



Expeditors International of Washington Inc. (EXPD)

Updated March 26th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$119	5 Year Annual Expected Total Return:	-0.5%	Market Cap:	\$16.3 B
Fair Value Price:	\$98	5 Year Growth Estimate:	2.0%	Ex-Dividend Date:	05/31/25
% Fair Value:	122%	5 Year Valuation Multiple Estimate:	-3.9%	Dividend Payment Date:	06/15/25
Dividend Yield:	1.2%	5 Year Price Target	\$108	Years Of Dividend Growth:	29
Dividend Risk Score:	B	Sector:	Industrials	Rating:	Hold

Overview & Current Events

Expeditors is a global logistics company headquartered in Seattle, Washington. The company was founded in 1979 as a single-office ocean forwarder in Seattle. The company was publicly traded by 1984. Expeditors' services include the consolidation or forwarding of air and ocean freight, customs brokerage, vendor consolidation, cargo insurance, time-definite transportation services, order management, warehousing and distribution, and customized logistics solutions. Currently, the company has over 250 locations and ~17,500 employees worldwide. In 2024, the company reported \$10.6 billion in revenue. The company has a market capitalization of \$16.3 Billion, and the company has been growing its dividend for 29 consecutive years. The company is also part of the exclusive Dividend Aristocrats list, which has increased its dividends for 25 years or more.

On February 18th, 2025, EXPD reported fourth-quarter and full year results for Fiscal Year (FY)2024. The company reported strong financial performance for the fourth quarter of 2024, with earnings per share (EPS) rising 54% to \$1.68. Net earnings attributable to shareholders increased by 49% to \$236 million, while operating income grew 51% to \$301 million. The company's revenue reached \$3.0 billion, marking a 30% increase from the previous year. Expeditors also experienced significant growth in freight volumes, with airfreight tonnage increasing by 11% and ocean container volume rising by 14%.

The company attributed its strong results to robust demand from Asia, particularly in e-commerce and technology products, which constrained air capacity. Ocean shipping also faced challenges due to supply chain disruptions, including labor concerns at ports and longer transit times caused by rerouting around the Red Sea. Despite these obstacles, Expeditors leveraged its logistical expertise to secure capacity for customers, leading to increased fees for customs declarations and other services. Growth in air and ocean freight further strengthened the company's road freight, warehousing, and distribution businesses.

Looking ahead, Expeditors acknowledges uncertainty in global trade, citing potential policy changes such as the U.S. elimination of certain de minimis exemptions and geopolitical tensions affecting supply chains. The company remains committed to flexibility and resilience in navigating these challenges. Additionally, it continues investing in cybersecurity and technology while carefully expanding its workforce in key areas. In 2024, Expeditors returned \$1.1 billion to shareholders through stock repurchases and dividends, marking its third consecutive year of distributing over \$1 billion in capital.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.40	\$2.36	\$2.69	\$3.48	\$3.39	\$4.07	\$8.27	\$8.26	\$5.01	\$5.72	\$5.45	\$6.02
DPS	\$0.72	\$0.80	\$0.84	\$0.90	\$1.00	\$1.04	\$1.16	\$1.34	\$1.38	\$1.46	\$1.50	\$1.82
Shares¹	190.0	182.0	182.0	178.0	174.0	171.0	169.0	169.0	150.0	141.7	140.0	138.0

Over the past ten years, the company has seen earnings grow at a compound annual growth rate (CAGR) of 10.1%. It has grown to 6.0% CAGR for the past five years. However, we see the economy slowing down; therefore, we expect the

¹ Share count is in millions.

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growth rate to slow down to about 2% for the foreseeable future. Net margin has compressed slightly from 7.9% in FY2022 to 7.6% in FY2024. This will drag profit growth. EXPD has grown its dividend for 29 consecutive years, with a 10-year dividend growth rate of 8.2% and a five-year growth rate of 7.6%. We estimate future dividend growth to be 4% because of the earnings slow down. The company pays out dividends semi-annually. Most recent dividend increase was announced on May 7th, 2024, with a dividend increase of 5.8%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	19.7	20.9	23	20	23	23.4	16.2	16.2	25.3	19.5	21.9	18.00
Avg. Yld.	1.5%	1.6%	1.5%	1.3%	1.3%	1.1%	0.9%	0.9%	1.1%	1.3%	1.2%	1.7%

EXPD shares have always demanded a high P/E multiple, averaging 21.7x for the past ten years. However, we will use a PE of 18.0x for our fair value estimate due to the slower growth expected. The company has a current PE of 21.9x, which is based on our FY 2025 EPS estimate of \$5.45. This is above its 5-year average PE of 20.1x. Thus, EXPD looks to be overvalued at the current price. The current dividend yield of 1.2% is roughly in line with its past 10-year dividend yield average of 1.2%. While the dividend yield is not spectacular, it is very well covered with a payout ratio of 28% and the tendency to grow over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	30%	34%	31%	26%	29%	26%	14%	16%	28%	26%	28%	30%

