

Managing uncertainty

Refrigerated carriers withstand unfavorable business conditions, increase revenues

By David A Kolman

EVEN THOUGH the nation's economy has been in a down cycle, refrigerated fleets, for the most part, have weathered the anemic business conditions. Many have even grown. They have accomplished this despite record fuel prices, a decline in construction, a downturn in housing and automotive, a wave of foreclosures, an explosion of sub-prime lending, and a lack of consumer con-

fidence, among other things. All of which directly impacts the refrigerated transportation market.

A chief reason for the stability of refrigerated carriers is that their business has remained fairly steady because of the constancy of food market. "People need to eat no matter how rapidly or slowly GDP is going," remarked an industry economist recently.

Additionally, refrigerated carriers have been implementing fuel-saving

initiatives and incorporating technology and processes to increase overall truck efficiency and fleet utilization to offset rising costs.

Findings from this year's Annual Gross Revenue Report show that total revenue for 2007 was \$3,810,828,548, up nearly 6% from \$3,600,677,256 in 2006. However, the average operating ratio for the reporting fleets also increased from 93.62% in 2006 to 95.33% in 2007.

Operating ratio is way to measure

10-Year Revenue Snapshot	2007 Revenue	1998 Revenue	Change
Frozen Food Express Industries • Dallas TX	\$452,214,000	\$349,932,000	29%
C R England Inc • Salt Lake City UT	\$750,831,827	\$382,648,381	96%
Prime Inc • Springfield MO	\$472,904,003	\$339,300,294	39%
KLLM Inc • Jackson MS	\$230,128,218	\$228,988,000	0%
Marten Transport Ltd • Mondovi WI	\$560,017,000	\$193,648,000	189%
Stevens Transport Inc • Dallas TX	\$493,615,000	\$169,800,000	191%
Willis Shaw Express • Elm Springs AR	\$121,834,000	\$107,030,000	14%
National Carriers Inc • Liberal KS	\$134,861,282	\$85,251,132	58%
Arctic Express Inc • Hilliard OH	\$41,954,000	\$68,137,000	-38%
J & R Schugel Trucking Inc • New Ulm MN	\$109,681,432	\$53,606,988	105%
John Christner Trucking LLC • Sapulpa OK	\$202,680,012	\$45,011,503	350%
T W Transport • Spokane WA	\$24,500,000	\$23,150,009	6%
Kennesaw Transportation Inc • White GA	\$45,732,139	\$25,893,921	77%
M Bruenger Co Inc • Wichita KS	\$21,777,709	\$17,025,466	28%
Baldwin Distribution Services Ltd • Amarillo TX	\$27,622,779	\$15,242,835	81%
3KB Transportation Inc • Altus OK	\$27,000,000	\$8,914,631	203%
W N Morehouse Truck Line Inc • Omaha NE	\$17,131,464	\$9,553,055	79%
Sorenson Transport Co Inc • Chehalis WA	\$24,970,000	\$10,718,525	133%
Fortune Transportation Co Inc • Windom MN	\$27,014,726	\$9,147,116	195%
Escro Transport Ltd • Buffalo NY	\$9,415,000	\$5,800,000	62%
Diversified Transfer & Storage • Billings MT	\$14,943,957	\$5,343,467	180%
Total	\$3,810,828,548	\$2,154,142,323	
Average	\$181,468,026	\$102,578,206	
Percent Change	76.9%		

