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Republic Services Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instruction). The first question is from David Feinberg from Goldman Sachs.

David Feinberg - Goldman Sachs

First question is with regard to pricing. You posted 3.5% base price increase in the quarter, but you reiterated guidance of 4%, seems to imply that there is going to be an acceleration of pricing throughout the year. Am I reading that right or now that I refer to comments? Does that have something to do with the special waste that was weighing on the pricing in the quarter?

Jim O'Connor

Obviously, special waste did have some effect on the quarter, but again I think the pricing discipline within Republic Services, the tools that we developed and our discussions, Don had with the field organization, we feel very confident that we'll, at year end, be at that 4% guidance. So, we've got some opportunities, and we're continuing to look at disposal pricing, as we move through the year.

David Feinberg - Goldman Sachs

Just one point of clarification, perhaps I misunderstood. You intend to be at 4% by the fourth quarter or 4% for the full year?

Jim O'Connor

Full year guidance will be achieved at 4%.

David Feinberg - Goldman Sachs

Great and then my follow-up question relates to volumes. Perhaps you can give us some insight in terms of how the monthly trend shaped up by line of business?

Jim O'Connor

Obviously we've seen overall for the business, an 8% decline and we also reported that as guidance, as we went into the first quarter, in our fourth quarter call. We continue to see weakness in the industrial collection business, and the related associated volumes with that at our disposal and transfer facilities.

Our commercial small container business has started to see some weakness. We've seen service decreases entering into the marketplace, and we've reacted accordingly in adjusting the productivity and the operations of the business. So, all lines of business are seeing some negativity, but again the lion share of it still resides in our temporary construction businesses, both residential, which we're thinking is bottoming out and we'll see that maybe in the fourth quarter performance, as it relates to volume, but we're still seeing a weakening of the commercial real estate construction market, and in essence, that's starting to have some bleed over into what we would have historically related as our annuity streams in our commercial and residential business. So, while the declines are relatively small in those two lines of business, we are seeing some weakness there.

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