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Changes	Previous	Current
Rating	--	Equal-Weight
Target Price	\$25.00	\$27.00
Price:		\$27.03
Fully Diluted Shares Out (mil.):		98.66
52-Week High:		\$32.00
52-Week Low:		\$21.35
Market Cap (mil.):		\$2,666.8
Fiscal Year End:		Jan
Average Daily Volume:	1,212,380	
Float (mil.):		86.5
Debt/Cap:		23.9
Cash/Shr:		\$2.82
Dividend/Yield:	\$0.06/0.2%	
Book Value/Shr:		\$6.46

EPS	2007A	2008E	2009E
Apr	\$0.20A	\$0.18A	NE
Prev.	\$0.17A	\$0.21	--
Jul	\$0.35A	\$0.26	NE
Prev.	\$0.24A	\$0.27	--
Oct	\$0.31A	\$0.38	NE
Prev.	--	\$0.34	--
Jan	\$0.24A	\$0.34	NE
Prev.	--	\$0.28	--
FY	\$1.08A	\$1.16	\$1.40
Prev.	\$0.95A	\$1.10	\$1.26
P/E	25.0x	23.3x	19.3x
Rev.	\$3.56B	\$4.15B	\$4.63B
Prev.	--	\$4.16B	\$4.87B

UTi Worldwide, Inc. is an international, non-asset-based supply chain management company providing air and ocean freight forwarding, contract logistics, customs brokerage, and other logistics-related services. The Company serves a large and diverse base of global and local companies, including customers operating in industries with unique supply chain requirements such as the pharmaceutical, apparel, chemical, automotive, and technology industries.

## UTi Worldwide, Inc.

UTIW - NASDAQ

### Equal-Weight

Reason for Report: Target Price Change, Estimate Changes, Analysis of Sales/Earnings

## Q1'08 In Line; Costs Offset Revenue Growth

### INVESTMENT CONCLUSION:

Longer term, we think UTi can be a margin story again, but believe it will take at least a couple of quarters for the operational leverage to become apparent. Therefore, we are maintaining our **Equal-Weight** rating and are slightly raising our target price from \$25 to \$27, which is 19.3x our new FY'09E EPS of \$1.40 (from \$1.26). UTIW has historically traded between 18x-28x forward EPS estimates.

### KEY POINTS:

- UTi Worldwide reported Q1'08 EPS of \$0.18 vs. \$0.20 last year, \$0.03 below our forecast, but in line with consensus.
- Net rev. increased 24% to \$336 mil., 3% below our estimate and organic net rev. growth was 15%. Net rev. growth was strong across all the product lines.
- UTIW was able to offset lower airfreight volume with margin expansion as a result of excess capacity and mix of business (UTi's Europe, Middle East & North Africa region actually witnessed the highest growth). Airfreight margins were 24.8%, 80bps above our estimate and an increase of 50bps y/y. Oceanfreight margins also expanded and were up 60bps y/y to 15.9%. We believe UTi benefited from a shift from airfreight to oceanfreight and also as a result of price changes that were occurring out of Asia (prices declining) and to Europe (prices increasing) and a lag in the transfer of costs.
- Despite reducing headcount, staff costs were still high this qtr. (55% of net rev.) as a result of severance & other costs related to employee terminations. SG&A as a % of net rev. was above 90% for the second consecutive qtr. Costs are expected to continue to increase sequentially, primarily from growth in the Americas Contract Logistics segment. We think UTi will eventually grow its way out of the cost issues, but don't think it's happening until the second half of the year when cost growth is trailing revenue growth.
- On a geographic basis, the newly formed EMENA region (Europe, Middle East, & North Africa) had net rev. growth of 40%, due in part to the strengthening of the Euro. The Asia Pacific and Greater China regions were negatively impacted by the late Chinese New year, with net rev. growth of 17% and 9%, respectively. The Africa region saw the biggest impact from external sources. Africa net rev. grew just 2%, but was negatively impacted by about 16% due to the declining value of the Rand vs. the U.S. dollar.
- The Company re-affirmed previously stated FY'08 guidance of \$1.14-\$1.22, which is back-end loaded in our opinion. We are raising our FY'08 estimate to \$1.16 (from \$1.10). Ultimately though, we believe UTi remains a "show-me" story for investors that believe the cost issues are under control and the Company can continue to grow revenue.

