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Arch Chemicals Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. The question-and-answer session will begin at this time. (Operator Instructions). And our first quarter comes from Ian Zaffino with Oppenheimer. Please go ahead.

Brian Denyeau - Oppenheimer & Co.

Hey guys. This is Brian Denyeau sitting here for Ian. How are you?

Michael Campbell

Hi Brian.

Brian Denyeau - Oppenheimer & Co.

Great quarter.

Michael Campbell

Thank you.

Brian Denyeau - Oppenheimer & Co.

Obviously, you guys reported quarter much better than your expectations and you say this was driven by water. And I'm trying to pinpoint exactly what it was in water that really exceeded your expectations? Can you just give me a little more color on that?

Louis Massimo

Hi. This is Louis. What basically happened is we saw some order patterns that were a little bit better than we anticipated in market segments. We did have a stronger performance from our international operations, which is a strong part of the... and we did see some internally where we were able manage because of order flows and stuff like that. Our freight and distribution to a lower levels than we... when then when we were given the forecast back in January where nobody knew what freight and distribution will may or may not do during a period where fuel cost and things were going down. So --

Brian Denyeau - Oppenheimer & Co.

So, were there a kind of a combination of better volumes and less costs and expected this combination of both of those?

Louis Massimo

With better volumes in certain market segments and geographic segments and timing on some costs on how we buy things, we're expecting to see a little bit uptick in some of those product cost for the segment quarter. But as we said, our pricing more than covers that. So some of this strong performance in the first quarter was related to timing of that, but other case we see that happening and continuing throughout the balance of the year.

Brian Denyeau - Oppenheimer & Co.

Okay. And then looking at one that your biggest competitors and what are that obviously has gone bankrupt. Is there, I know there might not be that much opportunity on the mass market side, but what type of opportunities are you seeing on the dealer side, potentially dealers are 100% vested with them, is there opportunity to take share there?

Louis Massimo

We look at the opportunity being when our competitor of ours is having, is in bankruptcy, or is having importantly quick pathway have supply issues supporting their customer base. We see that is upside in opportunity as long as we have put our plans in place to support the market if there is a supply disruption.

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