MetLife Inc. (MET)

Updated February 7th, 2025, by Nathan Parsh

Key Metrics

Current Price:	$84	**5 Year CAGR Estimate:**	5.0%	**Market Cap:**	$58 B
Fair Value Price:	$86	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	02/04/25
% Fair Value:	97%	**5 Year Valuation Multiple Estimate:**	0.6%	**Dividend Payment Date:**	03/11/25
Dividend Yield:	2.6%	**5 Year Price Target**	$95	**Years Of Dividend Growth:**	12
Dividend Risk Score:	A	**Retirement Suitability Score:**	B	**Rating:**	Hold

Overview & Current Events

MetLife is one of the world's leading financial services companies, providing insurance, annuities, employee benefits and asset management to help its individual and institutional customers. Founded in 1868 as Metropolitan Life, today the $58 billion company has operations in more than 40 countries and holds leading positions in the U.S., Japan, Latin America, Asia, Europe, and the Middle East, with about half of profits generated in the U.S.

On April 23rd, 2024, MetLife announced a $0.545 quarterly dividend, representing a 4.8% year-over-year increase. This extends the company's dividend growth streak to 12 consecutive years.

On February 5th, 2025, MetLife announced fourth quarter and full year earnings results for the period ending December 31st, 2024. For the quarter, revenue declined 1.8% to $18.7 billion, which was $820 million less than expected. Adjusted earnings of $1.5 billion, or $2.09 per share, compared to $1.4 billion, or $1.83 per share, in the prior year. Adjusted earnings-per-share was in-line with analysts' estimates. For the year, revenue improved 6.1% to $71 billion while adjusted earnings-per-share of $8.11 compared to $7.33 in 2023.

Premiums, fees, and other revenues of $14.5 billion for the quarter represented growth of 6% versus the prior year while net investment income increased 1% to $5.4 billion. MetLife's adjusted book value per share equaled $54.81 versus $53.75 in the year ago period. The company also repurchased $400 million worth of shares during the quarter, $3.2 billion worth of shares during the year, and $470 million worth of shares in January of 2025.

We project that MetLife will earn $9.60 in 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$4.86	$4.59	$3.92	$5.39	$6.11	$6.16	$9.15	$7.16	$7.33	$8.11	***$9.60***	***$10.60***
DPS	$1.48	$1.58	$1.60	$1.66	$1.74	$1.82	$1.90	$1.98	$2.06	$2.18	***$2.18***	***$2.41***
Shares[1]	1,098	1,096	1,044	959	915	893	869	790	743	698	***689***	***670***

MetLife has put together a decent earnings record overall. From 2010 through 2020 earnings-per-share grew by an average compound rate of 3.5% per annum, before a standout performance in 2021. There have been several periods of decline, but the 10-year earnings-per-share CAGR is 5.9%, but expands to 9.3% when looking at the last 5 years.

Above average growth is generally not expected in the insurance business, as competition is fierce, and the products being offered are commodity-like in nature. Further, Insurers can get in trouble by "chasing" growth if it means underpricing policies to gain share. The liabilities are not known for years, meaning that you can grow quickly in the short-term, but be worse off for it in the long-term. The company's earnings growth is just 2.6% over the last decade, but this accelerates to almost 8% over the last five years. Our preference is a slow and steady approach, and our expectation is 2% intermediate term growth, coming off a higher expected base for 2025.

MetLife does have a few growth avenues in the way of general economic growth, international operations boosting its growth profile, and rising interest rates should they eventually come about. Additionally, share repurchases make sense

[1] 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.

given the below average valuation. Results in 2020 were a great example of this, with company-wide profit declining, but earnings-per-share increasing due to the lower share count. Higher interest rates have been a benefit to results.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	10.5	9.7	13.3	8.5	7.7	6.5	7.1	10.6	9.1	10.1	***8.8***	***9.0***
Avg. Yld.	2.9%	3.5%	3.1%	3.6%	3.7%	4.5%	3.2%	2.7%	3.1%	2.6%	***2.6%***	***2.5%***

Shares of MetLife have increased $6, or 7.7%, since our November 1st, 2024 report. Over the past decade shares of MetLife have traded hands with an average P/E ratio of around 9 times earnings. We believe this is a reasonable starting place, considering the conservative growth profile of the firm coupled with a typical valuation in the industry. With shares trading at 8.8 times expected earnings this implies a small tailwind from multiple expansion. Valuation could add 0.6% to annual returns through 2030.

