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Lennox International, Inc. Q3 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jeffrey Hammond – KeyBanc Capital Markets.

Jeffrey Hammond – KeyBanc Capital Markets

Todd, you announced some additional restructuring here and if you could just walk through what you're calling for, for incremental restructuring savings in 2010 from the actions you've already announced?

Todd M. Bluedorn

I think the pieces that we've been clear about so far Jeff for 2010 is the global sourcing initiative. We've talked about we think that's a 5% savings and so somewhere between \$30 to \$40 incremental in material cost reduction in 2010. On the restructuring charges, I'm not sure we've added all that up and sort of given clear guidance on what pieces are going to be in 2010. I think the piece we announced today at least right now we're talking about being \$6 million annualized and it will be implemented during the first half of 2010. We're together in December, we'll layout a detailed roadmap on how all that breaks out.

Jeffrey Hammond – KeyBanc Capital Markets

Then refrigeration certainly impressive results on the bottom line and certainly a little bit better on the top. It sounds like the color that you gave that the benefits that you got on the bottom line are sustainable but I just want to ask are there any aberrations or onetime benefit that would suggest that that is not a sustainable run rate?

Todd M. Bluedorn

No. I mean, it's the things that we talked about so there's no one timers if that's the question. It's we're winning in the market place and outperforming the market. The team has done a very good job on SG&A, we got price in the quarter and then we use words like manufacturing rationalization initiatives to a large degree that's the closure of Danville and we talked about that being a \$7 million annual run rate savings and a vast majority of those savings started to kick in, in 2009. So, it's restructuring our footprint and taking costs out.

Jeffrey Hammond – KeyBanc Capital Markets

Finally, I appreciate the comments on national accounts and what you guys continue to accomplish there on the commercial side and I think you commented on share gains in residential construction but can you just reconcile your results residential kind of down mid teens versus AHRI down 9% and the AHRI like commercial is kind of running down 30%. You guys seem to run closer to down 40%, can you just kind of talk about share and maybe some of the moving pieces of your results versus some of the market data.

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