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## **Knight Transportation, Inc. Q1 2008 Earnings Call Transcript**

### Question-and-Answer Session

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#### **Operator**

(Operator instructions) The first question is from Tom Wadewitz from JPMorgan.

#### **Tom Wadewitz – JP Morgan**

Yes, good afternoon. Let's see, wanted to see if you could provide a little more detail in your view on the – how the market may play out, Kevin. You talked a little bit about maybe next couple of months you see things improving. What's your view on how quickly capacity is leaving the market and maybe a little more on when do you – when and how you might start to see tightening of the market whether that's utilization or spot pricing or how that might play out?

#### **Kevin Knight**

Well, I'll maybe give you a little more details, Tom, on the most recent quarter. When we started the year, our miles were down – our loaded miles were down in the 7%, 8% range in the January period and moving 4% to 5% in the February period on loaded miles. The March period was roughly 1% or 2% down on loaded miles, and so far in April, we are about even.

So, what we have seen is since the beginning of the year, we have seen demand come into balance year-over-year and we have seen pretty steady progress right up through our call today. Now, that doesn't mean that things aren't still competitive and that there are still – I believe there are still too many trucks chasing not enough freight. But, certainly from our perspective, that's basically what we've seen when you look at our entire marketplace. So, if those trends can continue, then I would expect that probably next month, we should hopefully go positive on loaded miles. And what we are doing is we are just basically trying to eliminate deadhead and it's just very, very expensive. So, our focus really is on driving that loaded mile number here as the market starts to cooperate with us without creating additional empty miles, but actually reducing empty miles. So, that's kind of how I see it and I would expect that – probably the next call that we are on I would expect that things will probably have looked better than what this past quarter looked like is what I would expect.

#### **Tom Wadewitz – JP Morgan**

How do you think that pricing, I guess, in terms of the contracts that are coming due this spring and some of the bids, how do you think pricing that gets locked in in the next few months will look? Will that end up being flat or will you get stuck in a position where you'd actually have down pricing in some of the contracts that are locked in for a few more quarters?

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