

FedEx to spin off industry-leading FedEx Freight LTL division



FedEx Freight had \$9.4 billion in revenue in its fiscal year that ended May 31, and its top line could become even bigger as an independent trucking company. Photo credit: Red Herring / Shutterstock.com.

William B. Cassidy, Senior Editor | Dec 19, 2024, 5:23 PM EST

FedEx on Thursday said it will spin off its less-than-truckload (LTL) division as an independent company, setting the stage for increased competition in the US LTL sector.

The separation of FedEx's parcel and LTL freight divisions to be completed over the

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“Through this process, we will unlock value for our freight business and position FedEx to create even greater value for stockholders,” Subramaniam said.

FedEx Freight will continue to cooperate and maintain commercial ties with FedEx and its parcel divisions — FedEx Express and FedEx Ground, Subramaniam said.

FedEx Freight had \$9.4 billion in revenue in its fiscal year that ended May 31. For calendar year 2023, the revenue figure was \$10.2 billion.

The next-largest LTL provider, Old Dominion Freight Line, had \$6.2 billion in revenue last year, while the third-largest carrier, XPO, had \$4.7 billion in 2023 revenue.

Revenue growth expected

As a separate company, FedEx Freight will be able to grow that revenue and increase its industry dominance, according to Satish Jindel, president of SJ Consulting Group.

“This spinoff will bring more investment money from hedge funds and institutional investors into the LTL segment, [specifically to FedEx Freight],” Jindel said.

“They’ll be able to shed overhead costs connected with the parcel business and invest in what makes sense from an LTL point of view, and that’s good for shippers,” he said.

Competing carriers among the largest LTL providers have been bracing for a FedEx Freight spinoff, in part by pushing to acquire terminals from bankrupt Yellow.

“FedEx Freight as an independent company will be a much stronger competitor,” said an LTL executive who did not want to be identified. “The shackles are off now.”

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