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Universal Corporation Q3 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instruction) Your first question comes from the line of Ann Gurkin - Davenport & Company LLC.

Ann Gurkin - Davenport & Company LLC

I want to start with the comment in the release about a move towards a potential oversupply of burley tobacco and is that just based on crop sizes, as you are saying, or is that reflects any weakening in demand from customers for potential burley purchases as we look out to 2010, given tougher economies and maybe higher taxes, that kind of stuff?

David Moore

Ann, it is not based on any weakening of demand. The dollar is largely attributable to large burley crop in Africa.

Ann Gurkin - Davenport & Company LLC

Okay. And what is your outlook for working capital needs for 2010 given this projected larger crop?

Karen Whelan

I would expect that was a stronger dollar. Working capital needs would be down. Of course, we will wait and see where the dollar is when it is time to buy it. But the biggest thing, if you say on what we have on our website in December, the crop in Malawi went from a normal, say a 120 million kilos to the shortage when it was just below 90 and then last year it exceeded 150, it was up almost to 170 and now, we see 245. So really our expectations a lot of them are related to the Malawi crop.

Ann Gurkin - Davenport & Company LLC

And then, can we get an update on former bad debts in Brazil for the year?

Karen Whelan

Ann, I do not have that number. I do not think it is extraordinary this year or we would have disclosed it.

Ann Gurkin - Davenport & Company LLC

Okay.

Karen Whelan

We expect to have a certain amount every year.

Ann Gurkin - Davenport & Company LLC

Okay. And in Europe, are you all going to need to take a charge to better align that business?

Karen Whelan

Based on?

Ann Gurkin - Davenport & Company LLC

Based on your presence and if the supply of leaf continues to deteriorate.

Karen Whelan

That business is a good business for us right now and we are certainly aware of the potential for the future and are working on it.

Ann Gurkin - Davenport & Company LLC

Okay. And then given the tightness in the credit markets and particularly overseas and the fact that you all are very well positioned, are you able to gain some market share right now in various markets?

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