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Hub Group, Inc. Q2 2008 Earnings Conference Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question customer line from Edward Wolfe from Wolfe Research. Please proceed sir.

Edward Wolfe – Wolfe Research

Hi, good afternoon everybody. Thanks for that explanation. It's such a change in the operating environment where you go from a low growth and yield expansion to this big upticking growth. When you look though the gross revenue growth that your truck and intermodal businesses, let's take logistics out of it for now, how much of that is demand is improving a little bit, may be some mode shift or market sharing, how much of that is the sales force is starting to really kick in and you get a sense that this is individual to Hub, how do you look at these things?

Dave Yeager

I would say Ed, that this is individual to Hub. I believe that we're taking share that the sales force is beginning to kick in and some of our focus that we've had is beginning to payoff. So I do believe it is specific to Hub. I don't really see the overall freight market improving much over the last several quarters. Mark I don't know if you have anything to add on that?

Mark Yeager

I think I would agree with that when you look at – one of the major things we did in November was particular an enterprise account's group and we saw a 14% increase in the quarter in business generated by enterprise accounts. So I think there are some certainly some market fundamentals that are helping intermodal, but I think individually we're doing a better job in the sales as for service, pricing and marketing area.

Dave Yeager

And just say you know, we define enterprise accounts as we identify the large customers that have the capability to give us tens of millions of dollars in business. So his definition – I don't think we've mentioned that on the call before.

Mark Yeager

Right.

Terri Pizzuto

Yes, and I guess the other thing I would point to is we grew in local lease about 10% this quarter, where in Q1 we were only up 2.5%. Some of that local lease increased with related to business that converted from truck to intermodal and say the words as well as some paper customers.

Edward Wolfe – Wolfe Research

Okay. So it sounds like things are not front filled consistent to you. You talked about Dave having better visibility than you've had for sometime going forward. Yet you only raised the head count by 15 people. I would expect to see more operating leverage, other than the million dollars that that probably is an ongoing related to the strikes out west. Am I thinking about that right? That when you have this much volume without having to raise the employees, we should start to see some better cost improvement than this going forward?

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