Rush Enterprises Inc. (RUSHA)

Updated May 11th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$48	**5 Year CAGR Estimate:**	14.4%	**Market Cap:**	$3.9 B
Fair Value Price:	$45	**5 Year Growth Estimate:**	15.0%	**Ex-Dividend Date[1]:**	05/12/25
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.5%	**Dividend Payment Date[1]:**	06/12/25
Dividend Yield:	1.5%	**5 Year Price Target**	$90	**Years Of Dividend Growth:**	7
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Rush Enterprises, through Rush Truck Centers, owns the largest network of commercial vehicle dealerships in America. It has over 150 locations in 23 states, and Ontario, Canada. Brands at its locations include Peterbilt, International, Hino, Isuzu, Ford, Dennis Eagle, Blue Arc, IC Bus, and Blue Bird. It offers new and used vehicles, and aftermarket parts, service and body work, as well as financing, insurance, and leasing. Rush Enterprises is a $3.9 billion market cap company that generated 2024 revenue of $7.8 billion. New and used vehicle sales made up 63% of that revenue, parts and services accounted for 32%, and the remaining 5% came from lease and rental, finance and insurance, and other.

On July 31st, 2024, Rush increased its dividend by 6% to $0.18 per share quarterly.

On April 30th, 2025, Rush Enterprises reported Q1 2025 results for the period ending March 31st, 2025. For the quarter, Rush generated $1.85 billion in revenue, down 1% from $1.87 billion in Q1 2024. Net income equaled $60.3 million, or $0.73 per share compared to $71.6 million, or $0.88 per share in Q1 2024.

Management now expects challenges to persist in the second half of the year, given softness in retail sales of new Class 8 trucks, and uncertainty surrounding tariffs and policy, which is causing customers to hold off on ordering commercial vehicles. The tariffs enacted on vehicles and components manufactured in Canada, Mexico, and China have proven a headwind to the demand for Rush's products.

We have thus revised our 2025 EPS forecast to $3.19 from $3.91 prior.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.72	$0.44	$1.87	$1.53	$1.67	$1.36	$2.78	$4.57	$4.15	$3.72	***$3.19***	***$6.42***
DPS	-	-	-	$0.11	$0.23	$0.27	$0.49	$0.53	$0.62	$0.70	***$0.72***	***$1.06***
Shares[2]	92.5	91.4	92.2	90.7	84.5	84.4	86.8	85.7	82.1	82.4	***82.5***	***82.0***

Rush has performed phenomenally in the last decade, with an incredible 20% average annual EPS growth rate since 2015. Even in the last five years, Rush has a strong 17.4% EPS CAGR. This level of consistent growth is more impressive given the cyclical business that it operates in.

The company is aiming to achieve $10 billion in sales, by growing its aftermarket parts and service revenue to $3.5 billion (it was $2.5 billion in 2024), grow its U.S. Class 8 market share to 7.5%, and its U.S. Class 4-7 market share to 6.5%. It will continue to expand its network, as it did in 2024, when it added two strategic Rush Truck Centers locations in Nebraska and a parts and service facility in North Platte.

Management has a 5% to 10% annual dividend growth target, and repurchase shares opportunistically. In 2024, Rush repurchased $16.4 million of its shares, and authorized a new repurchase plan for up to $150 million of stock in 2025.

Rush is likely to continue growing at a double-digit rate, and we expect 15% annual EPS growth from our 2025 estimate, which stands at $3.19.

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[1] Estimated date.

[2] In millions.

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	15.9	22.5	9.4	12.2	10.7	15.0	11.4	7.3	9.3	13.4	***15.1***	***14.0***
Avg. Yld.	-	-	-	0.2%	1.1%	1.2%	1.3%	1.5%	1.5%	1.4%	***1.5%***	***1.2%***

Shares of Rush have traded hands with an average P/E ratio of 12.7 and 11.3 times earnings over the last ten and five years, respectively. Given its strong track record, we are comfortable with a 14.0 P/E ratio as a fair value baseline. With shares trading above this level, this implies the potential for a valuation headwind.

Its dividend of just 1.5% is uninspiring, and in line with the general market. Rush is by no means an income stock, but it is growing its dividend at a fast rate and has increased its every year since it began paying one.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	-	7%	14%	20%	18%	12%	15%	19%	***23%***	***16%***

Rush's growing coast-to-coast dealer network, its aftermarket business which provides some stability during recessions, and its well established relationship with leading manufacturers are competitive advantages the company enjoys.

