NelNet Inc. (NNI)

Updated May 31st, 2026, by Ian Bezek

Key Metrics

Current Price:	$131	**5 Year Annual Expected Total Return:**	11.7%	**Market Cap:**	$4.7 B
Fair Value Price:	$125	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	06/01/26
% Fair Value:	105%	**5 Year Valuation Multiple Estimate:**	-1.0%	**Dividend Payment Date:**	06/15/26
Dividend Yield:	1.0%	**5 Year Price Target**	$219	**Years Of Dividend Growth:**	11
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

NelNet is a financial services provider most well-known for managing student loans. As of year-end 2025, NelNet serviced $486 billion in total loan volume for 13.2 million borrowers. Some investors have shunned NelNet in recent years due to the moratorium on many student loan payments since the pandemic. However, NelNet's business model includes four pillars, and it has enjoyed growth in other areas to make up for the pause in certain parts of the student loan business. In addition to its student loan ownership, NelNet is a leading online payments processor for universities, working with more than 1,000 academic institutions. It provides investment advisory and insurance services for the education sector. Finally, NelNet has an investment arm which operates in venture capital, renewable energy, and tax equity spaces among others, offering another diversified income stream.

NelNet had a challenging 2023. The company hedged its interest rate exposure during that year's banking sector volatility, which led to higher net interest expenses. In addition, the company took a large write-down related to its operations in the residential solar installation market. These factors led NelNet to report earnings far short of its usual standards. 2024 was a rebound year however, and 2025 was a record year thanks to profits from successful venture capital investments.

On May 7th, 2026, the company reported its Q1 results. Adjusted earnings per share of $1.94 fell from $2.39 reported in the same period of 2025 and missed expectations. Reported revenues of $419 million increased 5% year-over-year. However, the drop in earnings was tied to loan loss provisions against newly issued credits as the company is expanding certain lending activities. The company's net interest income jumped 23% year-over-year, and we raised our full-year EPS outlook due to the higher level of interest income generation.

NelNet reported record GAAP earnings in 2025, but a huge chunk of that was from one-time gains on investments. To be clear, investment gains are a part of Nelnet's business but don't reflect its underlying structural profitability. Based on the company's core business, we project $8.30 in 2026 EPS, though investment gains or losses will impact that figure.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$6.02	$4.14	$5.57	$3.54	$9.02	$10.20	$10.83	$2.45	$5.02	$11.79	***$8.30***	***$14.63***
DPS	$0.50	$0.58	$0.66	$0.74	$0.82	$0.90	$0.98	$1.06	$1.12	$1.19	***$1.32***	***$1.94***
Shares	43	42	41	40	39	39	38	37	36	36	***36***	***34***

NelNet enjoyed considerable growth over the past few years, with 2021 and 2022 being particularly advantageous for the firm. The company significantly blundered in 2023 but is back on track now.

We expect 12% annualized growth, primarily based on the rapid growth of the firm's payments processing business, lending, and venture capital investments. NelNet has grown its dividend at a 10.1% annualized rate over the past decade. We are estimating 8% dividend growth going forward. On November 6th, 2025, the firm increased its dividend 10% to 33 cents per quarter. This was its second dividend increase within the 2025 calendar year.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	8.3	12.9	9.2	16.3	7.7	9.4	8.3	35.7	20.3	10.2	***15.8***	***15.0***
Avg. Yld.	1.2%	1.1%	1.0%	1.1%	1.5%	1.1%	1.0%	1.1%	1.1%	1.0%	***1.0%***	***0.9%***

Excluding 2023, when NelNet's earnings were unusually low, the company has averaged a roughly 13.8x P/E ratio over the past decade. We believe that valuation is slightly too pessimistic. We understand the market's skepticism toward the company's core student loan business. However, other parts of the firm's business, such as payments processing, have higher margins and less credit risk and deserve a higher valuation multiple. We believe a 15x P/E ratio would be more appropriate. That said, shares are slightly overvalued today against our more optimistic baseline. The company's 1.0% dividend yield is close to its long-term average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

