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Dean Foods Company Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Terry Bivens - J.P. Morgan.

Terry Bivens - J.P. Morgan

Gregg, just a couple of quick questions on the DSD Dairy side. Volumes up 2.8, how much of that would you say is acquisitions?

Gregg L. Engles

Most of that was acquisitions in Q4. If you look at that historical chart you have seen that the business has oscillated from say flat to the category to up 1% to 1.5% versus the category. It seems to sort of be bouncing back. It's a little episodic as share moves around in the category, then augmented by acquisitions. So as we have come into the first quarter of 2009 we seem to be moving forward in terms of organic share growth on top of the acquisition-driven growth but that seems to be an oscillating trend for us.

Terry Bivens - J.P. Morgan

And just in terms of looking at the margin there, it was up about 210 basis points in the fourth quarter, is it possible to separate at how much the trade down to private label may have held that margin growth back?

Jack F. Callahan

It really impacted a couple of reasons. It's clearly still happening. Let me come back to you with a better view at our investor conference in two and a half weeks. I would prefer not to give out that one number in isolation, kind of given all the other moving parts in the P&L. Very volatile quarter.

Terry Bivens - J.P. Morgan

And it does look in Nielsen figures that the trade down from your branded to your private label is declining a bit, at least over the last four weeks. Is that your read as well? I know you have better numbers than I do there.

Jack F. Callahan

Frankly, it has jumped around a little bit. In some cases it has gotten better and in some cases it has gotten a tad worse. We do have a heck of a lot more focus on, right now, about managing that price gap of our branded products versus private label. But within a period rapidly declining prices, you really have to stay on that.

Operator

Your next question comes from David Palmer - UBS.

David Palmer - UBS

Gregg, just a big picture question and I don't want to steal all your thunder from the analysts' day that is coming up, but a couple of years ago you launched the vision of the new Dean and you brought a lot of capable people that have a lot of steam in the industry over to Dean with a vision of this company becoming better managed internally, generating cost savings and perhaps finding margin on the top line as well, both in WhiteWave and the DSD side, leveraging that distribution. When you think back to the original vision and where you thought you would be, kind of entering in the year three of the new Dean, so to speak, kind of get us up to speed as to what you might be disappointed in in terms of the time frame. Obviously there is so much noise in terms of the commodity that it's tough for us to tell. What inflections points might you be reaching and where? And what are some of the successes that you think might have been masked by some severe commodity noise to date?

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