

OLD DOMINION FREIGHT LINE INC/VA
Form 10-Q
May 09, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 0-19582

OLD DOMINION FREIGHT LINE, INC.

(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of
incorporation or organization)

56-0751714
(I.R.S. Employer
Identification No.)

500 Old Dominion Way

Thomasville, NC 27360

(Address of principal executive offices)

(Zip Code)

(336) 889-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 9, 2011 there were 57,443,324 shares of the registrant's Common Stock (\$0.10 par value) outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****OLD DOMINION FREIGHT LINE, INC.****CONDENSED BALANCE SHEETS**

<i>(In thousands, except share and per share data)</i>	March 31, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 88,143	\$ 5,450
Customer receivables, less allowances of \$9,433 and \$8,475, respectively	196,694	172,989
Other receivables	1,907	7,711
Prepaid expenses	21,966	17,766
Deferred income taxes	21,627	18,666
Total current assets	330,337	222,582
Property and equipment:		
Revenue equipment	729,271	701,648
Land and structures	676,862	667,917
Other fixed assets	179,909	170,533
Leasehold improvements	4,455	4,421
Total property and equipment	1,590,497	1,544,519
Accumulated depreciation	(589,923)	(580,303)
Net property and equipment	1,000,574	964,216
Goodwill	19,463	19,463
Other assets	33,528	33,620
Total assets	\$ 1,383,902	\$ 1,239,881

Note: The Condensed Balance Sheet at December 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**OLD DOMINION FREIGHT LINE, INC.****CONDENSED BALANCE SHEETS****(CONTINUED)**

<i>(In thousands, except share and per share data)</i>	March 31, 2011 (Unaudited)	December 31, 2010
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 48,929	\$ 29,221
Compensation and benefits	71,121	51,355
Claims and insurance accruals	34,335	33,927
Other accrued liabilities	20,459	18,413
Income taxes payable	15,421	0
Current maturities of long-term debt	36,773	37,130
Total current liabilities	227,038	170,046
Long-term liabilities:		
Long-term debt	252,143	234,087
Other non-current liabilities	77,016	76,331
Deferred income taxes	89,083	90,768
Total long-term liabilities	418,242	401,186
Commitments and contingent liabilities	0	0
Total liabilities	645,280	571,232
Shareholders equity:		
Common stock - \$0.10 par value, 70,000,000 shares authorized, 57,443,324 shares outstanding at March 31, 2011 and 55,926,945 outstanding at December 31, 2010	5,744	5,593
Capital in excess of par value	137,275	89,026
Retained earnings	595,603	574,030
Total shareholders equity	738,622	668,649
Total liabilities and shareholders equity	\$ 1,383,902	\$ 1,239,881

Note: The Condensed Balance Sheet at December 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**OLD DOMINION FREIGHT LINE, INC.****CONDENSED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended March 31,	
	2011	2010
<i>(In thousands, except share and per share data)</i>		
Revenue from operations	\$ 422,679	\$ 317,795
Operating expenses:		
Salaries, wages and benefits	221,498	180,801
Operating supplies and expenses	82,633	52,680
General supplies and expenses	11,566	9,572
Operating taxes and licenses	15,529	13,003
Insurance and claims	7,192	5,425
Communications and utilities	4,550	3,775
Depreciation and amortization	21,121	21,551
Purchased transportation	14,290	9,224
Building and office equipment rents	3,387	3,875
Miscellaneous expenses, net	2,992	1,514
Total operating expenses	384,758	301,420
Operating income	37,921	16,375
Non-operating expense (income):		
Interest expense	3,876	3,518
Interest income	(19)	(52)
Other (income) expense, net	(1,418)	73
Total non-operating expense	2,439	3,539
Income before income taxes	35,482	12,836
Provision for income taxes	13,909	5,135
Net income	\$ 21,573	\$ 7,701
Earnings per share:		
Basic	\$ 0.38	\$ 0.14
Diluted	\$ 0.38	\$ 0.14
Weighted average shares outstanding:		
Basic	56,255,970	55,927,013
Diluted	56,255,970	55,927,013

The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**OLD DOMINION FREIGHT LINE, INC.****CONDENSED STATEMENTS OF CASH FLOWS****(Unaudited)**

<i>(In thousands)</i>	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 21,573	\$ 7,701
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,121	21,551
Loss (gain) on sale of property and equipment	517	(171)
Deferred income taxes	(4,646)	(5,023)
Changes in assets and liabilities, net	35,242	10,984
Net cash provided by operating activities	73,807	35,042
Cash flows from investing activities:		
Purchase of property and equipment	(58,450)	(27,453)
Proceeds from sale of property and equipment	1,237	354
Other investing activities, net	0	(6,450)
Net cash used in investing activities	(57,213)	(33,549)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	95,000	0
Principal payments under long-term debt agreements	(11,071)	(11,148)
Net (payments) proceeds from revolving line of credit	(66,230)	14,953
Proceeds from stock issuance, net of issuance costs	48,400	0
Net cash provided by financing activities	66,099	3,805
Increase in cash and cash equivalents	82,693	5,298
Cash and cash equivalents at beginning of period	5,450	4,171
Cash and cash equivalents at end of period	\$ 88,143	\$ 9,469
Supplemental disclosure of noncash investing activities:		
Fair value of property exchanged	\$ 0	\$ 1,191

The accompanying notes are an integral part of these condensed financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited, interim condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and, in management's opinion, contain all adjustments (consisting of normal recurring items) necessary for a fair presentation, in all material respects, of the financial position and results of operations for the periods presented. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The preparation of condensed financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the interim period ended March 31, 2011 are not necessarily indicative of the results that may be expected for subsequent quarterly periods or the year ending December 31, 2011.

The condensed financial statements should be read in conjunction with the financial statements and related footnotes, which appear in our Annual Report on Form 10-K for the year ended December 31, 2010. For comparability, certain reclassifications were made to conform prior-period financial statements to the current presentation.

There have been no significant changes in the accounting principles and policies, long-term contracts or estimates inherent in the preparation of the condensed financial statements of Old Dominion Freight Line, Inc. as previously described in our Annual Report on Form 10-K for the year ended December 31, 2010.

Unless the context requires otherwise, references in these Notes to Old Dominion, the Company, we, us and our refer to Old Dominion Freight Line, Inc.

Fair Values of Financial Instruments

At March 31, 2011 and December 31, 2010, the carrying values of financial instruments, such as cash and cash equivalents, customer and other receivables and trade payables, approximates their fair value due to the short maturities of these instruments. The cash surrender value relating to Company-owned life insurance contracts is included in Other assets on our Balance Sheets and totaled \$26.3 million and \$25.8 million at March 31, 2011 and December 31, 2010, respectively, which approximates fair value as determined by quoted market prices. The fair value of the senior notes included in our long-term debt was estimated to be \$286.7 million and \$212.3 million at March 31, 2011 and December 31, 2010, respectively. The fair value of these senior notes is based on undiscounted cash flows at market interest rates for similar issuances of private debt.

Earnings Per Share

Earnings per common share is computed using the weighted average number of common shares outstanding during the period.

Common Stock Split

On July 30, 2010, our Board of Directors approved a three-for-two common stock split for shareholders of record as of the close of business on August 9, 2010. On August 23, 2010, these shareholders received one additional share of common stock for every two shares owned. In lieu of fractional shares, shareholders received a cash payment based on the average of the high and low sales prices of the common stock on the record date.

All references in this report to shares outstanding, weighted average shares outstanding and earnings per share amounts have been restated retroactively to reflect this stock split.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note 2. Long-Term Debt

Long-term debt consisted of the following:

(In thousands)