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Chris Neil, SVP, Pricing and Strategic Planning**

Ken Hoexter

Welcome to day three of our 32nd annual BofA Transportation, Airline, Industrials Conference here in New York. Next up we've got Werner Enterprises.

For those that are new to the room, I'm Ken Hoexter, BofA's Air Freight and Surface Transportation and Marine Shipping Analyst. From Werner, joining us here is EVP, CFO and Treasurer, Chris Wikoff and SVP, Pricing and Strategic Planning, Chris Neil.

While this is both of Chris' first time at our conference, this is Werner's 10th time attending the BofA Conference, so thank you for the commitment to the conference over the years. Chris Wikoff has been CFO for just over two years. Chris Neil has been with Werner for nearly 28 years. We welcome both of you here this morning, so thank you.

Chris Wikoff

Happy to be here.

Ken Hoexter

So, Chris Wikoff, let me turn it over to you maybe for some opening thoughts on Werner, three things you want us to take away from the conference. We've had, obviously, a lot of news over the past couple of days, not just from the conference but even from the weekend when everything, outlook-wise turned on a dime. But let me turn it over to you for some opening comments and key takeaways.

Chris Wikoff

Yes, sure. Maybe for those that are less familiar with Werner, just a quick overview of who we are. We are a leader in providing supply chain solutions at scale to customers of scale across North America.

We've evolved over seven decades from our founder with one truck to an asset pool of approximately 7,500 trucks and nearly 30,000 trailers comprising consolidated revenue of over \$3 billion and associates company-wide that are nearly 13,000.

We've certainly grown over the years. Our portfolio and solutions have also evolved over the years being more durable, more diversified, being a multi-mode provider across both asset and asset-light solutions.

We have two operating segments within our business. Our Truckload Transportation Services are TTS, as well as Logistics. TTS is over \$2 billion in annualized revenue that really houses our Dedicated as well as our One-Way Truckload offering. Two-thirds of that segment being in Dedicated, a turnkey, highly integrated offering to large enterprise customers where reliability is really paramount and at the focus. And

then One-Way houses our Expedited, highly engineered lanes, as well as cross-border and Mexico operations.

Within Logistics, over \$900 million in revenue. 75% of that is in Truckload Brokerage, including a trailer pool, which shippers that are using a brokerage model at scale, it's helpful for them to have access to trailers with a single carrier that gives them a more simplified, efficient operation. And the other 25% of Logistics is in our growing Intermodal business, both brokered as well as owned container assets and then a Dedicated Final Mile business.

In terms of just things to highlight, I mean it's been a difficult, long, deep downturn with lots of surprises here and there. But during this time, we've focused on our long-term strategy and controlling what we can, putting us in the best position as the macro improves.

That includes focusing on our customer every day, proving to them that they've made the right decision in trusting us with their freight. That comes down to safety, service, solutions, as well as our technology and talent.

Technology has been a focus for us for a couple of years. Investing considerable time and energy and capital, we see that transforming our business and believe that will continue to do so and have a positive impact on our customers as well as our top and bottom line.

We've been focusing on our cost profile to put us in a better position to expand margins as we get into a better backdrop. And then continuing to maintain a healthy balance sheet, capital structure, give us optionality to continue to invest strategically and invest in ourselves.

Ken Hoexter

So, let's talk about what did change recently. Let's start off with that in terms of the tariffs just because we've talked a lot about the exposure to Mexico, which is about 10% of your consolidated revenues, the West Coast, if you think about the ports, 10% of One-Way revenue. Each saw some network disruptions from tariff-related volatility.

How did you manage the disruption? What do you think has changed? Maybe talk about what your customer conversations have been over the last two or three days.

Chris Wikoff

Yes, I wouldn't say any permanent disruptions, meaning dramatic changes in supply chain and among our customers. It's certainly been, the entire tariff backdrop and just the fluidity of that has been a distraction, for sure. Although, we haven't seen dramatic changes.

