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The Timken Co. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Your first question comes from the line of David Raso with Citigroup.

David Raso - Citigroup Global Markets

One big picture question. But before that, just a little into the fourth quarter. I didn't see in the release, I apologize if have missed it. The LIFO adjustments, can you give us the size of those in Auto and also the one in Steel?

Glenn A. Eisenberg - Executive Vice President - Finance and Administration

David, for the quarter within the Auto Group it that was around \$10 million of LIFO costs. And in Steel, just a couple of million for the quarter. Steel issue was more dealing with the full year where they were up year-over-year where actually Automotive would have been relatively flat.

David Raso - Citigroup Global Markets

Okay. And the question I really have is for Mike, given the significance of the conversations you have been having the last month and a half or so with the auto customers. Can you give us an update of how they have gone and maybe some thought of if you can help quantify for us maybe some of the shifts in assets that maybe were shared assets before between Auto and Industrial that you see kind of right off the bat, may be shifting more towards non-auto markets?

Michael C. Arnold - Executive Vice President and President - Bearings and Power Transmission Group

Yes, David, during the third quarter call, we talked through about five specific initiatives that we would push in fact to drive improvement of the bearings and power transmission business overall, but in particular with regards to automotive. The two that you have raised, pricing, we are actually making good progress. That is some thing that as you know in that industry, contracts come up in general on an annual basis that has provided us an opportunity to look at the renewal potentially if we can make them profitable of contracts in 2008. Basically, those are behind us and we made excellent progress on pricing, which will begin to see some improved performance therefore in the Automotive segment in 2008. The mix change is one that we have been impact [ph] as we talked in the third quarter. We have looked at all of the opportunities to take the assets that we employ across the entire business and best determine which market we should serve with them based upon the profitability and if you look at the details of obviously some very significant sales in the fourth quarter on the auto... or on the industrial side of our business, the a begin of a mix change where we have been able to redirect some of those assets to more profitable markets, so its, both are progressing very well, David.

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