

Edgar Filing: HEARTLAND EXPRESS INC - Form 8-K

HEARTLAND EXPRESS INC  
Form 8-K  
October 20, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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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):  
October 20, 2005

HEARTLAND EXPRESS, INC.  
(Exact name of registrant as specified in its charter)

Commission File Number - 0-15087

NEVADA  
(State of other Jurisdiction  
of Incorporation)

93-0926999  
(IRS Employer ID No.)

2777 HEARTLAND DRIVE, CORALVILLE, IOWA  
(Address of Principal Executive Offices)

52241  
(Zip Code)

Registrant's Telephone Number (including area code): 319-545-2728

Item 9.01. Financial Statements and Exhibits

Exhibit 99.1 - Heartland Express, Inc. press release dated October 20, 2005 with respect to the Company's financial results for the quarter ended September 30, 2005.

Item 2.02. Results of Operations and Financial Condition.

On October 20, 2005, Heartland Express, Inc. announced its financial results for the quarter ended September 30, 2005. The press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

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SIGNATURE

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

HEARTLAND EXPRESS, INC.

Date: October 20, 2005

BY:/s/ John P. Cosaert

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JOHN P. COSAERT

Vice-President

Finance and Treasurer

Exhibit No. 99.1

Thursday, October 20, 2005, For Immediate Release

Press Release

Heartland Express, Inc. Reports Revenues and Earnings for the Third Quarter of 2005.

CORALVILLE, IOWA - October 20, 2005 - Heartland Express, Inc. (Nasdaq: HTLD) announced today financial results for the quarter ended September 30, 2005. Gross revenues for the quarter increased 16.1% to \$136.2 million from \$117.3 million in the third quarter of 2004. Net income increased 2.8% to \$17.5 million from \$17.1 million in the 2004 period. Basic earnings per share were \$0.24 compared to \$0.23 for the third quarter of 2004.

For the nine months, gross revenues increased 13.7% to \$383.7 from \$337.6 during the same period in 2004. Net income increased 9.5% to \$50.3 million from \$45.9 million in the 2004 period. Basic earnings per share were \$0.67 compared with \$0.61 for the 2004 period.

For the quarter, Heartland Express, Inc. posted an operating ratio (operating

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expenses as a percentage of gross revenues) of 81.4% and a 12.9% net margin. The Company reported an operating ratio of 81.1% and a 13.1% net margin for the nine months ended September 30, 2005. The third quarter operating ratio was favorably impacted by a \$2.0 million gain from the trade of revenue equipment. These gains are now being recognized in compliance with Statement of Financial Accounting Standards No. 153, "Accounting for Non-monetary Transactions", which became effective July 1, 2005. Gains were previously deferred as a reduction of the basis of new revenue equipment. The Company's third quarter operating ratio was 82.8% prior to the recognition of the aforementioned gain. Gains on sales of assets are reflected as a reduction of Other Operating Expenses in the Company's consolidated statements of income. In addition, the third quarter operating ratio and net income were negatively impacted by record high diesel prices which have continued into the fourth quarter.

The Company ended the third quarter with cash, cash equivalents, and short-term investments of \$276.5 million, an \$18.2 million increase from the \$258.3 million reported on December 31, 2004. The Company's balance sheet continues to be debt-free.

Heartland Express was recently named to the Forbes magazine listing of "200 Best Small Companies in America". This marks the fourteenth time in the past eighteen years, and the fourth consecutive year that we have been recognized. This recognition exemplifies our consistent performance and solid financial position. The selection process is based on growth in revenues, earnings, and return on equity over the past five years and latest twelve months.

The Company has purchased approximately 1.2 million shares of its outstanding common stock this year under a 5.0 million share repurchase program approved in September 2001 by its Board of Directors. Our strong cash position has allowed us to improve shareholder return with share repurchases and cash dividends without effecting growth opportunities. This repurchase of shares demonstrates the Board of Director's confidence in the Company's performance and future prospects.

The Company is continuing the replacement of its entire tractor fleet. The Company has taken delivery of 600 new Internationals this year. The fleet replacement is approximately 50% completed and is scheduled to be completed by December 31, 2006. In addition, the Company purchased 700 new Wabash trailers during this year and will take delivery of 300 more during the fourth quarter.

During the quarter, Heartland Express declared a regular quarterly cash dividend. The quarterly dividend of approximately \$1.5 million at the rate of \$0.02 per share was paid on October 3, 2005 to shareholders of record at the close of business on September 22, 2005. The Company has now paid quarterly dividends of \$11.5 million over the past nine consecutive quarters.

The Company recently announced the expansion to the Western United States. The Western operation will be based in Phoenix, Arizona with service initially to the west coast. This expansion will allow for growth with both existing and new customers. Expansion to additional western markets is anticipated in the future.

In addition, the Company announced the relocation of its corporate headquarters to North Liberty, Iowa. The new office and shop facilities are expected to be completed in the spring of 2007 and will be funded primarily with proceeds from the sale of the existing corporate headquarters location.

This press release may contain statements that might be considered as forward-looking statements or predictions of future operations. Such statements

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are based on management's belief or interpretation of information currently available. These statements and assumptions involve certain risks and uncertainties. Actual events may differ from these expectations as specified from time to time in filings with the Securities and Exchange Commission.