Obviously, we were tuned in from a West Coast perspective of just lower imports and the broader impact that can have across the industry. It's a little bit more directly focused and a bit more line of sight in terms of Mexico. Although, we believe our freight there being largely manufacturing, industrial, even food and beverage, is uniquely sourced in Mexico or those shippers have considerable investment in manufacturing and infrastructure so that they're just not going to abandon in the near term or even midterm.

So, we feel like, while there's some stops and starts, there can be some inefficiency as shippers are evaluating, pausing, trying to figure it out, that over the midterm that freight is still going to flow and still going to be stable. And over the long-term, we still like near-shoring and the positive long-term benefit that's going to have in our position in Mexico.

On the West Coast, you're right, it generally represents about 10% of our One-Way business, although, that's what we can quantify. As we get more inland and freight that we're carrying closer to the consumer, it becomes less transparent and visible of exactly where that freight is being sourced.

And as we think about imports, that doesn't necessarily translate to a 10% impact, it's a percentage of that 10%. And we've been staying close to our customers.

Inventories are in healthy positions, even for some, maybe more elevated than usual. So, there is capability even before the 90-day pause, there was capability for certain of our customers and shippers to draw down on some inventory.

That, for us, would look a bit more normalized just given we have more concentration inland and carrying freight closer to the consumer. But it's certainly something that we've been monitoring and engaging with customers on.

Ken Hoexter

Let me just dig into that. You just said inventories are in healthy positions, but I missed the second part of that. You said even over somewhat?

Chris Wikoff

With having some elevated inventory maybe that are closer to the ports, closer to the coast.

Ken Hoexter

Okay, let me dig in on that for a second because the Port of LA said, we asked them about the warehousing as it comes to the ports, "How full are those?"

I think he mentioned we're not at COVID levels. But if normal was, let's say, 14 days, COVID was two, three days of excess availability, we're at like four or five days. What are your customers thinking? How are you looking at your customers' inventories?

Are they at that point where if we get this, let's say a couple of weeks, three weeks or four weeks of delayed stuff coming in, is it enough? Or do you look at it as a truck company that we're going to have another wave of freight in four weeks after this blip, this air pocket, that you're not going to have a rush to restock?

Chris Wikoff

I think it really varies by customer, Ken. What we aren't hearing is that there's insufficient inventory. It's either as expected, healthy, or maybe a bit more elevated.

Even in some cases, shippers saying that they are running out of some capacity. So, more shippers might have pulled forward a bit more than others.

Ken Hoexter

Okay. So we just wrapped up bid-season. I guess you've got two weeks left in terms of the normal March to May. And I know some of your customers go throughout the year. But I think you mentioned low to mid-single digit contract rate increases. I presume that was a One-Way discussion, not Dedicated. Am I reading that right?

Chris Neil

That's correct.

Ken Hoexter

Okay. How does that compare with what we see in the spot market rates where spot is still looking below operating costs? I mean, if I look at DAT's published data, it's \$1.47. Cost is generally about \$1.50 if I understand it right.

Chris Neil

Yes.

Ken Hoexter

How is the contract market fairing in that environment?

Chris Neil

Well, if you step back for a minute and just broadly look at how that's progressed over the last couple quarters, we reported a 0.3% increase in our One-Way trucking rate per total mile in the first quarter. That was the third consecutive quarter of year-over-year gains, although, rather small at 0.3%.

It would have been a little better without some deadhead issues, or elevated deadhead that we had in the quarter. Rate per loaded mile in the first quarter would have been just over 1%. So that's reflective of the statements that we made around contractual rate increases generally increasing low to mid-single-digits through the bid season, back to your bid season question, so we're well over halfway through.

About half of our One-Way revenue will be repriced sometime in the first half. And we'll start to see that flow through in the second quarter with another good chunk then implementing in the third quarter.

So, several things would influence One-Way trucking rate per total mile. Certainly the contractual rate increases that we're getting on bids would be an influence there. Business and lane mix, customer and lane mix will certainly be influential. And then of course the spot market, as you mentioned, was a little bit lower. It had started strong in the year, it declined a bit in March and then into April and May.

Here we are in Road Check Week this week and that's interesting. And so that will also influence where we end up here in rate per total mile in the second quarter.

