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Wells Fargo Analyst: Chris Wetherbee
Werner Enterprises: Nathan Meisgeier, President and CLO and Chris Wikoff, EVP, CFO & Treasurer and Chris Neil, SVP, Pricing and Strategic Planning

Chris Wetherbee
Let’s go ahead and get started here. Keeping on the transport track, we are very excited to be joined by Werner Enterprises for a fireside chat. So, to my left we have Chris Wikoff, he is the EVP and CFO; Nathan Meisgeier is President and Chief Legal Officer; and Chris Neil, SVP, Pricing and Strategic Planning. So, gentlemen, thank you very much for joining us this morning. I always love having you at the conference, so thanks very much.

Chris Wetherbee
I think probably the best way to start, this is a day where we're spending a lot of time talking about the truck markets and what's going on, and I think you're going to give us some great perspective. So maybe if we could start a little bit higher level with sort of what you're seeing in the market. We have progressed out of sort of the winter in the first quarter, and then the second quarter seems like things have tightened materially from a capacity perspective and maybe even introduced a bit of incremental demand, which had potentially been lacking before. But would love to hear your perspectives on how you think things are going so far here in the second quarter.

Nathan Meisgeier
Thanks for having us, Chris. There's an all Chris all the time, maybe is our panel. We should call this like Chris, Chris, and Chris

Chris Wetherbee
Yes. There you go.

Nathan Meisgeier
And Nathan is the fourth Beatle. So, the supply side of the story is really the fascinating part of it. And as you said, the demand part, maybe one of the Chris's can cover that. But on the supply side, there are a number of things that we're seeing impacting supply all at the same time. So, enforcement recently, more hot off the press is on the B-1 visas, that we're seeing enforcement and announcements on thousands of truckers being pulled at the border for B-1 visa violations.

The ones that have been in the hopper a little bit longer, so English language proficiency, non-domiciled CDLs, ELD cheating, and the truck driving schools that have been CDL mills that are training up student drivers without a truck and without a yard, that truly pay your bill and you can get a CDL the next day. Those are five things that don't impact Werner. So, to be specific about that – none of those are a concern for us. And so that's the good news on our side. But then you add the Montgomery decision, that also impacts supply.

And it's hot off the press, I guess maybe in the last 30 days, but it's a hot topic, I should say, in terms of everybody's talking about it and truly what impact does that have. On our side of the house, we're feeling really good about our compliance and our carrier qualifications. So, it doesn't take a huge dip on our ability to fill customers' needs on the brokerage side. But on the macro level, which of course is your question, Chris, all of those things are creating an impact. And it's really creating a hurricane of forces that any one of them is a big deal, and add them all together and it's becoming a very material impact. And you're seeing it in, I'm probably going too far here, but your tender rejection rates at all-time highs, at 18% recently. You're seeing spot rates that are through the roof. And so, it's really the early innings of what is finally the turn that a lot of people in this industry have been waiting on for four years.

Chris Wetherbee
So, let's dig in a little bit more on the capacity and then we can come back to the demand side to some degree. So, I think there has been a lot of discussion about the number of non-domiciled drivers. I think the FMCSA has it around 200,000. We've heard other people talk about the real pool, because I guess there is maybe some question about the count numbers and who's who, once you dig a little bit deeper into the data out there. What are your thoughts around that specifically? And I guess, how much of the capacity in the market do you think comes out related to maybe non-domiciled first as we think about sort of maybe not renewing over the course of the next couple of years?

Nathan Meisgeier
So, you're right. The 200,000 number is a number that the feds have issued, might have been 194,000, but round off to 200,000. So, when we've seen tens of thousands come out so far, the question really becomes is there a point at which we're all the way there? So, recently, I think it was this week, maybe last week, we saw Ohio pull a large number of CDLs. And it's been really a state-by-state march and not very logical in terms of where those states have come and in what order. So, there are states that haven't acted on it yet. The states that haven't acted on it yet probably haven't had the feds put their thumb on them quite yet, which is coming for those that have put their head in the sand on it. And so, it feels like there is tens of thousands to come yet.

I don't know that I've seen a stat that really gives us an all-in number of how many are out specific to non-domiciled. And of course, the problem becomes, as I mentioned a minute ago, there is five or six factors at play, and if a trucker comes out of the market today, was it an ELP problem? Was it a non-domiciled problem? It's hard to identify why they disappeared.

Chris Wikoff
Or B-1 cabotage enforcement, which is now ramping up. So, a lot of overlap across all those enforcement measures.

