



Ryder System, Inc. (R)

Updated April 25th, 2025, by Aristofanis Papadatos

Key Metrics

Current Price:	\$139	5 Year CAGR Estimate:	6.9%	Market Cap:	\$5.7 B
Fair Value Price:	\$158	5 Year Growth Estimate:	2.0%	Ex-Dividend Date:	5/16/25
% Fair Value:	88%	5 Year Valuation Multiple Estimate:	2.6%	Dividend Payment Date:	6/20/25
Dividend Yield:	2.3%	5 Year Price Target:	\$175	Years Of Dividend Growth:	20
Dividend Risk Score:	C	Sector:	Industrials	Rating:	Hold

Overview & Current Events

In 1933, Jim Ryder made a \$35 down payment on one truck. Today that has transformed into a \$5.7 billion commercial transportation, logistics and supply chain management solutions company with 250,000+ vehicles and 55 million square feet of warehouse space. The business is divided into three segments – Fleet Management (FMS), Dedicated Transportation (DTS) and Supply Chain Solutions (SCS) – providing commercial truck rental, truck leasing, used trucks for sale, and last mile delivery services. Ryder generated \$12.6 billion in revenue last year.

On April 23rd 2025, Ryder reported results for Q1-2025. Its revenue edged up 1% over the prior year's quarter thanks to recent acquisitions and its earnings-per-share grew 15%, from \$2.14 to \$2.46, thanks to strong performance in all segments. Ryder exceeded the analysts' consensus by \$0.07. Ryder has exceeded the analysts' consensus in 15 of the last 16 quarters. Due to an uncertain business environment, Ryder lowered its guidance for revenue growth from 2% to 1% and earnings-per-share from \$13.00-\$14.00 to \$12.85-\$13.60. We have lowered our forecast from \$13.50 to \$13.20.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$6.13	\$5.41	\$4.53	\$5.79	\$1.01	-\$0.27	\$9.58	\$16.37	\$12.95	\$12.00	\$13.20	\$14.57
DPS	\$1.56	\$1.70	\$1.80	\$2.12	\$2.20	\$2.24	\$2.28	\$2.40	\$2.66	\$3.04	\$3.24	\$4.12
Shares¹	53.5	53.5	53.0	53.1	53.3	52.4	54.0	49.3	45.4	43.4	43.0	40.0

Ryder has grown its earnings-per-share by an average compound rate of 7.7% per year over the last decade. However, the company has a volatile performance record. Earnings plunged in 2019, as the company dealt with a significant impact from residual value changes. Moreover, the company incurred losses in 2020 due to the pandemic.

Ryder faces challenges from increasing costs, more stringent regulation, and disruptive technologies; not to mention softer demand in the power vehicle resale market. And this was before the pandemic. While the company is considered essential, providing supply chain and transportation services, demand is volatile.

Of course, there are opportunities as the company offers solutions for driver and labor shortages in the industry for the short to intermediate-term, and Ryder can play a key role in the ongoing shift toward e-commerce and asset sharing / autonomous vehicles in the long-term. The company paid the same \$0.15 quarterly dividend from 1989 through 2004 but began raising it in 2005. In the last decade, the company has grown its dividend at a 7.7% average annual rate.

We are forecasting earnings-per-share of \$13.20 this year. This second-best level of earnings in the history of the company forms a somewhat high comparison base for future earnings and hence we expect just 2.0% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.7	12.1	16.6	12.2	---	---	8.1	4.8	7.3	13.8	10.5	12.0
Avg. Yld.	1.9%	2.6%	2.4%	3.0%	4.0%	5.6%	2.9%	3.1%	2.8%	2.0%	2.3%	2.4%

¹ In millions.

