

# Forward Air Corporation (FWRD)

## Setup into 2016 Remains Compelling; Maintain Outperform Rating

**Maintain Outperform rating.** Trimming 4Q15 and 2016 EPS estimates modestly given incremental headwinds since [our mid-November upgrade](#). However, we continue to expect company-specific pricing growth (supported by dimensional weight changes in 1Q16) and operating margin improvement in its Core segment during 2016, supporting accelerating EPS growth in 2016 (to +23% yoy) and presenting a fundamental catalyst to the stock amid what is expected to remain a challenging macroeconomic backdrop.

- **Trimming 4Q15 EPS estimates** to \$0.62 (from our \$0.64 consensus-matching estimate), at the low end of management's \$0.62-0.66 guided range. We believe Core segment trends have been stable (helped by incremental business from BX Solutions' closure in 4Q15), but two items lead to the 4Q15 estimate reduction:
  - **Falling fuel prices.** Average diesel fuel prices -31% yoy 4QTD and -6% since 4Q15 EPS guidance introduction in late October. We estimate falling fuel prices are a ~\$0.01/sh headwind versus initial expectations.
  - **TQI challenges.** Matt Jewell's (EVP, Intermodal Services and Chief Strategy Officer) assuming leadership of TQI earlier in December is likely a reflection of continued challenges in the segment. TQI is an immaterial element of FWRD's operating profit (~2% of 2015E), but we are reducing our estimates modestly for the segment (another ~\$0.01/sh versus our previous expectations).
- **Also trimming 2016 EPS estimates, but company-specific accelerating EPS growth remains a potential catalyst for the stock during 2016.** Our new 2016 EPS estimate (\$2.60, versus recent \$2.61 consensus) reflects more modest Core volume growth assumptions in 2Q16-4Q16 (to +0% yoy, from +3% yoy) as Towne's contributions are lapped and underlying freight trends are expected to remain soft. That said, we continue to expect company-specific pricing momentum (supported in part by changes to Forward Air Core's dimensional weight factor, effective during 1Q16) and operating margin improvement in its Core segment to support accelerating EPS growth in 2016 (to +23% yoy), presenting a fundamental catalyst to the stock amid what is expected to remain a challenging macroeconomic backdrop.
- **Bottom line: we view FWRD's setup into 2016 as compelling.** We believe FWRD's estimate reduction will be much less than those of other transports in 4Q15, which we expect to be pressured by broader industry volume weakness and continued evidence of decelerating core pricing growth.

Forward Air is a non-asset-based wholesale provider of scheduled ground transportation. FWRD provides airport-to-airport services for "deferred" airfreight (Core) and pool distribution services (Solutions).

### LOWERING PRICE TARGET

#### 1-Year Price Chart



#### Stock Data

Rating:	Outperform
Suitability:	Higher Risk
Price Target/Previous:	▼\$54/\$55
Price (12/17/15):	\$43.59
Market Cap (mil):	\$1,351
Shares Out (mil):	31.0
Average Daily Vol (mil):	0.20
Dividend Yield:	1.1%

#### Estimates

FY Dec	2014A	2015E	2016E
Q1	0.33 A	0.40 A	0.47 E
Q2	0.55 A	0.51 A	0.65 E
Q3	0.54 A	0.58 A	0.73 E
Q4	0.55 A	0.62 E	0.75 E
<b>Fiscal EPS</b>	<b>1.96 A</b>	<b>2.11 E</b>	<b>2.60 E</b>
Previous Est		2.13 E	2.65 E
Fiscal P/E	22.2x	20.7x	16.8x

Chart/Table Sources: Factset and Baird Data

Please refer to Appendix  
- Important Disclosures  
and Analyst Certification

## Details

**Price target.** We are modestly reducing our price target to \$54 (from \$55) given our slight reduction in forward EPS estimates. Our price target reflects ~18x our 2017 EPS estimate -- a multiple slightly below FWRD's 10-year, 19.5x average NTM P/E. A \$3.00+ EPS run-rate (reflecting ~\$0.40+ in Towne accretion, ~16% Core EBIT margin) could be discounted during 2016, supporting a stock near \$60 over the next 12 months.

