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Barnes Group Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Christophe Glynn – Oppenheimer & Co.

Christophe Glynn – Oppenheimer & Co.

Just wondering about your comments on Boeing creating ongoing uncertainty, talk a little about what that means with the strike now done.

Gregory F. Milzick

Keep in mind that the strike isn't done yet. They are voting tomorrow and we are assuming that that will be accepted by the union. But then we have to look at a rescheduling of all the schedules, both with the tiers as well as Boeing has not announced their scheduling, although the CFO stated the other day that there would be at minimum a one-to-one movement of the schedule.

In other words, for every day of the strike there will be a push out of one day, which is what we anticipated internally, and that is that there is going to be no attempt to recover these aircraft in the current period.

With that, until the schedules are re-established with the tiers, as well as with Boeing, as well as the acceptance of the strike, we don't have real good visibility on what is going to occur in the OE side of the business.

Christophe Glynn – Oppenheimer & Co.

And just on the announcement for some facilities and cost improvement on the OE side. I mean, you just put up a record OM on lighter revenue quarter at Aerospace on OE issues that you described as temporary.

Gregory F. Milzick

Exactly.

Christophe Glynn – Oppenheimer & Co.

So I'm not sure why the need for these OE actions on the cost side, especially where you just added capacity.

Gregory F. Milzick

We haven't closed any facilities at all. We have restructured workforce as far as the work week and things of that nature for a temporary basis. Where there were excess capacity in the overall manpower we did have some reductions but it was all anticipated and based on what we expect for schedules but we still haven't finalized everything.

Christophe Glynn – Oppenheimer & Co.

So certain peculiar areas of you OE business.

Gregory F. Milzcik

Right. That's a good way to put it.

Christophe Glynn – Oppenheimer & Co.

You had mentioned some streamlining efforts might negatively impact near-term operating results. I will assume that is somewhat across the segments, correct me if I'm wrong. But will you break out restructuring charges or will those just be eaten in the segments?

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