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Lydall Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). We will go to our first question from John Franzreb at Sidoti & Company.

John Franzreb, IV - Sidoti & Company, LLC

Good morning, Dale and Tom.

Dale Barnhart

Good morning John.

Thomas Smith

And, how are you?

John Franzreb, IV - Sidoti & Company, LLC

Could you just discuss what the order trends were like in January and February in each segment?

Dale Barnhart

Order trends? Well again, we really don't -- for the order trends in automotive, I would say, are continuing on what we saw in the fourth quarter. So, there is no real improvement there. And if you look at our other -- our filtration performance material, maybe a slight pickup. But, it's nothing that I would say that it's a positive trend that we could pick up and guarantee right now.

So, there is still a lot of volatility in our markets. And it's really difficult for us to really project what's going to happen in '09 in those overall markets. And that's why we're focusing on the continuing Lean Six Sigma, things we can do to really improve our cost position as we go forward.

John Franzreb, IV - Sidoti & Company, LLC

Some of the other filtration companies are a signaling difficult continuing environment, so that would kind of drive -- what I'm hearing. Can you talk a little bit about the pricing environment as the competitive landscape, I guess, gets tougher?

Dale Barnhart

Well, we are seeing some. Last year we were able, if you look at different businesses and performance materials, we're able to benefit some pricing in '08 as we saw raw materials increasing in the first set part of '08. We went out and took that to the marketplace.

Now, raw material prices are declining. We hope to benefit from some of that as we go forward in '09 but we're also getting some pressure from our customers who also realizes. So we're balancing the act of working with them on their request for price reductions versus what we're doing and seeing in costs.

So there is some discussion and pressure, particularly in the performance material the non-automotive. In the automotive sector, we're not seeing anything other than what we've contractually committed to in any long-term agreements we have on these platforms from where they expect year-over-year price reduction.

John Franzreb, IV - Sidoti & Company, LLC

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