

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.

Arch Chemicals Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). We'll go first to Frank Mitsch with BB&T Capital Markets.

Frank Mitsch - BB&T Capital Markets

Good morning, gentlemen.

Michael Campbell

Hi Frank.

Frank Mitsch - BB&T Capital Markets

Hey, Mike, I was wondering if you could talk a little bit about what you are seeing in the first quarter so far given that one month is down in the history books. I ask the question in some part given the favorable miss you guys had on your forecast for the fourth quarter. And obviously you are introducing a relatively duller (ph) forecast for the first quarter. So could you add a little bit of a granularity to what you are seeing so far in this quarter?

Michael Campbell

Well, even though we do have sales numbers, and we don't have profit numbers in for the quarter. The sales are consistent with what we had forecast that we based our guidance on. And I think that people are very concerned generally. And our customers fall into this category are very concerned about economic conditions and are being cautious, in terms of their order patterns, so that they don't build up unnecessary working capital. And therefore, I think you're going to see some tentativeness in the first quarter of this year.

Frank Mitsch - BB&T Capital Markets

Would those comments apply to your dealer network and the Big Boxes?

Michael Campbell

Not so much to the Big Boxes as they have a better management of their inventory, but the dealers are certainly being cautious.

Frank Mitsch - BB&T Capital Markets

Okay. Terrific. And you also mentioned that you're looking at a pension headwind in '09 versus '08. And you discussed foreign exchange as well. What sort of numbers are embedded in your current guidance in terms of the negative headwinds from those two items?

Steven Giuliano

Frank, for pensions...

Michael Campbell

This is Steve speaking.

Frank Mitsch - BB&T Capital Markets

Yes. Thanks, Steve.

Steven Giuliano

We're expecting it to be about 4 million higher in '09 versus '08, in regards to FX, we just -- you're really looking for pre-tax headwind, if that's what you're asking. In '08, we benefited by approximately 1 million on an annual basis. And for '09 based upon the current rates, we're expecting to be a headwind approximately \$5 million, from a pre-tax point of view.

Frank Mitsch - BB&T Capital Markets

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