In terms of spot versus contractual rates, the national averages are the national averages, and certainly within some geographies you have some strength and some weakness. But in general, yes, we're still 20 to 30 cents higher on a contract rate versus the spot rate.

Ken Hoexter

What is the general impact of Road Check Week? Can you maybe, for those that aren't familiar, what percent of the fleet literally parks itself for the week or takes off? And what is the impact you've historically seen on spot rates?

Chris Neil

Well, it can vary by year, depending on what the focus of Road Check is. This year Road Check is Tuesday through Thursday, so it's the last day here. But you see some changes leading up to Road Check and some impact then on the week following. So, it can be an event that lasts 7 to 10 days. I think typically as you look back over the last few years, for us at least, I can't speak for others, but ours would be high-single digit of an impact in spot rate from the weeks prior to the week or 10 days during Road Check Week.

So that's always been an indication to us because we've seen that blip here over the last couple of years, that the market is relatively balanced, when you see a week like that and you see some percentage of trucks parked. And I don't know what that percentage is, I think it probably varies from year to year, depending again on what the focus is. And we'll see this year to what degree we see drivers off, or trucks off the road. But so far from what we can tell, it's impactful this year. I can't define the percent or not if it's consistent with prior years, but indications would be it's at least consistent with what we've seen in prior years in terms of disruption and impact on spot.

Ken Hoexter

I asked to get to the point, the exact point you're talking about, when you think about the balance of the market. Because little things like that when you see those spikes, whether it's coming into the New Year and we've had a spike at the beginning of '23, another one in beverage season of '23, another one in the beginning of '24. Didn't really have a beverage season last year in terms of a spike in spot rates. And I know you don't do too much in spot, but just interesting to see when you get these events, are we seeing the market react? Because that tells you I think a little bit more about how much capacity has come out, how well we are toward that supply and demand.

So if I think about, you just gave me the contract view and you kind of threw in a little bit of spot up 0.3%, but you've got a target on the One-Way business of 0% to 3%. Thinking about that, maybe just give me parameters of what you think drives the upper end of that? What drives the lower end if you're running at about 1% right now? Just trying to think about what happens in the rest of the year. Is it just that demand spike or now that contracts are set, it kind of sets those rates?

Chris Neil

Well, I think it's a few things. So, our guidance was flat to 3% for the second quarter on a year-over-year basis. And so the things that'll drive it on the upper side would be a better spot rate maybe than what we've

seen here in March and April and into the early part of May. So if we can get a lift in June, you typically see an end-of-quarter lift with spot and just projects and shippers looking to get inventory out into the stores.

And so business mix and lane mix will definitely be impactful. Clearly, if we see some kind of a drop-off in volume due to some of these imports, I mean that could be a little bit on the headwind side. So I think mix and compliance with commitments and what we've seen in the last couple of weeks and whether or not that continues at those levels or could be elevated now with maybe some pull forward and maybe not. So those are the factors that would influence lower versus higher end.

Ken Hoexter

Yes. Can you talk about that? The air pocket? Because it would be hitting the ports right now. So what do you look at or hear from your customers? Or as Chris was saying before, it doesn't matter that air pocket because we're already staged and ready to go and so we look at kind of smooth sailing as we go through the quarter.

Chris Wikoff

Yes, I think it certainly pushes some of the uncertainty out further in the year. As I said earlier, some shippers had pulled forward some inventory that they can draw down for a period of time. I think it's a bit more of a wait to see with this development and how shippers react. And it's probably going to continue to vary by shipper.

Ken Hoexter

So when you say wait to see, I just want to understand that one. Because if we get this, let's say they've staged it, then you get the period of okay, now we're drawing it down, the excess, we're drawing it down, we're getting to a normal thing. Do you feel like in any discussions, do people feel like we've got to hurry up in the next 90 days to reset that rebuild, get stuff ordered, get it over here because who knows what happens after the 90 days? Or is the comfort like, all right, they've already taken it down to this level, they're not going back up to 145. We can at least base build here and then just smooth planning for, I'm thinking as we go through peak into the back half of the year.