See important disclosures and analyst certification on pages 3 - 4 of this report.

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**Stephens Inc.**  
**UTI Worldwide Earnings Model**  
(FYE-January)

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(In millions, except per share data)

	2006	April 1Q07	July 2Q07	Oct. 3Q07	Jan. 4Q07	2007	April 1Q08	July 2Q08E	Oct. 3Q08E	Jan. 4Q08E	2008E	2009E
Airfreight Forwarding	\$ 1,214.0	\$ 307.6	\$ 341.5	\$ 374.4	\$ 357.7	\$ 1,381.2	\$ 344.1	\$ 375.1	\$ 438.9	\$ 416.9	\$ 1,575.1	\$ 1,786.1
Oceanfreight Forwarding	826.1	206.5	234.2	244.0	252.8	937.6	232.3	257.8	286.2	291.9	1,068.3	1,140.3
Customs Brokerage	81.0	19.8	22.0	22.1	22.4	86.4	21.9	23.9	24.4	24.1	94.2	106.8
Contract Logistics	408.9	109.2	114.7	119.9	133.5	477.3	141.5	140.1	149.9	152.9	584.4	712.4
Distribution	64.6	77.8	124.6	127.3	114.1	443.8	118.8	120.0	124.8	122.3	486.1	500.0
Other	191.1	52.8	53.1	58.4	70.7	235.0	86.1	86.5	89.2	84.7	348.4	383.5
<b>Total Revenue</b>	<b>2,785.6</b>	<b>773.7</b>	<b>890.1</b>	<b>946.3</b>	<b>951.3</b>	<b>3,561.4</b>	<b>944.7</b>	<b>1,003.4</b>	<b>1,112.4</b>	<b>1,092.9</b>	<b>4,153.5</b>	<b>4,629.0</b>
Airfreight Forwarding	291.0	74.9	81.5	87.0	86.2	329.6	85.2	89.7	101.4	95.9	372.2	424.9
Oceanfreight Forwarding	118.3	31.5	36.3	39.8	38.9	146.6	37.0	39.7	46.1	43.8	166.6	184.6
Customs Brokerage	78.5	19.2	21.6	21.5	21.8	84.1	21.2	22.9	23.3	23.1	90.5	99.6
Contract Logistics	346.2	93.1	101.5	102.1	113.9	410.6	121.7	121.2	126.7	129.2	498.8	594.4
Distribution	50.2	29.0	41.0	41.4	38.9	150.3	35.5	38.4	38.7	40.4	153.0	160.1
Other	82.2	23.9	23.6	24.3	31.5	103.3	35.4	34.6	32.6	34.7	137.4	132.3
<b>Total Net Revenue</b>	<b>966.4</b>	<b>271.6</b>	<b>305.4</b>	<b>316.2</b>	<b>331.2</b>	<b>1,224.5</b>	<b>336.0</b>	<b>346.5</b>	<b>368.8</b>	<b>367.1</b>	<b>1,418.4</b>	<b>1,596.0</b>
Salaries & Related	547.2	147.9	150.3	162.9	181.9	643.0	184.7	183.6	187.1	187.5	742.9	843.2
Depreciation	23.1	7.4	7.8	8.3	9.9	33.4	9.4	9.6	9.6	9.8	38.4	42.2
Goodwill Amortization	5.1	1.9	2.2	2.0	1.9	8.0	2.0	2.0	2.1	2.1	8.2	9.1
Other	292.3	84.5	94.6	97.6	104.8	381.5	108.5	108.6	110.2	112.5	439.8	474.7
Total S, G & A	867.6	241.6	254.9	270.9	298.4	1,065.9	304.6	303.9	308.9	312.0	1,229.4	1,369.2
