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Sauer-Danfoss, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from [Joe Mondolo – Sidoti & Company]

[Joe Mondolo – Sidoti & Company]

I'm having difficulty seeing, and I know it's very difficult with the lack of visibility, but could you give us some more color on how you think with now we're at least half way into March how you think the rest of '09 is going to play out being that your sales are more heavily weighed or seasonally weighed towards the first two quarters of the year, how you think earnings will be play out during the year. Are you going to be realizing a larger loss in the beginning of the year with the downturn so severe right now, but your sales are usually seasonally higher. Could you just give us more color on how you think it will play out throughout the year?

Sven Ruder

The way we see it right now is that we're seeing no season if I can put it that way, but of course this is untypical circumstances. And the way we look at it right now as we feel that we'll get from a revenue perspective relatively flat year from a quarter on quarter perspective. So this is different to the way the business has been in previous years where we've seen very strong sales in Q1 and Q2 tapering off in Q3 and Q4. We think that this will be a much flatter year this year than last year.

[Joe Mondolo – Sidoti & Company]

What about earnings? Same sort of thing?

Sven Ruder

We don't comment on earnings quarter by quarter. We give you the outlook for the full year and we stay away from the quarters but obviously you can model what the sales are more flat. You can kind of model that. We'll stay away from any comments on earnings for the quarter.

[Joe Mondolo – Sidoti & Company]

How is your working capital going to play out throughout this downturn? It looks like inventory only decreased by about \$7 million in the fourth quarter. Is that going to come down significantly or how's your working capital going to look like?

Karl Schmidt

Well first of all we did have some improvement in the overall working capital situation from the fourth quarter and we are working that angle significantly. Obviously we see it come down as sales have come down, but we have some very definite items on the way to match the inventory with the lower level of activity that we have and we have also approached our vendors on some of the terms of our payable activities.

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