



CNO Financial Group, Inc. (CNO)

Updated April 28th, 2025, by Kody Kester

Key Metrics

Current Price:	\$39	5 Year CAGR Estimate:	9.6%	Market Cap:	\$3.9B
Fair Value Price:	\$40	5 Year Growth Estimate:	8.0%	Ex-Dividend Date¹:	06/09/25
% Fair Value:	99%	5 Year Valuation Multiple Estimate:	0.2%	Dividend Payment Date:	06/23/25
Dividend Yield:	1.6%	5 Year Price Target	\$58	Years Of Dividend Growth:	12
Dividend Risk Score:	B	Sector:	Financials	Rating:	Buy

Overview & Current Events

CNO Financial Group, Inc. serves middle-income pre-retirees and retired Americans. The company's offerings include Medicare supplement insurance, long-term care insurance, annuities, and individual life insurance. Founded in 1979, CNO is well-established within its industry. Bankers Life, Washington National, and Colonial Penn are among the company's most recognized brand names. As of March 31st, 2025, the company served 3.2 million customers with its insurance policies and annuities and had \$37.4 billion in total assets.

The company serves consumers through the Consumer and Worksite Divisions. As the name suggests, the Consumer Division serves the needs of individual consumers via the phone, online, virtual, face-to-face with agent interaction, or some mix of these modes. The Worksite Division sells life and health insurance products in the workplace to businesses, associations, and other membership groups, serving consumers at their place of employment and virtually.

In 2024, premiums from annuities accounted for \$1.79 billion of CNO's total premiums collected (41%). Supplemental health premiums million made up \$725.7 million in total premiums collected for the year (17%). Medicare supplement plans chipped in another \$625.7 million or 14% of total collected premiums. Long-term care plans collected another \$276.2 million in premiums or 6% of the total premiums collected. Finally, life insurance plans made up the remaining \$960.5 million of premiums or 22% of total collected premiums.

On April 28th, CNO released its earnings report for the first quarter ended March 31st, 2025. The company's total revenue fell by 13.2% over the year-ago period to \$1.00 billion during the quarter. Annuity-collected premiums rose by 12.4% year-over-year to \$442 million in the quarter. New client accounts were up 13% over the year-ago period for the quarter. Medicare Advantage policies sold were up a blistering 42% during the quarter. The reason for the decline in revenue had to do with a swing in special purpose portfolio net investment income from investment gains in Q1 2024 to investment losses in Q1 2025. CNO's operating EPS jumped 51.9% year-over-year to \$0.79 for the quarter. That was in line with the analyst consensus during the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.41	\$1.47	\$1.75	\$1.83	\$1.85	\$2.53	\$2.79	\$2.33	\$3.09	\$3.97	\$3.80	\$5.58
DPS	\$0.27	\$0.31	\$0.35	\$0.39	\$0.43	\$0.47	\$0.51	\$0.55	\$0.59	\$0.63	\$0.64	\$0.86
Shares²	184.0	173.8	166.9	162.2	148.1	135.3	120.4	114.3	109.4	101.6	99.9	73.7

Over the last five years, CNO has generated 8.5% annual operating EPS growth. Moving forward, we believe that the company still has a path to high-single-digit annual operating EPS growth, and model 8% going forward. CNO's expansion into additional geographies and a higher total agent count remain two factors that should keep total revenue growing (excluding special circumstances like swings in special purpose portfolio investment income). The company's significant cash flow should also still support substantial share buybacks in the coming years. These elements give CNO an attainable route to meet our growth projections.

¹ Estimated based on past dividend dates.

² Share count is in millions.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	13.5	13.0	14.1	8.1	9.7	8.8	8.5	9.8	9.0	9.4	10.3	10.4
Avg. Yld.	1.4%	1.6%	1.4%	2.6%	2.4%	2.1%	2.1%	2.4%	2.1%	1.7%	1.6%	1.5%

Since 2015, CNO's P/E ratio has varied from the high single digits to the low teens. The average P/E ratio of 10.4 over this time is well within this range. Given that CNO's annual diluted EPS growth potential looks to be intact, we still think a multiple of 10.4 is sensible. For more perspective, the current P/E ratio of 10.3 is about in line with our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	19%	21%	20%	21%	23%	19%	18%	24%	19%	16%	17%	15%

CNO's trusted reputation and nationally recognized brands allow it to effectively compete against larger industry peers. That's how the company continues to grow its consumer base, revenue, and profits.

