



# Sirius XM (SIRI)

Updated July 31<sup>st</sup>, 2025 by Samuel Smith

## Key Metrics

<b>Current Price:</b>	\$21.1	<b>5 Year CAGR Estimate:</b>	11.7%	<b>Market Cap:</b>	\$7.1B
<b>Fair Value Price:</b>	\$27.6	<b>5 Year Growth Estimate:</b>	2.4%	<b>Ex-Dividend Date:</b>	08/08/25
<b>% Fair Value:</b>	76%	<b>5 Year Valuation Multiple Estimate:</b>	5.5%	<b>Dividend Payment Date:</b>	08/27/25
<b>Dividend Yield:</b>	5.1%	<b>5 Year Price Target</b>	\$31	<b>Years Of Dividend Growth:</b>	8
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Communication Services	<b>Rating:</b>	Hold

## 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 July 31, 2025, Sirius XM Holdings Inc. reported its financial results for the second quarter of 2025. The company reported total revenue of \$2.14 billion, down 2% year-over-year, with net income of \$205 million. Adjusted EBITDA was \$650 million, reflecting a 3% decline. Self-pay subscribers decreased by 250,000, totaling 32.5 million, while total subscribers stood at 33.8 million. Average revenue per user (ARPU) was \$14.50, impacted by promotional pricing. Podcast revenues grew 25% to \$120 million, offsetting some weakness in traditional advertising, which fell 5% to \$380 million.

The company highlighted cost management efforts and operational efficiencies amid economic uncertainties and competition from streaming services like Spotify, Apple Music, and YouTube. SiriusXM reaffirmed its full-year guidance, projecting revenue of approximately \$8.5 billion, adjusted EBITDA of \$2.6 billion, and free cash flow of \$1.15 billion. A quarterly dividend of \$0.027 per share was declared, payable on August 25, 2025. CEO Jennifer Witz emphasized focus on content innovation, including expanded podcast offerings and sports partnerships, to drive subscriber retention and growth. The company faces challenges from subscriber losses and rising acquisition costs but remains optimistic about its audio entertainment portfolio reaching 160 million monthly listeners.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$1.17	\$1.46	\$1.79	\$1.99	\$1.81	\$2.08	\$2.46	\$2.61	\$2.57	\$4.09	<b>\$2.76</b>	<b>\$3.10</b>
<b>DPS</b>	-	\$0.10	\$0.41	\$0.45	\$0.50	\$0.55	\$0.66	\$0.90	\$0.99	\$1.07	<b>\$1.08</b>	<b>\$1.15</b>
<b>Shares</b>	509.6	471.5	449.2	434.6	441.4	414.0	394.8	389.1	384.2	338.8	<b>337.9</b>	<b>300.0</b>

We estimate that Sirius XM will be able to grow its earnings per share at a 2.4% 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 faced continued headwinds from heavy competition from industry rivals, potential changes in in-car entertainment technology and driving habits, and advertising revenue pressures.

*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	13.7	14.8	26.9	34.1	34.1	25.9	23.8	23.3	13.3	9.0	7.6	10.0
Avg. Yld.	-	0.5%	0.9%	0.7%	0.8%	1.0%	1.1%	1.5%	2.9%	2.9%	5.1%	3.7%

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 big expansion of its valuation multiple, providing a sizable tailwind to total returns. On top of that, its dividend yield of 5.1% is very elevated relative to its historical average, providing further evidence that it may be undervalued right now.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

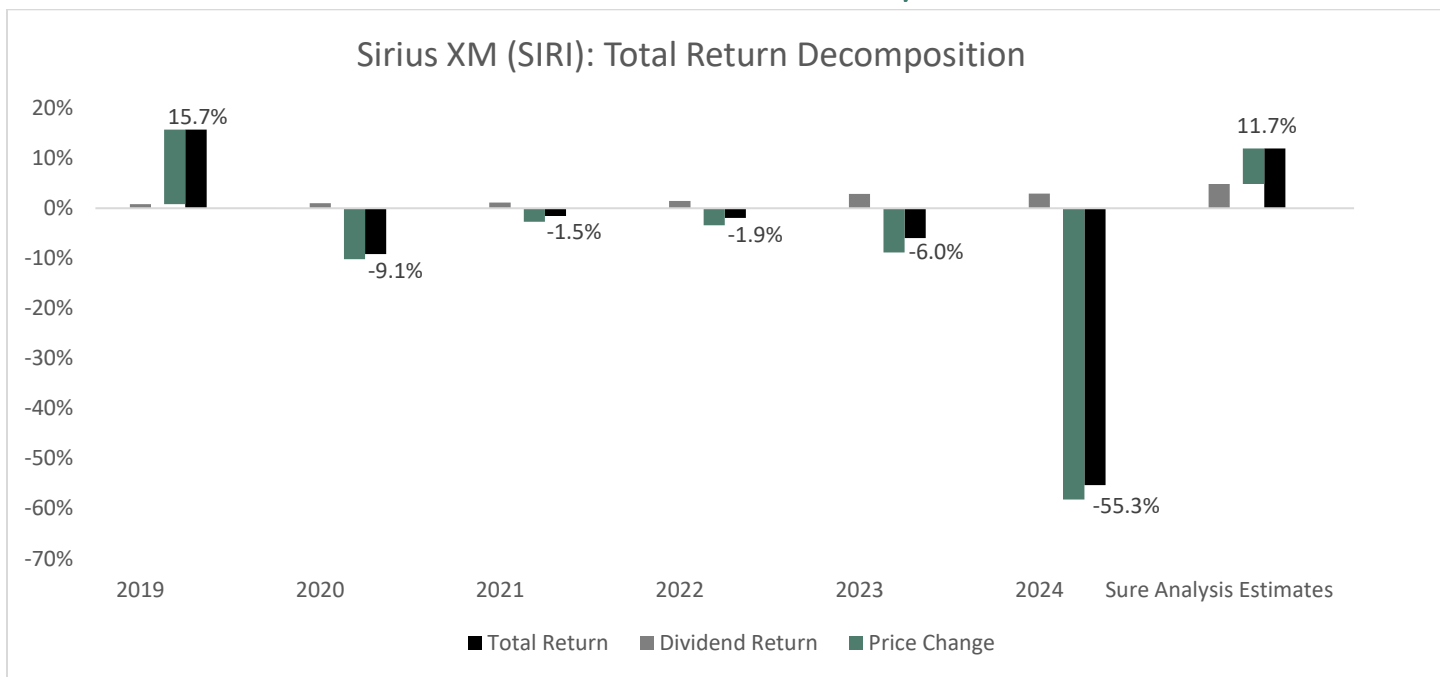
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	7%	23%	23%	28%	26%	27%	34%	39%	26%	39%	37%

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 11.7% 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, we rate it a Hold.

## 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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