Refrigerated Transporter's 21st Annual Gross Revenue Report—Refrigerated Fleets

Rankings and Growth Rates	2007 Revenue Rank	2007 Revenue	2007 Ratio Rank
C R England Inc • Salt Lake City UT	1	\$750,831,827	8
Greatwide Logistics Services • Dallas TX	2	\$650,000,000	7
Marten Transport Ltd • Mondovi WI	3	\$560,017,000	14
Stevens Transport Inc • Dallas TX	4	\$493,615,000	2
Prime Inc • Springfield MO	5	\$472,904,003	5
Frozen Food Express Industries • Dallas TX	6	\$452,214,000	31
Central Refrigerated Service Inc • West Valley City UT	7	\$361,862,506	NR
KLLM Inc • Jackson MS	8	\$230,128,218	NR
John Christner Trucking LLC • Sapulpa OK	9	\$202,680,012	9
Southern Refrigerated Transport Inc • Texarkana AR	10	\$137,481,401	NR
National Carriers Inc • Liberal KS	11	\$134,861,282	28
Willis Shaw Express • Elm Springs AR	12	\$121,834,000	NR
J & R Schugel Trucking Inc • New Ulm MN	13	\$109,681,432	27
Earl Henderson Trucking Co • Salem IL	14	\$94,917,582	15
WEL Companies Inc • De Pere WI	15	\$79,000,000	19
Cargill Meat Logistics • Wichita KS	16	\$58,701,297	20
Kennesaw Transportation Inc • White GA	17	\$45,732,139	18
FST Logistics Inc • Columbus OH	18	\$44,078,000	11
Arctic Express Inc • Hilliard OH	19	\$41,954,000	NR
Classic Carriers Inc • Versailles OH	20	\$38,500,000	NR
Witte Bros Exchange Inc • Troy MO	21	\$35,800,000	16
D & D Sexton Inc • Carthage MO	22	\$33,629,441	24
Grand Island Express • Grand Island NE	23	\$33,600,000	23
Howell's Motor Freight Inc • Cloverdale VA	24	\$33,100,000	NR
Baldwin Distribution Services Ltd • Amarillo TX	25	\$27,622,779	21
Fortune Transportation Co Inc • Windom MN	26	\$27,014,726	26
3KB Transportation Inc • Altus OK	27	\$27,000,000	25
Sorenson Transport Co Inc • Chehalis WA	28	\$24,970,000	1
T W Transport • Spokane WA	29	\$24,500,000	12
M Bruenger Co Inc • Wichita KS	30	\$21,777,709	10
Denney Transport Ltd • Commerce City CO	31	\$21,555,000	17
L W Miller Transportation Inc • Logan UT	32	\$21,262,600	29
Frock Bros Trucking Inc • New Oxford PA	33	\$17,371,954	4
W N Morehouse Truck Line Inc • Omaha NE	34	\$17,131,464	32
Kelle's Transport Service Inc • Salt Lake City UT	35	\$16,423,424	6
Diversified Transfer & Storage • Billings MT	36	\$14,943,957	30
Walbon & Co Inc • Rosemount MN	37	\$13,380,132	NR
Escro Transport Ltd • Buffalo NY	38	\$9,415,000	22
Atlantic Coastal Trucking Inc • Carlstadt NJ	39	\$4,698,000	13
Rocky Top Trucking • Houston TX	40	\$1,003,725	3
Total		\$5,507,193,610	
Average		\$137,679,840	

2007 Ratio	2006 Revenue Rank	2006 Revenue	2006 Ratio Rank	2006 Ratio	2007 Growth
92.84	1	\$636,058,623	8	90.62	18.0%
92.00	5	\$460,000,000	11	92.00	41.3%
95.00	1	\$518,890,000	11	92.10	7.9%
83.50	3	\$465,500,000	1	84.50	6.0%
90.40	4	\$457,207,136	9	91.31	3.4%
102.30	2	\$483,721,000	24	97.60	-6.5%
NR	5	\$320,204,243	NR	NR	13.0%
NR	6	\$221,404,531	NR	NR	3.9%
93.10	7	\$184,585,064	15	93.40	9.8%
NR	10	\$110,934,000	8	90.80	23.9%
99.82	9	\$119,566,436	27	98.92	12.8%
NR	8	\$119,725,000	NR	NR	1.8%
99.50	11	\$103,296,197	23	97.00	6.2%
95.20	12	\$79,505,927	25	97.70	19.4%
97.00	13	\$63,000,000	17	95.00	25.4%
97.10	14	\$54,979,731	21	95.30	6.8%
96.60	16	\$43,687,349	17	95.00	4.7%
93.60	17	\$41,830,000	13	93.10	5.4%
NR	15	\$44,550,000	NR	NR	-5.8%
NR	22	\$29,400,000	NR	NR	31.0%
95.60	18	\$34,700,000	14	93.20	3.2%
98.99	19	\$32,500,000	20	95.12	3.5%
98.50	21	\$32,400,000	28	99.00	3.7%
NR	19	\$32,500,000	NR	NR	1.8%
97.86	25	\$24,363,027	22	96.80	13.4%
99.13	26	\$24,256,612	16	94.33	11.4%
99.00	27	\$22,673,229	17	95.00	19.1%
82.50	23	\$25,187,000	2	86.60	-0.9%
94.00	24	\$25,000,000	10	92.00	-2.0%
93.24	28	\$21,667,028	12	92.52	0.5%
96.20	30	\$18,375,000	5	89.20	17.3%
101.70	29	\$19,527,000	26	98.20	8.9%
89.34	31	\$18,059,336	4	88.26	-3.8%
104.00	32	\$17,468,556	28	99.00	-1.9%
90.95	35	\$10,579,448	6	89.30	55.2%
102.00	34	\$13,209,000	31	100.00	13.1%
NR	33	\$16,046,000	NR	NR	-16.6%
98.00	36	\$9,300,000	30	99.50	1.2%
94.60	37	\$4,408,000	7	90.00	6.6%
87.00	38	\$929,567	3	87.00	8.0%
		\$4,961,194,040			
95.33		\$124,029,851		93.62	11.0%

NR=Not Reported

Gross Revenue . . .

a company's operating efficiency and effectiveness by calculating operating expenses as a percentage of revenue.

It should be noted that typically, anywhere between 30 to 50 refrigerated carriers participate in *Refrigerated Transporter's Annual Gross Revenue Report*, the only compilation of revenue figures focusing on refrigerated fleets.

In total, about 120 carriers have reported revenues since 1998. Of these, about two dozen that reported for 1998 also provided revenue figures for 2007. For this year's report, 40 refrigerated fleets reported annual revenues; 32 provided operating ratios.

