HCA Healthcare, Inc. (HCA)

Updated March 11th, 2025 by Samuel Smith

Key Metrics

Current Price:	$330	**5 Year CAGR Estimate:**	12.8%	**Market Cap:**	$82B
Fair Value Price:	$374	**5 Year Growth Estimate:**	9.4%	**Ex-Dividend Date:**	3/17/25
% Fair Value:	88%	**5 Year Valuation Multiple Estimate:**	2.5%	**Dividend Payment Date:**	3/31/25
Dividend Yield:	0.9%	**5 Year Price Target**	$585	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Retirement Suitability Score:**	F	**Rating:**	Buy

Overview & Current Events

HCA Healthcare, Inc., founded in 1968 and headquartered in Nashville, Tennessee, is one of the nation's leading providers of healthcare services. It owns and operates nearly 200 hospitals and approximately 2,400 ambulatory sites of care, including surgery centers, freestanding emergency rooms, urgent care centers, and physician clinics across 20 U.S. states and the United Kingdom. The company employs over 309,000 people, including 94,000 registered nurses and 38,000 active physicians.

On January 24, 2025, HCA Healthcare reported its financial results for the fourth quarter of 2024, ending December 31. The company achieved revenues totaling $18.285 billion, marking an increase from $17.303 billion in the same period of the previous year. Net income attributable to HCA Healthcare, Inc. was $1.438 billion, or $5.63 per diluted share, compared to $1.607 billion, or $5.93 per diluted share, in the fourth quarter of 2023. The decrease in net income was primarily due to losses on sales of facilities amounting to $195 million, mainly related to the pending sale of a hospital in California. Adjusted EBITDA for the quarter was $3.712 billion, up from $3.618 billion in the prior year period. Operational metrics showed positive trends, with same-facility admissions increasing by 3.0%, same-facility equivalent admissions by 3.1%, and same-facility emergency room visits by 2.4%. Inpatient surgeries at the same facilities rose by 2.8%, while outpatient surgeries experienced a slight decline of 1.3%. Same-facility revenue per equivalent admission grew by 2.9%. The company also announced a quarterly cash dividend of $0.72 per share, payable on March 31, 2025. Additionally, HCA authorized a new share repurchase program of up to $10 billion. The quarter's performance was impacted by Hurricanes Helene and Milton, leading to an estimated unfavorable effect of $0.60 per diluted share due to additional expenses and lost revenues.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$5.56	$6.87	$6.81	$9.77	$10.50	$11.61	$17.50	$16.89	$19.01	$21.96	***$24.92***	***$39.00***
DPS	$0.00	$0.00	$0.00	$1.40	$1.63	$0.43	$1.92	$2.24	$2.40	$2.64	***$2.88***	***$3.60***
Shares	397.0	370.2	349.9	342.4	338.4	339.9	303.6	277.0	264.5	248.3	***248.3***	***235.0***

HCA Healthcare is positioned for strong growth over the next five years, with earnings per share expected to rise from $24.92 to $39, driven by expanding patient volumes, strategic acquisitions, and operational efficiencies. Dividends per share are projected to increase from $2.88 to $3.60, reflecting confidence in sustained cash flow generation. HCA's extensive hospital network, investments in technology, and focus on cost management should enhance profitability. While regulatory changes and labor costs pose risks, the company's scale, strong payer relationships, and demand for healthcare services position it well for continued revenue and earnings expansion, supporting shareholder returns.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.1	10.2	11.3	11.0	11.9	10.4	12.1	12.9	13.7	15.3	***13.2***	***15.0***
Avg. Yld.	0.0%	0.0%	0.0%	1.3%	1.3%	0.4%	0.9%	1.0%	0.9%	0.8%	***0.9%***	***0.6%***

