Old Dominion Freight Line, Inc. (ODFL)

Updated August 1st, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$212	**5 Year Annual Expected Total Return:**	6.0%	**Market Cap:**	$44.1 B
Fair Value Price:	$157	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	09/02/26
% Fair Value:	135%	**5 Year Valuation Multiple Estimate:**	-5.9%	**Dividend Payment Date:**	09/16/26
Dividend Yield:	0.5%	**5 Year Price Target**	$276	**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 approximately $43.6 billion; its roughly 20,600 active full-time employees operate 260 service centers across the continental U.S., 10,184 tractors, and 45,137 trailers. Founded in 1934, it competes in the highly competitive LTL industry with regional, inter-regional, and national carriers.

On July 29th, 2026, Old Dominion posted its Q2 results for the period ending June 30th, 2026. Total revenue of $1.55 billion was 10.4% higher than in Q2-2025, while diluted earnings per share increased by 32.3% to $1.68. This increase in revenue was primarily due to a 15.2% rise in LTL revenue per hundredweight, partially offset by a 4.1% decline in LTL tons per day. Excluding fuel surcharges, LTL revenue per hundredweight increased by 5.5%.

The decline in LTL tons per day reflects a 5.7% decrease in LTL shipments per day, partially offset by a 1.7% growth in LTL weight per shipment. Results reflected continued improvement in demand trends despite year-over-year shipment weakness. Throughout the quarter, the company maintained its disciplined approach to pricing, revenue quality, and operating efficiency, while continuing to provide 99% on-time service and maintaining a claims ratio of just 0.1%.

Specifically, ODFL's salaries, wages, and benefit costs as a percent of revenue declined from 47.7% last year to 44.2%. However, operating supplies and expenses increased from 10.1% to 11.4% of revenue, while general supplies and expenses remained stable at 3.0%. As a result, the company's operating income margin expanded 450 basis points to 29.9%, equivalent to an operating ratio of 70.1%. This improvement also benefited from $17.2 million of net gains on property and equipment disposals. Consequently, net income rose by 30.5%. The per-share result was further supported by a 1.6% reduction in the diluted share count, resulting in a slightly greater 32.3% increase in EPS to $1.68.

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	***$5.80***	***$10.22***
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	***208.7***	***190.0***

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 $5.80 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).

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 22%.

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	***36.6***	***27.0***
Avg. Yld.	0.0%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.7%	***0.5%***	***0.7%***

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 36.6 times expected earnings, this implies the possibility for a 5.9% 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%	***20%***	***20%***

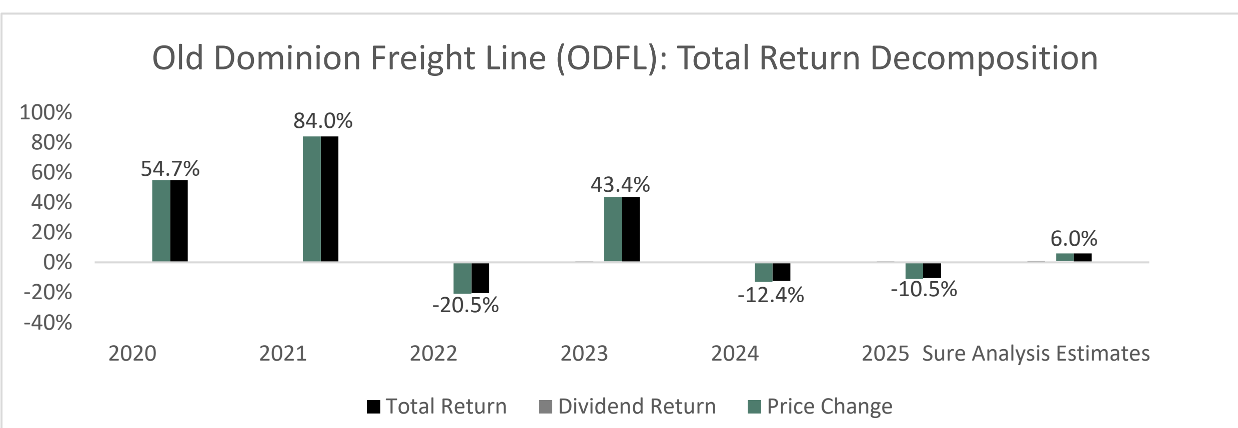
Old Dominion argues its competitive advantage lies in being able to deliver superior service at a fair price. The company is reasonably recession resistant. Despite the sharp economic downturn in 2020, its revenue was roughly flat, but its EPS and cash flow per share were up by high single digits. In 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 June 30th, 2026, the company held $283.9 million in cash and about $20 million of debt following its scheduled May principal repayment, with the remaining balance due in May 2027. Quarterly interest expense was less than $0.1 million, leaving leverage and interest coverage 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 6.0% per annum, as our expected growth rate of 12% and the 0.5% dividend yield could by partially offset by the possibility of a 5.9% 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	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3,358	4,044	4,109	4,015	5,256	6,260	5,866	5,815	5,496
Gross Profit	875	1,144	1,170	1,229	1,775	2,256	2,072	2,023	1,741
Gross Margin	26.1%	28.3%	28.5%	30.6%	33.8%	36.0%	35.3%	34.8%	31.7%
SG&A Exp.	177	194	206	184	224	259	281	310	208
D&A Exp.	206	230	254	261	260	276	324	345	365
Operating Profit	576	817	819	907	1,392	1,841	1,641	1,544	1,394
Op. Margin	17.1%	20.2%	19.9%	22.6%	26.5%	29.4%	28.0%	26.6%	25.4%
Net Profit	464	606	616	673	1,034	1,377	1,240	1,186	1,024
Net Margin	13.8%	15.0%	15.0%	16.8%	19.7%	22.0%	21.1%	20.4%	18.6%
Free Cash Flow	154	312	505	708	663	916	812	888	955
Income Tax	112	210	208	229	354	464	408	372	338

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	3,068	3,545	3,996	4,369	4,822	4,839	5,512	5,491	5,588
Cash & Equivalents	127	190	404	401	463	186	434	109	120
Acc. Receivable	394	428	398	445	567	579	579	502	472
Goodwill & Int.	19	19	---	---	---	---	---	---	---
Total Liabilities	792	865	915	1,043	1,142	1,186	1,255	1,247	1,277
Accounts Payable	74	79	70	69	83	106	113	92	62.7
Long-Term Debt	95	45	45	100	100	100	80	60	124
Total Equity	2,277	2,680	3,081	3,326	3,680	3,653	4,258	4,245	4.31
LTD/E Ratio	0.04	0.02	0.01	0.03	0.03	0.03	0.02	0.01	0.03

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	16.1%	18.3%	16.3%	16.1%	22.5%	28.5%	24%	21.6%	18.3%
Return on Equity	22.5%	24.4%	21.4%	21.0%	29.5%	37.6%	31.3%	27.9%	23.9%
ROIC	21.4%	23.8%	21.0%	20.5%	28.7%	36.6%	30.6%	27.6%	23.1%
Shares Out.	124	122	120	117	116	113	220	216	212
Revenue/Share	27.17	32.87	34.07	33.88	45.15	55.36	26.64	26.86	25.98
FCF/Share	1.25	2.53	4.18	5.97	5.69	8.10	3.69	4.10	4.51

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