Zacks Report Date: December 02, 2025

Union Pacific (UNP)

$231.36 (Stock Price as of 12/01/2025)

Price Target (6-12 Months): **$232.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 09/25/23) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: D
	Value: D | Growth: C	Momentum: D

Summary

Union Pacific, which recently inked a deal to buy Norfolk Southern, is suffering big time as e-commerce sales have normalized and consumer markets have softened. Geopolitical uncertainty and high inflation continue to hurt consumer sentiment. Reduced fuel surcharge revenues, too, are a concern. Due to these headwinds, volumes are suffering. Operating ratio (operating expenses as a percentage of revenues) remains under pressure, mainly due to revenue woes. Given the soft freight market scenario, the revenue weakness is likely to persist. To combat the revenue weakness, UNP is looking to cut costs. In the meantime, it continues to pay dividends. UNP is also active on the buyback front. Considering all these factors, investors are advised to wait for a better entry point. Our thesis is supported by the Neutral recommendation on the stock.

Data Overview

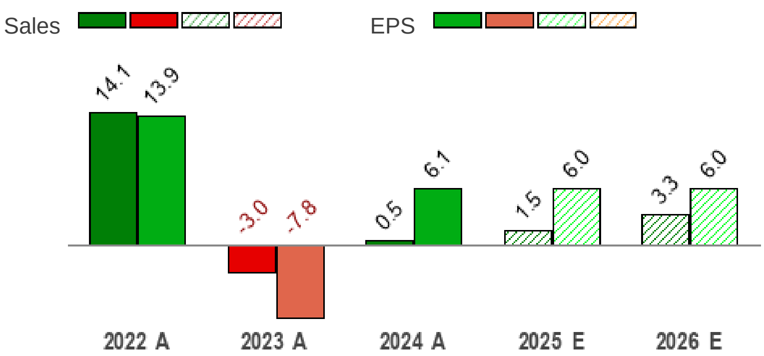
52 Week High-Low	**$256.84 - $204.66**
20 Day Average Volume (sh)	**2,981,062**
Market Cap	**$137.2 B**
YTD Price Change	**1.5%**
Beta	**0.99**
Dividend / Div Yld	**$5.52 / 2.4%**
Industry	**Transportation - Rail**
Zacks Industry Rank	**Bottom 27% (178 out of 243)**

Last EPS Surprise	**3.0%**
Last Sales Surprise	**0.2%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**01/22/2026**
Earnings ESP	**5.7%**

P/E TTM	**19.7**
P/E F1	**19.7**
PEG F1	**3.3**
P/S TTM	**5.6**

Price, Consensus & Surprise(1)

Sales and EPS Growth Rates (Y/Y %)(2)



Sales Estimates (millions of $)(2)

	Q1	Q2	Q3	Q4	Annual*
2026	6,179 E	6,433 E	6,562 E	6,262 E	25,436 E
2025	6,027 A	6,154 A	6,244 A	6,194 E	24,619 E
2024	6,031 A	6,007 A	6,091 A	6,121 A	24,250 A

EPS Estimates(2)

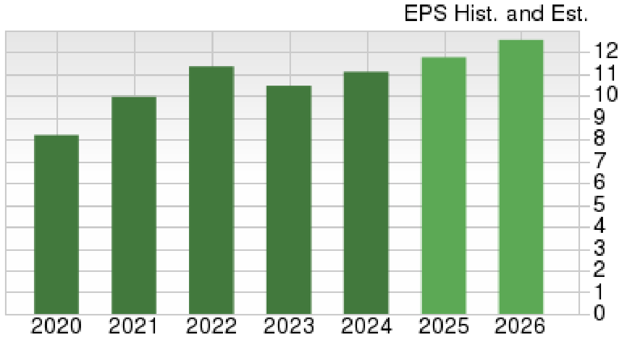
	Q1	Q2	Q3	Q4	Annual*
2026	2.87 E	3.11 E	3.39 E	3.09 E	12.46 E
2025	2.70 A	3.03 A	3.08 A	2.95 E	11.76 E
2024	2.69 A	2.74 A	2.75 A	2.91 A	11.09 A