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## Investment Thesis

**Market leader.** FWRD is the leader in the deferred airfreight transportation market, where it provides time-sensitive ground transportation (airport-to-airport) to other transportation providers such as freight forwarders and airlines. With an 88-terminal, less-than-truckload network supported by third-party truck capacity, FWRD provides regularly scheduled transportation with a less asset-intensive transportation model. Over the course of a cycle, the model produces compelling return on capital (15-20%), solid free cash flow, and some of the highest margins in the industry (average EBIT margin of 16% over the last decade).

**Forward Air Core fundamentals pressured near term, though long-term positioning remains strong.** FWRD dominates its core airport-to-airport market and we believe Core can drive double-digit revenue growth in a healthy economy given 1) an improving rate environment and 2) upper-single-digit volume growth potential. Expedited freight demand should benefit from lean inventories across the supply chain; and supports potential for sustained industry pricing momentum and volume growth. Further, growth in complementary Forward Air Complete and Logistics offerings supplement core airport-to-airport growth. Every 100 bps of Core EBIT margin improvement results in \$0.10/sh EPS.

**Solutions' profitability initiatives expected to support inflecting results.** In 2007, FWRD acquired USA Carriers and entered the \$4 billion Pool Distribution market. Pool Distribution involves managing high frequency handling and distribution of time-sensitive product to numerous destinations in specific geographic regions. Deliveries are generally made in less-than-truckload quantities. Typical customers would include mall-based retail chains delivering to stores. This offering, branded Forward Air Solutions (FASI), expands FWRD's addressable market and in certain situations leverages its core capabilities within its airport-to-airport, linehaul network. However, Solutions remains focused on diversifying its end-market customer profile to reduce the seasonality of its demand with focus on improving struggling profitability. Ongoing strategic initiatives can support improved operating margin performance.

**Strong appetite for acquisitions to supplement growth.** FWRD is actively evaluating acquisitions that would both expand existing offerings and expand FWRD's portfolio. Though the list of potential acquires is limited due to FWRD's channel conflicts, the company is open to acquisitions ranging the transportation spectrum (port drayage, pool distribution, LTL consolidation). The efforts should support sustainable mid-teen EPS growth in a healthy freight market while maintaining a less asset-intensive third-party logistics model and 15-20% returns on capital. FWRD's 2013 TQI and 2014 CST acquisitions support FWRD's model diversification into high-security, temperature-sensitive truckload (TQI), intermodal drayage (CST) and container services (CST). The recently announced acquisition of Towne, which has long been thought to be a natural purchase, combined the two largest players in the time-definite market and should lead to not only deal accretion, but also more rational industry dynamics.

**Valuation.** Our \$54 price target reflects ~18x our forward EPS estimate, one year out -- a multiple slightly below FWRD's 10-year, 19.5x average NTM P/E. Our multiple reflects expected accretion from the Towne acquisition (which could exceed \$0.40/sh annually) into FWRD's company-specific pricing and EBIT margin expansion opportunities, as well as FWRD's strong balance sheet, consistent free cash flow generation, and solid returns on capital which protect downside, partially offset by a softer operating environment.

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## Risks & Caveats

- **Economic sensitivity.** The fixed costs associated with the network creates earnings sensitivity to changing demand.
- **Acquisition risk.** Ability to effectively integrate recent and future acquisitions is an ongoing risk to operations.
- **Long-term growth prospects.** FWRD has effectively consolidated the niche airport-to-airport market, with no national competitors remaining. FWRD must effectively develop new growth avenues without competing with its customer's base. Long-term growth will be lower than the 25% CAGR of EPS over the past decade.
- **Increasing competition.** FWRD's deferred airfreight market has attracted a number of new asset- and non-asset-based competitors. Inability to effectively sell the value associated with its premium service could result in margin erosion and market share loss.
- **Reliance on third-party capacity.** FWRD depends on third-party capacity providers to provide transportation services, thus making it susceptible to the quality and availability of independent owner operators and truckload company capacity.

