H&R Block Inc. (HRB)

Updated June 5th, 2026, by Kody Kester

Key Metrics

Current Price:	$38	**5 Year CAGR Estimate:**	17.9%	**Market Cap:**	$4.8B
Fair Value Price:	$52	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	09/04/26[1]
% Fair Value:	73%	**5 Year Valuation Multiple Estimate:**	6.4%	**Dividend Payment Date**	10/05/26[1]
Dividend Yield:	4.5%	**5 Year Price Target**	$76	**Years Of Dividend Growth:**	11
Dividend Risk Score:	B	**Sector:**	Consumer Discretionary	**Rating:**	Buy

Overview & Current Events

H&R Block, Inc. (HRB) is a U.S.-based tax preparation and financial services company founded in 1955 and headquartered in Kansas City, Missouri. The firm provides assisted and do-it-yourself tax return preparation services through its extensive network of approximately 9,000 retail offices, online platforms, and mobile applications, serving individual taxpayers as well as small-business clients across the United States, Canada, and Australia. Beyond core tax filing services, HRB offers related financial products, including refund transfer services, prepaid debit cards, loans, identity protection, and small-business bookkeeping and payroll solutions through its Wave Financial subsidiary. The company blends digital innovation with AI-enabled human expertise to help clients navigate tax seasons and manage their financial lives.

On May 6, 2026, HRB shared its earnings report for the fiscal third quarter ended March 31, 2026. The company's total revenue grew by 5.3% year-over-year to $2.40 billion during the quarter. That was largely fueled by strong execution within the U.S. assisted tax preparation category. After years of market share erosion to digital DIY platforms, HRB stabilized its assisted channel market share. Due to targeting complex, higher-value clients, the net average charge increased by 3.9% to $282.30 in the quarter. This offset a 2.5% dip in overall return volume (stemming from a pullback in lower-margin free DIY filings) for the quarter. All the while, volume for the company-owned assisted offices edged 2.1% higher to 8.88 million returns during the quarter. Double-digit percentage growth in international revenue and from its cloud-based small-business bookkeeping and payroll subsidiary, Wave, were contributors as well. HRB's adjusted diluted EPS surged 11.9% higher over the year-ago period to $6.02 in the quarter. That came in $0.25 ahead of the analyst consensus for the quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.59	$1.96	$2.98	$2.15	$0.84	$3.39	$3.51	$3.82	$4.41	$4.66	***$5.15***	***$7.57***
DPS	$0.80	$0.88	$0.96	$1.00	$1.04	$1.04	$1.08	$1.14	$1.25	$1.44	***$1.68***	***$2.36***
Shares[2]	219.1	209.1	205.5	201.0	192.9	181.8	159.9	146.2	139.6	134.0	***126.8***	***92.0***

Since FY 2016, HRB's adjusted diluted EPS have compounded by almost 13% annually. In recent years, this has decelerated to just shy of 9%. Moving forward, we believe that HRB's adjusted diluted EPS can grow by 8.0% annually through FY 2031, off an anticipated FY 2026 base of $5.15 (the midpoint of its $5.10 to $5.20 guidance for FY 2026). We expect the topline to grow at a low single-digit percentage rate over this time, which will be assisted by the integration of generative AI tools to improve filing efficiencies and customer onboarding speeds. That will allow tax pros to handle more complex filings at peak capacity toward the final weeks of the filing season without bottlenecks. On the capital allocation side, we think that HRB will continue to retire shares at roughly 6% annually, building on its reputation as a share cannibal.

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[1] Estimated dates 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	Now	2031
Avg. P/E	12.7	12.7	9.5	12.5	19.1	6.6	10.5	8.3	12.3	11.7	***7.3***	***10.0***
Avg. Yld.	4.0%	3.5%	3.4%	3.8%	6.5%	4.7%	2.9%	3.6%	2.3%	2.6%	***4.5%***	***3.1%***

Over the past decade, HRB's shares have been valued at a P/E ratio as low as the mid-single digits to as much as the high teens. The average P/E ratio over that time was nearly 12. In recent years, the five-year average P/E ratio was roughly 10. Looking ahead, we think that a reasonable fair value P/E ratio for HRB is 10. On the one hand, HRB's growth prospects are modest. On the other hand, the share buyback program provides a floor for the valuation. Relative to the current-year P/E ratio of 7.3, this implies shares are meaningfully discounted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	50%	45%	32%	47%	124%	31%	31%	30%	28%	31%	***33%***	***31%***

