GREYSTONE EQUITY RESEARCH

Old Dominion Freight Line, Inc.

Industrials — Nasdaq Ticker: (ODFL) *November 26, 2024*

Rating: BUY

Price Target: $ 421.11

PRICE CLOSE (11/21/2024): $218.61

UPSIDE (%): 92.63%

Analysts

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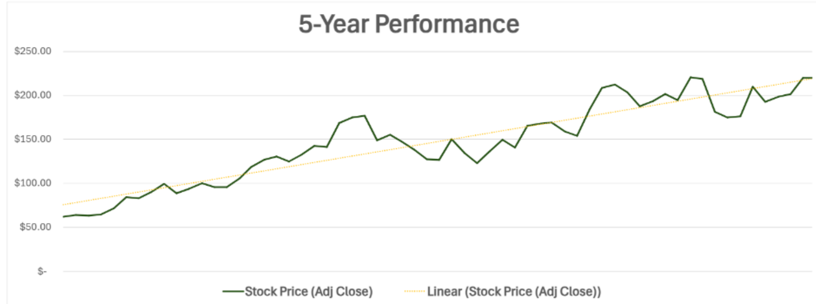
Market Data (as of 11/22/2024)

52-Week High	$233.26
52-Week Low	$165.49
Market Cap	$46.67B
Shares outstanding (M)	213.5M
Beta	0.97
P/E Ratio	35.07
EV/EBITDA	21.71



(Figure 1) Source: Bloomberg Terminal (GF)

Executive Summary

Old Dominion Freight Line, Inc. (ODFL) is an inter-regional and multi-regional motor carrier. Primarily transporting less-than-truckload shipments of general commodities, serving reginal markets throughout the United States. The company is headquartered in Thomasville, North Carolina, and was founded in 1934 as a regional trucking company. Since the mid-1990's, expansion beyond the southeastern U.S. has contributed to the company becoming one of the largest North America less-than-truckload (LTL) motor carriers. Old Dominion offers both standard and expedited LTL shipping. Their operations, while being primarily domestically based in America, span internationally, generating revenue in their various non-trucking subsectors. These subsectors include international air freight and container shipping; ODFL, a large cap with a market cap of $46.67B, currently trades on the NASDAQ exchange at $218.61, as of the market close on November 21, 2024. This price is on the higher end of their 52-week range of $165.49-233.26, but as will be further analyzed, not nearly where it has the potential to be in the future.

Investment Thesis

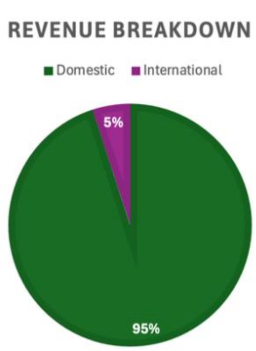
Old Dominion Freight Lines is currently a **BUY**, with an expected value of **$421.11**. Objectively, their financial performance and expected growth notes them as being a technically undervalued company. The company's strong margins and ratios relative to peers and excess cash generation has positioned them to continue to expand their operations. The company continues to leverage its advanced GPS systems to cut costs and grow their operating margin. This is attributed to Old Dominions' increased cash generation which management has utilized to increase spending on capital expenditures. Beyond this, the impact of the incoming presidential administration proposes economic plans which could be of great benefit to companies like Old Dominion, who operate primarily domestically. Furthermore, the longer-term future promises the advancement of the industry's efficiency, and aid in cutting costs, by use of evolving technology, which Old Dominion has proven dedicated to embracing. Their long tenured management team has helped the company to grow into the second leader in the LTL shipping industry with a market share of 12-13%.

Important Disclosure appears on the last page of this report

Company Overview

Operations

Old Dominion is split into four major sectors – OD Domestic, OD Expedited, OD Global, and Other Services. OD Domestic offers regional, inter-regional, and "long haul" LTL services – these services are also available from the Expedited sector but are much more time sensitive. LTL carriers transport various shipments at once – meaning that one truck could be sourcing business from multiple clients. To emphasize the relevance of LTL services amongst total revenues – of the $5.866B in revenue in 2023, $5.805B are derived from LTL services - nearly 99%. This method of shipping tends to reduce costs for their clients, given that the pricing is based on the amount of weight/space used by a client's shipment. With over 33,000 linehaul trailers, 15,000 P&D trailers, and 10,000 tractors, Old Dominion is now a dominant force in the trucking sector relative to its position in past decades. Their other services include global freight, truckloads (dry van, flatbed, refrigerated, and door-to-door), container drayage services, and specialized services. Approximately 5% of their revenue stemming from international services is reliant upon their international air and container shipping services, as well as FCL services. Domestically, Old Dominion has over 250 service centers across the nation, allowing for the most efficient LTL operations.



(Figure 2) Source: Bloomberg Terminal (FV)

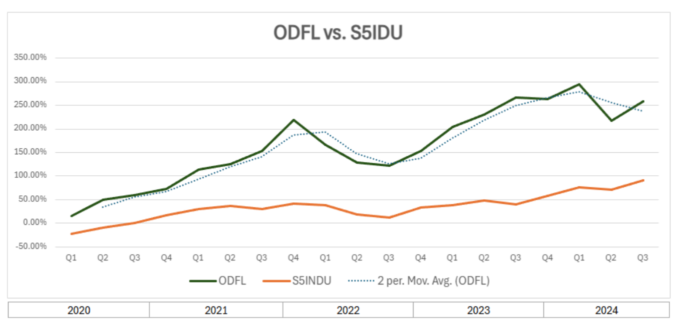
Internationally, ODFL reaches Latin America, Europe, the Middle East, and the Caribbean, for international FCL and LCL freight services, and for container drayage. Container drayage involves the transportation of shipping containers from ports and yard rails to client warehouses and other facilities.

Old Dominion also offers consulting services to customers whose needs may not match their offerings – instead they will be matched, by consultants, to a network of other carriers who can fulfill their needs (typically FTL shipments). Their consulting services also offer help in building supply chain strategies and creating distribution routes/networks that are as efficient as possible.

Cyclicity and Competition

Like most of the Industrial's sector, the trucking industry is generally cyclical. Their demand is intertwined with economic expansionary periods, given its dependance on consumer spending, and industrial production (construction, infrastructural projects, etc.). On a smaller scale, the trucking sector will also see changes in demand, or types of demand, depending on the season - ie more construction-related demand in spring and summer, and more retail in the winter to keep up with holiday demand. The LTL sector is typically considered to be oligopolies, with their main competition coming from a small, but unignorable, few - FedEx Freight, XPO Logistics, and Saia, primarily. Amongst its industry, Old Dominion seemingly sits within the growth realm of the business cycle, while many other peers lean more towards the mature stage of the cycle. Aiding this is Old Dominion's dedication to adapting to an advancing and morphing business structure. Old Dominion is considered a leader in their field in their willingness to adopt AI into their operations, coining the phrase "To stay ahead of digital, become digital." Currently, Old Dominion incorporates AI technology into their data analytics systems, using the technology to further home in on accurate demand predictions. Old Dominion also sees advantages amongst its peers for its sheer performance reliability - for over 10 years they've had a 99% on-time delivery average. They've also seen a consistent decline in cargo claims - dropping from around 1.5% in 2002 to about 0. 1% in 2023.

Performance vs. Sector



(Figure 3) Source: Bloomberg Terminal (COMP)

The chart above compares the performance of Old Dominion Freight Line (ODFL) against the S&P Industrials Index (S5IDU) from 2020 through the present Q3 of 2024. Old Dominions' performance has significantly outperformed the S5INDU benchmark over the entirety of the graphs time horizon. Old Dominion has a total return over the prior 11 quarters of

257.72%, compared to the S5INDU return of 90.26%. The companies return additionally outpaces the S&P 500 over the same time period (92.50%), as well as its peers over every time horizon within the last 10-year period.

Management

Old Dominion's management team is well established, with all their major executives having been with the firm for at least nine years. The company's ability to acquire talent and retain it is evident as over the past decade they have experienced substantial growth, largely driven by the current executives in charge. David S. Condon is the Executive Chairman of the Board of the Board at Old Dominion, with over 40 years of experience at the company. His expertise in the LTL industry has significantly contributed to the company's growth. Kevin M. Freeman is the President and CEO of the company, with over 32 years of experience at old Dominion. He has played a significant role in implementing operation and sales strategies, contributing to the firm's standing as the second leader in the LTL freight industry. The overall stability of management and there contributes to the company should give investors optimism and comfortability when evaluating Old Dominions' management team.

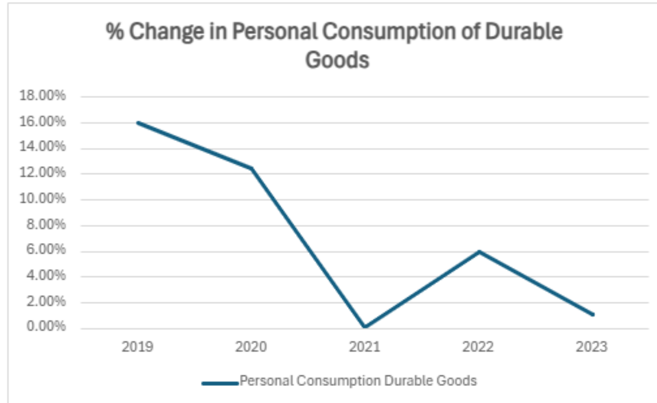
Industry Drivers

New Durable Goods Ordered

(Figure 4) Source: Bloomberg Terminal (BI TRCKN MACRO)

The chart displays the percentage change in new durable goods ordered over the past five years, from 2019-2023. The trucking industry is heavily influenced by durable goods, as the trend in new orders decreased there could be headwinds ahead from the industry. While decreasing the trend could be misleading, as a long period of inflation has restricted spending, directly impacting the industry. For Old Dominion, many of their products transported are durable goods; despite the declining trend, the company was still able to increase their trips and revenues over the five-year period. The durable goods orders as of October were up 0.4% for the year. If durable goods orders continue to rebound and economic leading indicators begin improving, Old Dominion and the trucking industry could see strong growth ahead.

