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Portfolio Recovery Associates Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Ladies and gentlemen, (Operator instructions) Our first question comes from the line of Bob Napoli from Piper Jaffray. Please proceed.

Bob Napoli – Piper Jaffray

I was hoping to dig in a little bit more on the allowance that you guys took in the quarter on some of the different pieces and the way you lay it out is, I mean, it's kind of like you're suggesting it's a one-time item. I don't think you're doing that fully, because there's some write-offs you've had pretty much each quarter. This one is obviously much higher, but I'm just wondering if you could dig in a little bit more, the \$1 million from the higher yielding bankruptcy pools and the 2006 is what I've been most concerned about and why you think this allowance level would be abnormal versus future levels.

Kevin Stevenson

Well, Bob, again, you've got to assume some level of allowances are going to be booked binding debt buyer. You know, if you want to talk a little bit more about these deals, again, I think I laid it out. The bankruptcy deals was really a curve shaped issue. We just collected a lot more than we expected a lot earlier than we expected. I just kind of went through the whole genesis of that and with the 2006 deals, again, we just saw some weakness in Q1 and facing the economic environment, you know, really isn't the time to become super optimistic on that stuff and we just thought that we should be allowance now. I think I laid it out clearly, but if you have more questions, I can maybe get more precise on it.

Bob Napoli – Piper Jaffray

Maybe just a question on the competitive environment then. Have you seen significant competitors pull back from the market for whatever reason, competitive or performance reason, over the last three to six months?

Steven Fredrickson

I don't think anybody in particular advertises why they are or aren't in the market at any given time, Bob. It's our perception though that the demand side of the market is a little softer than we would anticipate given what's going on from a pricing standpoint and I guess given kind of anecdotal evidence, that would be our take, that capital and performance is an issue.

Operator

Our next question comes from the line of Mark Hughes from Centrix. Please proceed.

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