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ANALYSIS OF OLD DOMINION FREIGHT LINE

DATE :
06 August 2024

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Old Dominion Freight Line, Inc. (ODFL)

HOLD: 193,17$ (-1,00%)

Summary

Informations

Country		Thomasville, North Carolina
Tax Rate		25%
Sector		Trucking / Shipping (LTL)
Date		06/08/2024
Last Price	$	195,12
Target Price	$	193,17
+/- Potential		-1,00%
Ticker		ODFL

Market Data

52-Week High	227,8
52-Week Low	165,49
Avg. 3 Month Volume	1,88 MM
5 Yr Beta	1,01

Market Data

Revenue Growth (Cagr 3 yr)	13,47%
Revenue Growth (Cagr 5 yr)	7,72%
Price Return (ytd)	3,10%
Price return (1 yr)	-2,20%
Price Return (5 yr)	250,20%

Capital structure

Market Cap (MM)	42.837
Enterprise Value (MM)	44.505
Shares O/S (MM)	219,5
Interest cover Ratio	3566,67
Debt/Equity	1,66%

($mnl)	FY22	FY23	LTM
Revenues	6.260	5.866	5.884
Gross Profit	2.492	2.353	2.375
EBITDA	2.117	1.965	1.977
EBIT	1.841	1.641	1.644
Net Income	1.377	1.240	1.247

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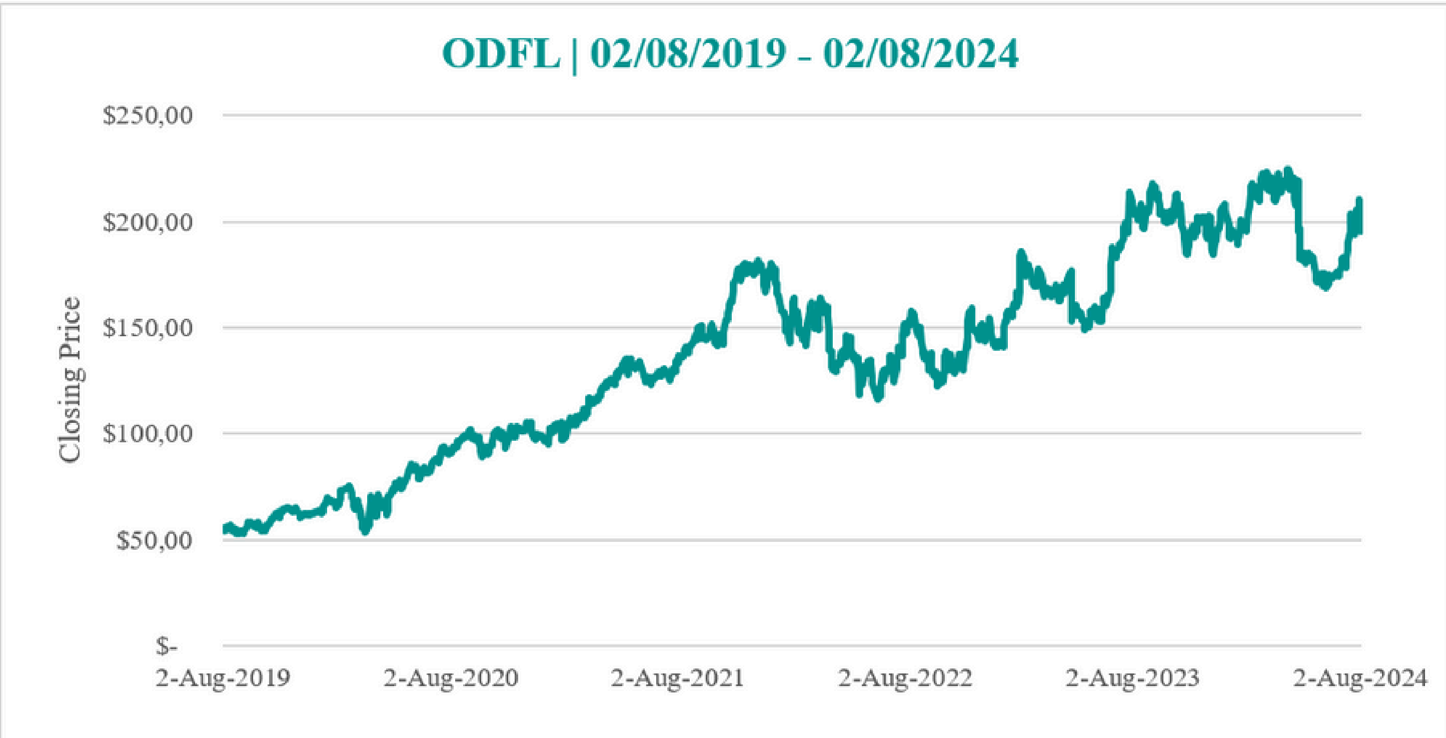

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OVERVIEW

Introduction

Old Dominion Freight Line, Inc. is one of the largest North American less-than-truckload (LTL) motor carriers, providing regional, inter-regional, and national LTL services. It operates in Canada, Mexico, Puerto Rico and the US Virgin Islands, in addition to the continental 48 States.

Core offerings, which account for over 98% of revenue, are supplemented by secondary services such as container drayage, expedited services, truckload services, global freight and specialized services.

In 2023, its annual revenue exceeded $5 billion, in a market estimated to be about $55 billion (US' LTL industry).

Revenue and customer base have grown over the past decade (CAGR: 9.64%) primarily through organic market share expansion. Over the past one, five, and ten years, Old Dominion Freight Line has opened 2, 22, and 36 new service centers respectively, totaling 257 service centers as of December 31, 2023. The company currently employs over 23,000 people.

Founded in 1934 and incorporated in Virginia in 1950, Old Dominion Freight Line's principal executive offices are located in Thomasville, North Carolina.

Prior to 1950, the company operated as a business entity without the formal legal status and protections of a corporation.

Old Dominion Freight Line, Inc. was listed on the New York Stock Exchange (NYSE) on April 18, 1991. The company's ticker symbol is "ODFL."

ODFL provides a variety of services. Their Less-than-Truckload (LTL) services are the core of their offerings, consolidating smaller freight shipments from multiple customers into a single truck. They provide extensive regional and national coverage across the US.

For international needs, Old Dominion offers comprehensive global services, including international air and ocean freight, customs brokerage, and international freight forwarding. They manage the logistics and transportation of goods on a global scale, coordinating with international carriers to include the Caribbean, Europe, the Far East, and Central and South America (through a strategic alliance with Mallory Alexander).

When time is critical, their expedited services come into play. They offer time-critical shipping options with faster transit times.

Lastly, their container drayage services are essential for transporting shipping containers from ports to their final destinations, facilitating the first and last mile of container shipping. They also integrate truck transportation with other modes of transport, such as rail and sea, for seamless intermodal logistics.

Business Model

Old Dominion's core less-than-truckload (LTL) operations are typical of the LTL business model. Customer deliveries and pickups are made during the day, using day cab trucks and smaller trailers, some equipped with liftgates. These "P&D" trucks are driven by local drivers, who return to the service center at the end of the business day. At the service center, these small shipments are consolidated onto larger trucks and transported by night-shift "linehaul" drivers to another service center close to the final destination of the freight.

Revenue is generated primarily from customers throughout the United States and North America. In 2023, the largest customer accounted for approximately 5.2% of total revenue, while the largest five, ten, and twenty customers contributed 15.0%, 21.6%, and 30.6% of revenue, respectively. In each of the last two fiscal years, more than 95% of revenue was derived from services performed in the United States, with less than 5% generated from services performed internationally. Services other than LTL contribute to only 1% of revenue. The diversity of customer base helps protect the business from adverse developments in a single geographic region and from the reduction or loss of business from a single customer.

Service Centers

As of December 31, 2023, the company operated 257 service centers, with 233 owned and 24 leased. These centers manage the pickup and delivery of freight within their local areas and handle outbound shipments to other centers for further distribution. The number of service centers is a key driver for revenue performance as it allows the company to enlarge its reach and customers. Because of that, capital expenditures become fundamental for revenue growth.

P&D and Linehaul transportation

Pickup and delivery routes are managed by the box trucks commonly seen in neighborhoods, and by individuals delivering packages or handling pickup and delivery services at businesses or workplaces. A linehaul run is most easily identified by the semi-trucks observed on highways. These runs involve transporting large loads of boxes from one termination point to another. This can include terminal-to-terminal transfers or trailer swaps at designated locations with a linehaul driver from another terminal.

	Year Ended December 31		
(in thousands)	**2023**	2022	2021
LTL services	**$5.804.939**	$6.177.055	$ 5.177.497
Other services	**61.213**	83.022	78.831
Total revenue	**$5.866.152**	$6.260.077	$ 5.256.328

Type of Equipment	**N° Units**	**Average Age (Years)**
Tractors	10.791	4.5
Linehaul trailers	31.233	7.0
P&D trailers	15.181	7.2

Strategy, Business model related information and Risks

The growth strategy involves increasing the volume of freight handled through the existing service center network, primarily by boosting market share and selectively expanding capacity within the United States. The growth strategy exposes the company to a number of risks, including the following:

- Shortages of suitable real estate may limit growth and could cause congestion in service center network, which could result in increased operating expenses. The business model relies heavily on the cost and availability of service centers in key strategic locations.

