Knight-Swift Transportation Holdings Inc. (KNX)

Updated July 25th, 2025, by Josh Arnold

Key Metrics

Current Price:	$46	**5 Year CAGR Estimate:**	8.6%	**Market Cap:**	$7.4 B
Fair Value Price:	$26	**5 Year Growth Estimate:**	20.0%	**Ex-Dividend Date:**	09/06/25[1]
% Fair Value:	176%	**5 Year Valuation Multiple Estimate:**	-10.7%	**Dividend Payment Date:**	09/23/25
Dividend Yield:	1.6%	**5 Year Price Target**	$65	**Years Of Dividend Growth:**	6
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Knight-Swift Transportation Holdings provides freight transportation services in the US and Mexico. The company operates in four segments, including: Truckload, Less-than-truckload, Logistics, and Intermodal. Through these segments, Knight-Swift operates over 100,000 trailers and roughly 30,000 tractors that offer dedicated, irregular route, refrigerated, expedited, flatbed, and cross-border operations. In addition, the company provides repair and maintenance, equipment leasing, warranty and insurance services, and other ancillary services. The company was founded in 1989, employs about 35,000 people, and generates annual revenue of $7.5 billion.

Knight-Swift posted second quarter earnings on July 23rd, 2025, and results were mixed. Adjusted earnings-per-share came to 35 cents, which was eight cents ahead of expectations. Revenue was up fractionally year-over-year to $1.86 billion, but missed estimates by about $10 million.

Revenue excluding fuel surcharge was up 1.9%. Adjusted operating income was higher by $15 million year-over-year. Adjusted operating ratio was 93.8%, up from the prior year and a very strong number overall. The Truckload segment saw an adjusted operating ratio gain of 260 basis points year-over-year, and adjusted operating income was up 88%, despite loaded miles falling 2.8%. The LTL segment saw organic revenue rise by 28%, with shipments per day up 22%. However, operating income fell 37% due to integration and expansion costs. Logistics revenue was down 3% year-over-year, but adjusted operating income was up 13%. Intermodal revenue fell 14%, which was impacted by West Coast import declines.

We have slightly moved our target earnings-per-share for this year to $1.45 after a mixed Q2.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.42	$1.16	$4.34	$2.36	$1.80	$2.40	$4.45	$4.73	$1.34	$1.06	***$1.45***	***$3.61***
DPS	$0.33	$0.33	$0.31	$0.24	$0.24	$0.32	$0.38	$0.48	$0.56	$0.64	***$0.72***	***$1.11***
Shares[2]	81.0	80.2	178.0	172.8	170.7	166.6	166.0	160.7	161.4	161.9	***162***	***165***

Knight-Swift's earnings have been choppy to put it mildly. In the past decade, there have been 5 occasions where earnings declined year-over-year, including 2024. Logistics is a highly cyclical business, and the fact is that much of the company's success is out of its control. It is beholden to shipment volumes and market pricing, in addition to things like fuel and labor costs. To put a point on this, the company's 2024 earnings were well below that of 2015.

We think Knight-Swift can see rapid expansion in earnings from here, as we forecast 20% annualized growth off of 2025 levels. That is a long way from a normalized growth rate for Knight-Swift, but the base of earnings is so low that we think earnings will at least double in the next five years at a minimum.

The dividend should grow much less quickly than earnings, and we see the payout normalizing back into 30% area. It was elevated last year due to poor earnings, not a high payout.

---

[1] Estimated date

[2] Share count in millions

Knight-Swift Transportation Holdings Inc. (KNX)

Updated July 25th, 2025, by Josh Arnold

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.2	28.5	10.1	11.2	20.3	17.4	13.7	11.7	42.1	50.0	***31.7***	***18.0***
Avg. Yld.	1.4%	1.0%	0.7%	0.9%	0.7%	0.8%	0.6%	0.9%	1.0%	1.2%	***1.6%***	***1.7%***

The multiple stands at 31.7 today, but that's reflective of depressed earnings. We see the middle of the range at 18 times earnings, and set fair value there. That makes the stock quite expensive today, but that should normalize as earnings rise in the coming years. The yield is relatively unattractive despite now being slightly better than the S&P 500, and should remain about where it is today for the foreseeable future.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	23%	28%	7%	10%	13%	13%	9%	10%	42%	60%	***50%***	***31%***

