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Dialysis Corporation of America Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). Our first question is from Darren Lehrich of Deutsche Bank. Your line is open.

Darren Lehrich - Deutsche Bank

Hi, good morning everyone. A few things here. I just wanted to go back to some of your commentary on the SG&A. And Andrew, if I heard you right, I think you said that '09 would be similar to '08. And I just want to clarify, do you mean on a percentage basis, do you mean that the dollar amount in the fourth quarter is kind of like run rate level? Can you just maybe expand on that a little bit?

Andrew Jeanneret

Sure, Darren. What I was talking about on the corporate SG&A was the type of costs that are in there for 2008 and 2009 will be there for the full period. When we were comparing 2007 and 2008, we talked about our investment and costs added in different times in 2007. So it didn't have a full year of the same kinds of costs to compare '07 and '08. We will for 2009 when comparing to 2008.

Darren Lehrich - Deutsche Bank

Sure. Okay, so, when I think about the \$3 million in corporate SG&A I guess here in the fourth quarter, maybe can you score that with the... some of the implementation costs and perhaps other initiatives going on with your Clinical Information System and maybe just size it for us in relation to that number? Is that a good run rate or will we see that number creep up another \$0.5 million a quarter? Just maybe frame that for us please.

Andrew Jeanneret

Sure. In terms of using the fourth quarter as perhaps a quarterly run rate, I would say you're probably sort of in the zone with that number. You'll see a little bit of an increase for the Clinical System, but not to the level that you were describing on a per quarter basis from an SG&A standpoint. As well as we stay on track with the rollout, which we are at this point, you'll have a slight increase due to that, but not the \$500,000 a quarter you were talking about.

Darren Lehrich - Deutsche Bank

Okay. And so what are the implementation costs roughly that you anticipate in '09?

Andrew Jeanneret

We haven't broken that out. And we had that internally, but we haven't broken it out by quarter or by the '09 compared to what we had in '08 and what we actually... and actually in '10. And historically, we haven't given out that number and I'm not comfortable quite frankly, Darren, to break out what it is that we are going to expect specifically as it relates between '09 and what the ending is going to be in '10.

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