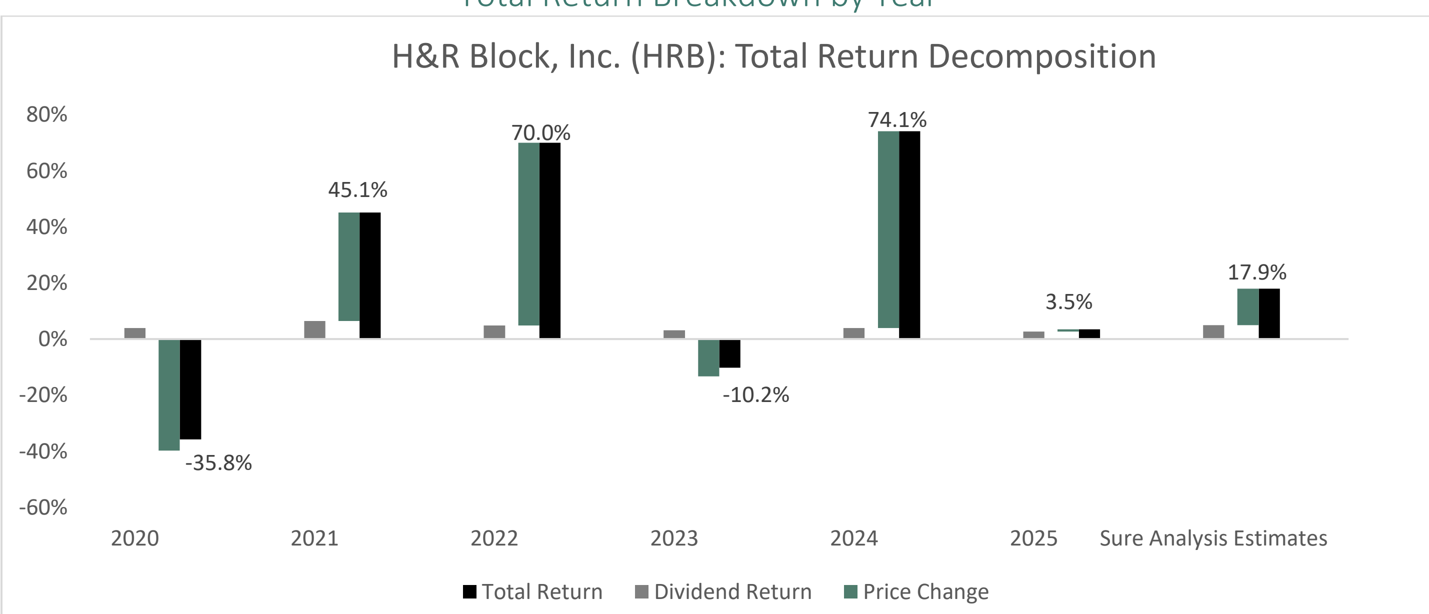
HRB benefits from competitive advantages. These include being the leading brand in the tax prep industry with unmatched scale that smaller regional or independent mom-and-pop tax storefronts can't match. HRB's scale also allows it to funnel hundreds of millions of dollars annually into market campaigns. For the unattached consumer seeking a tax professional, HRB represents the default choice.

HRB is also financially stable. The company possesses a BBB- S&P credit rating with a stable outlook. HRB's dividend is also reasonably safe, with the payout ratio set to be in the low-30% range in FY 2026. This gives it the flexibility to grow the dividend almost as fast as adjusted diluted EPS for the foreseeable future.

Final Thoughts & Recommendation

HRB has several favorable qualities as a business. It has a leading brand in its industry and has a highly profitable, capital-light business model. This allows the company to return cash to shareholders through share repurchases and dividends. HRB's 4.5% dividend yield, 8.0% annual adjusted diluted EPS growth prospects, and 6.4% annual valuation multiple upside potential could generate 17.9% annual total returns over the medium term. As a result, we're upgrading shares to a 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	3,038	3,036	3,160	3,095	2,640	3,414	3,463	3,472	3,610	3,761
Gross Profit	1,295	1,392	1,420	1,338	927	1,572	1,582	1,549	1,619	1,675
Gross Margin	42.6%	45.8%	44.9%	43.2%	35.1%	46.0%	45.7%	44.6%	44.8%	44.5%
SG&A Exp.	298	261	249	270	255	262	284	286	278	286
D&A Exp.	174	182	183	167	170	157	142	131	122	117
Operating Profit	633	716	759	616	183	770	745	761	834	866
Operating Margin	20.8%	23.6%	24.0%	19.9%	6.9%	22.5%	21.5%	21.9%	23.1%	23.0%
Net Profit	383	420	625	444	6	588	558	560	596	607
Net Margin	12.6%	13.8%	19.8%	14.4%	0.2%	17.2%	16.1%	16.1%	16.5%	16.1%
Free Cash Flow	445	463	751	511	27	573	747	752	657	599
Income Tax	186	208	42	100	(10)	79	98	149	164	172

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,847	2,694	3,141	3,300	5,112	3,654	3,269	3,072	3,219	3,264
Cash & Equivalents	1,001	1,118	1,664	1,748	2,884	1,063	1,051	1,015	1,075	1,003
Accounts Receivable	127	144	131	124	118	177	44	43	35	32
Goodwill & Int. Ass.	905	901	882	862	1,127	1,118	1,070	1,052	1,049	1,061
Total Liabilities	2,824	2,755	2,747	2,758	5,041	3,301	3,058	3,040	3,128	3,175
Accounts Payable	260	217	252	250	203	198	161	160	156	144
Long-Term Debt	1,492	1,494	1,496	1,493	3,808	1,733	1,716	1,730	1,756	1,816
Shareholder's Equity	23	(61)	394	542	71	352	212	32	91	89
LTD/E Ratio	64.59	(24.5)	3.80	2.76	56.35	5.50	9.08	60.35	21.66	22.78

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.4%	15.2%	21.4%	13.8%	0.1%	13.4%	16.1%	17.6%	18.9%	18.7%
Return on Equity	41.3%		375.8%	95.0%	1.8%	277.6%		459.2%	971.1%	676.0%
ROIC	19.9%	28.5%	37.6%	22.6%	0.2%	18.5%	25.2%	27.3%	29.6%	29.1%
Shares Out.	220.5	207.2	209.3	202.0	192.5	181.5	159.9	147.0	139.6	126.8
Revenue/Share	12.11	14.18	15.03	14.97	13.42	18.08	20.20	22.08	25.09	27.38
FCF/Share	1.77	2.16	3.57	2.47	0.14	3.04	4.35	4.78	4.57	4.36

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