

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha (α) to the right, all on a dark red background.

Landstar System, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) Our first question will come from Edward Wolfe of Wolfe Research.

Henry Gerkens

Ed, how are you? Ed, are you there? Hello?

Operator

His line is open, sir. Do you want me to go ahead and move to the next person?

Henry Gerkens

Ed, are you there? Yes, I guess so.

Operator

Thank you, sir. Our next question comes from the line of Jon Langenfeld, Robert W. Baird.

Jon Langenfeld – Robert W. Baird

(inaudible).

Henry Gerkens

Jon, are you there?

Jon Langenfeld – Robert W. Baird

I'm here. (inaudible) talk about how you're approaching? And are there certain tiers you are looking at that if they don't develop, you will intensify the cost actions? Are these cost actions thought to be pretty defined out here for the next several months?

Henry Gerkens

We've taken some pretty defined cost actions obviously. We issued instead a salaried employee headcount freeze. We've taken a look at various things that Landstar does as it relates to employees, agents, BCOs, third party capacity, and we scaled that back. And we think we are in pretty good position as we move into the 2009. That's not to say if there is something that gets worse, if you will. I mean, there are the actions obviously we can take.

Jon Langenfeld – Robert W. Baird

But you are essentially saying that you think you can grow or you think you can moderate your expenses with the revenue levels and essentially hold margins roughly flat. I mean, that's kind of what you're implying by your stated range of outcome –

Henry Gerkens

That is correct. I mean, I think it's very difficult under this environment to predict what's going to happen. And therefore we are not going to provide any revenue guidance. But what – if you look at Landstar from a macro perspective considering our variable cost model in certain other things that we can do, I mean, that – even that set of assumptions of a flat revenue year to minus 20%, I mean, those are the range of EPS numbers you would be looking at. And I think the takeaway there is, you know, we're pretty well insulated from a lot of different things that occur.

Jon Langenfeld – Robert W. Baird

What's the magnitude of the cost action taken?

Henry Gerkens

Around \$2.5 million to \$3.0 million at this point in time.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.