**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**Current Report**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) April 25, 2019**

**Universal Logistics Holdings, Inc.**

**(Exact name of registrant as specified in its charter)**

|  |  |  |
| --- | --- | --- |
| **Michigan** | **0-51142** | **38-3640097** |
| **(State or other jurisdiction** | **(Commission** | **(I.R.S. Employer** |
| **of incorporation)** | **File Number)** | **Identification No.)** |
|  | **12755 E. Nine Mile Road, Warren, Michigan** |  |
|  | **(Address of principal executive offices)** |  |
|  | **48089** |  |
|  | **(Zip Code)** |  |
|  | **(586) 920-0100** |  |
|  | **(Registrant’s telephone number, including area code)** |  |
|  | **(Former name, former address and former fiscal year, if changed since last report)** |  |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐



**Item 2.02 Results of Operations and Financial Condition.**

On April 25, 2019, the Company issued a press release announcing the Company's financial and operating results for the thirteen weeks ended March 30, 2019, a copy of which is furnished as Exhibit 99.1 to this Form 8-K.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

The Company’s shareholders considered three proposals at its 2019 Annual Meeting of Shareholders held April 25, 2019. Each of the proposals is described in the Company’s Proxy Statement. A total of 27,600,418 shares, or 97.23% of the total shares outstanding, were represented in person or by proxy at the 2019 Annual Meeting. The final results of votes with respect to the proposals submitted for shareholder vote at the 2019 Annual Meeting are set forth below.

**Proposal 1—Election of Directors**

The Company’s shareholders elected for a one-year term each person nominated for election as a director as set forth in the Proxy Statement. The following table sets forth the vote of the shareholders at the meeting with respect to the election of directors:



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **For** |  | **Withheld** |
| Grant E. Belanger |  | 22,555,832 |  | 4,527,505 |  |
| Frederick P. Calderone | 22,839,234 | 4,244,103 |  |
| Daniel J. Deane | 23,583,205 | 3,500,132 |  |
| Clarence W. Gooden | 23,594,975 | 3,488,362 |  |
| Manuel J. Moroun | 20,908,502 | 6,174,835 |  |
| Matthew T. Moroun | 21,660,459 | 5,422,878 |  |
| Michael A. Regan | 23,583,405 | 3,499,932 |  |
| Jeff Rogers | 22,848,480 | 4,234,857 |  |
| Richard P. Urban | 21,662,375 | 5,420,962 |  |
| H.E. “Scott” Wolfe | 22,841,106 | 4,242,231 |  |

There were 517,081 broker non-votes with respect to this proposal.

**Proposal 2—Ratification of Appointment of Independent Registered Public Accountants**

The Company’s shareholders voted upon and approved the ratification of the appointment of BDO USA, LLP to serve as the Company’s independent registered public accountants for the year ending December 31, 2019. The votes on this proposal were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For** | **Against** | **Abstain** |
|  | 27,466,501 | 131,634 | 2,283 |

There were no broker non-votes with respect to this proposal.

**Proposal 3—Advisory Vote for Majority Voting in Uncontested Director Elections**

The Company’s shareholders voted upon and rejected a shareholder proposal for majority voting in uncontested director elections. The votes on this proposal were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For** | **Against** | **Abstain** |
|  | 6,916,404 | 20,156,269 | 7,568 |

There were 520,177 broker non-votes with respect to this proposal.

No additional business or other matters came before the meeting or any adjournment thereof.



**Item 7.01 Regulation FD Disclosure.**

On April 25, 2019, the Company issued a press release announcing that the Company’s Board of Directors declared a quarterly cash dividend of $0.105 per share of common stock. The dividend is payable to the Company's shareholders of record at the close of business on May 6, 2019, and is expected to be paid on May 16, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit No. Description

99.1 [Press Release dated April 25, 2019.](#page5)



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

|  |  |
| --- | --- |
|  | UNIVERSAL LOGISTICS HOLDINGS, INC. |
| Date: April 25, 2019 | */s/ Steven Fitzpatrick* |
|  | Steven Fitzpatrick |
|  | Secretary |

**Exhibit 99.1**



**Universal Logistics Holdings Reports First Quarter Financial Results; Declares Dividend**

* **First Quarter 2019 Operating Revenues: $377.4 million, 12.6% increase**
* **First Quarter 2019 Operating Income: $26.5 million, 55.0% increase**
* **First Quarter 2019 EPS: $0.61, 64.9% increase**
* **Regular Quarterly Dividend: $0.105 per share**

