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Coca-Cola Enterprises Inc Q2 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question comes from Bill Pecoriello with Morgan Stanley.

Bill Pecoriello - Morgan Stanley

Good morning, everybody. I was wondering if you could help clarify, in the '09 assumption of operating profit down single-digit excluding the impact of the 120 day review, what are you assuming there in the US market revenue per case, cost of good sold per case and the volume? I am wondering are you assuming that the concentrate prices go up 2%, whether they move more to an infinite pricing model, just if you can help us understand some of those assumptions?

Bill Douglas

Hi, Bill its Bill. We don't want to get into that level of granularity at this juncture. We are in the middle of pulling together our 2008 plans. We are working very closely with the Coca-Cola Company. Commodities, as you know, continue to be extremely volatile. But I think the one thing I would leave with you is we are looking and working to maximize our operating income performance. We will be looking to take pricing to preserve margins as we move into '09. And a large part of what we are doing with our price increase, post Labor Day, is to restore margin erosion and also set us up for protecting margins as we move into 2009. We are going to have a lot more answers to your questions as we move through the next 120 days and we'll update as appropriate.

John Brock

Just to add to that. Bill this is John. I think three months from now when we do our next quarterly set of results and then there after when we finish the 120 day study, we will have a much better picture of what 2009 looks like. We just thought, given the challenging environment in which we are playing, both macro economics and commodities, even though it's still at a very early stage, that we should give a fairly broad range of guidance around 2009. And that's why we gave you that single-digit number for North America. Our objective, obviously, is going to be to get our North American business, coming out of that 120 day study, as much back on track as we can. And certainly, if we can get operating profit in North America flat or better, that certainly is where we are going to be working hard to get it. But any way, that's our best projection at this stage of the game.

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