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HCA is currently trading at a P/E ratio of 13.2, slightly below its 10-year historical average of 13.7 but above its long-term lows. The company's P/E has steadily expanded, reflecting investor confidence in its earnings stability and growth potential. The dividend yield of 0.9% remains low, as HCA prioritizes reinvestment and share buybacks over large dividend payouts. Over the next five years, if earnings continue growing steadily, the P/E ratio could range between 14-16, aligning with historical trends. However, if regulatory pressures or reimbursement challenges emerge, the multiple may stay closer to 12-14, limiting valuation expansion.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	0%	0%	0%	14%	16%	4%	11%	13%	13%	12%	***12%***	***9%***

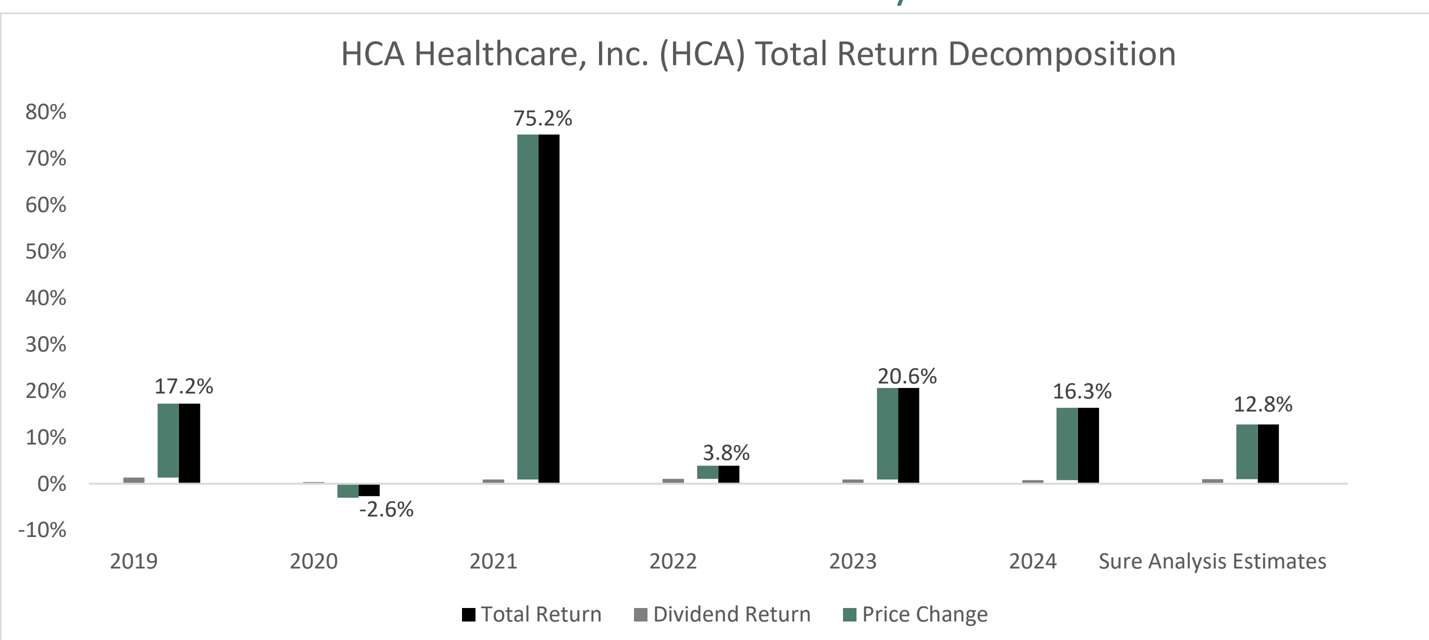
HCA's competitive advantage lies in its extensive hospital network, scale, and operational efficiency, allowing it to negotiate favorable payer contracts and optimize costs. As the largest for-profit hospital operator in the U.S., it benefits from economies of scale and strong demand for healthcare services. During the Great Recession, HCA's earnings remained stable due to the non-discretionary nature of healthcare, though margin pressure was evident. The COVID-19 pandemic created short-term disruptions, but demand rebounded quickly as elective procedures resumed, demonstrating the company's resilience in economic downturns.

