Cigna Corporation (CI)

Updated August 4th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$262	**5 Year CAGR Estimate:**	20.3%	**Market Cap:**	$70 billion
Fair Value Price:	$385	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	09/04/2025
% Fair Value:	68%	**5 Year Valuation Multiple Estimate:**	8.0%	**Dividend Payment Date:**	09/18/2025
Dividend Yield:	2.3%	**5 Year Price Target**	$620	**Years Of Dividend Growth:**	5
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Buy

Overview & Current Events

Cigna is a leading provider of insurance products and services. The company's products include dental, medical, disability and life insurance that it provides through employer-sponsored, government-sponsored, and individual coverage plans. Cigna operates four business segments, including Evernorth, which provides pharmacy services and benefit management, U.S. Medical, which provides commercial and government health insurance, International Markets and Group Disability. Evernorth contributes ~80% of annual revenues while Cigna Healthcare accounts for much of the rest. Cigna has annual revenues of ~$250 billion.

On January 30th, 2025, Cigna announced that it was increasing its quarterly dividend 7.9% to $1.51.

On March 19th, 2025, Cigna reported that it had completed the sale of its Medicare Advantage, Medicare Supplements Benefits, Medicare Part D, and CareAllies businesses to Health Care Service Corporation.

On July 31st, 2025, Cigna announced second quarter results for the period ending June 30th, 2025. For the quarter, revenue grew 11.1% to $67.2 billion, which was an impressive $4.59 billion ahead of expectations. Adjusted earnings-per-share of $7.20 compared favorably to adjusted earnings-per-share of $6.72 in the prior year and beat estimates by $0.05.

For the quarter, total customer relationships were unchanged at 182.2 million from the same period a year ago, but this was down from 186.2 million in Q4 2024. Total pharmacy customers declined slightly both year-over-year and quarter-over-quarters. Total medical customers fell ~5% compared to Q2 2024, but was stable compared to Q1 2025. Adjusted revenue for the Evernorth segment, which is the largest within the company, improved 17% from the prior year to $57.8 billion due to organic growth, increases in existing client relationships, and new business. Adjusted revenue for Cigna Healthcare fell 18% to $10.8 billion, which was largely due to the sale of several businesses to Health Care Service Corporation. Adjusting for this, revenue would have increased 7%.

Cigna reaffirmed its prior outlook for 2025 as well, with the company still expecting adjusted earnings-per-share of least $29.60 for the year, up from $29.50 previously.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$8.66	$8.10	$10.46	$14.22	$17.05	$18.45	$20.47	$23.27	$25.09	$27.33	***$29.60***	***$47.67***
DPS	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$4.00	$4.48	$4.92	$5.60	***$6.04***	***$9.73***
Shares[1]	257	257	244	381	373	355	327	305	293	278	***268***	***250***

Earnings-per-share have a compound annual growth rate of 12.2% for the 2015 through 2024 period. An increase in the share count during this time hides the fact that net profit has more than tripled during this period. Cigna's growth rate has remained solid in the medium-term as earnings-per-share have a compound annual growth rate of 8.2% over the last five years. One reason that earnings have a CAGR in the double-digit range is that the need for pharmacy services and health care plans will increase as more people age. Cigna's merger with Express Scripts, one of the top pharmacy benefit managers in the market, in 2018 has provide tailwinds to results. In addition, Cigna has an ambitious goal to

[1] Share count in millions

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.

reduce its health care costs, which, overall, have risen much higher than inflation. We reaffirm our targeted earnings-per-share growth rate of 10% through 2030 as we find Cigna's business model very attractive.

Cigna's dividend had never been a priority for the company. After cutting its dividend by 20% in 2009, the company had paid the same amount every year up until 2020. It should be noted that Cigna had typically paid an annual dividend in April of each year. That all changed when the company declared a $1.00 quarterly dividend for the March 25th, 2021 payment date. The company has followed that up with a double-digit or high single digit increase in each of the last four years. We continue to expect dividend growth of at least 10% annually through 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.5	16.4	16.3	13.3	10.1	10.2	11.2	14.2	11.9	10.1	***8.9***	***13.0***
Avg. Yld.	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	1.7%	1.4%	1.6%	2.0%	***2.3%***	***1.6%***

Shares of Cigna have declined $74, or 22%, since our May 8th, 2025 report. The stock has an average price-to-earnings ratio of 12.9 over the last decade. Currently, the stock is valued at 8.9 times earnings estimates for the year. Price-to-earnings ratios were likely lower during the early portions of the past decade due to market concerns over how health care plans would do. Those fears appear to have abated somewhat. Reaching our 2030 target multiple of 13 times earnings could add 8.0% to annual returns over the next five years.

