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Trinity Industries, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Thank you, sir. [Operator Instructions]. And our first question comes from Brannon Cook with JPMorgan. Go ahead, please.

Brannon Cook - JPMorgan

Good morning.

Timothy R. Wallace - Chairman, President and Chief Executive Officer

Good morning.

Brannon Cook - JPMorgan

So question about the railcar margins as we look forward to 2008 understanding there are some pricing pressures there. Do you see your mix of car types that you build... you are changing meaningfully from '08 versus '07 and what kind of expectations you have around new order levels, specifically with your demand for some coal car types?

Timothy R. Wallace - Chairman, President and Chief Executive Officer

Well, whenever you are in a moderate market, your product mix changes because you have to pursue what railcars are out there in demand. And Steve, you might want to elaborate on that a little bit.

D. Stephen Menzies - Senior Vice President

Well, we took orders again in the fourth quarter for a broader way of railcars. We are seeing similar demand continuing here in the first quarter of '08, specifically the coal cars we have seen improved demand for coal cars. And we expect that to continue through 2008 and into 2009.

Brannon Cook - JPMorgan

Just a follow-up to that on... you mentioned you are talking with your customers in the bio-fuel arena, specifically around ethanol. Are you seeing any firming of production plans of the ethanol producers given the energy bill coming online? We heard that in the marketplace there is a bit more visibility to some of that production coming online. What are you hearing from your customers about that?

Timothy R. Wallace - Chairman, President and Chief Executive Officer

Steve, you want to take that one?

D. Stephen Menzies - Senior Vice President

Sure. I think you have got first of all some digestion of... in the marketplace with the capacity that has been brought on street from the first wave of renewable fuel standards. And I think until that settles out, you won't see a real firming of plans to start to address a new further expansion of ethanol production to meet the higher renewable fuels standard. But this is a market that's going to develop over a long period of time and I think it's going through some natural cycles of a bit of a shakeout and you'll see some of the fringe players perhaps be absorbed. And then I think we'll see some renewed momentum in the market to build more plans and start to reach the higher production levels required by the renewable fuel standards.

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