<b>Operating Income</b>	<b>98.8</b>	<b>30.0</b>	<b>50.5</b>	<b>45.3</b>	<b>32.8</b>	<b>158.6</b>	<b>31.4</b>	<b>42.6</b>	<b>59.9</b>	<b>55.1</b>	<b>189.0</b>	<b>226.8</b>
Interest Expense	(8.8)	(2.9)	(5.9)	(4.0)	(4.6)	(17.3)	(4.1)	(4.6)	(4.9)	(5.3)	(18.9)	(20.3)
Interest Income	4.9	-	2.2	-	-	2.2	-	0.1	0.1	0.1	0.3	0.4
Other, Net	(0.3)	0.2	(0.3)	0.3	0.2	0.4	(0)	0.1	0.1	0.1	(0.1)	0.4
Other Income, Net	(4.2)	(2.7)	(3.9)	(3.8)	(4.3)	(14.7)	(4.5)	(4.4)	(4.7)	(5.1)	(18.6)	(19.5)
Earnings Before Taxes	94.6	27.3	46.6	41.6	28.5	143.9	27.0	38.2	55.2	50.0	170.4	207.3
Income Tax	(35.2)	(7.1)	(10.6)	(10.1)	(8.3)	(32.1)	(8.0)	(11.5)	(16.6)	(15.0)	(51.0)	(62.2)
<b>Net Earnings</b>	<b>\$ 59.4</b>	<b>\$ 20.2</b>	<b>\$ 36.0</b>	<b>\$ 31.4</b>	<b>\$ 24.2</b>	<b>\$ 111.8</b>	<b>\$ 19.0</b>	<b>\$ 26.7</b>	<b>\$ 38.6</b>	<b>\$ 35.0</b>	<b>\$ 119.4</b>	<b>\$ 145.1</b>
Net Earnings - % Net Rev	37.2%	26.0%	22.8%	24.4%	15.0%	22.3%	29.6%	30.0%	30.0%	30.0%	29.9%	30.0%
Minority Interest	(4.2)	(0.9)	(1.5)	(0.9)	(0.6)	(3.8)	(0.9)	(0.8)	(0.8)	(0.6)	(3.1)	(3.0)
Net To Common Shareholders	\$ 55.2	\$ 19.3	\$ 34.5	\$ 30.5	\$ 23.6	\$ 108.0	\$ 18.1	\$ 25.9	\$ 37.8	\$ 34.4	\$ 116.3	\$ 142.1
<b>Diluted EPS</b>	<b>\$ 0.56</b>	<b>\$ 0.20</b>	<b>\$ 0.35</b>	<b>\$ 0.31</b>	<b>\$ 0.24</b>	<b>\$ 1.08</b>	<b>\$ 0.18</b>	<b>\$ 0.26</b>	<b>\$ 0.38</b>	<b>\$ 0.34</b>	<b>\$ 1.16</b>	<b>\$ 1.40</b>
Diluted Shares	98.0	99.0	99.8	99.8	100.2	99.6	100.2	100.4	100.6	100.8	100.5	101.3
<b>Margin Analysis</b>												
Airfreight Net Revenue Mgn.	24.0%	24.3%	23.9%	23.2%	24.1%	23.9%	24.8%	23.9%	23.1%	23.0%	23.6%	23.8%
Oceanfreight Net Revenue Mgn.	14.3%	15.3%	15.5%	16.3%	15.4%	15.6%	15.9%	15.4%	16.1%	15.0%	15.6%	16.2%
Customs Brokerage Net Revenue Mgn.	97.0%	96.7%	98.3%	97.1%	97.3%	97.4%	96.7%	96.0%	95.7%	95.8%	96.0%	93.3%
Contract Logistics Rev. Mgn.	84.7%	85.3%	88.5%	85.2%	85.3%	86.0%	86.0%	86.5%	84.5%	84.5%	85.3%	83.4%
Distribution	77.7%	37.3%	32.9%	32.5%	34.0%	33.9%	29.9%	32.0%	31.0%	33.0%	31.5%	32.0%
Other Net Revenue Mgn.	43.0%	45.3%	44.4%	41.6%	44.5%	43.9%	41.1%	40.0%	37.0%	41.0%	39.8%	34.5%
Operating Margin - % Net Rev	10.2%	11.0%	16.5%	14.3%	9.9%	13.0%	9.3%	12.3%	16.2%	15.0%	13.3%	14.2%
