United Parcel Service Inc. (UPS)

Updated February 9th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	$117	**5 Year CAGR Estimate:**	11.7%	**Market Cap:**	$100 B
Fair Value Price:	$103	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date[1]:**	02/17/26
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Dividend Payment Date[1]:**	03/05/26
Dividend Yield:	5.6%	**5 Year Price Target**	$165	**Years Of Dividend Growth:**	16
Dividend Risk Score:	F	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

United Parcel Service, founded in 1907 and headquartered in Atlanta, GA, is a logistics and package delivery company that offers services including transportation, distribution, ground freight, ocean freight, insurance, and financing. Its operations are split into three segments: US Domestic Package, International Package, and Supply Chain & Freight. UPS trades with a market capitalization of $100 billion.

UPS announced it increased its quarterly dividend by one penny to $1.64 on February 5th, 2025, marking its 16th consecutive annual increase.

On January 8th, 2025, the company completed its acquisition of Frigo-Trans, a complex healthcare logistics provider in Germany. And on November 3rd, 2025, UPS acquired Andlauer Healthcare Group (formerly TSX: AND), a North American supply chain management company, specializing in third-party logistics and cold chain transportation solutions, for $1.6 billion.

On January 27th, 2026, UPS reported fourth quarter 2025 results for the period ending December 31st, 2025. For the quarter, the company generated revenue of $24.5 billion, a 3.2% year-over-year decrease. The U.S. Domestic segment (making up 68% of sales) saw a 3.2% revenue decline, with International posting a 2.5% revenue increase, while Supply Chain Solutions saw a 13% decrease. Adjusted EPS equaled $2.38 per share, which beat analysts' estimates by $0.18.

The company reduced its operational workforce by roughly 48,000 positions in 2025, and it closed daily operations at 93 buildings. Through these initiatives, it expects to generate $3.5 billion in cost savings. Furthermore, it is targeting another $3 billion in savings in 2026 in accordance with the Amazon Glidedown, and a further 30K headcount reduction.

UPS expects $89.7 billion revenue and 9.6% adjusted operating margin for 2026. It also expects capex of $3.0 billion for the full year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$5.75	$6.01	$7.24	$7.53	$8.23	$12.13	$12.94	$8.78	$7.72	$7.16	***$7.07***	***$11.39***
DPS	$3.12	$3.32	$3.64	$3.84	$4.04	$4.08	$6.08	$6.48	$6.52	$6.56	***$6.56***	***$8.37***
Shares[2]	868	859	858	857	871	878	871	860	856	850	***848***	***820***

During the last financial crisis, UPS' profitability declined substantially. Earnings-per-share dropped from $4.11 in 2007 to $2.31 in 2009. Since then, profits have risen relatively consistently. When we look at the 2007-2020 timeframe, earnings-per-share grew by 5.5% annually. In the trailing nine years, EPS rose by 2.5% CAGR, but in the last five, EPS has decreased by -2.7%CAGR given tough comparisons.

UPS has been experiencing a number of benefits in the last decade. One such tailwind is e-commerce, which leads to growth in the number of packages that must be transported across the country. A strong economy drives demand for UPS' services by businesses as well as by consumers, which increase their spending due to higher disposable incomes. With online shopping continuing to outpace brick-and-mortar growth for the foreseeable future, UPS should continue to

[1] Estimate

[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.

benefit from strong demand for its services. However, this is offset by uncertainty surrounding new tariffs, which has contributed to the average daily U.S. domestic package volume declining by 11% compared to the year-ago quarter, while the cost per piece has increased by 10.4%.

Results for 2023 were impacted due to the labor negotiations and the costs associated with its agreement with The International Brotherhood of Teamsters. Despite COVID-19, results in 2020, 2021, and 2022 were impressive. Moreover, the long-term tailwinds are intact. Indeed, the pandemic has sped up the trend of online shopping.

We are forecasting $7.07 in earnings-per-share for 2026 along with a 10% annual growth rate.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.4	18.6	15.6	14.7	15.8	15.5	14.6	17.5	18.1	14.0	***16.5***	***14.5***
Avg. Yld.	2.9%	3.0%	3.2%	3.5%	3.1%	2.2%	2.7%	3.7%	4.7%	6.6%	***5.6%***	***5.1%***

Over the past decade shares of UPS have traded with an average P/E ratio of 16.5. While we believe a slight premium is warranted for the quality of the business, given the current market turmoil and economic uncertainty, we are comfortable with 14.5 times earnings as a fair value baseline, implying a valuation headwind from here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	54%	55%	50%	51%	49%	34%	47%	74%	84%	92%	***93%***	***74%***

