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Universal Stainless & Alloy Products Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

At this time, I would like to remind everyone, (Operator Instructions). Your first question comes from Michael Gallo of C.L. King.

Michael Gallo - C. L. King & Associates

Hi good morning.

Dennis Oates

Good morning Mike.

Michael Gallo - C. L. King & Associates

Question I have I guess centers around power gen which -- obviously look like your strongest market in the quarter, I mean obviously the other markets are well documented. It seems to be holding up well but one of your peers indicated recently in their call that they expected demand for large gas turbines to decline or be pretty weak over the next couple of quarters. So, I wanted to get your take I guess going forward on that market would you expect this to continue to be as resilient or would you expect to see that market also slow as we go through 2009?

Dennis Oates

Well we've characterized the outlook in 2009 as good. The bell-weather we monitor very closely is GE. We talked about the level of incoming business their at GE. In our conversations with our customers, basically forggers; they are generally optimistic about 2009. Couple of them indicate some softness in the first half of the year but they are universally upbeat about the second half of the year.

Michael Gallo - C. L. King & Associates

Okay that's helpful. And then again tools, just to come back to tool steel plate, obviously its been very strong in the last couple of years for you, could you just walk through how much you expect that, that market might be down in 2009?

Dennis Oates

clearly tool steel, if you look at the last 12 months here at Universal in the tool steel market, we had a very god run for three quarters. Tool steel business was growing itself, plus we were capturing

additional share during that period of time. During the fourth quarter the business really took a dive, as we look at the first quarter of 2009, and order entry continues to be very weak, and now we expect the entire year 2009 to be weak. It's -- the largest driver is automotive and some of the other markets that we've talked about before which support tool steel are also indicating some weakness.

We talked to our customers, their basically layout of the year, is again first half weak, with some acceleration pick up and demand in the second half of the year but nothing near the levels we saw early in 2008.

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