



Equitable Holdings (EQH)

Updated March 2nd, 2025, by Tiago Dias

Key Metrics

Current Price:	\$55	5 Year CAGR Estimate:	-4.0%	Market Cap:	\$17 B
Fair Value Price:	\$29	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	03/05/2025
% Fair Value:	188%	5 Year Valuation Multiple Estimate:	-11.9%	Dividend Payment Date:	03/12/2025
Dividend Yield:	1.7%	5 Year Price Target	\$39	Years Of Dividend Growth:	5
Dividend Risk Score:	C	Retirement Suitability Score:	D	Rating:	Sell

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, the firm was formerly a fully owned subsidiary of France's AXA. The company completed its U.S. initial public offering in 2018 and this \$17 billion market cap company has raised its dividend every year subsequently.

Equitable Holdings reported its Q4 and full year 2024 earnings on February 5th, 2025. For the quarter, the company reported net income of \$2.76 per share, a significant increase over the \$2.15 in loss per share in the same period of 2023. For the full year the company reported EPS of \$3.78 per share, above the \$3.48 per share reported in the prior year. The company has declared a dividend of \$0.24 per share to be paid in February.

The company has seen robust growth momentum with record full year net inflows of \$7.1 billion in retirement, \$4 billion in wealth management and active net inflows of \$4.3 billion in asset management. Cash generated reached \$1.5 billion in 2024, with management offering 2025 guidance of \$1.6 to \$1.7 billion. The company continues to benefit from a diverse business mix, with \$1.5 billion of cash flows to the holding company for the year, in line with the 2024 guidance.

Turning to capital, the company returned \$1.3 billion to shareholders in the fiscal year, delivering within its 60-70% payout ratio target. The company reported cash and liquid assets of \$1.8 billion at holdings as of quarter end, which remains above the \$500 million minimum target. The combined NAIC risk-based capital ratio was approximately 425% at year end, above the Company's target of 375-400%.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	--	--	--	\$3.89	\$4.85	\$4.99	\$6.58	\$4.49	\$3.48	\$3.78	\$3.90	\$5.22
DPS	--	--	--	\$0.26	\$0.58	\$0.66	\$0.71	\$0.78	\$0.88	\$0.96	\$0.96	\$1.28
Shares	--	--	--	528	463	440	391	379	351	312	312.0	300.0

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 2030 EPS of around \$5.22 and a dividend payment of \$1.28 per share.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	--	--	--	5.3	4.4	4.2	4.7	8.3	9.5	13.0	14.1	7.5
Avg. Yld.	--	--	--	1.3%	2.7%	3.2%	2.3%	2.7%	2.7%	2.0%	1.7%	3.3%

Equitable Holding historically has traded at a significant discount to both the general market and its peers in the insurance industry since it came public in 2018. We think that the company's solid earnings, book value and track record may allow it to settle in-line with the insurance P/E ratio average. However, shares have now climbed well above their historical P/E average and appear overvalued today.

As such we expect that by 2030 its valuation multiple will be around 7.5 times earnings.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	--	--	--	7%	12%	13%	11%	17%	25%	25%	25%	25%