- Diesel fuel is a crucial element of operations and constitutes a significant operating expense. Fluctuations in the prices and availability of diesel fuel could materially adversely affect operating results. The company do not hedge against the risk of diesel fuel price increases. ODFL have fuel surcharge programs in place with most of the customers, which help offset the negative impact of the increased cost of diesel.

- Tonnage levels and revenue mix are subject to seasonal trends typical of the industry, though macroeconomic changes may introduce variations. Revenue and operating margins tend to be lower in the first and fourth quarters compared to the second and third quarters due to decreased shipments in the winter months.

- Harsh weather conditions, hurricanes, tornadoes, floods, and other natural disasters can further negatively impact performance by reducing demand and increasing operating expenses. Seasonal trends are expected to continue affecting the business.

- The loss of any single customer is not anticipated to materially affect the business and revenue growth due to the diversity of the customer base. However, there are several customers whose demand for services is linked to the broader domestic economy. These customers might face reduced production levels due to decreased demand for their products. In 2023, lower freight volumes were experienced due to ongoing softness in the domestic economy. A decreased demand for LTL freight services can adversely affect shipment volume and reduce weight per shipment, which, in turn, can negatively impact revenue.

- Previous difficulties in purchasing equipment and parts for repair, due to reduced supply and increased costs, have been encountered, and similar challenges may arise in the future. Investment in new equipment constitutes a significant portion of annual capital expenditures, and a steady supply of tractors, trailers, and other freight handling equipment from manufacturers is essential for operating and expanding the business.

Management

Management and Background

David S. Congdon is the Executive Chairman of Old Dominion Freight Line. He has a deep-rooted history with the company, being the grandson of the founders Earl and Lillian Congdon. David Congdon has played a pivotal role in the company's growth and success. He joined ODFL in 1978 and held various positions, including President and Chief Operating Officer, before becoming the CEO in 1997. Under his leadership, the company saw significant expansion and financial growth. In 2018, he transitioned to the role of Executive Chairman, focusing on strategic initiatives and corporate governance. His tenure has been marked by his inclusion in Fortune's Businessperson of the Year list, recognizing his effective leadership and the company's consistent performance.

Marty Freeman is the CEO of Old Dominion Freight Line, having assumed the role in July 2023. Freeman has been with ODFL for over two decades, starting his career with the company in 1992. He has held several key positions, including Vice President of Field Services and Senior Vice President of Sales. His extensive experience within the company and the industry positions him well to lead ODFL into its next phase of growth. His leadership is expected to continue the company's tradition of excellence and innovation in the freight and logistics sector.

Shareholders

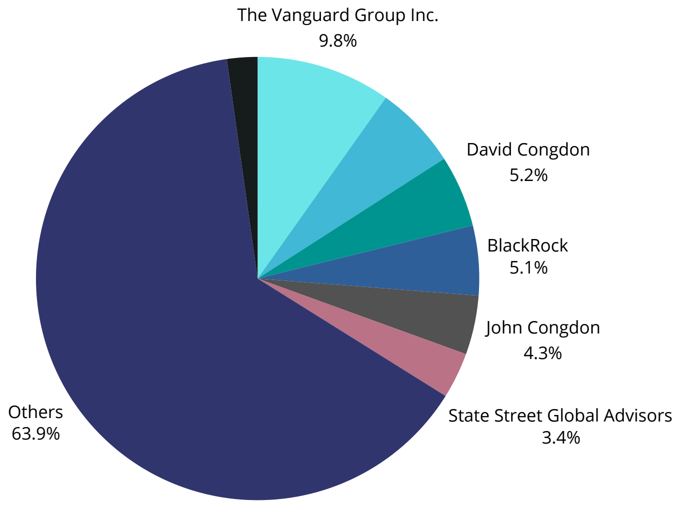
The ownership of the company is distributed among institutional investors, mutual funds, individual shareholders, and company insiders. Below is a brief breakdown of the ownership structure.

Institutional Investors:

Institutional investors hold a significant portion of Old Dominion's shares. These include pension funds, investment firms, and insurance companies. Some of the notable institutional investors include: Vanguard Group Inc. ; BlackRock Inc. ; T. Rowe Price and State Street Corporation.

Company Insiders

Company insiders, including executives and board members, hold a portion of the company's shares. Insider ownership aligns the interests of the company's management with those of its shareholders. Some key insiders include: David S. Congdon. John R. Congdon (former CEO) and Earl E. Congdon.



Operations

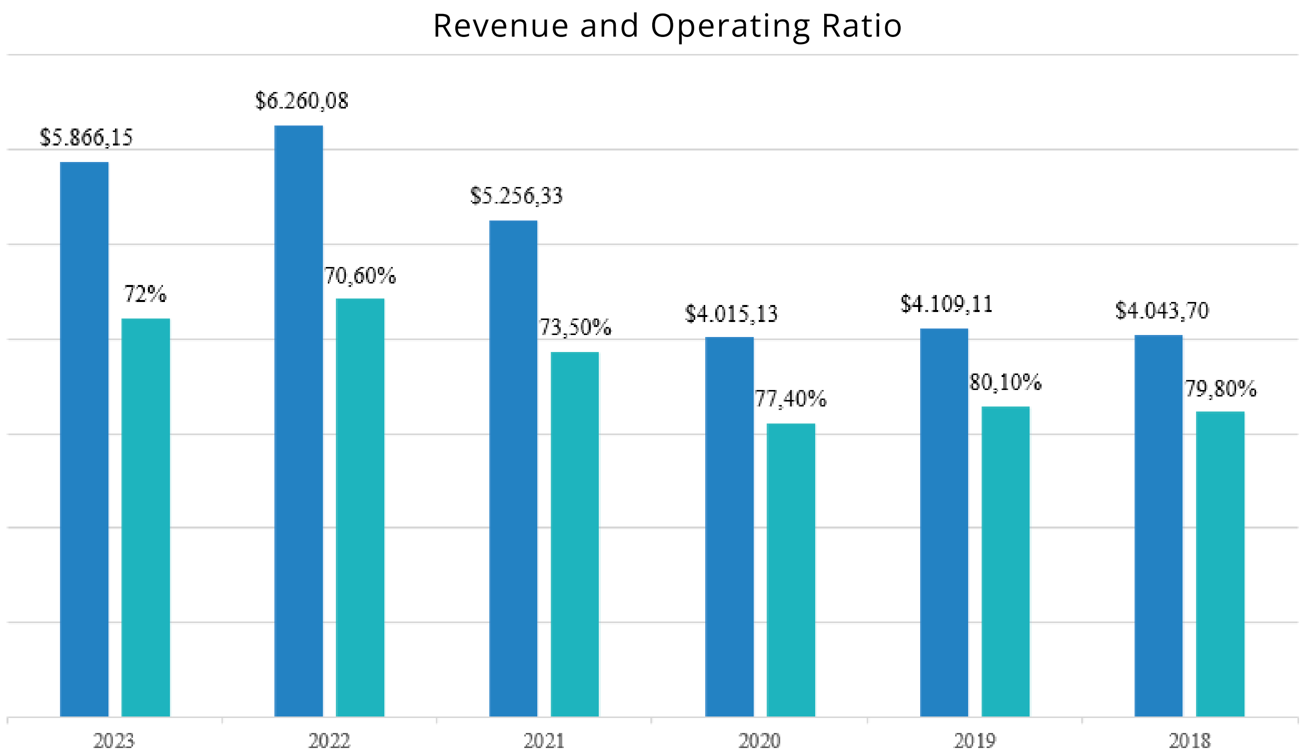
The primary revenue focus is to increase density, which is shipment and tonnage growth within existing infrastructure.

Increases in density allow to maximize asset utilization and labor productivity.

The following table sets forth, for the years indicated, expenses and other items as a percentage of revenue from operations.

Primary cost elements are direct wages and benefits associated with the movement of freight, operating supplies and expenses, which include diesel fuel, and depreciation of equipment fleet and service center facilities.

