Elevance Health Inc. (ELV)

Updated July 18th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$281	**5 Year CAGR Estimate:**	11.7%	**Market Cap:**	$63 billion
Fair Value Price:	$289	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	09/10/2025
% Fair Value:	97%	**5 Year Valuation Multiple Estimate:**	0.6%	**Dividend Payment Date:**	09/25/2025
Dividend Yield:	2.4%	**5 Year Price Target**	$445	**Years Of Dividend Growth:**	15
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Buy

Overview & Current Events

Elevance Health Inc., formerly known as Anthem, Inc., is a healthcare benefits company has more than 47 million members through its plans. The company provides managed plans to a wide variety of markets, including individual, commercial, Medicare and Medicaid. Its two largest customer groups are government (~60% of annual sales) and commercial business (~30% of sales). Elevance has annual sales of $195 billion and a market capitalization of $63 billion.

On January 22nd, 2025, Elevance raised its quarterly dividend 4.9% to $1.71, extending the company's dividend growth streak to 15 consecutive years.

On July 17th, 2025, Elevance announced second quarter results for the period ending June 30th, 2025. For the quarter, revenue grew 14.3% to $49.4 billion, which topped estimates by $1.22 billion. Adjusted earnings-per-share of $8.84 compared very unfavorably to adjusted earnings-per-share of $10.12 in the prior year and was $0.08 less than expected.

Revenue growth was primarily a result of higher premium yields in the Health Benefits segment, growth in Medicare Advantage memberships, and acquisitions. These gains were once again offset by a reduction in Medicaid membership. The benefit expense ratio increased 260 basis points to 88.9% due to higher costs in Medicaid and ACA health plans. For the quarter, the Health Benefits segment generated revenue of $41.4 billion, which was an 12% increase compared to the prior year. This segmented benefited from higher premium yields in Medicare Advantage and Individual ACA plan memberships. In total, medical membership decreased by 212K, or 0.5%, year-over-year. Revenue for Carelon surged 36% to $18.1 billion due to gains once again in Carleon Services and contributions from acquisitions. The company repurchased 0.9 million shares at a weighted average price of $410 during the quarter. As of the end of the year, Elevance had a total of $8 billion, or 12.7% of its current market capitalization, remaining on its share repurchase authorization. The company is expected to raise its premiums by a double-digit rate across several states next year due to a potential reduction in federal subsidies for ACA members. Recent legislation could also impact the Medicaid business in future years.

Elevance provided updated guidance for 2025 as well, with the company now expecting adjusted earnings-per-share to be $24.10, down from a prior range of $34.15 to $34.85.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$9.38	$9.21	$10.21	$15.89	$19.44	$22.48	$25.98	$29.07	$33.14	$33.04	***$24.10***	***$37.08***
DPS	$2.50	$2.60	$2.70	$3.00	$3.20	$3.80	$4.52	$5.12	$5.92	$6.52	***$6.84***	***$10.52***
Shares[1]	261	264	256	257	253	245	247	241	236	231	***226***	***215***

Elevance has increased earnings-per-share at a rate of 15% annually over the last decade. The company has achieved this high rate of growth through improvements in business and aggressive share repurchases. Elevance's share count has been reduced by 1.3% per year over the last decade. Even with share repurchases, profits have improved at a double-digit clip annually over this period. We still believe that 9% earnings growth is achievable given strength in certain parts of the business and share repurchases.

[1] Share count in millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.7	14.5	18.1	15.7	14.3	12.4	17.8	15.9	14.2	11.2	***11.7***	***12.0***
Avg. Yld.	1.7%	2.0%	1.5%	1.2%	1.1%	1.2%	1.0%	1.3%	1.2%	1.8%	***2.4%***	***2.4%***

Shares of the company have fallen $136, or 32.6%, since our April 25th, 2025 update. Using company guidance for the year, Elevance trades with a price-to-earnings ratio of 11.7. Shares have averaged a price-to-earnings ratio of 15 over the last decade. We had believed this to be a fair value target, but with more uncertainty regarding health care plans moving forward, we have lowered our five-year target P/E to 12 from 15. Multiple expansion could add 0.6% to annual returns over the next five years.

Elevance had never been a high yielding name, but the current yield is now well ahead of the 10-year average of 1.4%. Additionally, the dividend has a compound annual growth rate in the low double-digit range since 2015, showing that Elevance has aggressively raised its dividend over the long-term.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	27%	28%	26%	19%	16%	17%	17%	18%	18%	20%	***28%***	***28%***

