Old Dominion Freight Line, Inc. (ODFL)

Updated February 6th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$202	**5 Year Annual Expected Total Return:**	4.4%	**Market Cap:**	$42.3 B
Fair Value Price:	$138	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	03/04/26
% Fair Value:	147%	**5 Year Valuation Multiple Estimate:**	-7.4%	**Dividend Payment Date:**	03/18/25
Dividend Yield:	0.6%	**5 Year Price Target**	$243	**Years Of Dividend Growth:**	9
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Old Dominion Freight Line is one of the largest less-than-truckload (LTL) carriers in North America. Based in Thomasville, NC, the company has a market cap of $42.3 billion; its nearly 21,900 employees operate over 260 service centers in 48 states, 11,293 tractors (trucks), and 46,385 trailers. Founded in 1934, its largest competitor in the highly competitive LTL industry is JB Hunt Transport Services Inc (JBHT).

On February 4th, Old Dominion raised its dividend by 3.6% to a quarterly rate of $0.29.

On the same day, Old Dominion posted its Q4 and full-year results for the period ending December 31st, 2025. For the quarter, total revenue of $1.31 billion was 5.7% lower than in Q4-2024, while diluted earnings per share declined by 11.4% to $1.09. This decrease in revenue was primarily due to a 10.7% decline in LTL tons per day, partially offset by a 4.9% increase in LTL revenue per hundredweight (excluding fuel surcharges).

The decline in LTL tons per day reflects a 9.7% decrease in LTL shipments per day and a 1.0% decrease in LTL weight per shipment, consistent with continued softness in the broader freight environment. Throughout the quarter, the company maintained a disciplined approach to pricing and cost control. However, lower revenue levels created deleveraging across the cost structure, resulting in modest margin pressure.

Specifically, ODFL's salaries, wages, and benefit costs as a percent of revenue rose from 47.3% last year to 49.1%. As a result, the company's operating income margin contracted 80 basis points to 23.3%. Consequently, net income fell by 12.8%. Still, the per-share result was partially supported by a 2.1% reduction in the diluted share count, leading to a slightly smaller decline in earnings per share. Thus, EPS fell by a lesser 11.4% to $1.09. For the year, EPS was $4.84.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.19	$1.88	$2.46	$2.55	$2.84	$4.44	$6.09	$5.63	$5.48	$4.84	***$5.10***	***$8.99***
DPS	---	$0.13	$0.18	$0.23	$0.30	$0.40	$0.60	$0.80	$1.04	$1.12	***$1.16***	***$2.04***
Shares	249.5	247.2	246.1	241.2	237.0	232.8	226.2	220.2	216.5	211.6	***211.6***	***200.0***

Despite facing growth challenges in the past couple of years after an impressive three-year post-pandemic surge from 2020 to 2022, we believe that growth will rebound in 2026. Management expects aggregate capital expenditures of approximately $265 million in 2026, including $125 million for real estate and service center expansion projects, $95 million for tractors and trailers, and $45 million for information technology and other assets. These investments are expected to enhance operational efficiency and contribute positively to the company's overall performance.

For context, over the past decade, earnings-per-share has risen by an average of about 17% per year. Earnings-per-share has also been getting a boost from share buybacks. From 2016 to 2025, ODFL reduced its share count from 249.5 million to 211.6 million, a ~15% reduction. We are forecasting $5.10 in earnings-per-share for 2026 to go along with a 12% annual growth rate, expecting the company to continue to invest heavily in growing the business and cutting costs without sacrificing service quality.

On pricing, the company takes a long-term approach aimed at offsetting cost inflation and new investments. As well as service centers and trucks, it invests in IT and employee wages and benefits (none of its employees are unionized).

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In the past five years, the dividend has increased by an average of 24% per year. We expect a somewhat more prudent average annual growth of 12%, as the company potentially works to maintain a healthy payout ratio, despite the recent, softer hike. At that rate, the 2031 dividend would amount to $2.04, and the expected payout ratio would be 23%.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	19.2	22.7	19.4	20.8	29.6	30.5	25.9	30.0	36.4	31.0	***39.6***	***27.0***
Avg. Yld.	0.0%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.7%	***0.6%***	***0.8%***

Old Dominion has traded with an average P/E ratio of about 27 times earnings over the last decade. We believe its fair value is at about this level. Still, with shares presently trading hands at over 39 times expected earnings, this implies the possibility for a 7.4% annual valuation headwind over the next five years. While the dividend yield is quite low, it has the propensity to grow substantially over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	7%	7%	9%	11%	9%	10%	14%	19%	23%	***23%***	***23%***