	2023	2022	2021	2020	2019	2018
Revenue from operations	**100%**	100%	100%	100%	100%	100%
Operating expenses:						
Salaries, wages and benefits	**44.8**	43.4	47.0	51.2	51.7	51.3
Operating supplies and expenses	**12.2**	13.6	10.8	9.3	11.5	12.3
General supplies and expenses	**2.8**	2.6	2.6	2.7	3.0	2.9
Operating taxes and licenses	**2.5**	2.3	2.5	2.9	2.8	2.8
Insurance and claims	**1.3**	0.9	1.0	1.1	1.3	1.1
Communication and utilities	**0.7**	0.6	0.7	0.8	0.7	0.8
Depreciation and amortization	**5.5**	4.5	4.9	6.5	6.2	5.7
Purchased transportation	**2.1**	2.5	3.5	2.4	2.2	2.4
Miscellaneous expenses, net	**0.1**	0.2	0.5	0.5	0.7	0.5
Totale operating expenses	**72.0**	70.6	73.5	77.4	80.1	79.8
Operating income	**28.0**	29.4	26.5	22.6	19.9	20.2
Interest (income) expense, net	**(0.2)**	(0.1)	0.0	0.1	(0.2)	(0.1)
Other expense, net	**0.1**	0.1	0.1	0.1	0.0	0.1
Income before income taxes	**28.1**	29.4	26.4	22.4	20.1	20.2
Provision for income taxes	**7.0**	7.4	6.7	5.6	5.1	5.2
Net income	**21.1**	22.0	19.7	16.8	15.0	15.0



Management

Key Financial Metrics

The financial results for 2023 reflect ongoing softness in the domestic economy, which contributed to a decline in revenue.

Revenue decreased $393.9 million, or 6.3%, in 2023 compared to 2022. This decrease resulted from a 9.0% decrease in LTL tonnage per day. This decrease in revenue was partially offset by a 3.5% increase in LTL revenue per hundredweight.

Operating Costs: Salaries, wages, and benefits decreased $87.2 million, or 3.2%, in 2023 due primarily to decreases in the average number of active full-time employees during the year, to align workforce with customers' shipping trends.

Operating supplies and expenses decreased $134.6 million, or 15.8%, in 2023 as compared to 2022, due primarily to decreases in our costs for diesel fuel used in vehicles. Average cost per gallon of diesel fuel decreased 19.8% in 2023 as compared to 2022. In addition, gallons consumed decreased 8.5% in 2023 as compared to 2022 due to a decrease in our miles driven.

Depreciation and amortization increased $48.4 million, or 17.5%, in 2023 as compared to 2022. The increases in depreciation and amortization costs were due primarily to the assets acquired as part of 2022 and 2023 capital expenditure programs.

	2023	2022	2021	2020	2019	2018
Work days	**252**	253	252	254	253	253
Revenue *(in thousands)*	**$ 5.866,15**	$ 6.260,08	$ 5.256,33	$ 4.015,13	$ 4.109,11	$ 4.043,70
Operating ratio	**72.0 %**	70.6 %	73.5 %	77.4 %	80.1 %	79.8 %
Net income *(in thousands)*	**$ 1.239,50**	$ 1.377,16	$ 1.034,38	$ 672,68	$ 615,52	$ 605,67
Diluted earnings per share	**$ 11,26**	$ 12,18	$ 8,89	$ 5,68	$ 7,66	$ 7,38
LTL tons *(in thousands)*	**9,260**	10,211	10,119	8,770	8,964	9,379
LTL tonnage per day	**36,745**	40,359	40,155	34,528	35,431	37,071
LTL shipments *(in thousands)*	**12,176**	12,989	12,880	10,869	11,491	11,748
LTL shipments per day *(in thousands)*	**48,317**	51,341	51,111	42,791	45,419	46,435
LTL weight per shipment *(lbs.)*	**1,521**	1,572	1,571	1,614	1,56	1,597
LTL revenue per hundredweight	**$ 31,31**	$ 30,24	$ 25,59	$ 22,62	$ 22,64	$ 21,25
LTL revenue per shipment	**$ 476,25**	$ 475,45	$ 402,01	$ 364,94	$ 353,18	$ 339,35
LTL revenue per intercity mile	**$ 8,38**	$ 8,28	$ 7,32	$ 6,42	$ 6,30	$ 5,99
LTL intercity miles *(in thousands)*	**691,632**	746,028	707,611	617,805	644,287	665,697
Average length of haul *(miles)*	**925**	934	935	925	917	918

Margins	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Gross Proft Margin	29%	30%	30%	31%	33%	34%	36%	38%	40%	40%	40%

Sector

The U.S. trucking industry is a vital component of the national economy, responsible for transporting goods across the country. The industry is divided into less-than-truckload (LTL) and truckload (TL) segments.

LTL carriers like ODFL consolidate multiple shipments from different customers onto a single truck, which are then sorted through a network of service centers.

Truckload (TL) shipping involves dedicating an entire truck to a single shipper's cargo. The truck is filled with goods from one customer, heading to a specific destination.

Both markets are evolving with technology and changing economic conditions. LTL is seeing growth due to the rise in e-commerce and demand for just-in-time deliveries, while TL benefits from robust industrial and retail sectors driving large-volume shipments.

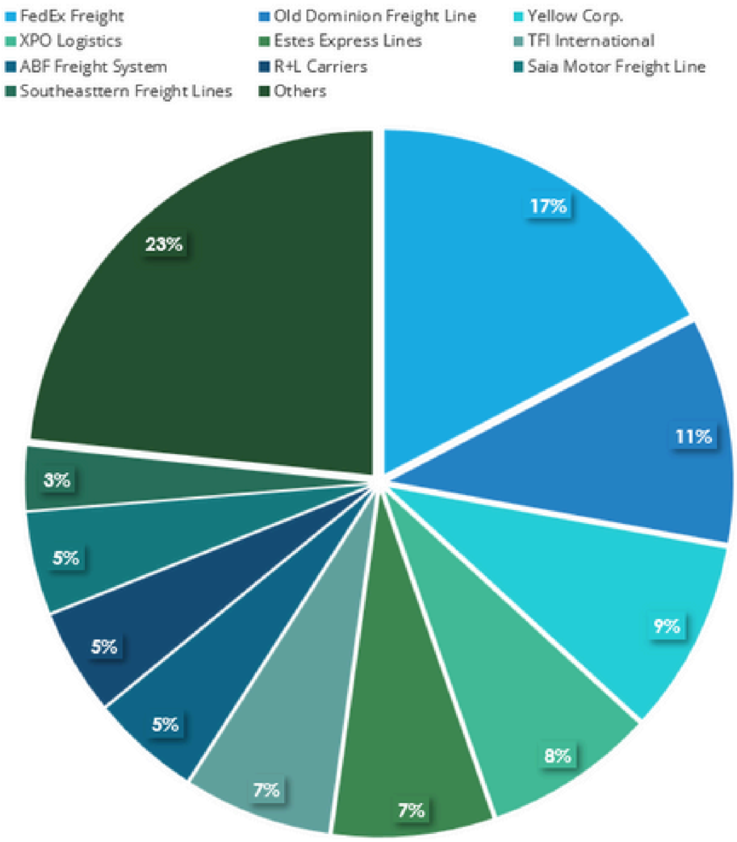
Operations are subject to seasonal trends typical in the industry. Revenue and operating margins tend to be lower in the first and fourth quarters compared to the second and third quarters due to factors such as reduced shipments, decreased fuel efficiency, higher cold-weather maintenance costs for revenue equipment, and increased insurance and claims costs during winter months. Additionally, severe weather or natural disasters including hurricanes, tornadoes, floods, fires, earthquakes, and storms can adversely affect performance by disrupting freight shipments or routes, damaging assets, disrupting fuel supplies, increasing fuel and maintenance costs, reducing demand, and negatively impacting the business or financial condition of customers. Any of these factors could harm operational results or increase volatility in performance.

Market Shares

According to latest market reports, in 2022, the LTL industry generated approximately 54 to 60 billion in revenue, according to information reported by Transport Topics and SJ Consulting Group.

The sector is highly competitive, with competition driven by service quality and pricing. Since the deregulation of the industry in 1980, significant consolidation has occurred. By 2022, the largest 5 LTL motor carriers accounted for about 52% of the domestic LTL market, while the top 10 carriers held approximately 77% of the market share, as reported by Transport Topics.

The trend toward consolidation is expected to continue, driven by increasing customer demand for transportation providers that can deliver both regional and national services, along with other complementary value-added services.



Source: *Company reports and SJ Consulting Group estimates*
Prepared by SJ Consulting Group, Inc.

