



Prudential Financial Inc. (PRU)

Updated February 4th, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$104	5 Year Annual Expected Total Return:	10.2%	Market Cap:	\$36 B
Fair Value Price:	\$119	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	02/17/26
% Fair Value:	87%	5 Year Valuation Multiple Estimate:	2.8%	Dividend Payment Date:	03/12/26
Dividend Yield:	5.4%	5 Year Price Target	\$138	Years Of Dividend Growth:	18
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

Prudential Financial, now in business for over 140 years, operates in the United States, Asia, Europe and Latin America, with more than \$1.6 *trillion* in assets under management (AUM). The company provides financial products – including life insurance, annuities, retirement-related services, mutual funds, and investment management. Prudential operates in four divisions: PGIM (formerly Prudential Investment Management), U.S. Businesses, International Businesses and Corporate & Other. The company trades with a \$36 billion market capitalization.

On February 3rd, 2026, Prudential announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, the company reported net income of \$905 million, or \$2.55 per share, versus a net loss of \$57 million, or -\$0.17 per share, in the prior year. After-tax adjusted operating income totaled \$1.168 billion, or \$3.30 per share, compared to \$1.068 billion, or \$2.96 per share in the prior year. Adjusted EPS was \$0.06 below estimates. For the year, net income of \$3.576 billion, or \$9.99 per share, was up from \$2.727 billion, or \$7.50 per share, in 2024. After-tax adjusted operating income of \$5.161 billion, or \$14.43 per share, compared to \$4.588 billion, or \$12.62 per share, in 2024.

At quarter-end, Prudential held \$1.609 trillion in AUM versus \$1.512 trillion in the year ago period. Prudential's adjusted book value per share equaled \$100.17 compared to \$95.82 in the year ago period. The company repurchased \$250 million worth of shares during the fourth quarter. Prudential has a total share repurchase authorization of \$1 billion total for 2026.

Prudential is expected to earn \$14.90 per share in 2026, which would be a 3.3% increase from the prior year. We have updated our forecast accordingly.

On February 4th, 2026, Prudential declared a \$1.40 quarterly dividend, marking a 3.7% increase.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$9.13	\$10.58	\$11.69	\$11.69	\$10.21	\$14.58	\$10.31	\$11.62	\$12.62	\$14.43	\$14.90	\$17.27
DPS	\$2.80	\$3.00	\$3.60	\$4.00	\$4.40	\$4.60	\$4.80	\$5.00	\$5.20	\$5.40	\$5.60	\$6.49
Shares¹	430	423	411	399	396	390	369	361	357	351	351	345

If you look at 2007 (when the company was earning \$7.31 and paying out \$1.15) through 2019, Prudential grew earnings-per-share by about 4.0% per year. Results in 2020 proved to be a down year amid difficult circumstances; however, the bottom-line bounced back dramatically in 2021, before declining once again in 2022. However, growth has been in an upward trajectory since. Earnings-per-share have increased with a CAGR of 5.2% since 2016.

Higher interest rates and general economic improvement are typically positives for the company's growth prospects over the long-term. Of course, there are offsetting factors; chief among them being lower rather than higher rates in the short-term. The majority of Prudential's business is in the U.S. and Japan, both of which are mature markets where we do not anticipate above average growth. Life insurance and annuities are highly competitive industries. Further, insurers

¹ In millions.

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do not know the price of the goods sold for years, allowing for the temptation to underprice policies in search for growth. We believe a slow, steady, and profitable approach in this industry is prudent.

We project 3% earnings and dividend growth rates through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	8.7	10.2	8.6	8.0	6.8	7.1	10.5	8.9	9.4	7.8	7.0	8.0
Avg. Yld.	3.5%	2.8%	3.6%	4.3%	6.4%	4.6%	4.8%	4.8%	4.4%	4.8%	5.4%	4.7%

Shares of Prudential are unchanged since our November 3rd, 2025 report. Shares of Prudential have traded hands with an average P/E ratio between 8 and 9 times earnings over the last decade. This may seem low compared to your average firm, but this has been typical of insurers. We believe fair value to be closer to 8 times earnings. With shares currently trading below our target P/E, this implies a 2.8% tailwind to annual returns from multiple expansion.