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## Company Description

Forward Air is a non-asset-based wholesale provider of scheduled ground transportation focused on moving deferred airfreight shipments, which are time-definite but less time-sensitive than traditional airfreight. With third-party capacity and a network of 88 domestic terminals located at or near airports, FWRD provides airport-to-airport service for "deferred" airfreight. FWRD's high service standards and regularly scheduled transport allow customers to utilize FWRD's dependable ground transportation. Forward Air customers include freight forwarders, airlines, and integrators. The company does not market directly to shippers, thus limiting competitive conflicts with its client base. Forward Air's ongoing growth initiatives leverage the company's existing expertise, customer base, and infrastructure for pick-up/delivery and expedited truckload. Additionally, FWRD has expanded into Pool Distribution (Forward Air Solutions), which involves managing high-frequency, time-sensitive multi-site delivery for customers, and into premium refrigerated truckload services (TQI). FWRD acquired Central States Trucking (CST) in early 2014, expanding FWRD into intermodal drayage and CFS container services, and Towne Air Freight in early 2015, FWRD's largest competitor in its core time-definite airport-to-airport business.

**Forward Air Corporation**  
(FWRD - NASDAQ)



**Income Statement (\$millions)**

**Robert W. Baird & Co., Inc.**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4E	2015E	Q1E	Q2E	Q3E	Q4E	2016E	2017E
<b>Revenue</b>																									
<b>Airport-to-Airport</b>	277	302	313	335	268	322	362	391	393	98	108	111	112	429	113	141	134	131	519	133	151	141	137	562	596
<b>Logistics</b>	24	31	43	59	54	65	74	84	80	27	34	36	37	133	41	49	51	46	188	43	52	54	49	197	207
<b>Other</b>	20	20	21	25	23	25	28	26	27	9	13	13	14	49	14	21	21	24	81	17	25	26	28	97	116
<b>Total Forward Core</b>	321	353	377	419	345	412	464	501	500	134	154	160	164	612	169	211	206	201	788	194	229	220	214	856	919
Growth (%)	14%	10%	7%	11%	-18%	19%	13%	8%	0%	16%	24%	25%	24%	23%	26%	37%	29%	23%	29%	15%	8%	7%	6%	9%	7%
<b>Solutions (Pool Distribution)</b>			16	55	72	72	73	84	113	27	27	31	40	125	27	28	32	44	131	31	31	36	47	145	162
Growth (%)				31%	0%	1%	15%	35%	24%	11%	3%	9%	11%	11%	0%	3%	5%	8%	4%	13%	13%	13%	8%	11%	11%
