Principal Financial Group (PFG)

Updated August 7th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$76	**5 Year CAGR Estimate:**	12.2%	**Market Cap:**	$17B
Fair Value Price:	$91	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	09/04/25
% Fair Value:	83%	**5 Year Valuation Multiple Estimate:**	3.7%	**Dividend Payment Date:**	09/26/25
Dividend Yield:	4.1%	**5 Year Price Target**	$117	**Years Of Dividend Growth:**	23
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Principal Financial Group is a financial corporation that operates several businesses including insurance, primarily life insurance, and investment management, retirement solutions and asset management. Principal Financial Group was founded in 1879, and is headquartered in Des Moines, IA.

Principal Financial Group reported its second quarter earnings results on July 28. Principal Financial Group saw its assets under management increase to $723 billion, which does not include additional assets that are solely under administration. AuM increased year-over-year thanks in part due to equity market gains over that time period. In the asset management business unit, Principal Financial Group reported operating earnings growth of 10% compared to one year earlier. In the retirement and income solutions business unit, Principal Financial saw higher revenues and benefitted from some margin expansion, as its operating margin in this unit rose by 100 basis points.

Principal Financial Group generated earnings-per-share of $2.16 during the second quarter, which beat the consensus estimate by $0.13. Earnings-per-share were up 18% compared to the previous year's quarter on an adjusted basis. While 2022 and 2023 were slightly weaker than 2021, 2024 was a new record year for the company, as Principal Financial Group saw its earnings-per-share expand by a nice 11% versus the previous year. For 2025, analysts are forecasting that Principal Financial Group will see its earnings-per-share grow nicely as well.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$4.26	$4.55	$5.04	$5.53	$5.58	$4.94	$6.77	$6.66	$6.55	$7.65	***$8.30***	***$10.59***
DPS	$1.50	$1.61	$1.87	$2.13	$2.18	$2.24	$2.44	$2.56	$2.68	$2.85	***$3.12***	***$4.18***
Shares[1]	298	288	289	285	281	277	269	249	241	235	***230***	***210***

Principal Financial Group recorded a solid average annual earnings-per-share growth rate of 6% to 7% between 2015 and 2024. Growth was a bit uneven, though, as there were some years where the company's profits declined.

The company's asset management business, where Principal Global Investors and Retirement & Income Solutions are the main components, has benefitted from solid assets under management (AuM) growth in the past. A rising number of new customers also helps drive AuM, in addition to market appreciation in normal times. While market downturns can result in temporary assets under management declines, we believe that assets under management should continue to grow in the long term, even with some ups and downs in between. The company's asset management business is attractive for investors, as Principal's actively-managed funds, ETFs, and other vehicles performed better than the median of their asset class in most cases in the past. As Principal has produced above-average returns for its customers, new customers are attracted to letting Principal manage their wealth, which serves as a competitive advantage versus other asset management companies with a weaker track record. With its insurance business, Principal Financial Group has been able to grow its premiums and fees in the past, and a growing float that can be invested should result in rising investment income going forward. Principal Financial Group has also boosts its earnings-per-share growth by repurchasing shares. Between these factors, we believe a mid-single-digit earnings-per-share growth rate is realistic.

[1] 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.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	11.9	10.1	12.8	8.0	10.0	9.7	10.6	12.6	12.1	10.1	***9.2***	***11.0***
Avg. Yld.	3.0%	3.5%	2.9%	4.9%	3.9%	4.7%	3.4%	3.0%	3.4%	3.7%	***4.1%***	***3.6%***

Principal Financial Group trades at slightly more than 9 times 2025's earnings-per-share estimate right now, which is on the lower end compared to how the company's shares were valued over the last decade. We believe that this is below fair value and that Principal Financial Group's shares have upside potential from the current level. The dividend yield of more than 4% provides solid income for investors.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	35%	35%	37%	39%	39%	45%	36%	38%	41%	37%	***38%***	***39%***

