Radian Group (RDN)

Updated February 20th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$33	**5 Year CAGR Estimate:**	10.1%	**Market Cap:**	$4.4 B
Fair Value Price:	$39	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	2/23/26
% Fair Value:	84%	**5 Year Valuation Multiple Estimate:**	3.5%	**Dividend Payment Date:**	3/10/26
Dividend Yield:	3.1%	**5 Year Price Target**	$48	**Years Of Dividend Growth:**	6
Dividend Risk Score:	C	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

Radian Group is a mortgage and real estate company that provides mortgage insurance and other products and services. It was founded in 1977 and it is headquartered in Wayne, Pennsylvania. The company was initially known as CMAC Investment Corporation and changed its name to Radian Group in 1999. The primary segment of Radian Group is its mortgage insurance segment, which includes credit-related insurance coverage for the benefit of mortgage-lending institutions and mortgage credit investors. The stock has a market capitalization of $4.4 billion.

In February 2026, Radian Group completed the acquisition of Inigo for $1.7 billion in cash. The deal value was 1.4 times the tangible book value of Inigo at the end of 2025 and is expected to boost earnings-per-share by 14%-16%. The deal was funded with the available funds of Radian Group.

In mid-February, Radian Group reported (2/18/26) results for the fourth quarter of fiscal 2025. Operating earnings-per-share grew 6% over the prior year's quarter, from $1.08 to $1.15, thanks to 20% growth in new insurance written. Earnings-per-share exceeded the analysts' estimates by $0.04. Radian Group has beaten the analysts' estimates for 17 consecutive quarters. Book value per share grew 13%. Management reiterated that it expects the acquisition of Inigo to expand the total addressable market by 12 times and double the earned premiums of the company. It will also transform the company to a global, multi-line specialty insurer. Radian Group expects double-digit growth of earnings-per-share in 2026 thanks to the acquisition of Inigo.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.37	$0.55	$2.77	$3.20	$2.00	$3.16	$4.35	$3.88	$4.11	$4.39	***$4.90***	***$5.96***
DPS	$0.01	$0.01	$0.01	$0.01	$0.50	$0.55	$0.80	$0.90	$0.98	$1.02	***$1.02***	***$1.24***
Shares[1]	229	220	219	210	197	190	171	157	152	138	***130***	***120***

The performance of Radian Group is sensitive to the strength of the housing market. The company has grown its earnings-per-share by 13.8% per year on average over the last decade but it has decelerated in recent years. It has grown its bottom line by 5.4% per year on average over the last six years. Moreover, its performance record has been volatile. The volatile results combined with the deceleration in recent years indicate the presence of significant competitive forces in this business.

However, thanks to the recently completed takeover of Inigo, we expect record earnings-per-share this year and 4.0% average annual growth of earnings-per-share over the next five years. The company may grow even faster thanks to the acquisition of Inigo but we prefer to have a margin of safety, given the volatile performance record.

Notably, share repurchases have constituted a meaningful and consistent growth driver throughout the last decade. Radian Group has reduced its share count by 5.5% per year on average over the last decade. Thanks to its ample free cash flows and its low payout ratio, the company is likely to continue repurchasing shares at a fast pace for years. Given the low price-to-earnings ratio of the stock, we believe that share repurchases significantly enhance shareholder value.

[1] In millions.

Disclosure: The analyst does not own the security discussed in this research report.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	9.3	33.5	6.8	7.1	8.8	7.1	4.9	6.3	7.9	7.7	***6.7***	***8.0***
Avg. Yld.	0.1%	0.1%	0.1%	0.0%	2.9%	2.5%	3.8%	3.7%	3.0%	3.0%	***3.1%***	***2.6%***

Excluding 2017, in which a temporary plunge in earnings resulted in an abnormally high price-to-earnings ratio, shares of Radian Group have traded hands with an average price-to-earnings ratio of 8.0. We consider this price-to-earnings ratio fair for this stock. The stock is currently trading at a price-to-earnings ratio of 6.7. If it trades at fair valuation level in five years, it will enjoy a 3.5% annualized gain in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	1%	2%	0%	0%	25%	17%	18%	23%	24%	23%	***21%***	***21%***

