

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Lance, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from the line of Heather Jones with BB&T Capital Markets.

Heather Jones – BB&T Capital Markets

Was wondering first, when you said \$13 million in higher commodity cost for the quarter, is that just like wheat, soybean oil, or does that include natural gas and on diesel?

Rick Puckett

It does not include diesel or natural gas Heather.

Heather Jones – BB&T Capital Markets

Could you tell us how much that hit you for the quarter?

Rick Puckett

Natural gas was not a huge impact for the quarter, although for the rest of the year we're looking at possibly some pressures there. The diesel was pretty small for the first quarter, only a couple \$100,000.

Heather Jones – BB&T Capital Markets

Okay. And as far as your branded price increases for Q1 of 4%, just wondering first, well I just estimate that you have a net of just the \$13 million in commodity hits, you have about a \$0.12 impact from net of the pricing you took. What kind of price increase are you planning for Q2 in private label and just wondering why it's not a definitive yet that you'll raise pricing across all of branded for the rest of the year?

Dave Singer

Well the pricing in the first quarter on private label was more than, I guess we said 6%, it averaged 6% because it took affect during the quarter, so by the time the quarter was over, the running rate was well above 6%. The second increase, we don't get specific with exactly what it was but we took another increase and a significant increase that will take place during the second quarter. So the

average increase that we will present during the second quarter will be a combination of the average in the, the actual increase in the first quarter plus an additional increase in the second.

So by the time we get to the third quarter, both increases will be up fully in effect, so our pricing for private brands in the third quarter compared to prior year will be significantly higher than either the first or second quarter averages. We're pretty comfortable right now that the level we have will restore our margins for private brands. On the branded side, we definitively have put in place plans for price increases in our salty snack portfolio. We believe that across the board the environment in the salty snack market will support that.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.