

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Eastman Kodak Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you (Operator Instructions) We'll take our first question with Shannon Cross with Cross Research. Please go ahead.

Shannon Cross - Cross Research

Thank you very much. Good morning. To start with, can I just ask a question on IP licensing? What I am just curious about is that you're holding to your numbers sort of on average going forward, but I am curious is to whether or not the current economic environment is making it harder for the negotiations or if you can just sort of characterize how we should think about timing because obviously getting that money in is the very key to your cash generation.

Antonio Perez

Yeah, Shannon, I don't think the economic conditions are going to help with those negotiations we're sure but as it has happened in the last four years, we always concluded those negotiations in the tail (ph) of the fourth quarter. So I don't see any difference from that point of view.

The reason for the lower royalties in the first quarter was multi-year agreements that we had in the past that basically ended and those weren't in our plan. But we do have deals that we're working on and that we believe will allow us to achieve the 250 to 350 that we've been aiming at for a long time and we've been achieving every year.

I don't disagree that the economic conditions makes everybody being more cautious with cash but the tracks are that we have extremely strong IP portfolio with lots of fundamental patterns. There are very hard to design around and that's what has led to this program to be very successful in the past and I don't see any reason why it won't be this year and the next few years.

Shannon Cross - Cross Research

Okay. And then a Frank a question for you on cash side, just with regard to working capital and as your revenues are coming down, you're focusing on your core businesses. Sort of what levels do you think you need to have of inventory and AR in that, as you have the revenue pressure in the overall business contracts? Just can you give us some idea of targets you have or how we should sort of gauge goals over the year?

Frank Sklarsky

Yeah. As opposed to giving a specific dollar targets by Allan. Let me see if I can help in this respect. In accounts receivables for instance, we've been very successful in working on our past due months. So, really, receivables overall and the float up and down in terms of the total balance along with revenue, the lever we can pull is around pass dues. We ended the first quarter with less than \$10 million of total past due over 60 days. So there is a terrific level of collaboration amongst all the functions in the company to really manage this very tightly in the current environment, so we're very pleased with that. So that's really the initiative there.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.