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Coleman Cable Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

We'll go first to Brett Levy - Jefferies.

Brett Levy - Jefferies

Relating to some of the one-time stuff that's related to cost pass-throughs or the delay in them. As you are looking currently, does it look as if third quarter could be better than second quarter? And talk about synergies as well?

Richard Burger

We expect a lot of the duplicate costs that began rolling off in the second quarter and then continue to roll off in the third and the fourth. In addition to that, our retail business really is the second half of the year, so that will really begin to kick in in the third and fourth quarter.

Brett Levy - Jefferies

And can you quantify the duplicate cost; can you give me a rough timeline? I am not asking you to build the model, but just for this particular metric on a duplicate cost. Can you say how big they are now and give a rough timeline as to when they roll off?

Richard Burger

Yes, Brett. If you look at the press release, we gave some non-GAAP information and so in the first quarter the duplicate cost we estimate to be about \$1.2 million.

Brett Levy - Jefferies

And then the timetable?

Richard Burger

I would plan to see a reasonably significant reduction in Q2, and then roll off in Q3, and probably towards the end of the year I would expect it to be virtually gone. Some small going into Q1 of 2009, but at this current period of time we're not expecting that.

Brett Levy - Jefferies

Got it. And then you previously talked about wanting to take your bank debt level down by \$100 million. Is that still a priority and what was the starting point on that timetable? Just reiterate what the goals are with respect to bank debt.

Richard Burger

From a bank debt perspective, Brett, I'm not sure where the \$100 million came from. We currently have about \$130 million on our bank debt, which is the revolving line of credit. When we did the Copperfield acquisition, which was in April 1 of 2007, we used \$100 million of that \$130 that I'm borrowing right now to secure the acquisition of Copperfield.

So, we went out to the marketplace, increased our senior notes by \$120 million, we borrowed roughly \$100 million on the revolver and so in that context my revolver was a big contributor in the acquisition financing.

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