



Nucor Corporation (NUE)

Updated February 10th, 2025 by Samuel Smith

Key Metrics

Current Price:	\$130	5 Year CAGR Estimate:	11.0%	Market Cap:	\$31.3B
Fair Value Price:	\$81	5 Year Growth Estimate:	20.6%	Ex-Dividend Date:	3/31/25 ¹
% Fair Value:	160%	5 Year Valuation Multiple Estimate:	-9.0%	Dividend Payment Date:	5/11/25 ²
Dividend Yield:	1.7%	5 Year Price Target	\$207	Years Of Dividend Growth:	52
Dividend Risk Score:	A	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

Nucor is the largest publicly traded US-based steel corporation based on its market capitalization of \$31.3 billion. The steel industry is notoriously cyclical, which makes Nucor's streak of 51 consecutive years of dividend increases even more remarkable. Nucor is a member of the Dividend Kings due to its dividend history. The company faces challenges from international competitors. Some countries (including China), subsidize their steel industry, making steel exported to the United States artificially cheap. President Trump signed a bill on 2/10/25 placing a 25% tariff on imported steel for all countries.

Nucor Corporation reported its fourth-quarter 2024 earnings on January 28, 2025, highlighting strong operational performance despite ongoing challenges in the steel industry. The company posted net earnings of \$287 million, or \$1.22 per share, and \$8.46 per share for the full year. EBITDA reached \$751 million for the quarter and nearly \$4.4 billion for the year. Nucor ended 2024 with \$4.1 billion in cash, reflecting its robust financial position. The company continued its capital deployment strategy with \$3.2 billion in capital expenditures and \$760 million in acquisitions, advancing its long-term goal of strengthening its core steel business and expanding into steel-adjacent markets. Shareholder returns remained a priority, with over \$2.7 billion returned through dividends and share repurchases in 2024. Nucor also raised its quarterly dividend for the 52nd consecutive year. CEO Leon Topalian reaffirmed Nucor's commitment to safety, noting that 2024 was the safest year in the company's history. He also emphasized the progress of major growth initiatives, including the construction of its West Virginia sheet mill, which remains on track for commissioning by late 2026. Additional investments in bar and plate mills, automation, and new downstream platforms are expected to enhance long-term earnings potential.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.11	\$2.26	\$3.57	\$7.64	\$4.24	\$4.40	\$23.44	\$28.79	\$18.00	\$8.96	\$6.75	\$17.25
DPS	\$1.49	\$1.50	\$1.51	\$1.52	\$1.60	\$1.61	\$1.72	\$2.00	\$2.04	\$2.17	\$2.20	\$2.50
Shares³	318	319	318	305	301	298	270	252	241	234	234	230

Nucor's earnings-per-share fluctuate with steel prices. The company's previous all-time earnings-per-share high came in 2008, which coincided with the all-time high price of steel in the US. At present, the company is going through a boom, as earnings per share set a new all-time record in 2021, and then again in 2022. Even though its EPS declined in 2023 and 2024, it was still very elevated relative to pre-2021 levels and we expect it to grow at a strong clip for the foreseeable future. We also expect the dividend to continue growing moving forward.

¹ Estimate

² Estimated

³ 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 the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	23.2	40.1	19.7	16.3	7	10.5	10.2	20.4	27.1	11.7	19.3	12.0
Avg. Yld.	2.9%	1.1%	1.0%	2.3%	5.2%	0.7%	0.7%	0.6%	0.9%	1.4%	1.7%	1.2%

Due to Nucor's earnings cyclicality, we also like to compare the company's forward dividend yield to its historical average dividend yield in addition to simply looking at its price-to-normalized earnings ratio. Nucor's dividend yield has hovered around 3% over the past decade. However, the strong performance of the stock in recent years leaves it yielding just 1.7%. Furthermore, the expected earnings-per-share this year puts the price-to-earnings multiple at 19.3, which is far above our fair value estimate of 12. As a result, we expect the dividend yield to decline over the next half-decade while the valuation multiple will likely decline.

Safety, Quality, Competitive Advantage, & Recession Resiliency

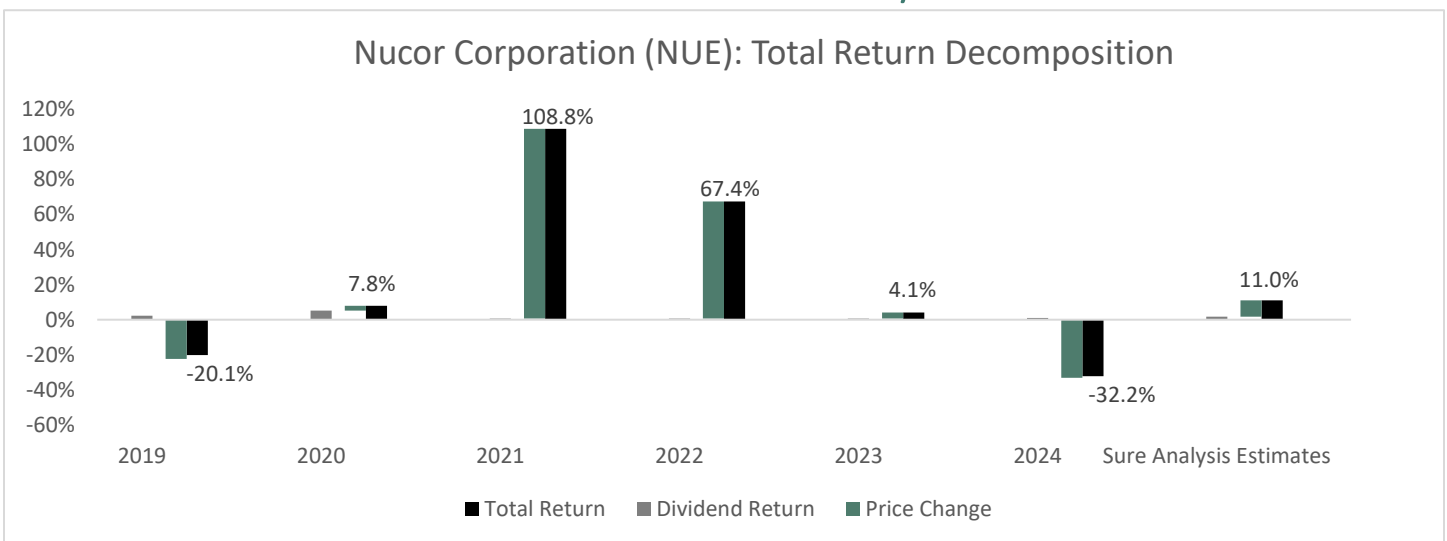
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	134%	66%	42%	20%	38%	37%	7%	7%	11%	24%	33%	14%