Chris Wikoff

I think it's a little bit early. I think you're spot on in terms of the real focus is on peak, and how much over the next 60 days that's being pulled forward. Do they have capacity from an inventory perspective? So it's a little bit early to tell.

Chris Neil

Ken, one thing I'd add, I think specific to Werner, we're two-thirds retail in our business. And a good chunk of that is discount retail, value retail. And it's really focused on more non-discretionary versus discretionary type items. So as you think about imports and some of the impact that could have on non-discretionary versus discretionary, I think there could be some differences there. And so a lot of the business that we do is replenishment. These are things that are consumed on a weekly basis and it's things that are going to continue to hit the store shelves.

So you definitely could have a different answer from someone like us who's more focused on that part of the business versus more discretionary type retail that might be more impacted.

Ken Hoexter

Let's talk about the fleet size. So if you think about the TTS fleet as a whole, your target is to grow 1 to 5%. You noted momentum with some wins outside of your core discount retail focus. I presume you were talking about Dedicated on them. But yet you noted they're reputable logos. So this is potential to really drive some business. Talk about those wins and then I don't know if you can provide any detail on what kind of type of customer this is and how well it blends in for your expertise.

Chris Wikoff

Yes, we're excited about the wins that we papered in the first quarter that we're now implementing and really will come to bear more so in the second half. But certainly some of those trucks and fleets implementing late in this quarter.

Maybe backing up a little bit, in the fourth quarter, just the sentiment of customer conversations was more positive, more engaging, more strategic and long-term focused. Maybe a little bit of a bounce back from pockets over this last year where there was just more price sensitivity that was unique over the long term that we see with our Dedicated offering.

So, it's nice to be able to see reliability coming back into focus. And when reliability matters the most, that's when our Dedicated offering will excel the most. So I think in the first quarter we really saw the proof of those conversations from the fourth quarter. You're right in that of those over 200 truck wins in the quarter, first of all, it was really the largest streak of wins that we've seen in three or four years, in a quarter, in Dedicated. And about 25% of that was retail. The other 75% was other verticals, manufacturing, industrial and some other specialized verticals. So it's good to see that.

That's not to say anything about a change in strategy or our view on retail. We're very happy with our position in retail, our footprint and expertise in that space. But the Dedicated offering and the strengths of that offering have other natural applications in other verticals. And so, it's good to see shippers that are focused on reliability, focused on their future growth and having long-term, reliable partners of scale.

Ken Hoexter

Sticking with that, is there a return criteria we should think about? Obviously margins have been impacting the business, we hear a lot more about competition in Dedicated. How do we think about the returns of the business you're adding?

Chris Wikoff

Yes, it continues to be competitive. I would say that we haven't done anything unnatural to source and pay for those wins. This is more, again, of the customer's focus and reliability swinging back into focus. So we would expect a consistent set of parameters and margin profile as these fleets settle in. Certainly there's some startup costs initially and some of these wins, while a portion of them are with new customers in new verticals, others are with existing customers and under similar terms and similar pricing.

Ken Hoexter

Helpful to understand. So, the fleet, you mentioned about 7,400 lately, give or take. Is there a minimum size you need to stay active in the One-Way business? One-Way, now 2,600 tractors; Dedicated is about 4,800. So just thinking about the One-Way business which has come down, is there a level you want to stabilize it at and keep just to, I think you mentioned on the call, to be competitive in the business?

Chris Wikoff

Yes, I wouldn't get too specific on really putting parameters on the size. Certainly, Dedicated is growing as a percentage of the mix of TTS, that's intentional, given more durability and a higher margin profile and our unique position in Dedicated. But we'll always have a sleeve and a portion of One-Way for a number of reasons.

It provides flexibility and surge capacity for our Dedicated customers. It houses our expedited, highly engineered lanes and freight, as well as our operation from Mexico and cross-border, which we're going to continue to lean into. Then it's also a good entry point for new drivers as well as new customers that want to test-drive our solutions and capabilities, whether that be on a transactional basis or one-year contract. So, a lot of benefits that will continue to be benefits within One-Way, although we expect Dedicated will continue to grow as a percent of the mix.