<b>TQI (Total Quality, Inc.)</b>								42	11	14	12	12	49	11	12	10	10	44	10	12	11	11	43	46	
Growth (%)											12%	-3%	-9%	17%	2%	-14%	-15%	-15%	-11%	-15%	2%	7%	7%	0%	6%
<b>Total Revenue</b>	321	353	393	474	417	484	536	584	652	172	194	201	216	781	206	250	247	253	956	233	271	266	270	1,039	1,120
Growth (%)	14%	10%	11%	21%	-12%	16%	11%	9%	12%	21%	21%	18%	19%	20%	20%	29%	23%	17%	22%	13%	8%	8%	7%	9%	8%
<b>Expenses</b>																									
<b>Purchased Transportation</b>	133	147	164	189	174	201	223	253	286	74	83	86	94	336	89	107	104	105	407	97	115	110	112	433	461
<b>Personnel Cost</b>	68	74	89	117	119	129	131	135	151	41	44	46	51	182	51	62	59	60	232	57	63	61	62	243	261
<b>Operating Leases</b>	13	14	17	24	27	26	27	28	29	8	8	9	9	34	11	18	17	17	63	16	16	17	17	66	71
<b>D&amp;A</b>	9	9	11	17	20	20	21	21	24	7	8	8	8	31	9	10	9	9	37	10	10	10	10	39	41
<b>Insurance &amp; Claims</b>	5	6	8	8	10	8	9	11	13	4	3	4	5	16	5	6	5	6	22	5	7	6	6	24	25
<b>Other</b>	24	27	33	49	42	45	49	53	66	21	20	23	23	87	21	19	24	24	88	24	27	26	26	102	110
<b>Total Expenses</b>	252	277	322	404	391	430	459	501	568	155	166	175	190	686	186	223	219	221	849	208	237	229	232	906	970
<b>EBITDA</b>	78	84	82	87	46	74	98	105	109	23	35	35	34	128	29	36	38	41	144	34	43	47	48	172	192
<b>EBIT</b>																									
<b>Forward Core</b>	69	75	69	70	28	55	77	83	78	15	25	24	21	86	19	19	24	28	90	24	32	36	34	125	140
EBIT Margin	21.4%	21.4%	18.2%	16.6%	8.0%	13.2%	16.6%	16.6%	15.6%	11.4%	16.3%	15.1%	13.0%	14.1%	11.3%	8.9%	11.5%	14.0%	11.4%	12.2%	14.0%	16.2%	15.7%	14.6%	15.2%
Growth (%)	28%	10%	-9%	1%	-60%	97%	41%	8%	-6%	-5%	13%	21%	8%	10%	24%	-25%	-2%	32%	4%	25%	70%	50%	20%	39%	12%
<b>Solutions (Pool Distribution)</b>			3	(0)	(1)	(0)	1	2	2	0	1	2	3	6	0	0	1	4	5	0	1	2	5	7	10
EBIT Margin			16.8%	-0.5%	-1.6%	-0.3%	0.8%	2.4%	1.9%	0.2%	3.7%	5.9%	8.0%	4.9%	0.7%	0.4%	1.6%	9.6%	3.8%	1.3%	2.0%	4.3%	10.2%	5.1%	6.2%
<b>TQI (Total Quality, Inc.)</b>							4	1	1	1	2	5	1	5	1	1	0	(0)	2	1	1	0	0	2	2
Growth (%)											75%	1%	-4%			-29%	-56%	-100%	-52%		-2%	12%	-20158%	-15%	7%
<b>Total EBIT</b>	69	75	71	69	26	54	77	84	86	16	28	27	26	97	20	27	29	32	107	24	33	37	38	133	151
EBIT Margin	21.4%	21.4%	18.1%	14.6%	6.3%	11.1%	14.4%	14.3%	13.1%	9.5%	14.2%	13.4%	12.1%	12.4%	9.7%	10.7%	11.6%	12.6%	11.2%	10.4%	12.3%	14.0%	14.1%	12.8%	13.4%
Growth (%)	28%	10%	-6%	-2%	-62%	103%	43%	8%	3%	3%	23%	18%	7%	13%	23%	-3%	6%	22%	11%	21%	24%	30%	19%	24%	13%
<b>Other Income</b>	2	3	1	(1)	(1)	(1)	(1)	(0)	(0)	0	0	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(2)	(1)	(1)	(0)	(0)	(2)	0