Contact: Heartland Express, Inc.  
John Cosaert or Mike Gerdin  
319-545-2728

### HEARTLAND EXPRESS, INC. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|                                   | Three months ended<br>September 30, |               | Nine months ended<br>September 30, |               |
|-----------------------------------|-------------------------------------|---------------|------------------------------------|---------------|
|                                   | 2005<br>----                        | 2004<br>----  | 2005<br>----                       | 2004<br>----  |
| OPERATING REVENUE .....           | \$136,209,698                       | \$117,299,278 | \$383,738,516                      | \$337,647,731 |
|                                   | -----                               | -----         | -----                              | -----         |
| OPERATING EXPENSES:               |                                     |               |                                    |               |
| Salaries, wages, benefits .....   | \$ 45,028,528                       | \$ 40,305,667 | \$131,192,465                      | \$119,163,588 |
| Rent and purchased transportation | 7,462,499                           | 8,578,807     | 23,004,432                         | 28,620,347    |
| Operations and maintenance .....  | 38,055,562                          | 25,297,575    | 98,465,534                         | 68,954,053    |
| Taxes and licenses .....          | 2,249,347                           | 2,143,218     | 6,505,283                          | 6,638,458     |
| Insurance and claims .....        | 5,015,569                           | 2,562,377     | 11,817,266                         | 10,454,595    |
| Communications and utilities .... | 969,344                             | 886,416       | 2,596,260                          | 2,828,948     |
| Depreciation .....                | 9,819,033                           | 7,842,781     | 27,260,730                         | 21,214,242    |
| Other operating expenses .....    | 2,277,868                           | 4,022,516     | 10,217,239                         | 10,836,071    |
|                                   | -----                               | -----         | -----                              | -----         |
|                                   | 110,877,750                         | 91,639,357    | 311,059,209                        | 268,710,302   |
|                                   | -----                               | -----         | -----                              | -----         |
| Operating income .....            | 25,331,948                          | 25,659,921    | 72,679,307                         | 68,937,429    |
| Interest income .....             | 1,865,656                           | 805,135       | 5,252,948                          | 2,024,522     |
|                                   | -----                               | -----         | -----                              | -----         |
| Income before income taxes .....  | 27,197,604                          | 26,465,056    | 77,932,255                         | 70,961,951    |
| Federal and state income taxes .. | 9,655,150                           | 9,395,071     | 27,665,951                         | 25,070,700    |

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|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Net income .....                                   | \$ 17,542,454 | \$ 17,069,985 | \$ 50,266,304 | \$ 45,891,251 |
| Earnings per common share:                         |               |               |               |               |
| Basic earnings per share ....                      | \$ 0.24       | \$ 0.23       | \$ 0.67       | \$ 0.61       |
| Basic weighted average shares<br>outstanding ..... | 73,821,609    | 75,000,000    | 74,520,040    | 75,000,000    |
| Dividends declared per share ....                  | \$ 0.020      | \$ 0.020      | \$ 0.060      | \$ 0.047      |

HEARTLAND EXPRESS, INC.  
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

| ASSETS                              | September 30,<br>2005 | December 31,<br>2004 |
|-------------------------------------|-----------------------|----------------------|
|                                     | (unaudited)           |                      |
| CURRENT ASSETS                      |                       |                      |
| Cash and cash equivalents .....     | \$ 3,656,609          | \$ 1,610,543         |
| Short-term investments .....        | 272,854,676           | 256,727,782          |
| Trade receivables .....             | 44,983,188            | 37,102,813           |
| Prepaid tires .....                 | 3,407,570             | 2,692,090            |
| Deferred income taxes .....         | 27,496,000            | 24,964,000           |
| Other prepaid expenses .....        | 2,773,510             | 158,267              |
| Total current assets .....          | 355,171,553           | 323,255,495          |
| PROPERTY AND EQUIPMENT .....        | 271,567,085           | 253,648,785          |
| Less accumulated depreciation ..... | 81,818,608            | 68,973,751           |
|                                     | 189,748,477           | 184,675,034          |
| OTHER ASSETS .....                  | 8,959,853             | 9,081,322            |
|                                     | \$ 553,879,883        | \$ 517,011,851       |

LIABILITIES AND STOCKHOLDERS' EQUITY

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### CURRENT LIABILITIES

|   |               |              |
|---|---------------|--------------|
| Accounts payable & accrued liabilities .. | \$ 15,513,402 | \$ 9,722,099 |
| Accrued expenses .....                    | 71,666,382    | 63,142,908   |
| Income taxes payable .....                | 8,868,330     | 7,918,914    |
|   | -----         | -----        |
| Total current liabilities .....           | 96,048,114    | 80,783,921   |
|   | -----         | -----        |

|                             |            |            |
|-----------------------------|------------|------------|
| DEFERRED INCOME TAXES ..... | 44,834,000 | 46,885,000 |
|                             | -----      | -----      |

### COMMITMENTS AND CONTINGENCIES

### STOCKHOLDERS' EQUITY

|  |                |                |
|--|----------------|----------------|
| Capital stock: Common, \$.01 par value;<br>authorized 395,000,000 shares;<br>issued and outstanding 73,821,500<br>and 75,000,000 ..... | 738,215        | 750,000        |
| Additional paid-in capital .....   | --             | 8,510,305      |
| Retained earnings .....  | 412,793,508    | 380,906,884    |
|  | -----          | -----          |
|  | 413,531,723    | 390,167,189    |
| Less unearned compensation .....   | (533,954)      | (824,259)      |
|  | -----          | -----          |
|  | 412,997,769    | 389,342,930    |
|  | -----          | -----          |
|  | \$ 553,879,883 | \$ 517,011,851 |
|  | =====          | =====          |

END OF REPORT