The dividend will add to shareholder returns, as it sits at 5.4% and makes up less than half of earnings.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	28%	31%	34%	43%	32%	51%	43%	41%	37%	38%	38%

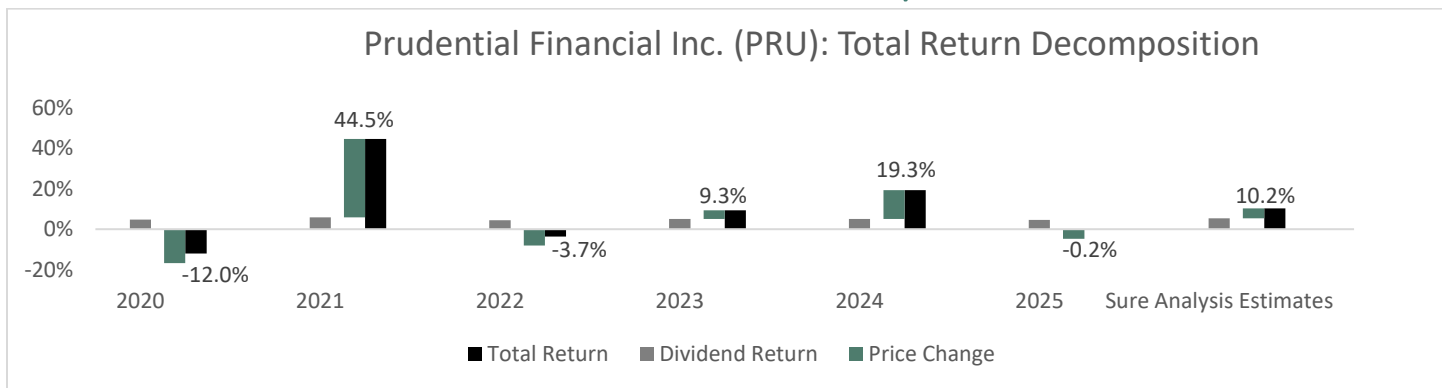
While Prudential is highly profitable and well-known, we do not believe the firm carries a significant competitive advantage over its competitors as the products it sells are highly commoditized.

During the Great Recession, Prudential generated earnings-per-share of \$7.31 in 2007 followed by \$2.69, \$5.58 and \$6.27 in 2008 through 2010. It was not until 2014 that earnings finally eclipsed their pre-recession peak. Similarly, the dividend was slashed from \$1.15 in 2007 down to \$0.58 in 2008 and did not recover until 2010. This sort of cyclicity is certainly possible in the next downturn. Still, the company has a reasonable payout ratio and financial position. We do note that while earnings dipped significantly during the Great Recession, dilutive activity was not excessive.

Final Thoughts & Recommendation

Prudential has proven to be a solid business over the years with a variety of positive attributes. We are forecasting 10.2% annual total return potential through 2031, up from our prior estimate of 9.2%. Our estimate stems from 3% earnings growth, the 5.4% starting dividend yield, and a low single-digit contribution from multiple expansion. There is a lingering negative: even in good times, growth is not especially robust and in lesser times the rate of improvement can fall off completely. We have raised our five-year price target \$6 to \$138 due to EPS estimates, but we continue to view shares of Prudential as a hold due to a mediocre dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	58,779	59,689	62,992	64,807	57,033	70,934	56,881	53,979	70,405	55,584
D&A Exp.	318	222	161	460	457	204	117	(70)	383	
Net Profit	4,369	7,974	4,040	4,238	(146)	7,679	(1,675)	2,508	2,846	3,732
Net Margin	7.4%	13.4%	6.4%	6.5%	-0.3%	10.8%	-2.9%	4.6%	4.0%	6.7%
Free Cash Flow	14,838	13,460	21,664	19,625	8,368	9,812	5,158	6,510	8,502	
Income Tax	1,335	(1,438)	822	947	(81)	1,674	(279)	613	507	1,053

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	784	832	815	897	941	938	689	721	736	774
Cash & Equivalents	14,181	14,536	15,495	16,474	13,855	12,934	17,299	19,463	18,520	19,712
Total Liab. (\$B)	738	778	766	833	873	875	657	691	705	738
Long-Term Debt	20,734	19,520	19,989	21,885	21,561	20,025	20,816	20,650	21,457	21,515
Total Equity	45,863	54,236	48,617	63,115	67,425	61,876	30,593	27,820	27,872	32,438
LTD/E Ratio	0.63	0.52	0.63	0.51	0.48	0.49	0.92	0.98	1.03	1.00

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.6%	1.0%	0.5%	0.5%	0.0%	0.8%	-0.2%	0.4%	0.4%	0.5%
Return on Equity	9.9%	15.9%	7.8%	7.5%	-0.2%	11.7%	-3.5%	8.1%	9.5%	11.4%
ROIC	5.7%	10.1%	5.0%	4.8%	-0.1%	7.9%	-2.2%	4.3%	4.9%	5.9%
Shares Out.	430	423	411	399	396	390	369	361	357	351
Revenue/Share	131.61	136.90	147.80	157.72	144.10	181.84	152.78	148.05	195.95	157.15
FCF/Share	33.22	30.87	50.83	47.76	21.14	25.15	13.85	17.86	23.66	

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

Disclaimer

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