

STIFEL

Knight Transportation, Inc.
KNX – NYSE
Hold
 Trucking/Logistics

Analysis of Sales/Earnings

1Q13 EPS Beats Street By \$0.01, Up 6% Y/Y; Maintain Hold

- **Beat Street:** reported 1Q13 EPS of \$0.19, up 6% y/y and \$0.01 higher than the Street consensus. Additionally, 1Q13 EPS were \$0.01 above our Stifel estimate of \$0.18. In relation to our estimate, the 1Q13 earnings beat was driven by higher top line revenue growth, net of fuel surcharge revenue (+8% y/y versus our assumption of 3.5% y/y growth), slightly offset by an operating ratio, net of fuel surcharge revenue, that was 10 basis points higher than our assumption.
- **Total 1Q13 revenue increased 7.2% y/y to \$235.4 million**—as top line growth continued to grow faster than Knight's truckload peers. Revenue, net of fuel surcharge revenue, saw an 8.0% y/y increase to \$189.6 million. Asset-based businesses combined to grow revenue by only 2.1% y/y while non-asset based businesses grew revenue by an impressive 57.9% y/y.
- **Revenue growth in the company's asset-based businesses was hindered by a 1.6% y/y decline in tractor utilization**, which was slightly offset by a 0.7% increase in average revenue per loaded mile. Combined, the company's average revenue per tractor per week declined by 1.2% y/y, holding back the asset-based business revenue growth.
- **1Q13 operating ratio unfavorably increased 10 basis points y/y to 86.5%.** However, both the company's asset-based and non-asset based businesses' operating ratios favorably increased y/y, but the mix shift of revenue from the strong growth in the non-asset based businesses drove the consolidated operating ratio slightly higher y/y.
- **Balance sheet remains strong and improved sequentially.** Ending the quarter with \$43 million in long-term debt. The company repaid \$37 million in debt, bring the debt-to-total capitalization and net debt-to-total capitalization ratios at quarter end to an estimated 7.9% and 6.1%, respectively.
- **Our 2013, 2014, and 2015 EPS estimates remain unchanged** at \$0.92, \$1.03, and \$1.12, respectively. Our freshly minted model includes the 1Q13 EPS beat but takes into account management's newly issued guidance for the 3Q13 and the generally mediocre freight environment continuing.
- **Maintaining our Hold rating.** Our 12-month fair value estimate remains \$16 (or 14.5x our 2015 EPS estimate of \$1.12) and provides only 5% potential over the coming 12-months. With a limited amount of upside potential over the coming year we are hard pressed to justify a Buy rating on the company's common shares. All things remaining equal, we would revisit our rating should the company's common shares fall to \$13 or below.

Changes	Previous	Current
Rating	—	Hold
Target Price	—	NA
FY13E EPS (Net)	—	\$0.92
FY14E EPS (Net)	—	\$1.03
FY13E Rev (Net)	\$980.4	\$988.8
FY14E Rev (Net)	\$1.03B	\$1.04B

Price (04/24/13):	\$15.26
52-Week Range:	\$17 – \$13
Market Cap.(mm):	1,218.5
Shr.O/S-Diluted (mm):	79.9
Enterprise Val. (mm):	\$1,259.4
Avg Daily Vol (3 Mo):	550,903
LT Debt/Total Cap.:	7.9%
Net Cash/Share:	\$0.13
Book Value/Share:	\$6.29
Dividend(\$ / %)	\$0.24 / 1.6%
S&P Index	1,578.79

Net Cash/Share includes short term investments

EPS (Net)	2012A	2013E	2014E
Q1	\$0.18	\$0.19A	\$0.21
Q2	0.24	0.24	0.27
Q3	0.21	0.24	0.27
Q4	0.22	0.25	0.28
FY Dec	\$0.85A	\$0.92	\$1.03
P/E	18.0x	16.6x	14.8x