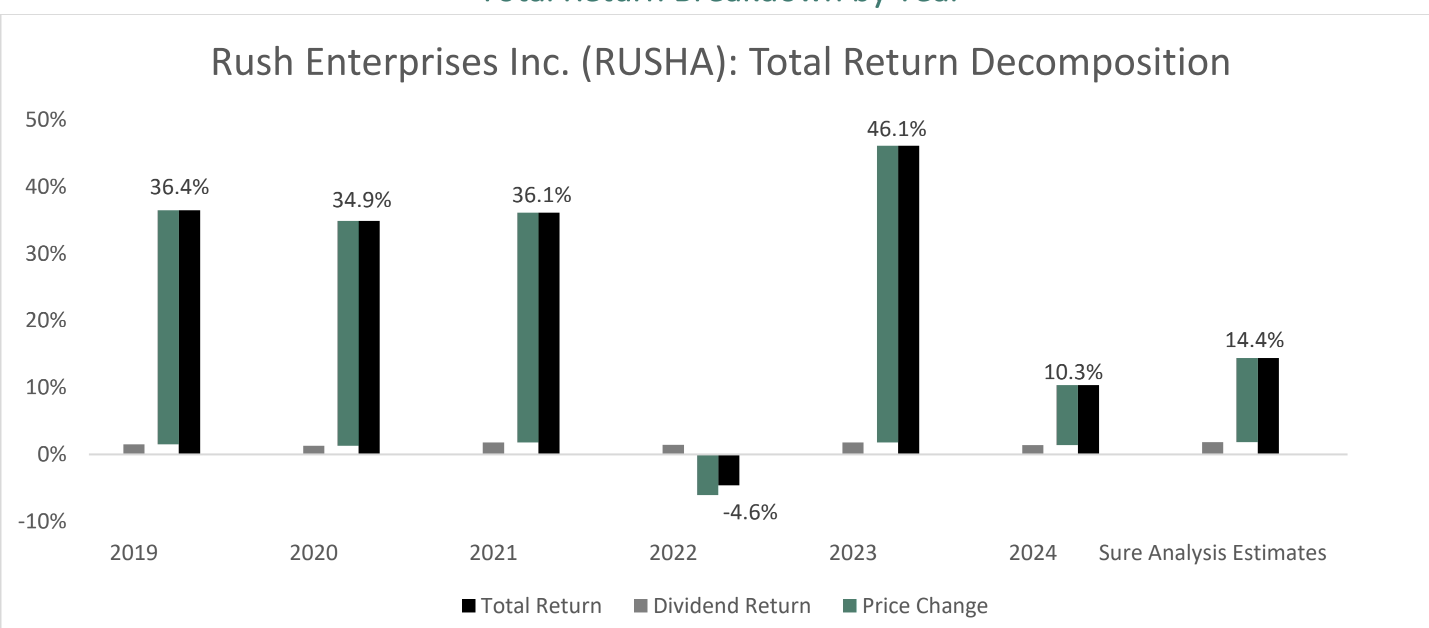
Rush's payout ratio is very safe, having never exceeded 20% even during the pandemic. Furthermore, its dividend is growing at an incredible annual rate of 20%+. We believe the company has ample room to keep increasing the dividend for years to come.

The company's stock price was cut in half during the Great Recession, but it fared better during the pandemic. While its EPS declined by 19% during the pandemic, it achieved a record high in the following year, and the business has nearly tripled its net income since 2020.

Final Thoughts & Recommendation

Shares of Rush are up 4% in the trailing 1-year period, which is just half the 8% gain of the S&P 500 Index. Rush is weighed down by a freight recession, with many customers delaying orders amid the current economic backdrop. The stock could offer total return potential of 14.4% per year, stemming from a 15% EPS growth and the 1.5% dividend yield, partly offset by -1.5% P/E multiple contraction. RUSHA maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	4,980	4,215	4,714	5,506	5,810	4,736	5,126	7,102	7,925	7,805
Gross Profit	785	718	830	978	1,026	875	1,092	1,487	1,593	1,531
Gross Margin	15.8%	17.0%	17.6%	17.8%	17.7%	18.5%	21.3%	20.9%	20.1%	19.6%
SG&A Exp.	619	588	631	705	754	665	731	928	1,022	996
D&A Exp.	145	158	158	185	175	177	169	199	221	
Operating Profit	122	79	149	203	217	153	308	504	512	467
Operating Margin	2.4%	1.9%	3.2%	3.7%	3.7%	3.2%	6.0%	7.1%	6.5%	6.0%
Net Profit	66	41	172	139	142	115	241	391	347	304
Net Margin	1.3%	1.0%	3.7%	2.5%	2.4%	2.4%	4.7%	5.5%	4.4%	3.9%
Free Cash Flow	(141)	324	(57)	(23)	128	627	255	51	(73)	
Income Tax	42	26	(36)	44	48	37	72	117	114	93

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,852	2,603	2,890	3,201	3,407	2,985	3,120	3,821	4,364	4,618
Cash & Equivalents	65	82	125	132	182	312	148	201	184	228
Accts Receivable	121	126	162	161	151	141	106	180	218	355
Inventories	1,061	840	1,033	1,340	1,326	858	1,020	1,429	1,801	1,788
Total Liabilities	2,007	1,740	1,850	2,134	2,248	1,717	1,653	2,058	2,474	2,456
Accounts Payable	120	98	108	127	134	111	122	172	162	244
Long-Term Debt	1,503	1,250	1,390	1,624	1,624	1,041	966	1,209	1,554	1,490
Sh. Equity	845	863	1,040	1,067	1,159	1,268	1,467	1,744	1,871	2,142
LTD/E Ratio	1.78	1.45	1.34	1.52	1.40	0.82	0.66	0.69	0.83	0.70

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.4%	1.5%	6.3%	4.6%	4.3%	3.6%	7.9%	11.3%	8.5%	6.8%
Return on Equity	8.2%	4.8%	18.1%	13.2%	12.7%	9.5%	17.7%	24.2%	19.0%	15.0%
ROIC	2.9%	1.8%	7.6%	5.4%	5.2%	4.5%	10.2%	14.5%	10.8%	8.6%
Shares Out.	92.5	91.4	92.2	90.7	84.5	84.4	86.8	85.7	82.1	82.4
Revenue/Share	53.86	46.13	51.12	60.73	68.73	56.14	59.05	82.84	94.66	95.39
FCF/Share	(1.52)	3.55	(0.62)	(0.25)	1.51	7.43	2.94	0.60	(0.87)	

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