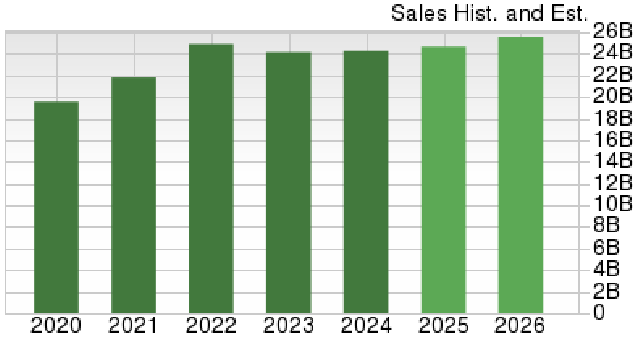
*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/01/2025.
(2) The report's text, the analyst-provided estimates, and the price target are as of 11/06/2025.

Overview

Union Pacific Corporation provides rail transportation services across 23 states in the United States through its principal operating company, Union Pacific Railroad Company. As the largest railroad in North America, Union Pacific connects the Pacific and Gulf Coast ports with the Midwest and gateways in eastern United States. The company also connects with Canada's rail systems and is the only railroad, serving all the six major gateways to Mexico.





As of 11/06/2025

Union Pacific offers transportation services for agricultural products, automotive products, lumber, steel, paper, food, chemicals, coal and industrial products, as well as for finished vehicles and intermodal containers.

Union Pacific, based in Omaha, NE, also provides container and traffic services, primarily for shipper agents and consolidators, as well as for truckload carriers. The company was incorporated in Utah in 1969.

From first-quarter 2020, Union Pacific has been reporting through three business groups: **Bulk** (formerly agricultural products), **Industrial** and **Premium**.

The bulk division (31.6% of freight revenues generated in 2024) is responsible for the transportation of grains, commodities produced from these grains, and fertilizers, apart from food and beverage products. The segment serves major grain markets, linking the Midwest and Western United States producing areas to export terminals in the Pacific Northwest and Gulf Coast ports and Mexico.

The coal and petroleum coke products also come under the bulk group.
The Industrial unit (37%) includes multiple categories like construction materials, industrial chemicals and soda ash. LPG and petroleum products are also included here.

The company’s premium division (31.4%) includes three segments, namely international intermodal, domestic intermodal and automotive.

Freight revenues account for the bulk of the company's top line. In 2024, 94.1% of the company’s total revenues of $24.25 billion came from this source.

The company's fiscal year coincides with the calendar year.

As of 12/01/2025

Reasons To Buy:

Relatively stable ecommerce demand, cost cutting efforts and initiative to reward its shareholders are positives.

- ***E-commerce Still a Force to Reckon With***: E-commerce, which has gained in importance, leads to greater demand for intermodal services – the long-haul movement of shipping containers from ship to rail and truck. It is hardly surprising that the pace of growth of e-commerce demand has slowed from the levels witnessed at the peak of the pandemic, with the reopening of economies. However, it remains impressive, driven by the convenience associated with online shopping. E-commerce demand strength should continue to support the growth of railroads like Union Pacific. This is because Union Pacific offers numerous advantages when it comes to long-haul transportation, including the ability to reduce highway congestion, and GHG emissions. Products and goods can also be moved seamlessly from trucks to railroads and back to trucks, once deliveries reach a distribution center.

- ***Focus on Cost-Cuts to Drive Bottom line***: Despite signs of cooling inflation, the measure is still well above the Fed's 2% target. We note that the railroad industry has been experiencing significant levels of inflation. Union Pacific is suffering big time due to a decline in volumes as a result of soft consumer markets. Geopolitical uncertainty and high inflation continue to hurt consumer sentiment. To combat the revenue weakness due to the freight downturn, UNP is looking to cut costs to drive the bottom line. To improve efficiency, UNP is using longer trains, boosting freight car velocity. Due to the cost-cutting efforts, operating expenses declined 3% year over year in 2024. Operating expenses were flat year over year in the first nine months of 2025.