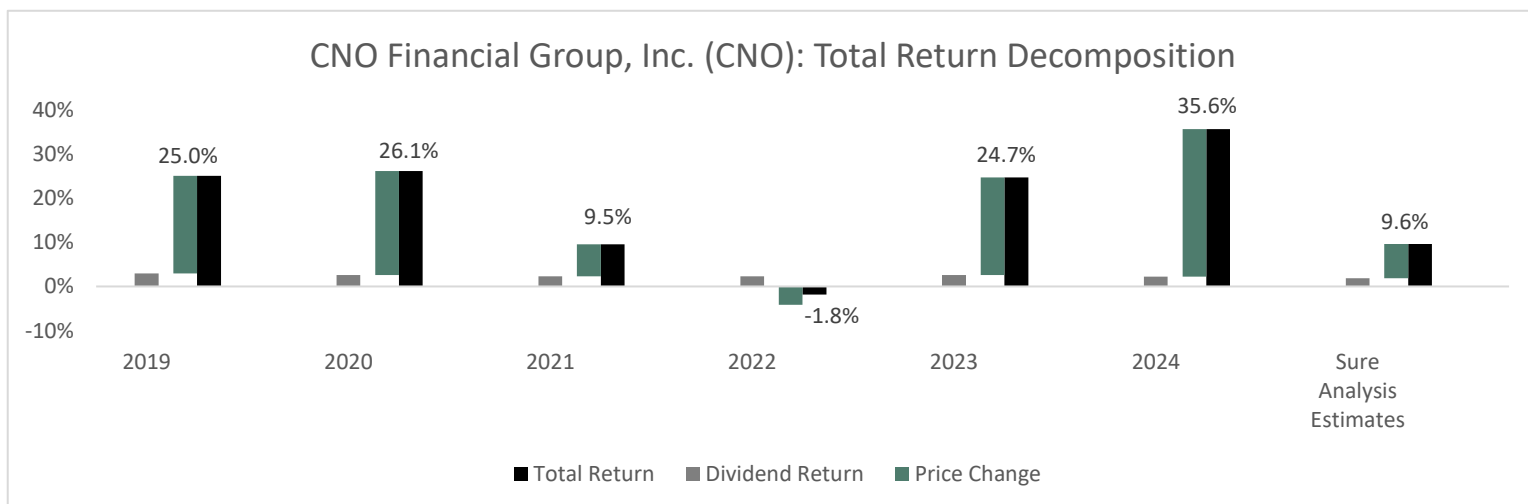
CNO's balance sheet is also a strength. The company's major brands all boast A-rated balance sheets on stable outlooks from the four major credit rating agencies (AM Best, S&P, Fitch, and Moody's). CNO itself possesses BBB+, BBB-, Baa3 (BBB- equivalent), and BBB credit ratings from Fitch, S&P, Moody's, and AM Best, respectively.

These investment-grade credit ratings are backed up by a total consolidated risk-based capital ratio or RBC ratio of 379% as of March 31st. This is better than the 375% RBC ratio that the company targets. As of March 31st, CNO's \$250 million in holding company liquidity was well above the target minimum holding company liquidity amount of \$150 million. Finally, the company's dividend payout ratio in the mid-to-high-teens range also somewhat shields the company from a downturn in profits.

Final Thoughts & Recommendation

CNO's 1.6% dividend yield, 8.0% annual diluted EPS growth prospects, and 0.2% annual valuation multiple upside could position it for 9.6% annual total returns over the medium term. That's why we're upgrading the stock back to a marginal buy rating now. On any further downside, the stock would be a firmer buy.

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	4,145	3,801	3,992	4,302	4,314	4,016	3,821	4,122	3,577	4,147
SG&A Exp.	242	205	231	237	233	238	253	268	288	291
D&A Exp.	274	283	275	265	292	268	304	237	249	267
Net Profit	51	271	358	176	(315)	409	302	570	631	277
Net Margin	1.2%	7.1%	9.0%	4.1%	-7.3%	10.2%	7.9%	13.8%	17.6%	6.7%
Free Cash Flow	122	748	776	633	318	697	736	598	495	583
Income Tax	124	97	(5)	305	50	(135)	43	163	186	80

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	31156	31125	31975	33110	31440	33631	35340	36204	33133	35103
Cash & Equivalents	68	364	189	179	62	75	54	100	69	115
Accounts Receivable	2991	2859	2260	2175	4925	4786	4584	4354	4223	4041
Total Liabilities	26468	26987	27488	28263	28069	28954	29856	30945	31364	32887
Long-Term Debt	3571	4136	4223	3972	3980	3786	3931	4001	3883	4151
Shareholder's Equity	4688	4139	4487	4848	3371	4677	5484	5260	1769	2216
LTD/E Ratio	0.76	1.00	0.94	0.82	1.18	0.81	0.72	0.76	2.20	1.87

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	0.2%	0.9%	1.1%	0.5%	-1.0%	1.3%	0.9%	1.6%	1.8%	0.8%
Return on Equity	1.1%	6.1%	8.3%	3.8%	-7.7%	10.2%	5.9%	10.6%	17.9%	13.9%
ROIC	0.6%	3.3%	4.2%	2.0%	-3.9%	5.2%	3.4%	6.1%	8.5%	4.6%
Shares Out.	203.3	184.0	173.8	166.9	162.2	148.1	135.3	120.4	114.3	109.4
Revenue/Share	19.04	19.47	22.39	24.99	26.07	25.55	26.69	31.44	30.38	36.02
FCF/Share	0.56	3.83	4.35	3.68	1.92	4.43	5.14	4.56	4.21	5.06

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

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