

Proficient Auto Logistics (Q1 2026)
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Corporate Speakers:

- Bradley Wright; Proficient Auto Logistics, Inc.; Chief Financial Officer & Secretary
- Richard O'Dell; Proficient Auto Logistics, Inc.; Chairman & Chief Executive Officer
- Amy Rice; Proficient Auto Logistics, Inc.; President & Chief Operating Officer

Participants:

- Bruce Chan; Stifel; Analyst
- Ryan Merkel; William Blair; Analyst
- David Hicks; Raymond James; Analyst

PRESENTATION

Operator^ Hello. Thank you so much for standing by. (Operator Instructions)

At this time, I would like to welcome everyone to the Proficient Auto Logistics First Quarter Financial Information. (Operator Instructions)

And I would like now to turn the call over to Brad Wright, Chief Financial Officer. Please go ahead.

Bradley Wright^ Good afternoon, everyone.

I'm Brad Wright, Chief Financial Officer of Proficient Auto Logistics. Thank you for joining us for Proficient's first quarter 2026 earnings call.

Earlier this afternoon, we issued our earnings release, which provides comparative financial information for the first quarter of 2026 to the first quarter of 2025 for the company. It can be found under the Investor Relations section of our website at proficientautologistics.com. Our 10-Q, when filed, will also be found under the Investor Relations section of our website.

During this call we will be discussing certain forward-looking information. This information is based on our current expectations and is not a guarantee of future performance. I encourage you to review the cautionary statement in our earnings release describing factors that could cause actual results to differ from those expressed by the forward-looking statements. Further information can be found in our SEC filings.

During this call we may also refer to non-GAAP measures that include adjusted operating income, adjusted operating ratio, EBITDA and adjusted EBITDA. Please refer to the portions of our earnings release that provide reconciliations of those profitability measures to GAAP measures such as operating earnings and earnings before income taxes.

Joining me on today's call are Rick O'Dell, Proficient's Chairman and Chief Executive Officer; and Amy Rice, our President and Chief Operating Officer.

We will provide a company update as well as an overview of the company's combined results for the first quarter of 2026. After our prepared remarks, we will open the call to questions.

During the Q&A, please limit yourself to one question and one follow-up, and you can get back into the queue if you have additional questions.

Now, I'll turn the call over to Rick O'Dell who will provide the company update.

Richard O'Dell^ Thank you, Brad, and good afternoon, everyone.

I'll start with an overview of our operations during the first quarter and some trends that provide insight into our expectations for future quarters.

As we announced in early March, the first two months of the quarter were affected by extended automotive plant shutdowns, weaker-than-expected industry SAAR, severe winter weather and a slow recovery of the rail and sea transportation pipelines that feed our network. These factors constrained volumes and resulted in revenue levels below the comparable periods of 2025 and below comparably higher fixed cost coverage levels with the Brothers acquisition reflected in our 2026 expense base.

While revenue and volume trends improved in March, the revenue gap for the full quarter finished less than 2% below Q1 of 2025. Meaningfully higher diesel fuel prices and the timing lag to associated higher fuel surcharge recoveries created a material unplanned cost and margin headwind in the month of March versus our expectations. Combination of these factors materially impacted our reported bottom line results and profitability, and muted underlying cost control and efficiency improvements in the quarter.

We're clearly not satisfied with the outcome, and our focus remains on execution and resilience in challenging market conditions.

Looking to the second quarter, recent trends indicate more stable volume levels, supported by seasonal strengthening, improved weather, dealer inventory and strong tax refunds.

While automotive SAAR comparisons year-over-year are challenged by peak levels seen last year with tariff demand pull forward, April SAAR is expected to finish at 16.1 million units, marking two consecutive months above 16 million following March's 16.3 million result. The rebound in volumes in March and April made capacity tightening more evident, exposing underlying supply loss that had previously been less visible.

Supply losses appear to be driven by a combination of factors including financial pressure from low volume, compounded by relatively weaker rates, increased relative scrutiny or regulatory scrutiny and driver migration towards other forms of trucking as the broader trucking rates have improved.

At the same time, supply conditions have increased spot market opportunities. When spot opportunities increase, but supply is constrained, third-party capacity is drawn away from participation in contracted freight, particularly with the Subhauler population which shifts towards higher paying rates.

As a result, we are observing contracts having been awarded at below market rates over the last six to 12 months, that have struggled to secure consistent capacity when seasonal volume return and in several instances leading to a redistribution at market level economics.

So this is clearly a turning point in the auto haul market.

Equally important, automotive OEM financial performance is improving as tariff impacts are cycling or in some cases, reversed, which should help ease some of the cost pressures the OEMs have been managing. When combined with the capacity dynamics, this should contribute to a more balanced pricing market environment and OEMs attempting to hold rates below prevailing market levels may experience reduced fulfillment or need to rebid lanes at the higher market levels.

We continue to show discipline in our pursuit of new business and retention of incumbent business to ensure that our portfolio allows for sustainable profitability and reinvestment.

