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Owens Corning Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator: Thank you, gentlemen. (Operator Instructions). The first question is from Ken Zener with Macquarie Capital.

Kenneth Zener - Macquarie Capital

Good morning.

Michael Thaman

Good morning, Ken.

Kenneth Zener - Macquarie Capital

I am wondering, given the free cash flow guidance that you highlighted, meaning the 340 D&A and 225 in CapEx, the gap there -- 150 in free cash flow kind of implies may be 35 million net income. Could you talk about other factors that are influencing your free cash flow assumptions such as working cash usage like pension et cetera?

Michael Thaman

Sure, may be I'll start this of and then may be I'll pass it over Duncan. Obviously, one of the places we are investing cash today is in cost reduction. So we did have a realization cost in the first quarter. We gave some guidance on realization cost that will be use of cash in the year. We do have the use of cash in terms of pensions as well as we talked about our cash taxes which will maintain the results at a relatively low level. So, I think the big caption is outside of CapEx, that would be uses of cash would be those three and then obviously we're looking at volumes this year where we'll be weaker on the top-line and we would expect therefore that we get some working capital, coming back the other way that would be in forecast. So, the sources in uses, I think you got the major elements of that. Duncan, I don't know if you want to talk and tell any of our specific guidance and need those elements.

Duncan Palmer

Yeah, thanks Mike. I mean I think you talked about most of the elements in your response, I mean, cash taxes we've got to be less than we spend in 2008 which was \$33 million also we have interest expense but that will be a material item.

We talked about realization cost for the cost reduction actions in 2009 as also some element as we talked about on the call of cost associated with synergy acquisition from the Composite acquisitions we did in 2007. We're still capturing synergies actively in 2009.

Mike mentioned the pension, I think we've provided some guidance in the 10-K and our contribution to the pension this year will be about \$60 million. So, I think you can, those are the kind of major elements, I think.

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