Chris Wetherbee
Okay. And then I guess as we think about how that impacts the customer conversations that you guys are having, I think that's where we're starting to think about, we're going through bid season, feels like we're coming towards the end of the sort of traditional bid season. We started with, I think, optimism around the types of rates that the industry would get, let's call it mid-single-digits or so, is maybe where we started early on in the year. People have been bringing those numbers up, I guess. Big picture, not necessarily

expecting explicit numbers here, but how are you thinking about the bid season progress? What are you seeing from customers? What's been the acceptance on the customer side?

Chris Neil
Well, starting with One-Way, which I think is the intent of the question, we had about a fourth of our business that was rerated and effective in the first quarter, although toward the end of the quarter, another third in the second quarter. So, most of that is through, to your point, we are in the tail end of the bid season. We did start kin that mid-single-digit range. And as the market continues to change, we've changed with it, and those rate increases have continued to accelerate throughout the bid season.

And so that'll continue. We're always continuing to look at the bottom 10%, 15% of the book. I mean, yield activity is occurring. But we're certainly keeping an eye on service with our customers. At the end of the day, we want to be a service and safety-based company, and we're going to uphold our commitments. At the same time, we understand that the One-Way division, specifically, needs to get back to margins that are reinvestable and sustainable. And after a couple of years of down rates in the One-Way market, those clearly need to move up in a fairly significant way, hopefully over a couple of cycles. But certainly, we're seeing some good momentum here early on.

As it relates to Dedicated with rate increases, we're in good shape in terms of contractual rate renewals. Our guide for Dedicated for the year for revenue per truck is flat to up 3% – and that includes FirstFleet in the guide. So those contractual rate renewals have been solid in terms of the percentage of renewals that we're getting. The retention rates have been really good, and we feel like we're in a good position to continue to accelerate there as well. Clearly, Dedicated margins being much less volatile than One-Way, and already at a much different starting point. So, the need for as significant increases clearly would not be there in Dedicated with the longstanding relationships that we have there.

Chris Wetherbee
And I guess I'm curious, with the tender rejections doing what they're doing, and as we're working our way through bid season, we heard earlier today some discussion around mini-bids and those actually picking up a little bit, and there was some opportunity maybe for contracts that were sort of agreed to potentially put in place earlier in the bid season, where folks are coming back and suggesting that the compliance relative to their bids at other carriers is not holding up the way they thought. Is that something you're seeing in the market as we go through the second quarter at all?

Chris Neil
We've seen mini-bids now over the last couple of years really, just with a market that's been fluid. But I think they're accelerating now, and I think that's a result of routing guide destruction that we're seeing. So, yes, we've had instances where we had bids that maybe we conducted and concluded earlier in the season, maybe they were effective in January, February. Now we're seeing some of those same lanes come back on mini-bids and other projects.

So, it definitely feels like we're seeing some pretty significant disruption in the shipping community in terms of that routing guide, and whether that comes in the terms of a mini-bid or a rebid altogether, or project work, or pop-up fleets, whatever it is, we're seeing a lot of that kind of activity that is coming back to the forefront as shippers now are trying to lock in capacity in a way that they can count on.

Chris Wetherbee
And I guess as we think about maybe going through some of the businesses. We've been spending a lot of time talking about the broader overview that pertains to the One-Way part of the business, obviously, Dedicated is a big, big piece of what you're doing. The FirstFleet acquisition was a big step forward as well there, added to that exposure.

So maybe start with an update on FirstFleet and how that progress is going. We already started to see some of the impacts on the fleet counts in the various segments in the first quarter. We'll see more of it, I think, or the full impact in 2Q. Maybe just a quick update on how that's been and how it sort of is trending relative to your expectations.

Chris Wikoff
Yes, Chris, we closed on that acquisition at the end of January. It's gone very well, as expected, if not better than expected. High engagement, internally, with our associates, with drivers, high engagement externally with our customers. All of that constructive, going very well. The integration is on track or maybe even ahead of schedule. We talked about $18 million in terms of what we were targeting of synergies, call it 300 basis point expansion in the FirstFleet margins once we fully realize that $18 million. $6 million is what we expected to be realized in the calendar year 2026.

We have fully actioned everything that we need to in order to realize that $6 million. So that's fully on track and may be heading to be able to beat that in the current year. So, all of that going very well. Like I said, engagement with customers is constructive, strong. Renewals are going very smoothly to this point. Everything in the strategic thesis and that was positive continues to be our view today. So, it's going very well.

