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NN, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you sir. And ladies and gentlemen, we will now begin the question and answer session. (Operator instructions). Our first question comes of the line of Holden Lewis with BB&T Capital Markets.

Holden Lewis – BB&T Capital Markets

Thank you, good morning.

Rock Baty

Good morning Holden.

Holden Lewis – BB&T Capital Markets

Couple of things, I guess the first is, can you tell us what is the impact, I guess, during the quarter? How did the three businesses, Slovakia, China, and Whirlaway, do? And then, going forward, I mean do these things slip back into losses in light of sort of the trend that we are seeing now in Q4?

Rock Baty

As Jim Mentioned, Whirlaway had a rough quarter in the third quarter based upon the acceleration of the continuing reduction in North American automotive, and actually in China in the month of September, also had a rough month of September, but they were very good in July and August, and Slovakia performed admirably through the first three quarters in general. Having said that though Holden, you know, we talked in the press release and just my comment now regarding North America and Europe specifically, but I think it is – the other message here is that Asia and specifically what is going on in the Asian markets while you do not have negative GDP growth, we are seeing reductions in orders for our Chinese facility in the Asian marketplace and significant reductions that are double digit in nature, and so to answer your question would they go back to the levels of earnings or losses that we were incurring in 2007, no; but will they continue on a track of the improvement that we have seen in the first three quarters, probably not either. So, it is some part in between and, you know, we do not specifically disclose the earnings by individual operations that you are asking about, but to size it for you, it is a lot better than 2007, but not as good as what we were tracking in the first three quarters of 2008.

Holden Lewis – BB&T Capital Markets

Right, I think that the three – without looking at each of the individual units, I think the three business units had sort of achieved marginal profitability in the first half, right?

Rock Baty

Yes, I think it is fair to say marginal profitability in the first nine months.

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