Personal Consumption of Durable Goods

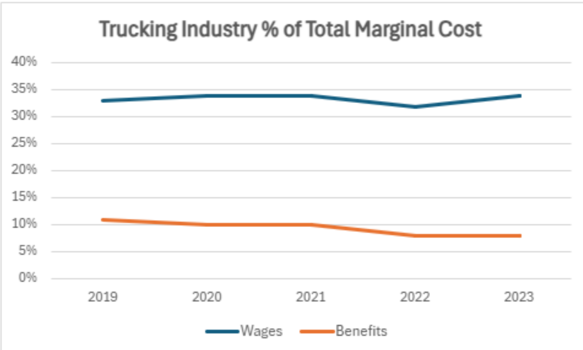


(Figure 5) Source: Bloomberg Terminal (BI TRCKN MACRO)

The chart displays the percentage change in personal consumption of durable goods (PCEDG) from 2019-2023, showing consumers demand for long lasting goods often transported by freight shipping. This metric is a key indicator for trucking demand, a steady decline from 2020 shows the headwinds the industry has recently faced. A significant cause of this decline was the Covid-19 pandemic and the driver shortage that began shortly after. For Old Dominion, they were able to stay competitive through their diverse customer base which shields them from supply chain destruction and industry specific headwinds. For more recent data, as of October (PCEDG) it has increased 3.64% for the year. As consumption picks up, the industry has experienced a boost with Old Dominion leading the charge for future growth with its well positioned operations. Old Dominion has gained a completive advantage through their diverse customer base, that offers them flexibility in pricing and growth during decreases in durable good consumption.

Cost Analysis

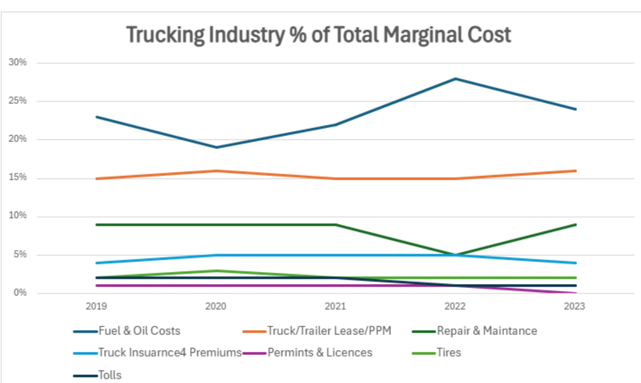
Workforce



(Figure 6) Source: Bloomberg Terminal (BI TRCKN INDUSTRY)

The chart shows the breakdown of wages and benefits as a percentage of total marginal costs across the trucking industry from 2019-2023. Labor costs have been rising over the past two years as driver shortages continue to be an issue mixed with inflation growth. The cost of wages tends to be just under 35% of marginal costs, reflecting a large reliance of the workforce to operate. Benefits as a percentage of marginal costs have been declining slowly, dropping from above 10% to below 8%. There has been an industry shift, with ODFL leading the charge for direct wages, lowering benefit cost. As a leader in the trucking industry, Old Dominion must remain competitive with their driver wages and workforce benefit structure. Their competitive advantage stems from their operational efficiency which has been achieved through technology, reducing the reliance on labor.

Operational



(Figure 7) Source: Bloomberg Terminal (BI TRUCKING INDUSTRY)

The chart displayed shows the dominance of the fuel and oil costs as a percentage of total marginal cost. While prices spiked up globally from 2020-2022, they are on a steady decline which could indicate some stability in the oil market. For Old Dominion, their investments in fuel efficient trucks and optimal technologies shield them from oil spikes in comparison to peers. The second most expensive cost driver is truck leasing and purchases, which remained stable over the past few years before beginning to rise more recently. Higher equipment costs shouldn't be expected, as inflation is going down and buyers are still conscious of spending in the industry. All the other expenses have remained relatively stable, Old Dominion Freight does not have to worry about repairs and maintenance, as their services are in-house. The company has become the industry one of the leaders in less-than-truckload shipping due to their operation efficiency and their focus on cost management, which has been achieved through innovative technology.

Economic Outlook

Overall Economic Outlook:

The U.S. economy has remained resilient despite the fallout from the Covid-19 pandemic. While inflation spiked to as high as 9%, recent data suggests it is coming down. With Donald Trump coming into office there are concerns that his economic plan which consists of an estimated $8 trillion budget deficit and aggressive tariffs especially on China will reignite inflation. However, the former Presidents plan is estimated to increase domestic production and benefit U.S. based companies such as, Old Dominion Freight Line, Inc. President Trump has been an ally for smaller U.S. company and his administration is likely to maintain or increase the existing corporate tax cuts.

The less-than-truckload industry is largely dependent on consumer sentiment and their willingness to spend. During economic downturns, like the Covid-19 Pandemic, the industry experienced significant reduction in production as seen by an

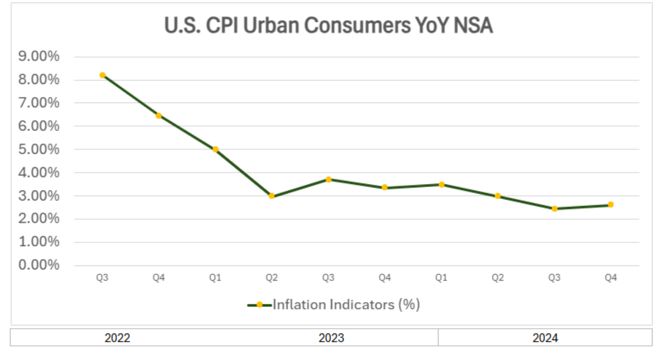
8.74% decrease in the Truck Tonnage Index[1] (TRUCKD11). Since the Truck Tonnage Index has increased by 8.54% and is up 1.58% over the past three months, showing a delayed but strong recovery.

GDP:

(Figure 8) Source: U.S. Bureau of Economic Analysis

Real GDP growth came in stronger than expected in Q2 and Q3 of 2024, following a slowdown in Q1. While there are still concerns with the economy, the Federal Reserve is closing in on a soft-landing positioning GDP to remain stable or potentially increase. Less-than-truckload (LTL) companies are heavily influenced by GDP growth due to their dependency on the need for transportation of goods across the country. While future growth is uncertain, President Trumps proposed economic policies promote deregulation, tax cuts and the promise of lowering interest rates. Old Dominion is well positioned to take on increased freight volumes, being the leader in the less-than-truckload (LTL) industry. The company allocated approximately $750 million in expected capital expenditures for the year; approximately $350 million for the purchase of service center facilities, construction of new service center facilities or expansion of existing service center facilities; approximately $325 million for the purchase of tractors and trailers; and approximately $75 million is allocated for investments in technology and other assets. With inflation and interest rates coming down and consumers' spending expected to recover, the company is well positioned to capitalize on any economic growth. If GDP growth slows, the less-than-load industry and overall trucking sector will cause reduced demand for their services as business and consumers cut down on spending.

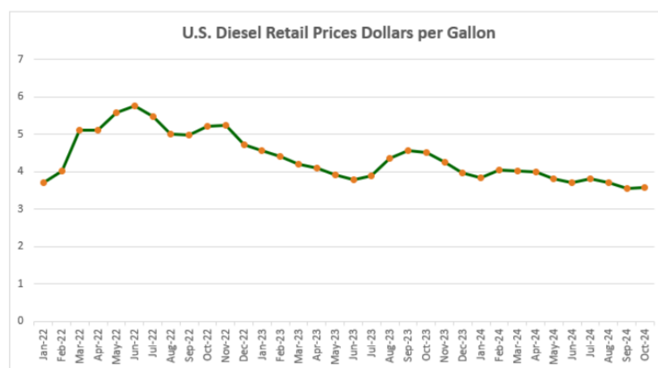
CPI:



(Figure 9) Source: Bloomberg Terminal (IFMO)

CPI data shows an overall decline over the past seven quarters as inflation has decreased. This has led to a recovery in consumer spending which should accelerate the trucking and less-than-truckload industry demand. Lower inflation could lead to increased freight volumes as manufacturers increase production. Additionally, lower inflation should lead to stabilized costs furthering Old Dominions industry-leading Operating Ratio (OR), which will be further analyzed in the financials section of the report. If CPI stagnates or begins to accelerate, the trucking industry could experience pricing challenges and be forced to reduce labor force. While future inflation could go either way, there is optimism that there could be four years of low-rate economic stability. The target of 2.25% is expected to be reached at some point over the next year, barring any large impact.

Fuel Prices (USD):



(Figure 10) Source: Bloomberg Terminal (BI TRCKN)

The chart displays the U.S. Disel Retail Prices (USD) from January of 2022 to October 2024. Prices peaked in June of 2022 reaching $5.754, driven by geopolitical and supply chain disruptions. Since the price has been on a steady decline, falling to $3.585 in October and $3.522 in November of 2024.