<b>Pretax Income</b>	71	78	72	69	25	53	77	83	85	16	28	27	26	97	20	26	28	31	105	23	33	37	38	131	151
Tax Rate (%)	36.9%	37.7%	37.9%	38.7%	43.9%	39.7%	38.4%	36.7%	36.1%	37.3%	37.8%	37.2%	34.6%	36.7%	38.3%	38.6%	34.8%	38.6%	37.5%	38.6%	38.6%	38.6%	38.6%	38.6%	38.6%
<b>Net Income</b>	45	49	45	43	14	32	47	53	54	10	17	17	17	61	12	16	18	19	65	14	20	23	23	80	93
Shares Outstanding	32.4	31.5	30.0	29.0	29.0	29.1	29.4	29.5	30.8	31.3	31.4	30.9	30.8	31.1	31.0	31.1	31.0	30.9	31.0	30.9	30.9	30.9	30.9	30.9	30.9
<b>Continuing Ops EPS</b>	\$1.38	\$1.55	\$1.50	\$1.47	\$0.49	\$1.10	\$1.60	\$1.78	\$1.77	\$0.33	\$0.55	\$0.54	\$0.55	\$1.96	\$0.40	\$0.51	\$0.58	\$0.62	\$2.11	\$0.47	\$0.65	\$0.73	\$0.75	\$2.60	\$3.00
Growth (%)	32%	12%	-3%	-2%	-67%	124%	46%	11%	-1%	-9%	22%	18%	11%	11%	23%	-7%	7%	11%	8%	17%	28%	26%	22%	23%	16%
<b>Dividend</b>	\$0.24	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.34	\$0.40	\$0.12	\$0.12	\$0.12	\$0.12	\$0.48	\$0.12	\$0.12	\$0.12	\$0.12	\$0.48	\$0.14	\$0.14	\$0.14	\$0.14	\$0.56	\$0.56
<b>Expense Ratios</b>																									
<b>Purchased Transportation</b>	41.4%	41.6%	41.9%	39.9%	41.8%	41.6%	41.6%	43.2%	43.8%	42.9%	42.7%	42.6%	43.4%	43.0%	43.4%	43.0%	42.3%	41.7%	42.5%	41.5%	42.4%	41.2%	41.4%	41.6%	41.2%
<b>Personnel Cost</b>	21.2%	21.1%	22.6%	24.6%	28.4%	26.7%	24.4%	23.1%	23.2%	24.1%	22.9%	22.7%	23.4%	23.3%	24.7%	24.8%	23.9%	23.7%	24.2%	24.5%	23.2%	23.1%	23.0%	23.4%	23.3%
<b>Operating Leases</b>	4.2%	4.1%	4.3%	5.1%	6.5%	5.4%	5.1%	4.8%	4.5%	4.9%	4.2%	4.2%	4.2%	4.4%	5.4%	7.3%	6.9%	6.6%	6.6%	7.0%	6.0%	6.3%	6.1%	6.3%	6.4%
<b>D&amp;A</b>	2.8%	2.5%	2.8%	3.5%	4.7%	4.2%	3.9%	3.6%	3.6%	4.1%	4.0%	4.0%	3.8%	4.0%	4.2%	3.8%	3.8%	3.7%	3.9%	4.1%	3.6%	3.7%	3.7%	3.8%	3.7%
<b>Insurance &amp; Claims</b>	1.6%	1.7%	2.0%	1.7%	2.3%	1.7%	1.6%	1.9%	1.9%	2.4%	1.6%	1.9%	2.2%	2.0%	2.5%	2.5%	2.1%	2.3%	2.3%	2.2%	2.5%	2.1%	2.3%	2.3%	2.2%
<b>Other</b>	7.3%	7.6%	8.4%	10.4%	10.0%	9.2%	9.1%	9.0%	10.1%	12.1%	10.3%	11.3%	10.9%	11.1%	10.1%	7.8%	9.5%	9.4%	9.2%	10.2%	9.9%	9.6%	9.5%	9.8%	9.8%
<b>Key Op Statistics (yoy change)</b>																									
<b>Linehaul LBS/Wk</b>	8.6%	3.1%	1.8%	4.4%	-16.7%	14.4%	4.5%	2.4%	1.4%	8.8%	4.6%	4.9%	5.7%	5.9%	16.9%	37.4%	27.3%	20.9%	25.7%	17.1%	0.0%	0.0%	0.0%	3.7%	1.5%
<b>Linehaul Rev/LB</b>	6.9%	5.6%	2.0%	-4.5%	-3.9%	2.1%	2.5%	1.9%	-0.4%	-0.1%	4.0%	4.2%	4.4%	3.2%	1.3%	-1.6%	-3.5%	0.0%	-1.1%	-1.0%	1.0%	3.0%	2.0%	1.3%	1.8%