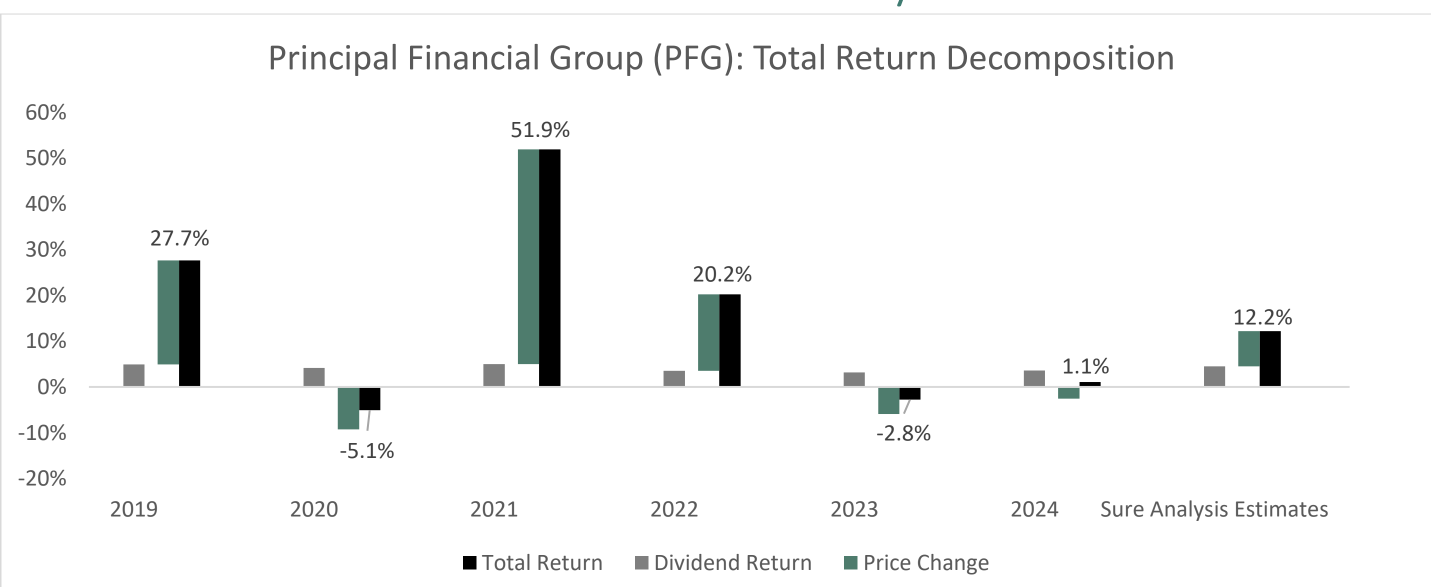
Principal Financial Group has grown its dividend considerably over the last decade, which was partially possible due to earnings-per-share growth, but which was also due to an increase in the company's dividend payout ratio. The dividend payout ratio of around 40% makes us believe that the dividend is reasonably safe.

The strong performance and ratings of Principal Financial Group's actively managed funds, ETFs, and other products is a competitive advantage, as this increases the likelihood of customers choosing Principal to manage their assets. Principal Financial Group's stock was extremely volatile during the Great Recession, but its actual underlying performance was not impacted much. Operating earnings declined by just 10% from 2007 to 2008 and started to rise again soon. This compares very favorably to the much weaker performance of many other financial companies during that time.

Final Thoughts & Recommendation

Principal Financial Group has generated solid earnings-per-share growth and dividend growth throughout the last decade. Relative to its peers from the financial industry, Principal Financial Group has been reasonably resilient to recessions and market downturns, although the company is not immune to such macro problems. Based on current estimates, the total return outlook over the coming years is strong, and since Principal Financial Group trades below fair value, we rate Principal Financial Group a buy at current prices.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	11,964	12,394	14,093	14,237	16,222	14,742	14,428	17,536	13,666	16,128
D&A Exp.	193	187	196	205	227	252	275	296	273	256
Net Profit	1,234	1,317	2,310	1,547	1,394	1,396	1,580	4,757	623	1,571
Net Margin	10.3%	10.6%	16.4%	10.9%	8.6%	9.5%	11.0%	27.1%	4.6%	9.7%
Free Cash Flow	4,241	3,703	4,023	5,064	5,361	3,601	3,125	3,057	3,690	4,534
Income Tax	178	230	(72)	231	249	265	284	1,190	69	292

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	219	228	254	243	276	297	305	291	305	314
Cash & Equivalents	2,565	2,720	2,471	2,978	2,516	2,850	2,332	4,848	4,708	4,212
Accounts Receivable	1,429	1,362	1,470	1,413	1,740	1,724	1,842	25,376	24,611	23,262
Goodwill & Int. Ass.	2,368	2,346	2,384	2,415	3,481	3,434	3,228	3,132	3,078	2,940
Total Liab. ($B)	209	218	241	231	261	280	288	281	294	302
Long-Term Debt	3,446	3,177	3,218	3,303	3,828	4,364	4,360	4,078	3,992	4,108
Shareholder's Equity	9,312	10,227	12,849	11,390	14,618	16,559	16,069	9,977	10,916	11,086
LTD/E Ratio	0.37	0.31	0.25	0.29	0.26	0.26	0.27	0.41	0.37	0.37

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.6%	0.6%	1.0%	0.6%	0.5%	0.5%	0.5%	1.6%	0.2%	0.5%
Return on Equity	12.5%	13.3%	19.7%	12.4%	10.4%	8.8%	9.5%	35.6%	5.8%	13.9%
ROIC	9.6%	9.9%	15.5%	9.9%	8.2%	7.0%	7.5%	27.0%	4.2%	10.2%
Shares Out.	298	288	289	285	281	277	269	249	241	235
Revenue/Share	40.15	42.34	48.08	49.30	57.73	53.30	52.87	68.69	55.87	68.54
FCF/Share	14.23	12.65	13.73	17.54	19.08	13.02	11.45	11.97	15.09	19.27

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