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Goodrich Corp. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you sir. Ladies and gentlemen our question and answer session will be conducted electronically.

(Operator Instructions) And for our first question we'll go to Peter Arment – Broadpoint Capital Markets.

Peter Arment – Broadpoint Capital Markets

Yes, good morning Marshall, Scott, Paul. Congratulations on the corner, very nice results. Can – Marshall, can you maybe just talk about cash deployment for '09? I guess what you're thinking about form both on acquisitions, or you've done a few selective ones. Could you give us a little more color on that front?

Marshall Larsen

Sure, obviously, you saw that we cut back on our capital spending. Basically we don't want to add more capacity until we're sure we need it. So we accepted and selected low cost country expansions where we're actually decreasing our costs and raising our margins.

We're being cautious about that deployment. You saw we're going to have to make \$150 million plus pension contribution during 2009; we want to keep the pension as close as possible to a significantly funded status.

But we're also watching the returns there, so we're not going to jump right in and drop \$150 million in the first quarter. We want to see what happens to returns during the year. We will actively continue to look at both on acquisitions, and you saw we've done three of them last year and they fit very nicely into the portfolio and we'll continue to look at those.

The good news is that we don't have to go out and borrow money to do those kinds of acquisitions; we've got substantial cash on the balance sheet. We only have about a couple hundred million due in long-term debt, I think in May that we can pay off from the balance sheet and we're generating good cash.

So we're cautious in terms of making sure we remain fairly liquid in these difficult times until credit frees up better, but even saying that we have the capacity to do some of those acquisitions if we find the right ones.

Peter Arment – Broadpoint Capital Markets

Okay and then just quickly R&D is expected to come down and I didn't maybe see it in the charts, maybe I missed it, did you give any – can you give us a little color on that then maybe Scott?

Scott Kuechle

Sure 2007, 2008 R&D which we expense through the P&L was in the \$280 to \$285 million range, and I think for '09 we'd expect that to come down probably in the neighborhood of \$260 maybe a little higher than that.

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