



Primerica, Inc. (PRI)

Updated May 21st, 2025, by Kody Kester

Key Metrics

Current Price:	\$272	5 Year CAGR Estimate:	12.8%	Market Cap:	\$9.4B
Fair Value Price:	\$291	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	08/20/25 ¹
% Fair Value:	94%	5 Year Valuation Multiple Estimate:	1.3%	Dividend Payment Date:	09/11/25 ¹
Dividend Yield:	1.5%	5 Year Price Target	\$468	Years Of Dividend Growth:	15
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

Primerica, Inc. provides term life insurance to middle-income households in the United States and Canada. On behalf of third parties, it also offers mutual funds, annuities, managed investments, and other financial products. As of March 31st, 2025, PRI insured 5.7 million lives and had roughly 2.9 million client investment accounts. The company's offerings are sold via a network of 152,167 licensed sales representatives, who are independent contractors.

PRI is organized into the following three operating segments:

1. **Term Life Insurance:** This segment provides customers with term life insurance in the United States and Canada. That's done via its Primerica Life, NBLIC, and Primerica Life Canada insurance subsidiaries.
2. **Investment and Savings Products:** The Investment and Savings Products segment offers saving and investment vehicles to meet the needs of clients in all stages of life. Products include mutual funds, managed investments, and fixed and fixed-indexed annuities. The segment's subsidiaries include PFS, PFS Investments, Primerica Life Canada, and PFSL Investments Canada.
3. **Corporate and Other Distributed Products:** This segment distributes mortgage loans through mortgage-licensed loan originators, auto and homeowners' insurance referrals, and prepaid legal services.

On May 7th, PRI shared its first-quarter earnings report for the period ending March 31st, 2025. The company's total operating revenue grew by 9.4% over the year-ago period to \$804.8 million in the quarter. That was driven by strength in both the Term Life Insurance and Investment and Savings Products segments during the quarter. The former's operating revenue grew by 4% year-over-year to \$458 million, and the latter's operating revenue jumped by 19% to \$291 million for the quarter. Growth in adjusted direct premiums and growth in client asset values produced these results in the quarter. PRI's diluted EPS climbed 28.5% over the year-ago period to \$5.05 during the quarter. This topped the analyst consensus by \$0.27 for the quarter. That was due to a roughly 230-basis-point expansion in the net profit margin to 21% in the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.70	\$4.59	\$7.61	\$7.33	\$8.62	\$9.57	\$9.38	\$12.33	\$15.94	\$13.65	\$20.77	\$33.45
DPS	\$0.64	\$0.70	\$0.78	\$1.00	\$1.36	\$1.60	\$1.88	\$2.20	\$2.60	\$3.30	\$4.16	\$6.70
Shares²	48.3	45.7	44.3	42.7	41.2	39.3	39.4	36.8	35.0	33.4	32.9	27.5

Over the past decade, PRI's diluted EPS have compounded by 15.6% annually. We think that diluted EPS can grow by 10% each year over the medium term off an expected 2025 base of \$20.77. This is because there's an estimated \$14 trillion protection gap in the term life insurance market. As the company's licensed sales representatives educate consumers, there are opportunities for additional growth in this market. PRI's Investment and Savings Products segment also benefits from economic growth and the fact that client asset values tend to grow over time as a result.

¹ Estimated date based on past payments.

² Share count is in millions.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	12.8	15.1	13.3	13.3	15.2	14.0	16.3	11.5	12.9	20.2	13.1	14.0
Avg. Yld.	1.4%	1.0%	0.8%	1.0%	1.0%	1.2%	1.2%	1.6%	1.3%	1.2%	1.5%	1.4%

Since 2015, PRI's shares have ranged from a valuation multiple as low as the low double digits to as high as the low 20s. Over that time, the average P/E ratio was just above 14. In the years ahead, we still believe that a reasonable fair value P/E ratio for PRI is 14. That's due to the company's growth potential appearing to be intact. Compared to the current P/E ratio of 13.1, this suggests shares are slightly undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	17%	15%	10%	14%	16%	17%	20%	18%	16%	24%	20%	20%

