

Dollar Thrifty loses \$30 million in quarter

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2/29/2008 12:00 AM

A sluggish travel market and higher operating costs triggered a \$30.58 million fourth-quarter loss at Dollar Thrifty Automotive Group Inc., company executives said Thursday.

Tulsa-based Dollar Thrifty, which lost \$2.6 million in 2006's fourth quarter, lost \$1.45 per share compared with a loss of 11 cents per share in the same quarter of 2006.

Fourth-quarter revenue was \$389.2 million, down from \$392.8 million in the 2006 fourth quarter.

President and CEO Gary L. Paxton said the loss resulted from weakened demand and excess vehicle capacity, which depressed prices in the last half of the quarter.

"While we are disappointed in these results, we have a clear strategy in place to grow our business, improve our operations and build value for our shareholders," Paxton said in a prepared statement. "During 2008, we are enhancing our focus on our revenue growth and cost-management initiatives.

"This includes further growing our industry-leading Internet reservations as well as expanding international sales, small business corporate accounts and the number of non-airport locations."

For the year, Dollar Thrifty's net income was \$1.2 million, or 5 cents a share, compared with \$51.69 million, or \$2.04 a share, in 2006. Revenue was \$1.76 billion, up 6 percent.

As in the fourth quarter, Dollar Thrifty's higher costs last year overwhelmed its 7.2 percent increase in average vehicle revenue per day of \$45.03, company executives said.

Direct vehicle and operating expenses rose 7.2 percent last year, to \$887.1 million; vehicle depreciation and lease charges increased 25.7 percent, to \$477.8 million; and total expenses were up 9.3 percent, to \$1.7 billion.

Fred Russell, CEO of Fredric E. Russell Investment Management Co. in Tulsa, called Dollar Thrifty's 2007 earnings "tepid."

"They weren't particularly encouraging," he said, "but I didn't expect much better. Their earnings aren't an indictment of the company's management ability. Everybody in the rental car industry is driving upstream -- and the water is muddy."

Russell said the industry is having trouble making money in a slow economy in which businesses are discouraging corporate travel and leisure travelers are sitting on the sidelines.

"I don't see any significant improvement until later in the year or 2009," he said.

Paxton said the company is beginning to see positive trends in demand, pricing and vehicle utilization after a slow start in January.

"Given current market conditions and economic uncertainty, we expect that our

operating environment will remain challenging through at least the first half of 2008," he said. "We remain focused on operating the company for the long term and believe that we are taking the appropriate actions to position the company for greater success in both the near and long term."

For 2007, Dollar Thrifty operated an average of 123,484 vehicles, up 3.2 percent from 2006. Vehicle utilization was 82.6 percent, down 1.3 percentage points from a year earlier. Monthly average revenue per vehicle was \$555, a 15.9 percent increase.


The company ended the year with \$192 million in cash and \$2.74 million in vehicle debt.

Dollar Thrifty shares closed Thursday at \$14.89, down \$1.51, or 9.2 percent.

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