[1] The truck tonnage index is an index that measures the gross tonnage of freight which is transported by motor carriers in the United States for a given month. The index serves as an indicator of shipping activity, and consumption of goods in the U.S. Analysts also use the truck tonnage index to determine the state of the U.S. economy as over 70-percent of all freight tonnage is via truck.

The sharp rise in diesel has likely affected some of Old Dominions' smaller competitors in space and caused prices to increase industry wide. For Old Dominion, their scale of operations allows them to gain access to more favorable fuel rates which explains the company's minor decline during the spike in diesel prices. The company's focus on operational efficiency and route optimization help reduce the company's exposure to rising diesel prices.

Porters 5 Forces:

Threat of New Entrants: Low

For Old Dominion and its competitors, the threat of entrants is relatively low. The companies that operate within the trucking industry must have a large amount of starting capital to allocate for infrastructure and fleet. Additionally, as companies like Old Dominion continue to invest in new technology the potential for a company to replicate this technology and cost efficiencies is less likely. As Old Dominion grows, the threat that smaller cap companies will be able to overtake its market share becomes increasingly unlikely. If Old Dominion is able to continue to expand its market share, they will benefit from economies of scale, allowing them to further reduce costs and offer more attractive pricing. When it comes to securing the business of manufacturers, reputation and customer service are qualities smaller companies struggle to compete with larger companies in the less-than-truckload (LTL) industry. Old Dominion has built a strong name for themselves as one of the leaders in the industry, offering competitive pricing due to their operational efficiencies and reliable customer service to address the needs of their clients. While regulatory barriers exist, with a new administration coming in January there is less worry of this being an issue for new or smaller companies within the LTL space.

Bargaining Power of Suppliers: Low to Moderate

The trucking industry relies heavily on the production of their fleets and profit is largely derived from the cost truck manufacturers charge. For new or smaller companies in the industry it may be hard to get competitive or intuitional pricing from these manufacturers. This allows larger companies like Old Dominion to gain a competitive advantage in their cost of operations. As the industry potentially shifts into electrical vehicles or automatous driving, this could help Old Dominion scale their operations quicker than their competition. Additionally, within the industry the pricing of fuel suppliers and maintenance services has a large impact on how trucking companies operate. For Old Dominion, their on-site service technicians help save external servicing fees and allow the company to have more control of cost measures. Less-than-truckload companies often have contracts with large fuel suppliers that offer reduced pricing. Old Dominion, like their peers, are able to pass their cost of fuel off to their customers, but at a lower rate through their fuel supercharges. This makes the company appear more attractive with their low-cost structure that is difficult to replicate. Old Dominion's scale allows them to leverage their business to negotiate more favorable terms.

The less-than-truckload market share is made up of over 70% non-union workers and just 16.30% union, a large shift from the previous union dominated naturae of the industry. This reflects the large growth of companies like Old Dominion who are able to offer lower compensation to their workers. Non-union companies have more flexibility in their operations, adopting and implementing technology to improve productivity. While there are concerns of a driver shortage, the shift towards automation and more technologically efficient labor options are becoming more of a reality. Until then, companies are going to have to combat the shortage with competitive pay and driver safety measures. Old Dominion has established itself as a leader in these areas and in the overall industry.

Bargaining Power of Buyers: Moderate

For the trucking industry the risk of supply chain disruptions is a driving concern amongst all companies. To help mitigate this risk, larger companies such as old Dominion aim to have a diversified base of customers from various industries. This ensures that any disruption that is industry specific will not have a material impact on the company's operations. For smaller companies that maybe be difficult to achieve, as the aim in the growth phase is to growth and add clients by any means possible. Companies that are more established, like Old Dominion, have a dedicated customer base with many more companies considering the use of their services.

Customers are extremely sensitive to pricing; this gives smaller companies an advantage to undercut larger companies in pricing. The difficulty comes with maintaining similar operating profits than larger companies, as smaller companies tend to have much less cost-efficient operations. For Old Dominion, they have consistently been able to raise prices despite the risk that customers will go to their competitors. This shows the company's cost management, as despite the cost increases, they still offer competitive pricing within the less-than-truckload industry. Old Dominion recently announced a 4.9% general rate increase across multiple tariff codes effective Dec. 2. For customers considering switching providers within the industry the cost to switch is relatively cheap. This gives the buyer the majority of the power and keeps the industry pricing fair. For Old Dominion this is a positive, as any of the customers who would be forced to switch due to rising costs would likely be their peers.

Threat of Substitute Products: Moderate to High

Substitutes such as air freight and rail transportation are attractive to customers who need longer shipments. Where the less-than-truckload industry excels is its cost efficient short to medium distance national freight shipments. There is concern within the industry as the tons of LTL shipments have been steadily declining over the past 10 years. Despite this, Old Dominion has been able to grow its market share substantially despite the decline of broader industry. For larger companies in the industry the threats that larger companies such as amazon can develop their own effective transpiration system is disruptive to the industry. However, this is not a major concern for Old Dominion as their major clients consist of material and industrial manufacturers that tend to be medium to small.

As technology advances, the threat of automation within the trucking sector and the broader transportation industry can serve as both an opportunity as well as a threat. For smaller companies, competing with autonomous drivers will likely be impossible, as cost cutting will allow companies with the technology to offer much lower prices. For larger companies, this industry shift represents an opportunity to position themselves as a top provider in the LTL space. Old Dominion is utilizing its extensive cash reserve to invest in technology opportunities, such as autonomous driving to maintain their standing as one of the industry leaders.

Intensity of Rivalry: Moderate to High

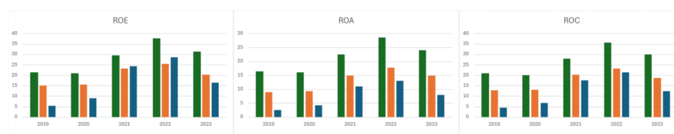
The less-than-truckload market is a highly competitive, ever-evolving industry that consists of well-known companies like FedEx Freight and UPS. While the industry is highly competitive, over the past decade Old Dominion has built their industry leading service offering highly competitive pricing and a focus on technological advancements. As the industry continues to evolve it will be difficult to maintain market share. For Old Dominion their operation efficiency, use of technology, and customer service is what has led them to becoming who they are today, and could further allowing them to grow. With the growing uncertainty in oil and labor prices, companies who are ahead of the curve with their use of technology and in implementing cost saving measures will be the best equip to dominate market share in the industry. For the Less-than-truckload industry Old Dominion are the company on the cutting edge, allowing them to grow despite stagnant demand within the industry.

Financial Analyses

Margins and Ratios

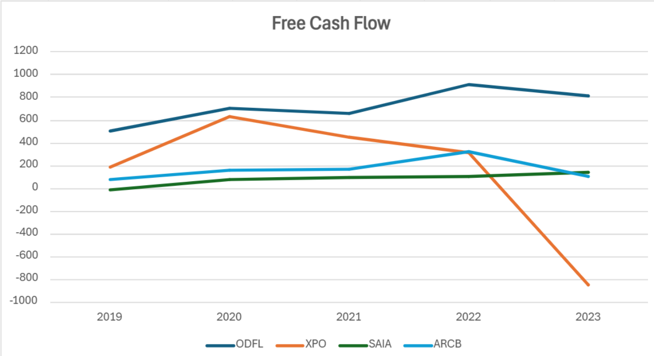
Old Dominion was initially identified for its strong performance against the industry benchmark, as backed up by its healthy financial metrics. In the following analyses, the main peer comparisons will be Saia LTL Shipping Services (SAIA), XPO LTL and Logistics Services (XPO), ArcBest Corp (ARCB), and Yellow Corp (YELLQ) – these are all other American freight companies with an emphasis on LTL services.

Old Dominion has consistently outperformed its peers on the fronts of ROE, ROA, and ROC. Over the past five years, they haven't been outperformed once – averaging out with a ROE of 28.16 (peer average 18.32), an ROA of 21.47 (peer average of 10.43), and an ROC of 26.86 (peer average of 15.01). Considering that these averages aren't drastically different, they prove that it's Old Dominion's *performance* that raises these metrics, not an elusive inflationary denominator, such as low capital or low equity. Return on Capital is particularly relevant in ODFL's industry, seeing as it can accurately portray the efficiency of a company given the sheer number of investments required to operate in the trucking business.



(Figure 11) Source: Bloomberg Terminal (FA)

Looking specifically at operating statistics, Old Dominion continues to outperform via Operating Margin but begins to subside to its peers in terms of Operating Ratio. Considering the elements that impact the calculations of the ratio versus the margin, this implies that Old Dominion consistently has notably higher expenses than its peers, given that their revenue has been higher than both ARCB and SAIA, beat only by XPO. Old Dominion saw a decline in their Operating Ratio from 2019-2022, however, this seemed to be a trend amongst its peers, which has since seen recovery, with Old Dominion seeing an uptick in 2023, bringing their ratio of to 72 from a prior 70.6.