Ken Hoexter

Yes. A few years ago, one of your largest customers, Dollar General, was focused on building out its own fleet. We were a little nervous about what that meant. You kept saying, Hey, don't worry. We're going to still grow with them. They're just growing faster. It's kind of a natural evolution that they'd want to bring some more of that in-house. When we look back as they and others have expanded their fleets, what have they learned about the trucking market? What have you learned about working with them as they became larger truck owners and do you see them absorbing more in-house, or have they figured it out and now it's back to external growth?

Chris Neil

Well, it's been a journey, for sure, and our relationship with Dollar General has gone back decades and so we're very comfortable with them. We're very comfortable with where they're headed and the relationship that we have with them, and we think that'll continue to evolve. They communicated that they were leaning into their private fleet here a couple of years ago, and did grow that. Consistent with what you just said, Ken, our fleet size with them is up on a year-over-year basis. It's been relatively steady. I think as they've grown, we've grown with them, we've gained share. We're a unique provider in the space. It's a unique operation that requires driver involvement beyond just driving. You have drivers helping and assisting with the unload there. It points back to the resiliency of Dedicated, not just anyone can roll in and hire that driver to do that work and do it at a high level.

We're comfortable with them and I think it adds some benefit to work with shippers who have their own private fleet. They understand the driver network, they understand the capital intensity of the business, they understand the risks associated with it. So, there are some benefits to it and as long as we continue to

perform at a high level in terms of service and quality and scale and reliability, then I think it will continue to work out both with that customer and others.

The other thing that is nice about working with customers who have a private fleet is their private fleet generally doesn't have the capability to surge much at all. Whereas, as Chris was just mentioning with our One-Way fleet, we can roll in and help provide some additional sources of capacity, whether that be through our One-Way system or through our Logistics group. So, I think that's a unique offering that we can contribute to those shippers.

Ken Hoexter

Did you mention you grew share with them or you've grown with them?

Chris Neil

Our tractor count would be higher on a year-over-year basis.

Ken Hoexter

Okay. But I presume if they're growing their fleet, your share has declined?

Chris Neil

With respect to?

Ken Hoexter

Representation of their business, right?

Chris Neil

I think our share on the for-hire side has grown.

Ken Hoexter

Okay. Let's return to pricing on the Dedicated, right? Your revenue per total mile you mentioned was down 0.3% in 1Q, targeting zero to 3% for the full year. What's the momentum? I just want to understand the momentum of the contract renewals, the pricing in the market.

Chris Neil

Well, again, stepping back just for a second. You look back over the years and our revenue per truck per week in Dedicated has been up 10 out of 11 of the last years. It was even up last year, just over a percent. We've shown a strong track record of continuing to increase. That's both a price and a utility metric, but revenue per truck per week. So that's been steady. At the same time, we've grown the fleet 14 out of 16 years. So that's part of the interest we have in Dedicated that it's something with some contractual rate inflators in part of our contracts that we can execute and result in an improved benefit there on a year-over-year basis in terms of price.

And so, as the year progresses, even though we were off a little bit in Q1, I think we probably would've been up on a year-over-year basis, had the days in both periods been the same, we had one fewer day this period versus the prior. That's always a little bit of a negative impact.

So we would expect over the course of the year as we continue to bring on some of these new accounts, as we continue to work through some of the contractual increase escalators that we have in contracts, and then also work with customers where we maybe don't have an escalator, but nonetheless, that doesn't mean that we don't review pricing on an annual basis. So, we will continue to work through that with those other shippers and we've been successful so far this year in getting some increases there also.

Ken Hoexter

All right. So, Chris, I still have a couple more questions on the TTS side, but let's just talk operating ratio for a second. You posted a 99.6% OR in TTS in the first quarter. Normally a five-year trend, if I look back, would aim for a couple hundred basis points of improvement from 1Q to 2Q. Although if I look over the past decade, it's really been all over the map. I mean, obviously it may be the cyclical nature of the business and whatever's going on in that given quarter, but given the high costs in first quarter, is it rational to think of a 250-basis point improvement or is it too hard given the volatility in demand?

