American Financial Group (AFG)

Updated May 7th, 2026, by Kody Kester

Key Metrics

Current Price:	$132	**5 Year CAGR Estimate:**	12.2%	**Market Cap:**	$10.9B
Fair Value Price:	$140	**5 Year Growth Estimate:**	8.5%	**Ex-Dividend Date:**	07/14/2026[1]
% Fair Value:	94%	**5 Year Valuation Multiple Estimate:**	1.2%	**Dividend Payment Date:**	07/24/2026[1]
Dividend Yield:	2.7%	**5 Year Price Target**	$211	**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 March 31st, 2026, the company's investment portfolio was valued at $17.14 billion.

On April 29th, AFG shared its earnings report for the first quarter ended March 31st, 2026. The company's total revenue decreased by 0.1% year-over-year to $1.85 billion during the quarter. Higher net earned premiums and net investment income were offset by a swing from realized gains on securities in Q1 2025 to a slight loss in Q1 2026 and an increase in losses on changes in fair value of assets/liabilities. AFG's core net operating EPS surged 36.5% over the year-ago period to $2.47 for the quarter. That missed the analyst consensus during the quarter by $0.09.

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	***$11.20***	***$16.84***
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	***83.1***	***79.0***

Over the past decade, AFG's core net operating EPS has compounded by over 6% annually. Moving forward, we believe that annual growth can accelerate through 2031 to 8.5%, off an anticipated base of $11.20 for 2026. This would take the anticipated core net operating EPS base to $16.84 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 83.1 million to 79.0 million by 2031.

[1] Estimated based on past dividend dates.
[2] Share count is in millions.

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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	***11.8***	***12.5***
Avg. Yld.	1.3%	1.2%	1.6%	1.5%	2.1%	1.5%	1.7%	2.2%	2.1%	2.4%	***2.7%***	***2.7%***

Since 2016, shares of AFG have been valued at a P/E ratio as cheap as the low double-digits to as much 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 11.8, AFG's shares appear to be marginally undervalued.

