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Building Materials Holding Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Keith Hughes of SunTrust.

Keith Hughes – SunTrust

Thank you. I have a couple of questions, and in prepared comments, you referred to \$90 million of non-reoccurring cash proceeds, and Bill you gave us an itemized list of several things, were you talking about the same items there?

Bill Smartt

Yes we are. The \$90 million actually refers to the NOL carry back and the liquidation of the insurance subsidiary.

Keith Hughes – SunTrust

NOL and liquidation, I see. And that liquidation of the subsidiary, is that moving from a captive insurance plan to a third-party thus bringing up assets, is that what you are doing?

Bill Smartt

Essentially that is correct Keith.

Keith Hughes – SunTrust

And then the numbers that you had mentioned Bill, of those is the only thing that has been realized through the end of the third quarter, the \$4.2 million in vehicle sales?

Bill Smartt

That is correct.

Keith Hughes – SunTrust

And everything else is occurring in the future, right?

Bill Smartt

Yes.

Keith Hughes – SunTrust

Okay.

Bill Smartt

I will say the cash in the cash flow when I spoke about net debt improving by \$21 million, that reflects partial liquidation of the insurance company. That – those money, the insurance company was included in marketable securities.

Keith Hughes – SunTrust

Okay.

Bill Smartt

If you look at the old balance sheet, you will see marketable securities, long term and short term, all that was liquidated into short-term cash equivalents as included in the cash balance. So, we have liquidated all the securities if you will of the insurance company and they are sitting there waiting to be transferred back into the accounts from the captive.

Keith Hughes – SunTrust

But on the balance sheet, I would see that in the cash balance and short-term assets, correct?

Bill Smartt

Yes, in long-term marketable securities too.

Keith Hughes – SunTrust

Long-term marketable securities, okay I got it. And I guess finally, one strategic question as you move out of some of the Select Build operations, I know obviously units that are losing money versus the cash cost to get out of the business is a consideration, but is there also a strategic consideration of what you are trying to make Select Build look like in –? Or what will that be?

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