Revenues

For the fleets that reported revenues in 1998 and in 2007, the average growth is about 77% over the 10-year period, increasing from an average of \$102,578,206 in 1998 to an average of \$181,468,026 in 2007.

Among the 10 fleets who reported revenues for each of the past 10 years, growth from year-to-year varied from a low of about 2% during 2002, to a high of about 32% in 2006.

These 10 fleets are: Baldwin Distribution Services, C R England, Frozen Food Express, John Christner Trucking, KLLM, Marten Transport, Prime, Sorenson Transport, Stevens Transport, W N Morehouse Truck Line.

Average growth from year-to-year for these fleets is about 10%.

As a result of this steady growth, the gross revenues for these 10 fleets have more than doubled from 1998 and in 2007.

C R England once again tops the list for 2007 in terms of gross revenue. In six of the last 10 years, the carrier has held the top spot, more frequently than any other refrigerated carrier participating in *Refrigerated Transporter's Annual Gross Revenue Report*.

It ranked third in gross revenue in 2004. Transportation Industries Holding was number one, followed by Prime. In 2003, 2002, and 2001, C R England ranked second behind Prime

Top 5 Largest Fleets—2007

Company	Refrigerated Trailers
C R England	5,347
Marten Transport	3,989
Prime	3,870
Greatwide Logistics Services	3,600
Stevens Transport	3,200
Company	Tractors
Greatwide Logistics Services	3,900
C R England	3,379
Prime	2,652
Marten Transport	2,416
Frozen Food Express	2,075

Gross Revenue . . .

in the number one position.

Ratios

Operating ratios reported by fleets that have participated in each of the past 10 Annual Gross Revenue Reports indicate rising costs from 1998 until 2002, followed by improved ratios for 2003 and 2004, and then an increase in costs again in 2006 and 2007.

Comparing annual report against annual report between the years 1998 and 2007 shows an increase in the average operating ratio for these fleets, even though during the course of the 10-year period there was an overall swing of four points.

The larger refrigerated fleets have more favorable, or lower, operating ratios over the past 10 years.

Focusing on just those fleets that have participated in all of the past 10 annual reports, the trend is slightly more pronounced. The higher revenue fleets have even more favorable operating ratios.

The typical operating ratio based on all carriers that took part in each and every Annual Gross Revenue Report from 1998 to 2007 is about 95%. There are relatively few reports of operating ratios below 93%, or above 97%, during this 10-year time frame.

The best operating ratio for 2007, at 82.5%, was reported to by Sorenson Transport. The previous year, Stevens Transport had the lowest operating ratio at 84.5%.

Input

Clearly, not all refrigerated carriers are included in *Refrigerated Transporter's* Annual Gross Revenue Reports.

Sadly, despite our best efforts in contacting fleets and requesting their participation, there are those that simply will not. Some just don't care to contribute, for a variety of reasons. Others don't want to share their financial information, especially as the industry grows ever more competitive.

Through greater involvement, the Annual Gross Revenue Report will become an even more useful and valuable reference and benchmarking guide. We invite your participation.

To be included in next year's survey, please send an e-mail request to rt.directories@penton.com, or phone *Refrigerated Transporter's* editor-in-chief David A Kolman at 443-291-6045.

Thank you in advance. ■

Previous Annual Gross Revenue Reports are archived on *Refrigerated Transporter's* Web site: www.refrigeratedtrans.com.

Under the "Directories" tab, click on the "Visit Our Directories" link and follow the prompts.

Alphabetical Listing of Companies

Company	2007 Revenue Rank
3KB Transportation Inc	27
Arctic Express Inc	19
Atlantic Coastal Trucking Inc	39
Baldwin Distribution Services Ltd	25
C R England Inc	1
Cargill Meat Logistics	16
Central Refrigerated Service Inc	7
Classic Carriers Inc	20
D & D Sexton Inc	22
Denney Transport Ltd	31
Diversified Transfer & Storage	36
Earl Henderson Trucking Co	14
Escro Transport Ltd	38
Fortune Transportation Co Inc	26
Frock Bros Trucking Inc	33
Frozen Food Express Industries	6
FST Logistics Inc	18
Grand Island Express	23
Greatwide Logistics Services	2
Howell's Motor Freight Inc	24
J & R Schugel Trucking Inc	13
John Christner Trucking LLC	9
Kelle's Transport Service Inc	35
Kennesaw Transportation Inc	17
KLLM Inc	8
L W Miller Transportation Inc	32
M Bruenger Co Inc	30
Marten Transport Ltd	3
National Carriers Inc	11
Prime Inc	5
Rocky Top Trucking	40
Sorenson Transport Co Inc	28
Southern Refrigerated Transport Inc	10
Stevens Transport Inc	4
T W Transport	29
W N Morehouse Truck Line Inc	34
Walbon & Co Inc	37
WEL Companies Inc	15
Willis Shaw Express	12
Witte Bros Exchange Inc	21