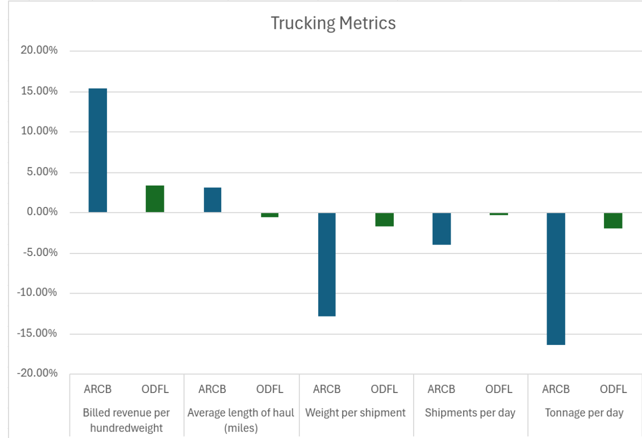


(Figure 12) Source: Bloomberg Terminal (FA)

Old Dominion has seen significant outperformance of its peers in terms of Free Cash Flows over the past five years, with a peak in 2022, going against industry trends. From 2019 to 2022, their cash flows rose with some fluctuation from $504.6M to $916.4M but then drew back to $811.8M in 2023. Fortunately, Q3 earnings reported a restoration of growth, pushing FCF back up to $988.6M over the last four quarters. 2023 saw declined cash flows for most Old Dominion's peers – XPO dropped dramatically from $311M to -$851, and ARCB from $322M to $103M. Saia, however, continued their recovery from negative cash flows in 2019, to $105M in 2022 and $138M in 2023. Of those who saw declines, Old Dominions was the least aggressive.

Industry-Specific Metrics

Recent earnings reports provide an opportunity to evaluate industry specific insights regarding operational efficiency, and overall performance. Amongst industry peers, a few of the same metrics can be found in earnings reports, making a great opportunity for comparison. The following data will be in reference to the 9 months ended Q3 2024 (2024), and the 9 months ended Q3 2023 (2023) – keep this in mind to not confuse the data for a full year's worth of information.



(Figure 13) Source: 10-Q Statements Percent Change in Metrics from 2023 to 2024

In 2024, Old Dominion averaged $32.02 of billed revenue per hundredweight, which was a 3.30% increase from 2023. By comparison, ARCB saw a 15.4% increase, from $43.17 to 49.81. The average length of a haul decreased by 0.60% for Old Dominion, while ARCB saw a 3.1% increase. Interestingly, while ARCB seems to so far be "outperforming" Old Dominion in these metrics, their weight per shipment saw a far more dramatic decline than Old Dominion – 12.9% decline vs ODFL's 1.7%. Old Dominion also saw minimized declines relative to ARCB in terms of Shipments per Day (-4.0% vs -0.3%) and Tonnage per Day (-16.40% vs -2.00%). Numerically, Old Dominion far outperforms ARCB – they carry approximately 1,500 pounds per shipment vs. ARCB's 1,100, 48,000 shipments per day vs. ARCB's 20,000, and 36,000 tons per day vs ARCB's 13,000. This could just be a nod to a higher operational capacity for Old Dominion, and evidence that they haven't taken full advantage of this capability in 2024, as was also a point of concern in their Operating Ratio.

Financial Forecasts

Income Statement

Pro Forma Income Statement In Millions USD except per share	12/31/2024	Growth Rate	12/31/2023
Revenues	6,412.23	9.31%	**5,866.20**
COGS	4,021.81		3,794.00
Gross Profit	2,390.42	15.36%	**2,072.20**
Operating Expenses	475.42		454.10
Operating Income	1,915.00	18.35%	**1,618.10**
Other Expenses	-339.29		-199.35
Earnings Before Taxes (EBT)	2,254.29		1,817.45
Income Tax Expense	777.73		577.95
Net Income	1,476.56	19.13%	1,239.50

(Figure 14) Source: Old Dominion 2023 10-K

Old Dominion's Pro Forma Income Statement aids in representing the consistent growth that can be expected from the company, based on their performance in the past five years.

The growth rates are geometric averages of the year-over-year change for the given lines from 2019-2023. Despite the 9.31% increase in revenue, Net Income still managed to grow by nearly 20%, indicating a decrease in costs relative to the prior year.

After a booming year in the 2022 fiscal year, 2023 saw a slight decline in net income by relative standards. This decline was primarily fueled by increased expenses – revenues didn't decline at the same rate as net income, which is a positive sign in looking at future revenue expectations. Instead, the impact of this revenue decline was dramatized by the fact that expenses remained relatively steady in comparison to 2022. Given that 2023's decline in sales revenue could be attributable to economic (and therefore infrastructural) slowdowns, the five-year average growth rate of 9.31% would be a reasonable assumption to apply to the expected revenue for 2024.

Balance Sheet

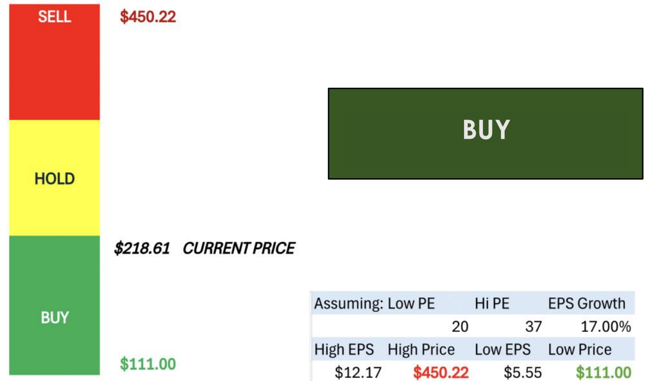
Pro Forma Balance Sheet In millions USD except Per Share	FY 2024	Change	FY 2023
Total Current Assets	1,362.01	$218.71	1,143.30
Total Fixed Assets	5,204.91	835.81	4,369.10
Total Assets	**6,566.92**	1,054.52	5,512.40
Current Liabilities	544.70	-	544.7
Long-Term Liabilities	709.90	-	709.9
Total Liabilities	1,254.60		1,254.60
Total Equity	5,312.32	1,054.52	4,257.80
Total Liabilities & Shareholder's Equity	**6,566.92**	1,054.52	5,512.40

(Figure 15) Source: Old Dominion 2023 10-K

Old Dominion's projected balance sheet is built out based on projected net income changes from the above Pro Forma Income Statement. Given the $1,476.56 in net income, dividends and share repurchases are estimated, bringing the change in total liabilities and equity to $1,054.52. Old Dominion has an established share buyback plan, which was taken into consideration when estimating these future values. Assuming current and fixed assets remain proportionately the same as they were in 2023, current assets an increase around $220M, and fixed of around $836M.

Valuations

Earnings Per Share Model



(Figure 16) Source: Old Dominion 2023 10-K & Bloomberg Terminal (FA)

The earnings per share model evaluates the expected growth of earnings per share of stock over the course of the next 10 years. The growth rate for the initial 10 years is derived for the long-term growth beyond that time frame. For Old Dominion, the growth rate for the initial ten years is 17%, as derived from the CAGR's formulated for the EPS model. The long-term growth is assumed to be 3%. The projected high EPS came out to $12.17, while the low EPS was $5.55. The high and low PE utilized the companies' 5-year P/E average for the high and low ranges in each given year. This data produced a projected stock price ranging from **$111.00** to **$450.22**. With a current stock price of **$218.61**, this model offers an investment-upside of **105.95%.**

Free Cash Flow Model

Old Dominion Freight Lines	ODFL	$218.49
Year 1 Cash Flow	1,011.10	
Discount Rate	7%	
Growth Rate	17.0%	
Year 11 Growth	3%	
Capitalization Rate	4%	

Year	1	2	3	4	5	6	7	8	9	10
Prior Year Cash Flow	1,011	1,183	1,384	1,619	1,895	2,217	2,594	3,035	3,550	4,154
Growth Rate	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
Cash Flow	1,183	1,384	1,619	1,895	2,217	2,594	3,035	3,550	4,154	4,860
Discount Factor	0.9346	0.8734	0.8163	0.7629	0.7130	0.6663	0.6227	0.5820	0.5439	0.5083
Year 11 Cash Flow										5,006
Terminal Value										125,150
PV Cash Flow	$1,105.60	$1,208.92	$1,321.91	$1,445.45	$1,580.54	$1,728.25	$1,889.77	$2,066.38	$2,259.50	$2,470.67
PV Terminal Value	-	-	-	-	-	-	-	-	-	63,620

Total PV	80,697
Shares	213.8
FCF/Share	$ 377.44
Return	72.75%
UNDERVALUED	

(Figure 17) Source: Old Dominion 2023 10-K & Bloomberg Terminal (FA)

The free cash flow model evaluates the expected growth of free cash flows for the next 10 years, and for the long-term growth beyond that time frame. In the case of ODFL, the growth rate for the initial ten years is 17%, as derived from the CAGR's formulated for the prior EPS model. Long-term growth is assumed to be 3%. With an initial year 1 cash flow of $1,011.10, the future cash flows are PV'd back to $80,697. This, alongside the shares outstanding of 213.8M, creates a PV of **$377.44 per share**. Given this result, this price presents a potential **72.75%** return. Based on these results, Old Dominion falls within the range of being a **buy** or a **strong hold**.

