The Ensign Group, Inc. (ENSG)

Updated August 8th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$159	**5 Year CAGR Estimate:**	5.6%	**Market Cap:**	$9.1 B
Fair Value Price:	$141	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	09/30/25[1]
% Fair Value:	113%	**5 Year Valuation Multiple Estimate:**	-2.4%	**Dividend Payment Date:**	10/31/25[2]
Dividend Yield:	0.2%	**5 Year Price Target**	$207	**Years Of Dividend Growth:**	18
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

The Ensign Group, Inc. (ENSG) is a healthcare company founded in 1999 and headquartered in San Juan Capistrano, California. The company operates 288 healthcare facilities in 13 states, providing skilled nursing, senior living, rehabilitative care services, and ancillary businesses such as mobile diagnostics and medical transportation. The Ensign Group competes with other healthcare providers in the market. Still, its focus on delivering quality care and creating solid relationships with patients and their families has helped it establish a competitive advantage. The company's revenue segments are divided into four categories: skilled nursing services, assisted living services, home health and hospice services, and other services.

On July 24th, 2025, the company announced results for its second quarter of 2025. ENSG reported Q2 non-GAAP EPS of $1.59 for the period, beating analysts' estimates by $0.04. In addition, the company reported revenues of $1.23 billion for the quarter, which were up 18.5% year-over-year.

Revenue growth was supported by strong occupancy gains as Same Facilities reached 82.1% and Transitioning Facilities got to 84.0%. Skilled services revenue reached double-digit growth. Managed care revenue grew 11.8% at Same Facilities and 27.8% at Transitioning Facilities, while skilled days rose 7.4% and 13.5%, respectively. Standard Bearer, the company's real estate arm, saw revenue grow 34.7% to $31.5 million and FFO increase 26.6% to $18.4 million.

Management raised its 2025 earnings guidance to $6.34–$6.46 per share and revenue guidance to $4.99 to $5.02 billion, citing continued momentum from organic growth and acquisitions. During the quarter, ENSG added eight new operations and three real estate assets, bringing total acquisitions since early 2024 to 52. Liquidity remains strong with $364 million in cash and $592.6 million in credit capacity. The company also maintained its dividend growth streak, paying $0.0625 per share and marking 18 consecutive years of increases, underscoring its balanced growth and shareholder return strategy.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.06	$0.83	$0.91	$1.70	$1.64	$3.06	$3.42	$3.95	$3.65	$5.12	***$6.41***	***$9.42***
DPS	$0.15	$0.16	$0.17	$0.18	$0.19	$0.20	$0.21	$0.22	$0.23	$0.24	***$0.25***	***$0.32***
Shares[3]	51.4	51.9	51.4	52.6	53.5	54.6	55.2	55.7	55.7	56.7	***57.3***	***60.6***

Notwithstanding the macro environment, growth was robust, and occupancy rates returned to levels before the pandemic. Ensign Group is well financed to continue supporting its growth efforts, and we saw that the tail of its asset returns continues to generate value. However, as earnings normalize and reach pre-pandemic levels, there is less room for growth, and we have assumed an annual EPS growth rate of 8.0% through 2030. We revised our EPS estimate for 2025, matching the midpoint of analysts' estimates at $6.41. In addition, DPS has consistently increased for the last 18

[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] 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.

years, and we remain confident that the company can keep on this track. We expect the company's DPS to grow slightly slower than its EPS at 5.0% through 2030, in-line with its long-term averages.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	20.1	23.6	21.5	18.8	28.7	16.8	24.1	21.3	26.4	26.0	***24.8***	***22.0***
Avg. Yld.	0.7%	0.8%	0.9%	0.6%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	***0.2%***	***0.2%***

ENSG has attracted a relatively high P/E multiple in the past couple of years, and the stock is trading at a forward P/E of 24.8, higher than its 10-year and five-year averages of 22.7 and 22.9, respectively. Considering the growth prospects, we believe that a P/E of 22.0 accurately reflects the risk/reward of the stock, which leads to our 2030 price target of $207.