Chris Wetherbee
Okay. And then I guess as you think about just the overarching dynamics within Dedicated and where the opportunities are. So, we have heard about private fleets pulling back, but I think there's also just generally more activity in the market, and we can talk a bit more about demand, I think, at this point, too.

How do you think about the fleet opportunity? I know you've given some numbers around what you expect this year, but maybe, as this year progresses and then a bit beyond that. Starting with Dedicated first.

Chris Wikoff
Yes, just zooming out, again, you mentioned kind of a fleet metric. So overall for the Truckload Transportation Services segment, which includes Dedicated, the full-year guide on the fleet, which is an average fleet number for that period, the guide is to be up 23% to 28% on a year-over-year basis. In the first quarter, we were up 14%, given that FirstFleet was only in that number for part of a quarter. We do

expect in the second quarter to take another stairstep from 14% and to be closing that gap to the full-year guide. But there will still be work to go and more to do in the second half that we do expect to be more weighted towards Dedicated.

That's not to say that One-Way could not grow in terms of that fleet, it could, but we expect it to be more weighted in the second half of the year in Dedicated. Just in terms of that overall value proposition for Dedicated, we saw this ramping up last year and has continued into this year in terms of shippers and just general shipper sentiment. Pivoting back to reliability being front and center. And with everything that's going on, enforcement, safety, security, compliant factors with carriers of scale, all that just continues to push the value proposition towards reliable carriers of scale that can give shipper assurance of safety, and service and security.

So that all bodes very well for Dedicated. We've continued to see growth, not only in those verticals in Dedicated where we're more concentrated, being retail, value retail, food, grocery, beverage, but also seen success in expanding into other verticals with the Dedicated solution for technology, pharma, aftermarket auto parts, construction products. So good outlook for Dedicated, we would expect more of that to be seen in the second half.

Chris Wetherbee
And then how do you think about – so obviously pricing in Dedicated is going to have much less volatility than what you're going to see on the One-Way side. So, when we think about all the things that are happening in the truckload market today that are positive, let's translate that to the Dedicated business.

So how does that play through? When do you start to see sort of the re-acceleration of revenue per truck per week or whatever metric you want to think about, whether it is actual just contract renewals, those kinds of things. What kind of lag between the transmission of what's happening in TL to what's going on from a pricing perspective in Dedicated?

Chris Wikoff
Well, as Chris alluded to earlier, on Dedicated, we are seeing up and to the right contract renewals in Dedicated.

You're right, it may not have the slope and the pace that we're seeing in One-Way, whether that be in One-Way spot or One-Way contract, but there is momentum there. We are seeing those increases. That's going to be gradual. And there is other dynamics where Dedicated can benefit from a tighter market, including just more value in the backhaul, which we will share with the customer.

But given technology and other means that we have and we've developed to be able to maximize value on the backhaul, particularly in this environment, that's also additive. And then just the operational excellence that we have, not only in Dedicated but across our business, where we're able to see a greater utilization, days and service, across both Dedicated and One-Way. All of that contributes to margin expansion and continued increase in revenue per truck per week in Dedicated.

Chris Wetherbee
And I want to come to the changes you've made in the One-Way business, because I think, those are important as we think about margin recovery through this cycle. As we think about the opportunity for margin recovery across TTS, is there a way to weight that to, we get this much from the Dedicated business continuing to improve through the cycle and the changes you've made and the addition of FirstFleet relative to what you need to get from the One-Way, which probably needs more improvement over time? I'm just trying to get a sense of what the opportunity is between those two pieces of the business.

Chris Wikoff
Yes, you're right from the standpoint that over the last few years, the largest pressure point and drag on TTS margin has been in the One-Way business. That's just been under more duress for an extended period of time. With the reshaping that we've recently done in One-Way, that's leading to a meaningful improvement in profitability. Everything that we categorize in terms of what went into that reshaping was all focused on profitability improvement, as well as increasing just our optionality in a tighter market. And I don't think we could've picked the timing to take those significant actions any better than we did.

So that's going to be a meaningful contribution to TTS margin. But maybe just backing up, in terms of where we've been, more low single digits in TTS versus the low double digits that we would aspire to and expect of our business in mid-cycle, so call it a, I'm being very rough and round here in numbers, but call it a 10-percentage point gap that we need to bridge. When we think about that, there's really two parts. There's self-help and company specific actions that we are taking. I would even characterize that to be about half of that bridge, with the other half being more macro and market dynamics.

