Everest Group, Ltd. (EG)

Updated February 17th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$333	**5 Year CAGR Estimate:**	8.8%	**Market Cap:**	$14B
Fair Value Price:	$442	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	02/28/25[1]
% Fair Value:	75%	**5 Year Valuation Multiple Estimate:**	5.8%	**Dividend Payment Date:**	03/15/25[2]
Dividend Yield:	2.4%	**5 Year Price Target**	$464	**Years Of Dividend Growth:**	12
Dividend Risk Score:	A	**Retirement Suitability Score:**	B	**Rating:**	Hold

Overview & Current Events

Everest Group is a holding company that provides insurance as well as reinsurance services. Everest Group provides reinsurance for property & casualty insurers as well as for special lines such as maritime and aviation. Everest Group operates in the US and through branches in Canada, Singapore and Bermuda. The company was founded in 1999, and is headquartered in Hamilton, Bermuda.

Everest Group reported its fourth quarter earnings results on February 3. The company earned revenues of $4.6 billion during the quarter, which was 27% more than the revenues that Everest generated during the previous year's quarter. The company managed to grow its gross written premiums by 7% year over year, primarily in the reinsurance space (13%), versus a lower growth rate for the insurance business. This was more than the company's gross written premiums growth rate during the previous quarter. The company's attritional combined ratio stood at 91.6%, which was weaker compared to the previous quarter.

Everest Group reported an adjusted loss-per-share of $18.39 for the fourth quarter. This was caused by a high combined ratio, higher catastrophe losses compared to the previous year's quarter, and by a decision to increase casualty reserves. 2023 was an excellent year for the company, with operating profits soaring to a high of more than $60 per share, but 2024 was a weaker year again, due primarily to higher catastrophe losses. 2025 should show some improvements again.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$25.04	$23.61	$9.10	$4.52	$21.34	$7.40	$28.90	$27.08	$66.39	$29.83	***$49.10***	***$51.60***
DPS	$4.00	$4.70	$5.05	$5.30	$5.75	$6.20	$6.20	$6.50	$7.00	$7.75	***$8.00***	***$9.27***
Shares[3]	42.7	40.9	40.8	40.5	40.4	40.3	40.2	39.2	41.3	43.2	***44.0***	***45.0***

Everest Group's profitability has always been quite uneven. As a combined insurer/reinsurer, the company is significantly impacted by major events such as hurricanes, earthquakes, and wildfires in years during which these catastrophes cause huge monetary losses in the areas Everest Group is active in. During 2018, for example, the wildfires in California and Hurricane Michael reduced Everest's profitability significantly. Since those events are relatively infrequent, the company's earnings generation is quite strong in most years. Between 2015 and 2023, Everest more than doubled its earnings-per-share, but most of that was achieved in 2023 – and in 2024, earnings fell again.

Everest has managed to grow its net premiums at a solid pace in recent years, which positions the company to reap benefits in the future. While Everest has repurchased shares at a meaningful pace over most of the last decade, the share count has risen again. Healthy investment income has been a profitability tailwind in the recent past, a trend that will likely persist going forward. The combination of growing premiums and some investment income growth should result in some earnings growth, but it looks like share repurchases, which were an earnings-per-share booster in the past, will not have a positive impact in the future, which is why our earnings-per-share growth estimate isn't very high.

[1] Estimated date
[2] Estimated date
[3] In Millions

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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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	8.1	8.1	26.7	47.8	13.0	31.6	9.5	12.2	5.3	12.1	***6.8***	***9.0***
Avg. Yld.	2.2%	2.5%	2.1%	2.6%	2.1%	2.6%	2.3%	2.0%	2.0%	2.1%	***2.4%***	***2.0%***

Everest Group has been valued at a relatively low valuation throughout the majority of the last decade. In 2017, 2018, and 2020, Everest's price-to-earnings ratio was well above the usual level due to lower-than-normal profits. We believe that the price to earnings ratio will not be very high in absolute terms in the future. Based on current earnings-per-share estimates for this year, shares nevertheless trade below our fair value estimate right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	16.0%	19.9%	55.5%	116%	26.9%	83.8%	21.5%	24.4%	10.5%	26.0%	***16.3%***	***18.0%***

