Schneider National, Inc. (SNDR)

Updated February 21st, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$27	**5 Year CAGR Estimate:**	0.0%	**Market Cap:**	$4.8 B
Fair Value Price:	$17.60	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	03/14/2025
% Fair Value:	154%	**5 Year Valuation Multiple Estimate:**	-8.3%	**Dividend Payment Date:**	04/09/2025
Dividend Yield:	1.4%	**5 Year Price Target**	$25	**Years Of Dividend Growth:**	4
Dividend Risk Score:	D	**Retirement Suitability Score:**	F	**Rating:**	Sell

Overview & Current Events

Schneider National is a leading transportation and logistics services provider in North America operating an integrated portfolio of truckload, intermodal, and logistics solutions. With a history spanning over 85 years, the company leverages its extensive fleet of trucks, intermodal containers, and technology-driven tools to deliver innovative, customer-focused services. Schneider's business is organized into three segments: Truckload, providing dry van, temperature-controlled, and specialty equipment freight solutions; Intermodal, delivering door-to-door container services via partnerships with major railroads; and Logistics, an asset-light business offering brokerage, supply chain management, and warehousing solutions. The company generated $5.3 billion in revenues last year and has a market cap of $4.8 billion.

On January 30th, 2025, Schneider posted its Q4 and full-year results for the period ending December 31st, 2024. For the quarter, revenues came in at $1.34 billion, 2% lower year-over-year. Truckload revenues (excluding fuel surcharge) rose 2% to $560.1 million, powered by the acquisition of Cowan Systems and Dedicated division growth, partially offset by lower Network division volumes. Income from operations increased 35% to $42.4 million, with an operating ratio of 96.8%.

Adjusted EPS was $0.20, up 25% compared to last year. However, adjusted EPS plummeted 50% to $0.69 for the year. For 2025, management expects adjusted EPS of $0.90 to $1.20, reflecting expectations of improving freight market conditions, revenue growth, and margin expansion. We have applied the midpoint of this range in our estimates.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	---	---	$2.28	$1.52	$0.83	$1.19	$2.28	$2.57	$1.35	$0.67	***$1.10***	***$1.54***
DPS	---	---	$0.15	$0.24	$0.24	$0.26	$0.32	$0.32	$0.36	$0.38	***$0.38***	***$0.53***
Shares[1]	---	---	171.3	177.2	177.3	177.6	178.1	178.8	178.2	176.1	***176.1***	***177.0***

Schneider's EPS performance from 2017 to 2023 reflects the cyclical nature of the transportation industry and its overall progress during this period. Following its IPO on April of 2017, Schneider posted EPS of $2.28 for the year, benefiting from robust freight demand and favorable pricing trends. However, EPS declined to $1.52 in 2018 due to softer market conditions and increased investments in capacity and technology. In 2019, EPS declined further to $0.83, impacted by weaker freight demand and restructuring costs associated with the shutdown of its First to Final Mile (FTFM) service.

The COVID-19 pandemic in 2020 brought supply chain disruptions, but Schneider's focus on operational efficiency and intermodal services supported a modest recovery to $1.19 in EPS. A strong rebound in 2021, with EPS reaching $2.28, was driven by boosted freight demand, pricing power, and the acquisition of Midwest Logistics Systems (MLS), which strengthened its dedicated trucking segment. In 2022, EPS rose further to $2.57, with the company leveraging robust intermodal and logistics demand alongside the benefits of technology investments like Schneider FreightPower. That said, EPS declined to $1.35 in 2023 due to softer freight markets and economic uncertainty, showcasing the challenges of a cyclical industry. In 2024 EPS plunged further due to lower demand and rising costs crushing margins.

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[1] Share count is in millions.

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Moving forward, we believe the company can grow its EPS at a 7% CAGR from our EPS power, driven by intermodal and logistics expansion and recovery in freight demand. We have applied the same rate in our dividend growth estimates. The company has increased its dividend for four straight years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	16.7	26.1	18.8	10.4	9.3	19.1	37.7	***24.6***	***16.0***
Avg. Yld.	---	---	---	0.9%	1.1%	1.2%	1.3%	1.3%	1.4%	1.5%	***1.4%***	***2.2%***

Schneider's P/E ratio has shifted with earnings performance and market sentiment. A spike to 26.1 in 2019 reflected declining EPS from restructuring, while strong earnings growth in 2021 compressed the P/E to 10.4. The ratio rose to 19.1 in 2023 as softer earnings met rising recovery expectations, while the current 24.6 reflects investor optimism with regards to Schneider's earnings growth recovery. Still, we believe shares are overvalued at their current levels, with our fair multiple standing at 16.0 reflecting the significant volatility of industry cycles.

