American Financial Group (AFG)

Updated February 4th, 2026, by Kody Kester

Key Metrics

Current Price:	$124	**5 Year CAGR Estimate:**	14.2%	**Market Cap:**	$10.3B
Fair Value Price:	$141	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	04/14/2026[1]
% Fair Value:	88%	**5 Year Valuation Multiple Estimate:**	2.6%	**Dividend Payment Date:**	04/24/2026[1]
Dividend Yield:	2.8%	**5 Year Price Target**	$216	**Years Of Dividend Growth:**	21
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

American Financial Group (AFG) is an insurance holding company that is engaged in property and casualty insurance, focusing on specialized commercial products for businesses. AFG's Specialty P&C Group is made up of over 35 businesses in three major groupings: Property and Transportation, Specialty Casualty, and Specialty Financial. In 2021, the company completed the sale of its annuity business. In business for more than 150 years, AFG has increased its regular quarterly dividend per share for 21 consecutive years. As of December 31st, 2025, the company's investment portfolio was valued at $17.2 billion.

On February 3rd, AFG released its financial results for the fourth quarter ended December 31st, 2025. The company's total revenue decreased by 4.0% over the year-ago period to $2.06 billion in the quarter. Slightly lower net earned premiums and net investment income contributed to this modest topline decline during the quarter. The former's increase in gross written premiums for the quarter was offset by growth in heavily ceded crop insurance. AFG's core net operating EPS jumped 17% year-over-year to $3.65 in the quarter. This topped the analyst consensus during the quarter by $0.34.

On the same day, AFG also declared a $1.50 special dividend per share. This will be paid on February 25th to shareholders of record on February 16th. AFG hasn't yet declared its next regular dividend per share, but we suspect that it will be paid on or around April 24th.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$6.03	$6.20	$8.40	$8.62	$8.44	$11.59	$11.63	$10.56	$10.75	$10.29	***$11.25***	***$17.31***
DPS	$1.15	$1.29	$1.45	$1.65	$1.85	$2.06	$2.31	$2.60	$2.93	$3.28	***$3.52***	***$5.67***
Shares[2]	86.9	88.3	89.3	90.3	86.4	84.9	85.2	83.6	84.0	83.4	***83.4***	***80.9***

Over the past decade, AFG's core net operating EPS have compounded by over 6% annually. Moving forward, we believe that annual growth can accelerate through 2031 to 9%, off an anticipated base of $11.25 for 2026. This would take the anticipated core net operating EPS base to $17.31 by 2031. Our assumptions continue to account for the specialty insurance business having ample growth opportunities ahead. That's because risks are constantly changing, and many businesses view tailored insurance solutions as the answer to addressing these risks. Over this time, we believe that AFG's share count will also modestly decrease. This is because the company generates the cash flow to fund consistent share repurchases. That's why we believe the share count will decline from the current mark of 83.4 million to 80.9 million by 2031.

[1] Estimated based on past dividend dates.
[2] Share count is 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	14.6	17.5	10.8	12.7	10.4	11.9	11.8	11.3	12.7	13.3	***11.0***	***12.5***
Avg. Yld.	1.3%	1.2%	1.6%	1.5%	2.1%	1.5%	1.7%	2.2%	2.1%	2.4%	***2.8%***	***2.6%***

Since 2016, shares of AFG have been priced at a P/E ratio as low as the low double-digits to as high as the upper teens. Overall, the average P/E ratio in that period was almost 13. In the years to come, we still think that a valuation multiple of 12.5x would represent fair value for AFG. That is backed up by the growth profile, which appears to be holding up. Relative to the current P/E ratio of 11.0, AFG's shares appear to be back into the buy zone.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	19%	21%	17%	19%	22%	18%	20%	25%	27%	32%	***31%***	***33%***