On the market side, of course, everything we've been talking about, there's pricing, there's rate reset, rate lift. There's also normalization in the used equipment market and gains. Over the last few years, gains as a percentage of our revenue has been more in the 30, 40, 50 basis points, but in tighter years, better years, it's been anywhere from well over 100 basis points to 200 basis points. So as that used equipment market normalizes, that can create lift in margin, in addition to everything we're seeing, rates and pricing up and to the right.

But then there is also the self-help and the company specific actions, whether that's the synergies that we talked about as we integrate and maximize value in FirstFleet, the reshaping of One-Way, our technology investment and journey, which we're in the later innings in. But in terms of the synergies that we're going to get from that investment in technology, I think we're in the early innings and we're just scratching the surface.

In terms of the production and utilization of assets, in the first quarter from our One-Way business, revenue per truck per week was up about 10%.

Two-thirds of that was from utility and higher production. And that was only a partial quarter of some of this reshaping action that we took in One-Way. So, productivity and how we utilize the assets and the fleet is also a contributor to margin and things that we are leaning into and we control.

Chris Wetherbee
So, let's talk about the One-Way piece because that was an interesting dynamic. I think from an outside perspective, the most obvious thing we could see was a reduction in the fleet count. And I think there was a view that, okay, maybe the proportions of One-Way versus Dedicated is going to mean you're not going to have as much torque to the cycle. But then in the first quarter, to your point, 10 points of revenue per truck per week improvement was pretty strong. And so, I think we're sitting here today thinking, maybe there is more torque to the cycle than we thought, and there's maybe more that kind of comes into the self-help as well. So maybe talk a little bit about some of the key changes you've done there and why it seems like there was so much improvement in the first quarter and so far this year?

Chris Wikoff
Yes. So first, at the core of restructuring and reshaping the One-Way fleet, the notable actions that we were going after and the result that we were going after was one, to move more towards higher performing markets, lanes, customers, two, also improve the production and utility, how we're sweating the assets, and then also taking some further action to reduce the cost profile. You're right in that a perceived downside from that is it's a smaller fleet, but everything else is up and to the right. That all gets to profitability, margin lift, and optionality in a market that is tighter and accelerating faster than we expected.

Chris Wetherbee
So maybe walk us from where we started the year in the first quarter to maybe where we can go, maybe some of the puts and takes. I'm not looking for explicit guidance per se about 2Q or the back half, but I guess if you can think about some of the puts and takes, the moving pieces as we're thinking about the operating income growth from 1Q and beyond. I know, we talked about rate, we talked about productivity, we talked a little bit about gains. Maybe we can kind of put those together and think about what the potential could be.

Chris Wikoff
Sure. So, as we've already said, we're going to see a full quarter in Q2 of FirstFleet and the accretion and contribution that has brought to our business, a full quarter of the One-Way restructuring and the benefits that we're seeing there. Both of those will be meaningful and impactful. We're going to see the ongoing benefit of rate lift and positive contract renewals.

There are some downsides and some headwinds in the second quarter. I think all of them transitory and more temporary in nature, but there's still more that we have to navigate in the second quarter. We haven't talked much here about the Logistics business. A lot there in terms of the diversification that we've built over the years in Logistics, the value that we're seeing in technology, but just the market dynamics. I mean, the margin pressure in Logistics, namely in Brokerage, which is the largest slice of that segment, has been tremendous. The first half of the second quarter the margin pressure was; I'll even call it painful. Where we're at now in the quarter is proving to be more constructive and improving.

But it's been challenging as the buy-side rates have just continued to see extreme volatility. And that's not to say that we've been waiting for the sell-side and contracts to renew. We've actually been very proactive engaging with customers for at least the top 75% of our Brokerage business. We were very engaged with them in the first quarter. We continue to be engaged with them and proactive in the second quarter to pursue adjustments, to be early on in adjusting sell-side rates. But it's been chasing our tail a bit just given the volatility on the buy side.

So, margin pressure has been challenging, particularly first part of this quarter. That's one. Fuel has been a headwind, again, more so in the first half of the second quarter. It's a net headwind that's manageable, but I would say it's going to be somewhat similar to some of the negative net impact of fuel that we saw in the first quarter. Gains are going to be lower in the second quarter, both sequentially and year over year. And then driver availability. I mean, that's always a challenge in our market. Obviously, it's been more pronounced for us and the industry as of late. So that is a hurdle to growth. I think where we are right now in the quarter, that is now starting to be a bit more constructive than where we started the quarter. But the sum of those, those all temporary, as I said, but they're headwinds nonetheless that we're navigating as we complete the second quarter.