Rev (Net)	2012A	2013E	2014E
Q1	\$219.5	\$235.4A	\$249.0
Q2	236.3	247.1	259.0
Q3	237.9	250.8	262.0
Q4	242.3	255.4	266.7
FY Dec	\$936.0A	\$988.8	\$1.04B
EV/Revenue	1.3x	1.3x	1.2x

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Knight Transportation reported 1Q13 EPS of \$0.19, up 6% y/y and \$0.01 higher than the Street consensus. Additionally, 1Q13 EPS were \$0.01 above our Stifel estimate of \$0.18. The 23 analysts publishing 1Q13 EPS estimates prior to the company's earnings release carried estimates ranging from \$0.17 to \$0.22, while management had guided to a range of \$0.17 to \$0.20. In relation to our estimate, the 1Q13 earnings beat was driven by higher top line revenue growth, net of fuel surcharge revenue (+8% y/y versus our assumption of 3.5% y/y growth), slightly offset by an operating ratio, net of fuel surcharge revenue, that was 10 basis points higher than our assumption. Similarly, the y/y increase in revenue, excluding fuel surcharge revenue, drove the y/y earnings increase, as the company's operating ratio, net of fuel surcharge revenue, only slightly increased y/y (+10 basis points y/y to 86.5%).

Total 1Q13 revenue increased 7.2% y/y to \$235.4 million—as top line growth continued to grow faster than Knight's truckload peers. Revenue, net of fuel surcharge revenue, saw an 8.0% y/y increase to \$189.6 million. The company's asset-based businesses (its dry van truckload, its refrigerated truckload, its port & drayage services, and its dedicated truckload in its asset based group) combined to grow revenue by only 2.1% y/y while its non-asset based businesses (its brokerage, its intermodal, and its non-truck services) grew revenue by an impressive 57.9% y/y—which continues the acceleration in y/y revenue increases for the non-asset based businesses (+15% y/y in 3Q12, +30% y/y in 4Q12). For the quarter, the company's non-asset based businesses represented 17% of total revenue, excluding fuel surcharge revenue.

Revenue growth in the company's asset-based businesses was hindered by a 1.6% y/y decline in tractor utilization (i.e., average miles per tractor per week), which was slightly offset by a 0.7% increase in average revenue per loaded mile. Combined, the company's average revenue per tractor per week declined by 1.2% y/y, holding back the asset-based business revenue growth. The company did, however, increase its average fleet size by 2.5% y/y, which most likely impacted the aforementioned utilization metrics y/y—as well as led to the increase in empty mile percentage y/y from 10.7% in 1Q12 to 11.0% in 1Q13.

The company's 1Q13 operating ratio unfavorably increased 10 basis points y/y to 86.5%. The company calculates its operating ratio after excluding fuel surcharge revenue from both revenue and operating expenses. We believe, as does the company, that this version of the operating ratio is best to use when trying to effectively gauge the year-over-year profitability improvement realized by the company. Both the company's asset-based and non-asset based businesses' operating ratios favorably increased y/y. However, the mix shift of revenue from the strong growth in the non-asset based businesses drove the consolidated operating ratio slightly higher y/y. The asset-based businesses operating ratio decreased from 85.4% in 1Q12 to 85.3% in 1Q13. The non-asset based businesses operating ratio decreased from 94.4% in 1Q12 to 92.8% in 1Q13. On a company-wide basis, increases in purchased transportation (from the aforementioned mix shift) in combination with operations and maintenance expenses, which increased y/y as a percentage of revenue excluding fuel surcharges by 440 basis points and 60 basis points, respectively, slightly overpowered the decreases as a percentage of revenue excluding fuel surcharges in net fuel, insurance, and salaries, wages and benefits expenses.