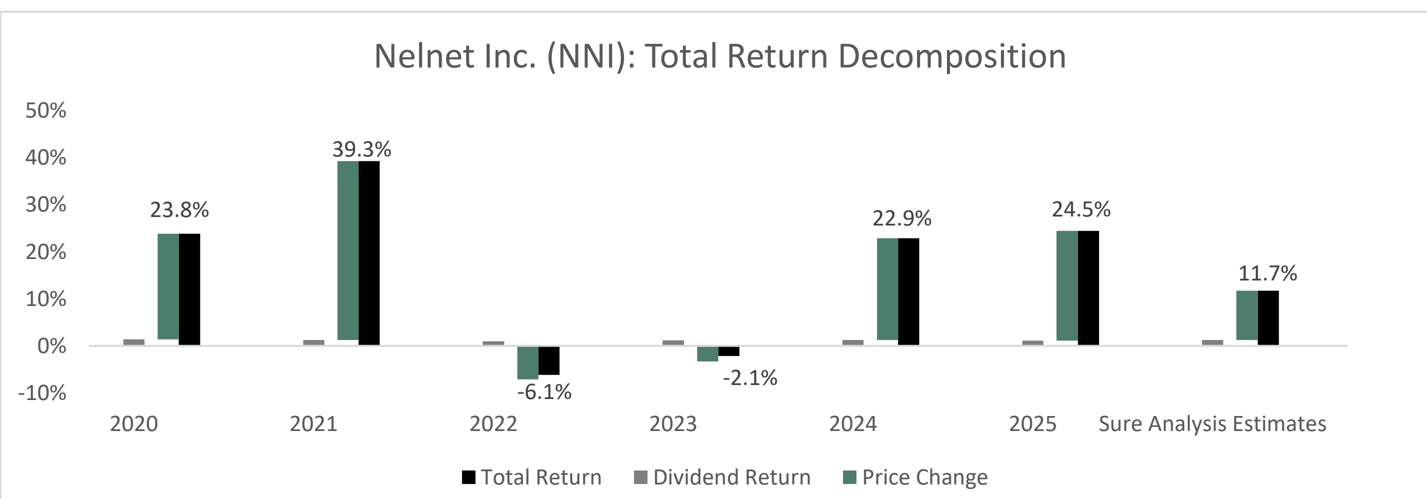
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	8%	14%	12%	21%	9%	9%	9%	43%	22%	10%	***16%***	***13%***

NelNet has $7.7 billion in total debt, but this is offset by its $10.3 billion in gross loans and investments that it holds on the balance sheet as of March 2026. Notably, its long-term debt load has shrunk by more than half over the past decade as it has reduced its student loan exposure while increasing its investments in other assets and businesses. Student loans are a political hot potato. Regardless, NelNet remained profitable even during the COVID-19 era loan payments hiatus. Some of NelNet's other business ventures have high risk in isolation, but NelNet has so many irons in the fire that diversification can protect it from downturns in any one line of business operations. The company's dividend is well-covered out of earnings and the payout ratio should remain under 20% on a long-term basis.

Final Thoughts & Recommendation

NelNet has generated a tremendous track record of shareholder value creation over the years, with its book value per share rising from $37/share in 2014 to $104/share today. We believe investors should give the company the benefit of the doubt for its 2023 earnings stumble and that it will be a solid EPS grower over the long-term. We foresee 11.7% annualized returns as multiple compression will partly offset the firm's excellent earnings growth rate. 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	806	713	1,010	978	1,043	1,242	1,405	1,031	1,166	2,263
SG&A Exp.	256	302	436	464	502	507	590	592	632	-
D&A Exp.	123	138	185	193	198	132	176	145	133	34
Net Profit	257	173	228	142	352	393	407	92	184	391
Net Margin	31.9%	24.3%	22.6%	14.5%	33.8%	31.7%	29.0%	8.9%	15.8%	17.3%
Free Cash Flow	233	166	146	206	236	421	625	359	642	397
Income Tax	141	65	59	35	101	116	113	20	53	128

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	23,964	25,221	23,709	22,646	21,678	19,374	16,737	16,737	13,780	14,060
Cash & Equivalents	67	121	134	121	126	118	168	168	195	974
Acc. Receivable	468	739	115	76	163	195	196	196	160	-
Goodwill & Int.	177	271	238	217	194	240	203	203	194	187
Total Liabilities	21,799	22,906	21,318	20,018	18,725	16,174	13,515	13,515	10,480	10,490
Accounts Payable	50	62	47	29	5	36	35	35	21	-
Long-Term Debt	21,357	22,219	20,529	19,321	17,147	14,070	11,620	11,620	8,310	7,789
Total Equity	2,150	2,304	2,387	2,632	2,951	3,199	3,263	3,263	3,350	3,686
LTD/E Ratio	9.94	9.64	8.60	7.34	5.81	4.40	3.56	3.56	2.48	2.12

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.9%	0.7%	0.9%	0.6%	1.5%	1.8%	2.0%	0.5%	1.2%	2.8%
Return on Equity	13.0%	8.2%	10.2%	6.0%	14.0%	14.1%	13.2%	2.9%	5.7%	11.4%
ROIC	0.9%	0.7%	0.9%	0.6%	1.6%	1.9%	2.2%	0.6%	1.4%	3.4%
Shares Out.	43	42	41	40	39	39	38	37	36.6	36.3
Revenue/Share	18.88	17.06	24.70	24.43	26.69	32.19	37.35	27.56	31.82	62.28
FCF/Share	5.45	3.98	3.57	5.15	6.04	10.92	16.61	9.59	17.52	10.92

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