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TRW Automotive Holdings Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Ladies and gentlemen, we will now begin the Question and Answer portion of today's call. [Operator Instructions]. We will now take our first question with the line of Bertt Hoselton with KeyBanc Capital Market.

Brett Hoselton - KeyBanc

Hi good morning gentlemen.

Joseph Cantie - Executive Vice President and Chief Financial Officer

Good morning Brett.

Brett Hoselton - KeyBanc

Joe I was hoping you could talk a little bit more or in a little bit more detail about the impact of higher steel prices. Obviously we didn't see the impact in the first quarter, but we really didn't see a material increase in steel prices until it really moved through the first quarter. Can you talk specifically about your ability to one kind of resist the increase on the supply side whether it be your direct buy or your indirect buy and secondly your ability to pass along any increase to your customers.

Joseph Cantie - Executive Vice President and Chief Financial Officer

Well, firstly on the say the input side of it. We have experienced movement in steel during the first quarter. We are aware of and we believe it will see further increases during the second quarter and for the balance of the year. Where we buy steel as a raw material then quite frankly, I don't expect that we have that much leverage regarding the major steel companies and therefore we will... so we have to accept most of the pricing that is put forward. I mean, if naturally we will say do our best and employ whatever leverage we can. But I think it's fairly minimal.

The next category for it is where we have steel inputs to us with some other value-added process and then of course we were in a better position. Albeit I mean some of the supply base, as I said in my remarks is in fairly poor condition to necessarily absorb some of those... those increases. Well I expect it will be a combination of... as we've had before, which is where it's been raw material very much driven by the market, the added-value there will be some content that we absorb, some content that the supplier may absorb and some content that the customer, our customers will absorb and naturally now full be speaking, and have been speaking with all of our customers where we feel the need to pass that on in the current environment.

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