Source: Company reports and Robert W. Baird & Co. estimates.  
Please refer to Appendix - Important Disclosures and Analyst Certification.

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**Forward Air Corporation**  
(FWRD - NASDAQ)

**Balance Sheet (\$000)**

Balance Sheet	2006	2007	2008	2009	2010	2011	2012	2013	2014	3Q15
<b>ASSETS</b>										
Cash and cash equivalents	\$69,881	\$5,431	\$22,093	\$42,035	\$74,504	\$58,801	\$112,182	\$127,367	\$41,429	\$47,444
Accounts receivable, net	48,486	59,734	57,206	55,720	62,763	70,922	75,262	76,500	95,326	114,674
Other current assets	9,196	6,285	12,290	9,471	8,696	9,994	10,952	16,493	13,200	23,579
<b>Total Current</b>	<b>127,563</b>	<b>71,450</b>	<b>91,589</b>	<b>107,226</b>	<b>145,963</b>	<b>139,717</b>	<b>198,396</b>	<b>220,360</b>	<b>149,955</b>	<b>185,697</b>
Property & equipment, net	53,315	103,032	122,976	128,726	126,432	129,868	133,557	154,763	172,489	172,501
Goodwill, intangible assets	26,319	66,044	90,938	79,181	74,591	70,000	65,434	128,606	217,117	337,430
Other assets, net	5,817	1,358	2,024	1,597	1,810	1,566	1,800	2,540	2,244	3,037
<b>Total Assets</b>	<b>213,014</b>	<b>241,884</b>	<b>307,527</b>	<b>316,730</b>	<b>348,796</b>	<b>341,151</b>	<b>399,187</b>	<b>506,269</b>	<b>541,805</b>	<b>698,665</b>
<b>LIABILITIES &amp; EQUITIES</b>										
Current portion of debt	40	830	1,602	919	638	552	276	69	276	55,898
Accounts payable	7,949	11,714	11,633	10,333	10,687	12,392	11,168	16,267	20,572	27,435
Accrued salaries & rel. costs	3,117	4,474	3,652	5,394	5,858	7,739	5,623	6,325	8,122	
Insurance & claims accruals	3,265	3,345	4,620	5,622	5,647	4,806	5,475	5,105	6,042	
Other current liabilities	4,762	6,455	4,655	7,515	4,775	8,441	5,378	6,845	8,419	29,691
<b>Total Current</b>	<b>19,133</b>	<b>26,818</b>	<b>26,162</b>	<b>29,783</b>	<b>27,605</b>	<b>33,930</b>	<b>27,920</b>	<b>34,611</b>	<b>43,431</b>	<b>113,024</b>
Long-term debt, leases	796	31,486	53,035	52,169	50,883	333	58	3	1,275	42,830
Other non-current liabilities	7,858	11,847	11,896	10,271	14,222	19,986	19,538	35,790	33,536	50,455
Shareholders' equity	185,227	171,733	216,434	224,507	256,086	286,902	351,671	435,865	463,563	492,356
<b>Total Liabilities and Equities</b>	<b>213,014</b>	<b>241,884</b>	<b>307,527</b>	<b>316,730</b>	<b>348,796</b>	<b>341,151</b>	<b>399,187</b>	<b>506,269</b>	<b>541,805</b>	<b>698,665</b>
<b>Balance Sheet Analysis</b>										
Current Ratio	6.7	2.7	3.5	3.6	5.3	4.1	7.1	6.4	3.5	1.6
Days Sales Outstanding (DSOs)	49	50	45	49	45	45	46	42	40	43
Net WC/LTM Revenue	10.9%	10.2%	9.5%	8.7%	9.2%	8.9%	10.0%	8.9%	8.3%	8.8%
Debt / Total Cap	0%	16%	20%	19%	17%	0%	0%	0%	0%	17%
Debt / Total Cap (incl Op leases)	12%	28%	34%	32%	32%	18%	14%	12%	16%	28%
Debt / EBITDA	0.0x	0.4x	0.6x	1.2x	0.7x	0.0x	0.0x	0.0x	0.0x	0.7x
Book Value/Share	\$5.88	\$5.73	\$7.47	\$7.73	\$8.78	\$9.90	\$11.83	\$14.00	\$15.05	\$15.88
Tangible Book/Share	\$5.04	\$3.53	\$4.33	\$5.00	\$6.22	\$7.49	\$9.63	\$9.87	\$8.00	\$5.00
Net Cash Per Share	\$2.19	(\$0.90)	(\$1.12)	(\$0.38)	\$0.79	\$2.00	\$3.76	\$4.09	\$1.29	(\$1.65)

