

Greg Swienton Interview with CNN Money Gang

Intro: Fourth quarter profit at Ryder System, the world's largest truck leasing company, kept a tight reign on costs. However, Ryder's fastest growing segment is integrated logistics providing transportation, distribution and supply chain management for the industry. Ryder Systems President, CEO and Chairman, Gregory Swienton joins us now from Miami. Welcome to Money Gang.

GTS: Thank you. Good afternoon.

Q: Tell us about how the business is going, and what the economy and some of the factors we have been discussing today have been impacting your company.

GTS: Well, I think first of all that we a good quarter and I think that there are a few signs of promise. Commercial rental increased six percent with is the first time it has grown in 10 quarters. We had a few growth areas overseas in automotive logistics. At the same time there is probably a fair amount of caution and a bit of concern over the economy in general so many of our customers and our customers customer's are probably being a little conservative and cautious when it comes to inking contracts because of the general environment.

Q: Well give us your take on the general environment. What assumptions are you making for 2003, if you are seeing some caution among your customers and your customers customer's?

GTS: For 2003 we think it is proper to be conservative, so we have modest growth expectations in our Fleet Management and Rental business. Until we get through some of the uncertainty of a war overhand and softness in the stock market and industrial sector, we think it is probably more proper to be conservative on revenue growth and still maintain a lot of focus on that which we can't control which are our cost initiatives.

Q: One thing we associate with transportation companies is a rising vulnerability to rising fuel prices. Explain where you fit into that. You're not necessarily as exposed as other companies would in that the person who is leasing the truck is putting the fuel in the vehicle.

GTS: That's true and for our lease customers, fuel is provided by us, but it is a pass through, so it's not a great impact on us. Unfortunately, rising fuel prices are significant for our customer and that can't help but influence their cost of doing business.

Q: Yeah, that's gotta be something you are keeping a close eye on going ahead here because others think that there could be higher fuel prices going forward in our situation with Iraq. Clearly as President, CEO and Chairman you've gotta be keeping a close eye on that. What are your assumptions there?

GTS: Well I think that from history whenever there has been a real negative impact to the US economy it has been energy related. If you go back to all moments in history when you had anticipation or problems with supply, it has been due to energy and often oil, so it something we obviously monitor closely and are very concerned about.

Q: We are looking at pictures of the yellow trucks here. Let's get into a little of the logistics business and that area of the business that people might be less familiar with from the rental brand. What can you tell us about how that business is going and how it is growing?

GTS: Yes, and if I could just make one comment. You referred to yellow trucks and there may have been a picture go by. That was actually a division that was sold, a consumer rental in 1996, so what you will see from us now are leasing and rental white trucks, which is commercial and industrial business. On the logistics comments that you asked about, there is a lot of outsourcing and growth in logistics and even during difficult times customers tend to be prone to outsourcing because they find it to be more effective and cost efficient. So that's an opportunity for growth, our challenge is to make sure that those growth opportunities are truly bottom line focused and profitable.

Q: And I've been told we had white trucks on the screen too!

GTS: Oh, I heard you say yellow...

Q: No, there were some yellow trucks on the screen as well that some people may still associate with the company. Overall, with the upcoming quarter are you pleased with the current estimates you up there?

GTS: Yes, we did an earnings estimate call in December and laid out our plan for 2003 and there is no reason yet to change those and basically I think there was a question like that on the earnings call this morning. We see no reason to change anything we already talked about. If there is we'd of course have to announce it.

Q: Gregory Swienton, Ryder System, thank you for joining us!