Nexstar Media Group, Inc. (NXST)

Updated May 14th, 2025, by Ian Bezek

Key Metrics

Current Price:	$174	**5 Year CAGR Estimate:**	8.2%	**Market Cap:**	$5.3 B
Fair Value Price:	$160	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	05/19/25
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.6%	**Dividend Payment Date:**	06/02/25
Dividend Yield:	4.3%	**5 Year Price Target**	$214	**Years Of Dividend Growth:**	12
Dividend Risk Score:	C	**Sector:**	Communication Services	**Rating:**	Hold

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 since 2019, and 2024 was another strong year. However, Nexstar started off this year on the wrong foot. The company reported Q1 earnings on May 8th, 2025. EPS of $3.37 dove from the $5.16 reported in the same period of 2024. We expected a dip in earnings as it was comparing against 2024 where Nexstar enjoyed significant political advertising revenues. However, this was a much steeper decline than we had previously modeled. It appears that tariffs and slowing economic activity are causing significant retrenchment among potential advertisers, with Nexstar's non-political ad revenues falling about 5% year-over-year. The company's distribution revenues were also flat year-over-year, as opposed to significant increases in recent years. We have meaningfully cut our 2025 EPS outlook because of this disappointing quarterly result.

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	***$15.25***	***$20.41***
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 repurchased another 441,000 shares of stock this past quarter.

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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	***11.4***	***10.5***
Avg. Yld.	1.3%	1.4%	1.9%	1.9%	2.0%	1.8%	2.4%	1.9%	3.4%	4.0%	***4.3%***	***4.4%***

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%	***49%***	***47%***

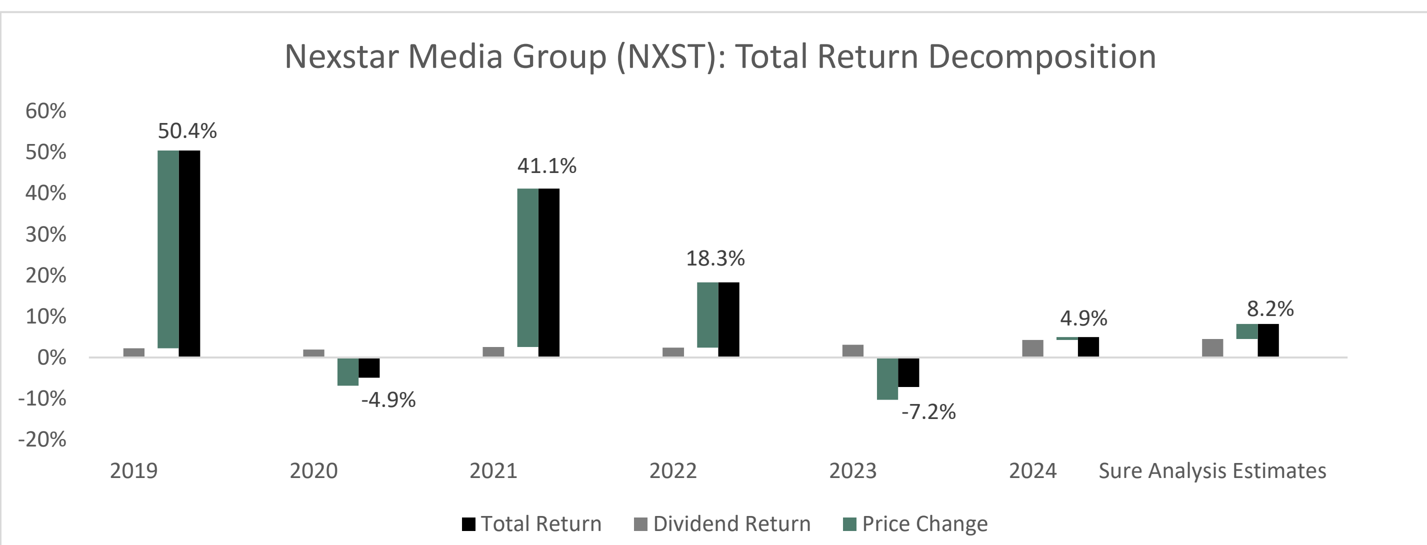
Nexstar's current dividend is well-covered out of present earnings and the moderate payout ratio leaves room for future dividend hikes. Management has demonstrated its commitment to generous dividend payments.

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 powered by record political advertising, but if its core non-political advertising continues to weaken, this will represent a significant longer-term challenge to the business.

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 is a significant concern. Q1 earnings were materially weaker than expectations and cast doubt on management's previously upbeat outlook for full-year 2025. Our total return outlook is 8.2% annualized and shares earn a hold rating today.

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	896	1,103	2,432	2,767	3,039	4,501	4,648	5,211	4,933	5,470
Gross Profit	594	721	1,439	1,649	1,691	2,781	2,786	3,206	2,780	3,186
Gross Margin	66.3%	65.4%	59.2%	59.6%	55.6%	61.8%	59.9%	61.5%	56.4%	58.9%
SG&A Exp.	232	264	605	580	730	912	1,024	1,102	1,096	1,088
D&A Exp.	118	120	323	321	409	565	589	662	941	808
Operating Profit	206	303	468	748	552	1,304	1,173	1,445	743	1,292
Op. Margin	23.0%	27.4%	19.2%	27.0%	18.2%	29.0%	25.2%	27.7%	15.1%	23.9%
Net Profit	78	92	475	389	230	811	835	971	346	722
Net Margin	8.7%	8.3%	19.5%	14.1%	7.6%	18.0%	18.0%	18.6%	7.0%	13.2%
Free Cash Flow	176	252	37	631	220	1,037	1,064	1,246	850	1,105
Income Tax	49	78	(234)	145	137	297	263	274	131	276

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,835	2,966	7,482	7,062	13,990	13,404	13,264	12,680	12,080	11,470
Cash & Equivalents	43	88	116	145	232	153	191	204	135	144
Acc. Receivable	193	218	563	547	884	905	1,021	1,079	1,095	1,028
Goodwill & Int.	1,255	1,341	5,492	5,438	9,178	8,833	8,679	8,305	7,999	7,698
Total Liabilities	1,749	2,682	5,900	5,193	11,936	10,867	10,407	9,910	9,765	9,200
Accounts Payable	26	20	31	68	157	218	248	198	235	133
Long-Term Debt	1,476	2,342	4,362	3,981	8,493	7,668	7,415	6,952	6,837	6,523
Total Equity	81	169	1,571	1,853	2,031	2,518	2,850	2,741	2,299	2,257
LTD/E Ratio	18.30	13.85	2.78	2.15	4.18	3.04	2.60	2.54	2.97	2.89

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.8%	3.8%	9.1%	5.4%	2.2%	5.9%	6.3%	7.5%	2.8%	6.1%
Return on Equity	117%	73.3%	54.6%	22.8%	11.9%	35.7%	31.1%	34.7%	13.6%	31.5%
ROIC	5.5%	4.4%	11.1%	6.6%	2.8%	7.8%	8.2%	9.7%	3.7%	8.1%
Shares Out.	31	31	46	46	46	43	41	40	36	32.8
Revenue/Share	27.93	34.84	53.15	58.35	63.42	96.35	105.69	129.67	137.66	164.87
FCF/Share	5.49	7.97	0.80	13.30	4.59	22.20	24.19	31.00	23.72	33.69

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