J.B. Hunt Transport Services (JBHT)

Updated April 16th, 2025, by Ian Bezek

Key Metrics

Current Price:	$125	**5 Year CAGR Estimate:**	8.3%	**Market Cap:**	$13.5 B
Fair Value Price:	$138	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	05/09/25[1]
% Fair Value:	91%	**5 Year Valuation Multiple Estimate:**	2.0%	**Dividend Payment Date:**	05/23/25[1]
Dividend Yield:	1.4%	**5 Year Price Target**	$176	**Years Of Dividend Growth:**	23
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

J.B. Hunt Transport Services (JBHT) is a freight carrier company that primarily operates large semi-trailer trucks (semis). The business operates more than 115,000 pieces of company-owned trailing equipment in its fleet. The business is split into 5 segments – Intermodal (JBI), which operates the largest drayage fleet (vans 53 feet long) in North America, Dedicated Contract Services (DCS), which offers design and implementation of supply chain solutions and on-site management, Integrated Capacity Solutions (ICS), which ships domestic and international containers across North America, Truckload (JBT), which is one of the largest capacity networks in North America, allowing users to GPS track trailers, and Final Mile Services (FMS), which provides final destination delivery and installation. Intermodal is the largest of these divisions, followed by Dedicated Contract Services and Integrated Capacity Solutions. The company enjoyed strong demand for logistics services over the past couple of years as American consumers spent money at a record pace. However, that momentum has now gone into reverse with EPS dropping sharply since the 2022 peak of $9.21.

On April 15th, 2025, J.B. Hunt reported its Q1 results. The latest earnings report continued the recent downward trend. Revenues of $2.92 billion slipped 1% year-over-year. Earnings per share fell to $1.17 from the $1.22 reported in the same period of 2024. Both the DCS and ICS units saw double-digit declines in results, more than offsetting some strength in other parts of the business.

This was a disappointing set of numbers, as the company had previously been hoping for a robust rebound in business in 2025. Instead, this quarter failed to show any real momentum as compared to last year. Management is still optimistic that demand will pick up later in the year. However, the tariffs situation now adds another risk factor to the mix. A drop in imports could lead to lower traffic volumes across several parts of J.B. Hunt's business. While we still expect a slight rebound in earnings from last year's depressed level, we have trimmed our EPS outlook a bit given the weak results and increasing macroeconomic uncertainty.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$3.66	$3.81	$3.75	$5.64	$5.21	$4.74	$7.14	$9.21	$6.97	$5.56	***$6.00***	***$7.66***
DPS	$0.84	$0.88	$0.92	$0.96	$1.04	$1.08	$1.18	$1.60	$1.68	$1.72	***$1.76***	***$2.14***
Shares[2]	114	111	110	109	106	106	105	104	103	101	***100***	***98***

Since 2015, J.B. Hunt has seen its earnings-per-share grow at an average annualized rate of 4.8%. The company had enjoyed unusually rapid earnings growth up through 2022. The past two years have been challenging for J.B. Hunt and the trucking sector more generally. Once the industry slump bottoms out, we forecast that J.B. Hunt will grow earnings per share at 5.0% per year going forward.

Over the past 5 years, dividend payments have grown at a rate of 10.3% annually. We expect that the dividend growth rate will slow down in-line with the company's earnings growth. To that point, J.B. Hunt's most recent dividend hike, in January 2025, was a modest 2.3% increase from 43 cents to 44 cents per share quarterly.

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[1] Estimated date.

[2] In millions of shares.

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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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	22.2	21.6	26.0	20.7	20.0	25.1	23.9	21.0	23.5	29.4	***20.8***	***23.0***
Avg. Yld.	1.0%	1.1%	0.9%	0.8%	1.0%	0.9%	0.7%	0.9%	0.9%	0.9%	***1.4%***	***1.2%***

Over the past 10 years, J.B. Hunt has averaged a P/E ratio of 23.3, and over the past 5 years, the stock has averaged a P/E ratio of 24.6. J.B. Hunt shares have plunged over the past quarter, and that has pushed shares down to a P/E ratio of 20.8. That's a bit below our longer-term estimate of 23.

J.B. Hunt has long offered a dividend yield right around the 1.0% mark. The current 1.4% yield is considerably higher than the long-term average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	23%	23%	25%	17%	20%	23%	17%	17%	24%	31%	***29%***	***28%***

