



Aon Plc (AON)

Updated May 12th, 2026, by Josh Arnold

Key Metrics

Current Price:	\$312	5 Year CAGR Estimate:	17.4%	Market Cap:	\$67 B
Fair Value Price:	\$401	5 Year Growth Estimate:	11.0%	Ex-Dividend Date:	08/03/26 ¹
% Fair Value:	78%	5 Year Valuation Multiple Estimate:	5.2%	Dividend Payment Date:	08/14/26
Dividend Yield:	1.1%	5 Year Price Target	\$676	Years Of Dividend Growth:	15
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

Aon is a professional services firm headquartered in London, United Kingdom. The company provides a variety of services including consulting, risk management, and health plan management. Aon has approximately 500 offices worldwide that serve 120 countries through a workforce that numbers about 60,000. U.S. investors can initiate an ownership stake in Aon through American Depositary Receipts that trade with a market capitalization of \$67 billion on the New York Stock Exchange, under the ticker AON. Aon should generate just over \$18 billion in revenue this year.

Aon posted first quarter earnings on May 1st, 2026, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to \$6.48, which was 13 cents ahead of estimates. Revenue was up 1% year-over-year to \$5.03 billion, beating estimates by \$0.05 million.

Adjusted operating margin was up by 70 basis points and came to 39.1% of revenue, while adjusted operating income was up 8% to \$2 billion.

Free cash flow for the quarter came to \$363 million, and the company continues to expect at least 10% free cash flow growth for the full year.

Commercial Risk saw organic revenue growth of 7%, its fourth consecutive quarter of growth of at least 6%. Data center revenue is on pace to be 3X higher than it was a year ago.

Reinsurance renewals were a dark spot as renewals rates are down 15% to 20% in the US and Japan.

Aon bought back \$500 million in common shares and allocated \$349 million towards acquisitions in the middle market. We continue to see \$19.10 in adjusted earnings-per-share for the year, unchanged from prior.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$5.16	\$6.52	\$8.16	\$9.17	\$9.81	\$12.00	\$13.39	\$14.14	\$15.60	\$17.07	\$19.10	\$32.18
DPS	\$1.29	\$1.41	\$1.56	\$1.72	\$1.78	\$1.99	\$2.19	\$2.41	\$2.64	\$2.91	\$3.28	\$5.05
Shares²	262	254	245	237	230	215	205	198	216	214	210	195

Over the last decade, Aon compounded its adjusted earnings-per-share at a rate of more than 14% per year. Looking ahead, we believe that the company's growth is likely to continue to be quite strong, albeit a bit slower than its historical pace. More specifically, we are forecasting 11% annualized earnings growth over a full economic cycle.

Management continues to be bullish, and rightfully so, as Aon's businesses are posting very strong rates of growth, for the most part. We see expense savings as a driver of earnings growth along with the buyback, and organic revenue growth should continue to move the top line higher as well. Given the broad assortment of professional services the company offers as well as its global footprint, we are bullish on Aon's future. We note forex translation has been a sizable headwind in the past, but Aon has thus far been able to overcome that, and then some. There is upside potential so long as the company can continue to grow expenses at a slower rate than the top line.

¹ Estimated date

² 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 72 hours.



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The dividend should continue to rise at roughly the rate of earnings, and we forecast the payout to be at \$5.05 in 2031, up from the current \$3.28. Aon is not a high-yield stock by any means, but its dividend growth potential is robust given the very low payout ratio, and strong earnings growth outlook.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.4	20.1	17.9	17.7	20.3	21.6	22.4	20.6	23.0	20.7	16.3	21.0
Avg. Yld.	1.2%	1.1%	1.1%	0.9%	0.9%	0.8%	0.7%	0.8%	0.7%	0.8%	1.1%	0.7%

Aon has traded at an average price-to-earnings ratio of ~20.5 over the last decade, and we are using 21 for a fair value estimate as more recent years have seen higher valuations. The company is trading for a price-to-earnings ratio of 16.3 using our 2026 earnings-per-share estimate. That implies a +5.2% total returns from the valuation, as Aon is trading well below our estimate of fair value. We see the yield drifting lower for the foreseeable future, noting Aon is not – and likely will not be for some time – a pure income stock.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	25%	22%	19%	19%	18%	17%	16%	17%	17%	17%	17%	16%