The company's balance sheet remains strong and improved sequentially, ending the quarter with \$43 million in long-term debt. Despite the debt balance, the company ended the 1Q13 with a \$10.2 million cash balance. During the quarter, the company repaid \$37 million in debt, bring the debt-to-total capitalization and net debt-to-total capitalization ratios at quarter end to an estimated 7.9% and 6.1%, respectively, still leaving the company's balance sheet

in relatively a strong position, in our view. The company should see a decrease in its capital expenditures in 2013 (compared to the \$121 million in net capital expenditures for 2012) as their refreshed fleet will require fewer replacement trucks. The company estimates that it will spend between \$65 million and \$80 million on net capital expenditures in 2013 as it has not backed away from its plan to grow the fleet between 3% and 7% for the year—although, given the current environment, management is leaning towards growing the fleet at the low end of that range. As such, we anticipate that the company would target to keep its average tractor age of 2.0 years as its fleet age goal to maintain for 2013. Excess cash flow, not earmarked for capex or the company's quarterly dividend, will be utilized to pay down the remaining \$43 million in debt on the company's balance sheet. Interestingly, management mentioned during its conference call that in order to generate a higher EPS growth rate than the 10% to 15% targeted, the company will need to be more acquisitive, with internal growth supporting successful acquisitions (which management believes would be a more effective way of increasing the company's capacity).

Our 2013, 2014, and 2015 EPS estimates remain unchanged at \$0.92, \$1.03, and \$1.12, respectively. Our freshly minted model includes the 1Q13 EPS beat but takes into account management's newly issued guidance for the 3Q13 (\$0.22 to \$0.25) and the generally mediocre freight environment continuing. Our 2013, 2014, and 2015 EPS estimates are driven by total year-over-year revenue increases of 6.2%, 5.5%, and 4.8%, respectively. Those revenue increases are a function of annual volume increases of 2.3%, 2.6%, and 2.3%, respectively, and annual core price/productivity increases of 3.3%, 3.0%, and 2.5%, respectively, over the forecast period. Lastly, our estimates are based upon operating ratio, net of fuel surcharge, assumptions of 84.5% for 2013, 83.7% for 2014, and 83.2% for 2015. Furthermore, we currently anticipate the company paying off its remaining debt balance by 1Q14, unless, of course, an acquisition is consummated, a share buy back is initiated, another special dividend is paid, et cetera. Our estimates are predicated on the continuation of the current slow economic growth of 1.5% to 2.0% per annum. Any acceleration in the rate of economic growth would likely render our estimates too conservative. Conversely, further deceleration in the rate of economic growth could result in our estimates being too optimistic.

We are maintaining our Hold rating on the common shares of Knight Transportation. Our 12-month fair value estimate remains \$16 (or 14.5x our 2015 EPS estimate of \$1.12) and provides only 5% potential over the coming 12-months. With a limited amount of upside potential over the coming year we are hard pressed to justify a Buy rating on the company's common shares. All things remaining equal, we would revisit our rating should the company's common shares fall to \$13 or below.

Company Description

Knight Transportation is a truckload carrier (dry van and temperature-controlled) focused on serving regional markets nationwide but historically in the western one-third of the United States. Knight provides time-definite service to its customers and has generated an impressive financial track record since its IPO in 1994. Additionally, the company has recently started Knight Brokerage, Knight Intermodal, and Knight Port and Rail Services to grow its non-asset-based capabilities.

STIFEL

Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts)