- ***Strong Financial Returns for Shareholders:*** UNP is focused on rewarding its shareholders. Strong free cash flow supports the shareholder-friendly activities at Union Pacific. Free cash flow in 2023 was $1.54 billion. In 2023, the company returned $3.9 billion to its shareholders. The company hiked its dividend twice in 2021. In May 2022, UNP upped its quarterly dividend by a further 10% to $1.30 per share. In July 2024, UNP increased its dividend by a further 3% to $1.34 per share. The latest shareholder-friendly move came in July 2025 when UNP increased its quarterly dividend to $1.38 per share. The company has paid dividends on its common stock for 126 consecutive years, reflecting its pro-shareholder approach. The company has returned $5.1 billion to its shareholders in the first nine months of 2025, through dividends and buybacks.

Reasons To Sell:

- ***Persistent Demand Erosion: A Grave Concern:*** *With* consumer spending and business investments remaining low, production levels have decreased in response to reduced demand. As a result of low demand, there is less need for transportation services to move goods, in turn resulting in a freight recession. Below-par freight rates are also hurting UNP's prospects. Highlighting the weak freight demand, the Cass Freight Shipments Index has declined year over year in each of the past seven months, which confirms the overall declining trend. Geopolitical uncertainty and high inflation continue to hurt consumer sentiment. Reduced fuel surcharge revenues, too, are a concern. Agreed that signs of easing inflation have brought some sort of relief for U.S. stock markets, but the fact remains that we are far from being out of the woods. Due to higher interest rates and tepid spending, freight demand is likely to be weak at least in the near-term.

Weakness pertaining to freight revenues and volumes do not bode well for UNP. Economic uncertainty is also a cause for worry.

- ***High Debt***: UNP's financial metrics indicate that its leverage sis elevated and is a massive negative for its shareholders. The long-term debt burden of the company stood at $30.3 billion at the end of the third quarter of 2025, which translates into a total debt-to-capitalization of 66.9%, which is well above the sub-industry's 48.8%.

- ***High Degree of Volatility***: Given the high inflation and weak demand, stock prices of transportation companies like UNP are notoriously volatile. As such, shares of UNP may not be suitable for investors who are not comfortable with the substantial day-to-day volatility.

Last Earnings Report

Earnings Beat at Union Pacific in Q3

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Oct 23, 2025
Sales Surprise	0.16%
EPS Surprise	3.01%
Quarterly EPS	3.08
Annual EPS (TTM)	11.72

Union Pacific's third-quarter 2025 earnings (excluding 7 cents from non-recurring items) of $3.08 per share beat the Zacks Consensus Estimate of $2.99. The bottom line improved 12% on a year-over-year basis due to strong operational efficiency.

Operating revenues of $6.2 billion beat the Zacks Consensus Estimate by 0.2% and improved 2.5% on a year-over-year basis, owing to solid core pricing gains

Freight revenues, accounting for 95% of the top line, improved 3% to $5.93 billion. Other revenues decreased 2% to $317 million in the third quarter of 2025. Business volumes, measured by total revenue carloads, remained flat on a year-over-year basis.

The operating income was up 6% year over year at $2.55 billion. Total operating expenses of $3.7 billion inched up 1% year over year. Fuel expenses increased 1%. Expenses on purchased services and materials were up 6% on a year-over-year basis, expenses on compensation and benefits decreased 1% and other cost items declined 1% year over year.

The operating ratio (operating expenses as a percentage of revenues) in the third quarter of 2025, on an adjusted basis, improved 180 basis points year over year to 58.5%.

UNP's Segmental Highlights

Bulk (Grain & grain products, Fertilizer, Food & refrigerated, Coal & renewables) freight revenues were $1.93 billion, which increased 7% on a year-over-year basis. Segmental revenue carloads increased 7% year over year.

