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TRW Automotive Holdings Corp. Q2 2008 Earnings Call

Question-and-Answer Session

Ladies and gentlemen, we'll now begin the question-and-answer portion of today's call. [Operator Instructions]. We'll take our first question from Chris Ceraso with Credit Suisse.

Christopher Ceraso - Credit Suisse

Hi guys.

John C. Plant - President and Chief Executive Officer

Hi Chris.

Christopher Ceraso - Credit Suisse

A couple of things Joe on the cash flow positive for the year can you give any kind of balance on that and can you also comment on the second quarter, which seems relatively weak as far as your second quarters typically have gone. Is that the two day cut off or is there anything going on where either your customers or your suppliers are kind of gobbling up the cash flow because of the environment?

Joseph S. Cantie - Executive Vice President and Chief Financial Officer

Okay, regarding given just more clarity on the cash flow for the entire year. Difficult Chris, mainly because, basically what's happening to us is North America is very weak, and we expect it to be weak in the second half and we are getting helped out by Asia, South America, and to a lesser extent but still being helped out by Europe. And basically the terms on receivables in those territories where we're showing strength are longer than North America. So, we're being negatively impacted by that switch and it all depends on how that comes out in the fourth quarter when we actually close our fourth quarter.

So, at this point I think we are comfortable in saying that we believe we are going to be positive for the year, but don't have the ability to give you a more exact number than that. In terms of the second quarter the cash flow for the second quarter was actually pretty good, it was? our level of cash throughout the quarter was very high as you can tell from the interest expense being low. We had some interest income that was in that quarter. And if you compare to our previous years, our second quarter cash flow was about normal and little bit better than previous years. The two-day cut off definitely affected us, anywhere from a \$150 million to \$200 million comes in our doors in that two-day period, as most of our customers pay towards the end of the year. And as you can imagine, our payables and our labor costs are more evenly throughout the months. So it's? we are actually

looking at our cash flow situation after six months, as being in a much better position than we were last year which is encouraging for us.

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