Company name (Ticker)	Rating	Closing Price 4/24/2013	Diluted S/O	Market cap.	Total Debt	Cash & equiv.	TEV ^(a)	Equity value as a multiple of Earnings per Share			Book value	Enterprise value as a multiple of							Div. Yield	2013 FCF Yld		
								2012A ^(b)	2013E ^(b)	2014E ^(b)		TTM Revenue	2013E EBITDA	TTM EBITDA	TTM EBITDAR ^(c)	TTM EBIT	TTM ROA	TTM ROE			TTM ROIC	PEG ratio ^(d)
Truckload																						
Celadon Group (CGI)	Buy	17.81	23.5	417.7	237.9	8.1	647.5	13.6x	12.6x	10.8x	2.0x	1.1x	5.8x	6.4x	6.0x	11.6x	6.0%	15.9%	8.2%	0.7	0.4%	16.7%
Covenant Transport (CVTI)	NC	5.65	14.8	83.4	183.2	6.8	259.8	13.8x	14.1x	NE	0.9x	0.4x	NE	3.9x	3.8x	11.2x	1.4%	6.7%	4.0%	1.2	0.0%	NE
Frozen Food Express (FFEX)	NC	1.40	18.1	25.3	29.3	2.9	51.7	NM	NE	NE	0.9x	0.1x	NE	NM	4.1x	NM	NM	NM	NM	NM	0.0%	NE
Heartland Express (HTLD)	Buy	13.35	84.8	1,131.7	0.0	147.5	984.2	18.8x	15.9x	15.3x	3.7x	1.8x	5.8x	6.2x	6.2x	9.7x	12.1%	19.4%	19.4%	2.2	0.6%	6.5%
J.B. Hunt Transport Svcs. (JBHT)	Hold	70.16	118.3	8,302.5	593.3	5.7	8,890.0	27.1x	24.4x	20.6x	9.5x	1.7x	10.5x	11.5x	11.5x	16.5x	12.9%	42.0%	23.7%	1.4	0.9%	3.9%
Knight Transportation (KNX)	Hold	15.26	79.9	1,218.5	43.0	10.2	1,259.4	18.0x	16.6x	14.8x	2.4x	1.3x	5.9x	6.3x	6.5x	11.0x	9.1%	13.9%	12.7%	1.1	1.6%	5.0%
Landstar System (LSTR)	Hold	54.82	46.9	2,570.6	147.8	109.8	2,608.6	19.8x	18.9x	17.1x	6.8x	0.9x	10.5x	11.2x	11.1x	12.7x	15.4%	38.2%	26.7%	1.1	0.0%	4.8%
Marten Transport (MRTN)	Buy	21.03	22.2	466.0	0.0	9.0	463.7	17.1x	14.6x	13.2x	1.4x	0.7x	3.9x	4.2x	4.2x	9.5x	5.8%	8.8%	8.8%	0.9	0.5%	3.6%
P.A.M. Transportation Svcs. (PTSI)	NC	10.87	8.7	94.6	107.5	0.5	201.6	NM	NE	NE	0.8x	0.5x	NE	4.9x	4.8x	NM	0.7%	1.7%	1.8%	NM	0.0%	NE
Quality Distribution (QLTY)	Buy	7.66	27.5	210.4	418.8	2.7	626.5	11.1x	9.3x	7.7x	NM	0.7x	6.5x	8.9x	8.0x	12.7x	4.6%	-30.3%	12.3%	0.8	0.0%	16.4%
Swift Transportation (SWFT)	Buy	13.93	141.1	1,966.0	1,506.4	38.7	3,433.7	13.9x	12.5x	11.1x	7.7x	1.0x	6.1x	6.3x	5.8x	10.0x	5.5%	NM	12.0%	0.7	0.0%	6.4%
Universal Truckload Svcs. (UACL)	Buy	23.39	30.1	704.0	146.0	2.6	847.4	17.3x	15.6x	13.4x	12.3x	0.8x	8.4x	8.7x	8.4x	10.7x	17.7%	74.7%	32.7%	0.7	0.0%	3.5%
USA Truck (USAK)	NC	4.76	10.5	50.1	143.4	1.7	191.8	NM	NM	NM	0.5x	0.4x	NE	8.8x	8.3x	NM	-5.3%	-14.9%	-6.0%	NM	0.0%	NE
Werner Enterprises (WERN)	Buy	22.77	73.4	1,672.1	40.0	19.5	1,692.6	16.3x	16.9x	15.0x	2.3x	0.8x	5.0x	5.1x	5.2x	10.3x	7.5%	13.5%	13.1%	1.3	0.9%	10.0%
Min				25.3	0.0	0.5	51.7	11.1x	9.3x	7.7x	0.5x	0.1x	3.9x	3.9x	3.8x	9.5x	-5.3%	-30.3%	-6.0%	0.7	0.0%	3.5%
Mean				1,350.9	256.9	26.1	1,582.7	17.0x	15.6x	13.9x	3.9x	0.9x	6.9x	7.1x	6.7x	11.4x	7.2%	15.8%	13.0%	1.1	0.3%	7.7%
Mean (Asset-based TL only)				1,402.5	262.2	22.8	1,643.3	17.3x	16.0x	14.4x	2.9x	0.9x	6.1x	6.4x	6.0x	11.2x	5.6%	11.9%	9.8%	1.2	0.4%	7.4%
Median				585.0	144.7	7.5	747.5	17.1x	15.6x	14.1x	2.3x	0.8x	6.0x	6.3x	6.1x	11.0x	6.0%	13.7%	12.3%	1.1	0.0%	5.6%
Max				8,302.5	1,506.4	147.5	8,890.0	27.1x	24.4x	20.6x	12.3x	1.8x	10.5x	11.5x	11.5x	16.5x	17.7%	74.7%	32.7%	2.2	1.6%	16.7%
Stifel Transportation Average				8,010.0	1,553.7	472.5	9,126.8	19.2x	18.5x	14.5x	3.1x	1.9x	8.1x	8.9x	8.9x	12.5x	5.1%	15.4%	10.4%	1.1	1.0%	3.5%