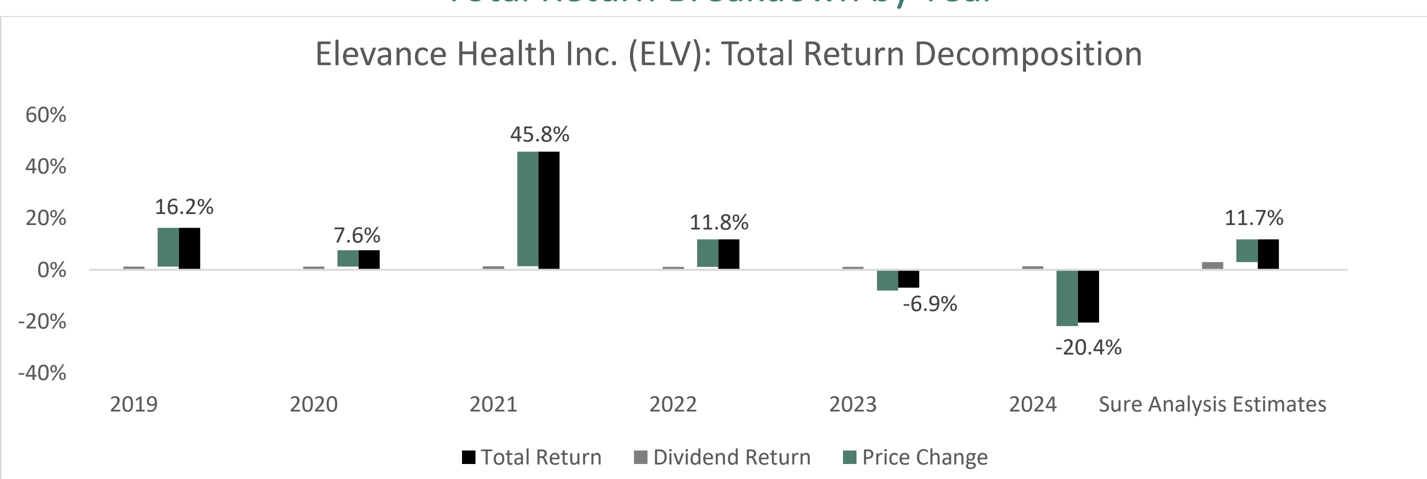
Elevance was not immune to the last recession as earnings-per-share declined from $5.57 to $4.95 for the 2007 to 2009 period. However, the company returned to growth the very next year.

Elevance has several factors working in its favor. First and foremost, the company has a large membership pool. This allows Elevance to keep premium prices low. The Medicare and Medicaid businesses have been, historically, reliable as well, though potential future cuts in payments could impair results.

Final Thoughts & Recommendation

Elevance is expected to produce total returns of 11.7% through 2030, down from 15.1% previously. Our projected return stems from a 9% earnings growth rate, a starting yield of 2.4%, and a small contribution from multiple expansion. The company's benefit expense ratio continues to expand as costs increase. Recent legislative action could also impact the business in future years. As such, we have lowered our expectation for EPS for the year as well as reduced our 2030 target valuation. We have lowered our five-year price target $351 to $445 as a result. We continue to rate shares of Elevance as a buy due to projected returns and a strong dividend risk score, but we are slightly more cautious on the name.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	79157	84863	90040	92105	104213	121867	138639	156595	171340	176810
D&A Exp.	908	912	891	1132	1133	1154	1302	1675	1745	1393
Net Profit	2560	2470	3843	3750	4807	4572	6158	5894	5987	5980
Net Margin	3.2%	2.9%	4.3%	4.1%	4.6%	3.8%	4.4%	3.8%	3.5%	3.4%
Free Cash Flow	3574	2686	3394	2619	4984	9667	7277	7247	6765	4552
Income Tax	2071	2085	121	1318	1178	1666	1846	1712	1724	1933

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	61718	65083	70540	71571	77453	86615	97460	102755	108928	116673
Cash & Equivalents	2114	4075	3609	3934	4937	5741	4880	7387	6526	8288
Accounts Receivable	4603	5861	6185	6743	5014	5279	5681	7083	7902	18796
Goodwill & Int. Ass.	25720	25526	27599	29511	29174	31096	34843	34698	35590	40371
Total Liabilities	38674	39983	44037	43030	45725	53416	61332	66425	69523	75247
Accounts Payable	10889	11908	13016	12413	13040	16852	18488	21203	23021	15626
Long-Term Debt	15865	15727	19932	19211	20085	20035	23031	24114	25120	31232
Shareholder's Equity	23044	25100	26503	28541	31728	33199	36060	36243	39306	41315
LTD/E Ratio	0.69	0.63	0.75	0.67	0.63	0.60	0.64	0.67	0.64	0.76

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.1%	3.9%	5.7%	5.3%	6.5%	5.6%	6.7%	5.9%	5.7%	5.3%
Return on Equity	10.8%	10.3%	14.9%	13.6%	16.0%	14.1%	17.8%	16.3%	15.8%	14.8%
ROIC	6.5%	6.2%	8.8%	8.0%	9.7%	8.7%	11.0%	9.9%	9.6%	8.7%
Shares Out.	261	264	256	257	253	245	247	241	236	231
Revenue/Share	290.06	316.53	336.22	362.19	400.36	479.23	561.75	644.95	721.74	759.17
FCF/Share	13.10	10.02	12.67	10.30	19.15	38.01	29.49	29.85	28.50	19.54

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