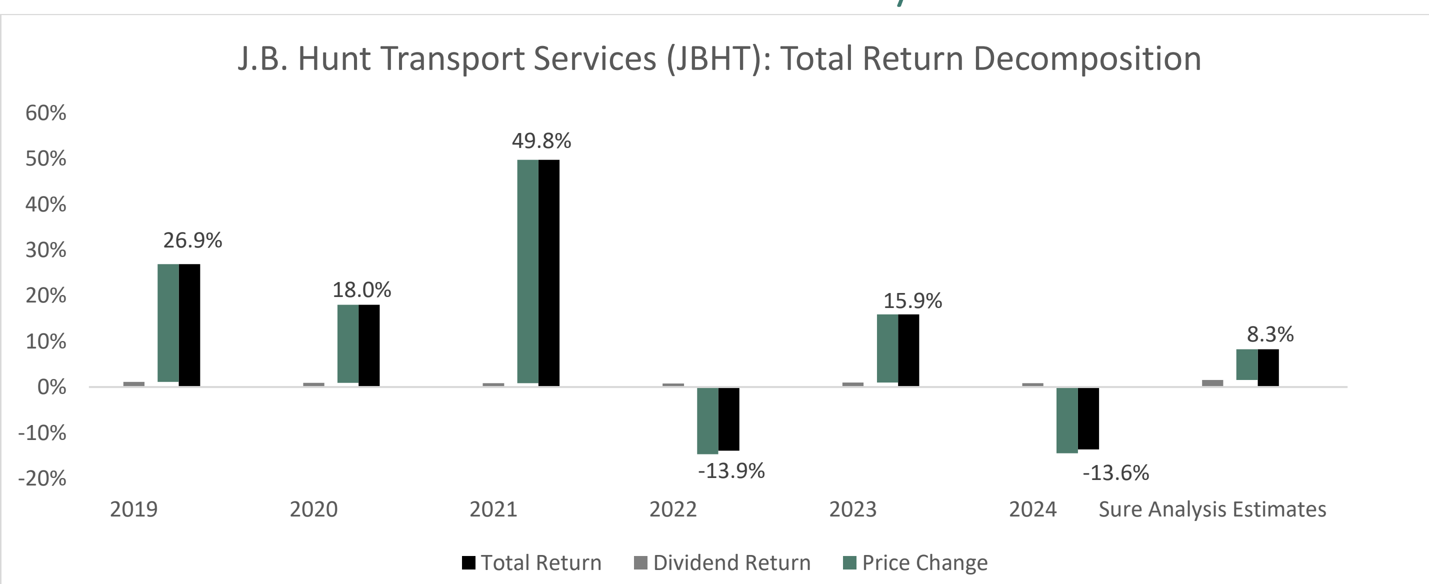
J.B. Hunt has averaged a roughly 22% payout ratio over the past decade. We expect it will continue to increase its dividend in line with earnings, leading to a stable payout ratio. Trucking is historically a cyclical industry prone to downturns during a recession. However, J.B. Hunt's diversified lines of business and large scale historically have given it a good deal of insulation from economic shocks as compared to most of its peers.

J.B Hunt has a fair amount of leverage on its balance sheet. S&P Global rates the company's debt at BBB+. The balance sheet is well within investment-grade parameters, but conditions could change in a prolonged recession.

Final Thoughts & Recommendation

Given the economic headwinds and continuing demand shortfalls in the trucking industry, J.B. Hunt faces near-term challenges. J.B. Hunt has reported a number of weak earnings reports in a row. Q1 was a letdown as the company failed to turn the corner operationally. That leaves it in a relatively weak position going into tariffs, which could be a major shock to the trucking industry. We had found J.B. Hunt Transport Services shares to be considerably overvalued all throughout 2024. However, shares have dropped more than 25% since our previous update. With that correction, JBHT stock is now below our fair value target. Shares have an 8.3% annualized return outlook and earn a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	6,188	6,555	7,190	8,615	9,165	9,637	12,168	14,814	12,830	12,090
Gross Profit	1,146	1,186	1,199	1,359	1,506	1,450	1,870	2,473	2,210	2,063
Gross Margin	18.5%	18.1%	16.7%	15.8%	16.4%	15.0%	15.4%	16.7%	17.2%	17.1%
SG&A Exp.	167	185	273	324	384	348	396	570	633	664
D&A Exp.	340	362	384	436	499	527	557	---	738	761
Operating Profit	716	721	624	681	734	713	1,046	1,332	993	831
Op. Margin	11.6%	11.0%	8.7%	7.9%	8.0%	7.4%	8.6%	9.0%	7.7%	6.9%
Net Profit	427	432	686	490	516	506	761	969	728	571
Net Margin	6.9%	6.6%	9.5%	5.7%	5.6%	5.3%	6.3%	6.5%	5.7%	4.7%
Free Cash Flow	148	216	328	92	244	384	276	---	(118)	618
Income Tax	263	264	(91)	151	165	160	239	312	207	189

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,630	3,951	4,465	5,092	5,471	5,928	6,794	7,742	8,538	8,312
Cash & Equivalents	6	6	15	8	35	313	356	52	53	47
Acc. Receivable	624	745	921	1,052	1,012	1,124	1,507	1,528	1,335	1,224
Inventories	23	19	21	22	21	24	25	---	42	42
Goodwill & Int.	---	2	113	105	203	212	191	---	268	231
Total Liabilities	2,329	2,537	2,626	2,990	3,204	3,328	3,677	4,076	4,435	4,298
Accounts Payable	340	384	599	710	603	588	773	799	737	645
Long-Term Debt	998	986	1,086	1,149	1,296	1,305	1,301	1,262	1,576	1,478
Total Equity	1,300	1,414	1,839	2,101	2,267	2,600	3,118	3,667	4,104	4,015
LTD/E Ratio	0.77	0.70	0.59	0.55	0.57	0.50	0.42	0.34	0.38	0.37

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	12.2%	11.4%	16.3%	10.2%	9.8%	8.9%	12.0%	13.3%	8.9%	6.8%
Return on Equity	34.1%	31.8%	42.2%	24.8%	23.6%	20.8%	26.6%	28.6%	18.7%	14.1%
ROIC	19.3%	18.4%	25.8%	15.9%	15.2%	13.6%	18.3%	20.7%	13.7%	10.2%
Shares Out.	114	111	110	109	106	106	105	104	104	103
Revenue/Share	53.01	57.83	64.74	78.01	84.62	90.26	114.16	140.72	122.83	117.63
FCF/Share	1.27	1.90	2.96	0.83	2.26	3.60	2.59	---	(1.13)	6.01

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