

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

Portfolio Recovery Associates, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Robert Napoli – Piper Jaffray

Robert Napoli – Piper Jaffray

It's very difficult to track the as you talk about the different pools, remind me how many different pools will you generally have in a quarter for accounting purposes?

Steven Fredrickson

Any given quarter you normally have, as I was saying kind of a normal core portfolio you would have a bankruptcy portfolio, medical we group separately and if you ever had a cost recovery pool that's a little more rare however.

Robert Napoli – Piper Jaffray

So essentially we are talking about two main pools each quarter, our core pool and a bankruptcy pool.

Steven Fredrickson

That's right.

Robert Napoli – Piper Jaffray

Now when you're taking an impairment in and say second quarter of 2008, that was in the core pool or was that in the bankruptcy pool.

Steven Fredrickson

That was the core.

Robert Napoli – Piper Jaffray

Now when you go back to 2006 and these prior year's where you have been taking impairments what you're saying is that if you take the periods combined, if you take all the pools for those years versus your base business plan you are outperforming expectations but, and we are going to see the pluses come in over the long-term and the minuses are, that's essentially—

Steven Fredrickson

Now that's right that is exactly right and even the minuses may be, if our assumptions prove too conservative today you'll see releases of the deals are currently minuses so but that's right you have grasped the concept correctly.

Robert Napoli – Piper Jaffray

When you're looking at a fourth quarter of 2008 in cash collections just generally the world really seem to change on September 15 and it was not easy before that but I have seen some things out of companies and consumers but I haven't seen in the past, what have you seen on your collection performance in the fourth quarter, obviously you took \$9 million of impairments so it was softer than you expected although your cash collections came in slightly better than what we have modeled, have you seen and do you continue to see a change in behavior.

Kevin Stevenson

It's a subject we could talk about for a long time so let me just give you some highlights, October was actually I believe the third-best month that we had all year from a cash collections standpoint and then we dropped off in November although November was a short work month for us and then we dropped off further in December before rebounding in January. We definitely felt as though the consumer was if not as a result of being hit in the pocketbook was certainly hunkered down from all of the press that was out and really all of the negative gloom and doom stories together with what was going on in the stock market.

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