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Excluding 2019 and 2020, shares of Ryder have traded hands with an average price-to-earnings ratio of 11.1, with a range from 4.8 to 16.6. We are using 12 times earnings as a fair value multiple. The stock is currently trading at a price-to-earnings ratio of 10.5, which is lower than our assumed fair valuation level. If Ryder trades at our fair valuation level in five years, it will enjoy a 2.6% annualized gain thanks to the expansion of its price-to-earnings ratio.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	25%	31%	40%	37%	---	---	24%	15%	21%	25%	25%	28%

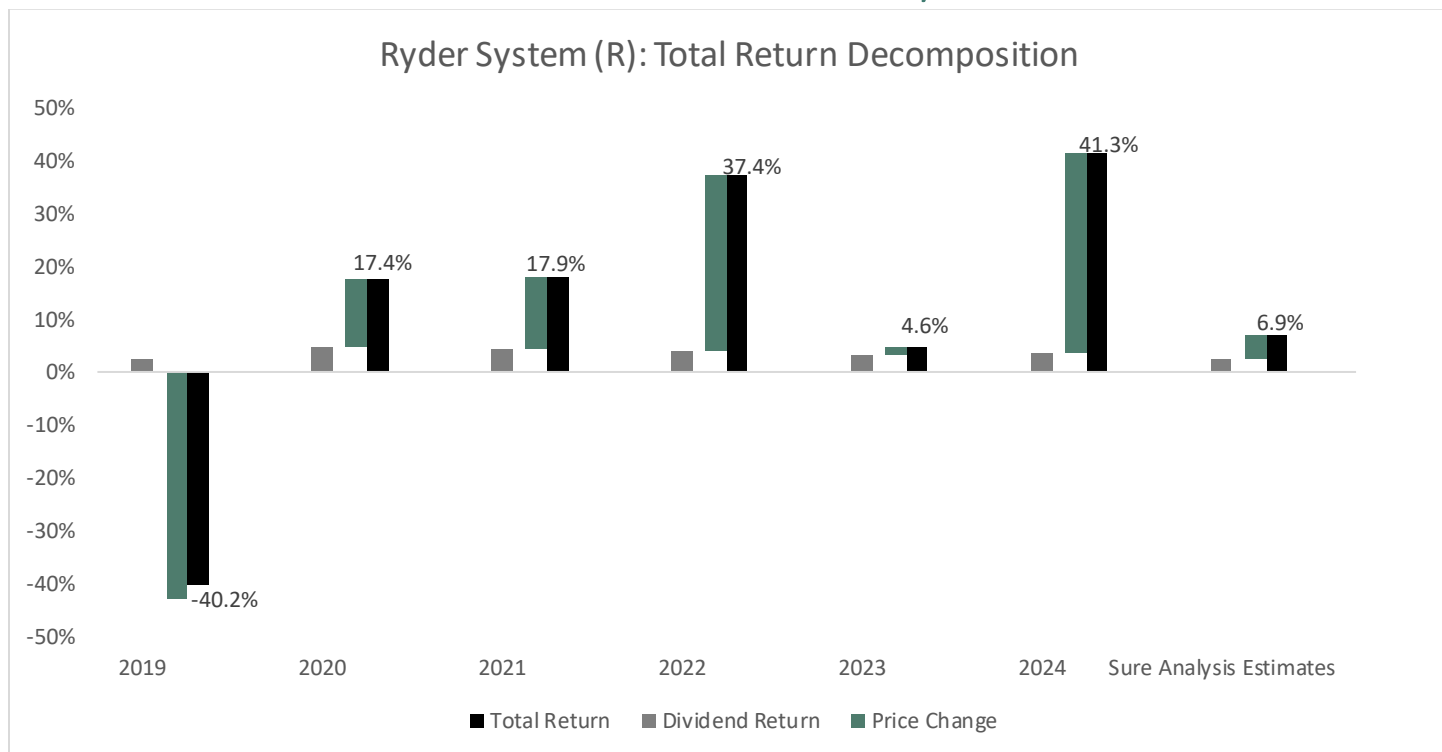
Ryder faces competition from several companies in the logistics and transportation business, such as Landstar System and Schneider National. There have been three instances – 2008-09, 2015-17 and 2018-19 – in which Ryder reported a material decline in earnings-per-share (-65%, -26% and -83%, respectively). Moreover, the company incurred losses in 2020. While this is natural in a cyclical industry, we are encouraged by Ryder's ability to rebound. The company has gotten back to normalized earnings power, so now the dividend is reasonably covered once again.