2022 Rank	Company	2021 Revenue	2022 Revenue	YoY %	Mkt Share
1	FedEx Freight	8.594	10.186	18,5%	17,3%
2	Old Dominion Freight Line	5.177	6.177	19,3%	10,5%
3	Yellow Corp.	5.078	5.245	3,3%	8,9%
4	XPO Logistics	4.192	4.645	10,8%	7,9%
5	Estes Express Lines	3.783	4.405	16,4%	7,5%
6	TFI International	3.179	4.023	26,5%	6,9%
7	ABF Freight System	2.518	2.951	17,2%	5,0%
8	R+L Carriers	2.427	2.864	18,0%	4,9%
9	Saia Motor Freight Line	2.289	2.792	22,0%	4,8%
10	Southeasttern Freight Lines	1.476	1.741	18,0%	3,0%
TOTAL TOP 10 US LTL CARRIERS		**$ 38.713**	**$ 45.029**	**16,3%**	**76,7%**
ALL OTHERS US LTL CARRIERS		**$ 11.989**	**$ 13.693**	**14,2%**	**23,3%**
TOTAL US LTL MARKET		**$ 50.702**	**$ 58.722**	**15,8%**	**100,0%**

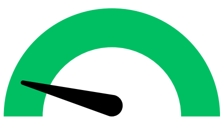
EXTERNAL ANALYSIS

Porter's Five Forces

1. Rivalry between existing competitors

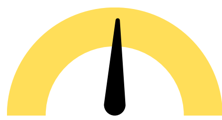
Number of Competitors: High. The industry is fragmented with numerous players ranging from small local firms to large multinational companies.
Rate of Industry Growth: Moderate. The industry's growth generally tracks with the broader economy, leading to intense competition for market share, especially during economic downturns.
Product/Service Differentiation: Low. Most companies offer similar transport and logistics services, leading to competition primarily on price and reliability.
Fixed Costs: High. Significant investments in fleet maintenance, infrastructure, and regulatory compliance drive companies to maximize capacity utilization, often leading to aggressive pricing strategies.
Exit Barriers: High. High sunk costs in assets and long-term contracts make it difficult for companies to exit the industry without incurring substantial losses.

2. Threat of new entrants



Barriers to Entry: The shipping/transport industry requires significant capital investment in vehicles, warehouses, technology, and infrastructure. Compliance with regulatory requirements, such as obtaining necessary licenses and adhering to safety and environmental standards, also poses a barrier.
Economies of Scale: Large established companies benefit from economies of scale, reducing their per-unit costs and making it difficult for new entrants to compete on price.
Brand Loyalty: Existing companies often have established relationships and long-term contracts with customers, creating a loyalty barrier that new entrants must overcome.
Access to Distribution Channels: New entrants may find it difficult to secure efficient and cost-effective distribution channels, as established companies often have exclusive agreements with key suppliers and partners.

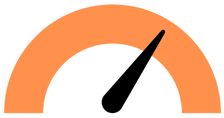
3. Bargaining power of suppliers



Supplier Concentration: Moderate to high. While there are many suppliers of standard inputs like fuel, vehicles, and maintenance services, suppliers of specialized equipment or advanced technology can exert more power.
Switching Costs: Moderate to high. Switching suppliers, especially for specialized equipment or technology, involves significant costs and operational disruptions.
Input Differentiation: Low to moderate. Basic inputs like fuel and vehicles are commoditized, but specialized services (e.g., GPS tracking systems, eco-friendly fuel options) can provide differentiation, giving those suppliers more power

Porter's Five Forces

4. Bargaining power of customers



Buyer Concentration: High where large companies (e.g., retail chains, manufacturers) have substantial negotiating power due to their large volume of shipments.
Switching Costs: Low to moderate. Buyers can switch transport providers relatively easily if better rates or services are offered, although this can depend on contract terms.
Price Sensitivity: High. Buyers are very sensitive to price changes, often choosing providers based on cost efficiency.
Buyer Information: High. Buyers have access to extensive information on pricing, service levels, and provider reliability, increasing their negotiating power

5. Threat of substitute products

Alternative Transport Modes: Moderate to High. Other transport modes like air, rail, and sea can serve as substitutes, especially for specific types of goods or distances. For instance, air freight is faster but more expensive, while rail and sea transport are slower but cheaper. In case where no other transport mode is available this force become less strong.

Technological Substitutes: Moderate. Emerging technologies such as drone deliveries, autonomous vehicles, and advanced logistics software are beginning to provide alternatives, though widespread adoption is still developing.
Service Differentiation: Low to moderate. Many transport services are similar, but companies that offer unique services (e.g., temperature-controlled logistics, express delivery) can differentiate themselves and reduce the threat of substitutes.

Competition

The transportation and logistics industry is highly competitive and fragmented, with Old Dominion Freight Line competing against a diverse range of regional, inter-regional, and national LTL carriers, as well as truckload carriers, small package carriers, airfreight carriers, and railroads.

The number of service centers is a critical factor for LTL carriers as it affects their ability to provide extensive coverage and efficient service. FedEx Freight and XPO Logistics lead in terms of the number of facilities with about 500 service centers, while Old Dominion Freight Line, Saia, and Estes Express Lines also maintain significant networks that support their competitive positions in the LTL market with a number of facilities that ranges between 200 to 300. As that being said, ODFL keeps high its capital expenditures to broaden its reach and network.

Most companies offer similar transport and logistics services, leading to competition primarily on price and reliability. Reliability and consistency in delivery times, as well as the condition of the freight upon arrival, are crucial. Companies compete on their ability to provide high-quality service and minimize damage or delays.

XPO offers extensive technology-driven solutions and a wide network, similar to ODFL. However, ODFL's consistent service quality and financial stability provide a strong competitive advantage over XPO's often aggressive pricing strategies and rapid expansion initiative
Saia, while having a smaller network compared to ODFL, has a strong regional presence, particularly in the South, Southwest, and West regions of the U.S

ODFL's strong service quality and operational efficiency set it apart, though FedEx has larger international networks and more extensive infrastructure. FedEx also benefit from integrated logistics solutions and global reach, whereas ODFL has a more regional focus.

While ODFL, Saia, and JBHT all compete in the freight and logistics market, each has carved out its niche through strategic emphasis on various competitive factors. ODFL excels in service quality and technology, Saia in regional reliability and customer service, and JBHT in diversified offerings and innovation.

Company name	EV	MC	Revenue	EBITDA	EBITDA Margin
Old Dominion Freight Line, Inc.	44.505	45.012	5.884	1.977	34%
FedEx	104.364	73.506	87.693	11.250	13%
XPO Logistics	16.982	13.079	7.855	1.067	14%
TFI International	16.126	12.942	6.880	1.088	16%
Saia Motor Freight Line	11.125	10.836	3.104	690	22%
J.B. Hunt Transport Services, Inc.	19.375	17.558	10.626	1.595	15%

SWOT

Strengths

A strength of Old Dominion Freight Line is that it is already positioned as a significant player in the market. Given the characteristics of the market, it starts from a "position of advantage." Consequently, it has greater opportunities than smaller competitors to leverage economies of scale.
ODFL is also renowned for its reliable and consistent service, which is reflected in its impressive on-time delivery rates and low incidence of damage. This reputation for quality significantly contributes to customer trust and loyalty. The company's substantial investment in technology, including real-time tracking systems, automated processes, and advanced route optimization tools, further supports its competitive positioning by maintaining competitive pricing and improving operational efficiency.

Weaknesses

The performance of ODFL is closely linked to broader economic conditions, making it vulnerable to economic fluctuations that can impact shipment volumes and overall profitability.
Additionally, while ODFL is a strong player in the domestic market, its international presence is relatively limited compared to some competitors with more extensive global networks. This limited international reach can hinder ODFL's ability to capture a larger share of the global market.

Opportunities

ODFL has significant opportunities for growth, particularly in expanding into new geographic markets and increasing its international operations. As global trade continues to grow, expanding into these markets could provide substantial revenue potential. The company can also leverage continued investment in emerging technologies, such as artificial intelligence and machine learning, to enhance operational efficiencies and customer service further.
The rise of e-commerce presents a substantial opportunity for ODFL to increase its LTL shipments, especially in the business-to-consumer (B2C) segment. By leveraging its technological capabilities and service strengths, ODFL can capture a larger share of this expanding market. Additionally, there are opportunities for strategic partnerships or acquisitions that could enhance service offerings, expand network reach, or enable entry into new markets.

