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## Eastman Chemical Company Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Jeff Zekauskas – J.P. Morgan

#### Jeff Zekauskas – J.P. Morgan

I'd like to start off with a few questions about Fibers, can you remind me about the end markets of Fibers by geography, that is how much is US and how is Europe and how much is Asia?

#### Jim Rogers

I don't know if we say the actual percentages, roughly domestic market is obviously much less important to us then it was years and years ago so less then a fourth of our business I'd say noticeably less than a fourth of our business would be in North America. Asia is kind of the market and it's probably not just for us but for most everybody. Then of course Eastern Europe is also important. I'd probably line it up Asia, Europe, North America, and then Latin America.

#### Jeff Zekauskas – J.P. Morgan

In the statistics you gave you had the volumes down 10%, prices up 10% with a positive mix effective too. Under that dynamic why wouldn't the operating earnings really be much, much higher if prices are up just as much as volumes with a positive mix in that wouldn't a percentage point of price be worth about two percentage points of volume?

#### Jim Rogers

I haven't done the math that way. Number one, the earnings are up fairly significantly, of course sequentially. The one piece you left out was the costs, remember the reason we got this price increase was because of what wood, pulp and energy did late last year and we didn't get it all back in the fourth quarter. We're just now getting that back. Tow volume is up but he other volume is off. I think the math works that we had a great quarter but it is pretty much the way it is.

#### Operator

Your next question comes from P.J. Juvekar – Citigroup

#### P.J. Juvekar – Citigroup

I'm looking at CASPI it was down like most other coatings companies. Can you give us a little bit more granularity on different parts of CASPI, talk about coatings, adhesives, and specialties?

**Jim Rogers**

It's an interesting story and it's actually a similar story for specialty plastics as well. When you look inside commodities versus specialties whether you're talking coatings or adhesives one of the things I'm learning is just how the de-stocking is winding its way down. The commodity stuff you never had that much de-stocking going on I guess initially. Its big bulky stuff, people know they can get it from a bunch of different players; they didn't necessarily carry a lot of inventory.

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