Valuation Method Weighting

In general, the Industrials sector sees many companies sit comfortably with PE's higher than other sectors. Old Dominion seems to sit at the higher end of the average for its sector, with a current P/E of around 39, and the average around 37. Many investors will see a high P/E as a reason to disregard a stock, and assume it is overvalued. However, given these pricing models, the moderately high P/E ratio acts like a vote of confidence, representing investor faith in future performance. Because of this willingness to pay a bit more for the stock, the final pricing of Old Dominion Freight Line was created using a weighted average, in which the EPS model results hold slightly more weight than the Free Cash Flow model results. With a 60-40 weighting of the $450.22 and $377.44 [(450.22*0.6) +(377.44*.4)], a final target price of **$421.11** can be derived. This price offers a **92.6%** return on the current price (November 21st, 2024) of $218.61, making it a **Buy.**

Investment Rationale

Risk

The less-than-truckload freight sector is highly sensitive to economic downturns, especially with declines in industrial production and consumer demand. Additionally, a driving concern for the industry is the increasing driver shortage, which is driven by an ageing workforce, long hours and harsh conditions. This paired with an overall decrease in the sheer amount of weight of shipments in the LTL space are the most pressing issues in the industry. While President Trump is likely to ease regulation across many sectors it is unclear if this will reach the LTL industry. Another concern across the broader industry is the implementation of Trump's proposed tariffs which could directly impact foreign freight transportation. For Old Dominion they would remain relatively unimpacted unless the tariffs affect the U.S. freight shipment demand as well. The impact of supply chain distributions is another concern across the trucking industry.

For Old Dominion specifically, its main differentiator is its use of technology through GPS as well as lower wages than unions. The main concern with their business structure is that their use of technology can be easily implemented. The GPS systems they use are sourced from an outside source, while this software can be purchased, the routes in use by Old Dominion are customized and private information. Additionally, the need to stay ahead of their competition in the technology space forces the company to spend largely on capital expenditures.

Optimism

While the LTL trucking industry has experienced declines, there is optimism that demand will increase as the need for smaller shipments across the country increases. The cost-efficient method of LTL shipping offers flexibility in moving smaller loads at lower rates. With Donald Trump set to spend on infrastructure, the LTL industry could experience improved efficiency resulting in reducing times and costs. The advancements of technology offer the trucking industry opportunities for cost saving measures, such as automation and AI route optimization. As the industry evolves, Old Dominion is in a great position to acquire smaller peers and continue its market share expansion. Another driving force for U.S. based companies such as Old Dominion is the expected increase in local supply chains and nearshoring, which would increase demand for regional freight services. While the trucking industry is very cyclical and impacted by economic downturns, the LTL sector tends to be more resilient.

For Old Dominion their main advantage is their operating ratio which consistently is above their peers. The company's growing market share and strong margins have positioned it to begin its expansion phase. The company has heavily invested in technology and expanding its infrastructure and fleet, looking to grow its customer base while remaining the leader in efficiency. With the rise of e-commerce, the LTL industry is expected to continue to experience increased demand for their services. Old Dominion's established customer base and network allows them to be the most likely to capitalize. The company is financially stable, with increasing margins and ratios; paired with strong growth and reduced costs, at a current stock price of $218.61 the company is undervalued. The company's projected stock price based on EPS and FCF valuation modes is currently $421.11.

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OLDF Financial Statements

Income Statement

Old Dominion Freight Line Inc (ODFL US) - BBG Adjusted								
In Millions of USD except Per Share 12 Months Ending	FY 2017 12/31/2017	FY 2018 12/31/2018	FY 2019 12/31/2019	FY 2020 12/31/2020	FY 2021 12/31/2021	FY 2022 12/31/2022	FY 2023 12/31/2023	Last 12M 9/30/2024
Revenue	**3,358.10**	**4,043.70**	**4,109.10**	**4,015.10**	**5,256.30**	**6,260.10**	**5,866.20**	**5,924.50**
+ Sales & Services Revenue	2,985.40	3,505.90	3,587.30	4,015.10	5,256.30	6,260.10	5,866.20	5,924.50
+ Other Revenue	372.8	537.8	521.9	—	—	—	—	
- Cost of Revenue	2,482.70	2,899.50	2,938.90	2,786.50	3,481.30	4,004.00	3,794.00	3,839.50
+ Cost of Goods & Services	2,277.00	2,669.10	2,685.20	2,525.30	3,221.40	3,727.90	3,469.50	3,499.10
+ Depreciation & Amortization	205.8	230.4	253.7	261.3	259.9	276.1	324.4	340.4
Gross Profit	**875.4**	**1,144.20**	**1,170.20**	**1,228.60**	**1,775.10**	**2,256.10**	**2,072.20**	**2,085.00**
+ Other Operating Income	0	0	0	0	0	0	0	0
- Operating Expenses	298.2	326.7	345.4	321	384	418.9	454.1	469.6
+ Selling, General & Admin	107.7	147.4	152.3	110.3	136.1	160	162.4	178.5
+ Selling & Marketing	—	*28.2*	*28.3*	—	—	—	—	
+ General & Administrative	*107.7*	*119.2*	*124*	*110.3*	*136.1*	*160*	*162.4*	*178.5*
+ Research & Development	0	0	0	0	0	0	0	
+ Other Operating Expense	190.5	179.3	193.2	210.7	248	258.9	291.7	291.1
Operating Income (Loss)	**577.2**	**817.5**	**824.8**	**907.6**	**1,391.00**	**1,837.20**	**1,618.10**	**1,615.50**
- Non-Operating (Income) Loss	0.1	1.5	-5.2	5.5	3.2	-0.7	-7.1	-16.8
+ Interest Expense, Net	1.4	-2.9	-6.4	1	0.9	-3.3	-12.3	-20.1
+ Interest Expense	*2.2*	*0.2*	*0.4*	*2.8*	*1.7*	*1.6*	*0.5*	*0.3*
- Interest Income	*0.7*	*3.1*	*6.8*	*1.8*	*0.8*	*4.9*	*12.8*	*20.4*
+ Foreign Exch (Gain) Loss	0	0	0	0	0	0	0	
+ (Income) Loss from Affiliates	—	—	—	—	—	—	—	
+ Other Non-Op (Income) Loss	-1.4	4.5	1.1	4.6	2.2	2.6	5.2	3.4
Pretax Income (Loss), Adjusted	**577.1**	**816**	**830**	**902.1**	**1,387.90**	**1,837.90**	**1,625.20**	**1,632.20**
- Abnormal Losses (Gains)	1.3	0.5	6.1	0.7	-0.6	-3.4	-22.6	-15.5
+ Disposal of Assets	1.3	0.5	6.1	0.7	-0.6	-3.4	-22.6	-15.5
Pretax Income (Loss), GAAP	**575.8**	**815.5**	**823.9**	**901.4**	**1,388.40**	**1,841.30**	**1,647.80**	**1,647.70**
- Income Tax Expense (Benefit)	112.1	209.8	208.4	228.7	354	464.2	408.3	402
+ Current Income Tax	194.7	152.1	195.3	269.7	323.9	402.2	354.9	
+ Deferred Income Tax	-82.6	57.7	13.2	-41	30.2	62	53.3	
+ Tax Allowance/Credit	—	—	—	—	—	—	—	
Income (Loss) from Cont Ops	**463.8**	**605.7**	**615.5**	**672.7**	**1,034.40**	**1,377.20**	**1,239.50**	**1,245.70**
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0
+ Discontinued Operations	0	0	0	0	0	0	0	0
+ XO & Accounting Changes	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	**463.8**	**605.7**	**615.5**	**672.7**	**1,034.40**	**1,377.20**	**1,239.50**	**1,245.70**
- Minority Interest	0	0	0	0	0	0	0	0
Net Income, GAAP	**463.8**	**605.7**	**615.5**	**672.7**	**1,034.40**	**1,377.20**	**1,239.50**	**1,245.70**
- Preferred Dividends	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	**463.8**	**605.7**	**615.5**	**672.7**	**1,034.40**	**1,377.20**	**1,239.50**	**1,245.70**
Basic EPS from Cont Ops, GAAP	**1.88**	**2.46**	**2.56**	**2.86**	**4.47**	**6.13**	**5.67**	**5.75**
Basic EPS from Cont Ops, Adjusted	**1.46**	**2.47**	**2.58**	**2.86**	**4.47**	**6.12**	**5.58**	**5.7**
Diluted Weighted Avg Shares	247.2	246.1	241.2	237	232.8	226.2	220.2	215.2
Diluted EPS, GAAP	**1.88**	**2.46**	**2.55**	**2.84**	**4.45**	**6.09**	**5.63**	**5.72**
Diluted EPS from Cont Ops, GAAP	**1.88**	**2.46**	**2.55**	**2.84**	**4.45**	**6.09**	**5.63**	**5.72**
Diluted EPS from Cont Ops, Adjusted	**1.46**	**2.46**	**2.57**	**2.84**	**4.44**	**6.08**	**5.55**	**5.66**
Reference Items								
Accounting Standard	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	
EBITDA	782.9	1,047.90	1,093.20	1,184.90	1,669.90	2,133.30	1,967.10	1,955.90
EBITDA Margin (T12M)	23.31	25.91	26.6	29.51	31.77	34.08	33.53	33.01
EBITA	577.3	817.5	839.5	923.6	1,410.00	1,857.20	1,642.60	1,615.50
EBIT	577.2	817.5	824.8	907.6	1,391.00	1,837.20	1,618.10	1,615.50
Gross Margin	26.07	28.3	28.48	30.6	33.77	36.04	35.32	35.19
Operating Margin	17.19	20.22	20.07	22.61	26.46	29.35	27.58	27.27
Profit Margin	10.71	14.99	15.1	16.77	19.67	21.96	20.83	20.82
Sales per Employee	175,056.66	190,032.19	—	202,999.60	222,414.76	266,715.39	256,141.47	
Dividends per Share	0.13	0.17	0.23	0.3	0.4	0.6	0.8	1.04
Total Cash Common Dividends	32.9	42.6	54.6	70.6	92.5	134.8	175.1	225.2
Capitalized Interest Expense	3.3	3.2	3.1	2.5	2.7	3.3	3.4	
Personnel Expenses	1,802.40	2,075.60	2,122.50	2,053.90	2,468.00	2,716.80	2,629.70	2,704.40
Export Sales	—	—	—	—	—	—	—	
Depreciation Expense	205.6	230.4	253.7	261.3	259.9	276.1	324.4	340.4
Rental Expense	14.1	12.6	14.7	16	19	20	24.5	