While we're not immune to the driver supply challenges, we're hiring aggressively to fill open trucks and are confident that we can be successful in achieving growth over time despite the complexities in the market.

The company has a strong balance sheet position. We will advance our strategic objectives for continued margin expansion, market share gains and acquisitions.

I'll now turn it back to Brad to cover some key financial highlights.

Bradley Wright^ Thank you, Rick.

To reiterate a few high-level financial statistics, total operating revenue for the first quarter of 2026 of \$93.7 million was a decrease of 1.6% versus Q1 of 2025.

Total units delivered during the first quarter totaled 501,850 which was an increase of 1.5% compared to the same quarter of 2025. With SAAR down approximately 5% versus the first quarter of '25, this implies continued market share gains during the quarter. Adjusted EBITDA for the first quarter was \$4.5 million versus \$7.8 million in the first quarter of 2025.

As mentioned in our earnings press release, we continue to pay down our debt balances during the quarter, reducing total debt by \$5.3 million. The combination of higher fuel costs and rising purchase transportation costs in advance of related customer payments near the end of the quarter, reduced ending cash balances, however resulting in a net debt leverage ratio of 1.6x compared to 1.5x at the end of 2025.

As fuel surcharge index adjustments and customer payment cycles normalize to reflect rising Q2 volumes, we expect cash and receivables to return to historical ranges, while leverage will continue to decline.

Regarding the second quarter of 2026, we are now forecasting total operating revenue between \$105 million and \$110 million, which reflects a meaningful sequential increase. However, it reflects a decline versus the second quarter of 2025, ranging from 4% to 9%.

The second quarter of last year included our highest revenue month to date as PAL, reflecting last April's elevated sales volume as consumers pulled forward purchases in anticipation of rising prices from announced tariffs.

Adjusted operating ratio is expected to be similar to last year's second quarter despite a lower revenue base. Adjusted EBITDA margin for Q2 of this year should be similar to last year's reported results between 8% and 10%.

Given the year-over-year softness in market conditions and available capacity within our existing fleet, we expect equipment CapEx spending for 2026 to be less than \$10 million compared to \$10.2 million for the full year 2025. This evaluation will be ongoing as the year progresses and the revenue opportunity becomes better defined and compared against our available capacity.

Total common shares outstanding on March 31 were 27.8 million, down less than 1% from year-end 2025. As previously disclosed, we repurchased 82,877 shares at an average price of \$6.25 during the first quarter, under a buyback program authorized by our Board of Directors on March 2, 2026.

Operator, we're now ready to take questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Your first question comes from the line of Bruce Chan with Stifel.

Bruce Chan^ I want to focus in first on some of what you mentioned in the opening remarks around the supply pressure. Certainly welcome news.

But wanted to see how you're thinking about that in terms of spot, what you're seeing in terms of spot pricing pressure in the market right now?

Then maybe also how that's affecting the population in auto hauling?

I mean is this more driver attrition?

Is this regulatory impact?

Any ideas on how much direct regulatory impact there might be?

So I would love to hear any color on any of that.

Amy Rice^ Sure, Bruce.

In terms of the spot environment in Q1, it was an absolute flat line during the month of January and February, as you would expect.

In March, when volume levels returned and the supply exit became more visible, there was a market increase in spot opportunity, but there was lack of availability to participate in those spot opportunities on a widespread basis.

So what we experienced was a couple of percentage point increase in our participation in the spot market at rate levels of premiums that were frankly better than what we've seen in the last couple of quarters, but still immaterial on an overall revenue basis compared to the overall portfolio.

Bruce Chan^ Okay. Yes, that's helpful – go ahead.

Amy Rice^ In respect to what's driving the supply components, I think a lot of it initially was financial pressure. The low level of volume in January and February was really such that a number of smaller carriers, in particular, could not afford to continue participation in the market and exited.

Then even in March, while the volume opportunity improved, a lot of third-party carriers do not have the opportunity to recover fuel surcharge and the increase in fuel cost for that carrier base at market rates where they currently are, again pushed a lot of those carriers out of the market.

So I think some of it is attrition based in the third-party carrier space.

We are seeing attrition in the Company Drivers space. Again, the volume levels of January and February made it very challenging for drivers to make a good living. And as pricing has recovered very quickly in the general trucking market, it has compressed the premium of rates in auto haul to rates in general trucking in a way that causes some drivers to trade down or trade into other segments of transportation.

Lastly, from a regulatory perspective, just last comment, the non-domiciled CDL final rule just went into effect and was not stayed in the appeals process this week.

So we do expect that to be an ongoing pressure point for supply in the driver space broadly and in the automotive market as well.

Bruce Chan^ Great. Yes. Super helpful, Amy.

Just to follow up-quickly, as you think about all of that, maybe where is your spot mix today?

Then as you move into second quarter and second half, how are you thinking about those spot opportunities and spot pricing trends for the rest of the year?

Amy Rice^ Spot in the first quarter was less than 5% of the portfolio across new car traffic and secondary market.

So it continues to be a very small portion of the portfolio.

In terms of how we think about it for the future, as we've said consistently, we've made long-term commitments in the contract business, and we expect to service that volume through our best capability where we have opportunity to participate in the spot market, and we can put capacity up against it.

