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Sinclair Broadcast Group, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will now be conducting the question-and-answer session. (Operator Instructions). Our first question is coming from Lee Westerfield with BMO Capital. Please state your question.

Lee Westerfield

Thank you and good morning. These are clearly unprecedented times. So my next question is probably very difficult one to come around you. But David, let see, how are you approaching the budgeting for 2009 from the standpoint of understanding what your options are and what you are asking of your station managers in terms of what they can be expected to do in 2009? And then I have a followup question specifically related to CapEx in 2009?

David Smith

Well we had said it's fairly the fog of war, if you can imagine the analogy such as that. And you know, we are right in the thick of it in terms of just seeing some of the most significant declines in some of our categories that we have ever seen here as we come through this fourth quarter. And you have seen how we have tried to update the market just on our fourth quarter pacing and the changes that we are seeing just on a week to week basis. So it's a very difficult time in terms of visibility and our expectations are that -- although they talk about maybe we are in a recession, that's clearly for our industry we are in recession. And so how long will that lasts and how long will that persist is a question, I don't think any of us have an answer for this point. Certainly with the election being over and that uncertainty being removed from the equation, I think that will help some, but a lot remains to be same.

Lee Westerfield

I guess David the root of my question is really how are you managing internal expectations in the processing of budgeting?

David Smith

Well, we go through the process of first seeing what the field sees and what their thoughts are in terms of their markets, because you know, this business is primarily a local business in most regard. So their input is the primary input that we look for in regards to each and every market, what are they seeing? What their expectations are from a standpoint of their markets and we built it from there.

David Amy

I think the other thing Lee is to appreciate is that this isn't the first time we have seen this. We have seen it in 87, 91, between 91 and 2001 there was at least one event, 2001 is an event. So this is why it was difficult is not new from the standpoint of managing through this process. The thing like we have to do is as everybody has to do is, they have to try and manage to a number, because we all have obligations to various institutions, banks et cetera, that has to be met. So our first obligation is to start from there and essentially work backwards to get where we need to get to in order to fulfill these obligations as kind of a minimum standard. So I think, yet there is foggy out there, but we know what we have to do in order to be able to accomplish everything that needs to be done from that perspective. So, I don't think it comes as any great shock to anybody because we've done this before.

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