



Expeditors International of Washington Inc. (EXPD)

Updated September 11th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$123	5 Year Annual Expected Total Return:	0.1%	Market Cap:	\$16.5 B
Fair Value Price:	\$99	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	12/02/25
% Fair Value:	124%	5 Year Valuation Multiple Estimate:	-4.2%	Dividend Payment Date:	12/16/25
Dividend Yield:	1.3%	5 Year Price Target	\$115	Years Of Dividend Growth:	31
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 \$16.5 Billion, and the company has been growing its dividend for 31 consecutive years. The company is also part of the exclusive Dividend Aristocrats list, which has increased its dividends for 25 years or more.

On August 5th, 2025, EXPD reported second-quarter results for Fiscal Year (FY)2025. The company reported strong second-quarter results, highlighted by earnings per share of \$1.34, an 8% year-over-year increase and \$0.09 ahead of consensus. Net earnings rose 5% to \$184 million, while operating income grew 11% to \$248 million, reflecting improved operating leverage. Revenue advanced 9% to \$2.65 billion, exceeding expectations by \$202 million, driven by balanced growth across airfreight, ocean freight, and customs brokerage. Air tonnage and ocean container volumes each rose 7% as customers accelerated shipments ahead of tariff deadlines, particularly in high-value technology and exports from South Asia. The company maintained cost discipline while supporting higher shipment volumes, with salaries and other operating expenses rising 13% to \$651 million, consistent with headcount growth and technology investments. Expeditors also returned \$335 million to shareholders through dividends and buybacks during the quarter, repurchasing 2.0 million shares at an average price of \$112.05. Management emphasized that tariff volatility and geopolitical uncertainty continue to reshape global supply chains, requiring greater complexity in customs clearance and creating opportunities to deepen customer relationships. CEO Daniel Wall highlighted Expeditors' ability to deliver organic growth and maintain profitability through efficiency gains and customer-focused execution.

Looking ahead, management cautioned that the freight environment remains highly unpredictable, with ocean rates under pressure from excess capacity and airfreight demand subject to geopolitical and trade policy shifts. CFO Bradley Powell noted that net earnings grew at a slower pace than operating income due to a higher effective tax rate of 28.7%, up from 25.8% last year. Nevertheless, the company ended the quarter with a strong balance sheet, including \$1.16 billion in cash and no long-term debt, supporting its ongoing shareholder return program and strategic investments. Expeditors' non-asset-based model and global reach position it to adapt quickly to shifting trade flows, making it resilient amid continued supply chain volatility.

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	\$5.52	\$6.40
DPS	\$0.72	\$0.80	\$0.84	\$0.90	\$1.00	\$1.04	\$1.16	\$1.34	\$1.38	\$1.46	\$1.53	\$1.86
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

¹ Share count is in millions.

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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 6.3% CAGR for the past five years. However, we see the economy slowing down; therefore, we expect the growth rate to slow down to about 3% 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 31 consecutive years, with a 10-year dividend growth rate of 8.2% and a five-year growth rate of 8.0%. 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 6th, 2025, with a dividend increase of 5.5%.

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	22.3	18.00
Avg. Yld.	1.5%	1.6%	1.5%	1.3%	1.3%	1.1%	0.9%	0.9%	1.1%	1.3%	1.3%	1.6%

EXPD shares have always demanded a high P/E multiple, averaging 20.7x 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 22.3x, which is based on our FY 2025 EPS estimate of \$5.52. 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 1.3% 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%	29%

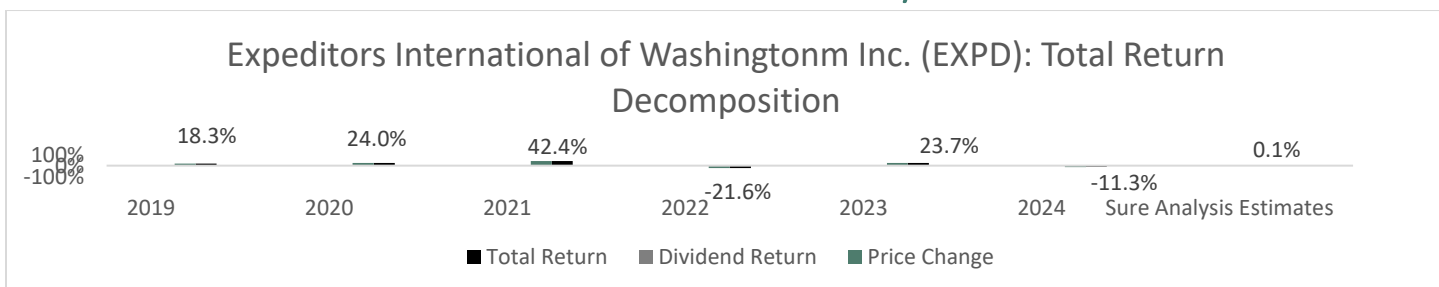
Expeditor's competitive advantage is the global footprint and an extensive network of shippers and carriers, which produce a substantial value that would be challenging to replicate for new entrants.

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 0.2. 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 return of 0.1% 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%	12.7%
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%	9.8%
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%	7.6%
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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