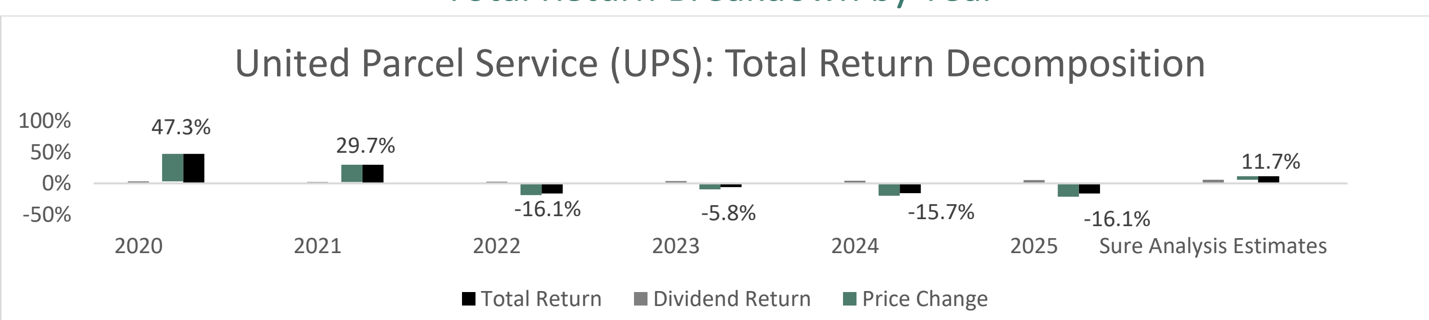
United Parcel Service did not cut its dividend during the last financial crisis, but its payout ratio rose to a relatively high level due to the decline in the company's net profits. From then until 2023, the payout ratio stabilized around half of earnings. But the dividend is now again in serious danger due to the large dividend increase of 2022 combined with its recent EPS decline. We now believe that a dividend cut is a possibility given continued downgrades in EPS expectations.

UPS is the largest logistics/package delivery company in the US. Its top peers include FedEx, DHL Express, and the United States Postal Service. The long-term macro environment is beneficial for the whole industry, thanks to the megatrend of online shopping. None of the big players have an interest in a price war, so volumes could continue to rise even if base pricing is increased over time. Competitive pressures should therefore remain muted for the foreseeable future. UPS was impacted significantly during the last financial crisis, which should be monitored this time around as well.

Final Thoughts & Recommendation

Shares of UPS have soared 18% year-to-date, well above the performance of the S&P 500 Index, which has risen by 2% over the same period. United Parcel Service is one of the key companies in an industry that benefits from the online shopping megatrend. It seems likely that UPS will be able to grow its earnings-per-share at a solid pace over the intermediate term. Total return potential comes in at 11.7% per annum, consisting of 10% EPS growth and the 5.6% dividend yield, partly offset by -2.6% P/E multiple contraction. UPS earns a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	61610	66585	71861	74094	84628	97287	100338	90958	91070	88,660
Gross Profit	12307	12584	12489	13717	15284	20280	21009	17231	16360	16,030
Gross Margin	20.0%	18.9%	17.4%	18.5%	18.1%	20.8%	20.9%	18.9%	18.0%	18.1%
D&A Exp.	2224	2282	2207	2360	2698	2953	3188	3366	3609	8,163
Operating Profit	7688	7529	7024	7798	7684	12810	13094	9141	8468	7,867
Op. Margin	12.5%	11.3%	9.8%	10.5%	9.1%	13.2%	13.0%	10.0%	9.3%	8.9%
Net Profit	3422	4905	4791	4440	1343	12890	11548	6708	5782	5,572
Net Margin	5.6%	7.4%	6.7%	6.0%	1.6%	13.2%	11.5%	7.4%	6.3%	6.3%
Free Cash Flow	3508	-3748	6428	2259	5047	10813	9335	5080	6213	4,765
Income Tax	1699	2232	1228	1212	501	3705	3277	1865	1660	1,592

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	40377	45574	50016	57857	62408	69405	71124	70857	70070	73,090
Cash & Equivalents	3476	3320	4225	5238	5910	10255	5602	3206	6112	5,887
Acc. Receivable	7695	8773	8958	9552	10750	12541	12583	11216	10870	11,210
Goodwill & Int.	5515	5836	5887	5980	5641	6178	7019	8177	7364	9,858
Total Liabilities	39948	44550	46979	54574	61739	55136	51321	53543	53330	56,840
Accounts Payable	3042	3934	5188	5555	6455	7523	7515	6340	6302	6,633
Long-Term Debt	16075	24289	22202	24740	24312	21507	19662	22264	21280	27,830
Total Equity	405	994	3021	3267	657	14253	19786	17306	16720	16,250
LTD/E Ratio	39.7	24.4	7.3	7.6	37.0	1.5	1.0	1.3	1.3	1.76

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.7%	11.4%	10.0%	8.2%	2.2%	19.6%	16.4%	9.4%	8.2%	7.8%
Return on Equity	234%	675%	236%	141%	68%	173%	68%	36%	34%	33.8%
ROIC	20.5%	23.5%	19.0%	16.7%	5.1%	42.4%	30.7%	17.0%	14.9%	12.8%
Shares Out.	887	875	870	869	871	878	875	860	856	850.00
Revenue/Share	69.46	76.10	82.60	85.26	97.16	110.8	114.7	105.77	106.39	104.31
FCF/Share	3.95	-4.28	7.39	2.60	5.79	12.32	10.67	5.91	7.26	5.606

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