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Accuride Corporation Q2 2008 Earnings Conference Call

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Analyst for Itay Michaeli with Citi.

Analyst for Itay Michaeli - Citigroup

A couple of questions on your steel outlook. How difficult is it for one to get those surcharges in the system and how much of your guidance relies on those recoveries?

John R. Murphy

When you say get through to the system, I assume you mean work with the customers to recover the increases.

Analyst for Itay Michaeli - Citigroup

Exactly.

John R. Murphy

Okay, it continues to be difficult. This is a problem that we've, unfortunately, become well experienced with through our past spiraling raw material increases. This one, I think, is perhaps different in that this has been a persistent problem of commodity prices over the past probably 4-5 years. So, it's well understood with our customers. No one likes it, us or the customers. We're not making money on it but we need to fully recover it. So, that's our task. Our sales and marketing group has been immersed in working through that series of issues very carefully on a customer by customer basis and we're confident that we will do extremely well in terms of overall recovery but as they've pointed out, that still will probably cost us a percentage point in margin due to the fact that we get the revenues with no margins associated with them. But we're confident in our action plan.

Analyst for Itay Michaeli - Citigroup

And how much of your guidance then, what is based on in terms of steel recoveries?

John R. Murphy

What do you mean? We basically assume that we'll recover fully.

Analyst for Itay Michaeli - Citigroup

Okay, understood. Thank you.

Operator

And our next question will come from David Leiker with Robert W. Baird.

David Leiker - Robert W. Baird & Co.

What's your expectations for D&A and capital spending for the year? I don't think I've heard you say that.

David K. Armstrong

CapEx is going to be \$30-35, probably about \$33 million. That's what we have targeted right now. D&A is \$42 million. \$47 million, I'm sorry.

David Leiker - Robert W. Baird & Co.

Great. And then--

David K. Armstrong

And clarify, let me clarify. Depreciation is \$42 million; amortization is another \$5 million on top of that. So, it's \$47 million.

David Leiker - Robert W. Baird & Co.

Okay, great. I'm a little confused on this raw material. You said \$45-50 million of raw material cost this year. Correct?

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