Chris Wetherbee
So, I want to talk about Logistics and get a little bit more deep into that. I want to round out the conversation around driver availability, because that's one of the things that seems like the natural occurrence, given all of the things that are happening with regulatory enforcement and what we're hearing about Montgomery, is that you will have some constraints on driver availability. You mentioned B1, are we thinking about this sort of still geographically where there might be some hotspots that you need to sort of address? I don't know if it's sort of directed or targeted rate increases for the drivers. How are you thinking about driver availability broadly?

Nathan Meisgeier
So, I'll start with just at the literally the field level. So, we have partnerships, relationships with a school network around the United States where we're strategic about where those relationships exist because those schools will feed accounts and customers that we already have in place. So, we make sure that we've got that footprint built out.

And then, of course, the Roadmaster network, so, 20 schools that we own across the United States, also strategically located near where we have freight and where we have customers. So that we're pumping out high-quality drivers that Werner has first access to. They're not required to come to Werner, but about half of the graduates from Roadmaster, and we like to think that the cream of the crop are the people that are gravitating toward Werner.

And so, we've got a competitive advantage there in terms of our ability to lean into new graduates, new CDL holders. As Chris alluded to, the existing pool of experienced drivers obviously is a limited number. The other headwind there on a macro level is retirements. That group of drivers is truly aging out more than they're being replenished. So, there's a headwind there as well.

So, from a – what are we doing at the field level, that's what we're doing in terms of making sure we can entice drivers onto those accounts. Driver pay is something we've touched on a little bit as we've talked here. And the best part about the Dedicated part of the portfolio is that customers share in that. So, if a customer sees that they're not able to seek trucks, that we're not able to seek their trucks, the first thing they're going to do is come and say to us, well, what can we do to help? And often that's a driver pay thing. So, it's a team sport in terms of the customer helping to bolster the driver pay, which is not an across the board, spread the peanut butter, every driver gets the pay. It's where the pain is, is where the help comes.

Chris Wetherbee
Okay. The lack of the sort of top of the funnel, I think, is something interesting. You noted demographics, that's going to be an issue. Do we feel like this is something that's going to just continue to sort of bubble higher? Is it more of a 2027 issue? Driver wage increases that go on a more wholesale basis. How do you think about the potential timing of that, if you were to predict?

Nathan Meisgeier
I'll start on that one. So, if you go back a few years, not to rehash the COVID years, there was a reset of driver wage in 2020 and 2021 where, frankly, at that point the driver wages were subpar and not where they needed to be. The 2020 and 2021 created a whole lot of catch-up at a very short period of time and suddenly those wages were competitive with the jobs that those are mostly competing with. Construction jobs is a typical one that's used as an example. I think now that's still a fair fight, but as the construction industry starts to, the ISM starts to make us think that there's some heat up going there towards wages, and so we're competing against another labor pool that's across the street from us, sometimes literally. And so, I think we'll see it coming. We haven't seen a lot of pressure yet, and again in some pockets we have.

Chris Neil
I would just say back to Dedicated, one of the things that we find appealing about Dedicated is the fact that these jobs offer a lot to drivers. I mean, they're structured, they're repetitive, they're scheduled. In many cases, drivers are getting home nightly or multiple times a week. And so, we generally see the turnover being lower, the retention of those drivers being higher, and I think that's an advantage as you move into an environment where driver availability is going to continue to be constrained.

Chris Wetherbee
And let's talk a little bit in the time remaining about the Logistics business, maybe zooming in on Brokerage first. You alluded to it with the gross margin side. I guess maybe the first question, and this is something that we're interested in across the board, is have you changed materially your carrier vetting strategy, the standards? Have you reduced the pool of carriers that you partner with on the Brokerage side?

Nathan Meisgeier
So, I was sitting in on another panel you did earlier today, our story is very similar to theirs. So that carrier vetting improvement is a story from the last five years, not from the last five weeks. And so, our pool of available carriers has shrunk materially. Again, years ago, it shrunk materially, as we saw more broker liability claims being made, as we had options to use more tools and more resources that were being made available commercially, and more data points that we could use. And so, it's not as simple as, I think the headlines that you would see is that brokers only check for operating authority and the carrier safety rating and insurance, and then otherwise you're good to go. Well, that's the model that Werner maybe used 15 years ago, not recently.