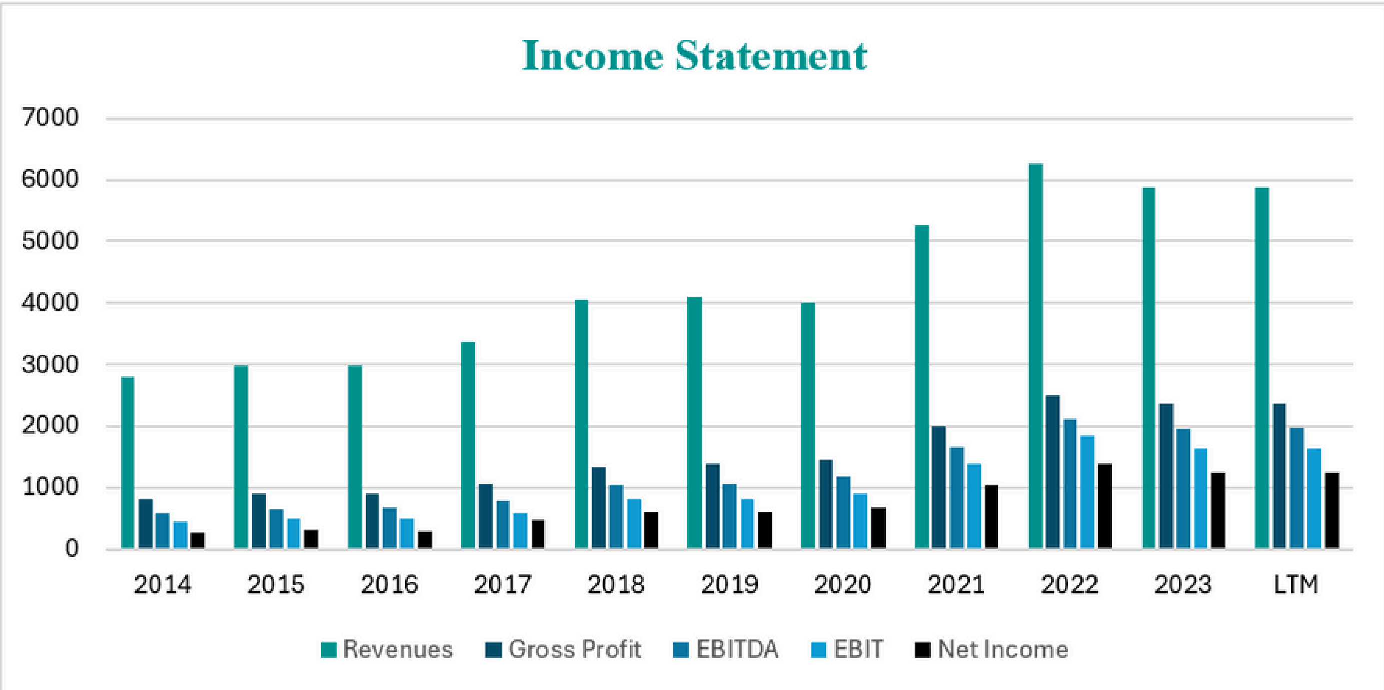
Threats

The LTL industry is highly competitive, with major players such as FedEx Freight,Yellow Corp, and XPO Logistics presenting significant competition. These competitors often have larger networks and may employ aggressive pricing strategies, posing a challenge to ODFL's market share.
Economic instability or a recession can also pose a threat, potentially leading to reduced freight volumes and decreased demand for LTL services, which could negatively impact revenue and profitability. Changes in regulations, including those related to emissions, labor laws, and transportation safety, can affect operational costs and necessitate adjustments in business practices.
Fluctuations in fuel prices represent another threat, as they can significantly impact operating costs.

FINANCIAL STATEMENT

Income Statement

Income Statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Revenues	**2.788**	**2.972**	**2.992**	**3.358**	**4.044**	**4.109**	**4.015**	**5.256**	**6.260**	**5.866**	**5.884**
% YoY Growth		6,62%	0,64%	12,25%	20,42%	1,62%	-2,29%	30,91%	19,10%	-6,29%	0,31%
COGS	(1.979)	(2.077)	(2.085)	(2.305)	(2.700)	(2.715)	(2.557)	(3.256)	(3.768)	(3.513)	(3.509)
Gross Profit	**808**	**896**	**907**	**1.053**	**1.344**	**1.394**	**1.458**	**2.001**	**2.492**	**2.353**	**2.375**
% YoY Growth		11%	1%	16%	28%	4%	5%	37%	25%	-6%	1%
Operating expenses	(367)	(398)	(423)	(478)	(526)	(576)	(551)	(609)	(651)	(713)	(731)
EBITDA	**588**	**664**	**674**	**782**	**1.047**	**1.072**	**1.168**	**1.652**	**2.117**	**1.965**	**1.977**
% YoY Growth		13%	2%	16%	34%	2%	9%	41%	28%	-7%	1%
Depreciation & Amortization	146,47	165,34	189,87	205,76	230,36	253,68	253,68	259,9	276,07	324,45	333,03
EBIT	**441**	**498**	**484**	**576**	**817**	**819**	**907**	**1.392**	**1.841**	**1.641**	**1.644**
% YoY Growth		13%	-3%	19%	42%	0%	11%	53%	32%	-11%	0%
Other Expenses/Income	(2)	(3)	(2)	2	(1)	6	(3)	(1)	2	8	13
Interest Expenses/Income	(7)	(5)	(4)	(2)	(0)	(0)	(3)	(2)	(2)	(0)	(0)
Income Tax Expense	(165)	(185)	(182)	(112)	(210)	(208)	(229)	(354)	(464)	(408)	(410)
Net Income	**268**	**305**	**296**	**464**	**606**	**616**	**673**	**1.034**	**1.377**	**1.240**	**1.247**
% YoY Growth		14%	(3%)	57%	31%	2%	9%	54%	33%	(10%)	1%
Supplementary Data											
Effective Tax Rate	(38%)	(38%)	(38%)	(19%)	(26%)	(25%)	(25%)	(26%)	(25%)	(25%)	(25%)
Diluted Shares Outstanding	258	256	249	247	246	241	237	233	226	220	220
EPS	1,03	1,19	1,19	1,88	2,46	2,55	2,84	4,44	6,09	5,63	5,68
% YoY Growth		15%	(0%)	58%	31%	4%	11%	57%	37%	(8%)	1%
Dividends per Share	0,00	0,00	0,00	0,13	0,18	0,23	0,30	0,40	0,60	0,80	0,86
Payout Ratio	0%	0%	0%	7%	7%	9%	11%	9%	10%	14%	15%
R&D Expense	0	0	0	0	0	0	0	0	0	0	0
Selling and Marketing Expense	19	23	21	27	28	28	19	28	29	35	35
EBT Incl. Unusual Items	433	490	478	576	816	824	901	1.388	1.841	1.648	1.657



Income Statement

Old Dominion Freight Line has demonstrated a strong revenue growth trajectory over the years, with revenues rising from 2,788 in the earliest year to 5,884 in the most recent year. This consistent increase indicates a successful expansion in the company's operations and market presence. The year-over-year growth rates fluctuate, showing impressive spikes like 20.42% and 30.91% in consecutive years, although there are slight dips of 2.29% and 6.29% in other years. Such fluctuations could be attributed both to market/industry conditions and company's direct performance, but the overall trend remains positive.

The COGS follows a similar upward trend, increasing from (1,979) to (3,509). This rise in COGS aligns with the revenue growth, reflecting the increased costs associated with scaling operations. Despite the increase in COGS, the company's ability to maintain a strong gross profit margin indicates effective cost management and operational efficiency. The increase in profitability will be discussed in detail in the next pages.

EBITDA has grown from 588 to 1,977, showcasing the company's strong operational (and financial) performance. Significant growth rates in EBITDA, highlight the efficiency and profitability of the company's core operations. Similarly, EBIT has increased from 441 to 1644. The impressive EBIT growth rates, especially a 53% increase in one year, indicate that the company is effectively converting its revenue into operating profit, even after accounting for depreciation and amortization demonstrating the effectiveness of capital expenditures.

Depreciation and amortization expenses have increased from 146.47 to 333.03, which is expected with the company's expansion and increased capital investments. This rise reflects the company's ongoing investment in its assets to support its growing operations.

Net income has seen substantial growth from 268 to 1,247. The significant year-over-year growth rates, particularly a 54% increase in one year, demonstrate the company's ability to drive bottom-line growth effectively.

EPS and Share Buybacks

The number of diluted shares has slightly decreased over the period, from 258 to 220. This reduction is related to share buybacks, which can enhance EPS by reducing the number of shares outstanding and returning value to shareholders. As a consequence EPS has shown substantial improvement, increasing from 1.03 to 5.68. The robust EPS growth reflects the company's strong net income growth and share repurchase strategies

Balance Sheet

Balance Sheet	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Cash and equivalents	35	11	10	127	190	404	401	463	186	434	581
Short Term Investments	0	0	0	0	0	0	330	254	49	0	0
Cash and short Term Investments	**35**	**11**	**10**	**127**	**190**	**404**	**732**	**717**	**236**	**434**	**581**
Total Receivables	348	345	334	416	468	408	454	599	605	615	604
Inventory	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	21	25	38	41	48	55	57	68	93	94	79
Other current Assets	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	**404**	**382**	**383**	**585**	**706**	**867**	**1.243**	**1.384**	**934**	**1.143**	**1.264**
Net PP&E	1.743	2.023	2.241	2.404	2.755	3.034	3.018	3.316	3.782	4.212	4.128
Long term Investments	0	0	0	0	0	0	0	0	0	0	0
Goodwill	19	19	19	19	19	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0	0	0	0	0	0
Other long-Term Assets	40	42	53	60	65	95	108	122	123	157	260
Total non-current Assets	**1.803**	**2.085**	**2.314**	**2.484**	**2.839**	**3.129**	**3.126**	**3.438**	**3.905**	**4.369**	**4.388**
Total Assets	**2.207**	**2.467**	**2.696**	**3.068**	**3.545**	**3.996**	**4.369**	**4.822**	**4.839**	**5.512**	**5.651**
Accounts Payable	45	67	89	74	79	70	69	83	106	113	98
Accrued Liabilities	175	192	199	227	278	283	283	368	386	396	356
Long-Term Debt due within one year	36	25	0	50	0	0	0	0	20	20	20
Current Portion of Capital Lease Obligations	0	1	0	0	0	10	13	14	17	16	0
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	**256**	**285**	**289**	**351**	**357**	**366**	**373**	**464**	**530**	**545**	**551**
Long Term Debt	120	107	105	45	45	45	100	100	80	60	60
Other non-current Liabilities	146	154	179	206	215	186	257	240	185	182	276
Total non-current Liabilities	**457**	**496**	**556**	**441**	**508**	**549**	**670**	**678**	**656**	**710**	**699**
Total Liabilities	**713**	**782**	**845**	**792**	**865**	**915**	**1.043**	**1.142**	**1.186**	**1.255**	**1.250**
Common Stocks	9	8	8	8	8	12	12	12	11	11	22
Additional Paid in Capital	134	134	135	138	142	218	226	174	245	243	226
Retained Earnings	1.351	1.542	1.707	2.130	2.530	2.850	3.088	3.494	3.397	4.004	4.154
Treasury Stocks	0	0	0	0	0	0	0	0	0	0	0
Comprehensive Income and Other	0	0	0	0	0	0	0	0	0	0	0
Total Equity	**1.494**	**1.685**	**1.851**	**2.277**	**2.680**	**3.081**	**3.326**	**3.680**	**3.653**	**4.258**	**4.402**

