Ameriprise Financial (AMP)

Updated January 31st, 2025 by Nathan Parsh

Key Metrics

Current Price:	$543	**5 Year CAGR Estimate:**	9.0%	**Market Cap:**	$53 B
Fair Value Price:	$495	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	02/10/25
% Fair Value:	110%	**5 Year Valuation Multiple Estimate:**	-1.9%	**Dividend Payment Date:**	02/28/25
Dividend Yield:	1.1%	**5 Year Price Target**	$796	**Years Of Dividend Growth:**	20
Dividend Risk Score:	A	**Retirement Suitability Score:**	B	**Rating:**	Hold

Overview & Current Events

Ameriprise Financial has a market capitalization of $53 billion, with more than 12,000 employees, and $1.5 trillion in assets under management. The company's operating segments include Advice & Wealth Management, Asset Management, and Retirement & Protection Solutions (insurance products).

On April 22nd, 2024, Ameriprise Financial raised its quarterly dividend 9.6% to $1.48, extending the company's dividend growth streak to 20 consecutive years.

On January 29th, 2025, Ameriprise Financial announced fourth quarter and full year earnings results for the period ending December 31st, 2024. For the quarter, revenue grew 17.7% to $4.65 billion, which was $170 million more than expected. Adjusted earnings-per-share of $9.36 compared very favorably to the prior year's result of $7.75 and was $0.31 above estimates. For the year, revenue grew 11% to $17.1 billion while adjusted earnings-per-share of $35.07 compared to $29.58 in 2023.

Total assets under management, or AUMs, grew 10% to $1.5 trillion due to strong client net inflows and market appreciation. Client assets for the Advice & Wealth Management increased 14% to $1.029 trillion. Adjusted operating revenues and pretax adjusted operating earnings were both up 18% due to gains in the core business and market appreciation. Asset Management's AUMs increased 3% to $681 billion, adjusted operating net revenues were up 10%, and pretax adjusted operating earnings surged 29%. For the Retirement & Protection Solutions segment, adjusted revenue and pretax adjusted operating earnings both grew 5%.

We expect that the company will earn $38.04 in 2025. We have initiated our forecast accordingly.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$8.48	$7.81	$9.44	$14.94	$16.13	$13.92	$22.70	$24.43	$29.58	$35.07	***$38.04***	***$61.26***
DPS	$2.59	$2.92	$3.16	$3.53	$3.88	$4.16	$4.43	$4.88	$5.30	$5.79	***$5.92***	***$9.53***
Shares[1]	171	155	147	137	131	123	117	111	106	101	***101***	***98***

Between 2015 and 2024, Ameriprise Financial compounded its earnings-per-share at a rate of approximately 17.1% per year. Looking ahead, we are forecasting a more conservative 10% earnings-per-share growth, up from 8% previously, from this financial conglomerate. Our growth expectation might prove to be conservative, but we are comfortable with that projection for now. Earnings growth will be driven primarily from revenue growth and share repurchases. The company's large Advice & Wealth Management segment has typically been growing revenues at a steady rate, and we expect this to continue moving forward. Applying a 10% earnings-per-share growth rate to our estimates for the year gives a 2030 earnings-per-share estimate of $61.26.

We are expecting dividend growth to roughly keep pace with earnings growth as Ameriprise Financial is likely to continue favoring share repurchases given the company's persistently low valuation multiples.

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[1] In millions of shares

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.4	12.4	14.5	10.1	10.2	12.5	13.3	13.0	12.8	15.2	***14.3***	***13.0***
Avg. Yld.	2.1%	3.0%	2.4%	2.4%	2.7%	2.7%	1.5%	1.6%	1.4%	1.1%	***1.1%***	***1.2%***

Shares of Ameriprise Financial have increased $39, or 7.7%, since our October 28th, 2024 update. The stock is currently trading at a forward price-to-earnings ratio of 14.3. We have raised our fair value price-to-earnings ratio estimate to 13 from of 11.5 as this is in-line with the longer-term average valuation and helps to account for the quality of results. If Ameriprise Financials' price-to-earnings ratio were to reach our target by 2030, then multiple contraction would reduce annual returns by 1.9% over this period. The current yield is well below the stock's 10-year average yield of 2.1%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	31%	37%	33%	24%	24%	30%	20%	20%	18%	17%	***16%***	***16%***