Warren, MI – April 25, 2019 — Universal Logistics Holdings, Inc. (NASDAQ: ULH), a leading asset-light provider of customized transportation and logistics solutions, today reported consolidated first quarter 2019 net income of $17.3 million, or $0.61 per basic and diluted share, a 65.8% increase over the same period last year. Universal also reported first quarter 2019 total operating revenues of $377.4 million, a 12.6% increase over the same period last year. This compares to $10.4 million, or $0.37 per basic and diluted share, during first quarter 2018 on total operating revenues of $335.1 million. Included in first quarter 2019 results were $0.9 million of pre-tax holding gains, or $0.02 per share, on marketable securities due to changes in fair value recognized in income, compared to $0.6 million of pre-tax holding losses in the first quarter of 2018.

Consolidated income from operations increased $9.4 million, or 55.0% to $26.5 million, compared to $17.1 million one year earlier. As a percentage of operating revenue, operating income margin for the first quarter 2019 was 7.0% compared to 5.1% during the same period last year. EBITDA, a non-GAAP measure, increased $15.5 million during the first quarter 2019 to $44.4 million, compared to $28.9 million one year earlier. As a percentage of operating revenue, EBITDA margin for the first quarter 2019 was 11.8% compared to 8.6% during the same period last year.

Operating revenues from truckload services decreased $11.5 million to $65.7 million, compared to $77.2 million for the same period last year. Included in truckload revenues for the recently completed quarter were $6.8 million in separately identified fuel surcharges compared to $8.4 million during the same period last year. The decrease in truckload services reflects a 16.3% decrease in the number of loads hauled, which was partially offset by a 1.1% increase in average operating revenue per load, excluding fuel surcharges. During the quarter ended March 30, 2019, Universal moved 61,092 loads compared to 72,966 during the same period last year.

Revenues for the first quarter 2019 from brokerage services increased $7.7 million, or 9.8%, to $85.9 million compared to $78.2 million one year earlier. The growth is primarily due to a 16.5% increase in the number of brokerage loads moved, which was partially offset by a 7.1% decrease in the average operating revenue per load. During the first quarter of 2019, Universal brokered 53,609 loads, compared to 45,998 loads during the same period last year.

Intermodal services revenues increased $44.6 million to $91.2 million in the first quarter 2019, up from $46.6 million during the same period last year. Intermodal revenues for the recently completed quarter included $40.6 million of acquisition revenues from companies acquired by Universal throughout 2018. During the first quarter 2019 intermodal fuel surcharges totaled $10.6 million, compared to $5.0 million during the same period last year. The growth is also due to increases in the average operating revenue per load, excluding fuel surcharges, and in the number of loads hauled. During the quarter ended March 31, 2019, Universal moved 165,177 intermodal loads, compared to 94,029 loads during the same period last year, while also increasing its average operating revenue per load, excluding fuel surcharges, by 12.8%.



First quarter 2019 operating revenues from dedicated services increased to $37.0 million compared to $35.0 million one year earlier. Dedicated services revenues included $4.6 million in separately identified fuel surcharges in the first quarter 2019 compared to $4.3 million during the same period last year. The increase was primarily attributable to increases in both shuttle moves and in the number of over-the-road loads hauled.

Overall, revenues from value-added services decreased slightly during the first quarter 2019 to $97.7 million. This compares to $98.1 million from value-added services one year earlier. Operations supporting passenger vehicle programs declined during the period due to extended plant shut-downs in the first quarter 2019, while those supporting heavy-truck production continued to record strong growth. Value-added operations supporting heavy-truck grew $5.8 million, or 22.2% on a year-over-year basis.

Both Universal’s transportation and logistics segments outperformed the same period last year. Income from operations in the transportation segment, which is primarily comprised of truckload, brokerage and intermodal services operations, increased 23.9% to $12.5 million in the quarter ended March 30, 2019. In the logistics segment, which includes value-added and dedicated services, income from operations increased 85.9% to $13.8 million in the first quarter 2019.

