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## Core-Mark Holding Company Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Our first question comes from Jonathan Lichter from Sidoti & Company. Please go ahead.

#### Jonathan Lichter - Sidoti & Company

Good morning.

#### Mike Walsh

Good morning.

#### Jonathan Lichter - Sidoti & Company

The non-cigarette margin, I think Stacy had mentioned it is sustainable. Is there any possibility for some upside there the rest of the year, or is this the peak?

#### Mike Walsh

No, that's really going to be a function of continuing to drive VCI and the fresh opportunity. And our long-range plans are to grow our margins. That's going to be a function of sort of a product mix shift, if you will.

#### Jonathan Lichter - Sidoti & Company

Okay. So other than the candy, there wasn't anything else unusual in the quarter?

#### Stacy Loretz-Congdon

No. The candy price increase did have a positive impact in the quarter and actually gave it a boost for the first quarter. Going into second quarter, a portion of that will be sustained because we do earn profits on a cost plus markup basis, but you may see a little bit of compression there because the floor gain won't be there.

#### Mike Walsh

But you take out the cigarette price increase our margins on non-cigarettes grew nonetheless.

#### Stacy Loretz-Congdon

They grew nonetheless. They actually improved quarter-over-quarter.

**Operator**

Our next question comes from Richard Whitman from Benchmark Capital. Please go ahead.

**Richard Whitman - Benchmark Capital**

Yeah. I have three of them so I will just spit them out and you answer them in whatever order. Any progress on recovery in the bankruptcy, number one? Number two, could you talk about potential geographic expansion in the East? And three, in terms of new product initiatives that you've spoken of recently, prepared foods, breads, fresh fruits, et cetera?

**Mike Walsh**

Greg, do you want to talk about the Ameristop?

**Greg Antholzner**

Certainly. Yeah, at this point we are very much involved in the Creditors Committee. As you know, bankruptcies and the proceedings go rather slowly, so there is not a lot to report. They've sold some properties off. But at this point in time it is still early on. We still expect some recovery, but it's very, very uncertain at this point in time. And that goes for both Ameristop and Big A, our other large bankruptcy.

**Mike Walsh**

Let me speak to geographic expansion. We believe that there's some opportunity still out there. We are in dialogue with some potential operations. The last year, we were really focusing on more the strategic kinds of things, which really took a lot of focus and time and energy. We're now looking at more I guess you would say tuck-in acquisitions, that sort of thing. And there are some out there. We are pursuing them as we speak, and I expect that we will be doing some in the foreseeable future. So, absolutely.

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