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GATX Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Rob Napoli with Piper Jaffray.

Robert Napoli - Piper Jaffray

Thank you, good morning. Did I hear that right, you guys, you bought 1.7 million shares during the quarter?

Robert Lyons

Yes, that's correct, Bob.

Robert Napoli - Piper Jaffray

At about 17.60 per share. Nice to be able to buy under book value. And what are your thoughts on with the stock having rebounded as much as it has, are you going to be more cautious on the buyback at this price, or what are your thoughts around continuing on the buyback?

Robert Lyons

Well rebound is a relative term, and we don't... doesn't feel like much of a rebound when we look back over the last couple of years to see how we have tried to position the company and where the stock has been. So we are going to continue to be opportunistic and look at opportunities for... as we see them (ph) in our own stock as well as in rolling stock.

Robert Napoli - Piper Jaffray

Right, okay. Just on the utilization trend, down 1.4% in the quarter. There are... we've heard some of the rail car companies say that 20 to 25% of all cars are not utilized in the United States. And it seems like a very large number. So some would have suggested that you won't be able to lease another car in 2009. Can you talk about the trend in utilizations, the market a little bit with that many? Do you agree that there are that many cars that are unutilized in the market?

Robert Lyons

Absolutely. There are lots of cars unutilized in the market. The class ones report some pretty good information generally about what's parked. But you would have to remember to look more closely at the composition of those cars that are parked. A lot of them are intermodal cars, parked cars, cars

geared to the auto industry et cetera. Our fleet is generally comprised of tank cars, as you know, 50... just over 60% of fleet. So we have a better mix of cars. And we saw, given the environment, fairly solid renewal success in the first quarter. Just over half of the cars are up for renewal. We were able to renew. Others went on lease to other customers on assignment. And so as we came into the year, I said utilization would come down at least a couple of hundred basis points of 98% where we started the year. And we are still looking at that in terms of being reasonable. We'll be in that... we expect to be in that mid 9% (ph) range for utilization.

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