“2019 is off to a solid start,” stated Jeff Rogers, Universal’s Chief Executive Officer. “We hit our target for operating margin in the first quarter, which is historically our toughest quarter, and we see this as a very positive start to the year. The first quarter 2019 was also Universal’s best first quarter ever in terms of top-line revenues and earnings. Although we were impacted by some softness in volumes in our truckload businesses, a severe winter that put much of the Midwest in a deep freeze, and extended plant shut-downs in our legacy value-added business supporting automotive, we executed well, and achieved double-digit growth in revenues, operating income and earnings per share. On the M&A front, our 2018 acquisitions are performing as expected, and we continue to actively seek new opportunities in the market. We have a lot to be excited about at Universal, and I’m looking forward to our continued success ahead.”

As of March 30, 2019, Universal held cash and cash equivalents totaling $6.3 million, and $10.2 million in marketable securities. Outstanding debt at the end of the first quarter 2019 was $372.2 million and capital expenditures totaled $10.8 million.

Universal Logistics Holdings, Inc. also announced today that its Board of Directors has declared a quarterly cash dividend of $0.105 per share of common stock. The dividend is payable to shareholders of record at the close of business on May 6, 2019 and is expected to be paid on May 16, 2019.

Universal calculates and reports selected financial metrics for purposes of our lending arrangements, and in an effort to isolate and exclude the impact of non-operating expenses related to our corporate development activities. These statistics are described in more detail below in the section captioned “Non-GAAP Financial Measures.”



**Conference call:**

We invite investors and analysts to our quarterly earnings conference call.

*Quarterly Earnings Conference Call Dial-in Details:*

**Time:** 10:00 a.m. Eastern Time

**Date:** Friday, April 26, 2019

**Call Toll Free:** (866) 622-0924

**International Dial-in:** +1 (660) 422-4956

**Conference ID:** 8715478

A replay of the conference call will be available beginning two hours after the call through May 24, 2019, by calling (855) 859-2056 (toll free) or +1 (404) 537-3406 (toll) and using conference ID 8715478. The call will also be available on investors.universallogistics.com.

**Source:** Universal Logistics Holdings, Inc.

For Further Information:

Steven Fitzpatrick, Investor Relations

SFitzpatrick@UniversalLogistics.com

**About Universal:**

Universal Logistics Holdings, Inc. is a leading asset-light provider of customized transportation and logistics solutions throughout the United States, and in Mexico, Canada and Colombia. We provide our customers with supply chain solutions that can be scaled to meet their changing demands and volumes. We offer our customers a broad array of services across their entire supply chain, including truckload, brokerage, intermodal, dedicated, and value-added services.

***Forward Looking Statements***

*Some of the statements contained in this press release might be considered forward-looking statements. These statements identify prospective information. Forward-looking statements can be identified by words such as: “expect,” “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “future,” “likely,” “may,” “should” and similar references to future periods. Forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. These forward-looking statements are subject to a number of factors that may cause actual results to differ materially from the expectations described. Additional information about the factors that may adversely affect these forward-looking statements is contained in the Company’s reports and filings with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws.*