HCA maintains a healthy balance sheet with manageable debt and strong interest coverage, ensuring financial flexibility. The payout ratio has remained conservative, peaking at 16% in 2019 and stabilizing around 12% in recent years, reflecting the company's preference for reinvestment. With continued earnings growth, the payout could remain near 10-12%, ensuring dividend sustainability while allowing capital to be directed toward expansion and acquisitions. HCA's focus on cost control and strategic investments supports long-term shareholder value despite its modest yield.

Final Thoughts & Recommendation

Between its 0.9% dividend yield, 9.4% expected five-year EPS CAGR, and 2.5% expected five-year valuation multiple CAGR, we project a 12.8% annualized total return for HCA over the next half-decade, making it a Buy at the moment.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	39,678	41,490	43,614	46,677	51,336	51,533	58,752	60,233	64,968	70,603
Gross Profit	33,040	34,557	36,298	38,953	42,855	43,164	49,271	50,862	55,066	59,848
Gross Margin	83.3%	83.3%	83.2%	83.5%	83.5%	83.8%	83.9%	84.4%	84.8%	84.8%
SG&A Exp.	18,115	18,897	20,059	21,425	23,560	23,874	26,779	27,685	29,487	31,170
D&A Exp.	1,904	1,966	2,131	2,278	2,596	2,721	2,853	2,969	3,077	3,312
Operating Profit	5,965	6,198	6,057	6,642	7,218	7,262	9,678	9,053	9,627	10,547
Operating Margin	15.0%	14.9%	13.9%	14.2%	14.1%	14.1%	16.5%	15.0%	14.8%	14.9%
Net Profit	2,129	2,890	2,216	3,787	3,505	3,754	6,956	5,643	5,242	5,760
Net Margin	5.4%	7.0%	5.1%	8.1%	6.8%	7.3%	11.8%	9.4%	8.1%	8.2%
Free Cash Flow	2,359	2,893	2,411	3,188	3,444	6,397	5,382	4,127	4,687	5,639
Income Tax	1,261	1,378	1,638	946	1,099	1,043	2,112	1,746	1,615	1,866

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	32,744	33,758	36,593	39,207	45,058	47,490	50,742	52,438	56,211	59,513
Cash & Equivalents	741	646	732	502	621	1,793	1,451	908	935	1,933
Accounts Receivable	5,889	5,826	6,501	6,789	7,380	7,051	8,095	8,891	9,958	10,751
Inventories	1,439	1,503	1,573	1,732	1,849	2,025	1,986	2,068	2,021	1,738
Goodwill & Int. Ass.	6,731	6,704	7,394	7,953	8,269	8,578	9,540	9,653	9,945	10,093
Total Liabilities	38,790	39,391	41,588	42,125	45,623	44,598	49,253	52,511	55,151	58,958
Accounts Payable	2,170	2,318	2,606	2,577	2,905	3,535	4,111	4,239	4,233	4,276
Long-Term Debt	30,488	31,376	33,058	32,821	33,722	31,004	34,579	38,084	39,593	43,031
Shareholder’s Equity	(7,599)	(7,302)	(6,806)	(4,950)	(2,808)	572	(933)	(2,767)	(1,774)	(2,499)
LTD/E Ratio	(4.01)	(4.30)	(4.86)	(6.63)	(12.01)	54.20	(37.06)	(13.76)	(22.32)	(17.22)

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.7%	8.7%	6.3%	10.0%	8.3%	8.1%	14.2%	10.9%	9.6%	10.0%
Return on Equity						322.6%	317.6%	797.0%	1062%	713.3%
ROIC	9.0%	11.5%	8.2%	13.1%	11.1%	11.2%	19.9%	15.2%	13.3%	13.7%
Shares Out.	397.0	370.2	349.9	342.4	338.4	339.9	303.6	277.0	264.5	248.3
Revenue/Share	92.98	104.81	117.17	131.37	147.42	149.98	178.71	204.41	235.04	269.68
FCF/Share	5.53	7.31	6.48	8.97	9.89	18.62	16.37	14.01	16.96	21.54

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