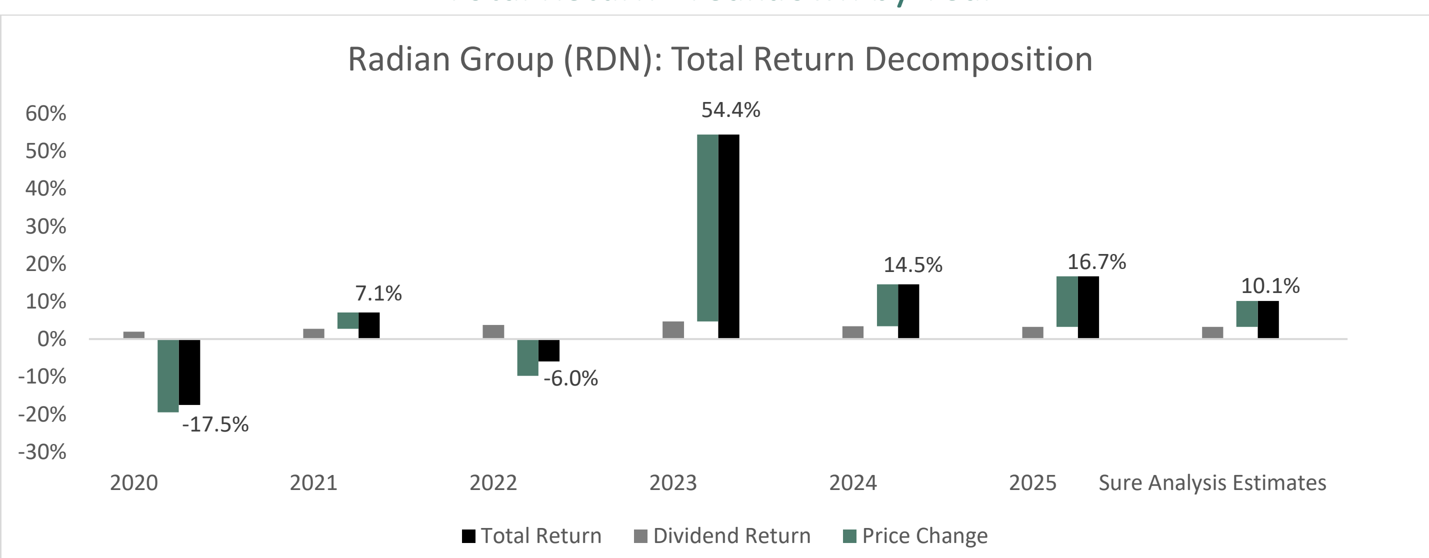
Radian Group faces competition from many companies within the private mortgage insurance industry, such as Essent Guaranty, MGIC Investment Corporation and NMI Holdings. Insurance products are commodity-like in nature and hence it is hard for a company to establish a wide business moat. The intense competition is reflected in the somewhat volatile performance record of Radian Group. In addition, the company incurred a -37.5% decrease in earnings-per-share in 2020. Therefore, it is not resilient to recessions or downturns of the housing market.

On the bright side, the company has consistently proved its shareholder-friendly character. It is currently offering a 3.1% dividend with a wide margin of safety, given the healthy payout ratio of 21%. While the dividend yield is not exciting, the company also repurchases its shares at a fast pace (5.5% per year on average over the last decade). Radian Group was among the few companies that kept repurchasing shares during the pandemic in 2020. We applaud management for repurchasing shares at low price-to-earnings ratios, thus enhancing shareholder value.

Final Thoughts & Recommendation

Radian Group has stagnated in the last three years, primarily due to high mortgage rates and a low supply of affordable homes. If inflation cools and interest rates decrease, the company is likely to experience improved business momentum. The stock could offer a 10.1% annual total return over the next five years thanks to 4.0% growth of earnings-per-share, a 3.1% dividend and 3.5% potential valuation expansion. The stock maintains its 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
Revenue	1,238	1,222	1,273	1,527	1,439	1,330	1,191	1,241	1,290	1,197
D&A Exp.	71	86	69	73	72	75	77	89	79	---
Net Profit	308	121	606	672	394	601	743	603	604	618
Net Margin	24.9%	9.9%	47.6%	44.0%	27.4%	45.2%	62.4%	48.6%	46.8%	51.6%
Free Cash Flow	346	332	652	667	641	545	371	513	(667)	---
Income Tax	175	226	78	177	86	164	210	164	167	173

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,863	5,901	6,315	6,808	7,948	7,839	7,064	7,594	8,664	8,074
Cash & Equivalents	52	81	95	93	88	151	56	19	39	25
Accounts Receivable	85	81	93	111	194	192	145	150	165	---
Goodwill & Int. Ass.	276	113	110	28	23	20	15	---	---	---
Total Liabilities	2,991	2,901	2,826	2,760	3,664	3,580	3,144	3,196	4,040	3,292
Long-Term Debt	1,070	1,027	1,113	1,022	1,582	1,560	1,569	1,537	2,307	1,109
Shareholder's Equity	2,872	3,000	3,489	4,049	4,284	4,259	3,919	4,398	4,624	4,782
LTD/E Ratio	0.37	0.34	0.32	0.25	0.37	0.37	0.40	0.35	0.50	0.23

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.4%	2.1%	9.9%	10.2%	5.3%	7.6%	10.0%	8.2%	7.4%	7.4%
Return on Equity	11.5%	4.1%	18.7%	17.8%	9.4%	14.1%	18.2%	14.5%	13.4%	13.1%
ROIC	8.1%	3.0%	14.0%	13.9%	7.2%	10.3%	13.1%	10.6%	9.4%	10.2%
Shares Out.	229	220	219	210	197	190	171	157	152	141
Revenue/Share	5.40	5.54	5.82	7.26	7.32	6.99	6.98	7.75	8.37	8.50
FCF/Share	1.51	1.51	2.98	3.17	3.26	2.86	2.17	3.20	(4.32)	---

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