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Westlake Chemical Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). The first question comes from the line of Roger Smith of Banc of America.

Roger Smith - Bank of America

Hi, thank you very much. Just on the FIFO losses and unabsorbed plant overhead expenses in each olefin and vinyls, is it possible to break it down between the two meaning how much was FIFO and how much was unabsorbed plant overhead expense for each of those two segments?

M. Steven Bender

Yes, good morning Roger.

Roger Smith - Bank of America

How are you?

M. Steven Bender

I am fine, how are you?

Roger Smith - Bank of America

Good.

M. Steven Bender

Let me break it down for you; as I mentioned we had a \$168 million in total and in the opens group that total was 105 broken out as \$86 million of inventory related losses and \$19 million of unabsorbed fixed cost and in the vinyls the total was \$63 million with \$41 million related to inventory losses and \$22 million related to fixed cost, all totaling to \$168 million.

Roger Smith - Bank of America

Great. And of that amount that was a FIFO inventory, was that also for inventory that was sold during Q4 or was any of that related to a write-down, say December 31st were inventory that has not yet been sold as of December 31st?

M. Steven Bender

No, all related to sales in the fourth quarter.

Roger Smith - Bank of America

Great. And how would you characterize North American industry caustic and chlorine demand so far into this year? And what have chlorine and caustic pricing been doing into this year say January or the first week of February?

Albert Chao

Yes. As we said the caustic price has reached I think historical high sometime in October of last year and with the slowdown in economy in the fourth quarter the demand of caustic has slowdown somewhat, and as a result that caustic price has come down little. And as reported in many industry trades that caustic demand has picked up again in the first quarter of this year, but prices or the forecast prices for caustic and chlorine to comedown somewhat this year.

Roger Smith - Bank of America

Okay. Do you share the view I mean there are some people significant sounds out there, what's your thinking that ECU, predicted caustic and ECU realizations may come down fairly hard over the course of 2009 and 2010 summer more moderate, do you have a particular view on that industry question?

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