Industrial freight revenues came in at $2.19 billion, up 3% year over year. Segmental revenue carloads increased 3% to $574 million year over year.

Freight revenues in the Premium division were $1.8 billion, down 2% year over year. Premium revenue carloads decreased 5% year over year.

UNP's Liquidity

Union Pacific exited the third quarter of 2025 with cash and cash equivalents of $808 million compared with $1 billion at 2024 end. Debt (due after a year) increased to $30.29 billion in the September-end quarter from $29.77 billion at 2024's end.

2025 Outlook

Capital expenditure is expected to be approximately $3.4 billion. UNP aims to continue generating strong cash.

Recent News

Agreement with SMART-TD — Sept. 22, 2025

SMART-TD, the largest U.S. railroad union, and Union Pacific Railroad have secured a historic agreement guaranteeing lifetime job protection for SMART-TD members in train and yardmaster roles amid Union Pacific’s proposed merger with Norfolk Southern. The agreement prevents involuntary furloughs, ensures preferential hiring for affected employees, and promotes joint implementation, providing stability for workers and minimizing disruption to shippers.

Valuation

UNP's shares are up 3.1% year to date. Shares declined 10.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 2.3% while those in the Zacks Transportation sector are down 4.9% year to date. Over the past year, the Zacks sub-industry and the Zacks Transportation sector have been down 3.3% and 10.4%, respectively.

The S&P 500 index is up 17.9% year to date and 20.8% in a year.

The stock is currently trading at 16.91X price-to-earnings, which compares to 18.75X for the Zacks sub-industry, 15.78X for the Zacks sector and 22.12X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 25.38X and as low as 15.41X, with a 5-year median of 20.35X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $232 price target reflects 18.04X forward 12-month earnings.

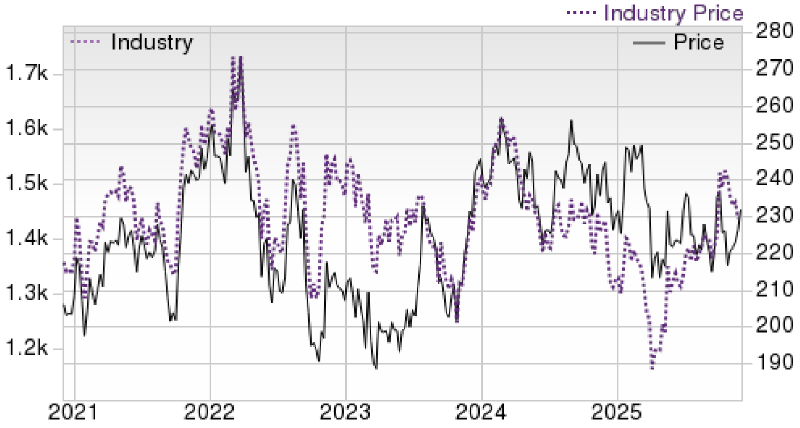
The table below shows summary valuation data for UNP

Valuation Multiples - UNP

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	16.91	18.75	15.78	22.12
	5-Year High	25.38	22.94	34.56	24.02
	5-Year Low	15.41	16.13	12.05	15.6
	5-Year Median	20.35	19.8	15.78	20.34
EV/EBITDA TTM	Current	12.8	18.03	8.46	14.93
	5-Year High	17.75	26.28	24.59	22.65
	5-Year Low	11.36	16.14	8.25	14.6
	5-Year Median	14.84	20.35	11.26	18.38
P/S F12M	Current	4.9	7.25	1.33	4.37
	5-Year High	7.5	10.89	2.66	5.54
	5-Year Low	4.47	6.73	1.33	3.84
	5-Year Median	5.83	8.25	1.75	4.9

As of 11/05/2025 *Source: Zacks Investment Research*

Industry Analysis[1] **Zacks Industry Rank:** Bottom 27% (178 out of 243)



Top Peers [1]