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%***	***34%***

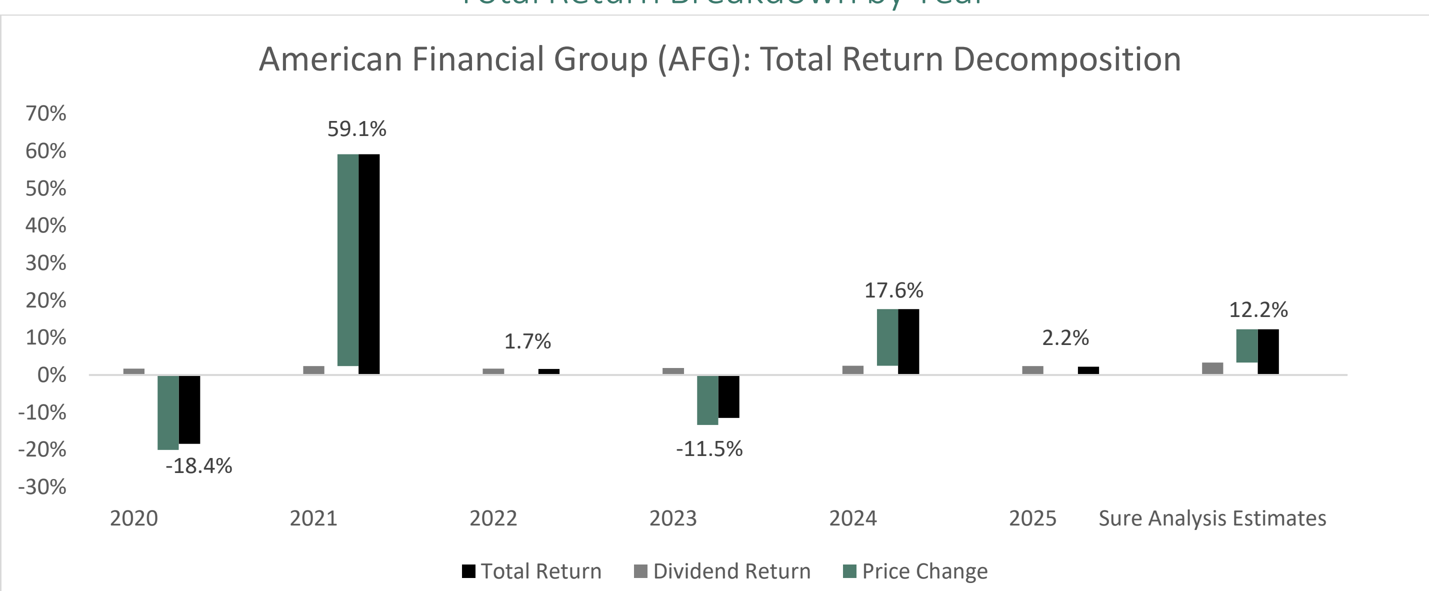
AFG has a couple of elements that could be considered competitive advantages. For one, the company has been in business for more than a century and a half. This reputation alone is enough to attract many new customers. AFG's specialized insurance product offerings also draw in new customers and allow the company to keep them. The necessity of the company's products has allowed it to report overall renewal rate increases for 39 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 2.7% dividend yield, 8.5% annual core net operating EPS growth prospects, and 1.2% annual valuation multiple expansion potential could lead to 12.2% annual total returns over the medium term. This is why we're maintaining our Buy rating.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	6,452	6,801	6,989	8,083	5,647	6,227	6,773	7,732	8,278	8,117
D&A Exp.	134	107	210	259	299	187	100	78	81	86
Net Profit	668	477	517	869	314	1,081	898	852	887	842
Net Margin	10.4%	7.0%	7.4%	10.8%	5.6%	17.4%	13.3%	11.0%	10.7%	10.4%
Free Cash Flow	1,101	1,695	2,003	2,412	2,123	1,652	1,067	1,898	1,019	1,398
Income Tax	119	247	122	239	25	254	225	221	237	231

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	52,455	57,395	60,004	66,871	69,892	24,885	24,090	24,616	25,006	26,504
Cash & Equivalents	2,107	2,338	1,515	2,314	1,665	2,131	872	1,225	1,406	1,727
Acc. Receivable	233	225	261	250	210	352	354	518	508	516
Goodwill & Int.	47,536	52,061	55,032	60,602	63,103	19,873	20,038	20,358	20,540	21,684
Total Liabilities	634	743	752	814	807	920	1,035	1,186	1,191	1,195
Accounts Payable	1,283	1,301	1,302	1,653	2,122	2,100	1,612	1,673	1,707	2,036
Long-Term Debt	4,916	5,330	4,970	6,269	6,789	5,012	4,052	4,258	4,466	4,820
Total Equity	0.26	0.24	0.26	0.26	0.31	0.42	0.40	0.39	0.38	0.42
LTD/E Ratio	52,455	57,395	60,004	66,871	69,892	24,885	24,090	24,616	25,006	26,504

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.3%	0.9%	0.9%	1.4%	0.5%	2.3%	3.7%	3.5%	3.6%	3.3%
Return on Equity	13.8%	9.3%	10.0%	15.5%	4.8%	18.3%	19.8%	20.5%	20.3%	18.1%
ROIC	11.2%	7.4%	8.0%	12.2%	3.7%	13.5%	14.1%	14.7%	14.7%	12.9%
Shares Out.	86.9	88.3	89.3	90.3	86.4	84.9	85.2	83.6	84.0	83.4
Revenue/Share	72.90	75.74	77.14	88.82	63.31	72.75	79.40	91.18	98.67	97.21
FCF/Share	12.44	18.88	22.11	26.51	23.80	19.30	12.51	22.38	12.15	16.74

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