Elevance Health Inc. (ELV)

Updated January 31st, 2026, by Nathan Parsh

Key Metrics

Current Price:	$346	**5 Year Annual Expected Total Return:**	8.3%	**Market Cap:**	$77 billion
Fair Value Price:	$306	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	03/10/2026
% Fair Value:	113%	**5 Year Valuation Multiple Estimate:**	-2.4%	**Dividend Payment Date:**	03/25/2026
Dividend Yield:	2.0%	**5 Year Price Target**	$471	**Years Of Dividend Growth:**	16
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

Elevance Health Inc., formerly known as Anthem, Inc., is a healthcare benefits company has more than 47 million members through its plans. The company provides managed plans to a wide variety of markets, including individual, commercial, Medicare and Medicaid. Its two largest customer groups are government (~60% of annual sales) and commercial business (~30% of sales). Elevance has annual sales of $198 billion and a market capitalization of $77 billion.

On January 27th, 2026, Elevance raised its quarterly dividend 0.6% to $1.72, extending the company's dividend growth streak to 16 consecutive years. This is well below the 10-year average increase of 11.3%.

On January 28th, 2026, Elevance announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 9.6% to $49.3 billion, which missed estimates by $130 million. Adjusted earnings-per-share of $3.33 compared very unfavorably to adjusted earnings-per-share of $3.84 in the prior year, but this was $0.24 better than expected. For the year, revenue increased 13% to $197.6 billion while adjusted earnings-per-share of $30.29 compared to $33.04 in 2024.

As with prior periods, revenue growth was primarily a result of higher premium yields in the Health Benefits segment, growth in Medicare Advantage memberships, and acquisitions. These gains were once again offset by a reduction in Medicaid membership. The benefit expense ratio increased 110 basis points to 93.5% due to higher costs in health plans. For the quarter, the Health Benefits segment generated revenue of $41.8 billion, which was an 11% increase compared to the prior year. This segmented benefited from higher premium yields and growth in Medicare Advantage memberships, which was offset by membership declines in the Medicaid business. In total, medical membership decreased by 500K, or 1.0%, year-over-year. Revenue for Carelon was up 27% to $18.7 billion due to gains in CarelonRx products and risk-based solutions. Acquisitions also aided growth. The company repurchased 1.4 million shares at a weighted average price of $336 during the quarter. As of the end of Q4, Elevance had a total of $6.7 billion, or 8.7% of its current market capitalization, remaining on its share repurchase authorization. The company is expected to raise its premiums by a double-digit rate across several states this year due to a potential reduction in federal subsidies for ACA members. Recent legislation could also impact the Medicaid business in future years.

Elevance provided updated guidance for 2026 as well, with the company expecting adjusted earnings-per-share to be at least $25.50, which would be a sizeable decline from the prior year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$9.21	$10.21	$15.89	$19.44	$22.48	$25.98	$29.07	$33.14	$33.04	$30.29	***$25.50***	***$39.23***
DPS	$2.60	$2.70	$3.00	$3.20	$3.80	$4.52	$5.12	$5.92	$6.52	$6.84	***$6.88***	***$10.59***
Shares[1]	264	256	257	253	245	247	241	236	231	222	***222***	***200***

Elevance has increased earnings-per-share at a rate of 14.1% annually over the last decade. The company has achieved this high rate of growth through improvements in business and aggressive share repurchases. Elevance's share count has been reduced by 1.9% per year over the last decade. Even with share repurchases, profits have improved at a double-

[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.

digit clip annually over this period. We still believe that 9% earnings growth is achievable given strength in certain parts of the business and share repurchases.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.5	18.1	15.7	14.3	12.4	17.8	15.9	14.2	11.2	11.6	***13.6***	***12.0***
Avg. Yld.	2.0%	1.5%	1.2%	1.1%	1.2%	1.0%	1.3%	1.2%	1.8%	2.0%	***2.0%***	***2.2%***

Shares of the company have increased $4, or 1.2%, since our October 25th, 2025 update. Using company guidance for the year, Elevance trades with a price-to-earnings ratio of 13.6. Shares have averaged a price-to-earnings ratio of 14.6 over the last decade. We had believed this to be a fair value target, but with more uncertainty regarding health care plans moving forward, we reaffirm our five-year target P/E at 12. Multiple contraction could reduce annual returns by 2.4% over the next five years.

