

Mossberg's Investor Digest

Best Idea Profile:

Wabash National Corp. (NYSE:WNC)

DESCRIPTION:

Headquartered in Lafayette, Indiana; Wabash National Corporation is one of North America's leaders in designing, manufacturing and marketing standard and customized truck trailers and related transportation equipment. The Company has longstanding relationships with its core customers and attracts new customers with its broad and innovative product lines, its leadership in technology and its large distribution and service network. Wabash seeks to identify and produce proprietary products that offer exceptional value to its customers with the potential to generate higher profit margins for Wabash than it would receive from standardized products. Wabash's management team is currently focused on restructuring operations to match the current demand environment, implementing cost savings initiatives, strengthening its capital structure and developing innovative products.

KEY INVESTMENT CONSIDERATIONS:

Large Addressable Market – According to the American Trucking Association (ATA), trucking was estimated to be a \$660 billion industry in 2008. The ATA estimates that approximately 69% of all freight tonnage is carried by trucks at some point during its shipment.

Industry Leader – Wabash, along with Great Dane and Utility, are generally viewed as the top three trailer manufacturers in the United States and have accounted for greater than 50% of U.S. new trailer market share in recent years, including approximately 59% in 2010. Wabash's market share of U.S. total trailer shipments in 2010 was approximately 21%. In recent years Wabash has seen a number of its competitors follow its leadership in the development and use of composite sidewalls.

Market Penetration and Diversification – The Wabash customer base has historically included many of the nation's largest truckload common carriers, leasing companies, and private fleet carriers, less-than-truckload (LTL) common carriers and package carriers. The Company has successfully diversified its customer base from approximately 60% of total trailers sold to large core customers in 2002 to approximately 30% in 2010 by continuing to expand its customer base and by diversifying into the broader trailer market with both new products and acquisitions.

Pent Up Demand – The recent recession has led many industry participants to delay upgrades and replacements. Also, as the economy improves, it is forecasted that truck carriers will need to expand and replace their fleets, which typically results in increased trailer orders. Collectively these factors should create increased future demand for Wabash products.

Financial Strength – Wabash has \$13.4 million in cash. The Company is currently experiencing a turnaround in its business. During Q2FY2011 the Company also entered into a new \$150 million revolving credit facility with a group of lenders led by Wells Fargo, which should give it adequate capital to finance growth.

VALUATION:

Wabash has resized the Company and its cost structure. Also, the Company is currently experiencing a recovery in a cyclical business. Analyst's estimates are currently at \$0.92 for FY2012. Just 8x the 2012 estimate would equate to a stock price of \$7.36.

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Investment Data (as of 9/29/11)

Recent Price	\$4.99
52-Week Range	\$4.50 - \$13.17
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	69MM
Average Trading Volume	1.2MM
Market Capitalization	\$342MM
Cash	\$14MM
Long Term Debt	\$70MM
Enterprise Value (EV)	\$400MM
BV/ Share	\$2.00
TTM Revenue	\$921MM
P/ Revenue	0.4x
TTM EPS	\$0.13
P/ EPS	NA
TTM EBITDA	\$37MM
EV/ EBITDA	18x

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