**UNIVERSAL LOGISTICS HOLDINGS, INC.**

Unaudited Condensed Consolidated Statements of Income

(In thousands, except per share data)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Thirteen Weeks Ended** |  |  |
|  |  |  |  | **March 30,** |  | **March 31,** |  |  |  |
|  |  |  |  | **2019** |  |  | **2018** |  |  |  |
|  | Operating revenues: |  |  |  |  |  |  |  |  |  |
|  | Truckload services | $ | 65,671 |  | $ | 77,192 |  |  |  |
|  | Brokerage services |  |  | 85,867 |  |  | 78,159 |  |  |  |
|  | Intermodal services |  |  | 91,168 |  |  | 46,609 |  |  |  |
|  | Dedicated services |  |  | 37,021 |  |  | 35,020 |  |  |  |
|  | Value-added services |  |  | 97,679 |  |  | 98,133 |  |  |  |
|  | Total operating revenues |  |  | 377,406 |  |  | 335,113 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Operating expenses: |  |  |  |  |  |  |  |  |  |
|  | Purchased transportation and equipment rent |  |  | 177,325 |  |  | 162,011 |  |  |  |
|  | Direct personnel and related benefits |  |  | 93,167 |  |  | 85,956 |  |  |  |
|  | Operating supplies and expenses |  |  | 30,770 |  |  | 28,091 |  |  |  |
|  | Commission expense |  |  | 7,836 |  |  | 8,913 |  |  |  |
|  | Occupancy expense |  |  | 9,284 |  |  | 7,373 |  |  |  |
|  | General and administrative |  |  | 9,241 |  |  | 7,987 |  |  |  |
|  | Insurance and claims |  |  | 6,352 |  |  | 5,460 |  |  |  |
|  | Depreciation and amortization |  |  | 16,918 |  |  | 12,218 |  |  |  |
|  | Total operating expenses |  |  | 350,893 |  |  | 318,009 |  |  |  |
|  | Income from operations |  |  | 26,513 |  |  | 17,104 |  |  |  |
|  | Interest expense, net |  |  | (4,369) |  | (2,553) |  |  |
|  | Other non-operating income |  |  | 953 |  |  | (395) |  |  |
|  | Income before income taxes |  |  | 23,097 |  |  | 14,156 |  |  |  |
|  | Income tax expense |  |  | 5,800 |  |  | 3,722 |  |  |  |
|  | Net income |  | $ | 17,297 |  | $ | 10,434 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Earnings per common share: |  |  |  |  |  |  |  |  |  |
|  | Basic | $ | 0.61 |  | $ | 0.37 |  |  |  |
|  | Diluted | $ | 0.61 |  | $ | 0.37 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Weighted average number of common shares outstanding: |  |  |  |  |  |  |  |  |  |
|  | Basic |  |  | 28,380 |  |  | 28,386 |  |  |  |
|  | Diluted |  |  | 28,381 |  |  | 28,393 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Dividends declared per common share: | $ | 0.105 |  | $ | 0.105 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |



**UNIVERSAL LOGISTICS HOLDINGS, INC.**

Unaudited Condensed Consolidated Balance Sheets

(In thousands)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **March 30,** |  |  | **December 31,** |  |  |
|  |  |  |  | **2019** |  |  |  | **2018** |  |  |  |
| Assets |  |  |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents | $ | 6,336 |  | $ | 5,727 |  |  |  |
|  | Marketable securities |  |  | 10,208 |  |  |  | 9,333 |  |  |  |
|  | Accounts receivable - net |  |  | 216,218 |  |  |  | 215,991 |  |  |  |
|  | Other current assets |  |  | 42,702 |  |  |  | 44,207 |  |  |  |
|  | Total current assets |  |  | 275,464 |  |  |  | 275,258 |  |  |  |
|  | Property and equipment - net |  |  | 300,262 |  |  |  | 303,234 |  |  |  |
|  | Other long-term assets - net |  |  | 355,863 |  |  |  | 264,655 |  |  |  |
|  | Total assets |  | $ | 931,589 |  |  | $ | 843,147 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Liabilities and shareholders' equity |  |  |  |  |  |  |  |  |  |  |
|  | Current liabilities, excluding current maturities of debt | $ | 213,631 |  | $ | 169,266 |  |  |  |
|  | Debt - net |  |  | 369,624 |  |  |  | 400,452 |  |  |  |
|  | Other long-term liabilities |  |  | 127,680 |  |  |  | 64,130 |  |  |  |
|  | Total liabilities |  |  | 710,935 |  |  |  | 633,848 |  |  |  |
|  | Total shareholders' equity |  |  | 220,654 |  |  |  | 209,299 |  |  |  |
|  | Total liabilities and shareholders' equity |  | $ | 931,589 |  |  | $ | 843,147 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |



**UNIVERSAL LOGISTICS HOLDINGS, INC.**

Unaudited Summary of Operating Data

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Thirteen Weeks Ended** |  |  |
|  |  |  |  | **March 30,** |  |  | **March 31,** |  |
|  |  |  |  | **2019** |  |  | **2018** |  |  |
| **Truckload Services:** |  |  |  |  |  |  |  |  |
|  | Number of loads |  |  | 61,092 |  |  | 72,966 |  |  |
|  | Average operating revenue per load, excluding fuel surcharges | $ | 940 | $ | 930 |  |  |
|  | Average operating revenue per mile, excluding fuel surcharges | $ | 2.78 | $ | 2.66 |  |  |
|  | Average length of haul |  |  | 338 |  |  | 349 |  |  |
|  | Average number of tractors |  |  | 1,644 |  |  | 1,874 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Brokerage Services:** |  |  |  |  |  |  |  |  |
|  | Number of loads (a) |  |  | 53,609 |  |  | 45,998 |  |  |
|  | Average operating revenue per load (a) | $ | 1,531 | $ | 1,648 |  |  |
|  | Average length of haul (a) |  |  | 660 |  |  | 531 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Intermodal Services:** |  |  |  |  |  |  |  |  |
|  | Number of loads |  |  | 165,177 |  |  | 94,029 |  |  |
|  | Average operating revenue per load, excluding fuel surcharges | $ | 495 | $ | 439 |  |  |
|  | Average number of tractors |  |  | 1,658 |  |  | 1,010 |  |  |
|  | Number of depots |  |  | 14 |  |  | 14 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Dedicated Services:** |  |  |  |  |  |  |  |  |
|  | Number of loads (b) |  |  | 138,987 |  |  | 133,931 |  |  |

