Lamar Advertising (LAMR)

Updated December 13th, 2025 by Samuel Smith

Key Metrics

Current Price:	$128	**5 Year CAGR Estimate:**	4.6%	**Market Cap:**	$13.0 B
Fair Value Price:	$106	**5 Year Growth Estimate:**	3.6%	**Ex-Dividend Date:**	12/22/25[1]
% Fair Value:	121%	**5 Year Valuation Multiple Estimate:**	-3.7%	**Dividend Payment Date:**	12/31/25[2]
Dividend Yield:	4.8%	**5 Year Price Target**	$127	**Years of Dividend Growth:**	5
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Lamar Advertising Company is a publicly traded real estate investment trust that specializes in outdoor advertising across the United States and Canada. Founded in 1902 and headquartered in Baton Rouge, Louisiana, the company operates an extensive portfolio of advertising displays, including traditional billboards, digital billboards, transit displays, logo signs, and airport advertising, serving both local and national advertisers. As one of the largest outdoor advertising networks in North America, Lamar's inventory spans hundreds of thousands of display locations that provide broad reach for brand messaging. The company also emphasizes digital and programmatic advertising formats within its out-of-home media offerings, positioning it in growing segments of the advertising market. Lamar's business model focuses on long-term leasing contracts and diversified advertising solutions that cater to a range of industries and marketing strategies.

On November 6, 2025, Lamar Advertising Company released its third quarter 2025 results. For the quarter ended September 30, 2025, the company reported net revenues of approximately $585.5 million, up modestly on a year-over-year basis, reflecting a roughly 3.8 percent increase in sales driven by stronger national advertising demand and digital revenue growth. Net income for the period was $144.1 million, a slight decrease compared with the prior year, as profitability faced pressure despite revenue gains, while adjusted EBITDA increased to about $280.8 million, indicating improved operational performance. Funds from operations and adjusted funds from operations both rose, supporting healthy cash-based performance metrics, with diluted AFFO per share increasing relative to the year-ago quarter. Cash flow from operations remained robust, though free cash flow declined modestly versus the prior period. Management commentary highlighted solid momentum going into the holiday season and confidence in achieving full-year guidance targets, particularly for diluted AFFO per share, with national sales strength and programmatic demand cited as key drivers. The results also underscored variability in profitability metrics and cash flow trends, reflecting both seasonal advertising patterns and broader market conditions. The company's balance sheet maintained liquidity, and its operating platform continues to leverage a large, diversified out-of-home advertising footprint as competitive advantages going into the next reporting period.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO/S	$4.59	$5.00	$5.05	$5.50	$5.80	$5.10	$6.59	$7.38	$7.47	$7.99	***$8.17***	***$9.75***
DPS	$2.50	$2.75	$3.02	$3.56	$3.84	$2.00	$4.00	$5.00	$5.00	$5.65	***$6.20***	***$7.00***
Shares[3]	96.7	97.4	98.3	99.6	100.5	100.9	101.3	101.7	102.1	102.4	***101.3***	***105***

At times in the past, Lamar has struggled to grow. However, over the past decade Lamar has been busy growing organically and through acquisitions, fueling strong FFO-per-share growth. The trust took a slight hit from COVID-19 headwinds in 2020 but has recovered nicely since then.

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[1] Estimate

[2] Estimate

[3] In millions

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We see revenue as the main driver of growth as Lamar grows organically and through acquisition, as the additional revenue should provide some leverage on the trust's largely fixed expense base, improving margins, providing extra FFO/share growth. Lamar has significant debt, so interest expense consumes a significant amount of operating income. However, it has done a nice job in recent years of keeping its debt at manageable levels. Overall, we expect FFO per share to grow at a 3.6% annualized clip over the next half-decade.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	13.1	13.4	14.7	14.2	15.3	16	18.7	13.1	12.7	16.5	***15.7***	***13.0***
Avg. Yld.	4.2%	4.1%	4.1%	4.6%	4.3%	2.5%	3.2%	5.2%	5.3%	4.3%	***4.8%***	***5.5%***

Lamar's price-to-funds-from-operations ratio has moved around a lot in the past decade due to choppy AFFO results. We see the current valuation as being above fair value, which we've estimated at 13 times AFFO due to the choppiness of earnings and the leveraged, acquisition-focused business model. At today's multiple of 15.7 times 2025 expected AFFO, we see a headwind to total returns in the years to come from multiple contraction.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	54%	55%	60%	65%	66%	39%	61%	68%	67%	71%	***76%***	***72%***

