

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.

Corn Products International, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions] And we will take our first question from David Driscoll with Citi Investment Research.

David Driscoll - Citigroup

Hi, thanks a lot. Good morning everyone.

Samuel C. Scott, III - Chairman, President and Chief Executive Officer

Good morning, David, how you are doing?

Cheryl K. Beebe - Vice President and Chief Financial Officer

Hey David.

David Driscoll - Citigroup

Well, first off, congratulations, Sam. This just couldn't seem to be a better ending to conclude a great career. What a fantastic result in the quarter. Some specific questions.

Samuel C. Scott, III - Chairman, President and Chief Executive Officer

Sure.

David Driscoll - Citigroup

On the guidance, you indicated that you expect the back half 2008 EPS to be weaker than the front half. Can you give us a bit more definition as to why, where will it be weaker? Is it a U.S. specific issue or is it a South America issue?

Samuel C. Scott, III - Chairman, President and Chief Executive Officer

It's more of a North American issue, David, primarily due to the fact that, as you know, we locked our corn and the corn prices increased through the course of the year. So basically, we expect higher corn costs in the second half than the first. Certainly, that's the major driver, but as a normal rule, we see corn costs even increasing in South America as we go into the second half of the year as well. So it's primarily those issues.

David Driscoll - Citigroup

Okay. Then my second question is when I look at sugar prices or tapioca, do you believe that these prices relative to that of your competing products from the corn refining are causing... is there any switching that's happening away from corn refined products to sugar or tapioca-based products?

Samuel C. Scott, III - Chairman, President and Chief Executive Officer

A little bit depending upon where you are, David, but not substantial amounts any place. Not tapioca right now, but depending upon where we are competing with sugar, there may be some instances where it's looked at favorably, but not significant.

David Driscoll - Citigroup

So you would not call that out as an issue with why the volumes were down in South America and in North America?

Samuel C. Scott, III - Chairman, President and Chief Executive Officer

No, our volumes were down in North America primarily due to weather, which was horrendous in the first quarter around the world. And as we talked to our customers, we found that that was impacting their business. But secondarily, the economic environment has definitely had an impact on the industrial side of the business. When the economy is as soft as it is, paper and corrugating generally is a precursor to going into the fall and generally a precursor of coming out of it. And we certainly have felt that as our customers; we to talk to them regularly.

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