# THE CIGNA GROUP
## (NYS:CI)

Report Date: July 23, 2025


Over the past year, CI shares are down 12.3%, versus a gain of 16.2% for the broader market. The 52 week trading range is $262.03 to $370.83. The Argus A6 target price is $330 representing a 10% gain from the current level.

Cigna primarily provides pharmacy benefit management and health insurance services. Its PBM and specialty pharmacy services, which were greatly expanded by its 2018 merger with Express Scripts, are mostly sold to health insurance plans and employers.

| Growth Analysis | GAAP Data | | | | | Growth Rates | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 1-Year | 3-Year | 5-Year |
| Revenue (B) | 160.5 | 174.3 | 180.0 | 195.2 | 244.4 | 25% | 40% | 59% |
| Gross Margin | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Operating Income | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Interest Expense (B) | 1.4 | 1.2 | 1.2 | 1.4 | 1.4 | -1% | 19% | -15% |
| Pre Tax Income (B) | 10.9 | 6.8 | 8.4 | 5.5 | 5.3 | -4% | -22% | -20% |
| Net Income (B) | 8.5 | 5.4 | 6.7 | 5.2 | 3.4 | -34% | -36% | -33% |
| EPS | 22.96 | 15.73 | 21.30 | 17.39 | 12.12 | -30% | -23% | -10% |
| Dividend/Share | .04 | 4.00 | 4.48 | 4.92 | 5.60 | 14% | 40% | NM |
| Shares Outstanding (M) | 365.0 | 341.0 | 313.1 | 296.9 | 283.2 | -5% | -17% | -25% |
| Market Cap (B) | 76.0 | 78.3 | 103.7 | 88.9 | 98.1 | 10% | 25% | 26% |
| Book Value (B) | -29.51 | -32.80 | -33.43 | -28.90 | -32.75 | NM | NM | NM |

| Financial Condition | GAAP Data | | | | | Growth Rates | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 1-Year | 3-Year | 5-Year |
| Cash / Short Term Inv. (B) | 11.5 | 6.0 | 6.8 | 8.7 | 8.2 | -6% | 37% | 48% |
| Current Assets | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Current Liabilities | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Working Capital | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Short-Term Debt (B) | 3.4 | 2.5 | 3.0 | 2.8 | 3.0 | 9% | 19% | -45% |
| Long Term Debt (B) | 29.5 | 31.1 | 28.1 | 28.2 | 28.9 | 3% | -7% | -9% |
| Total Debt (B) | 32.9 | 33.7 | 31.1 | 30.9 | 32.0 | 3% | -5% | -15% |
| Shareholders Equity (B) | 50.3 | 47.1 | 44.9 | 46.2 | 41.0 | -11% | -13% | -9% |

| Ratio Analysis | | | | | | Trend | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 1-Year | 3-Year | 5-Year |
| Operating Margin | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net Margin | 5% | 3% | 4% | 3% | 1% | Lower | Lower | Lower |
| ROE | 18% | 11% | 14% | 11% | 8% | Lower | Lower | Lower |
| ROA | 5% | 3% | 4% | 3% | 2% | Lower | Lower | Lower |
| Current Ratio | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Interest Coverage | 8.6 | 6.6 | 7.8 | 4.8 | 4.7 | Lower | Lower | Lower |
| Dividend Payout Ratio | 0% | 25% | 21% | 28% | 46% | Higher | Higher | Higher |
| L-T Debt/Equity | 59% | 66% | 63% | 61% | 71% | Higher | Higher | Higher |
| Total Debt/Total Cap | 37% | 40% | 39% | 38% | 41% | Higher | Higher | Higher |

| Valuation Analysis | | | | | | Trend | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 1-Year | 3-Year | 5-Year |
| Price - Year End | 208.18 | 229.63 | 331.34 | 299.45 | 346.54 | Higher | Higher | Higher |
| 52-Week High | 222.56 | 266.91 | 339.30 | 321.48 | 363.34 | Higher | Higher | Higher |
| 52-Week Low | 130.06 | 191.90 | 217.56 | 242.64 | 297.82 | Higher | Higher | Higher |
| P/E High | 9.7 | 17.0 | 15.9 | 18.5 | 30.0 | Higher | Higher | Higher |
| P/E Low | 5.7 | 12.2 | 10.2 | 14.0 | 24.6 | Higher | Higher | Higher |
| P/S High | .5 | .5 | Nil | Nil | .5 | Nil | Lower | Lower |
| P/S Low | .3 | .4 | Nil | Nil | .4 | Nil | Lower | Lower |
| P/B High | 1.6 | 1.8 | Nil | Nil | 2.4 | Nil | Higher | Higher |
| P/B Low | 1.0 | 1.3 | Nil | Nil | 1.9 | Nil | Higher | Higher |
| Yield High | .03% | 2.08% | 2.06% | 2.03% | 1.88% | Lower | Lower | Higher |
| Yield Low | .02% | 1.50% | 1.32% | 1.53% | 1.54% | Higher | Higher | Higher |
| Return | 2% | 10% | 44% | -10% | 16% | Higher | Higher | Nil |

| | |
|---|---|
| Argus Rating:<br>Rating Since: 03/26/25 | BUY |
| Current Price: | $300.05 |
| Target Price: | $330.00 |
| Market Cap: | $80.2 billion |
| Dividend: | $6.04 |
| Yield: | 2.0% |
| Beta: | 0.82 |
| Sector: | Financial |
| Industry: | Insurance |

