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Rush Enterprises, Inc., Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Yes, sir. (Operator Instructions) Our first question today comes from Jamie Cook with Credit Suisse.

Jamie Cook - Credit Suisse

Hey, good morning.

Rusty Rush

Hi, good morning, Jamie.

Jamie Cook - Credit Suisse

My first question, Rusty, could you talk a little bit about the margins on the new and used truck side, they were a little lower than I thought. I am just wondering if there was anything unusual in there and sort of how you think about that on a sustainable basis?

Rusty Rush

Well, going forward I would expect margins to remain similar to the fourth quarter, Jamie. As we continue to manage competition is much more competitive out there and moving inventories is the key thing and obviously we do not expect the margins to go up at this moment. No, they will be more inline what we have seen as markets are going to continue to be weak going forward.

Jamie Cook - Credit Suisse

I mean was it more focused on the used side versus new side, can you comment on your used truck inventory, how you compare it relative to last quarter and just the magnitude of the declines you are seeing on the used truck side?

Rusty Rush

Yeah specifically to the used side their margins were compressed more from quarter-over-quarter they were down 3.3%.

Jamie Cook - Credit Suisse

Okay.

Rusty Rush

And I think that is reflective of declining values that are out there in the marketplace at the moment. But we are probably provisioned for that and I think that's reflective in the margins which you see currently.

Jamie Cook - Credit Suisse

And just the inventory of used trucks out there, do you comfortable with what you have? Or how it compares to last quarter?

Rusty Rush

Yeah I feel comfortable it whether I rather have a less inventory yes we could stand to have a little less inventory based upon current sales. But we do expect sales to pick up as we get into the, start moving in this point of time. That's historically the way it works. At this point of time, we start our sales as far as units total units pick up but from a value perspective I can believe we are just fine from reflective in the lighter margins which you see.

Jamie Cook - Credit Suisse

Okay and then you made comments in your press release and your prepared remarks just sounds like the credit markets are tougher to get financing can you just give a little more color on what you are seeing and how things have changed since the third quarter?

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