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Quaker Chemical Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of Liam Burke with Janney Montgomery Scott. Please proceed with your question.

Liam Burke – Janney Montgomery Scott

Thank you. Good afternoon Mike, Mark. Mark, I have a few questions on the capital expenditures. There were roughly \$11.7 million for the year. In the context of your CapEx, what percentage of the Middletown project is reflected in that number?

Mark Featherstone

I think the Middletown is being \$4 million of that capital spending.

Liam Burke – Janney Montgomery Scott

Okay. And I should know this, but the total anticipated cost of the project would be?

Mark Featherstone

Around 15.

Liam Burke – Janney Montgomery Scott

Okay. So we'd look for the balance to be in the next year?

Mark Featherstone

Yes, we anticipate fourth quarter completion of that expansion.

Liam Burke – Janney Montgomery Scott

I know you went into detail, Mike, about the relief you have in covenants and in light of the current environment, but are there acquisitions out there that make sense?

Mike Barry

There are acquisitions out there. Of course it takes two to have to agree to an acquisition. And we continue to have discussions but I honestly don't see anything in the near term happening with us in the year 2009 with acquisitions.

Liam Burke – Janney Montgomery Scott

Okay. Thank you.

Operator

Thank you. Our next question comes from the line of Robert Felice with Gabelli & Co. Please proceed with your question.

Robert Felice – Gabelli & Co.

Hi guys, just a couple of quick questions. I guess first, what's the magnitude of the cost savings you expect in 2009 from the restructuring actions?

Mark Featherstone

Well, the number – we use a number internally. If we look at the impact it's in the order of \$20 million, but that's relative to what we had expected originally to spend in 2009. So it's not related to any kind of prior period, but that gives you an order of magnitude of the total reductions put in place.

Robert Felice – Gabelli & Co.

Okay, and I guess you know you detailed a couple of actions you're taking or some of the tailwinds you'll have next year to help offset the volume declines, decline in raw material costs, your restructuring, how do I think about balancing the gives and takes next year in terms of profitability?

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