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## Minerals Technologies Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Your first question comes from the line of Mike Judd with Greenwich Consultants.

#### Mike Judd - Greenwich Consultants

Yes. Congratulations on a good quarter.

#### Joe Muscari

Thank you, Mike.

#### Mike Judd - Greenwich Consultants

Just trying to get my hands around some of these leads and lags in the second half in terms of the higher raw material costs and the time lags, and I'm just wondering if you could maybe help us understand perhaps on both the talc side and also on the refractory side, the impact of the higher raw materials and how does that flow through?

And is there a greater impact, let's say, in the third quarter than there is in the fourth quarter? Just a little help would be appreciated. Thank you.

#### Joe Muscari

Yeah. Typically we're expecting for PCC to have some lag, primarily it will hit us more in the fourth quarter than the third quarter, but it's the size of the increases and the way it will flow, and our ability through our contracts to recover those.

The flow itself will not be much different from what we've experienced before, if we look back in time. The movement or the flow, there's nothing different relative to what we've experienced over the years.

So it's going to be more of the size of the increases due to the size of the energy increases that, where we have our supply lines linked to and our supply sources linked to that will drive those and how we turn those around and the timing of the contracts relative to our customers.

Talc will tend to be more immediate and when I say immediate, we recently announced a price increase on talc and we're working through those right now, where there isn't necessarily a delay, it's

a different competitive type of situation, the number of contracts that are long-term are much less for that business.

So there we should expect to see a more immediate effect of the actions that we are taking. Refractories, the negotiating cycles are on six months. So right now, we've been negotiating for the second half, we've been in that process, we have more to go, we're not complete yet, so we've got some uncertainty around there.

But for the most part, the contracts in refractories are on a six-month period. It can vary some for that for some other customers, but on balance, it's a six-month period.

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