And so, we've really tightened the front door on that and continue to vet carriers on a weekly basis. It's not a once you're approved, you're good to go into perpetuity. We're checking their metrics and checking their scores and checking their data on an ongoing basis, and if something drops below an acceptable level, they'll be shut off until they can get it improved. So, we like what our pool of carriers looks like, our third-party carriers that we're brokering freight to. We don't see a big change coming.

It's interesting talking to other people at this conference. And you hear, again, headlines from some brokers are, "we're not changing our metrics." And then you see anecdotal reports on social media, and sometimes you shouldn't trust what you read on social media, but of carriers who are complaining about having been shut off by those very same brokers. We haven't had that problem. Again, those complaints probably would've been five years ago, not recently.

Chris Wetherbee
Okay. Does it feel, I think it's interesting as an asset-based carrier with a brokerage arm, given the intensity of insurance and the dynamics that you have had to deal with and other carriers have had to deal with on nuclear verdicts, do you think that that sort of just puts the asset-based guys who have brokerage arms at a bit of a different tiering than maybe your average medium-sized broker? I'm not talking about the big mega brokers out there. But I'm talking about that sort of fat middle of smaller guys?

Nathan Meisgeier
Yes. The two labels I've been putting on it are size matters and sophistication matters. And so, all of that rolls into the question you just asked, where if you're a large asset player like Werner with a large brokerage and sophisticated brokerage division that does things the right way, it's kind of a heads we win, tails somebody else loses approach. We like where we sit in that competitive marketplace because we can give the customer either option.

If you want the safety and security of the asset side of the operation, we can provide that to you. If you want it to be a Dedicated fleet of trucks that are committed to you and those drivers are people that when they come to your dock every day, you know them by name, we can give that to you. If you're a small and medium business, but you still want the security of a sophisticated broker, we can give that to you with our scale there, too. So, I would say that the answer to your questions are yes and yes, that both of those things matter.

Chris Wetherbee
So, I guess one of the things we're struggling with a little bit is that it seems that the first-order impact to the brokerage world is a little bit more of a cost potential headwind from maybe higher insurance premiums, potentially more coverage required, and you guys may not be in that category, but other folks could be. I think the hope is over time that there would be some consolidation, particularly amongst the smaller arm of the brokerage world. Obviously, it touches, call it a quarter or so, maybe 20% to 25% of the overall truck market. How do you think about that second wave? Is there a consolidation wave coming on the brokerage side at some point in the future?

Chris Wikoff
I think there absolutely could be. There's consolidation, there's share shifting from shippers, as all of this becomes more of a front of mind for shippers and their selections. But yes, there could be consolidation from a brokerage standpoint. So overall for Werner, we would view Montgomery specifically as being a net benefit, either because there's more value on the asset-based side of our business, or there's a share shift that moves to us being a brokerage of scale, a sophistication, as Nathan said, where safety and security of cargo and people on the road is paramount. And that's a proven practice that we have, and so it seems natural that there would be some share shift that would come our way. But yes, more specifically to your question of just a broad consolidation, that could happen.

Chris Wetherbee
Okay. And then maybe last question I just want to ask in the big picture, you guys have been acquisitive over the last several years, obviously the FirstFleet being the most recent, and I don't want to jump too far ahead, but as you're thinking about the opportunity over the next couple of years, it does seem like there's a bit of a structural change going on, at least on the capacity side of truckload. So where do you think about best placing your capital dollars for growth? Is it more M&A? Is it just more working on the fleet and seeing this cycle kind of play out to fruition? How do you think about that?

Chris Wikoff
Yes, well, historically, we have been methodical and disciplined and balanced in terms of capital allocation, reinvesting our business, returning capital to shareholders through our consistent dividend, share repurchase or otherwise, with pockets over the last five years now of inorganic growth and M&A.

We're thrilled with the FirstFleet acquisition. That has our focus right now of enhancing value, optimizing value, integrating that business, and delivering on what we've been talking about with respect to FirstFleet. But you also can't control when opportunities surface. So, we'll continue to evaluate opportunities as they surface, with a criteria of opportunities that can be accretive, strategic, of scale, specialization in certain areas. So right now, FirstFleet has our focus and the integration and executing on other parts of our business as we close out 2026 and capitalize on a strong market. But that's not to say that we won't be thoughtful and disciplined as we evaluate other opportunities.

Chris Wetherbee
Got it. That's very helpful. We're out of time here, but Chris, Chris and Nathan, thank you very much for joining us. Really appreciate it.