MetLife's dividend should add to shareholder returns as well, given the 2.6% yield and runway for future growth. Note that MetLife held its dividend steady from 2007 through 2012 and held the payment at $0.40 for eight quarters in 2016 through 2018, before it bumped it up 5% in 2018, 4.8% in 2019, 4.5% in 2020, 4.3% in 2021, 4.2% in 2022, 4% in 2023, and 4.8% in 2024. Future dividend growth may be lumpy, but we do expect year-over-year increases in the future.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	30%	34%	41%	31%	28%	30%	21%	28%	28%	27%	***23%***	***23%***

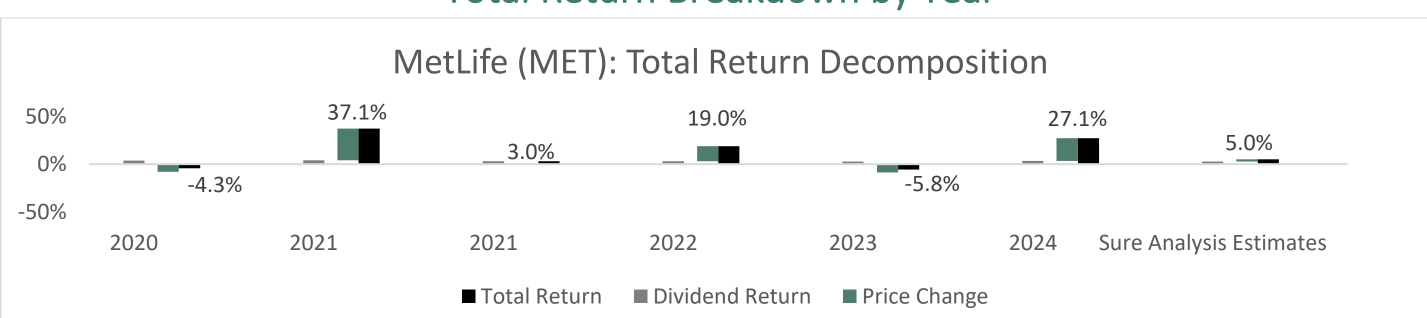
MetLife's industry does not typically exhibit competitive advantages as the products are commodity-like in nature. Consumers are not willing to pay a material premium to get the same policy. That being said, MetLife's long tradition and experience in the industry, along with a proven track record of intelligent, slow growth is encouraging. During the last recession MetLife posted earnings-per-share of $3.67, $2.87, and $4.38 during the 2008 through 2010 stretch. In addition, the dividend was held steady during this time. We believe this typifies what an investor might expect when the next recession comes along – a hit to short-term earnings, but the ability to bounce back and keep paying the dividend. The current crisis has tested this thesis and so far, MetLife is performing well.

We believe MetLife's historical dividend payout ratio management has been prudent – freezing the dividend in lesser times and accelerating growth when there is ample room to do so.

Final Thoughts & Recommendation

We are projecting 5.0% annual total return potential for MetLife, up from 3.9% previously. Our estimate stems from a 2% intermediate-term earnings growth, the 2.6% starting yield, and a small tailwind from multiple expansion. We find MetLife to be among the better insurers in the market and we have raised our five-year price target $12 to $95 to reflect revised earnings estimates for the year. MetLife continues to earn a hold recommendation due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	61,343	60,787	62,308	67,920	68,719	66,768	63,653	67,822	66,407	70,986
SG&A Exp.	7,302	6,866	6,724	6,462	6,554	5,775	5,755	5,860	6,177	
D&A Exp.	693	652	795	628	630	619	694	673	718	
Net Profit	5,373	850	4,010	5,123	5,899	5,407	6,855	5,284	1,578	4,426
Net Margin	8.8%	1.4%	6.4%	7.5%	8.6%	8.1%	10.8%	7.8%	2.4%	6.2%
Free Cash Flow	14,052	14,774	12,283	11,738	13,786	11,639	12,347	13,044	13,721	
Income Tax	1,590	693	(1,470)	1,179	886	1,509	1,642	1,062	560	1,178

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	877.93	898.76	719.89	687.54	740.46	795.15	759.71	663.07	687.58	677.46
Cash & Equivalents	12752	12651	12701	15821	16598	19795	20047	20195	20639	20068
Acc. Receivable	22702	15445	18423	19644	20443	17870	17149	17364	28971	29761
Goodwill & Int.	9477	9220	9590	9422	9308	10112	9535	9297	9236	8901
Total Liab. ($B)	809.44	831.06	661.02	634.58	674.08	720.33	691.96	632.95	657.33	649.75
Long-Term Debt	21317	19852	19307	16244	16851	18149	17430	17924	18796	18715
Total Equity	67949	67531	58676	52741	66144	74558	67482	29881	30015	27445
LTD/E Ratio	0.31	0.29	0.33	0.31	0.25	0.24	0.26	0.60	0.63	0.68

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.6%	0.1%	0.5%	0.7%	0.8%	0.7%	0.9%	0.7%	0.2%	0.6%
Return on Equity	7.6%	1.2%	6.3%	9.2%	9.9%	7.7%	9.6%	10.8%	5.2%	15.3%
ROIC	5.9%	1.0%	4.8%	7.0%	7.7%	6.1%	7.7%	7.9%	3.3%	9.3%
Shares Out.	1,098	1,096	1,044	959	915	893	869	790	743	698
Revenue/Share	54.37	54.84	57.77	66.99	72.76	73.11	73.21	83.84	87.11	103.00
FCF/Share	12.45	13.33	11.39	11.58	14.60	12.75	14.20	16.13	18.00	

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