Source: Bloomberg *Right click to show data transparency (not supported for all valu*

Balance Sheet

Old Dominion Freight Line Inc (ODFL US) - Standardized										
In Millions of USD except Per Share	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
12 Months Ending	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Total Assets										
+ Cash, Cash Equivalents & STI	34.8	11.5	10.2	127.5	190.3	403.6	731.7	717	235.7	433.8
+ Cash & Cash Equivalents	34.8	11.5	10.2	127.5	190.3	403.6	401.4	462.6	186.3	433.8
+ ST Investments	0	0	0	0	0	0	330.3	254.4	49.4	0
+ Accounts & Notes Receiv	303.2	310.5	320.1	394.2	427.6	397.6	444.7	567.5	578.6	578.9
+ Accounts Receivable, Net	303.2	310.5	320.1	394.2	427.6	397.6	444.7	567.5	578.6	578.9
+ Notes Receivable, Net	0	0	0	0	0	0	0	0	0	0
+ Inventories	0	0	0	0	0	0	0	0	0	0
+ Raw Materials	0	0	0	0	0	0	0	0	0	0
+ Work In Process	0	0	0	0	0	0	0	0	0	0
+ Finished Goods	0	0	0	0	0	0	0	0	0	0
+ Other Inventory	0	0	0	0	0	0	0	0	0	0
+ Other ST Assets	65.8	59.8	52.4	63	88.4	65.7	67	99.3	119.4	130.6
+ Prepaid Expenses	21.1	25.2	38	41.4	47.7	55.1	57.4	67.7	92.9	94.2
+ Derivative & Hedging Assets	0	0	0	0	0	0	0	0	0	0
+ Deferred Tax Assets	—	—	—	—	—	—	—	—	—	—
+ Taxes Receivable	—	—	—	—	—	—	—	19.2	12.7	18.6
+ Misc ST Assets	44.7	34.5	14.4	21.6	40.7	10.6	9.6	12.4	13.7	17.9
Total Current Assets	**403.8**	**381.7**	**382.6**	**584.7**	**706.2**	**866.8**	**1,243.30**	**1,383.80**	**933.7**	**1,143.30**
+ Property, Plant & Equip, Net	1,743.20	2,023.40	2,241.40	2,404.50	2,754.90	3,034.10	3,018.40	3,316.00	3,782.30	4,211.80
+ Property, Plant & Equip	2,574.80	2,952.80	3,285.00	3,579.90	4,073.20	4,498.40	4,695.80	5,235.90	5,911.30	6,366.20
- Accumulated Depreciation	831.5	929.4	1,043.60	1,175.50	1,318.20	1,464.20	1,677.40	1,919.90	2,129.00	2,154.40
+ LT Investments & Receivables	0	0	0	0	0	0	0	0	0	0
+ Other LT Assets	59.8	61.3	72.2	79.3	84.1	94.6	107.6	121.8	122.6	157.3
+ Total Intangible Assets	19.5	19.5	19.5	19.5	19.5	19.5	0	0	0	0
+ Goodwill	*19.5*	*19.5*	*19.5*	*19.5*	*19.5*	*19.5*	—	*0*	*0*	*0*
+ Other Intangible Assets	*0*	*0*	*0*	*0*	*0*	*0*	—	*0*	*0*	*0*
+ Derivative & Hedging Assets	0	0	0	0	0	0	0	0	0	0
+ Misc LT Assets	40.4	41.9	52.8	59.8	64.6	75.1	107.6	121.8	122.6	157.3
Total Noncurrent Assets	**1,803.10**	**2,084.80**	**2,313.60**	**2,483.80**	**2,839.10**	**3,128.70**	**3,126.10**	**3,437.80**	**3,904.90**	**4,369.10**
Total Assets	**2,206.90**	**2,466.50**	**2,696.20**	**3,068.40**	**3,545.30**	**3,995.60**	**4,369.40**	**4,821.50**	**4,838.60**	**5,512.40**
Liabilities & Shareholders' Equity										
+ Payables & Accruals	219.9	258.9	288.6	301	356.7	355.7	360.1	450.2	492.5	509.1
+ Accounts Payable	45.3	66.8	89.2	73.7	78.5	70.3	68.5	82.5	106.3	112.8
+ Accrued Taxes	0	0	0	0	0	2.8	8.7	0	—	—
+ Interest & Dividends Payable	0	0	0	0	0	0	0	0	0	0
+ Other Payables & Accruals	174.6	192.1	199.4	227.3	278.2	282.6	282.9	367.7	386.2	396.3
+ ST Debt	35.7	26.5	0	50	0	10.4	13	14	37.3	35.6
+ ST Borrowings	0	0	0	0	0	0	0	0	0	0
+ ST Lease Liabilities	0	—	0	0	0	10.4	13	14	17.3	15.6
+ ST Finance Leases	*0*	—	*0*	*0*	*0*	—	*0*	*0*	*0*	*0*
+ ST Operating Leases	—	—	—	—	—	*10.4*	*13*	*14*	*17.3*	*15.6*
+ Current Portion of LT Debt	35.7	26.5	0	50	0	0	0	0	20	20
+ Other ST Liabilities	0	0	0	0	0	0	0	0	0	0
+ Deferred Revenue	0	0	0	0	0	0	0	0	0	0
+ Derivatives & Hedging	0	0	0	0	0	0	0	0	0	0
+ Deferred Tax Liabilities	—	—	—	—	—	—	0	0	0	0
+ Misc ST Liabilities	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	**255.6**	**285.4**	**288.6**	**351**	**356.7**	**366.1**	**373.1**	**464.2**	**529.8**	**544.7**
+ LT Debt	120	107.3	105	45	45	101.1	193.2	188.7	160.8	164.8
+ LT Borrowings	120	105.8	105	45	45	45	99.9	99.9	80	60
+ LT Lease Liabilities	0	1.5	0	0	0	56.1	93.3	88.8	80.8	104.8
+ LT Finance Leases	*0*	*1.5*	*0*	*0*	*0*	—	*0*	*0*	*0*	*0*
+ LT Operating Leases	—	—	—	—	—	*56.1*	*93.3*	*88.8*	*80.8*	*104.8*
+ Other LT Liabilities	337.2	389.1	451.5	395.5	463.1	447.7	476.8	488.8	495.1	545.1
+ Accrued Liabilities	0	0	0	0	0	0	0	0	0	0
+ Pension Liabilities	0	0	0	0	0	0	0	0	0	0
+ Pensions	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
+ Other Post-Ret Benefits	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
+ Deferred Compensation	42.7	48.7	53.8	61.5	62.9	75.4	84.2	95.2	88.3	101.4
+ Deferred Revenue	0	0	0	0	0	0	0	0	0	0
+ Deferred Tax Liabilities	191.4	235.1	272.6	190	247.7	262	220.2	248.7	310.5	363.1
+ Derivatives & Hedging	0	0	0	0	0	0	0	0	0	0
+ Misc LT Liabilities	103.1	105.4	125.1	144.1	152.5	110.3	172.4	144.8	96.3	80.6
Total Noncurrent Liabilities	**457.2**	**496.5**	**556.5**	**440.5**	**508.1**	**548.8**	**670**	**677.5**	**655.9**	**709.9**
Total Liabilities	**712.8**	**781.9**	**845.1**	**791.6**	**864.8**	**914.9**	**1,043.10**	**1,141.70**	**1,185.70**	**1,254.60**
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	143	142.8	143.7	146.6	150.3	230.4	238.2	185.9	255.6	253.9
+ Common Stock	8.6	8.4	8.2	8.2	8.1	8	11.7	11.5	11	10.9
+ Additional Paid in Capital	134.4	134.4	135.5	138.4	142.2	222.4	226.5	174.4	244.6	243
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	1,351.10	1,541.80	1,707.50	2,130.30	2,530.20	2,850.30	3,088.10	3,493.90	3,397.30	4,004.00
+ Other Equity	0	0	0	0	0	0	0	0	0	0
Equity Before Minority Interest	**1,494.10**	**1,684.60**	**1,851.20**	**2,276.90**	**2,680.50**	**3,080.70**	**3,326.30**	**3,679.80**	**3,652.90**	**4,257.80**
+ Minority/Non Controlling Interest	0	0	0	0	0	0	0	0	0	0
Total Equity	**1,494.10**	**1,684.60**	**1,851.20**	**2,276.90**	**2,680.50**	**3,080.70**	**3,326.30**	**3,679.80**	**3,652.90**	**4,257.80**
Total Liabilities & Equity	**2,206.90**	**2,466.50**	**2,696.20**	**3,068.40**	**3,545.30**	**3,995.60**	**4,369.40**	**4,821.50**	**4,838.60**	**5,512.40**

