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## Packaging Corporation of America Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Mark Connelly – Credit Suisse.

#### Mark Connelly – Credit Suisse

My question is about your customer base it's got a couple of parts, we think of your customer base as being comprised of smaller [inaudible] orders, can you talk about the relative cyclicity you see in your customer base versus the industry data that you're looking at? Can you also comment on the relative credit quality of your account receivables right now?

#### Paul T. Stecko

Let me comment, in terms of the customer base we don't only deal with small companies, we do a lot of business with big companies but we simply have a smaller share of that business in terms of business that we think there are hard to do things where we can get an adequate price for what we provide. We do a lot of business with a lot of big companies we just don't have large positions in a particular company except for a few.

With regard to cyclicity basically we're seeing across the board in the bulk of our business which is food and food service it's down about half as much, down maybe 5%. But, when you get in to troubled industries, building products, automotive, you're looking at 30%, 40%, 50% declines. So, when you average those you jump up to maybe the 10% down in terms of our volume. It's not really dramatically different than the industry.

You lead me to a good point, in November and October, on average we were down 13.5%. The industry was only down 11.5% so pretty close. I think the encouraging thing that I've seen is that as I said in the call, our December volume was up 6.5% over November and if the industry volume follows, in other words they keep the correlation with us as they did in October/November, then that would bode for a pretty good inventory reduction that could occur in December because not only is production down 340,000, 350,000 tons, demand on a total volume basis could actually turn out to be up 100,000, 150,000 tons if that correlation continues.

But, we'll have to wait a little while to get those numbers. We're not really that dramatically different than the industry it's just we don't have a lot of large positions in a lot of companies.

#### Mark Connelly – Credit Suisse

Paul, should I infer from those comments then that your customer base didn't change much in December, that you didn't pick up a lot of new customers?

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