We will certainly be opportunistic and seek to increase the amount that we participate there, but not to the exclusion of serving our contract customers well.

Operator^ Your next question comes from the line of Ryan Merkel with William Blair.

Ryan Merkel^ First topic is the fuel impact.

Can you talk about how much fuel hurt your profit in 1Q?

Then how should we think about 2Q?

Richard O'Dell^ So in Q1, fuel started to increase markedly in March. And because the indexes that set the fuel surcharge don't reset until the beginning of April, we were paying out real-time fuel costs during the month of March that didn't have a comparable increase in the reimbursement.

We think that, that had about \$1 million impact on profitability in Q1. In Q2, the index will catch up to the rate that we're paying.

So it should be less of an impact in that quarter than it was at the end of Q1.

Ryan Merkel^ Got it. Okay. Good to hear.

Then I just wanted to ask about volume trends.

So in the first quarter, volume was down about 4%. How did it look in March and April in terms of volumes?

I'm just trying to understand if underlying demand is stabilizing at this point?

Amy Rice^ Yes. I'll take that one.

So we have to keep in mind some of the pieces of business that are cycling as well.

So you'll recall mid-quarter in the first quarter of 2025, we had a sizable market share gain.

So we cycled that in early to mid-February this year, half quarter benefit in the first quarter, but the benefit of that on a year-over-year basis was gone for March and for April. The Brothers acquisition closed on April one last year.

So we had the full year-over-year benefit of Brothers in the quarter in March and not in the comparable prior quarter or prior period. Again, in April, we've cycled that.

So what we now see is truly what the underlying year-over-year market looks like, and we are consistently seeing the underlying market is down which tracks with SAAR. Again, we are down less than the SAAR level, which seems to indicate that from a relative share perspective we are holding in or gaining, but in a weak market.

Operator^ Your next question comes from the line of David Hicks with Raymond James.

David Hicks^ Maybe just -- can you just talk about the sharp divergence in your company deliveries in the quarter versus last quarter and a flattish unit environment?

Is that something that we should extrapolate out in the future or more just a 1Q issue?

Amy Rice^ Can you repeat that?

I'm not sure I followed the first part.

Richard O'Dell^ David, did you ask about the company -- the increase in company delivery relative to Subhaulers?

David Hicks^ Yes. Yes, especially because you pretty much printed flattish volumes overall, but the company really shot up relative to Subhaulers. I'm just wondering if that -- you can continue to expect that going forward?

Richard O'Dell^ Yes. So there's a lot going on there, actually.

But I mean the fact is as -- when volumes are down in general, we're looking to keep our company drivers active in all environments.

So you're going to see a flex up in the company relative to Subhaulers because the Subhaulers is for excess volume.

So as that volume declines, Subhaulers will likewise decline.

So that's part of the issue.

Then a lot of it also depends on where we see volumes increasing in our network across the country and with which lanes and which OEMs, and some of those are natural company driver areas as opposed to Subhaulers or not.

So there are several factors, but certainly, overall volume as it declines is going to favor company delivery.

David Hicks^ Got you. Makes sense.

Then now that we just have all seven operating companies on a single TMS unified accounting, is there a specific KPIs that you guys are targeting to improve first?

What's the order that you're targeting and what financial returns should we see from those initiatives down the road?

Richard O'Dell^ Well, I think first and foremost, again to the same point of the previous question, we're looking to utilize our Company Drivers segment to its fullest extent.

So we track very closely the revenue -- the average revenue generated by a given driver, and we continue to push that number higher. Likewise, we're looking at a number of cost factors, capturing the expense, the procurement efforts that we've made across fuel, in particular, because it is a large cost and then also bringing down truck expenses as we've -- since the merger, we have continued to work through the fleet and to upgrade where need be.

Those are also areas where we'll continue to push costs down. But I think key among those KPIs are just utilization and driving revenue per driver higher where we can.

Amy Rice^ I'd add one comment to that which is, we've talked consistently about the ceiling of fixed cost coverage in our portfolio.

So what we know to be true is top line drives bottom line for us and maximizing operating productivity and flexibility to be able to capture as much volume as is available in times of larger inventories is our best path to larger revenue.

We can only move what is available to us. What we tend to see in the automotive space is we saw some very low lows in January and February and then some pretty big peaking in March and April.

So to the extent that we can be very productive, very flexible with drivers across geographies to meet varying demand levels in various locations, it helps us put up the best top line that we can in a market that is down year-over-year.

Operator^ That will conclude our question-and-answer session.

I will now turn the call back to Rick O'Dell for closing remarks. Please go ahead.

Richard O'Dell^ Thank you for your interest in Proficient Auto Logistics.

We're clearly very disappointed in the first quarter results and certainly pleased to see the market stabilizing, particularly with the supply coming out and feel strongly that it will lead to a better rate environment and some increased efficiencies on Proficient's part. Thank you.

Operator^ Ladies and gentlemen, that concludes today's call. Thank you all for joining.

You may now disconnect.