



Nexstar Media Group, Inc. (NXST)

Updated March 1st, 2025, by Ian Bezek

Key Metrics

Current Price:	\$169	5 Year CAGR Estimate:	10.5%	Market Cap:	\$5.1 B
Fair Value Price:	\$176	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	05/12/25 ¹
% Fair Value:	96%	5 Year Valuation Multiple Estimate:	0.8%	Dividend Payment Date:	05/27/25 ¹
Dividend Yield:	4.4%	5 Year Price Target	\$235	Years Of Dividend Growth:	12
Dividend Risk Score:	D	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

Nexstar is a media conglomerate focused on broadcast television and digital media assets. It owns and operates 200 television channels across 116 markets in 39 states and Washington D.C. The stations are affiliated with a variety of networks including ABC, NBC, FOX, and CBS. Nexstar's channels reach approximately 39% of all U.S. households. The company also operates 120 local websites along with national properties such as *The Hill* and *NewsNation*.

Free broadcast television is often perceived to be a stagnant or declining industry. However, Nexstar has been able to grow tremendously by rolling up a variety of channels and digital media sites acquired from other owners. Recent acquisitions have included Media General in 2017 and Tribune Media in 2019. There are often a significant number of redundant costs across media operations, giving Nexstar considerable cost savings as it purchases additional smaller operators. The company remains active in M&A. It purchased Cleveland, Ohio station WBNX-TV/TV55 in January.

Nexstar has grown its earnings dramatically over the past five years. After an uneven 2023, Nexstar returned to a more favorable trajectory in 2024. Nexstar reported Q4 earnings on February 27th, 2025. EPS of \$7.56 soared from \$3.32 in the same period of 2023, powered by record political advertising. The company produced an all-time high revenue figure in 2024 and it is also improving its profitability thanks to cost-cutting at its money-losing CW Network division.

Nexstar's political advertising set a new record in 2024. However, revenues will inevitably dip in 2025 due to the off-cycle election year. On the plus side, the local advertising market appears to be firming up after recent weakness and Nexstar is also reporting solid growth at its digital media properties.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.42	\$2.89	\$3.24	\$8.21	\$4.80	\$17.37	\$18.98	\$24.16	\$9.64	\$21.41	\$18.50	\$24.76
DPS	\$0.76	\$0.96	\$1.20	\$1.50	\$1.80	\$2.24	\$2.80	\$3.60	\$5.40	\$6.76	\$7.44	\$9.50
Shares	31	31	46	46	46	43	41	37	34	31	30	28

Nexstar has generated tremendous earnings growth over the past decade. From essentially breaking even a decade ago, Nexstar has increased earnings per share to a peak of \$24.16 in 2022. The company has benefited from both record political ad spending and the booming economy of the past few years. Nexstar is aggressively repurchasing shares, which allows for higher EPS even if net income growth stalls out.

Nexstar has delivered rapid dividend growth. The latest increase was in January 2025 for a 10.1% hike. The dividend remains well-supported by earnings even after these outsized hikes.

Current Federal Communications Commission (FCC) policy limits broadcast TV owners to no more than 200 stations in total, but the new administration may relax these restrictions. Until and unless that policy changes, this limits Nexstar's ability to reinvest in the business. In the meantime, Nexstar has returned prodigious amounts of capital to shareholders both via dividend and the share repurchase program. The company bought back 1.1 million shares of stock in Q4 alone.

¹ Estimated date

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	22.3	17.7	19.9	9.1	21.2	5.3	7.7	6.6	16.7	7.8	9.1	9.5
Avg. Yld.	1.3%	1.4%	1.9%	1.9%	2.0%	1.8%	2.4%	1.9%	3.4%	4.0%	4.4%	4.0%

Nexstar’s P/E ratio has fluctuated dramatically over the past decade. It has gone as low as 5 in 2020 and up to the 20s at other times. For now, it appears that investors are not going to assign Nexstar a high P/E multiple due to concerns about the longevity of the broadcast television industry.

Nexstar just emerged as a meaningful dividend payer over the past decade. However, it has continued to raise its payouts over time, and shares now offer their highest starting dividend yield to date.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	31%	33%	37%	18%	38%	13%	15%	15%	56%	32%	40%	38%

