



Timken Co. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

[Operator Instructions]. Our first question will come from the line of Eli Lustgarten with Longbow Securities.

Eli Lustgarten - Longbow Research

Good morning.

James W. Griffith - President, Chief Executive Officer and Director

Good Morning.

Unidentified Company Representative

Good morning.

Eli Lustgarten - Longbow Research

I am not sure, I know where to start with this quarter. Quite a... I think your battle has been going on. Can you take us through the both I guess the mobile and the steel business for the fourth quarter and its impact, because it only gets to \$0.16 to \$0.26 with a 30% tax rate. You got to have a pretty good sizable loss in motive and you've got a have maybe mid single digits that best in steel from the probability standpoint and that in the context, what I am told this morning is scrap is in threefold and the 290 numbers double where it is today from what I understand. So we... overstating the decline in mobile and steel at the same time.

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

Let me start and then ask obviously Mike himself to drill down some more. Clearly, the fourth quarter issue, we're going off of the record third quarter of unprecedented benefits in the markets. There's a lot the unique timing, if you will that's going on within the scrap market as you know again and our mechanism. So clearly, we benefited from the third quarter as a result of our mechanism. We got hurt in the fourth quarter which was why it's structurally well below what would be a normalized level of profitability for the company and as well for the steel business.

But clearly, steel's being impacted by that timing mechanism which again is not structural, but also steel obviously plays in the automotive industry as well and clearly you're seeing the negative impact of that, but again still looking at positive performance for the quarter.

On the mobile side though, again obviously, we have a big component, which is automotive related. We're seeing continued declines in demand. We're managing it as well as we can and I again I can speak to a lot of the actions that we're taking, but it is our expectation that we will lose money in the fourth quarter within the mobile growth which grew, which will take us down from a year-to-year basis.

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