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Wyndham Worldwide Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) One moment, please, for the first question. Our first question comes from Joe Greff with J.P. Morgan. Please go ahead.

Joe Greff – J.P. Morgan

Good morning, everyone.

Steve Holmes

Good morning, Joe.

Joe Greff – J.P. Morgan

I was hoping you can just give us – is that the timing on renewing the conduit?

Gina Wilson

It's scheduled to expire in the fourth quarter. So we're looking to get all of that detailed worked on well before then.

Joe Greff – J.P. Morgan

And I was hoping you can also just update us if there was any change in terms of your capital investment and CapEx then for '08.

Gina Wilson

No change in CapEx to speak of.

Joe Greff – J.P. Morgan

And as you look at timeshare and you see certain markets like Hawaii and Las Vegas being softer than other timeshare markets, are you looking at altering your investment in timeshare looking beyond this year?

Steve Holmes

Well it's a – it's a good – great question, Joe. We do see a little bit of softness in tour flow in Hawaii. Actually Las Vegas, tour flow was up a little bit, but, Joe, it really wasn't a question of demand. It's just

a question of how many we can close. With respect to the kind of the spend – as I said, we're looking at a single-digit revenue growth in 2009. That will allow us to spend less on product in order to fill that need. We've given guidance before that our property purchase was at a range, for this year, \$650 to \$750 million. We revised it down to \$600 to \$700 million in the second quarter. That's probably still pretty good guidance for 2008. In 2009, that number will look down further. It'll be down another \$100 million or so.

Joe Greff – J.P. Morgan

Great. And I think expected today or expected tomorrow, should you choose, you can be more aggressive with the buyback. I was hoping you can just update us with your – with your view on buyback in light of your capital structure, in light of the stock price that's implying five or four and half times EBITDA. Thanks.

Steve Holmes

Yes. Well, I mean to say our stock is cheap in my view would be an understatement. As you kind of said, it's really a question of capital allocation and where do we stand in the current credit markets, and what do we see as our opportunities going forward. I've always said that the most important thing for us to do is invest in our businesses, and being able to do – to deal like the acquisition of U.S.FS from Global Hyatt is a perfect example of the kind of flexibility we have when we have a good rating and we have good liquidity.

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