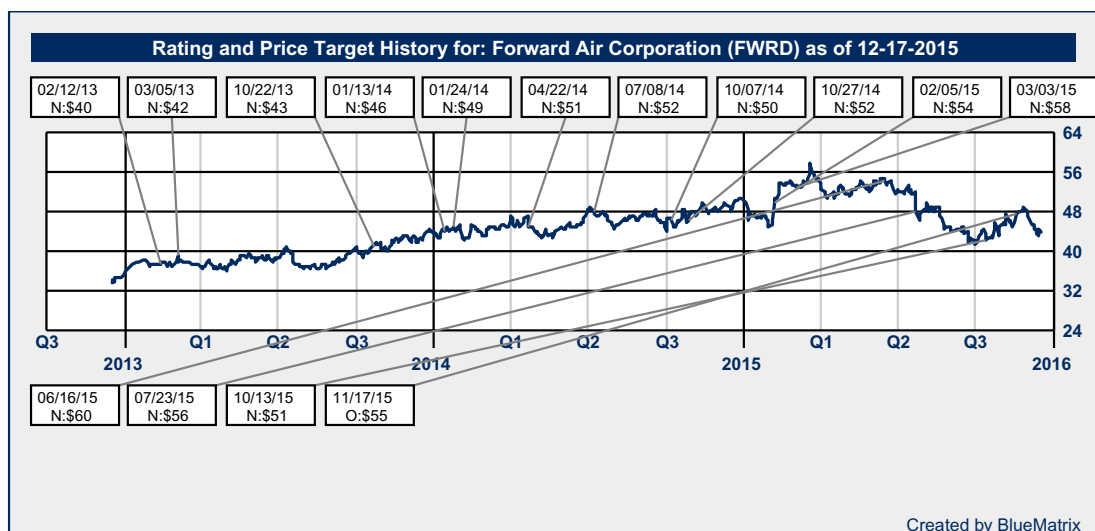
Source: Company reports and Robert W. Baird & Co. estimates.

Cash Flow Statement	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Net Income	\$48,923	\$44,925	\$42,542	\$9,946	\$32,036	\$47,199	\$52,667	\$54,467	\$61,169	\$51,360	\$80,263	\$92,715
Depreciation and Amortization	8,934	10,824	16,615	19,722	20,451	20,993	21,021	23,579	31,133	37,039	39,164	41,204
Other	3,001	5,152	11,721	12,486	8,493	12,024	10,228	9,212	3,874	10,210	11,000	11,000
NWC Changes	(8,391)	1,492	(11,795)	8,025	(6,985)	(3,257)	(15,330)	3,581	(4,516)	(13,985)	(6,660)	(6,516)
<b>Cash Flow from Ops (CFO)</b>	<b>52,467</b>	<b>62,393</b>	<b>59,083</b>	<b>50,179</b>	<b>53,995</b>	<b>76,959</b>	<b>68,586</b>	<b>90,839</b>	<b>91,660</b>	<b>84,624</b>	<b>123,767</b>	<b>138,403</b>
Capital Expenditures	(16,582)	(46,452)	(26,612)	(20,577)	(13,666)	(19,949)	(20,442)	(33,466)	(37,540)	(48,800)	(50,000)	(50,000)
<b>Free Cash Flow (FCF)</b>	<b>35,885</b>	<b>15,941</b>	<b>32,471</b>	<b>29,602</b>	<b>40,329</b>	<b>57,010</b>	<b>48,144</b>	<b>57,373</b>	<b>54,120</b>	<b>35,824</b>	<b>73,767</b>	<b>88,403</b>
Acquisitions	0	(48,627)	(29,329)	0	0	0	0	(45,328)	(90,172)	(62,375)	0	0
Dividends	(8,694)	(8,305)	(8,089)	(8,109)	(8,121)	(8,194)	(9,947)	(12,141)	(14,795)	(14,763)	(17,504)	(17,856)
<b>Net Cash Flow (NCF)</b>	<b>27,191</b>	<b>(40,991)</b>	<b>(4,947)</b>	<b>21,493</b>	<b>32,208</b>	<b>48,816</b>	<b>38,197</b>	<b>(96)</b>	<b>(50,847)</b>	<b>(41,314)</b>	<b>56,263</b>	<b>70,547</b>
FCF/Share	1.16	0.55	1.12	1.02	1.38	1.97	1.62	1.84	1.76	1.16	2.39	2.86
NCF/Share	0.88	(1.41)	(0.17)	0.74	1.10	1.69	1.29	(0.00)	(1.65)	(1.34)	1.82	2.28