Old Dominion Freight Line's balance sheet reveals a company with strong financial stability and solvency. The significant growth in total assets, especially through strategic capital investments (mostly through new service centers acquisition, PP&E), positions the company well for future growth. The improved liquidity, as evidenced by rising current assets and a higher current ratio (from 1.58 to 2.29), ensures the company can meet its short-term obligations effectively.

The company's ability to keep long-term debt relatively stable while growing its asset base is a positive indicator of financial prudence. Management financing decisions lead to a lower Debt/Equity ratio going from 0.48 to 0.28. The decreasing debt-to-equity ratio further underscores the company’s ability to maintain financial stability while pursuing expansion.

The substantial increase in retained earnings from is a strong indicator of financial health. It shows the company’s ability to generate and retain profits, which can be reinvested into the business for growth and development and at the same time can be used to satisfy the company plan to distribute earnings.

Overall, Old Dominion Freight Line is well-positioned to sustain its growth trajectory and meet its long-term financial obligations, ensuring continued success and stability.

Cash Flow Statement

Cash Flow Statement	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
D&A	146	165	190	206	230	254	254	260	276	324	333
Asset Writedown & Restructuring Costs	0	0	0	0	0	0	0	0	0	0	0
Stock-Based Compensation	0	0	1	3	5	17	17	15	16	11	11
Change In Accounts Receivable	(54)	(9)	(11)	(76)	(35)	30	30	(126)	(13)	(4)	(4)
Change In Inventories	0	0	0	0	0	0	0	0	0	0	0
Change In Accounts Payable	9	21	22	(15)	5	(8)	(8)	14	24	7	7
Cash from Operations	**392**	**554**	**566**	**536**	**900**	**984**	**984**	**1.213**	**1.692**	**1.569**	**1.578**
Change in Net Working Capital	**47**	**(44)**	**(44)**	**55**	**(1)**	**(68)**	**(68)**	**141**	**53**	**55**	**67**
CAPEX	(368)	(462)	(418)	(382)	(588)	(479)	(479)	(550)	(775)	(757)	(642)
Cash Acquisition	0	0	0	0	0	0	0	0	0	0	0
Divestitures	0	0	0	0	0	0	0	0	0	0	0
Cash From Investing	**(346)**	**(438)**	**(407)**	**(368)**	**(580)**	**(474)**	**(474)**	**(455)**	**(547)**	**(660)**	**(578)**
Total Debt Issued	0	12	0	0	0	0	0	0	0	0	0
Total Debt Repaid	(36)	(38)	(29)	(10)	(50)	0	0	0	0	(20)	(20)
Issuance of Common Stock	0	0	0	0	0	0	0	0	0	0	0
Repurchase of Common Stock	(6)	(114)	(130)	(8)	(163)	(241)	(241)	(536)	(1.277)	(454)	(397)
Common & Preferred Stock Dividends Paid	0	0	0	(33)	(43)	(55)	(55)	(92)	(134)	(175)	(188)
Cash from Financing	**(41)**	**(140)**	**(159)**	**(51)**	**(257)**	**(297)**	**(297)**	**(696)**	**(1.420)**	**(662)**	**(626)**
Net Change in Cash	**5**	**(23)**	**(1)**	**117**	**63**	**213**	**213**	**61**	**(276)**	**247**	**373**
% YoY		-606%	-94%	-9122%	-46%	240%	0%	-71%	-552%	-190%	0,5085458
Free Cash Flow to the firm	**99**	**(31)**	**28**	**343**	**248**	**318**	**383**	**888**	**930**	**857**	**995**

Cash From Operations

Over the years, Cash Flow From Operations has shown significant growth.

Depreciation & Amortization, this non-cash expense has steadily increased. The rise in D&A aligns with the company's growing investment in property, plant, and equipment (PP&E), as seen in the balance sheet.

The variations in accounts receivable reflect changes in the company's credit policies and customer payment behaviors. Notable are fluctuations in cash collection efficiency.

Changes in accounts payable reflect the company's management of its payables. Positive changes, such as the 24 in 2021 and 7 in the LTM, indicate better payment terms with suppliers or delayed payments, improving cash flow temporarily.

Cash Flow from Investing

For ODFL, this section highlights the company's investment in long-term assets to support growth.

This voice has generally been negative, reflecting outflows for CAPEX. The most significant outflow was 660 in 2022, indicating substantial investment activities during that year.

Cash Flow from Financing

The company has had minimal activity in issuing and repaying debt, with small repayments in certain years. This suggests that the company has not relied heavily on debt financing.

The repurchase of common stock has been a recurring activity, indicating the company's strategy to return value to shareholders. Significant repurchases show a focus on reducing shares outstanding and potentially increasing EPS.

Dividends have been relatively low. This suggests that the company prefers to retain earnings for reinvestment rather than distributing them as dividends.

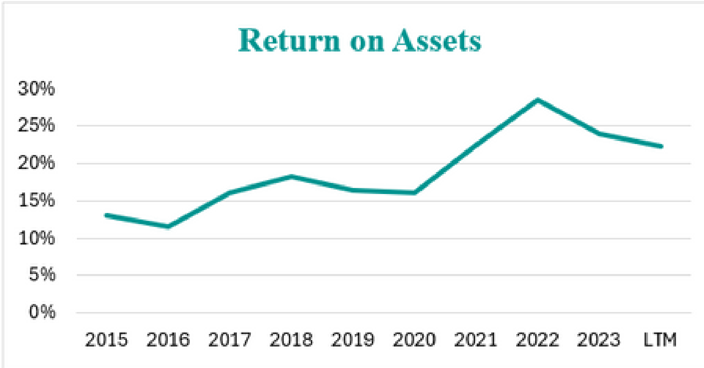
FCFF

Free cash flow to the firm is a crucial metric that represents the cash available after capital expenditures for the company to pay debt, dividends, and other purposes. For Old Dominion Freight Line, FCFF has shown significant improvement. This growth indicates the company's enhanced ability to generate cash from its operations even after substantial investments in CAPEX, indicating a good capital allocation.

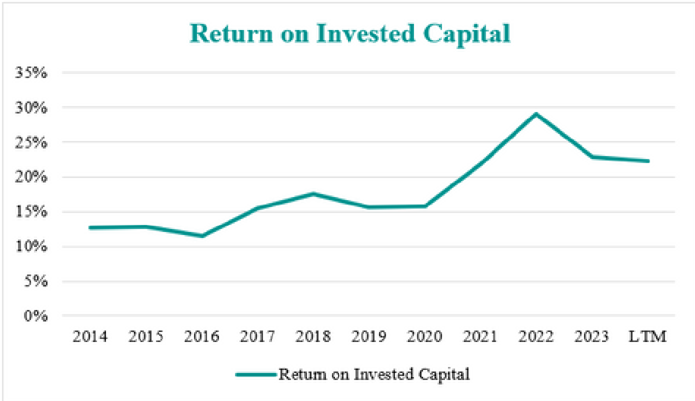
Profitability, Efficency and Financial Solidity

Profitability

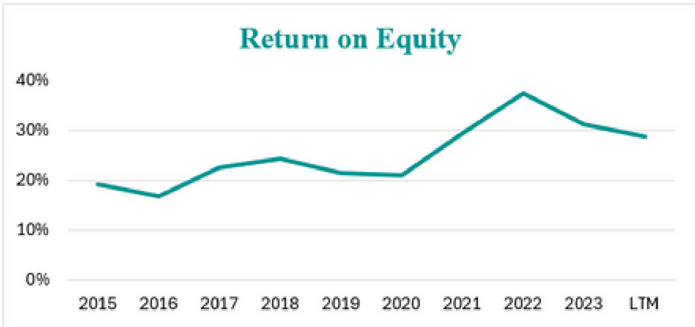
Between 2015 and 2020, ROA ranged from 11% to 16%. This period was characterized by stable growth, reflecting efficient use of the company's assets. In 2021, ROA saw a significant rise, peaking at 29% in 2022. This surge can be attributed to improved operational efficiencies. However, there was a slight decline to 24% in the most recent period, indicating some challenges in maintaining the high levels of asset utilization



From 2015 to 2020, ROIC steadily increased from 11% to 16%, showing the company's effective capital investments. In 2021, there was a sharp increase to 34%, highlighting a period of high profitability. This peak can be linked to strategic investments and cost management initiatives. Nonetheless, ROIC declined to 22% in the LTM.

