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International Paper Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Claudia Hueston with JP Morgan.

Claudia Hueston - JP Morgan

Morning.

John Faraci

Hi, Claudia.

Claudia Hueston - JP Morgan

Thank you very much. How are you? Just a couple of questions. What I thought you... free cash flow is obviously stronger than we expected in 2008 and I think working capital was a lot better as well. I just wondered how much more can you get out of working capital and how you're thinking about that for 2009?

John Faraci

I think we've got a big apples uptick on the working capital side with the Weyerhaeuser acquisition. That really didn't have any impact on the 2008 results Claudia. So, that's real opportunity for us probably a couple hundred million dollars there.

In addition to working on the other side of the equation which is rest of International Paper.

Claudia Hueston - JP Morgan

Okay. Okay, thanks. And then just with your guidance around the corporate items for 2009, I think you said it in the appendix that this 250 million. Can you just maybe breakout what is pension allocation and then maybe what are the pension goes into the segments. And then what else may be driving corporate higher, if there is anything else there?

Tim Nicholls

Most of it is pension related, the only thing that we allocate up to the business is on the pension side quality or the service cost, and we choose to take everything else so you can keep it in corporate.

Claudia Hueston - JP Morgan

Okay. So most of the year-over-year increase in corporate is because of the pension, then?

Tim Nicholls

Essentially, all of it.

Claudia Hueston - JP Morgan

Okay. And then just on the consumer packaging business, where mostly...

John Faraci

That's all non-cash as well.

Claudia Hueston - JP Morgan

Yes. Just on the consumer packaging piece, it was most of the weakness in that business the result of this pulp inventory adjustment that you made in Asia or is there something else going on there?

Tim Nicholls

Yes, that was the big piece of the quality. It was about 12 million of impact for the revaluation of the inventories in the joint-venture.

Claudia Hueston - JP Morgan

Okay. And what else are you seeing in that business, just in general?

John Faraci

Yes, I'll take that piece, Claudia. We really need to divide the economy in China in two pieces. The part of the economy is that export oriented that's in shipping product out of China, a lot of coming to North America. And the part that is serving the Chinese domestic market. And the export piece as softened a lot more than the domestic piece.

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