Elevance had never been a high yielding name, but the current yield is now well ahead of the 10-year average of 1.4%. Additionally, the dividend has a compound annual growth rate in the low double-digit range since 2015, showing that Elevance has aggressively raised its dividend over the long-term.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	28%	26%	19%	16%	17%	17%	18%	18%	20%	23%	***27%***	***27%***

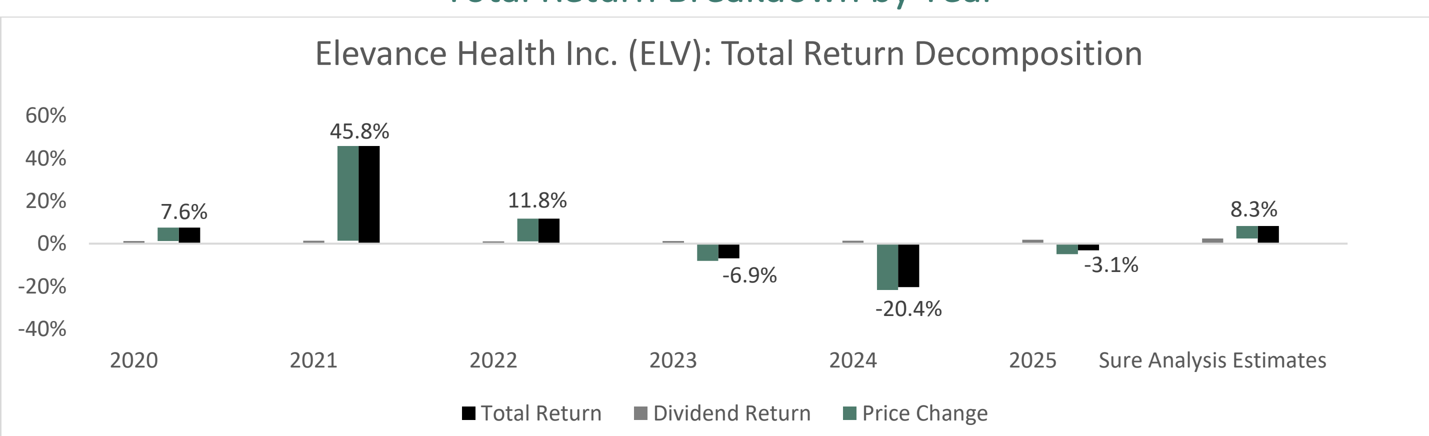
Elevance was not immune to the last recession as earnings-per-share declined from $5.57 to $4.95 for the 2007 to 2009 period. However, the company returned to growth the very next year.

Elevance has several factors working in its favor. First and foremost, the company has a large membership pool. This allows Elevance to keep premium prices low. The Medicare and Medicaid businesses have been, historically, reliable as well, though potential future cuts in payments could impair results.

Final Thoughts & Recommendation

Elevance is expected to produce total returns of 8.3% through 2031, down slightly from 11.8% previously. Our projected return stems from a 9% earnings growth rate and a starting yield of 2.0% that are offset by a small headwind from multiple contraction. The company's benefit expense ratio continues to expand as costs increase. Recent legislative action could also impact the business in future years. Guidance for 2026 is weak compared to past results and shares now trade above our fair value target. We have lowered our five-year price target $83 to $471 and we now rate shares of Elevance as a hold due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	84978	90039	92105	104213	121867	138639	156595	171340	176810	199125
D&A Exp.	912	890	1132	1133	1154	1302	1675	1745	1393	1546
Net Profit	2470	3843	3750	4807	4572	6095	5888	5991	5971	5661
Net Margin	2.9%	4.3%	4.1%	4.6%	3.8%	4.4%	3.8%	3.5%	3.4%	2.8%
Free Cash Flow	2621	3385	2619	4984	9667	7277	7247	6765	4552	3174
Income Tax	2086	121	1318	1178	1666	1830	1712	1724	1933	1049

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	66387	71460	72470	78254	88276	97460	102755	108928	116889	121494
Cash & Equivalents	4075	3609	3934	4937	5741	4880	7387	6526	8288	9491
Goodwill & Int. Ass.	25526	27600	29511	29174	31096	34843	34698	35590	40371	39544
Total Liabilities	41287	44957	43929	46526	55077	61332	66425	69523	75463	77468
Accounts Payable	4015	5024	4959	4198	5493	4970	5607	6910	6927	
Long-Term Debt	15287	18657	18066	20025	20992	23753	24781	25744	31678	31896
Shareholder's Equity	25100	26503	28541	31728	33199	36060	36243	39306	41315	
LTD/E Ratio	0.63	0.75	0.67	0.65	0.63	0.67	0.69	0.66	0.78	0.73

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.8%	5.6%	5.2%	6.4%	5.5%	6.6%	5.9%	5.7%	5.3%	4.7%
Return on Equity	10.3%	14.9%	13.6%	16.0%	14.1%	17.6%	16.3%	15.8%	14.8%	13.2%
ROIC	6.2%	8.8%	8.0%	9.6%	8.6%	10.7%	9.7%	9.5%	8.6%	7.6%
Shares Out.	264	256	257	253	245	247	241	236	231	222
Revenue/Share	316.97	336.22	348.62	400.36	479.23	561.75	644.95	721.74	759.17	886.58
FCF/Share	9.78	12.64	9.91	19.15	38.01	29.49	29.85	28.50	19.54	14.13

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