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## Landstar System, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

(Operator Instructions) Your first question comes from Justin Yagerman – Wachovia Securities.

#### **Justin Yagerman – Wachovia Securities**

The first question is pertaining to the guidance. Henry didn't mention, is all the disaster relief work that you guys are doing over with and does that guidance include any revenue under those disaster relief contracts that you have?

#### **Henry Gerkins**

The only contracts we had was with one contract with the state for evacuation services which there is no more revenue to be had on that. There is some sporadic FEMA stuff but nothing material.

#### **Justin Yagerman – Wachovia Securities**

So that was just the bus and now that's over and you wouldn't expect much in Q4.

#### **Henry Gerkins**

That's correct.

#### **Justin Yagerman – Wachovia Securities**

When I think about what you said in the third quarter, you obviously put up some pretty impressive numbers in the machinery segment. A lot of that feels like it is attributable to exports, at least from our standpoint. How is that fairing? And could you talk about what you're seeing in October in terms of the other verticals and maybe what those customers are saying or what you're hearing out there in terms of why the economy has taken this next leg down.

#### **Henry Gerkins**

First of all, as it relates to our business mix, as you well know it's very diversified and our revenue growth is all about product mix. When you look at our flatbed or heavy haul business it really is generated through customers that some of its export, but a lot of it's not.

#### **Justin Yagerman – Wachovia Securities**

Is the pricing still strong in that business?

**Henry Gerkins**

The pricing is strong because it has nothing to do, and I know there's been a lot of discussion on flatbed pricing and how it's going to go down. Again, our flatbed pricing is based on the particular type of move that we're doing. The heavy haul move just commands a higher price and I don't anticipate the power generation business to slow down at all, so I would anticipate that pricing overall would maintain at a level.

Now when you talk about steel which we don't do a lot of steel to begin with, I would think you've got some excess capacity. But that's not our niche. We don't do a lot of that.

**Justin Yagerman – Wachovia Securities**

What percent of your revenue is that right now?

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