Chris Wikoff

Yes, first, just to pause on the 0.4%, you're right, in terms of adjusted OI for the first quarter. There were some headwinds in the quarter that drove that down, over 200 basis points from a combination of insurance, some outsized weather as well as on a year-over-year basis, some elevated IT spend as we get into a higher gear relative to our technology journey. So, some contributing factors there.

But when you think about Q1 to Q2, we see more momentum, not less momentum, Dedicated volume is trending up. Obviously with the wins it won't be fully reflected until probably the third quarter, but on the revenue side there's some lift there, although there is going to be some more elevated startup costs that will be offsetting a portion of that.

We're also going to have more accelerated cost savings as part of our accelerated and \$40 million cost savings target for the year, that will benefit in the quarter. Then the rest really comes down to rate and some of the backdrop that will uniquely impact One-Way, and that was a little bit softer coming into this quarter, although, as Chris said earlier, Road Check has been positive and we'll see how we get through the rest of the quarter.

I would say there's more relative to the first quarter, there's more benefit and momentum. Overall, we're looking to get back to positive on a consolidated basis. Certainly, the first quarter did not reflect where we expect to be, but we do feel good about the momentum and where we're heading.

Ken Hoexter

When I think about that momentum, but yet you threw out the pricing was a little bit tougher. Momentum meaning is there average five-year, 10-year that you looked from 1Q to 2Q, or is it just too tough for seasonality?

Chris Wikoff

I guess maybe putting TTS aside, I mean on a consolidated basis, maybe from an EPS perspective, I mean over the last several years it's a range of over 40 cents from Q1 to Q2 being down over 20 cents or being up over, call it maybe 15 to 20 cents. It does vary. Now you've got COVID that was in there that brought it down one year between Q1 and Q2, so it varies.

But we were negative 12 cents in the first quarter on adjusted EPS basis. So that's 12 cents correction to get back to positive. Insurance was a big outlier in the quarter that contributed nine cents of EPS drag, two consecutive quarters of over \$40 million. We don't consider that to be a new normal. So even some sequential retreat and insurance and claims back into upper thirties would be positive in terms of sequential improvement.

Ken Hoexter

What's the timeframe for when you understand those outsized insurance, right? To go from \$30 to \$40 million, big percentage increase, how much through the quarter do you start seeing those roll in?

Chris Wikoff

Well, a lot of what's being reflected in that line item in our P&L is more so reflective of large prior year claims. I mean, anything that's three years old, up to a decade old, that continues to develop. In the first quarter there was a particular verdict that goes back to a 2019 incident that was unique and took a different path in the court as it came to trial in the first quarter. Given the circumstances we would call it a nuclear verdict that was not what we expected. So, while that's a six-year-old claim, there certainly was some new development that was unexpected during the quarter.

Chris Neil

And that was very late in the quarter.

Chris Wikoff

Very late in the quarter.

Ken Hoexter

So, if here we are mid-quarter, have there been any nuclear verdicts that have been ruled so far in this quarter?

Chris Wikoff

No.

Ken Hoexter

Okay. Is the docket clear through the next six weeks?

Chris Wikoff

There's always a lot going on.

Ken Hoexter

Supply side on trucking, we saw ACT net orders down to 7,600 for April. Derek usually has some good thoughts on the pace of bankruptcies that you're seeing in the market. Chris, anything you can throw us? I mean if we're getting net orders now so low, less than half of the replacement rate, what are your thoughts on the supply balance?

Chris Wikoff

Yes, well we've certainly seen evidence even late Q3 into Q4 with certain, whether it's hurricanes or short-lived port strike type of disruptions, and even here with Road Check where there's these opportunities to step back and evaluate and kind of use that as a measure of how much capacity is coming out. So there's evidence that it's getting more balanced, and capacity has come out.

