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Pacer International, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). And our first question comes from Wolfe Research in the line of Ed Wolfe. Please go ahead, sir.

Ed Wolfe - Wolfe Research

Thanks. Good afternoon.

Brian Kane

Hi, Ed.

Mike Uremovich

Hi, Ed.

Ed Wolfe - Wolfe Research

First of all, the dividend suspension. What's your sense of the timing of this? Is this, we should assume for now, all of 2009, and maybe the world gets better by the end of the year and it's back for 2010, or is it quarter-by-quarter? How are you thinking about this?

Mike Uremovich

Well, as you know, the dividend decision is made by the Board on a quarterly basis. So it would be hard for me to predict what it's going to look like. We re-examine it every quarter and will continue to do so. And the decision will be made at that time. I can't predict what that decision is going to be at this point.

Ed Wolfe - Wolfe Research

I mean, I'm guessing that there is still significant free cash next year. What are you going to do with the cash instead? What's the thought process?

Mike Uremovich

Well Ed, until we have better visibility to how the year is going to come out, we're going to be prudent and conserve the resources. So, I can't give you specifically what application of cash is going to look

like over the next couple of months. Things are simply not clear enough out there, and we want to be particularly prudent given the fact that nobody knows where this economy is going to go at this point.

Ed Wolfe - Wolfe Research

Just directionally, I mean, if I assume \$50 million or so from operations and \$15 million of CAPE X, there is going to be free cash, I'm not missing something directionally, am I?

Mike Uremovich

Ed, the only thing I can tell you for certainty, is that we're going to spend our \$10 million to \$15 million on the SAP project primarily. That's the only thing I have certainty on at this point.

Ed Wolfe - Wolfe Research

Okay. When I look at the margin pressure and the big change in profitability, how much of that, if you just kind of directionally think about it, is fuel and how much of that is much lower volume and you get caught with that? And then, how much would be pricing outside of fuel?

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