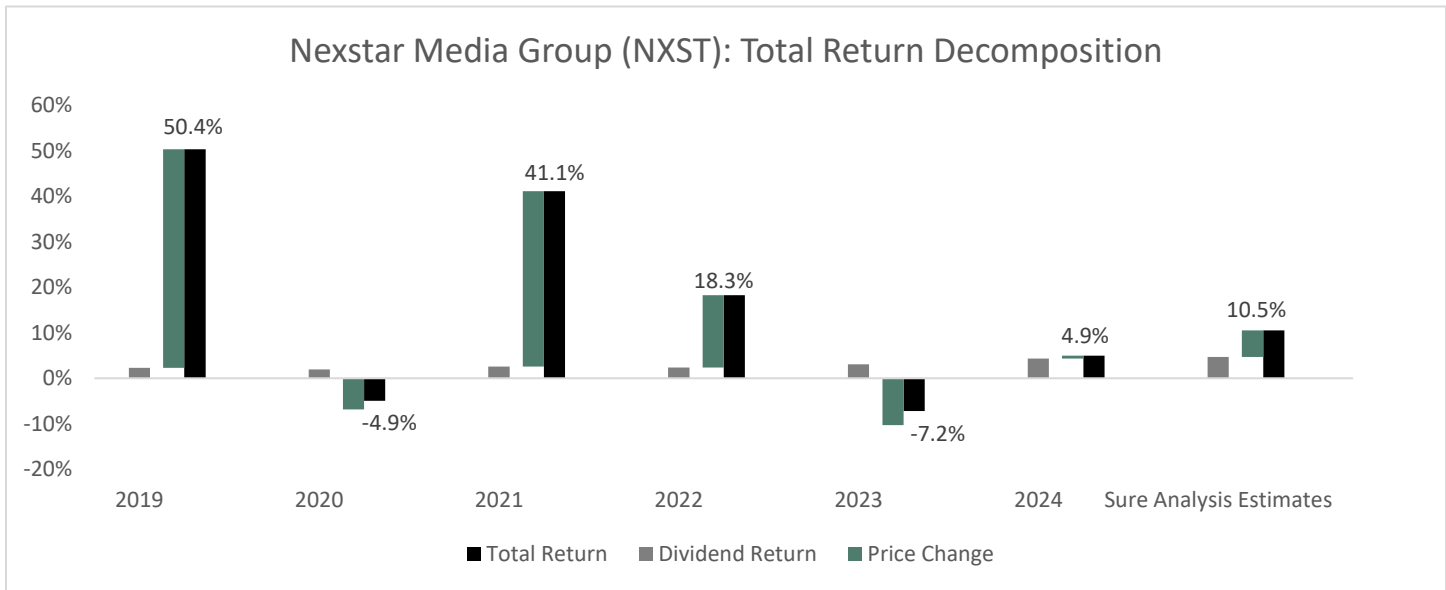
Nexstar’s current dividend is well-covered out of present earnings and the low payout ratio leaves considerable room for future dividend hikes. Management has demonstrated its commitment to generous dividend payments.

That said, the company’s balance sheet carries \$6.5 billion of debt, with a sizable portion coming due within five years. This is a large debt position in comparison to the company’s market cap. If interest rates remain elevated, higher interest payments could considerably curtail Nexstar’s free cash flow generation. Nexstar enjoyed a strong 2024 driven by political advertising, but 2025’s results will be key in determining its longer-term outlook.

Final Thoughts & Recommendation

Nexstar has done a tremendous job growing its earnings and dividend despite operating in a challenging industry. Management has proven adept at making strategic acquisitions. That said, the CW acquisition may have been a misstep, and weakness in the non-political ad market has been an issue. Regardless, Q4 results were extremely solid, and management’s view for 2025 was fairly upbeat. Our total return outlook has moved back up to 10.5% annualized, which is enough to warrant a buy rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	631	896	1,103	2,432	2,767	3,039	4,501	4,648	5,211	4,933
Gross Profit	444	594	721	1,439	1,649	1,691	2,781	2,786	3,206	2,780
Gross Margin	70.3%	66.3%	65.4%	59.2%	59.6%	55.6%	61.8%	59.9%	61.5%	56.4%
SG&A Exp.	175	232	264	605	580	730	912	1,024	1,102	1,096
D&A Exp.	73	118	120	323	321	409	565	589	662	941
Operating Profit	173	206	303	468	748	552	1,304	1,173	1,445	743
Op. Margin	27.4%	23.0%	27.4%	19.2%	27.0%	18.2%	29.0%	25.2%	27.7%	15.1%
Net Profit	65	78	92	475	389	230	811	835	971	346
Net Margin	10.2%	8.7%	8.3%	19.5%	14.1%	7.6%	18.0%	18.0%	18.6%	7.0%
Free Cash Flow	146	176	252	37	631	220	1,037	1,064	1,246	850
Income Tax	46	49	78	(234)	145	137	297	263	274	131

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	1,414	1,835	2,966	7,482	7,062	13,990	13,404	13,264	12,680	12,080
Cash & Equivalents	132	43	88	116	145	232	153	191	204	135
Acc. Receivable	128	193	218	563	547	884	905	1,021	1,079	1,095
Goodwill & Int.	773	1,255	1,341	5,492	5,438	9,178	8,833	8,679	8,305	7,999
Total Liabilities	1,358	1,749	2,682	5,900	5,193	11,936	10,867	10,407	9,910	9,765
Accounts Payable	17	26	20	31	68	157	218	248	198	235
Long-Term Debt	1,220	1,476	2,342	4,362	3,981	8,493	7,668	7,415	6,952	6,837
Total Equity	53	81	169	1,571	1,853	2,031	2,518	2,850	2,741	2,299
LTD/E Ratio	23.23	18.30	13.85	2.78	2.15	4.18	3.04	2.60	2.54	2.97

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	5.0%	4.8%	3.8%	9.1%	5.4%	2.2%	5.9%	6.3%	7.5%	2.8%
Return on Equity	328%	117%	73.3%	54.6%	22.8%	11.9%	35.7%	31.1%	34.7%	13.6%
ROIC	5.5%	5.5%	4.4%	11.1%	6.6%	2.8%	7.8%	8.2%	9.7%	3.7%
Shares Out.	31	31	31	46	46	46	43	41	40	36
Revenue/Share	19.73	27.93	34.84	53.15	58.35	63.42	96.35	105.69	129.67	137.66
FCF/Share	4.57	5.49	7.97	0.80	13.30	4.59	22.20	24.19	31.00	23.72

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

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