Safety, Quality, Competitive Advantage, & Recession Resiliency

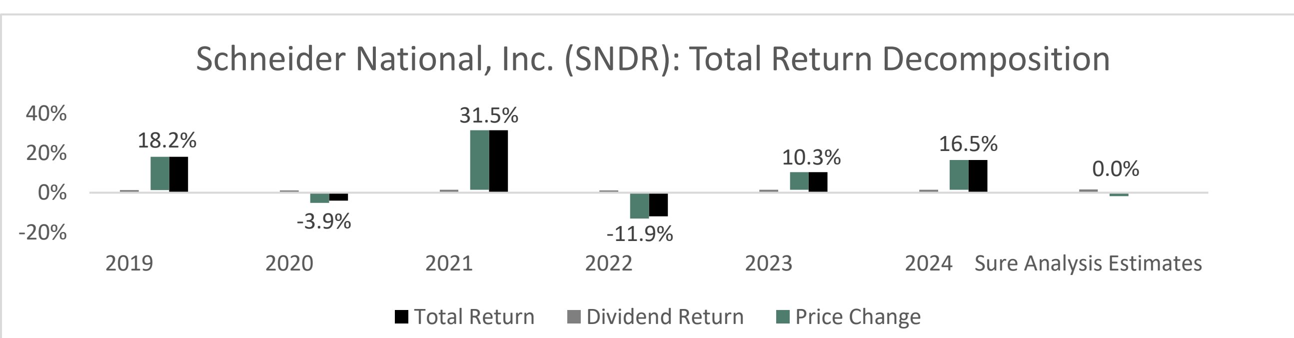
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	7%	16%	29%	22%	14%	12%	27%	57%	***35%***	***35%***

Schneider National's competitive advantages stem from its integrated multimodal operations, combining asset-based truckload services with asset-light intermodal and logistics offerings. This model allows Schneider to adapt to varying freight needs while maintaining a broad customer base and mitigating exposure to individual market segments. The company's proprietary technology platform also gives it an edge in an industry increasingly leaning on data-driven operations. However, the U.S. transportation and logistics industry is highly competitive, with the company facing significant pressure from larger players that benefit from scale and pricing power, as well as thousands of smaller regional operators. Also, the industry's susceptibility to economic cycles poses challenges, as freight volumes often decline during downturns. Despite this, Schneider's balanced portfolio, strong intermodal segment, and long-term customer contracts provide stability. The company's operations were proven relatively resilient during the COVID-19 pandemic as well.

Final Thoughts & Recommendation

Schneider National operates in a highly cyclical industry, where recent softness in freight markets have led to declining EPS for the company, underscores the challenges of economic downturns. While we believe EPS can rebound from here, the possibility of heavy valuation headwinds could significantly hamper investors' total return prospects. Additionally, with a starting dividend yield of only 1.4%, its contribution to overall returns remains minimal. Therefore, Schneider earns a sell rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	3,941	3,959	4,046	4,384	4,977	4,747	4,553	5,609	6,604	5,499
Gross Profit	396	473	482	476	624	532	481	762	921	559
Gross Margin	10.1%	12.0%	11.9%	10.9%	12.5%	11.2%	10.6%	13.6%	13.9%	10.2%
SG&A Exp.	157	207	191	196	247	226	193	217	320	263
D&A Exp.	230	236	266	279	291	293	291	296	350	383
Operating Profit	239	266	290	280	378	306	288	544	600	296
Operating Margin	6.1%	6.7%	7.2%	6.4%	7.6%	6.4%	6.3%	9.7%	9.1%	5.4%
Net Profit	134	141	157	390	269	147	212	405	458	239
Net Margin	3.4%	3.6%	3.9%	8.9%	5.4%	3.1%	4.6%	7.2%	6.9%	4.3%
Free Cash Flow	(234)	(122)	(92)	(71)	54	171	199	26	163	(128)
Income Tax	92	98	109	(127)	96	51	71	137	146	68

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	2,320	2,622	3,055	3,331	3,625	3,660	3,516	3,937	4,318	4,557
Cash & Equivalents	150	161	131	239	379	552	396	245	386	102
Accounts Receivable	410	400	444	528	593	466	538	705	644	576
Goodwill & Int. Ass.	45	68	74	83	61	72	45	27	53	118
Inventories	126	99	241	240	245	293	211	334	320	415
Total Liabilities	1,386	1,566	1,868	1,440	1,492	1,424	1,461	1,514	1,481	1,600
Accounts Payable	168	203	227	230	226	208	246	332	277	241
Long-Term Debt	496	535	698	440	411	361	307	270	215	302
Shareholder's Equity	935	1,056	1,186	1,890	2,132	2,236	2,056	2,424	2,837	2,957
LTD/E Ratio	0.53	0.51	0.59	0.23	0.19	0.16	0.15	0.11	0.08	0.10

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets		5.7%	5.5%	12.2%	7.7%	4.0%	5.9%	10.9%	11.1%	5.4%
Return on Equity		14.2%	14.0%	25.3%	13.4%	6.7%	9.9%	18.1%	17.4%	8.2%
ROIC		9.3%	9.0%	18.5%	11.0%	5.7%	8.5%	16.0%	15.9%	7.6%
Shares Out.				171.3	177.2	177.3	177.6	178.1	178.8	178.2
Revenue/Share	22.71	22.82	23.31	25.59	28.09	26.77	25.64	31.49	36.94	30.86
FCF/Share	(1.35)	(0.70)	(0.53)	(0.41)	0.30	0.96	1.12	0.14	0.91	(0.72)

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