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Speedway Motorsports Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Yes sir. (Operator instructions). Your first question comes from the line of Tim Conder with Wachovia.

Timothy Conder - Wachovia Capital Markets

Thank you, a couple clarifications. First Bill on the 240 to 250 EPS guidance for '08, does that include any anticipated as you said exiting from the oil and gas related businesses?

Bill Brooks

Tim, that is our estimate at the time and it does include those activities.

Timothy Conder - Wachovia Capital Markets

Okay any guestimate so we can kind of get a sense as to what the underlying motorsports business, you're anticipating from that for '08? Any guestimates as to what that is versus the charges you're going to take related to the oil and gas business?

Bill Brooks

Well I'm not sure that we'll have a lot of additional charges right now. That remains to be seen. As far as ongoing loss is that the easiest way to look at that is to look at the business segment that is in our 10Q or our 10K. Last year that segment was about \$11 million in terms of a loss. This year of course we had the reserve and if you can bear with me a moment if you would look at the other operating revenues in 2006 it's about \$46 million and subtract from them the other direct operating expenses of \$48 million it shows about a \$2 million loss in those activities. If you do the same analysis for this year, it results in a \$12 or \$13 million loss. So comparing 2006 to this year 2007 it's about \$12 million worse. As far as what's reflected in \$2.40 and \$2.50 is nothing more significant than what we experience in 2006 and we hope that it will be better.

Timothy Conder - Wachovia Capital Markets

Okay, and then as far as that normalized tax rate that we should anticipate for 2008 or using our modeling and also I guess along the same lines, what do you anticipate for depreciation/amortization and also capital expenditures for 2008.

Bill Brooks

Our tax rate generally should range between 38% and 39% given our corporate structure and the rate in effect right now. So I would utilize about 38.5% if it were me. In terms of the capital expenditures we expect those to approximately \$70 to \$80 million in 2008. And as far as depreciation and interest we think those two together would aggregate about let's see \$85 to \$90 million next year. You know this year we had about \$20 million or so net interest and we've got \$300 million in additional debt that we incurred in January, so if we multiply it, at 6% of that, that would allow you to ascertain interest in \$40 million rang in the total of interest and depreciation of \$85 to \$90, so about \$40 after depreciation.

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