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Advance America, Cash Advance Centers Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from David Burtzloff - Stephens, Incorporated.

David Burtzloff - Stephens, Incorporated

I've got a few questions here. First, Patrick, where is the \$700,000 New Hampshire store closings?

Patrick O'Shaughnessy

It's in two places. It will be \$480,000. \$455,000 is in the provision for doubtful accounts. We accrued for additional losses expected there as we closed those centers down and the balance will be in impairment of assets.

David Burtzloff - Stephens, Incorporated

Do you have loan originations for the quarter?

Patrick O'Shaughnessy

We probably do, you just give me one second.

David Burtzloff - Stephens, Incorporated

Okay. Why you're looking at that, what also do you think if free cash flow and debt levels for the end of '09?

Patrick O'Shaughnessy

That's obviously very difficult to predict because it depends on, when I look at free cash flow, I'm looking at it after the advances receivable and so, a lot of times that depends on how quickly we grow. If you look at our financial statements over the years, typically the cash provided, if you look at the last three years, cash provided by operating activity has been around \$185 million every year within a couple million dollars and how much free cash flow we have, really depends on the growth.

The lowest year in terms of free cash flow or after advances receivables in the last few years was 2006, when we had peak earnings because we were experiencing really high growth. So if we stay sort of how we've been, which is in the flat year-over-year range, we'll actually probably pay down more debt than if we get back into a growth mode in the second half of the year.

David Burtzlaff - Stephens, Incorporated

Okay, if we look at \$151 million right now, do you think that goes lower potentially by year end?

Patrick O'Shaughnessy

Typically, it will be at its lowest around the end of February. I wanted to caveat that statement. We typically do pay a lot of debt down during the first quarter. Our receivable balance gets to be about the lowest that it will be at the end of February and then it starts to pickup throughout the rest of the year. So, a good proxy for how much we're going to pay down will be at the end of March and then you asked for the number of loans?

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