



Sirius XM (SIRI)

Updated March 1st, 2025 by Samuel Smith

Key Metrics

Current Price:	\$23.7	5 Year CAGR Estimate:	10.0%	Market Cap:	\$8.14B
Fair Value Price:	\$31	5 Year Growth Estimate:	1.3%	Ex-Dividend Date:	05/09/25
% Fair Value:	78%	5 Year Valuation Multiple Estimate:	5.2%	Dividend Payment Date:	05/28/25
Dividend Yield:	4.6%	5 Year Price Target	\$33	Years Of Dividend Growth:	8
Dividend Risk Score:	D	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

Sirius XM Holdings Inc. (SIRI) is headquartered in New York and is a leading audio entertainment company in North America. It operates through two segments: Sirius XM and Pandora & Off-platform. The Sirius XM segment offers subscription-based satellite radio and streaming services, providing curated content across music, sports, talk, news, comedy, and podcasts. It also offers safety, navigation, and real-time weather data via wireless connectivity, alongside commercial-free music for businesses. The Pandora & Off-platform segment delivers personalized music, comedy, and podcast streaming experiences, accessible through various devices while generating revenue through advertising. Founded in 2013, the company continues to innovate in entertainment and infotainment services.

On January 30, 2025, Sirius XM Holdings Inc. reported its financial performance for the fourth quarter of 2024. The company generated total revenue of \$2.0 billion, a slight decrease from \$2.1 billion in the same period the previous year. Gross profit for the quarter was \$966 million, yielding a 60% margin, down from \$1.04 billion and a 61% margin in Q4 2023. The SiriusXM segment's revenue declined by 4% to \$1.6 billion, primarily due to a decrease in self-pay subscribers. Conversely, the Pandora and Off-Platform segment experienced a 2% revenue increase, reaching \$425 million, driven by higher advertising revenue. The company's adjusted EBITDA for the quarter was \$675 million, compared to \$742 million in the prior year. Free cash flow totaled \$1.02 billion for the full year, down from \$1.20 billion in 2023. SiriusXM ended the year with approximately 33 million subscribers and 160 million listeners across its platforms. Management emphasized ongoing investments in content and technology to enhance the user experience and drive future growth.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.17	\$1.46	\$1.79	\$1.99	\$1.81	\$2.08	\$2.46	\$2.61	\$2.57	\$4.09	\$3.05	\$3.25
DPS	-	\$0.10	\$0.41	\$0.45	\$0.50	\$0.55	\$0.66	\$0.90	\$0.99	\$1.07	\$1.08	\$1.15
Shares	509.6	471.5	449.2	434.6	441.4	414.0	394.8	389.1	384.2	338.8	338.8	300.0

We estimate that Sirius XM will be able to grow its earnings per share at a 1.3% CAGR over the next half decade due to a combination of share repurchases, growth and customer retention initiatives in the automotive subscriber segment, cost reduction efforts, developing curated and unique content, and investments in monetized ad-based experiences. That said, the company will likely face continued headwinds from heavy competition from industry rivals, potential changes in in-car entertainment technology and driving habits, and advertising revenue pressures.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.7	14.8	26.9	34.1	34.1	25.9	23.8	23.3	13.3	9.0	7.8	10.0
Avg. Yld.	-	0.5%	0.9%	0.7%	0.8%	1.0%	1.1%	1.5%	2.9%	2.9%	4.6%	3.5%

Sirius XM currently trades at a low price-to-earnings ratio due to its struggle to generate growth over the past several years. That said, we think that the company will manage to grow enough in the coming years to warrant a slight

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expansion of its valuation multiple, providing a small tailwind to total returns. On top of that, its dividend yield of 4.6% is very elevated relative to its historical average, providing further evidence that it may be undervalued right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

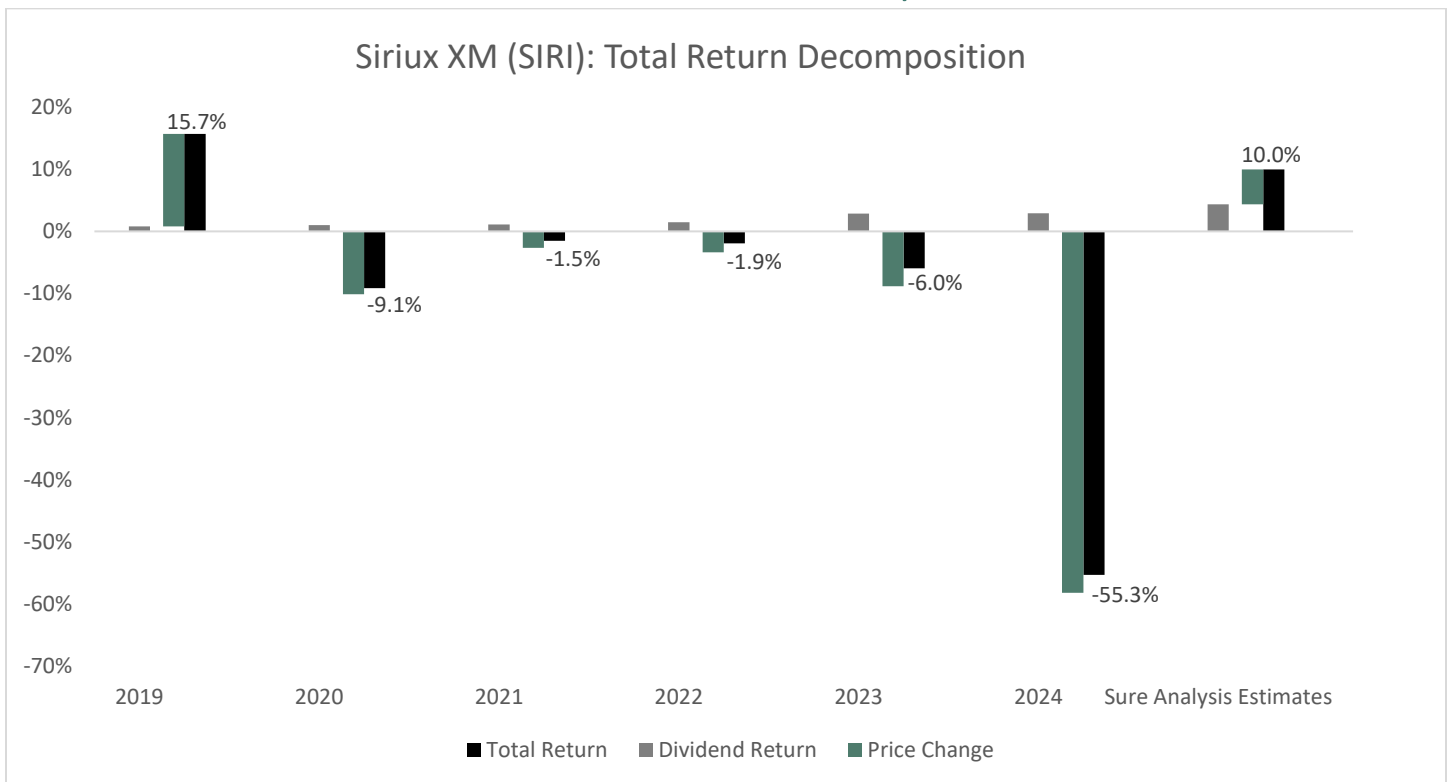
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	7%	23%	23%	28%	26%	27%	34%	39%	26%	35%	35%