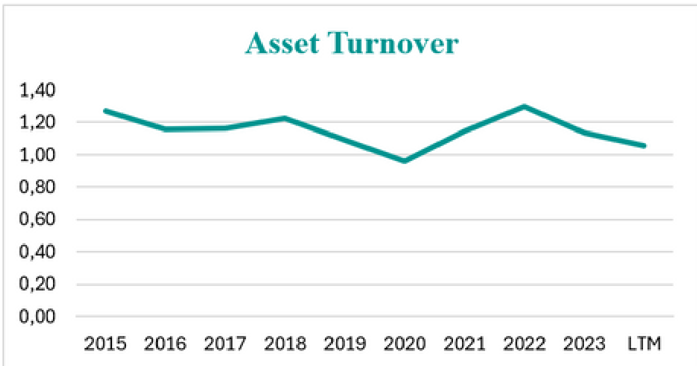


Return on Equity (ROE) measures the return on shareholders' equity. In 2021, ROE peaked at 38%, indicating a strong period of profitability. This increase was likely driven by the company's strategic growth and operational efficiency. However, the ROE has moderated to 29% in the LTM, indicating a slight decrease in profitability



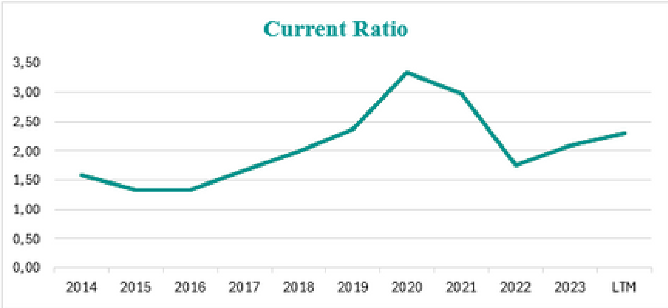
Efficiency

The Asset Turnover ratio of ODFL follows a slightly negative trend, which suggests consistent efficiency in the utilization of new PP&E. That being said, the company benefits from expansions in terms of assets and service centers, allowing ODFL to reach new customers and consolidate its presence in the market. On top of that, a better operating ratio obtained during the years (page 5) support the positive growth of the business.

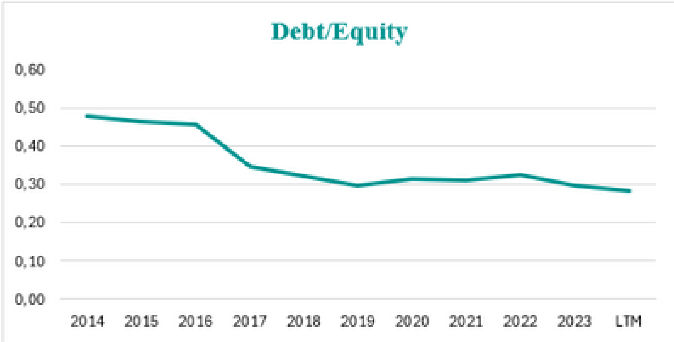


Solvency

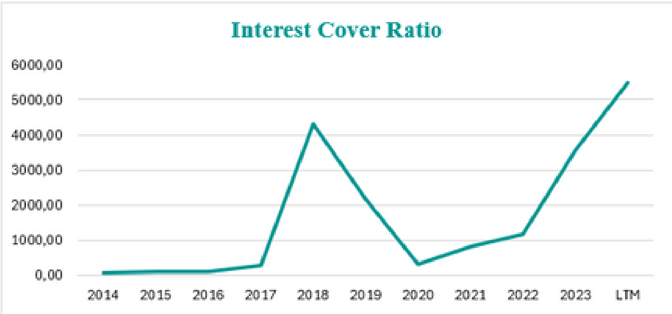
The trend in the current ratio for ODFL shows an initial increase, peaking above 3.0, and then a decline before stabilizing around 2.0. This indicates that while ODFL initially improved its liquidity position significantly, it later faced some challenges but still maintains a healthy level of liquidity.



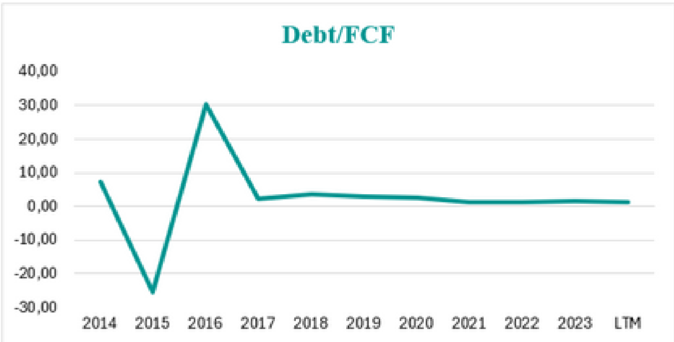
For ODFL, the debt/equity ratio has consistently declined from around 0.50 to below 0.30. This downward trend indicates a reduction in leverage, suggesting that ODFL has been managing its debt effectively and increasing its financial stability.



ODFL's interest cover ratio shows significant fluctuations, peaking dramatically before declining and then rising sharply again to nearly 6000. This volatility indicates periods of varying profitability and debt levels, but the latest high suggests an exceptionally strong ability to cover interest expenses



ODFL's debt/FCF ratio shows a dramatic fluctuation, initially negative, peaking, and then stabilizing around 1/2. This indicates that while ODFL has experienced periods of high and low free cash flow relative to its debt, it currently maintains a balanced position, suggesting efficient cash flow management.



Valuation

Multiples analysis

While multiples analysis provides useful insights into ODFL's market valuation, there are inherent limitations: peer companies have diverse business models, market environments and differences in capital structure that can distort valuation metrics and lead to misleading comparisons. On top of that, the significant variance in multiples suggests that the companies are not entirely comparable.

To address these limitations, we preferred to focus and take more into consideration the DCF analysis.

As that being said, by looking at the underlying data, it can be noted that the company appears overvalued by the market. This result is consistent with the DCF analysis outcome, but in the relative analysis, the overvaluation is even more notable.

General			EV Multiples			Price Multiples				
Company name	EV	MC	Ev/Sales	Ev/Ebitda	Ev/Ebit	P/S	P/E	P/BV	P/TBV	MC/FCF
Old Dominion Freight Line, Inc.	44.505	42.837	**7,6x**	**22,5x**	**27,1x**	**7,3x**	**34,4x**	**9,6x**	**9,6x**	**43,0x**
XPO Logistics	16.982	13.079	**2,2x**	**15,9x**	**27,4x**	**1,7x**	**55,5x**	**9,8x**	**-23,4x**	**-16,1x**
TFI International	16.126	12.942	**1,7x**	**10,5x**	**16,4x**	**1,8x**	**27,5x**	**5,2x**	**23,5x**	**23,6x**
Saia Motor Freight Line	11.125	10.836	**4,7x**	**19,6x**	**26,7x**	**4,7x**	**44,1x**	**8,0x**	**8,1x**	**194,2x**
J.B. Hunt Transport Services, Inc.	19.375	17.558	**1,7x**	**11,9x**	**19,9x**	**1,5x**	**25,7x**	**5,0x**	**5,0x**	**-45,1x**
	EV	Market Cap	Ev/Sales	Ev/Ebitda	Ev/Ebit	P/S	P/E	P/BV	P/TBV	MC/FCF
Simple Average	21.622,72	19.450,36	3,6x	16,1x	23,5x	3,4x	37,4x	7,5x	4,6x	39,9x
Weighted average - EV	-	-	4,5x	17,5x	24,2x	4,3x	36,1x	8,0x	5,5x	30,6x
Weighted average - MC	-	-	4,7x	17,8x	24,4x	4,5x	35,8x	8,1x	6,0x	33,4x
Median	16.982,04	13.079,04	2,2x	15,9x	26,7x	1,8x	34,4x	8,0x	8,1x	23,6x
Standard Deviation			2,56	5,06	5,05	2,55	12,44	2,33	17,19	92,77
(% Average)			72%	31%	21%	75%	33%	31%	377%	232%
High	44.505	42.837	7,6x	22,5x	27,4x	7,3x	55,5x	9,8x	23,5x	194,2x
Low	11.125	10.836	1,7x	10,5x	16,4x	1,5x	25,7x	5,0x	-23,4x	-45,1x
Price based on multiples			102,03	97,79	187,17	93,50	204,02	159,68	121,13	144,56

