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Arch Chemicals Inc. Q4 2007 Earning Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

And our first question comes from James Chen with BB&T Capital Markets.

James Chen - BB&T Capital Markets

Good morning. How are you?

Michael Campbell

Very well, how are you.

James Chen - BB&T Capital Markets

Let me start, the first question is on the HTH water side. Excluding the 12 million or so benefit from the antidumping ruling, is kind of breakeven for the quarter? What's your significant improvement from about, like 10 million downside last couple of years? Then you did you talk about low operating cost and the volume gain? Is there any volume shift between different quarters or no?

Louis Massimo

James, no, there is not as to volume shift. The thing that you are seeing happening which we are very proud of is that we are seeing more robust demand in our business in South America, Latin America and South Africa which and they are seasonal versus the North American market. So when we acquired the other half of those entities a couple years back we felt that they could grow profitably under our leadership versus the joint venture and we are seeing that kick in. And what we are also seeing is again the discipline in pricing strategy in the North America market when it comes to the early, buy programs on the dealer side.

James Chen - BB&T Capital Markets

So that I can consider this improvement is pretty much you established a new base line somewhat because of new business from South America and South Africa?

Louis Massimo

Yeah. As Michael Campbell tells me everyday, we set a new base line every day and he keeps raising the bar. So like him yes we have a bar to raise.

James Chen - BB&T Capital Markets

Okay, great. And also on the forecast side, how should I understand your, weather forecast of HTH water, do you assume that you are kind of normal weather pattern in next year or you watch some weather forecast somewhere?

Louis Massimo

We like everybody else try to predict everything under the sun, unfortunately we're are not as good as predicting weather as the almightily you might say. But, we are expecting a recovery from last year, because last year was a challenging weather environment and we were able to deliver a significant improvement in that environment, that's why our forecast, as Michael was saying earlier as we are expecting a better volumes and our forecast assumes that 3% to 4% increase in volumes for next year.

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