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## A. Shulman Inc., Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of Saul Ludwig with Keybanc. Please proceed.

#### Saul Ludwig – Keybanc Capital Markets

Hey, good morning guys. Nice hitting the goal that you established. That's quite an accomplishment.

#### Joseph M. Gingo

Thank you, Saul.

#### Saul Ludwig – Keybanc Capital Markets

In looking at some of the details, it's clear that your corporate expense went up by 50%, or it hit you by \$7 million additional this year; your North American in the aggregate was \$5 million, \$5.5 million worse, lost \$17.5 million. In your planning for '09, what do you think you're going to be able to achieve relative to the \$17.5 dollar loss that you've had in North America this year and the \$21 million that you incurred in corporate expense.

#### Paul F. DeSantis

Well, Saul, there are a couple big drivers in the corporate expense, so I'll take that question to start with. In the corporate expense there's the 3.6 million of CEO transition costs that we talked about. There's the \$700,000 worth of proxy costs that we talked about. There's a couple million dollars of extra costs that we have in there for CRA, our strategic consultants who are helping us. So, those costs are not part of the ongoing underlying spend at corporate but are much more discretionary, if you will, I guess. In terms of the North American loss, it's clear we are and we would have been able to tell you a month ago, prior to the latest economic condition, that we believed our activities that we took during the year were going to significantly address that North American loss. So, closing the Canadian plant, selling the Texas polymer facility, should have addressed the vast majority of that loss. Part of that loss includes the Invision business, which I think Joe's mentioned we're addressing separately. So, going into this year, our expectation was that we would have moderated that loss quite significantly. Now it's up to us to look at where the markets are to help us understand what could go on with that.

#### Saul Ludwig – Keybanc Capital Markets

It looked like the most dramatic; the \$5 million increase in the North American loss all came in the 4<sup>th</sup> quarter, where your loss was \$5 million compared with only a million dollars a year ago.

**Joseph M. Gingo**

Yes. In fact, around 85% of the loss in North America occurred in the 4<sup>th</sup> quarter. Primarily, almost all of that was driven by automotive. There was a little bit in our MasterBatch but really, insignificant compared to the engineered plastics part of the business. So what we're faced with now, Saul, is one very sick business, EP in North America, which represents 10% of our revenue.

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