As a commodity producer, Nucor is vulnerable to fluctuations in the price of steel. Steel demand is tied to construction and the overall economy. During the Great Recession, the company saw earnings-per-share decline from \$6.01 in 2008 to a loss of \$0.94 in 2009, and the stock lost two-thirds of its market capitalization in just six months. Investors should be aware of the significant downside risk of Nucor as it is likely to perform poorly in a protracted recession. That said, Nucor has raised its base dividend for 52 straight years. This indicates the strength of its business model and management team. Nucor deserves commendation for its ability to land on the Dividend Kings list despite a highly cyclical business model. However, investors cannot be fully assured of future dividend increases due to this cyclicality. While competitive advantages are difficult to come by for a commodity producer, Nucor's low cost of production and immense scale are certainly helpful when competing for new business.

Final Thoughts & Recommendation

Nucor has a competitive advantage in the steel industry, which is expected to be around for a long time to come. It is a low-cost producer and has a healthy balance sheet. It is also a Dividend King. Between strong earnings per share growth and its dividend, Nucor is positioned to deliver 11% annualized total returns over the next half decade, making it a Buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	16,439	16,208	20,252	25,067	22,589	20,140	36,484	41,512	34,714	30,734
Gross Profit	1,114	2,026	2,569	4,295	2,679	2,228	11,025	12,503	7,814	4,102
Gross Margin	6.8%	12.5%	12.7%	17.1%	11.9%	11.1%	30.2%	30.1%	22.5%	13.3%
SG&A Exp.	459	597	688	861	711	615	1,707	1,997	1,584	1,123
D&A Exp.	700	687	727	720	735	785	865	1,062	1,168	1,356
Operating Profit	655	1,429	1,882	3,435	1,968	1,613	9,319	10,506	6,230	2,979
Op. Margin	4.0%	8.8%	9.3%	13.7%	8.7%	8.0%	25.5%	25.3%	17.9%	9.7%
Net Profit	81	796	1,319	2,361	1,271	721	6,827	7,607	4,525	2,027
Net Margin	0.5%	4.9%	6.5%	9.4%	5.6%	3.6%	18.7%	18.3%	13.0%	6.6%
Free Cash Flow	1,795	1,145	607	1,411	1,332	1,154	4,609	8,124	4,898	806
Income Tax	49	398	369	748	412	(0)	2,078	2,165	1,360	583

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	14,327	15,224	15,841	17,921	18,345	20,125	25,823	32,479	35,340	33,940
Cash & Equivalents	1,939	2,046	949	1,399	1,535	2,640	2,365	4,281	6,383	3,558
Acc. Receivable	1,384	1,632	2,029	2,506	2,160	2,299	3,854	3,591	2,953	2,675
Inventories	2,245	2,480	3,462	4,554	3,842	3,569	6,011	5,454	5,578	5,106
Goodwill & Int.	2,782	2,920	3,111	3,013	2,943	2,898	3,931	7,242	7,077	7,422
Total Liabilities	6,477	6,969	6,756	7,719	7,553	8,894	11,219	12,909	13,217	12,523
Accounts Payable	567	838	1,181	1,428	1,202	1,432	1,830	1,650	2,020	1,832
Long-Term Debt	4,388	4,357	3,795	4,291	4,298	5,250	5,491	6,484	6,639	6,950
Total Equity	7,478	7,880	8,739	9,792	10,358	10,789	14,016	18,415	20,941	20,294
LTD/E Ratio	0.59	0.55	0.43	0.44	0.41	0.49	0.39	0.35	0.32	0.34

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.5%	5.4%	8.5%	14.0%	7.0%	3.8%	29.7%	26.1%	13.3%	5.9%
Return on Equity	1.0%	9.9%	15.2%	24.5%	12.1%	6.6%	52.9%	44.5%	21.7%	9.3%
ROIC	0.6%	6.4%	10.3%	17.2%	8.6%	4.6%	37.3%	33.0%	16.5%	7.1%
Shares Out.	318	319	318	305	301	298	270	252	241	234
Revenue/Share	51.26	50.68	63.14	79.14	73.94	66.41	124.35	157.74	138.63	128.86
FCF/Share	5.60	3.58	1.89	4.46	4.36	3.80	15.71	30.87	19.56	3.38

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

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