Net Margin - % Net Rev	6.1%	7.4%	11.8%	9.9%	7.3%	9.1%	5.7%	7.7%	10.5%	9.5%	8.4%	9.1%
<b>% of Net Revenues</b>												
Salaries & Related Costs	56.6%	54.4%	49.2%	51.5%	54.9%	52.5%	55.0%	53.0%	50.7%	51.1%	52.4%	52.8%
Depreciation & Amortization	2.9%	3.4%	3.3%	3.3%	3.6%	3.4%	3.4%	3.4%	3.2%	3.3%	3.3%	3.2%
Other G & A	30.2%	31.1%	31.0%	30.9%	31.6%	31.2%	32.3%	31.3%	29.9%	30.6%	31.0%	29.7%
Total S, G & A	89.8%	89.0%	83.5%	85.7%	90.1%	87.0%	90.7%	87.7%	83.8%	85.0%	86.7%	85.8%
<b>Growth Rates</b>												
Airfreight Gross Rev.	19.3%	10.5%	13.5%	16.0%	14.6%	13.8%	11.9%	9.8%	17.2%	16.5%	14.0%	13.4%
Ocean Gross Rev.	22.8%	10.7%	16.0%	10.7%	16.5%	13.5%	12.5%	10.1%	17.3%	15.5%	13.9%	6.7%
Customs Brokerage	4.4%	-2.5%	9.4%	6.8%	13.5%	6.7%	10.5%	8.3%	10.0%	7.5%	9.0%	13.3%
Contract Logistics	30.9%	25.9%	12.3%	8.0%	22.5%	16.7%	29.6%	22.2%	25.0%	14.5%	22.4%	21.9%
Distribution	N/A	400.4%	728.0%	642.9%	576.6%	587.0%	52.8%	-3.6%	-2.0%	7.2%	9.5%	2.9%
Other	6.3%	23.6%	15.0%	19.7%	32.4%	23.0%	62.9%	63.0%	51.0%	19.8%	47.0%	11.0%
<b>Total Gross Rev.</b>	<b>23.3%</b>	<b>22.8%</b>	<b>29.7%</b>	<b>27.7%</b>	<b>30.6%</b>	<b>27.9%</b>	<b>22.1%</b>	<b>12.7%</b>	<b>17.6%</b>	<b>14.9%</b>	<b>16.6%</b>	<b>11.4%</b>
Airfreight Net Rev.	14.9%	6.2%	13.3%	16.8%	16.4%	13.3%	13.8%	10.0%	16.5%	11.3%	12.9%	14.2%
Ocean Net Rev.	19.7%	23.2%	23.9%	28.2%	20.2%	23.8%	17.3%	9.4%	15.7%	12.4%	13.6%	10.8%
Customs Brokerage	4.2%	-2.1%	11.3%	6.7%	12.9%	7.2%	10.4%	5.8%	8.4%	5.8%	7.5%	10.1%
Contract Logistics	34.6%	27.2%	16.4%	8.2%	24.5%	18.6%	30.8%	19.4%	24.0%	13.4%	21.5%	19.2%
Distribution	N/A	142.9%	244.8%	209.0%	199.9%	199.4%	22.4%	-6.2%	-6.6%	3.9%	1.8%	4.6%
Other	24.9%	17.5%	27.0%	23.3%	33.8%	26.7%	47.9%	46.8%	34.4%	10.3%	33.0%	-3.7%
<b>Total Net Rev.</b>	<b>24.9%</b>	<b>22.8%</b>	<b>28.2%</b>	<b>24.9%</b>	<b>30.5%</b>	<b>26.7%</b>	<b>23.7%</b>	<b>13.4%</b>	<b>16.6%</b>	<b>10.8%</b>	<b>15.8%</b>	<b>12.5%</b>
Oper. Income Growth	3.5%	10.6%	123.8%	43.7%	86.9%	60.6%	4.8%	-15.6%	32.1%	68.1%	19.2%	20.0%
PreTax Income Growth	-1.4%	3.1%	118.2%	37.6%	71.6%	52.1%	-1.2%	-17.9%	32.8%	75.8%	18.4%	21.7%
Net Income Growth	-18.3%	9.4%	217.5%	80.3%	142.6%	95.6%	-6.2%	-24.8%	24.0%	45.7%	7.7%	22.2%

