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Sinclair Broadcast Group Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Bishop Cheen - Wachovia.

Bishop Cheen – Wachovia

Because of your cost structure, which is both fixed and variable, how is it that you're comfortable giving guidance for full year of station operating expenses but not for what that implies for revenue?

David Smith

That's a good question, Bishop. The numbers that we are providing are based on the internally generated budgeting process that we go through in regards to our revenue and as Steve suggested to you earlier, our visibility is so poor going out past the first quarter that it's very difficult to nail the first quarter number, let alone provide significant guidance for the balance of the year.

Bishop Cheen – Wachovia

We do appreciate the guidance, because as you well know...

David Smith

I would say that we believe that the first half of the year is going to be the most difficult in terms of comps from '09 versus '08 on a non-political basis, because of the fact that we are in such a significant recession here and along with that, the second half of the year of '08 we saw the recession starting to take hold. So we think the comps in the second half of the year will start to show improvement, but actually to start nailing the number is pretty tough, but that's how we're approaching it.

As we mentioned earlier, in regards to just our free cash flow, based on that premise and our expectations, plus the fact that here we are halfway through the first quarter and we feel pretty good about the numbers that we're providing you for first quarter, that we're really looking from a risk standpoint in regards to the balance of this year on three quarters, rather than a four quarter risk is where we look at it right now.

The point I'm trying to get to there for you Bishop is that our free cash flow expectations are that we can manage our principal payment obligations and could have managed the dividend at the \$0.20 per quarter, but as we mentioned, the Board has opted not to do that. So we feel pretty good about where

these numbers are going to come out and how strong we'll be relative to our free cash flows and our covenants and everything else in that regard.

Operator

Your next question comes from Michael Morris - UBS.

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