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Anixter International Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, Mr. Eck. The question and answer session will be conducted electronically. (Operator Instructions.) We take our first question from Celeste Santangelo with Merrill Lynch.

Celeste Santangelo – Merrill Lynch

Good morning. Just a question on the outlook, you walked through some of the puts and takes for the top line growth, are you looking at top line growth of maybe 5 to 6% now, given the acquisitions and then the three extra days? Am I looking at that correctly?

Dennis J. Letham

Well, basically what we are saying is that the acquisitions will offset the normal seasonal softness so if you go in and you take the current run rate, kind of a 23 - \$24 million a day rate, pick up the three extra days, I haven't done the math on that but that would imply unless there's further softness in the quarter that you could pick up 50 to \$60 million sequentially. The thing I would say is we look at how the fourth quarter has started is so far through the first three weeks of October, the sales run rates are pretty much mirroring what we saw in September.

The real wild card in the quarter will be what happens at the holidays. The experience of the last several holidays going back to the end of last year with the Christmas and New Year's holiday were that holidays have tended to be much quieter than what they have been historically and including the surrounding days so I think the real issue is what's the holiday impact that we'll see later in the quarter? But just on math you could get to a number where you pick up \$50 - \$60 million dollars or more in revenue Q3 to Q4. But keep in mind there is a full week of expenses that comes with that three days of revenue so it will help the top line but it doesn't necessarily do anything for the operating profit line.

Robert J. Eck

I think Celeste, to pick up on Dennis' point, one of the things that is happening with holidays that I think has changed are revenue numbers around holidays from a historical trend is the shift in our revenue mix towards the OEM supply business over time. You know, if you look back a number of years ago we didn't have that business at all.

As that's become a bigger part of the revenue mix, what we tend to see are factory shutdowns around the holidays that have a bigger impact than say maintenance or construction kind of projects that tend

to flow during the holiday season. You know, you see in the OEM business a plant shut down for a week between Christmas and New Year's where contractors would tend to work some of the time between Christmas and New Year's and I think that contributes to our caution around what we will see at the holidays.

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