



# Aflac Inc. (AFL)

Updated February 6<sup>th</sup>, 2026, by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$116	<b>5 Year Annual Expected Total Return:</b>	3.6%	<b>Market Cap:</b>	\$60 B
<b>Fair Value Price:</b>	\$88	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	02/18/26
<b>% Fair Value:</b>	132%	<b>5 Year Valuation Multiple Estimate:</b>	-5.4%	<b>Dividend Payment Date:</b>	03/02/26
<b>Dividend Yield:</b>	2.1%	<b>5 Year Price Target</b>	\$124	<b>Years Of Dividend Growth:</b>	44
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Financials	<b>Rating:</b>	Hold

## Overview & Current Events

Aflac Inc., founded in 1955, is the world's largest underwriter of supplemental cancer insurance. The diversified insurance corporation also provides accident, short-term disability, critical illness, dental, vision, and life insurance. Roughly 70% of the company's pretax earnings are from Japan, with 30% coming from the U.S. The \$60 billion market cap company generated \$4.0 billion in profit in 2025.

On November 11<sup>th</sup>, 2025, Aflac raised its quarterly dividend 5.2% to \$0.61. This marks the company's 44<sup>th</sup> straight year of increasing its payment.

On February 6<sup>th</sup>, 2026, Aflac announced fourth quarter and full year results for the period ending December 31<sup>st</sup>, 2025. For the quarter, revenue decreased 9.3% to \$4.9 billion, but this was \$510 million above estimates. For the quarter, net earnings equaled \$1.4 billion, or \$2.64 per share, compared to net earnings of \$1.9 billion, or \$3.42 per share. However, this includes investment gains of \$537 million, which are excluded from adjusted earnings. On an adjusted basis, earnings-per-share equaled \$1.57 compared to \$1.56 in Q4 2024, but was \$0.12 below expectations. For the year, revenue fell 9.3% to \$17.2 billion while adjusted earnings-per-share of \$7.49 compared to \$7.21 in 2024.

The slightly weaker yen/dollar exchange rate did not impact adjusted earnings-per-share. In U.S. dollars, Aflac Japan's quarterly net earned premiums declined 3.0% to \$1.6 billion for the quarter while Aflac U.S. net earned premiums grew 4.0% to \$1.5 billion. Adjusted book value of \$54.06 compared to \$52.87 in the prior year. Aflac repurchased 7.2 million shares at an average price of ~\$111 during the quarter. The company has 114.3 million shares, or ~22% of its outstanding share count, remaining on its repurchase authorization. Aflac is expected to earn \$7.34 per share in 2026.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$3.40	\$3.41	\$4.17	\$4.44	\$4.96	\$5.94	\$6.23	\$6.23	\$7.21	\$7.49	<b>\$7.34</b>	<b>\$10.29</b>
<b>DPS</b>	\$0.83	\$0.87	\$1.04	\$1.08	\$1.12	\$1.32	\$1.60	\$1.68	\$2.00	\$2.32	<b>\$2.44</b>	<b>\$3.42</b>
<b>Shares<sup>1</sup></b>	812	781	755	727	692	677	625	578	550	522	<b>522</b>	<b>450</b>

Aflac grew its earnings-per-share with a compound annual growth rate of 9.2% over the last decade and 4.3% over the past five years. Also, keep in mind that the Yen was generally weakening against the dollar for a good amount of the last decade. Results for 2020 were especially impressive amid the pandemic, while 2021 proved to be a standout year.

Currency headwinds lowered results in 2022, but the company stabilized the next year and returned to growth last year.

Aflac has two sources of revenue: income from premiums and income from investments. On the premium side, this is generally sticky with policy renewals making up the bulk of income. However, Aflac operates in two developed markets where we would not anticipate outsized growth in the business. The other lever available is on the investment side, where the vast majority of the portfolio is in bonds. Here there is a possibility for income improvement should rates continue to rise in the future. In addition, the share repurchase program has been an important factor as well and we believe it will continue to drive bottom-line results. All these items – premium growth, higher rates and repurchases – were challenged to some degree by the COVID-19 pandemic. However, the company has proven to be quite resilient.

<sup>1</sup> In millions.

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We are now forecasting a 7% annual growth rate over the intermediate term, which is below the long-term growth rate of 9.9%, but ahead of the medium-term growth rate. Share buybacks should also boost EPS results as the company has been an aggressive repurchaser of its own stock. Aflac has retired almost 5% of its share count annually over the last decade. Lastly, we now project dividends to grow at 7% annually.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	10.0	11.4	10.8	11.6	8.0	8.6	13.5	13.2	14.3	14.7	15.8	12.0
Avg. Yld.	2.5%	2.2%	2.3%	2.1%	2.8%	2.5%	2.2%	2.0%	1.9%	2.1%	2.1%	2.8%

Shares of Aflac have gained \$4, or 3.6%, since our November 6<sup>th</sup>, 2025 report. Over the last decade, shares of Aflac have traded with an average P/E ratio of roughly 12 times earnings. We believe this is fair, considering that many insurers trade at a comparable multiple. With shares trading at nearly 16 times our earnings estimate, this implies a meaningful headwind from valuation. Reverting to our target multiple by 2031 would reduce annual returns by 5.4% for the period. Aflac is a Dividend Aristocrat with a long streak of rising dividends. Moreover, with the company paying out significantly less than half of its profits in the form of a dividend, there is ample runway for the dividend streak to continue.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	24%	26%	25%	24%	23%	22%	30%	27%	28%	31%	33%	33%