Sirius XM's primary competitive advantage lies in its exclusive content offerings and strong brand partnerships. The company provides a wide array of programming, including music, sports, talk shows, and entertainment, featuring exclusive agreements with prominent personalities like Howard Stern. This unique content creates a loyal subscriber base, differentiating Sirius XM from traditional radio and streaming services. Additionally, its integration into a vast number of vehicles enhances accessibility and convenience for users, further solidifying its market position. That said, the company is not recession-resistant as it suffered during the Great Recession as consumer spending, automotive sales, and time spent driving declined. As such, investors should not view it as a low-risk investment.

Final Thoughts & Recommendation

Sirius XM's attractive dividend yield and some expected earnings per share growth are expected to combine with some slight valuation multiple expansion to deliver 10.0% annualized total returns over the next half-decade. That said, the business has been struggling to grow recently and operates in a competitive space that is also sensitive to macroeconomic conditions. As a result, while we rate it a Buy, it is a low-conviction Buy as there is a fairly wide range of potential outcomes for this stock.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	4,570	5,017	5,425	5,771	7,794	8,040	8,696	9,003	8,953	8,699
Gross Profit	2,194	2,511	2,825	2,992	3,940	4,099	4,403	4,521	4,385	4,201
Gross Margin	48.0%	50.0%	52.1%	51.8%	50.6%	51.0%	50.6%	50.2%	49.0%	48.3%
SG&A Exp.	679	728	773	838	1,461	1,468	1,570	1,638	1,539	1,391
D&A Exp.	272	269	299	301	524	562	583	660	669	622
Operating Profit	1,179	1,432	1,641	1,730	1,731	1,862	2,035	1,987	1,900	1,936
Operating Margin	25.8%	28.5%	30.2%	30.0%	22.2%	23.2%	23.4%	22.1%	21.2%	22.3%
Net Profit	510	746	648	1,176	914	131	1,314	908	786	(1,665)
Net Margin	11.2%	14.9%	11.9%	20.4%	11.7%	1.6%	15.1%	10.1%	8.8%	-19.1%
Free Cash Flow	1,109	1,513	1,568	1,525	1,654	1,668	1,610	1,555	1,179	1,013
Income Tax	382	346	616	245	283	299	212	368	222	210

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	8,047	8,004	8,329	8,173	11,149	10,333	10,274	10,022	30,056	27,521
Cash & Equivalents	112	214	69	54	106	71	191	57	306	162
Accounts Receivable	93	97	91	98	532	559	626	574	616	596
Inventories	22	20	20	22	11					
Goodwill & Int. Ass.	4,798	4,750	4,809	4,791	7,310	6,462	6,337	6,299	25,519	22,579
Total Liabilities	8,213	8,796	9,853	9,990	11,885	12,618	12,899	13,373	16,954	16,447
Accounts Payable	625	713	794	736	1,151	1,223	1,299	1,248	1,303	1,284
Long-Term Debt	5,448	5,848	6,746	6,888	7,844	8,500	8,832	9,452	11,152	10,375
Shareholder's Equity	(166)	(792)	(1,524)	(1,817)	(736)	(2,285)	(2,625)	(3,351)	10,076	11,074
LTD/E Ratio	(32.72)	(7.38)	(4.43)	(3.79)	(10.66)	(3.72)	(3.36)	(2.82)	1.11	0.94

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.2%	9.3%	7.9%	14.3%	9.5%	1.2%	12.8%	8.9%	3.9%	-5.8%
Return on Equity	89.2%								16.1%	-13.8%
ROIC	9.2%	14.4%	12.6%	22.8%	15.0%	2.0%	21.2%	14.8%	5.2%	-7.3%
Shares Out.	509.6	471.5	449.2	434.6	441.4	414.0	394.8	389.1	384.2	338.8
Revenue/Share	8.41	10.11	11.48	12.65	16.88	18.15	20.99	24.46	24.73	25.74
FCF/Share	2.04	3.05	3.32	3.34	3.58	3.77	3.89	4.23	3.26	3.00

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

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