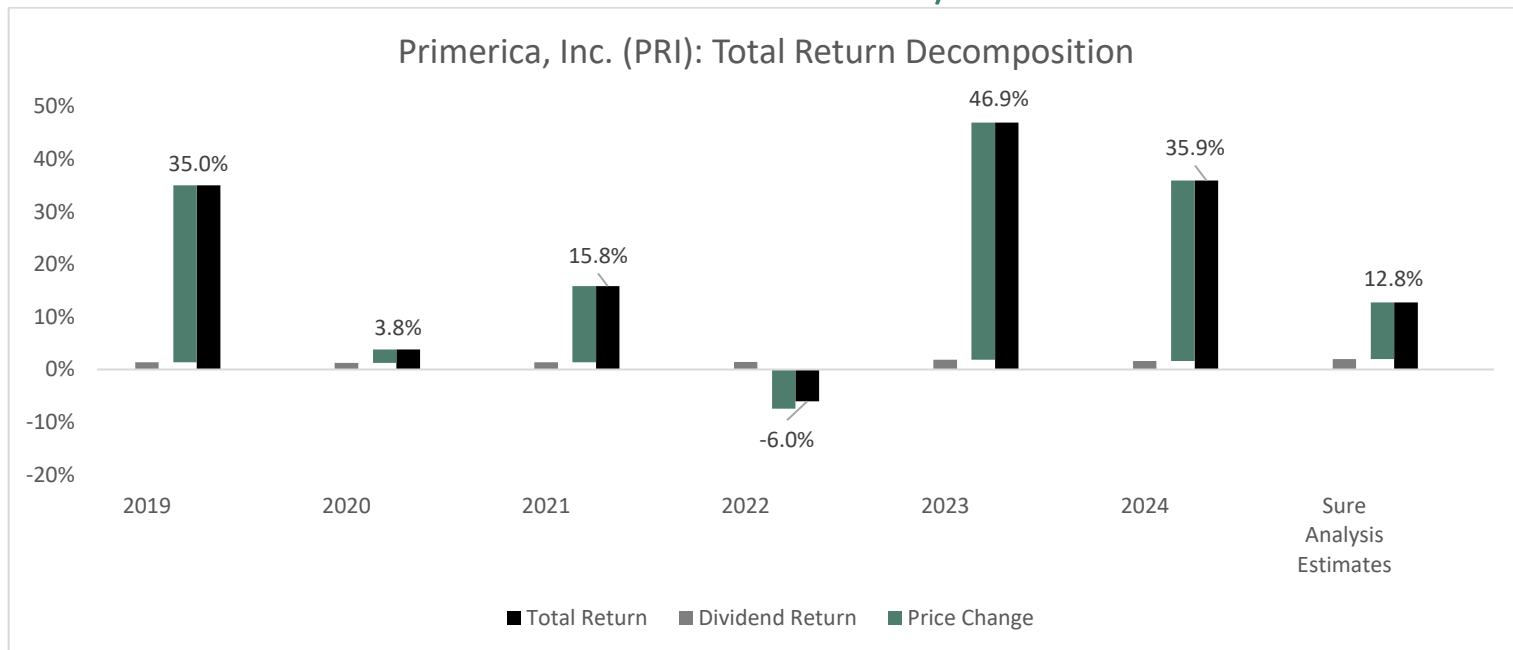
As the second largest provider of term life insurance in the U.S. and Canada, Primerica is well-positioned in this market. The company's array of offerings and unique distribution model provide it with competitive advantages that have allowed its diluted EPS to compound vigorously over time.

Turning to the balance sheet, the company is also financially sound. As of March 31st, 2025, PRI had a cash and cash equivalents balance of \$625.1 million. This liquidity earns it an A- credit rating from S&P on a stable outlook. The company's dividend is also sustainable, with the payout ratio poised to be around 20% in 2025. That gives it plenty of room to build on its 15-year dividend growth streak.

Final Thoughts & Recommendation

PRI's 1.5% yield, 10.0% annual diluted EPS growth potential, and 1.3% annual valuation multiple expansion prospects could lead to 12.8% annual total returns over the next five years. As a result, we're reiterating our buy 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	1,337	1,404	1,519	1,689	1,900	2,053	2,218	2,710	2,720	2,816
D&A Exp.	12	11	15	14	12	18	18	30	34	32
Net Profit	181	190	219	350	324	366	386	373	373	577
Net Margin	13.6%	13.5%	14.4%	20.7%	17.1%	17.9%	17.4%	13.8%	13.7%	20.5%
Free Cash Flow	230	257	281	385	465	460	616	632	732	659
Income Tax	96	101	118	29	92	111	121	139	126	175

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	10,738	10,611	11,439	12,461	12,595	13,689	14,905	16,123	15,350	15,030
Cash & Equivalents	192	152	212	280	262	257	548	393	489	613
Acc. Receivable	4,297	4,301	4,404	4,435	4,357	4,397	4,533	4,526	4,270	3,289
Inventories	62	58	55	52	48	45	45	375	---	---
Goodwill & Int.	9,492	9,465	10,218	11,042	11,134	12,036	13,069	14,033	313	303
Total Liabilities	246	238	268	307	314	340	520	585	13,630	12,960
Accounts Payable	595	737	875	1,110	1,343	1,558	1,720	1,986	538	514
Long-Term Debt	1,245	1,146	1,221	1,419	1,462	1,652	1,836	2,083	2,037	1,980
Total Equity	0.48	0.64	0.72	0.78	0.92	0.94	0.94	0.95	1,184	2,066
LTD/E Ratio	62	58	55	52	48	45	45	375	1.18	0.96

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	1.7%	1.8%	2.0%	2.9%	2.6%	2.8%	2.7%	2.4%	2.4%	3.9%
Return on Equity	14.7%	15.9%	18.5%	26.5%	22.5%	23.5%	22.1%	19.1%	19.6%	28.2%
ROIC	10.6%	10.2%	11.0%	15.1%	12.2%	12.2%	11.4%	9.8%	9.5%	14.2%
Shares Out.	52	48	46	44	43	41	39	39	38.1	72.1
Revenue/Share	24.49	27.58	32.01	36.97	43.19	48.51	55.18	68.34	71.38	39.08
FCF/Share	4.21	5.04	5.92	8.42	10.56	10.87	15.32	15.95	19.21	9.14

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

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