## Argus A6 Sub-component Scores

H High M Medium L Low

H **Industry**
Earnings revisions, analyst conviction, performance and historical industry weighting.

M **Management**
Consistency of growth & financial strength.

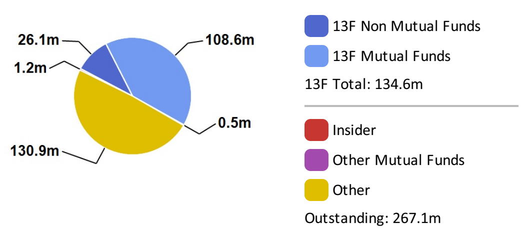
M **Safety**
Liquidity, dividend yield, market cap, debt leverage and stock price beta.

M **Financial Strength**
Balance sheet debt and liquidity ratios.

M **Growth**
Normalized earnings estimates and sales trends.

H **Value**
Price/earnings, price/sales ratios, trend lines, and DCF valuation.

## Vicker's Institutional & Insider Holdings



## Peer Comparison Table: Financial

| Ticker | Company | Price($) | Market Cap (Millions $) | 5-yr EPS Growth Rate | Current FY P/E | Net Margin | 1-yr EPS Growth Rate | Argus Rating |
|---|---|---|---|---|---|---|---|---|
| MMC | MARSH & MCLENNAN COS | 210.30 | 103,388.54 | 140% | 24.17 | 16% | 9% | BUY |
| CI | THE CIGNA GROUP | 300.05 | 80,156.14 | -10% | 13.49 | 2% | -30% | BUY |
| AJG | ARTHUR J GALLAGHER & CO | 312.41 | 80,008.20 | 85% | 38.82 | 13% | 47% | BUY |
| AON | AON PLC-CLASS A | 354.22 | 76,490.24 | 96% | 28.84 | 16% | 0% | BUY |
| TRV | TRAVELERS COS INC/THE | 266.78 | 60,061.21 | 116% | 11.70 | 11% | 68% | BUY |
| Peer Average | | | 80,020.9 | 85% | 23 | 11% | 19% | |

Our rating on the Financial sector is Over-Weight. The Fed's extended rate hike campaign is expanding banks' net interest margins. We also look for recovery in fee-based businesses, bond issuance, and M&A as the rate cycle winds down. At the same time, with inflation running hot, companies may cut back on hiring and investments, and thus on business loans.

As of the end of June, the sector accounted for 14.0% of the S&P 500. Over the past five years, the weighting has ranged from 10% to 15%. The sector was outperforming the market with a gain of 8.4%. It outperformed the market in 2024, with a gain of 28.4% compared to a gain of 23.3% for the S&P 500.

The sector's P/E ratio on projected 2026 EPS was 15, below the market multiple. Yields of 1.3% were equal to the market average. The sector's smoothed earnings growth rate of 9% was equal to the market average.

# Key Sector Trends

## Banking

- Higher interest rates boosted net interest margins in the year following the Fed's initial rate hikes, but margins more recently have been under pressure from rising deposit costs as banks compete with higher-yielding alternatives. Margins came under some additional pressure after the Fed lowered interest rates in September 2024, but further cuts are expected to be gradual.
- Another effect of higher rates has been slowing loan growth, so lower rates should begin to have a positive impact, and we expect pent-up demand to drive lending growth in weak areas such as residential mortgages.
- The capital markets businesses of large banks have been under pressure in recent years, and this has not changed in 2025 as the threat of tariffs has weighed on the investment decisions of public and private corporates. Market valuations have improved as of mid-2025, but we expect greater clarity will be needed on tariffs before a meaningful rebound in activity.
- Meanwhile, the change in U.S. presidential administrations has been expected to usher in an era with a lighter regulatory touch. M&A activity could receive a boost as the Federal Trade Commission and Justice Department likely offer fewer roadblocks to deal completions. Lower interest rates, combined with improvement in the CEO confidence index, should also provide a better backdrop for M&A activity. Lastly, trading operations at banks remain a bright spot, as volatility across equity, fixed-income, and commodity markets has led to high trading volume.
- Credit quality, which often tracks employment, remains a concern, as banks become more cautious about some lending areas and add to loan loss reserves. In particular, delinquencies for credit cards and auto loans have begun to move higher, often the first signs of credit stress. The rapid rise in credit card loans, eclipsing $1.2 trillion as of early 2025, also indicates that stress is building especially for the lower-income consumer.
- The banking industry remains in a strong capital position, as evidenced by a clean bill of health from the Fed during the mid-2024 CCAR (stress test) cycle, which also included increases in capital returns. In addition, recent proposals for Basel III endgame rules have been softened, meaning less onerous capital increases required and more capital that can be lent out. The new presidential administration is also expected to foster less-onerous capital requirements.

