

Oct 14, 2025

Saga Communications

Media

Highlights From Noble's Virtual Emerging Growth Conference

SGA

NASDAQ

Rating

Outperform

Unchanged

Current Price

\$12.60

Target Price

\$18.00

Market Capitalization

81.14m

Shares Outstanding

6.44m

Float

3.84m

Institutional Holdings

42.5%

12-Month Low/High

\$10.75/\$15.10

Average 90-Day Volume

7963

Fiscal Year End

12/31/2025

A blended growth opportunity. This report highlights a fireside chat with Christopher Forgy, CEO & President, and Samuel Bush, CFO, at Noble's Virtual Emerging Growth Conference on October 8th & 9th. Management highlighted its attractive growth opportunities from its "blended" advertising strategy. The full presentation may be viewed [here](#).

Blended advertising strategy. Saga's approach integrates radio ("wanted"), search ("found"), and display ("chosen") to capture the full consumer journey. Management targets disrupting 5% of local digital ad spend to double annual gross revenue, focusing on 27 small-to-medium-sized markets where the company has trusted community relationships.

Strong performance with its digital blended strategy. The company reported early evidence of growth from its blended advertising strategy, with digital revenue increasing to ~16% of total revenue, up from 13% the prior quarter. Early results show that local advertisers adopting the blended product (radio + search + display) increased radio spend by 27%, while those not adopting had radio spend decline by 13%.

Financial flexibility. Saga maintains a pristine balance sheet, conservative acquisition strategy, and strong capital allocation. Management plans to continue quarterly dividends and opportunistic stock buybacks. The company plans to complete its previously announced tower sales in the fourth quarter, bringing in \$8 million to \$11 million in proceeds.

Compelling total return vehicle. Near current levels, the SGA shares trade at a modest 3.8 times Enterprise Value to our 2026 adj. EBITDA estimate, well below the multiples of its debt heavy peer set, with multiples as high as 11 times. In our view, the company has attractive growth in front of it as it expands its digital businesses. In addition, the shares are viewed as a compelling total return vehicle, with the shares offering an attractive 8.0% annualized dividend yield.

Equity Research

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Revenues (\$ MIL)

Period	2024A	2025E	2026E
Q1	25.3	24.2A	
Q2	29.7	28.2A	
Q3	28.7	28.3E	
Q4	29.2	28.5E	
	112.9	109.2E	115.1E

EPS (\$)

Period	2024A	2025E	2026E
Q1	(0.26)	(0.25)A	
Q2	0.40	0.18A	
Q3	0.21	0.21E	
Q4	0.20	0.16E	
	0.55	0.30E	0.73E

Investment Appraisal

We believe that the SGA shares are among the most undervalued in our covered media universe trading at a modest 3.8 times Enterprise Value to our 2026 adj. EBITDA estimates. The valuation is surprising given that the company has one of the most pristine balance sheets in the industry. As of June 30, the company had \$24.9 million in cash and virtually no long term debt. Interestingly, the company is nearing the completion of tower sales, which is expected to bring proceeds between \$8 million to \$11 million. Those proceeds are earmarked for stock repurchases. Notably, the company has compelling growth opportunities as it develops its digital initiatives, which appears to have a long runway.

Following are highlights from a fireside chat at Noble's Virtual Emerging Growth Conference October 8th & 9th with Chris Forgy, CEO and President, and Sam Bush, CFO. The discussion focused on the company's compelling growth opportunities as a result of its "blended advertising" strategy and compelling total return potential.

Conference highlights

Competitive Positioning & Market Strategy: Saga Communications operates as a radio broadcaster focused on small to medium-sized markets, with 21 of its 27 markets ranked below the top 100. The company emphasizes deep community integration, with staff often involved in local government and causes. This "belly-to-belly" approach with local, direct advertisers (which constitutes the majority of its business) is a key differentiator. The company believes its trusted local presence in these specific markets makes them ripe for disruption.

Blended advertising strategy. The company is undergoing a fundamental shift from a pure-play radio broadcaster to an integrated media company. Its core strategy, termed the "blended" approach, combines radio advertising with digital search and display. The philosophy is that radio makes a customer "wanted," search gets them "found," and display gets them "chosen." Management believes this integrated solution addresses local advertisers' confusion and dissatisfaction with the complex digital landscape. Management targets disrupting 5% of local digital ad spend to double annual gross revenue, focusing on 27 small-to-medium-sized markets where the company has trusted community relationships. Other growth initiatives include e-commerce (from \$0.4 million to ~\$3 million in ~18 months), streaming revenue, and online news platforms in 17 markets.