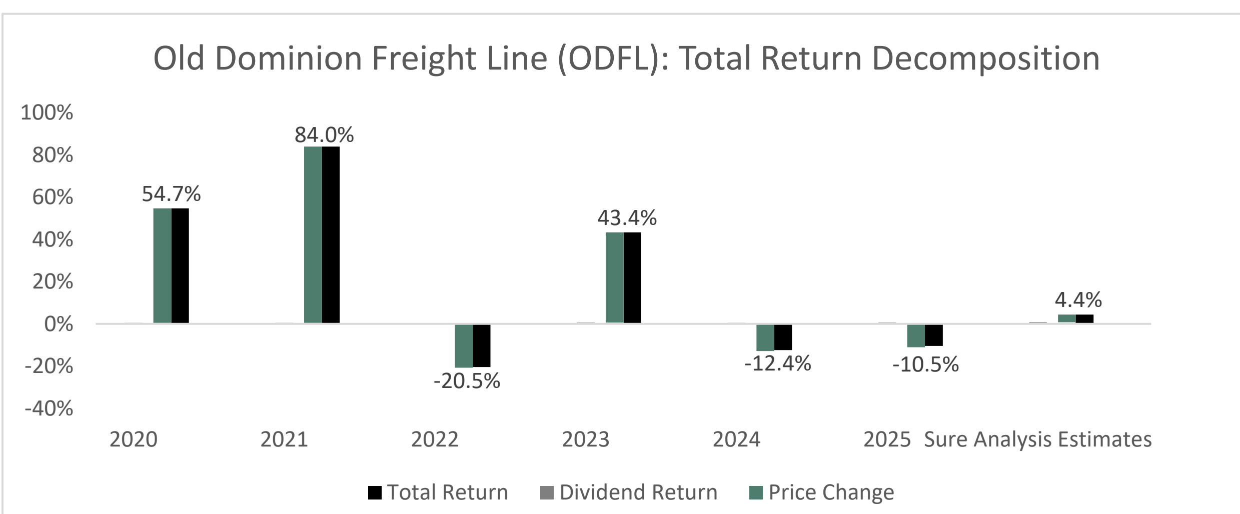
Old Dominion argues its competitive advantage lies in being able to deliver superior service at a fair price. The company is reasonably recession resistant. Despite the sharp economic downturn in 2020, its revenue was roughly flat, but its EPS and cash flow per share were up by high single digits. In the 2008 through 2010 period Old Dominion posted earnings-per-share of $0.55, $0.28, and $0.60 (pre-split numbers).

Debt remains a non-issue for Old Dominion. As of year-end 2025, the company carries roughly $20 million in long-term debt and $20 million in current maturities, against $120 million in cash. With quarterly interest expense of just $0.3 million, leverage and coverage remain exceptionally strong.

Final Thoughts & Recommendation

Due to both internal and external factors, Old Dominion is a powerful company and one of the leading LTL carriers in the U.S. Internally, it has invested in new growth, and, externally, it has benefited from the e-commerce revolution. The company is financially sound and profitable, which that allows it to keep investing in the business and growing its dividend. Still, total expected returns come in at just 4.4% per annum, as our expected growth rate of 12% and the 0.6% dividend yield could by partially offset by the possibility of a 7.4% annual valuation headwind. ODFL earns a hold rating.

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.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,992	3,358	4,044	4,109	4,015	5,256	6,260	5,866	5,815
Gross Profit	745	875	1,144	1,170	1,229	1,775	2,256	2,072	2,023
Gross Margin	24.9%	26.1%	28.3%	28.5%	30.6%	33.8%	36.0%	35.3%	34.8%
SG&A Exp.	152	177	194	206	184	224	259	281	310
D&A Exp.	190	206	230	254	261	260	276	324	345
Operating Profit	484	576	817	819	907	1,392	1,841	1,641	1,544
Op. Margin	16.2%	17.1%	20.2%	19.9%	22.6%	26.5%	29.4%	28.0%	26.6%
Net Profit	296	464	606	616	673	1,034	1,377	1,240	1,186
Net Margin	9.9%	13.8%	15.0%	15.0%	16.8%	19.7%	22.0%	21.1%	20.4%
Free Cash Flow	148	154	312	505	708	663	916	812	888
Income Tax	182	112	210	208	229	354	464	408	372

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,696	3,068	3,545	3,996	4,369	4,822	4,839	5,512	5,491
Cash & Equivalents	10	127	190	404	401	463	186	434	109
Acc. Receivable	320	394	428	398	445	567	579	579	502
Goodwill & Int.	19	19	19	---	---	---	---	---	---
Total Liabilities	845	792	865	915	1,043	1,142	1,186	1,255	1,247
Accounts Payable	89	74	79	70	69	83	106	113	92
Long-Term Debt	105	95	45	45	100	100	100	80	60
Total Equity	1,851	2,277	2,680	3,081	3,326	3,680	3,653	4,258	4,245
LTD/E Ratio	0.06	0.04	0.02	0.01	0.03	0.03	0.03	0.02	0.01

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	11.5%	16.1%	18.3%	16.3%	16.1%	22.5%	28.5%	24%	21.6%
Return on Equity	16.7%	22.5%	24.4%	21.4%	21.0%	29.5%	37.6%	31.3%	27.9%
ROIC	15.7%	21.4%	23.8%	21.0%	20.5%	28.7%	36.6%	30.6%	27.6%
Shares Out.	124	124	122	120	117	116	113	220	216
Revenue/Share	23.98	27.17	32.87	34.07	33.88	45.15	55.36	26.64	26.86
FCF/Share	1.18	1.25	2.53	4.18	5.97	5.69	8.10	3.69	4.10

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