	2006	2007	2008	2009	2010	2011	2012	2013	2014	LTM
Net Margins (NI/Rev)	13.9%	11.4%	9.0%	3.4%	6.6%	8.8%	9.0%	8.3%	7.8%	6.9%
Assets Turnover (Rev/A)	1.66	1.73	1.73	1.34	1.45	1.55	1.58	1.44	1.49	1.50
Leverage (A/E)	1.17	1.27	1.42	1.42	1.38	1.27	1.16	1.15	1.17	1.31
<b>Return on Equity</b>	<b>26.8%</b>	<b>25.2%</b>	<b>21.9%</b>	<b>6.5%</b>	<b>13.3%</b>	<b>17.4%</b>	<b>16.5%</b>	<b>13.8%</b>	<b>13.6%</b>	<b>13.5%</b>
<b>Return on Assets</b>	<b>23.0%</b>	<b>19.8%</b>	<b>15.5%</b>	<b>4.6%</b>	<b>9.6%</b>	<b>13.7%</b>	<b>14.2%</b>	<b>12.0%</b>	<b>11.7%</b>	<b>10.3%</b>
<b>ROC</b>	<b>25.8%</b>	<b>21.1%</b>	<b>15.8%</b>	<b>4.6%</b>	<b>11.6%</b>	<b>16.0%</b>	<b>17.3%</b>	<b>13.9%</b>	<b>13.4%</b>	<b>11.9%</b>

Valuation Measures	2006	2007	2008	2009	2010	2011	2012	2013	2014	LTM
Historical P/E High	28	28	27	54	28	23	21	25	26	28
Historical P/E Low	19	18	12	27	20	15	17	21	22	20
Historical P/FCF High - current yr	37	77	35	26	22	19	23	24	29	50
Historical P/FCF Low - current yr	25	50	15	13	16	12	18	20	24	35
<b>Debt Adj. Market Value</b>										<b>Recent Price:</b> \$43.59
Market Value	891,131	908,730	703,514	726,896	827,958	1,030,102	1,040,357	1,346,641	1,551,597	1,369,492
ST+LT Debt	836	32,316	54,637	53,088	51,521	885	334	72	1,551	98,728
Cash, Equivalents & ST Invest.	69,881	5,431	22,093	42,035	74,504	58,801	112,182	127,367	41,429	47,444
Total DAMV	822,086	935,615	736,058	737,949	804,975	972,186	928,509	1,219,346	1,511,719	1,420,776
EBITDA	84,272	81,871	86,901	45,665	74,191	98,103	104,553	109,265	128,079	137,435
<b>DAMV / EBITDA</b>	<b>9.8</b>	<b>11.4</b>	<b>8.5</b>	<b>16.2</b>	<b>10.9</b>	<b>9.9</b>	<b>8.9</b>	<b>11.2</b>	<b>11.8</b>	<b>10.3</b>

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