(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest

(b) Stifel estimates for those rated and First Call mean estimates for unrated securities

(c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation multiple calculation

(d) 2014E P/E divided by First Call mean or Stifel estimated long-term growth rate

Excludes non-recurring items

Calculations may vary due to rounding

Source: Company data, First Call, and Stifel estimates



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Knight Transportation Income Statement

(figures in \$ millions, except per share amounts)

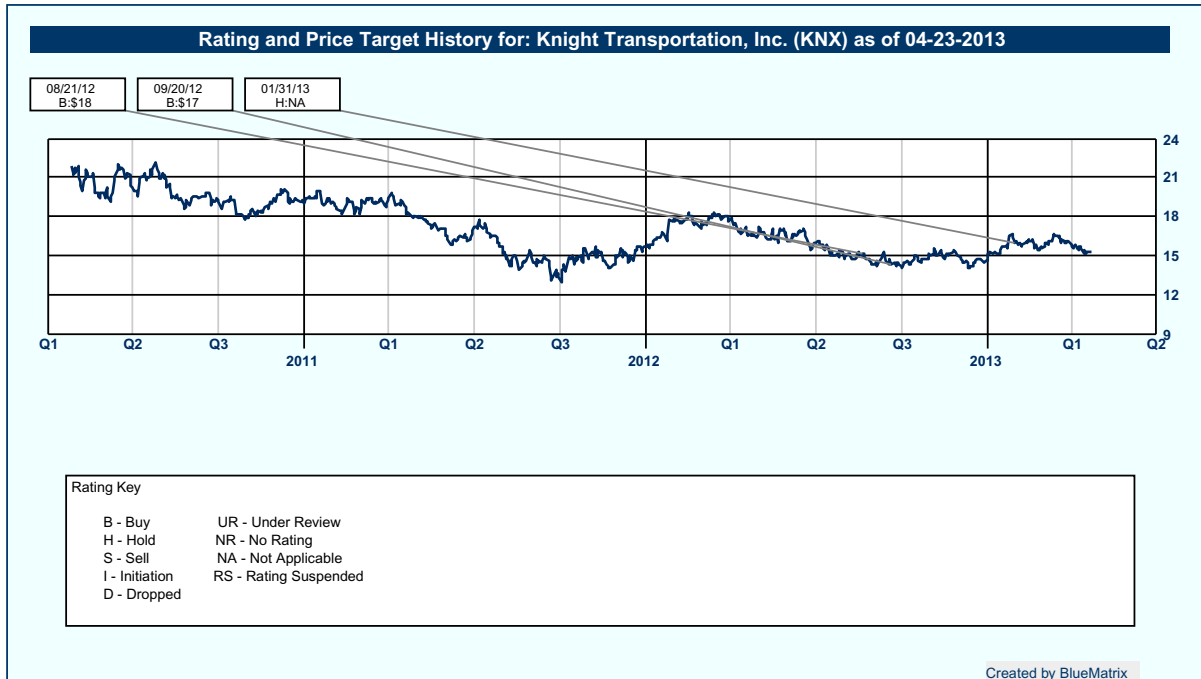
	2012										2013				2014											
	2003A	2004A	2005A	2006A	2007A	2008A	2009A	2010A	2011A	2011A	1Q	2Q	3Q	4Q	2012A	1Q	2Q	3Q	4Q	2013E	1Q	2Q	3Q	4Q	2014E	2015E
Gross revenues	340.1	442.3	566.8	664.4	713.6	766.9	651.7	730.7	866.2	866.2	219.5	236.3	237.9	242.3	936.0	235.4	247.1	250.8	255.4	988.8	249.0	259.0	262.0	266.7	1,036.8	1,081.1
% change y/y	19.0%	30.1%	28.2%	17.2%	7.4%	7.5%	-15.0%	12.1%	18.5%	18.5%	17.7%	3.4%	4.8%	8.1%	8.1%	7.2%	4.6%	5.4%	5.4%	5.6%	5.8%	4.8%	4.4%	4.4%	4.8%	4.3%
Revenues, net of fuel surcharge	326.9	411.7	499.0	568.4	601.4	595.6	571.5	615.7	697.3	697.3	175.6	188.8	192.6	195.2	752.2	189.6	198.3	204.1	206.9	798.9	202.3	209.2	214.3	217.2	843.0	883.5
% change y/y	17.0%	26.0%	21.2%	13.9%	5.8%	-1.0%	-4.0%	7.7%	13.3%	13.3%	16.7%	3.6%	5.0%	7.8%	7.9%	8.0%	5.0%	6.0%	6.0%	6.2%	6.7%	5.5%	5.0%	5.0%	5.5%	4.8%
Operating expenses:																										
Salaries, wages and benefits	104.8	133.8	162.8	191.5	201.9	210.9	198.8	204.0	218.7	218.7	57.0	59.1	58.2	60.0	234.3	57.7	61.0	63.1	64.0	245.8	64.0	63.7	65.5	66.3	259.6	270.6
Fuel (gross)	56.6	85.1	133.5	165.6	189.1	237.9	140.4	174.4	226.5	226.5	57.3	56.6	59.5	56.8	230.2	55.7	61.8	60.1	62.1	239.7	60.3	63.3	61.6	63.6	248.8	255.0