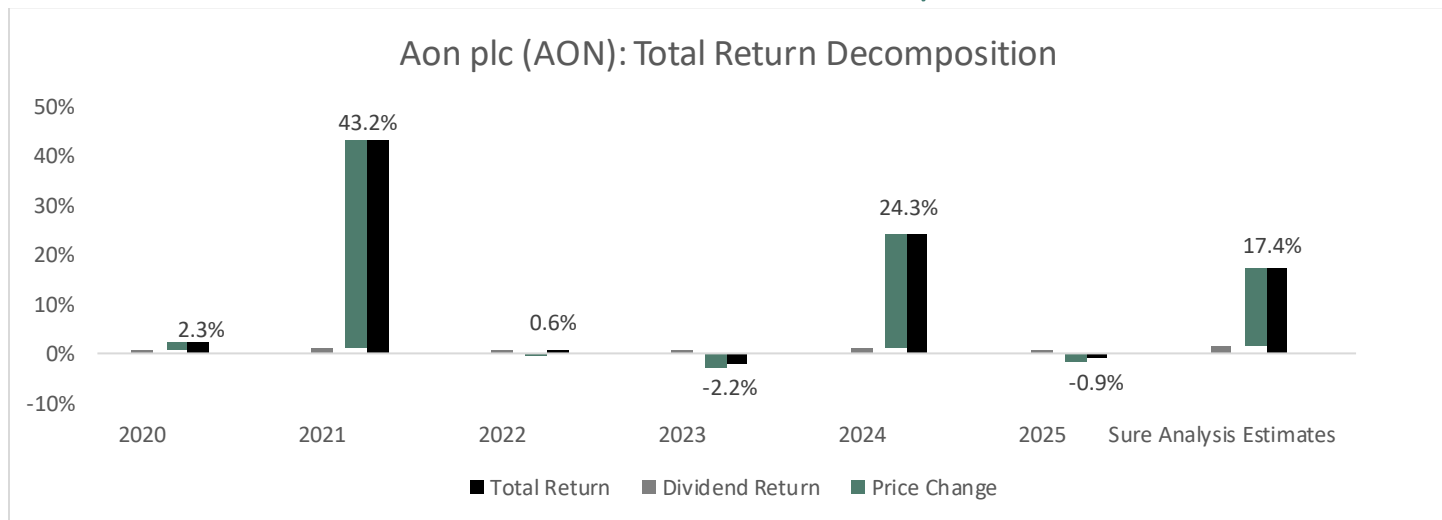
Aon's payout ratio is still very low, consistent with the company's historical practices, and we do not believe that will change. We see the dividend remaining around one-sixth of total earnings, so the payout is extremely safe. However, this means Aon is highly unlikely to have a meaningful yield anytime soon. Management has stated that it plans to protect the dividend during periods of uncertainty, and we see no reasonable scenario where Aon's dividend would be at risk.

Aon was resilient during the Great Recession, and that was certainly the case again during the COVID crisis, the product of its very diversified revenue streams. This is also a competitive advantage for the firm, along with its world-class client list and reputation.

Final Thoughts & Recommendation

We are forecasting 17.4% total annual returns, consisting of the 1.1% yield, 11% EPS growth, and a +5.2% impact from the valuation. We're reiterating Aon at a buy rating after Q1 results and strong guidance. Aon offers dividend growth potential, but also a long runway for earnings-per-share growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	9,409	9,998	10,770	11,013	11,066	12,193	12,479	13,376	15,698	17,289
SG&A Exp.	3,895	3,995	4,667	4,959	5,161	5,455	2,069	1,862	1,966	---
D&A Exp.	41.4%	40.0%	43.3%	45.0%	46.6%	44.7%	264	256	686	966
Operating Profit	1,765	2,039	2,354	2,226	1,967	3,039	3,669	3,822	4,224	4,818
Operating Margin	319	891	769	564	413	326	29.4%	28.6%	26.9%	27.9%
Net Profit	1,811	1,065	1,544	2,169	2,781	2,090	2,589	2,564	2,654	3,750
Net Margin	19.2%	10.7%	14.3%	19.7%	25.1%	17.1%	20.7%	19.2%	16.9%	21.7%
Free Cash Flow	1,396	1,226	1,134	1,532	1,969	1,255	3,023	3,183	2,817	3,218
Income Tax	14.8%	12.3%	10.5%	13.9%	17.8%	10.3%	510	541	742	1,009

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	26,615	26,088	26,422	29,405	32,114	31,928	32,704	33,959	48,965	50,784
Cash & Equivalents	426	756	656	790	884	544	690	778	1,085	2,798
Acc. Receivable	2,106	2,478	2,760	3,112	3,070	3,094	3,035	3,254	3,803	---
Goodwill & Int.	9,300	10,091	9,320	8,948	9,306	8,926	8,739	8,648	21,942	21,524
Total Liabilities	21,083	21,440	22,203	25,956	28,531	30,770	33,133	34,701	42,535	41,236
Accounts Payable	1,604	1,961	1,943	1,939	2,016	2,192	18,014	2,262	2,905	---
Long-Term Debt	6,205	5,966	6,244	7,339	7,729	9,392	10,770	11,199	17,016	15,889
Total Equity	5,475	4,583	4,151	3,375	3,495	1,061	-529	-826	6,121	9,352
LTD/E Ratio	1.13	1.30	1.50	2.17	2.21	8.85	-20.36	-13.56	2.78	1.72

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.2%	4.7%	4.3%	5.5%	6.4%	3.9%	8.0%	7.7%	6.4%	7.5%
Return on Equity	24.3%	24.4%	26.0%	40.7%	57.3%	55.1%	710%	---	93.3%	46.9%
ROIC	11.9%	11.0%	10.8%	14.4%	17.8%	11.5%	24.8%	24.7%	15.7%	15.0%
Shares Out.	262	254	245	237	230	215	213	205	213	217
Revenue/Share	34.81	38.35	43.60	45.77	47.47	53.93	58.53	65.25	73.87	79.64
FCF/Share	8.03	2.11	5.85	6.69	11.33	9.04	14.18	15.53	13.26	14.82

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

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