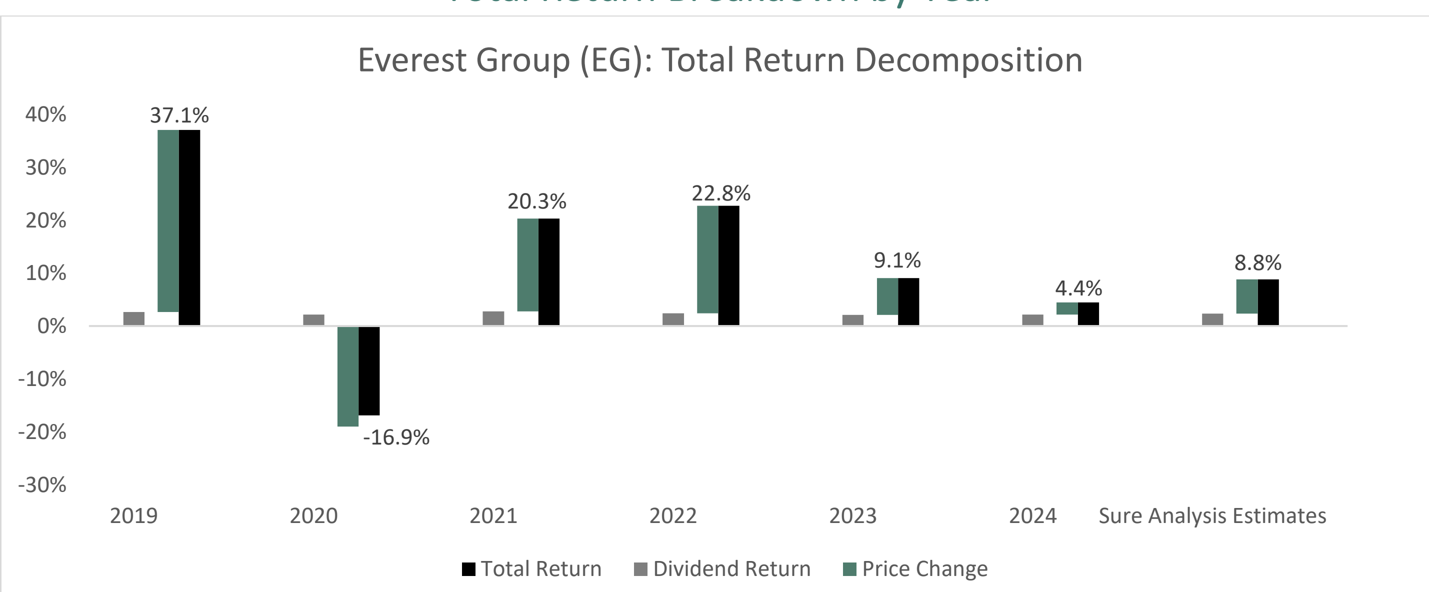
Everest Group's dividend payout ratio was pretty low during the majority of the last decade. In years when earnings were below average, such as in 2018 and 2020, Everest's payout ratio rose to a high level. Due to the cash reserves that the company has, Everest was nevertheless able to maintain, and even grow, its dividend during those years. We believe that the risk of a dividend cut is not very high.

Everest Group is not operating in a business that is impacted by recessions, since people and corporations still need insurance, and insurers still need reinsurers, regardless of economic conditions. Everest's results are certainly still cyclical, though. An above-average number of catastrophic events, or a single exceptionally large catastrophic event, such as a major hurricane, leads to increased payouts. Such events can therefore hurt Everest's profitability to a significant degree. Everest's results can thus still swing up and down widely on a year-over-year basis.

Final Thoughts & Recommendation

Everest Group is an insurer/reinsurer that has recorded solid business growth over the last decade, although there were large swings in its profitability. Everest did have an excellent 2023, but profits pulled back in 2024. For the current year, significant earnings growth is expected. Shares trade below fair value today and promise solid returns, which is why we give the stock a hold rating right here.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,677	5,794	6,622	7,268	8,125	9,485	11,301	11,985	14,463	17,281
Net Profit	978	996	483	89	1,009	514	1,379	597	2,517	1,373
Net Margin	17.2%	17.2%	7.3%	1.2%	12.4%	5.4%	12.2%	5.0%	17.4%	7.9%
Free Cash Flow	1,108	1,384	1,163	610	1,852	2,874	3,833	3,695	4,553	4,957
Income Tax	134	104	(63)	(331)	90	71	167	(9)	(363)	120

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	20,545	21,322	23,592	24,751	27,324	32,712	38,185	39,966	49,399	56,341
Cash & Equivalents	284	482	635	656	808	802	1,441	1,398	1,437	1,549
Acc. Receivable	2,377	2,504	3,193	3,971	4,023	4,675	5,347	5,860	7,030	8,500
Total Liabilities	12,937	13,246	15,223	16,890	18,191	22,985	28,045	31,525	36,197	42,465
Accounts Payable	173	191	218	218	292	294	450	567	650	701
Long-Term Debt	633	633	633	634	634	1,910	3,089	3,084	3,386	3,587
Total Equity	7,609	8,075	8,369	7,861	9,133	9,726	10,140	8,441	13,202	13,876
LTD/E Ratio	0.08	0.08	0.08	0.08	0.07	0.20	0.30	0.37	0.26	0.26

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.7%	4.8%	2.1%	0.4%	3.9%	1.7%	3.9%	1.5%	5.6%	2.6%
Return on Equity	13.0%	12.7%	5.9%	1.1%	11.9%	5.5%	13.9%	6.4%	23.3%	10.1%
ROIC	12.0%	11.8%	5.5%	1.0%	11.1%	4.8%	11.1%	4.8%	17.9%	8.1%
Shares Out.	42.7	40.9	40.8	40.5	40.4	40.3	40.2	39.2	41.3	43.2
Revenue/Share	129.62	139.19	162.14	179.08	201.02	237.13	283.94	304.96	346.00	399.99
FCF/Share	25.31	33.24	28.47	15.03	45.82	71.85	96.31	94.02	108.92	114.74

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