Operations and maintenance	20.3	26.4	34.5	35.9	39.1	42.2	42.8	46.6	53.7	53.7	13.7	15.1	16.1	17.0	61.9	15.9	15.9	16.5	16.7	65.0	16.7	16.6	17.1	17.3	67.7	70.6
Insurance and claims	16.6	22.3	25.2	26.2	29.4	26.1	22.1	25.1	30.1	30.1	7.6	8.3	7.8	8.4	32.1	7.2	8.3	8.6	8.7	32.7	8.7	8.7	8.9	9.0	35.3	36.8
Operating taxes and licenses	9.1	9.8	12.4	13.5	14.8	14.9	13.5	14.0	15.2	15.2	4.1	4.0	3.9	4.2	16.2	3.9	4.1	4.3	4.3	16.7	4.3	4.3	4.4	4.5	17.6	18.4
Communications	3.0	3.6	4.3	5.7	5.5	5.9	5.4	5.5	5.5	5.5	1.4	1.3	1.2	1.3	5.2	1.2	1.3	1.4	1.4	5.3	1.4	1.4	1.4	1.4	5.6	5.9
Depreciation and amortization	30.1	40.8	52.6	60.4	65.7	69.8	71.4	71.0	75.8	75.8	20.4	20.9	21.8	21.9	85.1	21.5	21.9	22.6	23.0	89.0	23.0	22.9	23.5	23.8	93.1	97.0
Lease expense - revenue equipment	7.6	3.0	0.2	0.4	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased transportation	25.2	29.3	31.8	39.9	52.4	51.5	61.8	82.0	129.1	129.1	31.9	36.1	39.1	41.0	148.0	42.8	37.5	38.7	39.3	158.3	39.3	39.1	40.2	40.7	159.4	166.2
Gain on sales of equipment	0.0	0.0	(2.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	7.3	8.8	10.8	5.8	10.0	14.9	13.5	10.4	11.5	11.5	2.3	2.9	2.6	3.1	10.9	4.1	2.8	2.9	3.0	12.8	3.0	2.9	3.0	3.1	12.0	12.5
Total operating expenses	280.6	362.9	465.1	544.9	608.1	674.3	569.7	633.0	766.2	766.2	195.7	204.2	210.2	213.7	823.8	209.9	214.6	218.2	222.5	865.2	220.7	223.0	225.6	229.8	899.1	932.8
Operating ratio ⁽¹⁾	81.8%	80.7%	79.6%	79.0%	82.5%	84.4%	85.7%	84.1%	85.7%	85.7%	86.4%	83.0%	85.6%	85.4%	85.1%	86.5%	83.6%	84.0%	84.1%	84.5%	86.0%	82.8%	83.0%	83.0%	83.7%	83.2%
EBIT	59.4	79.4	101.7	119.5	105.4	92.7	82.0	97.7	100.0	100.0	23.8	32.1	27.8	28.6	112.2	25.5	32.5	32.7	32.9	123.6	28.3	36.0	36.4	36.9	137.7	148.3
% margin	17.5%	17.9%	17.9%	18.0%	14.8%	12.1%	12.6%	13.4%	11.5%	11.5%	10.8%	13.6%	11.7%	11.8%	12.0%	10.9%	13.2%	13.0%	12.9%	12.5%	11.4%	13.9%	13.9%	13.8%	13.3%	13.7%
EBITDA	89.5	120.1	154.3	179.9	171.1	162.5	153.4	168.7	175.9	175.9	44.2	53.0	49.6	50.5	197.3	47.1	54.4	55.3	55.9	212.6	51.3	58.8	59.9	60.7	230.8	245.3