Cash Flow Statement

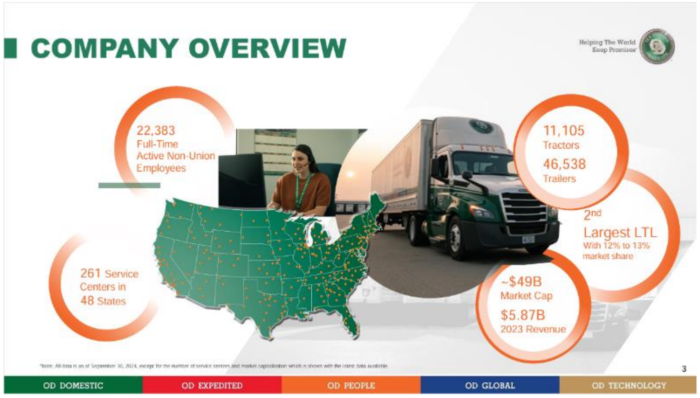
Old Dominion Freight Line Inc (ODFL US) - Standardized

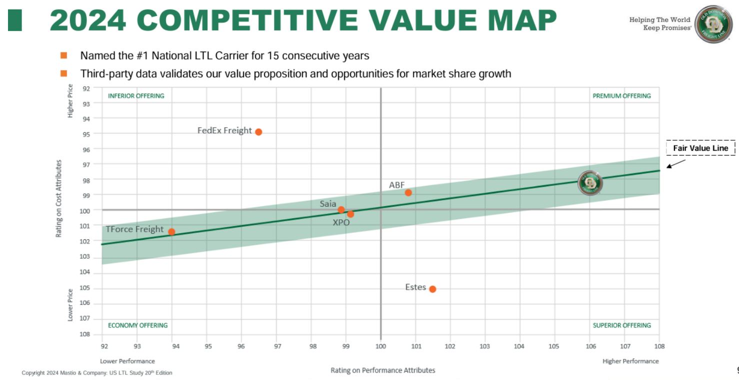
In Millions of USD except Per Share 12 Months Ending	FY 2015 12/31/2015	FY 2016 12/31/2016	FY 2017 12/31/2017	FY 2018 12/31/2018	FY 2019 12/31/2019	FY 2020 12/31/2020	FY 2021 12/31/2021	FY 2022 12/31/2022	FY 2023 12/31/2023	Last 12M 9/30/2024
Cash from Operating Activities										
+ Net Income	304.7	295.8	463.8	605.7	615.5	672.7	1,034.40	1,377.20	1,239.50	1,245.70
+ Depreciation & Amortization	165.3	189.9	205.8	230.4	253.7	261.3	259.9	276.1	324.4	340.4
+ Non-Cash Items	39.4	57.2	-50.8	68.1	68.3	-28.6	52.8	51.6	50.2	29.8
+ Stock-Based Compensation	—	1.4	3.2	4.9	16.7	11.3	15	15.9	11.1	
+ Deferred Income Taxes	43.6	34.8	-82.6	57.7	13.2	-41	30.2	62	53.3	
+ Other Non-Cash Adj	-4.2	21	28.6	5.5	38.4	1	7.6	-26.3	-14.2	29.8
+ Chg in Non-Cash Work Cap	44.5	22.7	-82.5	-4	46.4	27.7	-134.5	-13.2	-45.1	79
+ (Inc) Dec in Accts Receiv	-8.7	-11.2	-76.4	-34.7	30.3	-49	-125.6	-13	-3.9	
+ (Inc) Dec in Inventories	—	—	—	—	—	—	—	—	—	
+ Inc (Dec) in Accts Payable	21.5	22.4	-15.5	4.8	-8.3	-1.7	14	23.8	6.5	
+ Inc (Dec) in Other	31.7	11.5	9.3	25.9	24.4	78.5	-22.9	-24	-47.7	79
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Operating Activities	**553.9**	**565.6**	**536.3**	**900.1**	**983.9**	**933**	**1,212.60**	**1,691.60**	**1,569.10**	**1,694.90**
Cash from Investing Activities										
+ Chnge in Fixed & Intang	-437.6	-407.4	-369.9	-581.3	-473.6	-221.4	-530.5	-753.1	-708.7	-663.8
+ Disp in Fixed & Intang	24.4	10.5	12.2	7	5.7	3.7	19.5	22.1	48.6	42.6
+ Disp of Fixed Prod Assets	*24.4*	*10.5*	*12.2*	*7*	*5.7*	*3.7*	*19.5*	*22.1*	*48.6*	*42.6*
+ Disp of Intangible Assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
+ Acq of Fixed & Intang	-462.1	-417.9	-382.1	-588.3	-479.3	-225.1	-550.1	-775.1	-757.3	-706.3
+ Acq of Fixed Prod Assets	*-462.1*	*-417.9*	*-382.1*	*-588.3*	*-479.3*	*-225.1*	*-550.1*	*-775.1*	*-757.3*	*-706.3*
+ Acq of Intangible Assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
+ Net Change in LT Investment	0	0	0	0	0	0	0	0	0	0
+ Dec in LT Investment	0	0	0	0	0	0	0	0	0	0
+ Inc in LT Investment	0	0	0	0	0	0	0	0	0	0
+ Net Cash From Acq & Div	0	0	0	0	0	0	0	0	0	0
+ Cash from Divestitures	0	0	0	0	0	0	0	0	0	0
+ Cash for Acq of Subs	0	0	0	0	0	0	0	0	0	0
+ Cash for JVs	0	0	0	0	0	0	0	0	0	0
+ Other Investing Activities	0	0	2.1	0.9	0	-330.3	75.2	205.6	48.9	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	**-437.6**	**-407.4**	**-367.7**	**-580.4**	**-473.6**	**-551.7**	**-455.3**	**-547.5**	**-659.8**	**-663.8**
Cash from Financing Activities										
+ Dividends Paid	0	0	-32.9	-42.6	-54.6	-71	-92.4	-134.5	-175.1	-211.8
+ Cash From (Repayment) Debt	-25.5	-28.8	-10	-50	0	54.9	0	0	-20	-20
+ Cash From (Repay) ST Debt	0	0	0	0	0	0	0	0	0	0
+ Cash From LT Debt	12.3	0	0	0	0	99.9	0	0	0	0
+ Repayments of LT Debt	-37.8	-28.8	-10	-50	0	-45	0	0	-20	-20
+ Cash (Repurchase) of Equity	-114.1	-130.3	-8	-163.3	-241	-364.1	-599	-1,277.20	-453.6	-870.3
+ Increase in Capital Stock	0	0	0	0	0	0	0	0	0	0
+ Decrease in Capital Stock	-114.1	-130.3	-8	-163.3	-241	-364.1	-599	-1,277.20	-453.6	-870.3
+ Other Financing Activities	0	-0.3	-0.3	-1.1	-1.4	-3.3	-4.9	-8.7	-13.1	-61.5
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	**-139.6**	**-159.5**	**-51.3**	**-256.9**	**-297**	**-383.5**	**-696.2**	**-1,420.40**	**-661.8**	**-1,163.60**
Effect of Foreign Exchange Rates	0	0	0	0	0	0	0	0	0	0
Net Changes in Cash	**-23.3**	**-1.3**	**117.3**	**62.8**	**213.3**	**-2.1**	**61.1**	**-276.3**	**247.5**	**-132.4**
Cash Paid for Taxes	**130.1**	**123.4**	**199.4**	**170**	**157.3**	**266.5**	**352.8**	**396.5**	**361.4**	
Cash Paid for Interest	**8.4**	**6.4**	**5.4**	**4.5**	**3.9**	**5.7**	**4.2**	**4**	**3.5**	
Reference Items										
EBITDA	663.6	673.7	781.6	1,047.40	1,087.10	1,184.10	1,670.50	2,136.70	1,989.60	1,971.40
Trailing 12M EBITDA Margin	22.32	22.52	23.28	25.9	26.46	29.49	31.78	34.13	33.92	33.28
Net Cash Paid for Acquisitions	—	—	0	0	0	0	0	0	0	
Free Cash Flow	91.8	147.6	154.2	311.8	504.6	707.9	662.5	916.4	811.8	988.6
Free Cash Flow to Firm	95.1	150.3	155.9	312	504.8	710	663.8	917.6	812.2	988.8
Free Cash Flow to Equity	90.8	129.4	156.4	268.8	510.2	766.6	682.1	938.5	840.5	1,011.10
Free Cash Flow per Basic Share	0.36	0.59	0.62	1.27	2.1	3.01	2.86	4.08	3.71	4.56
Price to Free Cash Flow	54.93	48.29	70.23	32.44	30.19	32.46	62.56	34.79	54.63	48.26
Cash Flow to Net Income	1.82	1.91	1.16	1.49	1.6	1.39	1.17	1.23	1.27	1.45

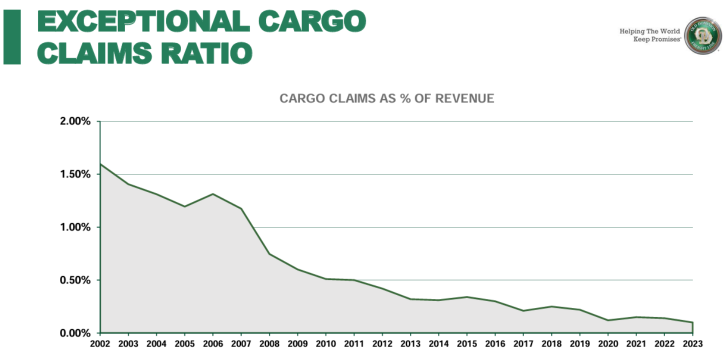
Source: Bloomberg *Right click to show data transparency (not supported for all val*