Strong performance with its digital blended strategy. The company reported early evidence of growth from its blended advertising strategy, with digital revenue increasing to ~16% of total revenue, up from 13% the prior quarter. Early results show that local advertisers adopting the blended product (radio + search + display) increased radio spend by 27%. Advertisers who were pitched the blend, but didn't buy it still increased their radio spend by 1-2%. Conversely, advertisers not pitched the blend saw their radio spend decrease by 13%. Average radio orders in an average market increased from \$2,500–\$3,000 per month to \$30,000–\$50,000 per month, reflecting strong execution of the digital strategy.

Digital revenue is now almost 16% of total revenue and growing month-over-month. The company differentiates its digital strategy by training its own salespeople to be digital experts, minimizing reliance on third-party providers.

Other Growth Initiatives: Beyond the core blended strategy, the company is seeing strong growth in e-commerce (from \$400,000 to nearly \$3 million in ~1.5 years), streaming (with some stations deriving 30% of listenership from streams), and its "Online News" services, which now operate in 17 markets as a local digital news resource.

Financial flexibility. Saga maintains a pristine balance sheet, conservative acquisition strategy, and strong capital allocation. Management plans to continue quarterly dividends and opportunistic stock buybacks. The company anticipates \$8 million to \$11 million in proceeds from tower sales, which may be earmarked for stock buybacks. The company's low leverage distinguishes it from peers with higher debt levels.

Compelling outlook. Management sees digital revenue potentially reaching 20–25% in the near term, with a long-term model of one-third radio, one-third search, and one-third display. Local direct advertising remains a key driver, and continued growth in e-commerce, streaming, and online news will further diversify revenue. The company aims to demonstrate the success of the blended strategy to narrow the valuation gap with leveraged peers.

Company Profile

Saga Communications is a radio broadcast company based in Grosse Pointe Farms, Michigan. The company was founded in 1986, by Ed Christian, and IPO'd on the public markets in 1992. Saga focuses on mid-sized markets that typically rank between 20-100 in the U.S., by revenue. The company operates more than 100 radio stations across 27 markets, primarily along the eastern seaboard and in the Midwest. In recent years the company has begun to increase its focus on Digital revenue opportunities within its local markets. We believe that this trusted relationship within its local communities and Small to Medium Businesses, will serve the company well as it accelerates its push to develop its Digital revenue streams.

Fundamental Analysis - 3.5 / 5.0 Checks

In our assessment, we gave the company 3.5 checks, which implies that the company is above average. This analysis takes into account the company's corporate governance, market opportunity analysis, competitive position, operating leverage and financial leverage. The company scores high on the financial leverage for its pristine financial position, significant cash position and modest long term debt, and relatively high on market opportunity for its emerging digital business. The company receives lower marks on its competitive position, however, due the relative mature nature of the radio industry. Management's plan to grow digital revenues, if executed, would improve the fundamental analysis as the company diversifies its revenue streams.

Valuation Summary

Near current levels, the SGA shares trade at an enterprise value of a modest 3.8 times our 2025 adj. EBITDA estimate, below its Broadcast peers, which trade at an average of 8.0 times EV/2025 EBITDA. Our \$18 price target reflects a target multiple of 6.3 times enterprise value to 2025 adj. EBITDA, which is below its peers and based on depressed expectations. We believe that the SGA shares offer a compelling total return potential, given the current attractive annualized dividend yield (8.3%), which is among the highest in the industry. Additionally, we view the company's pristine balance sheet as a significant advantage, given that its financial flexibility could allow it to invest in its Digital businesses and seek accretive acquisitions. Risks to achieving our price target include poor macroeconomic conditions and subsequent advertising weakness, particularly in its larger markets, such as Milwaukee, Norfolk, Columbus, or Portland, Maine; slower than expected Digital revenue growth; and, increased competition from alternative media platforms.



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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Director of Research. Senior Equity Analyst specializing in Media & Entertainment. 34 years of experience as an analyst. Member of the National Cable Television Society Foundation and the National Association of Broadcasters. BS in Management Science, Computer Science Certificate and MBA specializing in Finance from St. Louis University.

Named WSJ 'Best on the Street' Analyst six times.

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Underperform: potential return is >15% below the current price	0%	0%

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