% margin	26.3%	27.2%	27.2%	27.1%	24.0%	21.2%	23.5%	23.1%	20.3%	20.3%	20.1%	22.4%	20.8%	20.8%	21.1%	20.0%	22.0%	22.0%	21.9%	21.5%	20.6%	22.7%	22.9%	22.8%	22.3%	22.7%
Interest income	0.6	0.4	0.7	1.1	1.3	1.2	1.5	1.6	1.1	1.1	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.0	0.0	0.2	0.0	0.1	0.2	0.3	0.5	1.8
Interest (expense)	(0.9)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.0)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other income (expense), net	(0.3)	0.0	0.4	(0.7)	0.7	0.2	0.4	0.8	0.3	0.3	0.2	0.2	0.0	1.1	1.6	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	58.8	79.8	102.7	119.8	107.4	94.1	83.9	100.1	101.2	101.2	24.0	32.3	27.8	29.7	113.8	25.7	32.5	32.6	32.9	123.7	28.3	36.1	36.6	37.2	138.2	150.1
% margin	17.3%	18.0%	18.1%	18.0%	15.1%	12.3%	12.9%	13.7%	11.7%	11.7%	10.9%	13.7%	11.7%	12.3%	12.2%	10.9%	13.1%	13.0%	12.9%	12.5%	11.4%	13.9%	14.0%	13.9%	13.3%	13.9%
Tax rate	39.7%	40.0%	39.9%	39.1%	39.5%	40.2%	39.7%	39.1%	40.0%	40.0%	39.4%	40.0%	40.0%	39.1%	39.6%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net income (loss) from continuing operations	35.5	47.9	61.7	73.0	64.9	56.3	50.6	61.0	60.7	60.7	14.6	19.4	16.7	18.1	68.7	15.4	19.5	19.6	19.7	74.2	17.0	21.6	21.9	22.3	82.9	90.1
Noncontrolling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	(0.5)	(0.5)	0.0	0.0	(0.1)	(0.4)	(0.5)	(0.3)	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
Net income for common shareholders (continuing ops)	35.5	47.9	61.7	73.0	64.9	56.3	50.6	61.1	60.2	60.2	14.6	19.4	16.6	17.7	68.2	15.2	19.5	19.6	19.7	74.0	17.0	21.6	21.9	22.3	82.9	90.1
Extraordinary item (net of tax)	0.0	0.0	0.0	0.0	(1.8)	0.0	0.0	(2.0)	0.0	0.0	(3.9)	0.0	0.0	0.0	(3.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	35.5	47.9	61.7	73.0	63.1	56.3	50.6	59.1	60.2	60.2	10.7	19.4	16.6	17.7	64.3	15.2	19.5	19.6	19.7	74.0	17.0	21.6	21.9	22.3	82.9	90.1