multiple	Financial Metric	Multiple Range		Implied Enterprise Value		Net Debt	Implied Market Cap		Diluted Shares	Implied Share Price		
LTM Ev/Sales	5.884	**1,2x**	**3,2x**	6.826	18.594	(501)	7.327	19.095	220	33	-	87
LTM Ev/Ebitda	1.247	**14,9x**	**16,9x**	18.602	21.095	(501)	19.103	21.596	220	87	-	98
LTM Ev/Ebit	1.644	**25,7x**	**27,7x**	42.236	45.524	(501)	42.737	46.025	220	195	-	210
									Range	105,02	-	131,66

multiple	Financial Metric	Multiple Range		Implied Market Cap		Dilued Shares	Implied Share Price		
LTM P/S	5.884	**0,8x**	**2,8x**	4.648	16.417	220	21	-	75
LTM P/E	1.247	**33,4x**	**35,4x**	41.590	44.083	220	189	-	201
LTM P/BV	4.441	**7,0x**	**9,0x**	31.000	39.883	220	141	-	182
LTM P/TBV	4.402	**7,1x**	**9,1x**	31.032	39.835	220		-	
						Range	117,27	-	152,41

DCF

WACC

To calculate the cost of average capital, the 10-year American bond (US10Y) was selected as the risk-free rate, which appears to have a yield of 4.03% respectively at the valuation date 06.08.2024. The country risk and market risk premium were calculated as a weighted average based on the turnover of the individual country risk premium and market risk premium of the country/geographical areas. The beta was calculated as a weighted average between the Bottom Up method (20%) and its direct correlation with the S&P 500 (80%). Finally, the cost of debt was calculated taking into account the effective average cost of debt payed in the last 10 years considering the absence of publicly traded instruments and other substantial information regarding the future cost of debt.

Capital Structure	
Equity	98,37%
Debt	1,63%
Wacc Calculation	
Cost of Equity	**8,70%**
Risk-free Rate	4,03%
Country Risk Premium	0,00%
Market Risk Premium	4,60%
Levered Beta	1,01
Net Cost of Debt	**1,39%**
Cost of Debt	1,85%
Tax Rate	25,16%
WACC	**8,58%**

Income Statement	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Term
Revenues	**5.866**	**6.042**	**6.507**	**7.145**	**7.917**	**8.526**	**9.270**	**9.963**	**10.584**	**11.112**	**11.528**	**11.816**
% YoY Growth		3%	8%	10%	11%	8%	9%	7%	6%	5%	4%	2%
COGS	(3.513)	(3.625)	(3.879)	(4.231)	(4.656)	(4.980)	(5.377)	(5.759)	(6.097)	(6.378)	(6.594)	(6.735)
Gross Profit	2.353	2.417	2.628	2.914	3.261	3.546	3.893	4.204	4.487	4.733	4.934	5.081
% YoY Growth		3%	9%	11%	12%	9%	10%	8%	7%	5%	4%	3%
Operating expenses	(713)	(393)	(418)	(452)	(493)	(522)	(556)	(604)	(648)	(687)	(720)	(744)
EBITDA	**1.965**	**2.024**	**2.211**	**2.462**	**2.768**	**3.024**	**3.337**	**3.600**	**3.839**	**4.046**	**4.214**	**4.336**
% YoY Growth		3%	9%	11%	12%	9%	10%	8%	7%	5%	4%	3%
Depreciation & Amortization	324	332	351	378	411	435	463	492	516	535	549	555
EBIT	**1.641**	**1.692**	**1.860**	**2.084**	**2.356**	**2.590**	**2.874**	**3.108**	**3.323**	**3.511**	**3.666**	**3.781**
% YoY Growth		3%	10%	12%	13%	10%	11%	8%	7%	6%	4%	3%
Taxes	(24,78%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)	(24,91%)
EBIAT	**1.234**	**1.270**	**1.396**	**1.565**	**1.769**	**1.945**	**2.158**	**2.334**	**2.495**	**2.636**	**2.753**	**2.839**
Plus: Depreciation & Amortization	324	332	351	378	411	435	463	492	516	535	549	555
Less: Capital Expenditures	(757)	(604)	(637)	(685)	(743)	(784)	(834)	(876)	(909)	(932)	(944)	(945)
Less: change in Net Working Capital	5	299	(156)	(22)	(6)	(86)	348	57	4	25	7	(42)
Unlevered Free Cash Flow	**806**	**1.297**	**955**	**1.236**	**1.431**	**1.510**	**2.135**	**2.008**	**2.107**	**2.265**	**2.364**	**2.407**
Discount Period	-	0,41	1,41	2,41	3,41	4,41	5,41	6,41	7,41	8,41	9,41	
Discount Factor	-	1,03	1,12	1,22	1,32	1,44	1,56	1,69	1,84	2,00	2,17	
Present Value of Free Cash Flow	**806**	**1.255**	**850**	**1.014**	**1.082**	**1.051**	**1.369**	**1.185**	**1.146**	**1.134**	**1.090**	-

Base Case

In the base case, we expect steady and moderate growth for ODFL over the next few years in line with historical performance and consensus estimate . For 2024 , revenue is expected to be around $6 billion, based on the most recent earnings release. Gross profit margin is expected to remain relatively stable, starting at 40% in 2024 and gradually increasing to 43.0% in 2033. This indicates constant management without major innovations or changes in the cost structure while also taking advantage of pricing power. The EBIT margin remains stable at around 28% in the near term, with a slight increase to 31.8% by 2033. Depreciation and amortization expenses remain stable at around 5.4% of sales, indicating prudent and well-managed investments. Capital expenditure follows a trend of gradual reduction from 10.8% in 2024 to 4.0% by 2033, indicating that the investments made in the early years are maturing.

Optimistic Case

In the optimistic scenario, we expect robust growth for ODFL. Sales are expected to grow and maintain higher growth rates than the base scenario, peaking at 11.5% in 2026 before gradually declining to 4.0% by 2033. Gross profit margin is expected to improve significantly, starting from 40.4% in 2024 and increasing to 44.0% by 2033. This increase reflects an optimization in cost management and more aggressive price positioning. The EBIT margin is expected to grow from 28.4% in 2024 to 31.0% in 2033, thanks to high operational efficiency and careful control of expenses. Depreciation and amortization expenses remain stable at around 5.4% of sales, indicating effective investment management. Capital expenditure follows a similar trend of gradual reduction from 10.8% in 2024 to 4.0% by 2033, reflecting high returns on initial investments and mature asset management.

Pessimistic case

In the pessimistic case, sales growth is expected to be lower, peaking at 9.0% in 2026 before slowing down by 2033. Gross profit margin may decline slightly, remaining stable around 40.0% throughout the period. EBIT margin is expected to decline to 27.0% in 2024, with slight growth to 30.0% in the long term, indicating pressure on operating margins. Depreciation and amortization expenses remain higher than in other scenarios, starting at 5.8% in 2024 and gradually reducing to 4.7% by 2033, indicating higher costs associated with maintaining and updating assets.

DCF

Fair Value

Based on our analysis, ODFL appears to be fairly valued by the market, with a slight overvaluation at $195.12 compared to our fair value estimate of $193.17. It's important to consider a wider range of values according to the sensitivity analysis, as small differences might not be significant. Additionally, both optimistic and pessimistic scenarios should be taken into account.

	Worse	Base	Optimistic
Value	163,39	193,17	216,88
+/- %	-16,26%	-1,00%	11,15%

Final Outlook

An overview of ODFL suggests a healthy company with a management team that has demonstrated excellent cost management and a forward-looking growth strategy, as indicated by significant investments. The company has strong growth potential but at the same time, the market recognizes these qualities, resulting in a price that fully reflects ODFL's attributes.
The thesis of the analysis is **HOLD**.

Sensitivity Analysis

		Wacc				
	$193,17	7,58%	8,08%	8,58%	9,08%	9,58%
Growth Rate	1,5%	193,17	190,00	187,29	184,93	182,86
	2,0%	196,90	193,17	190,00	187,29	184,93
	2,5%	201,36	196,90	193,17	190,00	187,29
	3,0%	206,80	201,36	196,90	193,17	190,00
	3,5%	213,58	206,80	201,36	196,90	193,17

		Wacc				
	$193,17	6,58%	7,58%	8,58%	9,58%	10,58%
Ev/Ebitda	**21,5x**	209,15	196,94	188,74	182,86	178,44
	22,0x	211,37	199,15	190,95	185,07	180,65
	22,5x	213,58	201,36	193,17	187,29	182,86
	23,0x	215,79	203,58	195,38	189,50	185,08
	23,5x	218,01	205,79	197,59	191,71	187,29

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