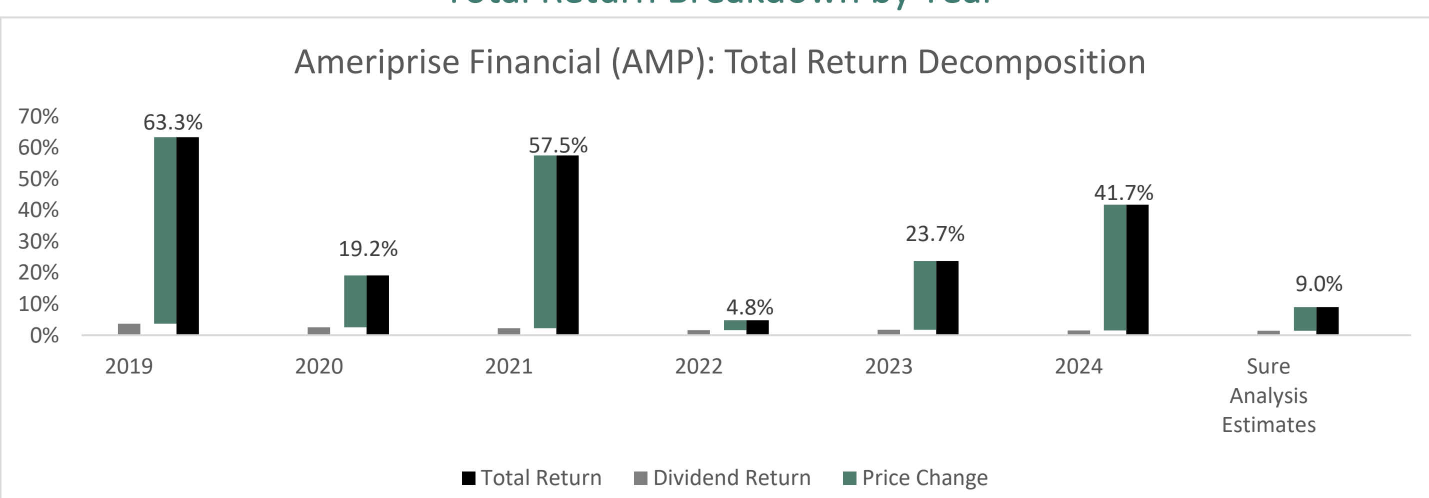
Like most financial institutions, the majority of Ameriprise Financials' balance sheet is comprised of debt. This can cause problems when the value of its assets experiences meaningful volatility, as even small percent changes in asset values can cause tremendous changes to the value of shareholders' equity (since the book value of debt is fixed). This was seen in the 2007 to 2009 financial crisis, when Ameriprise Financial reported negative earnings and failed to cover its interest payments with its operating income. The company's stock price volatility also spiked during this time period. With that said, Ameriprise Financial appears to be a well-run institution and we believe that the likelihood of experiencing a 2007 to 2009 level financial panic is very low.

Ameriprise Financials' key competitive advantage is that it is a well-known and respected financial firm with a massive amount of AUM. The company has more than 10,000 agents serving more than 2 million clients.

Final Thoughts & Recommendation

After fourth quarter results, we expect that Ameriprise Financial can offer a total annual return of 9.0% through 2030, up from our prior estimate of 4.5%. Our projected return stems from an 10% earnings growth rate and the starting yield of 1.1%, offset by a low single-digit headwind from multiple contraction. Ameriprise Financial once again had double-digit growth in AUM and gains were seen throughout the business. We have raised our 2030 price target $205 to $796 due to earnings estimates for the year, a higher expected earnings growth rate, and an increase in our target P/E ratio, but we continue to rate shares of Ameriprise Financial as a hold due to projected returns.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	12268	12170	11800	12132	12835	12754	11899	13377	14258	15535
SG&A Exp.	6331	6358	6284	6555	6808	7097	7179	8463	8658	8949
D&A Exp.	254	248	248	234	198	183	207	98	(40)	(154)
Net Profit	1619	1562	1313	1480	2098	1893	1534	3417	3149	2556
Net Margin	13.2%	12.8%	11.1%	12.2%	16.3%	14.8%	12.9%	25.5%	22.1%	16.5%
Free Cash Flow	2286	2558	2239	1361	2435	2198	4476	3205	4225	4501
Income Tax	545	455	278	734	386	339	297	768	782	678

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	148810	145339	139821	147480	137216	151828	165883	175910	158852	175191
Cash & Equivalents	3028	2859	2486	2620	3097	3827	6845	7248	7097	7564
Acc. Receivable	4887	5167	5299	5762	6173	7202	7819	16205	15595	15078
Total Liab.	139505	136960	133529	141485	131628	146099	160016	169969	155049	170462
Long-Term Debt	10129	10363	5387	5259	4786	4869	4900	5156	5355	5735
Total Equity	8124	7191	6292	5995	5588	5729	5867	5941	3803	4729
LTD/E Ratio	1.25	1.44	0.86	0.88	0.86	0.85	0.84	0.87	1.41	1.21

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	1.1%	1.1%	0.9%	1.0%	1.5%	1.3%	1.0%	2.0%	1.9%	1.5%
Return on Equity	17.5%	17.7%	17.9%	24.1%	36.2%	33.5%	26.5%	57.9%	64.6%	59.9%
ROIC	8.6%	8.2%	8.6%	12.9%	19.4%	18.1%	14.4%	31.3%	31.1%	26.1%
Shares Out.	192	171	155	147	137	131	123	117	111	106
Revenue/Share	62.91	66.07	70.15	77.42	86.90	93.78	94.66	111.48	125.40	144.11
FCF/Share	11.72	13.89	13.31	8.69	16.49	16.16	35.61	26.71	37.16	41.75

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