You're correct, we continue to see bankruptcies. In fact, there's a third-party report that we recently received specific to March, showing that March was up year-over-year in trucking bankruptcies of approximately 30% and was really higher than any other month of bankruptcies over the last couple of years. So, capacity's coming out and that's helpful, but, more to be seen.

Ken Hoexter

So, utilization, you mentioned the deadhead creeping up before, I'm amazed sometimes how high these levels have gotten just from a few years ago when we were looking at that. But miles per tractor, sticking with utilization, fell 3.5% in One-Way in the first quarter. I think you mentioned you're accelerating some disposal of equipment. What do you think of utilization? Is that a focus as you talk about cost-cutting? Is there something you can do in this kind of environment to increase that utilization?

Chris Wikoff

Well, the utilization gains that we reported pretty consistently over the last couple of years have absolutely been intentional through a variety of ways. Just having better throughput in our terminal, bringing more repairs and maintenance in-house, utilizing technology and other means to really drive that utilization up. There were quarters where we were having double-digit year-over-year improvement. I think last year overall it was 7% improvement year-over-year. And so, we expected to continue to hold onto those, I think the first quarter was unique with some outsized weather disruption in geographies that just made it more difficult, as well as some inefficiencies given just some of the tariff backdrop that reduced that utilization as well as a bit more elevated deadhead on a year-over-year basis. But we expect to continue to see the utility that we were seeing last year for that to continue.

Ken Hoexter

Last one from me before I wrap up, Logistics. So, revenues down mid-single digits. Mid-teens, gross margin. Break-even business at this point. What operational do you look to do to adjust that? And you talked about the overall company getting to profitability and at least getting the twelve cents back on EPS. What do you need to do in Logistics?

Chris Wikoff

Yes, well, being down in the quarter 3% year-over-year, while it's down, it's an improvement. The last several quarters it was down anywhere from 6% to 11% on a year-over-year basis so that gap is narrowing. In the quarter, particularly late in the quarter, we saw some positive momentum in Truckload Brokerage. That continues into this quarter with some elevated awards, also with some pop-up business that looks good in the second quarter. So, there is some momentum there and given that it was more so in March, in fact March was one of the first months in a while where we saw year-over-year growth in terms of Truckload Brokerage volume. That's positive.

We have had four quarters of adjusted OI that was positive despite, over this last year, the segment and more so in Truckload Brokerage being a bit softer and some of that's really been focused on cost as well as benefiting from being further along in our technology journey. Within Logistics, our operating expenses were down 11% year-over-year. Our salaries, wages, and benefits in Logistics was down 14% year-over-year in the quarter. So, we are staying positive on an adjusted OI basis. But we see some momentum, anytime there's a change in Truckload Brokerage, that's going to move the needle a bit more coupled with what has been ongoing strength in our PowerLink and Intermodal offering.

Ken Hoexter

All right, I'm going to try and sum up what we've talked about here today. If there's key things you want to highlight that I missed, fill me in.

So you've got, I think, we talked about kind of the transfer of traffic, customers have brought in preset, some early inventories. We're looking at a drawdown, steady as she goes. Kind of too early to tell about what happens as peak season, if we see another rush or not. Rates are up about 1% if we do some adjustments on One-Way. Contract is running about 20 to 30 cents above spot.

Dedicated, the wins in Q1, you're implementing now, pricing still at that 0 to 3% range. The opportunity for the OR improvement, you're seeing some momentum. But your aim is to be positive on the consolidated basis, which gets you the 12 cents back, which fits in with the seasonality which is a pretty big swing from minus 20 to positive 20. So, we're in that range and look forward to the continued improvement and the Dedicated wins is kind of the growth and the story for Werner.

Chris Wikoff

That's right.

Ken Hoexter

Yes. Anything else you want to toss in?

Chris Wikoff

Yes. It's been a mixed bag, but there is momentum and we're excited about the intentional actions that we've taken to improve our business and be ready for a better macro.

Ken Hoexter

And I forgot to throw in the cost cuts you mentioned. Chris and Chris, thank you very much. Appreciate your time and thoughts today. Thank you.

Chris Wikoff

Thank you.

Chris Neil

Thanks, Ken.