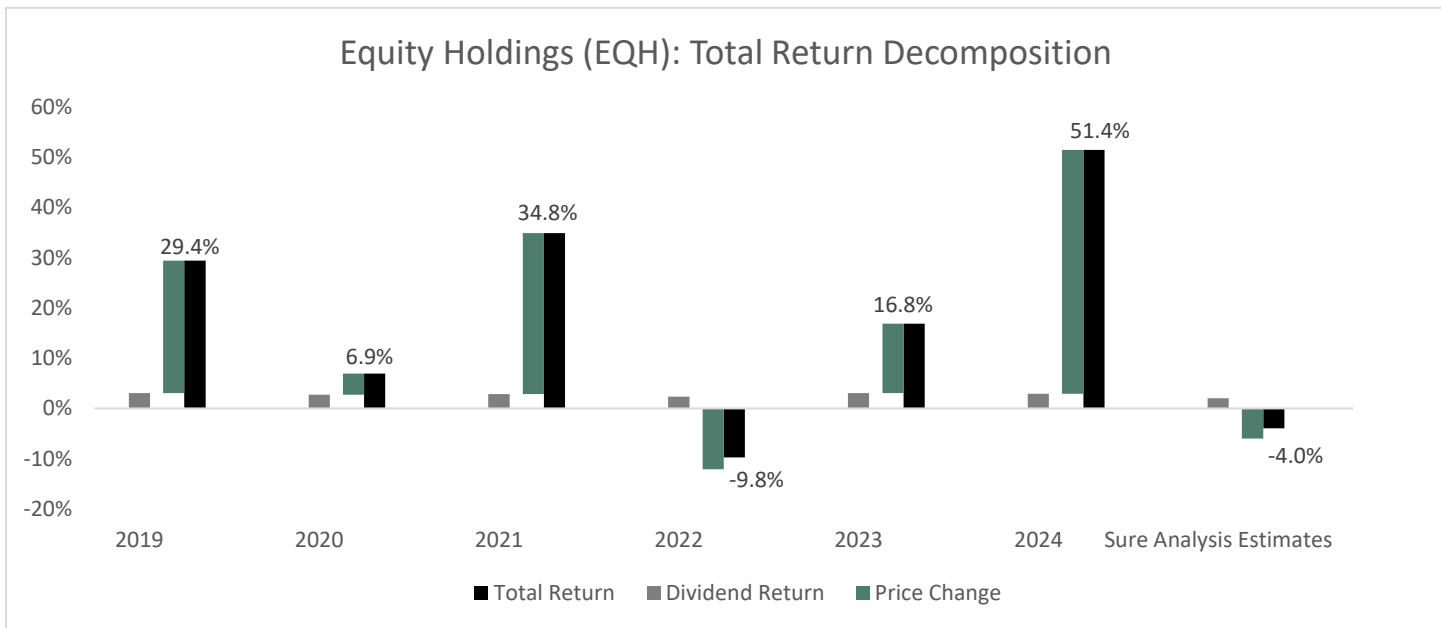
With reliable earnings, and an extremely low payout ratio, Equitable Holdings is well positioned to carry on its growth strategy even in the face of rising interest rates and an overall negative macro climate. With the consistent cashflows from premiums coming in, and a comparatively low dividend expense, 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 1.7% dividend yield, an expected growth rate of 6% and a minor multiple re-rating, we are forecasting a total return potential of -4.0% per annum. As a result, the company's shares have a sell rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	13063	10079	11763	12460	12069	9619	12415	11036	14017	10530
SG&A Exp.	2109	2165	1965	1980	2079	2081	2096	2360	2199	2328
D&A Exp.	353	9	758	399	296	675	1757	497	814	812
Net Profit	1630	333	1254	834	1855	(1764)	(648)	(439)	1785	1302
Net Margin	12.5%	3.3%	10.7%	6.7%	15.4%	-18.3%	-5.2%	-4.0%	12.7%	12.4%
Free Cash Flow	(720)	(275)	(333)	(345)	(62)	(309)	(168)	(876)	(1018)	(325)
Income Tax	477	(217)	378	49	301	(593)	(744)	(145)	499	(905)

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets		205569	216614	235615	220797	249818	275397	292262	253468	276810
Cash & Equivalents		6557	5654	4814	4469	4405	6179	5188	4281	8239
Acc. Receivable		5270	5220	5023	4895	4592	4566	14679	17201	8352
Goodwill & Int.		5242	5243	4824	4780	4751	4737	4728	5482	5433
Total Liabilities		192000	202017	219097	205365	234771	258220	278699	249615	271660
Accounts Payable		1945	2048	2219	1869	2126	2824	2664	2248	4883
Long-Term Debt		6451	4509	6030	4955	4111	4428	5122	5231	5633
Total Equity		10440	11455	13421	13866	12681	14307	9957	96	1087
LTD/E Ratio		0.62	0.39	0.45	0.36	0.31	0.28	0.44	3.16	2.13

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets			0.6%	0.4%	0.8%	-0.7%	-0.2%	-0.2%	0.7%	0.5%
Return on Equity			11.5%	6.7%	13.6%	-13.3%	-4.8%	-3.6%	35.5%	29.7%
ROIC			6.4%	4.0%	8.6%	-8.9%	-3.1%	-2.2%	12.9%	13.3%
Shares Out.					528	463	450	417	380	352
Revenue/Share	23.29	17.97	20.97	22.21	21.69	19.49	27.56	26.44	36.90	29.94
FCF/Share	(1.28)	(0.49)	(0.59)	(0.62)	(0.11)	(0.63)	(0.37)	(2.10)	(2.68)	(0.92)

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

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