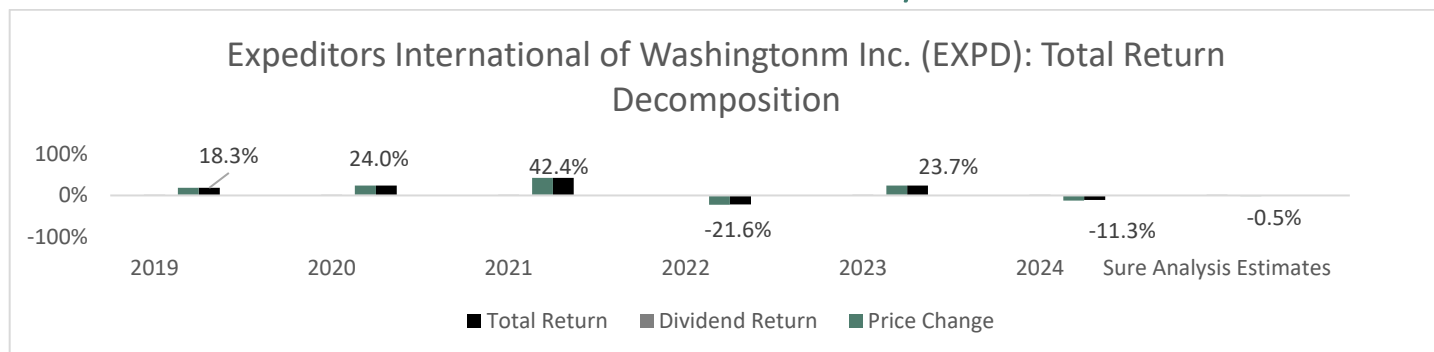
Expeditor's competitive advantage is the global footprint and an extensive network of shippers and carriers, which produce a substantial value that would be challenging to replicate for new entrants.

During the Great Recession, EXPD decreased by 19% in earnings from \$1.37 in 2008 to \$1.11 in 2009. However, EPS bounced right back up to \$1.59 in 2010. The company also grew its dividend during that period. There have been times when EPS came in lower than the previous year, like in 2012, 2016, and 2019. However, Expeditors adjusted and continued to grow earnings. EXPD has a strong balance sheet with a debt-to-equity ratio of only 0.3. The dividend is very safe; the dividend payout ratio has not passed 36% for the past ten years. Using Free Cash Flow, the company has a dividend payout of only 28%, which means that the dividend is very well covered with Free Cash Flow.

Final Thoughts & Recommendation

Expeditor has a long history of growing earnings and dividends. The company is expected to continue to grow its earnings for the foreseeable future and its dividend. We expect total negative return of $-(0.5)\%$ at the current valuation. As a result, we rate EXPD as a Hold at the current price.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	\$6,617	\$6,098	\$6,921	\$8,138	\$8,175	\$10,116	\$16,524	17071	9300	10600
Gross Profit	\$896	\$851	\$883	\$1,020	\$997	\$1,163	\$2,165	2171	1245	1349
Gross Margin	13.5%	14.0%	12.8%	12.5%	12.2%	11.5%	13.1%	12.7%	13.4%	
SG&A Exp.	\$42	\$42	\$44	\$45	\$44	\$18	\$16	24	28	33
D&A Exp.	\$46	\$47	\$49	\$54	\$51	\$57	\$51	57	68	61
Operating Profit	\$721	\$670	\$700	\$797	\$767	\$940	\$1,909	1824	940	1041
Operating Margin	10.9%	11.0%	10.1%	9.8%	9.4%	9.3%	11.6%	10.7%	10.1%	
Net Profit	\$457	\$431	\$489	\$618	\$590	\$696	\$1,415	1357	753	810
Net Margin	6.9%	7.1%	7.1%	7.6%	7.2%	6.9%	8.6%	8.0%	8.1%	
Free Cash Flow	\$522	\$470	\$394	\$525	\$725	\$607	\$832	2043	1014	683
Income Tax	\$277	\$254	\$228	\$199	\$204	\$258	\$506	475	263	283

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	\$2,566	\$2,791	\$3,117	\$3,315	\$3,692	\$4,928	\$7,610	5590	4524	4754
Cash & Equivalents	\$808	\$974	\$1,051	\$924	\$1,230	\$1,528	\$1,729	2034	1513	1148
Accounts Receivable	\$1,112	\$1,190	\$1,415	\$1,582	\$1,315	\$1,998	\$3,810	2108	1533	1998
Inventories	\$8	\$8	\$8	\$8	\$8	\$8	\$8	8	8	
Goodwill & Int. Ass.										7927
Total Liabilities	\$871	\$944	\$1,123	\$1,327	\$1,495	\$2,264	\$4,112	2477	2132	2529
Accounts Payable	\$645	\$727	\$866	\$902	\$736	\$1,137	\$2,012	1109	861	1037
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0
Shareholder's Equity	\$1,692	\$1,845	\$1,992	\$1,987	\$2,195	\$26,60	\$3,494	3110	2390	2223
D/E Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	16.8%	16.1%	16.6%	19.2%	16.9%	16.2%	22.6%	20.6%	14.9%	17.5%
Return on Equity	25.7%	24.4%	25.5%	31.1%	28.2%	28.7%	46.0%	41.1%	27.4%	35.1%
ROIC	25.6%	24.3%	25.5%	31.0%	28.2%	28.6%	45.9%	41.1%	27.4%	35.1%
Shares Out.	190.2	182.7	181.7	177.8	174.0	171.0	169.0	164.4	150.2	141.7
Revenue/Share	\$34.78	\$33.38	\$38.10	\$45.76	\$46.93	\$59.20	96.49	103.8	61.9	74.8
FCF/Share	\$2.75	\$2.57	\$2.17	\$2.95	\$4.16	\$3.55	4.86	12.4	6.8	4.8

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

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