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## Compass Minerals International Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Your first question will be from the line of Mark Gulley of Soleil Securities.

#### Mark Gulley - Soleil Securities

Hey good morning guys.

#### Angelo Brisimitzakis

Good morning, Mark.

#### Mark Gulley - Soleil Securities

I love the presentation a lot more detailed, but referring to slide 21. I'm a little bit confused. I want to make sure I'm doing my math right. If I take a look at the price increase data, you've provided domestic international kind of roll it up. I come up with about \$285 per ton increase. And when taken against your production of, you call 425,000 tons per year, that will suggest an increase in gross profit margin of more than \$100 million, and you gave \$50 million. Am I missing something, perhaps on net-backs or something like that?

#### Angelo Brisimitzakis

Good morning, Mark, it's Angelo. A good question and as you know we don't really give specific earnings guidance, so my comment will be kind of framed on a big picture basis. We are very pleased with the momentum that we are achieving on price increases in SOP. It's obviously leveraging what's going on in the broader potash market, and we talked a little bit in our prepared comments about those drivers.

When we put this slide together, we wanted to try to give an overview of the timing and the sequencing and the building of these price increases. There are going to be a lot of factors that come into play that will determine what the net benefit is for the company. For example, these are competitive markets with customers that have other buying options.

So what competition does at each account will often determine how much of the price we realize and when. The second factor would be the timing of these increases. We are not commodity potash, and we believe we have a specialty product. As part of being a specialty product, many of our contracts are annual agreements where the pricing is firm for either three months, six months or even one year.

And we just don't go in there and tear the contract up and start from zero. We allow those contracts to mature, or we go in and try to renegotiate some kind of blended formula going forward.

So, although the announced date of the price increases would lead to a much larger number, when you take into effect the competitive factors that are out there. You've taken into effect the customer management and the uniqueness of every contract that we have. And you also take into effect the cost side of the equation, because as you know, some of our input costs, particularly KCL, have inflated over the last few years.

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