## Insurance

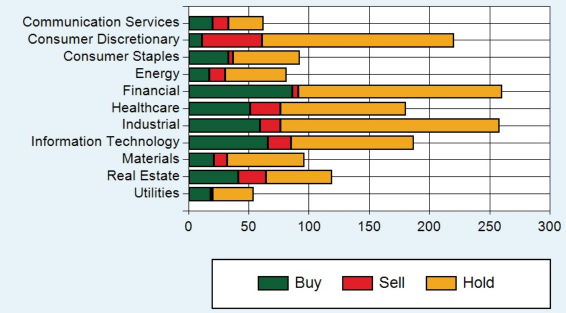
- As interest rates have remained near 4% over the last couple of months, life insurance companies have seen steady levels of investment income and an improvement in unrealized bond losses, offset by lower private equity and alternative asset valuations. Institutional asset management revenues continue to grow, offset by retail outflows.
- Property-Casualty (P&C) insurers continue to struggle in managing their combined ratios, with many seeing ratios over 100% in personal lines primarily in the home sector due to the, California wildfires, and other weather events. Recent price increases have, for the most part, brought combined ratios comfortably below 100%, especially in the auto sector.
- With shelter inflation remaining "sticky," P&C companies have faced pressure from higher home repair and replacement costs. Labor litigation costs and retail theft costs have also risen substantially.
- Multi-line insurers should benefit from a diversified set of offerings, lowering the risks associated with traditional P&C companies.

## Argus A6 Quantitative Universe

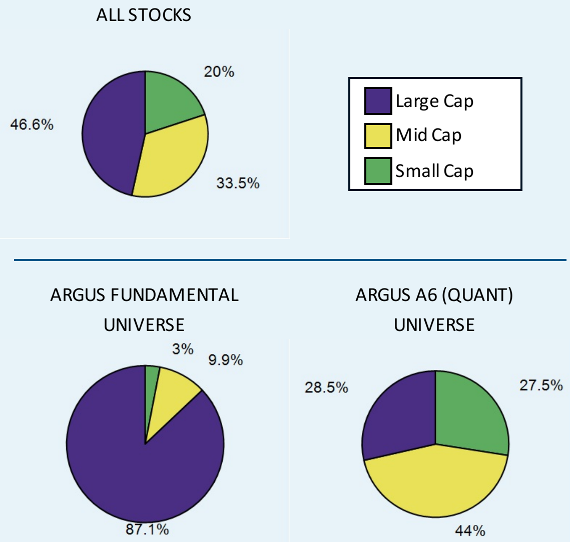
Our A6 Quantitative Universe includes more than 1,500 companies that are diversified across all asset classes and industry sectors. Ratings for these companies are derived through a proprietary algorithm we have designed and tested so that the ratings are based on our fundamental Six-Point System. Our A6 Quantitative Ratings include sub-ratings for each of the six factors.

The A6 algorithm is designed to capture and analyze financial trends for each company under coverage. Companies are measured against their historical record, peer group, and the broad market. For each covered company, the A6 algorithm generates a subrating for growth, financial strength, industry outlook, management, risk/safety and valuation. These scores are totaled and provide an overall rating for each company. The A6 algorithm rates stocks on growth based on normalized earnings estimates and sales trends, among other factors. Our financial strength ranking is based primarily on balance sheet debt and liquidity ratios. For risk, we factor in liquidity, dividend yield, market cap, debt leverage and stock price beta. Our valuation subrating includes factors such as price/earnings and price/sales ratios, trend lines, and discounted cash flow valuations. Ratings are reviewed weekly.

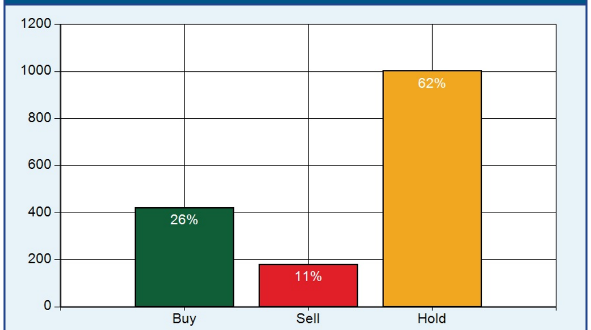
RATING DISTRIBUTION SECTOR




MARKET CAP DISTRIBUTION




CURRENT RATING DISTRIBUTION

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