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## BlueLinx Holdings Inc Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from the line of Keith Hughes with Suntrust.

#### Keith Hughes - Suntrust Robinson Humphrey

.. having a difficult year pulling cash out of working capital. Given that 2008 is, at least at this point, it looks like it's going to be as bad if not worse, are you still going to be able to pull cash from working capital on a same percentage rate that sales decline in the near term.

#### Stephen E. Macadam

Keith, I don't think it's going to be on the same rate as the sales decline because of the extensive nature of our footprint. Our goal for this year is if it's as bad as we think it's going to be and everybody thinks it's going to be, to try to be in positive cash territory.

#### Keith Hughes - Suntrust Robinson Humphrey

Cash from operations territory?

#### Stephen E. Macadam

Yes.

#### Keith Hughes - Suntrust Robinson Humphrey

Okay and on to the quarter, you talk about in the SG&A line like a \$17.1 million related to the headquarters consolidation and outplacement but there's also an increased reserve for doubtful accounts consulting expenses. Can you give us an idea of kind of what the amounts were for those two and what specifically are the consulting expenses?

#### Stephen E. Macadam

The consulting expenses helped us... We did a lot of stuff in the second half of last year, Keith, and everybody on the phone. I mean, we implemented an aggressive SKU rationalization program, we were moving the office, we were getting our plan together for this year. We took a number of salaried positions out, we were downsizing our hourly work force, and we implemented over 150 different specific ideas related to cost savings throughout the quarter, so we used some help in that, and also, quite frankly, wanted to make sure we were focused on the right external growth markets that were

not as housing related and so that's really what we used that for. That ended at the end of the fourth quarter so we don't have any ongoing consulting expense and we don't go into specific line items. There will be more clarity when we file the K on changes in the bad debt reserves.

**Keith Hughes - Suntrust Robinson Humphrey**

Okay. The reason I ask is that you had started making some progress on SG&A year over year and if I make an assumption for these reserves it seems as though SG&A was not down significantly year-over-year which I find a little --

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