Safety, Quality, Competitive Advantage, & Recession Resiliency

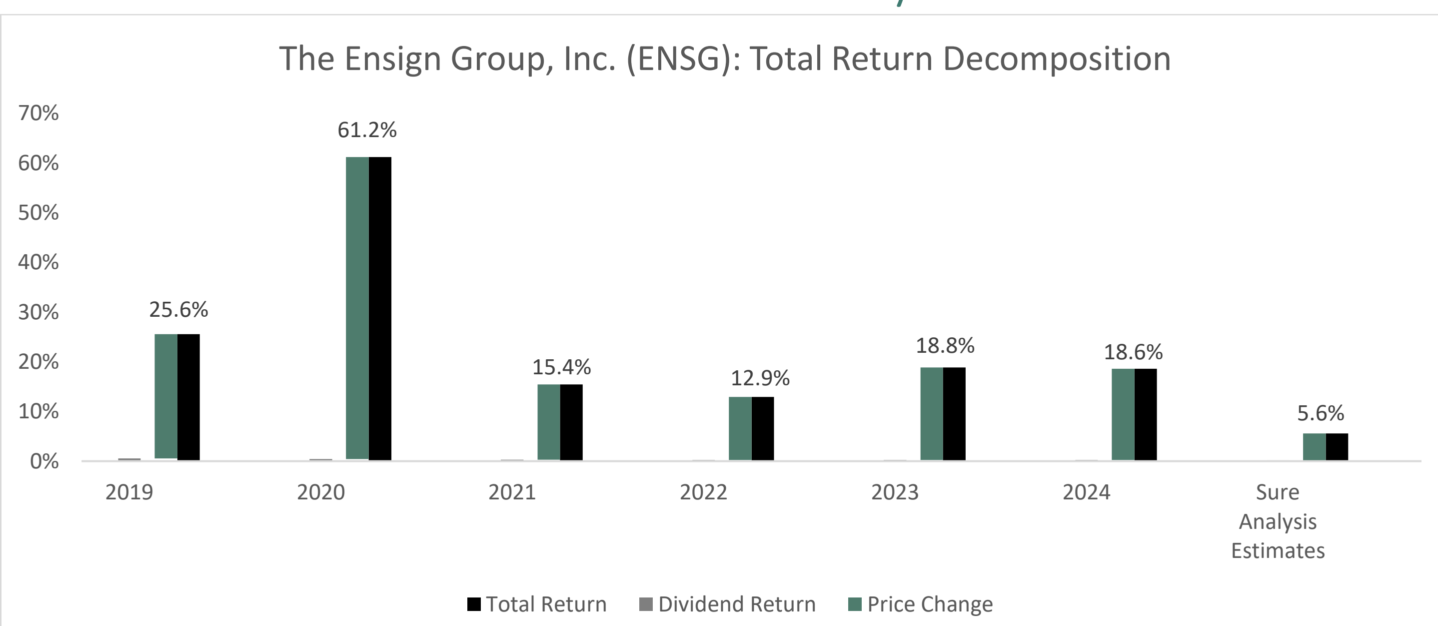
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	14%	19%	19%	11%	12%	7%	6%	6%	6%	5%	***4%***	***3%***

The Ensign Group's distinctive business model, which focuses on buying and renovating troubled healthcare facilities to restore performance and profitability, gives them a competitive advantage. In addition, the organization has performed well during recessions thanks to its solid financial position and capacity to adapt to the evolving healthcare market. As of June 30th, 2025, the Ensign Group maintained a solid liquidity position, with approximately $364.0 million in cash on hand and $592.6 million in available capacity under its line of credit. This healthy financial flexibility underpins the company's steady pace of acquisitions, operational growth, and balanced capital allocation, keeping it well-positioned for further expansion through 2025.

Final Thoughts & Recommendation

We remain confident in The Ensign Group's prospects, as its outlook is still favorable, with strong growth ahead. However, we maintain our hold rating, premised upon the 5.6% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 8.0%, the 0.2% dividend yield, and a valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,342	1,655	1,598	1,755	2,037	2,403	2,627	3,025	3,729	4,260
Gross Profit	185	188	173	219	291	407	468	518	591	668
Gross Margin	13.8%	11.4%	10.8%	12.5%	14.3%	17.0%	17.8%	17.1%	15.8%	15.7%
SG&A Exp.	64	69	74	91	111	130	152	159	263	225
D&A Exp.	28	39	42	45	51	55	56	62	72	84
Operating Profit	93	81	57	83	129	223	260	297	255	358
Op. Margin	6.9%	4.9%	3.5%	4.7%	6.3%	9.3%	9.9%	9.8%	6.8%	8.4%
Net Profit	55	50	40	92	111	170	195	225	209	298
Net Margin	4.1%	3.0%	2.5%	5.3%	5.4%	7.1%	7.4%	7.4%	5.6%	7.0%
Free Cash Flow	(27)	8	25	159	121	323	206	185	270	189
Income Tax	35	33	14	13	24	46	60	64	63	88

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	748	1,001	1,102	1,182	2,362	2,546	2,851	3,452	4,178	4,669
Cash & Equivalents	42	58	42	31	59	237	262	316	510	465
Acc. Receivable	209	244	265	252	309	305	329	408	485	570
Goodwill & Int.	105	122	139	83	61	61	67	83	83	105
Total Liabilities	321	541	602	580	1,706	1,727	1,829	2,203	2,680	2,829
Accounts Payable	36	39	39	40	45	51	58	77	93	99
Long-Term Debt	100	284	313	243	328	116	157	153	149	146
Total Equity	427	456	492	591	654	818	1,021	1,247	1,492	1,837
LTD/E Ratio	0.23	0.62	0.64	0.41	0.50	0.14	0.15	0.12	0.10	0.08

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.9%	5.7%	3.8%	8.1%	6.2%	6.9%	7.2%	7.1%	5.5%	6.7%
Return on Equity	16.2%	11.3%	8.5%	17.1%	17.8%	23.2%	21.2%	19.8%	15.3%	17.9%
ROIC	13.0%	7.9%	5.2%	11.1%	12.1%	17.8%	18.4%	17.4%	13.7%	16.4%
Shares Out.	51.4	51.9	51.4	52.6	53.5	54.6	55.2	55.7	57.3	58.2
Revenue/Share	25.70	31.74	30.25	32.26	36.38	43.07	46.16	53.20	65.06	73.15
FCF/Share	(0.51)	0.16	0.48	2.93	2.16	5.79	3.62	3.25	4.72	3.24

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