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ArvinMeritor Incorporated Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Peter Nesvold of Bear Stearns. Please go ahead.

Peter Nesvold - Bear Stearns

Good morning guys.

Chip McClure

Good morning, Peter.

Peter Nesvold - Bear Stearns

I have maybe a little about Europe. You know we've hearing tightness from multiple suppliers in OEMs, just trying to keep pace with demands. Was there anything that you're able to do late in the year that might would show some kind of near-term benefit for instance one -- tier one supplier, I know you didn't take any downtime frame since in August to catch up to the OEM customer. Anything like that you were able to do?

Chip McClure

Yes. Absolutely. Peter, this is Chip, yes, we did the same thing, the August shut down we worked throughout that and that obviously helped with a bit of a buffer there.

I think the second thing is when you look at what Carsten and his teams have done in Europe. I've mentioned a little bit with the ArvinMeritor Production System we are starting to see some of the benefits of the lean manufacturing there.

So I think that was a second thing that we've been able to show improvement essentially in all our facilities there. The third thing is we also as I indicated have started developing new suppliers.

Now obviously with the rapid increase in the volume requirements there was some premium cost to bring this capacity on line and also get the parts to our plant. So those were kind of three, if you -- well, short-term things that I think we will already start seeing the results from.

And obviously, I think the most important thing is from a longer-term perspective is we actually spent a lot as far as investment in future capacity and we are putting that in place as we speak.

Peter Nesvold - Bear Stearns

Working down a -- working through a shutdown, an OEM shutdown makes a lot of sense, I can understand that that could be an immediate benefit, it requalifying suppliers, I mean, that seems like that could take sometime. How, you know, changeable is that, don't you have to do durable testing and get requalified by your OEM customer?

Chip McClure

No. You are absolutely right. You've to do that and make sure you have got the right quality in place, so that doesn't come on quickly but even with some of our existing suppliers and I think the other thing, is we work very closely with our customers because again, as you look at it, I think our customers too the significant ramp up with the opening of Eastern Europe more I think caught them by surprise too.

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