% margin	10.4%	10.8%	10.9%	11.0%	8.8%	7.3%	7.8%	8.1%	7.0%	7.0%	4.9%	8.2%	7.0%	7.3%	6.9%	6.4%	7.9%	7.8%	7.7%	7.5%	6.8%	8.4%	8.4%	8.4%	8.0%	8.3%
Average shares outstanding - diluted ⁽²⁾⁻⁽⁴⁾	86.0	86.5	87.0	87.0	87.2	85.8	83.6	84.3	81.9	81.9	80.0	80.1	80.2	80.0	80.0	80.1	80.1	80.1	80.1	80.1	80.1	80.1	80.1	80.1	80.1	80.1
EPS - diluted	\$0.41	\$0.55	\$0.71	\$0.84	\$0.72	\$0.66	\$0.60	\$0.70	\$0.74	\$0.74	\$0.13	\$0.24	\$0.21	\$0.22	\$0.80	\$0.19	\$0.24	\$0.24	\$0.25	\$0.92	\$0.21	\$0.27	\$0.27	\$0.28	\$1.03	\$1.12
% change y/y	24.2%	34.1%	29.1%	18.3%	-14.3%	-8.3%	-9.1%	16.7%	5.7%	5.7%	8.3%	20.0%	0.0%	0.0%	8.1%	46.2%	0.0%	14.3%	13.6%	15.0%	10.5%	12.5%	12.5%	12.0%	12.0%	8.7%
EPS - diluted (continuing operations)	\$0.41	\$0.55	\$0.71	\$0.84	\$0.74	\$0.66	\$0.60	\$0.72	\$0.74	\$0.74	\$0.18	\$0.24	\$0.21	\$0.22	\$0.85	\$0.19	\$0.24	\$0.24	\$0.25	\$0.92	\$0.21	\$0.27	\$0.27	\$0.28	\$1.03	\$1.12
% change y/y	24.2%	34.1%	29.1%	18.3%	-11.9%	-10.8%	-9.1%	20.0%	2.8%	2.8%	50.0%	20.0%	0.0%	0.0%	14.9%	5.6%	0.0%	14.3%	13.6%	8.2%	10.5%	12.5%	12.5%	12.0%	12.0%	8.7%

(1) Operating ratio based upon total operating expenses, net of fuel surcharge, as a percentage of revenue, before fuel surcharge
 (2) Adjusted for 3:2 stock split effective December 28, 2001 for shareholders of record as of December 7, 2001
 (3) Adjusted for 3:2 stock split effective July 20, 2004 for shareholders of record as of July 12, 2004
 (4) Adjusted for 3:2 stock split effective December 23, 2005 for shareholders of record as of November 30, 2005
 (5) 4Q07 insurance & claims excludes \$3.0mm pretax (\$0.02/share aftertax) charge for settlement of a prior period claim
 (6) 4Q10 excludes \$2.5mm pretax (\$0.02/share aftertax) non-cash stock compensation charge

Source: Company data, First Call and Stifel estimates

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