Company (Ticker)	Rec	Rank
Expeditors Internati...**(EXPD)**	Outperform	1
C.H. Robinson Worldw...**(CHRW)**	Neutral	3
Canadian National Ra...**(CNI)**	Neutral	3
Canadian Pacific Kan...**(CP)**	Neutral	4
CSX Corporation **(CSX)**	Neutral	3
FedEx Corporation **(FDX)**	Neutral	2
GXO Logistics, Inc. **(GXO)**	Neutral	3
Norfolk Southern Cor...**(NSC)**	Underperform	3

Industry Comparison[1] Industry: Transportation - Rail

	UNP	X Industry	S&P 500	CNI	CSX	NSC
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	F	D	F
Market Cap	137.23 B	27.26 B	37.90 B	58.91 B	64.90 B	65.03 B
# of Analysts	7	7	22	7	7	6
Dividend Yield	2.39%	0.59%	1.46%	2.73%	1.49%	1.86%
Value Score	D	-	-	C	D	D
Cash/Price	0.01	0.02	0.04	0.00	0.01	0.02
EV/EBITDA	13.38	11.58	14.39	11.57	11.58	14.59
PEG Ratio	3.28	2.57	2.19	2.16	2.97	2.66
Price/Book (P/B)	7.93	1.49	3.33	3.83	5.09	4.30
Price/Cash Flow (P/CF)	15.34	12.66	14.87	12.87	12.45	16.24
P/E (F1)	19.67	18.75	20.10	17.81	21.13	23.67
Price/Sales (P/S)	5.59	4.70	3.04	4.79	4.60	5.32
Earnings Yield	5.08%	5.35%	4.96%	5.62%	4.73%	4.23%
Debt/Equity	1.75	1.00	0.57	0.92	1.45	1.09
Cash Flow ($/share)	15.08	3.08	8.99	7.43	2.80	17.85
Growth Score	C	-	-	D	D	D
Hist. EPS Growth (3-5 yrs)	5.49%	5.32%	8.16%	5.15%	6.33%	2.41%
Proj. EPS Growth (F1/F0)	6.04%	9.40%	8.35%	3.67%	-9.84%	3.38%
Curr. Cash Flow Growth	5.15%	-2.35%	7.00%	-4.73%	-0.08%	1.70%
Hist. Cash Flow Growth (3-5 yrs)	2.37%	1.90%	7.31%	1.42%	2.59%	0.74%
Current Ratio	0.75	0.86	1.19	0.60	0.85	0.86
Debt/Capital	63.64%	50.08%	38.15%	47.90%	59.26%	52.11%
Net Margin	28.73%	26.86%	12.82%	26.86%	20.55%	24.22%
Return on Equity	42.23%	18.93%	17.00%	21.50%	24.95%	18.93%
Sales/Assets	0.36	0.30	0.53	0.30	0.33	0.28
Proj. Sales Growth (F1/F0)	1.50%	0.00%	5.70%	-1.20%	-2.50%	1.20%
Momentum Score	D	-	-	F	C	D
Daily Price Chg	-0.20%	-0.32%	-0.53%	-0.35%	-1.44%	-0.77%
1 Week Price Chg	2.48%	3.12%	1.60%	3.12%	3.15%	2.03%
4 Week Price Chg	5.73%	2.22%	-0.57%	-0.07%	-2.74%	2.71%
12 Week Price Chg	6.49%	0.31%	4.89%	0.31%	7.46%	5.17%
52 Week Price Chg	-3.91%	-4.10%	12.66%	-14.01%	-4.10%	6.26%
20 Day Average Volume	2,981,062	849,880	2,737,368	1,259,015	12,691,134	1,306,832
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-0.17%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	-0.04%	0.06%	-0.18%	-0.08%	-1.05%
(F1) EPS Est 12 week change	0.26%	-0.63%	0.62%	-3.76%	-1.26%	-2.73%
(Q1) EPS Est Mthly Chg	0.15%	-0.36%	0.00%	-2.40%	0.00%	-2.64%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	C
Momentum Score	D
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.