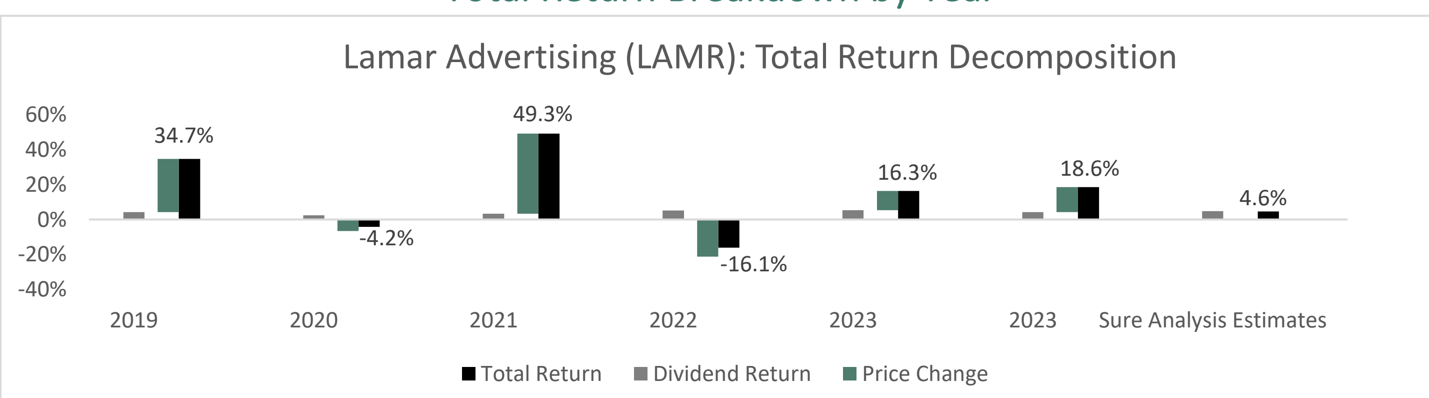
Lamar's quality metrics have been remarkably stable considering the amount of change the trust has gone through in the past decade in terms of strategy and converting to a REIT. Margins have crept a bit higher over time and while we see some operating leverage on its expense base, gross margins have plateaued. The trust's balance sheet remains significantly leveraged, and that should remain the same. Interest coverage has improved markedly in recent years and with a solid FFO growth outlook, it should only improve further.

Lamar is somewhat susceptible to recession but during the Great Recession, its FFO-per-share dipped only briefly before recovering. Its immense size is certainly a competitive advantage, and its long operating history and brand it has built over the past century is certainly a long-term asset. Lamar's competitive positioning should continue to improve with its acquisition-heavy strategy moving forward.

Final Thoughts & Recommendation

Lamar offers investors a well-covered 4.8% yield. We believe management will continue to grow the dividend in the years to come, though growth will slow as the recent headwinds have pushed management to redouble their efforts to deleverage instead of investing in new acquisitions. Overall, we view shares as a Hold as the income looks decent, but total returns are only expected to be 4.6% annualized over the next half-decade.

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	1,353	1,500	1,541	1,627	1,754	1,569	1,787	2,032	2,111	2,207
Gross Profit	880	975	1,000	1,065	1,164	1,011	1,211	1,365	1,414	1,479
Gross Margin	65.0%	65.0%	64.9%	65.5%	66.4%	64.5%	67.7%	67.2%	67.0%	67.0%
SG&A Exp.	314	346	339	372	403	359	327	351	345	361
D&A Exp.	191	205	211	225	250	251	271	349	293	463
Operating Profit	374	424	451	468	511	401	519	562	670	526
Operating Margin	27.7%	28.3%	29.2%	28.7%	29.1%	25.6%	29.0%	27.7%	31.7%	23.8%
Net Profit	263	299	318	305	372	243	388	439	496	362
Net Margin	19.4%	19.9%	20.6%	18.8%	21.2%	15.5%	21.7%	21.6%	23.5%	16.4%
Free Cash Flow	367	414	398	447	490	508	608	615	605	748
Income Tax	22	13	9	11	(4)	5	9	17	10	5

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,364	3,899	4,214	4,545	5,941	5,791	6,047	6,475	6,564	6,587
Cash & Equivalents	22	36	115	21	26	122	100	53	45	49
Goodwill & Int. Ass.	1,949	2,364	2,537	2,835	2,905	2,827	2,982	3,242	3,207	3,098
Total Liabilities	2,343	2,829	3,111	3,413	4,761	4,589	4,830	5,280	5,347	5,539
Accounts Payable	17	18	18	21	15	12	16	20	18	22
Long-Term Debt	1,891	2,349	2,557	2,889	2,980	2,887	3,014	3,313	3,341	3,211
Shareholder's Equity	1,021	1,070	1,103	1,132	1,180	1,203	1,217	1,195	1,216	1,047
LTD/E Ratio	1.85	2.20	2.32	2.55	2.52	2.40	2.48	2.77	2.75	3.07

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.9%	8.2%	7.8%	7.0%	7.1%	4.1%	6.6%	7.0%	7.6%	5.5%
Return on Equity	26.2%	28.6%	29.2%	27.3%	32.2%	20.4%	32.1%	36.4%	41.1%	32.0%
ROIC	9.1%	9.4%	9.0%	7.9%	9.1%	5.9%	9.3%	10.0%	10.9%	8.2%
Shares Out.	96.7	97.4	98.3	99.6	100.5	100.9	101.3	101.7	102.1	102.4
Revenue/Share	14.04	15.36	15.67	16.42	17.48	15.55	17.64	19.99	20.67	21.52
FCF/Share	3.81	4.24	4.04	4.51	4.88	5.03	6.00	6.05	5.93	7.30

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