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Eastman Chemical Co. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

Thank you, sir. [Operator Instructions]. And for our first question we will go Prashant Juvekar with Citigroup.

Prashant Juvekar - Citigroup

Good morning guys.

J. Brian Ferguson - Chairman and Chief Executive Officer

Good morning.

Curt E. Espeland - Senior Vice President and Chief Financial Officer

Good morning.

Prashant Juvekar - Citigroup

I have a question on performance plastics and PET. Your guidance would imply that in '09 you would make over \$50 million in operating earnings, roughly somewhere in that ballpark. You made \$1 million this quarter. And I understand the guidance was put forward a year ago but the world has changed in the last one year. So how do you go from making \$1 million this quarter to more than \$50 million next year?

J. Brian Ferguson - Chairman and Chief Executive Officer

Now P. J., we anguished over this many times, I have spent hours on the waterfalls, a waterfall charge that'll take us from this year to next year. It's a combination of volume and lower costs that kick in. I mean this year we had a lot of costs relative to off class material, early in the year because the IntegRex plant was starting up and had issues.

We've had expenses related to the expansion that we are doing that are not all capitalized. We had to shut down cost [ph] this quarter. And we have all the issues that came along with taking up 400,000 tons of old capacity, putting in new. All those things laid on the P&L for this business. Next year all that is off the deck. And so you can bet that when I choose to walk the plank on a statement like this, I've given it some thought. And we have chewed on this quite a bit. We stand by the statement.

Prashant Juvekar - Citigroup

Well, I know you are a thoughtful guy, but can you just give us some idea of how much was that expensed this year?

J. Brian Ferguson - Chairman and Chief Executive Officer

Probably more than \$20 million, more than probably \$20 million to \$30 million on the expense related items. And then maybe you throw in shutdowns stuff and other things that are going on this, I mean this is a bunch [ph] of expense.

Curt E. Espeland - Senior Vice President and Chief Financial Officer

And the additional IntegRex capacity.

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