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Lear Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Himanshu Patel - JPMorgan

Himanshu Patel - JPMorgan

The \$1.2 billion in cash, how much of that was held at the hold co versus overseas.

Matthew Simoncini

We're not going to get into that level of specifics, but we have enough cash and its in the locations to fund our international operations. We have pooling that's international like most corporations and we've got it in locations where we need to fund our operations.

Himanshu Patel - JPMorgan

Can you just talk us through how you're thinking about working capital swings by quarter for the rest of the year, obviously we've got some productions shutdowns here, but when production resumes in the third quarter would that be the quarter when we should think about a big outflow.

Matthew Simoncini

Not necessarily, it's as much as the cadence of the sales within a quarter. Right now we actually see from our standpoint, we see that production overall is kicking up and that will generate cash in the back half of the year. Working capital is also tied to little bit of the cutoff on the month end, for instance, we're on an [accounting close]. This quarter for instance was impacted by two things.

First and foremost the cadence of sales within the quarter since most of the shutdowns that we experienced in December extended well into the year, those sales were largely in receivables at quarter end.

The other thing that happened was our calendar cutoff for the quarter was April 4 and that's why the balance sheet is dated in that, in the press release. That picked up an additional payment run, so to speak, mainly out of Europe. All in all, we don't see right now a significant cash outflow for working capital in Q3.

Himanshu Patel - JPMorgan

On the restructuring spend, I think at the start of the call you said the total cost would be \$175 for the full year, was that the cash cost you're referring to.

Matthew Simoncini

No, cash costs will be a little bit less than that. A good chunk of our charges in this quarter was a noncash charge related to certain pension obligations with various facilities.

Himanshu Patel - JPMorgan

So how much was the cash restructuring spend in this quarter.

Matthew Simoncini

About \$50 million.

Himanshu Patel - JPMorgan

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