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Owens Corning Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from Jack Kasprzak with BB&T Capital Markets; please proceed.

Jack Kasprzak – BB&T Capital Markets

I wanted to ask about the Roofing segment first. How should we think about the margins going forward obviously very good quarter there, great trends storm related demand that you pointed out with price increases in place or any reason of think that can continue to generate those towards a margins, the margins we saw in the third quarter I mean.

Mike Thaman

Jack, this is Mike. The Roofing business obviously over the last eight quarters has been relatively available. So, we've seen some periods of strengthen the business and then we seen obviously some periods of weakness from a margin point of view. We were really happy to see the different components of the business line up in the third quarter. I think first and foremost our ability to drive cost out of the business, which we do believe is an inenarrable part of the margin improvements.

Some of the volume we saw in the third quarter did relate to some spring storms and some years that volume is out there in the market and some years that volume isn't so, I think that's probably going to be more variable from year-to-year and then we did see on our side good commercial discipline. We challenged our team to go out and get as for cost recovered in the price of our shingles. It took us three quarters to do that, we didn't get it in the first quarter; we were just getting that in the second. Now we finally caught up in the third.

We've always said we see no reason why as a good manufacture, with good value proposition we shouldn't be able to do that with our customers and they shouldn't be able to do that with contract and homeowners, we continue to work on that. I think from quarter-to-quarter you may see some timing differences between the cost of asphalt in the price of our shingles, but we've always said we thought high single-digit operating margins for roof shingle both the good goal and attainable.

Jack Kasprzak – BB&T Capital Markets

Second question is on CapEx, I guess it modestly raised the CapEx for '08. Any sort of trend you could give us for '09 similar down and what would you consider a maintenance level of CapEx to be?

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