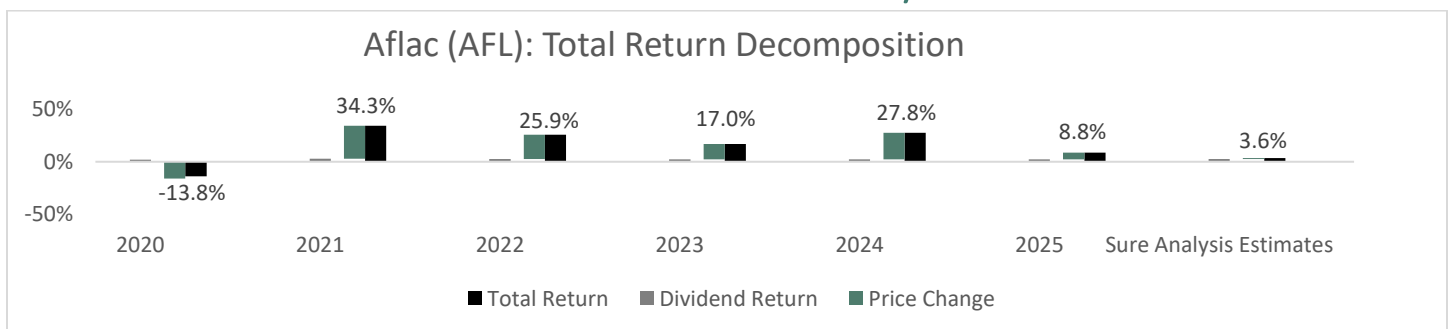
During the Great Recession Aflac generated earnings-per-share of \$1.64, \$1.31, \$1.96, and \$2.57 during the 2007 through 2010 period. Furthermore, the dividend was increasing this entire time. We are encouraged by the past performance and ongoing financial stability, as the company's strong brand and conservative approach serve as complementary competitive advantages. Although we do note that the company's international exposure, while strong in Japan, mitigates some of its reliability, especially as it relates to currency fluctuations.

Despite this reasonable recession performance, especially in comparison to other financial institutions, Aflac's share price dropped all the way from \$34 in the middle of 2008 down to under \$6 per share at the depths of the recession – even though the underlying earnings power was fine, and the dividend never faltered. We suppose this is a general cautionary note: in the long run business results will prevail, but in the short-term anything can happen, so it is important to prepare accordingly.

## Final Thoughts & Recommendation

Aflac has a solid business model and great dividend growth record. Total return potential comes in at 3.6% per year, up slightly from our prior estimate of a 3.1% return. Our forecast is driven by the 7% growth rate and the 2.1% starting dividend yield, offset by multiple contraction. Total returns are not especially attractive at the moment, but Aflac has a strong dividend risk score. Shares continue to receive a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	22,559	21,667	21,758	22,307	22,147	22,106	19,140	18,701	18,927	17,052
<b>Net Profit</b>	2,659	4,604	2,920	3,304	4,778	4,325	4,418	4,659	5,443	3,646
<b>Net Margin</b>	11.8%	21.2%	13.4%	14.8%	21.6%	19.6%	23.1%	24.9%	28.8%	21.4%
<b>Free Cash Flow</b>	5,987	6,128	6,014	5,455	5,958	5,051	3,879	3,190	2,707	
<b>Income Tax</b>	1,408	(586)	1,063	1,141	(619)	997	451	603	974	887

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets (\$B)</b>	130.80	141.57	144.66	157.96	172.30	164.55	134.85	130.88	117.40	116.47
<b>Cash &amp; Equivalents</b>	4859	3491	4337	4896	5141	5051	3943	4306	6229	6245
<b>Total Liab. (\$B)</b>	110.32	116.97	121.19	129.00	138.74	131.30	114.71	108.89	91.31	86.98
<b>Long-Term Debt</b>	5,360	5,289	5,778	6,668	7,924	7,967	7,470	7,388	7,498	8,409
<b>Shareholder's Equity</b>	20,482	24,598	23,462	28,959	33,559	33,253	20,140	21,985	26,098	21,455
<b>LTD/E Ratio</b>	0.26	0.22	0.25	0.23	0.24	0.24	0.37	0.34	0.29	0.39

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	2.1%	3.4%	2.0%	2.2%	2.9%	2.6%	3.0%	3.5%	4.4%	3.1%
<b>Return on Equity</b>	13.9%	20.4%	12.2%	12.6%	15.3%	12.9%	16.5%	22.1%	22.6%	15.3%
<b>ROIC</b>	11.0%	16.5%	9.9%	10.2%	12.4%	10.5%	12.8%	16.4%	17.3%	11.5%
<b>Shares Out.</b>	812	781	755	727	692	677	625	578	550	522
<b>Revenue/Share</b>	27.25	27.16	28.09	29.88	30.92	32.67	30.02	31.23	33.50	31.88
<b>FCF/Share</b>	7.23	7.68	7.76	7.31	8.32	7.46	6.08	5.33	4.79	

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

### Disclaimer

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