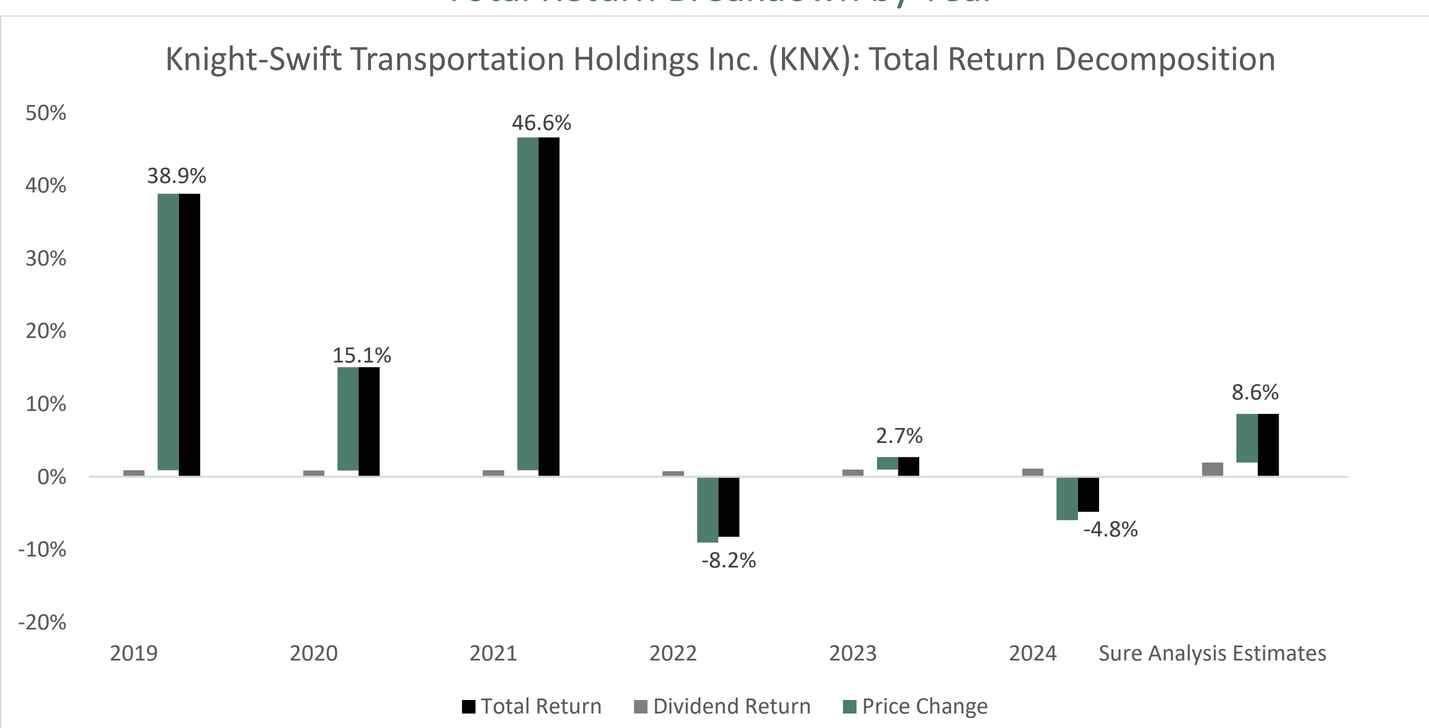
The payout ratio is generally extremely low and we expect last year's elevated level to be an anomaly. As earnings growth drastically outpaces dividend growth, it should come well off of current levels. We see no risk of a cut today.

The company's competitive advantage is fairly weak given it is just one of scale. Logistics is an industry where all of the players offer essentially the same thing; they take goods from one place to another. Knight-Swift operates an enormous number of trailers, giving it scale others cannot match. However, we caution there's no other advantage as it operates in a commoditized business.

Final Thoughts & Recommendation

We see Knight-Swift as having 8.6% total returns projected annually. That consists of 20% earnings growth, the 1.6% yield, and a valuation headwind of 10.7%. The stock looks expensive because of depressed earnings, but we see earnings rising sharply off today's levels, driving decent returns. We reiterate our hold rating on the stock, but note that it is likely to be volatile and speculative given the industry it competes in. It is also exposed to tariff changes over time.

Total Return Breakdown by Year



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.

Knight-Swift Transportation Holdings Inc. (KNX)

Updated July 25th, 2025, by Josh Arnold

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,183	1,118	2,425	5,344	4,844	4,674	5,998	7,429	7,142	7,410
Gross Profit	253	223	422	961	843	969	1,413	1,775	1,254	1,035
Gross Margin	21.4%	20.0%	17.4%	18.0%	17.4%	20.7%	23.6%	23.9%	17.6%	14.0%
D&A Exp.	111	116	207	430	463	507	578	660	735	793
Operating Profit	178	148	234	572	431	570	966	1,093	340	262
Operating Margin	15.0%	13.3%	9.6%	10.7%	8.9%	12.2%	16.1%	14.7%	4.8%	3.5%
Net Profit	117	94	484	419	309	410	743	771	217	118
Net Margin	9.9%	8.4%	20.0%	7.8%	6.4%	8.8%	12.4%	10.4%	3.0%	1.6%
Free Cash Flow	-16	89	-65	126	10	399	656	635	90	-20
Income Tax	68	58	-292	131	104	150	231	249	55	33

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,120	1,079	7,683	7,912	8,282	8,468	10,656	10,952	12,871	12,699
Cash & Equivalents	9	8	77	82	160	157	261	197	169	218
Accounts Receivable	132	134	574	601	519	578	911	842	889	804
Goodwill & Int. Ass.	50	50	4,329	4,340	4,298	4,312	5,346	5,296	5,908	6,019
Total Liabilities	380	290	2,443	2,449	2,613	2,596	4,112	3,996	5,767	5,582
Accounts Payable	15	18	120	118	99	101	225	221	355	330
Long-Term Debt	112	18	795	799	484	509	1,576	1,486	1,817	2,136
Shareholder's Equity	738	786	5,238	5,461	5,666	5,870	6,533	6,945	7,087	7,109
LTD/E Ratio	0.15	0.02	0.15	0.15	0.09	0.09	0.24	0.21	0.26	0.30

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	10.6%	8.5%	11.1%	5.4%	3.8%	4.9%	7.8%	7.1%	1.8%	0.9%
Return on Equity	16.4%	12.3%	16.1%	7.8%	5.6%	7.1%	12.0%	11.4%	3.1%	1.7%
ROIC	14.0%	11.3%	14.2%	6.8%	5.0%	6.5%	10.3%	9.3%	2.5%	1.3%
Shares Out.	82.5	81.2	111.7	178.0	172.1	170.5	167.1	163.2	161.8	162.2
Revenue/Share	14.34	13.76	21.71	30.02	28.14	27.40	35.90	45.52	44.13	45.69
FCF/Share	-0.19	1.10	-0.58	0.71	0.06	2.34	3.93	3.89	0.56	-0.12

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise. Not all 2024 data available yet from our data provider when this table was created.