Of particular note to Ryder's safety is the company's interest expense, which totaled \$261 million in 2020 against operating income of \$487 million. The company has suggested that it is comfortable with this type of significant leverage – targeting a debt-to-equity ratio of 200% to 250%. Ryder is thriving right now so it can easily service its debt but its high leverage could mean that the company might come under pressure during a severe future downturn.

Final Thoughts & Recommendation

The stock of Ryder has shed -13% this year due to a highly uncertain economic environment. The stock could offer an average annual return of 6.9% over the next five years thanks to 2.0% growth of earnings-per-share, a 2.3% dividend and a 2.6% valuation gain. The stock receives a hold rating. We reiterate that investors should always be aware of the high cyclicity and the material debt load of the company.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	6572	6758	7297	8409	8926	8420	9920	12011	11783	12708
Gross Profit	1485	1501	1464	1582	1371	1275	2059	2390	2299	2545
Gross Margin	22.6%	22.2%	20.1%	18.8%	15.4%	15.1%	20.8%	19.9%	19.5%	20.0%
SG&A Exp.	823	804	871	855	907	933	1187	1415	1421	1478
D&A Exp.	1175	1226	1264	1426	---	2143	1811	1831	1814	1854
Operating Profit	546	584	477	601	341	219	872	975	878	1067
Operating Margin	8.3%	8.6%	6.5%	7.2%	3.8%	2.6%	8.9%	8.1%	7.5%	8.4%
Net Profit	305	263	792	273	-24	-122	519	867	406	489
Net Margin	4.6%	3.9%	10.9%	3.2%	-0.3%	1.4%	5.2%	7.0%	3.4%	3.8%
Free Cash Flow	-1226	-304	-312	-1415	---	1035	234	-321	-881	-418
Income Tax	163	142	-478	98	-19	-18	171	353	212	172

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	10953	10902	11464	13051	14475	12930	13835	14395	15778	16672
Cash & Equivalents	61	59	78	68	74	151	234	267	204	154
Accounts Receivable	799	816	981	1171	---	1052	1281	1476	1505	1634
Inventories	64	70	74	79	---	61	69	78	---	---
Goodwill & Int. Ass.	444	435	438	534	---	518	742	1156	1336	1615
Total Liabilities	8965	8850	8622	10141	11999	10680	11037	11458	12709	13555
Accounts Payable	502	445	599	732	---	547	748	767	833	828
Long-Term Debt	5503	5391	5410	6624	7925	6610	6580	6352	7114	7779
Shareholder's Equity	1987	2052	2842	2910	2476	2256	2798	2937	3069	3117
D/E Ratio	2.77	2.63	1.90	2.28	3.2	2.93	2.35	2.16	2.32	2.50

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.9%	2.4%	7.1%	2.2%	-0.2%	-0.9%	3.9%	6.1%	2.7%	3.0%
Return on Equity	16.0%	13.0%	32.4%	9.5%	-0.9%	-5.2%	20.5%	30.2%	13.5%	15.8%
ROIC	4.3%	3.5%	10.1%	3.1%	-0.2%	-1.3%	5.7%	9.3%	4.2%	4.6%
Shares Out.	53.5	53.5	53.0	53.1	52.3	52.4	53.5	50.9	46.5	44.2
Revenue/Share	123.39	126.65	137.71	159.58	167.49	160.81	185.39	236.03	253.47	287.29
FCF/Share	-23.02	-5.70	-5.90	-26.86	---	19.76	4.37	-6.31	-18.95	-9.45

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

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