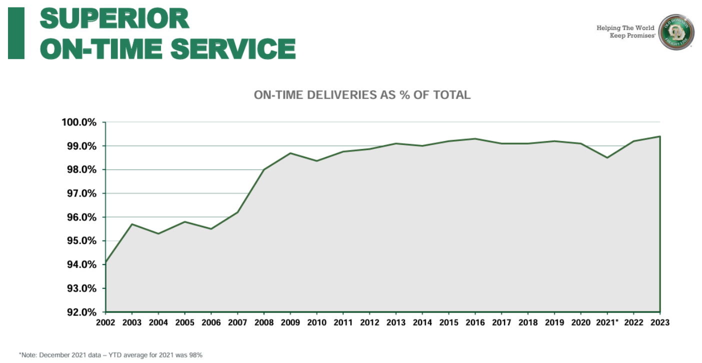
GREYSTONE
EQUITY RESEARCH

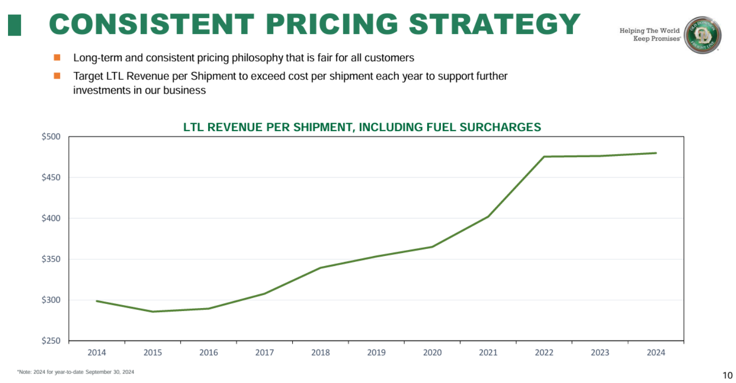
Exhibits

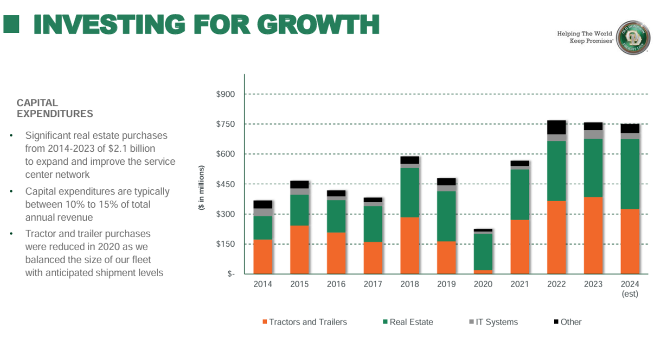


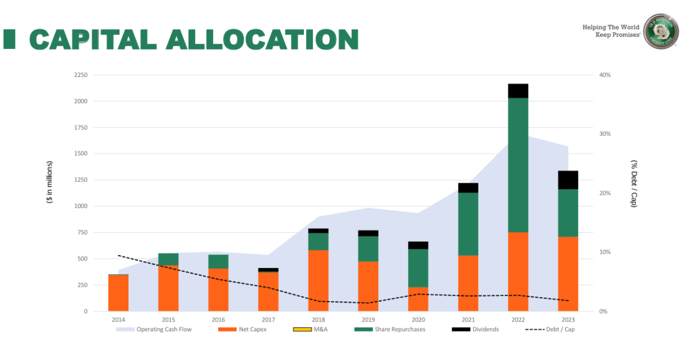












SERVICE CENTER CAPACITY

Helping The World Keep Promises

	Number of Service Centers			Total Shipments per Day		
Public Carriers:	2012	2022	% Change	2012	2022	% Change
Yellow	419	308	-26%	86,480	54,863	-37%
FedEx Freight	366	373	2%	84,856	111,699	32%
XPO	303	294	-3%	58,595	49,257	-16%
ArcBest	277	239	-14%	17,837	19,895	12%
TForce Freight	210	190	-10%	40,063	27,099	-32%
Saia	150	188	25%	25,177	30,423	21%
Total	**1,725**	**1,592**	**-8%**	**313,009**	**293,237**	**-6%**
ODFL	**218**	**255**	**17%**	**29,327**	**51,341**	**75%**

*Public carriers represent approximately 65% of the LTL market
Sources: SEC Filings, Company reports and ODFL estimates

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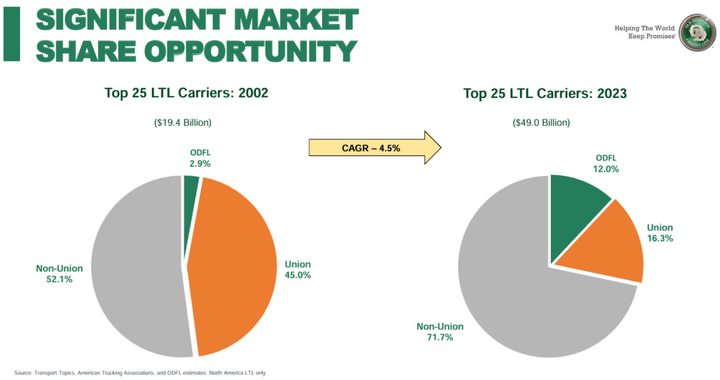
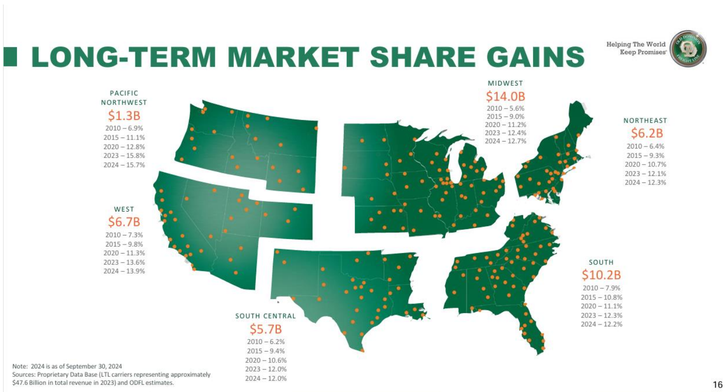
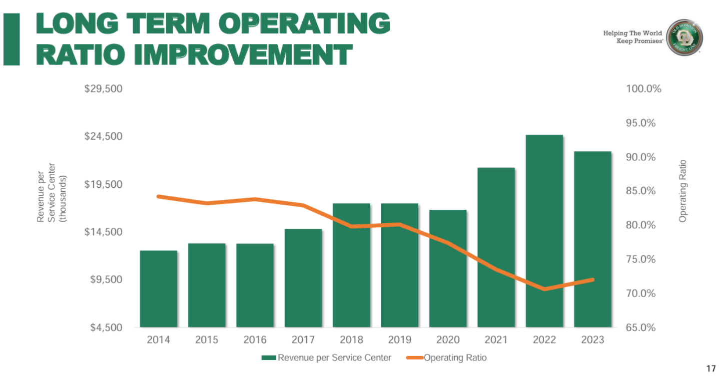
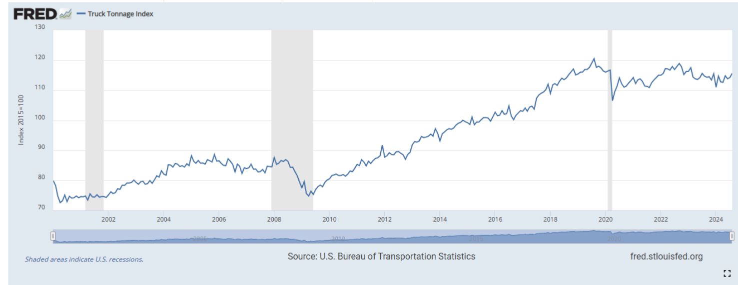
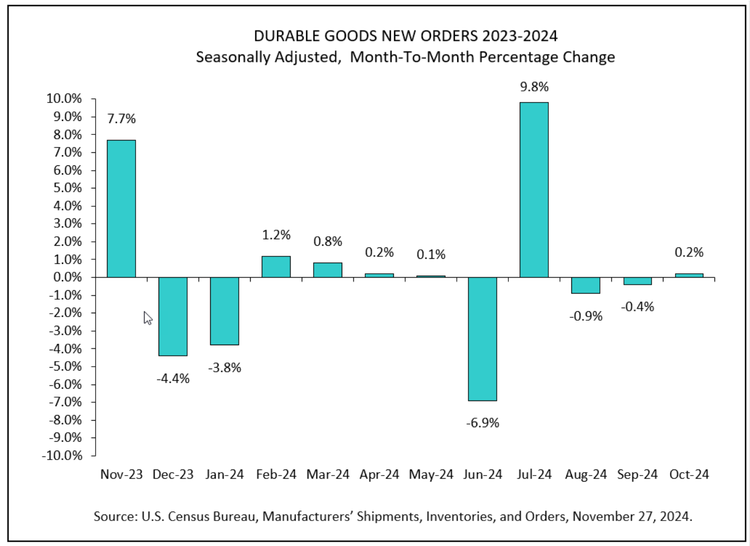
GREYSTONE
EQUITY RESEARCH











DURABLE GOODS – NEW ORDERS

OCTOBER 2024	**$286.6 billion**	**+0.2%°**
SEPTEMBER 2024 (revised)	**$285.9 billion**	**-0.4%°**

Next release: December 24, 2024

Data adjusted for seasonal variation but not for price changes.
°Statistical significance is not measurable for this survey. The Manufacturers' Shipments, Inventories, and Orders estimates are not based on a probability sample, so the sampling error of these estimates cannot be measured nor can the confidence intervals be computed. Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories and Orders, November 27, 2024.