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Westlake Chemical Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Your first question comes from the line of Kevin McCarthy of Banc of America Securities. Please proceed.

Kevin McCarthy - Banc of America Securities

Good morning, Albert, how would you characterize demand for PVC fabricated products and municipal or commercial construction as opposed to residential? Obviously, residential has been weak for over a year now, remains difficult but what are you seeing in the other segments of the market as relates to vinyls?

Albert Chao

Yes. As you know, approximately 20% of our PVC pipe business goes into the residential sector remaining goes into more of the water, sewer and infrastructure road construction. And that segment is doing better than the residential side. However, because of the total reduction in the construction market is still a very highly competitive position among all the producers for pipe in both segments.

Kevin McCarthy - Banc of America Securities

Okay. And with regard to that competitive intensity, what is the latest that you're hearing regarding the new capacity that's to come online from Shintech in Louisiana?

Albert Chao

As we understand, Shintech plant will first base will come aligned some time in the first half but most likely in the second quarter of this year.

Kevin McCarthy - Banc of America Securities

Okay. And then finally on the subject of capital spending, did I hear you correctly that the number for '08 is \$175 million to \$200 million? And if that's correct maybe could elaborate on some of the larger capital projects that are embedded in that number and also whether or not that includes any contemplated spending on Trinidad?

Albert Chao

Yes. This number included a carryover of raw material 07's projects, which was not completed. So I think these capital projects included a carryover plus as you mentioned our ongoing expenditures in Calvert City, which includes the debottleneck in our chlor-alkali assets in Calvert City, PVC resin plant as well as the PVC pipe plant and ongoing maintenance, capital spending across our businesses. Now, there is no cost involved in any of the Trinidad activities in capital side.

Kevin McCarthy - Banc of America Securities

Okay. Thank you very much.

Albert Chao

You're welcome.

Operator

Your next question comes from the line of Mark Connelly of Credit Suisse. Please proceed.

Mark Connelly - Credit Suisse

Thank you. Albert, just a couple of things. I am wondering if you can tell us how this FIFO impact, which was obviously very pretty big, is that mostly in the olefin's business. Do you have a split between the two? And second, you've talked about the export market a bit, I wonder as I was listening which one are you actually more optimistic about, the PVC export opportunities or polyethylene? And do you see one of those markets rolling over before the other?

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