

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Olympic Steel, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And we'll take our first question from Lloyd O'Carroll from Davenport.

Lloyd O'Carroll – Davenport

Good morning.

Michael Siegal

Hi, Lloyd.

Lloyd O'Carroll – Davenport

Couple of questions on volume. You added some capacity in the quarter. Can you give us a same-store sales change in tonnage so we can get a feel for how much did capacity add to your numbers?

Michael Siegal

Well, we don't usually do a breakout other than what we show on the financial information, Lloyd, between the direct sales and the tolling sales. The tolling sales generally is predominant in the Detroit market. As you saw from the release, the tolling sales are down about 16,000 tons for the year. So that's the predominant decrease. Our direct sales are only about 4,000 – 840,000, 830 – yes, perhaps 1% down on our direct sales. So yes, I would argue that within the construct of the marketplace, we are actually doing better than even the statistics show in total from a direct basis, as pretty much across the board, we've seen strong markets, in the markets where we're presently located. And as we bring on these new facilities, we're hoping for tonnage growth in the future.

Lloyd O'Carroll – Davenport

Okay. How did volume evolve through the quarter and into October? Did it fall off a cliff in September or – and mostly just trying to get a feel for what is industry and your volume look like where we sit today.

Michael Siegal

I don't think from what we've read from everybody else's announcements that we're in a different market than everybody else. Mills lose their volume. They sort of upload the service center inventories. Yes, we saw probably a bigger drop-off in September than the previous two months. But October seems to be steady. We are not seeing this cliff demand – or lack of demand that others are claiming. We are selling everyday.

David Wolfort

Lloyd, this is David. As I commented at the conclusion of my statements, we characterize this more as a sluggish environment, a little bit different than the mills' environment here. The mills are compelled to have to wait for a large inventory work-off. And our customer base is sluggish, but they are still active today.

Lloyd O'Carroll – Davenport

Yes, I mean – yes, the mills will be impacted among other things by the fact you're taking your inventory lower.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.