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Georgia Gulf Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question is from Mark Connolly of Credit Suisse.

Mark Connolly – Credit Suisse

Thank you. Just two things. I wonder if you can help us understand a little bit more the progression you are expecting in working capital. If I have this right, your asset sale proceeds were used to pay down debt, the debt went up anyway, presumably, because of the working capital. So can you help me understand how you are going to balance the working capital needs with presumably, your desire to run previously at high operating rates? Do you have a sense of what that's going to look like in the second half?

Greg Thompson

Well, most of the increase was related to the normal seasonal working capital build. Though I did mention in terms of vendor terms was also a bit of a drain in the second quarter. But going forward, as is normal with our – with the seasonality of the business we would expect that there would be cash generation through the rest of the year, and we would expect some of those balances to come – to generate cash and that to come down with revolver balances during the remainder of the year. That's obviously somewhat dependent upon the volatility of input costs that we have seen that could swing that around.

Mark Connolly – Credit Suisse

But you're not expecting anything too different from the normal pattern.

Greg Thompson

No.

Mark Connolly – Credit Suisse

And just one last question, we've been hearing mixed things about the impact of energy efficiency spending on repair and remodel. Are you seeing much of that in your window and door business or is it just completely swamped by the slowdown in housing?

Paul Carrico

I would say that the slowdown is overwhelming everything right now. I'm sure that, that aspect of the business will become more important as we go forward in the future. But for now, we are still feeling the effects of the housing downturn.

Mark Connolly – Credit Suisse

I'm just curious whether your customer base may be better or worse positioned, your window and door profile business might be better or worse positioned for repair and remodel, if you have any sense of that.

Paul Carrico

I would say we are in good position to deal with that part of the market segment, if that becomes more robust. Certainly though, from an overall business point of view, particularly in windows, I think it needs a recovery of the economy and the housing market to really feel good about it down the road.

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