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3M Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of David Begleiter – Deutsche Bank

David Begleiter – Deutsche Bank

Your outlook is a little more cautious than others I've spoken with in the last week and a half in terms of signs of sequential improvement over the last few weeks, first off is your April tracking better than March and what is unique about your business that would suggest you might lag some of your material peers in seeing some sequential improvement in demand.

George Buckley

I think that April is running about the same as March right now. I said in my conversation here that I think that there's obviously going to be a little bit of wash over from the first quarter into the second but toward the end of the second quarter I think that things are going to begin to turn. I also mentioned that we have seen some improvements in some of the faster turning businesses, even a little bit in industrial.

We obviously don't want to get out ahead of this thing in the way that we're interpreting and we're trying to be cautious and trying to be balanced in our opinions about this but I think we're also pretty clear that the economy will make the turn by the end of the second. If the cycle is a little longer than historical experience it might take another quarter but we're pretty certain that we'll see some improvements in the second and then continuing improvements in the third.

You've just got to be careful that in the second I think what's likely to happen is some of the inventory transits are going to die down and that's probably where you're going to see the improvements so I think we'll see improvement in the numbers but not necessarily in the end markets.

David Begleiter – Deutsche Bank

Just lastly, on pricing versus raws, as your raws drop do you think you'll hold onto pricing and what could the impact be through the full course of the year as that gap widens.

Pat Campbell

What we're trying to do is have the best of all worlds. We'll try to hold onto price. We definitely see raw materials coming down but as we think about it on a business-by-business basis across the company we're obviously trying to manage the spread between price and raw materials. So if you notice in George's walk on our, coming off of Q1, you won't see price or materials imbedded in

there in any place. The reality is we know material prices are coming down, probably in the order of magnitude of \$100 million or so for the rest of the year.

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