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Compass Minerals Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question is from David Begleiter - Deutsche Bank.

David Begleiter - Deutsche Bank

Angelo, looking at SOP prices, is the \$658 list price, I know international prices are lower, which you're trying to raise, but is \$658 the current bogey for 2009 SOP prices to start with?

Angelo Brisimitzakis

Yes, that is our list price and we wanted to provide some clarity so we reissued the list and we are working real hard to get everyone to that number. Historically, the international pricing had been lower but with this recent wave of activity in the broader fertilizer and potash markets, international prices have actually in some cases gone above domestic US prices on some fertilizers.

So looking into '09, I would expect very little difference between domestic prices and international prices on SOP and we expect to be fully active in all markets and to approach that \$658 number less what might be some small discounts for volume and other types of agreements by year-end.

David Begleiter - Deutsche Bank

And Angelo, looking at some of the \$1,000 per ton MOP prices being quoted today; any reason your SOP prices couldn't be a premium to that prices long term?

Angelo Brisimitzakis

Yes, I think the structure of the potash market requires SOP to be priced at a premium to MOP no matter where MOP goes because the majority of the production of SOP comes from MOP. So you would be destroying value if you were to sell SOP at below MOP prices.

Now whether the MOP market will get to \$1,000 a ton, I will let greater minds on the potash side of the business the pure potash side of the business comment on that. I think others have said it will get there quickly. I think there is some speculation in the third quarter. Others have said it will take a longer time. Others have commented that there are customers in this equation also that need to be considered. We certainly want to make sure that whatever happens is in the best long term interest of our products and our customers.

David Begleiter - Deutsche Bank

And will there be any elasticity or demand issues with SOP amongst your customers?

Angelo Brisimitzakis

We haven't seen any. There is clearly that concern always out there. These are unprecedented times in the broader fertilizer market but as you are beginning to read, there is an overall lack of food products in many, many categories and stocks have gone down. SOP can be used in a pinch to replace MOP so as there are MOP shortages, SOP gets pulled in so we are actually seeing very strong demand.

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