Cigna's dividend has largely not played a role in the company's total returns. That changed somewhat as Cigna's stock now offers a yield that is ahead of the average yield for the S&P 500 index.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	0%	0%	0%	0%	0%	0%	20%	19%	20%	20%	***20%***	***20%***

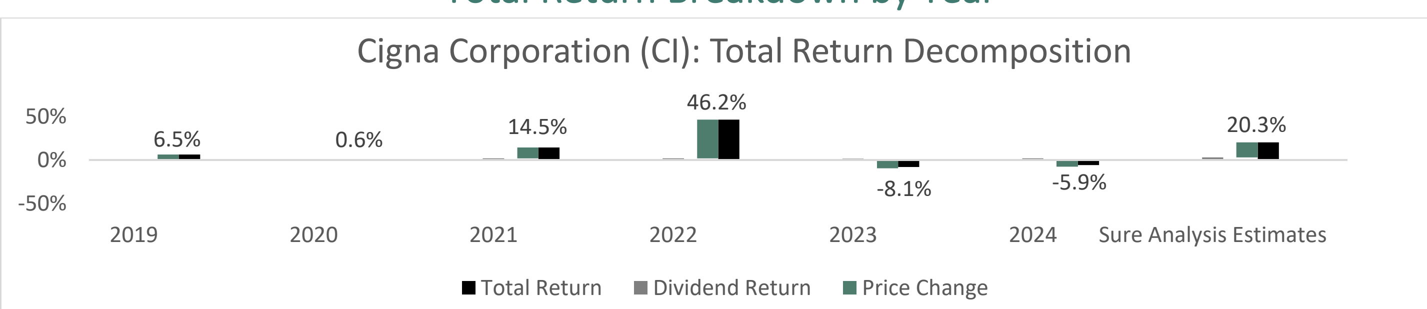
Cigna happens to operate in an industry that tends to hold up well during recessionary times as health insurance and pharmacy businesses are still in demand. Earnings-per-share fell from $3.96 in 2007 to $3.42 in 2008 (a 13.6% decrease), but rebounded to make a new high in 2009. Cigna has seen earnings-per-share grow each year since except for 2016.

We feel that Cigna has some immense competitive advantages. The company is one of the largest names in its industry, giving it a size and scale that is hard to match. Cigna's acquisition of Express Scripts was a solid move, as this strengthened the company's presence in its pharmacy business. Perhaps most important, an aging demographic will need increased pharmacy and medical services, giving Cigna an incredibly large pool of potential customers.

Final Thoughts & Recommendation

Cigna is now expected to produce total returns of 20.3% through 2030, up from our prior estimate of 14.5%. Our projected return stems from a 10% earnings growth rate, a starting yield of 2.3%, and a high single-digit tailwind from multiple expansion. Cigna once again experienced growth throughout its business. Shares continue to earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	37876	40007	42043	48569	153743	160577	174272	180021	195187	244384
SG&A Exp.	---	9790	10030	11934	14053	14072	13030	13186	14822	14844
Depr. & Amor.	585	610	566	695	3651	2802	2923	2937	3035	2775
Net Profit	2094	1867	2237	2637	5104	8458	5365	6668	5164	3434
Net Margin	5.5%	4.7%	5.3%	5.4%	3.3%	5.3%	3.1%	3.7%	2.6%	1.4%
Free Cash Flow	2423	3565	3615	3242	8435	9256	6037	7361	10240	8957
Income Tax	1250	1136	1374	935	1450	2379	1367	1607	141	1491

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	57088	59360	61759	153226	155774	155451	154889	143932	152761	155881
Cash & Equivalents	1968	3185	2972	3855	4619	10182	5081	5924	7822	7550
Acc. Receivable	10507	9555	8667	15704	16003	17199	19639	21713	23407	30370
Goodwill & Int.	6587	6404	6509	83508	81164	79827	79913	78303	75122	73787
Total Liabilities	45044	45633	48048	112191	110430	105123	107705	98981	106410	114638
Accounts Payable	8848	8946	489	15068	15544	18825	6655	7775	8553	9294
Long-Term Debt	5169	5032	5439	42478	37407	32919	33670	31093	30930	31972
Total Equity	12035	13723	13711	41028	45338	50321	47112	44872	46223	41033
LTD/E Ratio	0.43	0.37	0.40	1.04	0.83	0.65	0.71	0.69	0.67	0.78

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.7%	3.2%	3.7%	2.5%	3.3%	5.4%	3.5%	4.5%	3.5%	2.2%
Return on Equity	18.4%	14.5%	16.3%	9.6%	11.8%	17.7%	11.0%	14.5%	11.3%	7.8%
ROIC	12.6%	10.4%	11.8%	5.1%	6.1%	10.2%	6.5%	8.5%	6.7%	4.6%
Shares Out.	257	257	244	381	373	355	327	305	293	283
Revenue/Share	145.35	154.08	164.83	196.91	408.98	439.96	515.66	575.03	657.46	862.88
FCF/Share	9.30	13.73	14.17	13.14	22.44	25.36	17.86	23.51	34.49	31.63

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

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