1. Excludes operating data from freight forwarding division in order to improve the relevance of the statistical data related to our brokerage services and improve the comparability to our peer companies.
2. Includes shuttle moves.



**UNIVERSAL LOGISTICS HOLDINGS, INC.**

Unaudited Summary of Operating Data - Continued

(Dollars in thousands)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Thirteen Weeks Ended** |  |  |  |
|  |  |  |  | **March 30,** |  |  | **March 31,** |  |  |
|  |  |  |  | **2019** |  |  |  | **2018** |  |  |  |
|  | **Value-added Services** |  |  |  |  |  |  |  |  |  |  |
|  | Average number of direct employees |  |  | 3,699 |  |  |  | 4,088 |  |  |  |
|  | Average number of full-time equivalents |  |  | 1,771 |  |  |  | 1,230 |  |  |  |
|  | Number of active programs |  |  | 49 |  |  |  | 50 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Revenues by Segment:** |  |  |  |  |  |  |  |  |  |  |
|  | Transportation | $ | 246,704 |  | $ | 206,108 |  |  |  |
|  | Logistics |  |  | 130,399 |  |  |  | 128,648 |  |  |  |
|  | Other |  |  | 303 |  |  |  | 357 |  |  |  |
|  | Total |  | $ | 377,406 |  |  | $ | 335,113 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Income from Operations by Segment:** |  |  |  |  |  |  |  |  |  |  |
|  | Transportation | $ | 12,532 |  | $ | 10,113 |  |  |  |
|  | Logistics |  |  | 13,820 |  |  |  | 7,433 |  |  |  |
|  | Other |  |  | 161 |  |  |  | (442) |  |  |
|  | Total |  | $ | 26,513 |  |  | $ | 17,104 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |



**Non-GAAP Financial Measures**

In addition to providing consolidated financial statements based on generally accepted accounting principles in the United States of America (GAAP), we are providing additional financial measures that are not required by or prepared in accordance with GAAP (non-GAAP). We present EBITDA, a non-GAAP measure, as supplemental measures of our performance. We define EBITDA as net income plus (i) interest expense, net, (ii) income taxes, (iii) depreciation, and (iv) amortization, or EBITDA. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis.

In accordance with the requirements of Regulation G issued by the Securities and Exchange Commission, we are presenting the most directly comparable GAAP financial measure and reconciling the non-GAAP financial measure to the comparable GAAP measure. Set forth below is a reconciliation of net income, the most comparable GAAP measure, to EBITDA for each of the periods indicated:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Thirteen Weeks Ended** |  |  |
|  |  | **March 30,** |  | **March 31,** |  |
|  |  | **2019** |  |  | **2018** |  |  |
| **EBITDA** |  | ( in thousands) |  |  |
|  |  |  |  |  |  |  |
| Net income | $ | 17,297 |  | $ | 10,434 |  |  |
| Income tax expense |  | 5,800 |  |  | 3,722 |  |  |
| Interest expense, net |  | 4,369 |  |  | 2,553 |  |  |
| Depreciation |  | 12,934 |  |  | 11,295 |  |  |
| Amortization |  | 3,984 |  |  | 923 |  |  |
| EBITDA | $ | 44,384 |  | $ | 28,927 |  |  |
|  |  |  |  |  |  |  |  |
| EBITDA margin (a) |  | 11.8% |  | 8.6% |  |

1. EBITDA margin is computed by dividing EBITDA by total operating revenues for each of the periods indicated.

We present EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

EBITDA has limitations as an analytical tool. Some of these limitations are:

* EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
* EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
* EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
* Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
* Other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and EBITDA only supplementally.