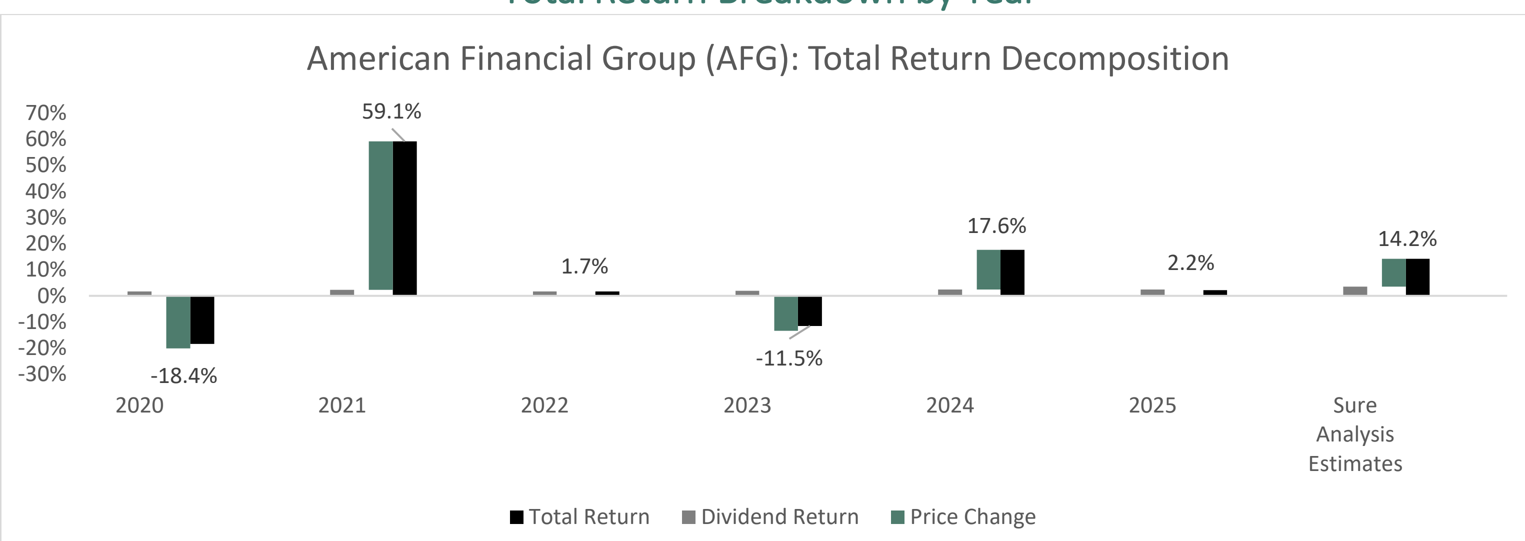
AFG has a couple of elements that could be considered competitive advantages. For one, the company has been in business for more than a century and a half. This reputation alone is enough to attract many new customers. AFG's specialized insurance product offerings also draw in new customers and allow the company to keep them. The necessity of the company's products has allowed it to report overall renewal rate increases for 38 consecutive quarters. That is how AFG has grown its core net operating EPS at a decent clip over the years.

AFG is also a financially healthy business. The company enjoys a BBB+ credit rating from S&P with a stable outlook. AFG's dividend is also well-covered, with the payout ratio set to be in the low-30% range for 2026. We think this gives it room to grow the dividend at a faster rate than core net operating EPS growth for the foreseeable future. That's why we believe AFG can deliver 10% annual growth in its regular quarterly dividend per share through 2031. This also provides the company with opportunities to continue distributing special dividends as it deems appropriate.

Final Thoughts & Recommendation

AFG's 2.8% dividend yield, 9.0% annual core net operating EPS growth prospects, and 2.6% annual valuation multiple expansion potential could lead to 14.2% annual total returns over the medium term. As a result, we're upgrading shares back to a Buy rating for the first time since last May.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	6,145	6,498	6,865	6,989	6,116	5,670	6,231	6,773	7,728	8,278
D&A Exp.	134	134	107	210	259	299	187	100	78	81
Net Profit	352	649	475	530	897	732	1,995	898	852	887
Net Margin	5.7%	10.0%	6.9%	7.6%	14.7%	12.9%	32.0%	13.3%	11.0%	10.7%
Free Cash Flow	1,353	1,150	1,804	2,083	2,456	2,183	1,714	1,153	1,970	1,152
Income Tax	195	119	247	122	143	25	254	225	221	237

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	49,837	55,072	60,658	63,456	70,130	73,710	28,931	28,831	29,787	30,836
Cash & Equivalents	1,220	2,107	2,338	1,515	2,314	1,665	2,131	872	1,225	1,406
Acc. Receivable	3,573	3,734	4,515	4,583	4,750	4,517	4,784	5,316	5,948	5,176
Goodwill & Int.	199	199	199	207	207	176	246	246	305	305
Total Liabilities	45,067	50,153	55,324	58,484	63,861	66,921	23,919	24,779	25,529	26,370
Accounts Payable	2,792	2,936	3,700	3,694	3,838	3,924	4,339	1,035	1,186	
Long-Term Debt	998	1,283	1,301	1,302	1,473	1,963	1,964	1,496	1,475	1,475
Total Equity	4,592	4,916	5,330	4,970	6,269	6,789	5,012	4,052	4,258	4,466
LTD/E Ratio	21.7%	26.1%	24.4%	26.2%	23.5%	28.9%	39.2%	36.9%	34.6%	33.0%

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.7%	1.2%	0.8%	0.9%	1.3%	1.0%	3.9%	3.1%	2.9%	2.9%
Return on Equity	7.2%	13.4%	9.3%	10.3%	16.0%	11.2%	33.8%	19.8%	20.5%	20.3%
ROIC	5.9%	10.8%	7.4%	8.2%	12.8%	8.9%	25.4%	14.3%	15.1%	
Shares Out.	89.4	88.5	89.8	90.6	91	89.2	85.6	85.3	84.8	83.9
Revenue/Share	68.74	73.42	76.45	77.14	67.21	63.57	72.79	79.40	91.13	98.67
FCF/Share	15.13	12.99	20.09	22.99	26.99	24.47	20.02	13.52	23.23	13.73

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

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