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Hub Group, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Ed Wolfe - Wolfe Research.

Ed Wolfe – Wolfe Research

Could you talk a little bit about the change in the model, if you look at the last two quarters instead of the focus being on operating margin improvement, the focus being on volume growth obviously? How much of this is kind of planned and how much of this kind of taking what the markets gives you and when we look out it what point do you expect to start to see margin improvement as well as growth?

Dave Yeager

That's a very fair question Ed, I think that first of all, we had become more aggressive in trying to grow our overall volumes and that's really in all segments of our business. So you have seen us to grow that, we are at the same time we are working towards margin enhancement, well that may not be reflected quite as obvious with the numbers that we just posted. We are being very aggressive. We are having meetings on a regular basis to expand the margins.

Anytime we take on large new customers, a lot of times it maybe at smaller margin levels, but those again are something that we worked at this before, we've been able to expand the margins overtime, as we better learn the business, as we get better balance in certain markets and segments, as we find new carriers who maybe interested in the highway business and so, this will be an ongoing process and I'm hopeful that we'd be able to reap some benefits from this pretty quickly.

Ed Wolfe – Wolfe Research

The intermodal volumes up 9% what's the visibility as you're going forward, you were obviously last quarter that I've got great visibility we feel like this is outside in the market and we're comfortable. How comfortably are you the world slowdown again that you can continue to grow volumes like this?

Dave Yeager

We think the three to six range in the fourth quarter certainly very reasonable, our retail business was down 1% again in the third quarter. Despite the fact, that we did add, we actually gain some share and added a significant retailer to our overall portfolio. So, it's a very tough market for that, which is a very large business segment for us, but we've been able to make it up in consumer products, etcetera. So, we do feel very good about the growth where we are right now despite the fact that retail

is down and we've also had some market deterioration in handling another transportations companies business.

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