market, and its share price may remain unduly depressed for years, despite an otherwise stellar operational performance. It's for these reasons that dividends provide an attractive strategy for investors to get investment returns in difficult macro times.

Final Thoughts & Recommendation

With an attractive and secure 2.7% dividend yield, an expected growth rate of 6% and a multiple re-rating as a result of extreme undervaluation, we are forecasting a total return potential of 18.6% per annum, driven primarily by the valuation multiple re-rating. As a result, the company's shares earn a buy rating.

Total Return Breakdown by Year



[Click here to rate and review this research report. Your feedback is important to us.](#)

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.



Equitable Holdings (EQH)

Updated November 20th, 2022, by Tiago Dias

Income Statement Metrics

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue			13063	10079	11763	12460	12069	9619	12415	11036
SG&A Exp.			2109	2165	1965	1980	2079	2081	2096	2360
D&A Exp.			353	9	758	399	296	675	1757	497
Net Profit			1630	333	1254	834	1855	(1764)	(648)	(439)
Net Margin			12.5%	3.3%	10.7%	6.7%	15.4%	-18.3%	-5.2%	-4.0%
Free Cash Flow			(720)	(275)	(333)	(345)	(62)	(309)	(168)	(876)
Income Tax			477	(217)	378	49	301	(593)	(744)	(145)

Balance Sheet Metrics

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Assets				205569	216614	235615	220797	249818	275397	292262
Cash & Equivalents				6557	5654	4814	4469	4405	6179	5188
Acc. Receivable				5270	5220	5023	4895	4592	4566	14679
Goodwill & Int.				5242	5243	4824	4780	4751	4737	4728
Total Liabilities				192000	202017	219097	205365	234771	258220	279167
Accounts Payable				1945	2048	2219	1869	2126	2824	2664
Long-Term Debt				6451	4509	6030	4955	4111	4428	5122
Total Equity				10440	11455	13421	13866	12681	14307	9957
LTD/E Ratio				0.62	0.39	0.45	0.36	0.31	0.28	0.44

Profitability & Per Share Metrics

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Return on Assets					0.6%	0.4%	0.8%	-0.7%	-0.2%	-0.2%
Return on Equity					11.5%	6.7%	13.6%	-13.3%	-4.8%	-3.6%
ROIC					6.4%	4.0%	8.6%	-8.9%	-3.2%	-2.2%
Shares Out.							528	463	440	391
Revenue/Share			23.29	17.97	20.97	22.21	21.69	19.49	27.56	26.44
FCF/Share			(1.28)	(0.49)	(0.59)	(0.62)	(0.11)	(0.63)	(0.37)	(2.10)

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.