Source: Company Data, Stephens Inc. Estimates

## APPENDIX A

### ANALYST CERTIFICATION

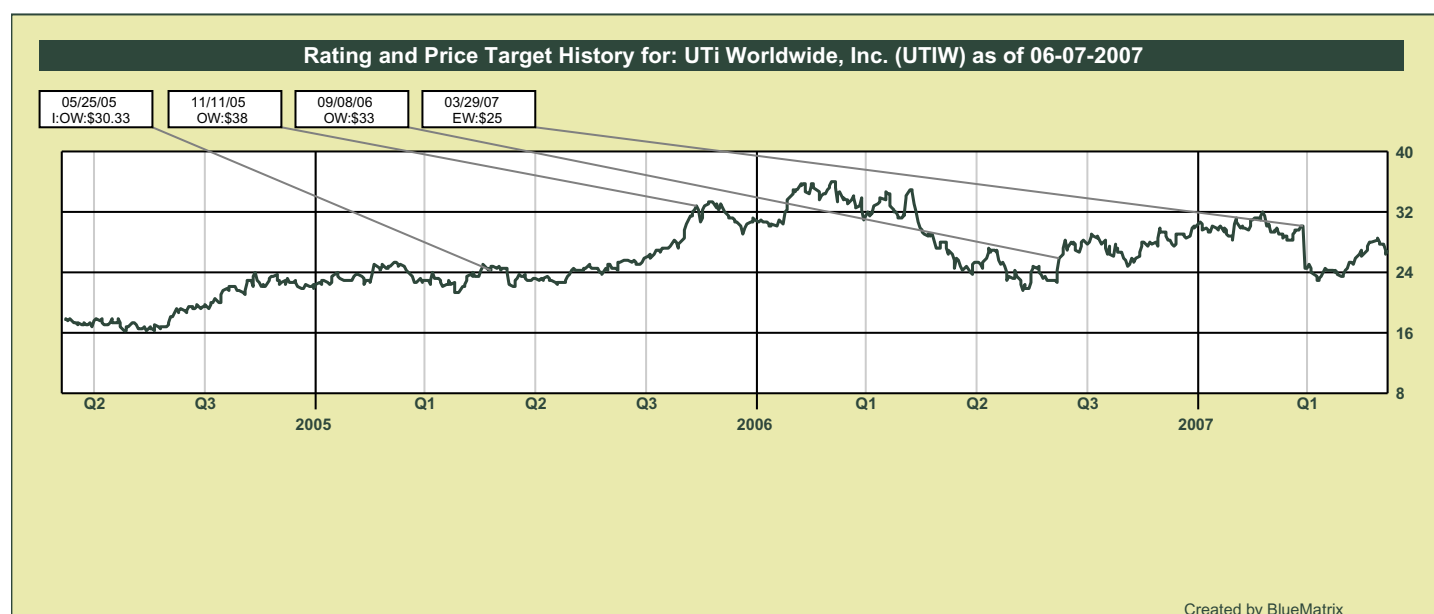
The analyst primarily responsible for the preparation of the content of this report certifies that (i) all views expressed in this report accurately reflect the analyst's personal views about the subject company and securities, and (ii) no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in this report.

### REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this report has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Stephens Inc. maintains a market in the common stock of UTi Worldwide, Inc. as of the date of this report and may act as principal in these transactions.

Stephens Inc. expects to receive or intends to seek compensation for investment banking services from UTi Worldwide, Inc. in the next three months.



### Valuation Methodology for UTi Worldwide, Inc.

- We used multiple valuation techniques, including EV/EBITDA, P/E and comparable company analysis, to arrive at our 12-month price target for UTi Worldwide.
- Our P/E multiple assumption is based on the stock's recent trading range, its recent and longer-term multiple ranges and also a comparison to its peers.
- We place a great deal of weight upon the Company's long-term growth prospects and free cash flow generation potential.
- The rate of improvement is also considered when assessing trends.

### Risks to Achievement of Target Price for UTi Worldwide, Inc.

We believe risks to the stock achieving our 12-month price target include renewed macroeconomic weakness that would lead to volume growth below our forecast, which would negatively impact operating margins and earnings. In addition, West Coast port congestion can create container backlogs and service failures. Another risk is lower-than-expected ocean yields and lower incremental margins.

### Ratings Definitions

OVERWEIGHT (O) - The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) - The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) - The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) - The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

## Distribution of Stephens Inc. Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OW]	127	58.80	17	13.39
HOLD [EW]	85	39.35	13	15.29
SELL [UW]	4	1.85	0	0.00

## OTHER DISCLOSURES

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