

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

Unisys Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Jason Kupferberg - UBS

Jason Kupferberg - UBS

On cash flow and the expectations there for 2009, it sounded there at the end you do expect positive free cash flow in 2009 but I wanted to confirm if that is actually the case and can you quantify that at all, are we talking about slightly positive, or any numbers or ranges that you are guys are thinking about both including and excluding the restructuring and severance payments that you are projecting for the year.

Janet Haugen

Let me go through some of the components again on the cash flow for 2009, as we said it is our goal is to get to free cash flow positive in 2009. Given this current environment it is really difficult to exactly predict where that range is going to be. As I mentioned we expect about \$65 to \$68 million for restructuring and we are significantly reducing our capital expenditures next year. I gave the range in the \$200 to \$250 million range.

So it is our goal to get to free cash flow positive. It is what we are building and planning and driving the operations to. I think in this environment it's a bit hard to call exactly how much over the line do we get with that free cash flow number.

Jason Kupferberg - UBS

How much cash do you need to run the business on an annual basis.

Janet Haugen

What I will say is that the ending cash balance of \$544 million is significantly more than what we believe we need to run the business. The number is substantially lower than that. Depending upon the geographic mix of the operations and the seasonality within any given quarter that minimum cash number can vary but we remain comfortable with the \$544 million of cash providing us with the adequate liquidity to get through the environment we see in 2009.

Jason Kupferberg - UBS

Can you tell us geographically where the cash is held?

Janet Haugen

The geographic concentration of the cash roughly approximates our operations with a slightly disproportionate amount in the US because against our requirements for cash all of our debt is in the US and therefore the interest payments on the debt are made in the US and as well corporate center costs more skewed towards the US then they are on a global basis. But the cash generally approximates the revenue concentration of the company.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.