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FMC Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). And your first question, sir, comes from Mike Judd from Greenwich Consultants. Go ahead.

Mike Judd - Greenwich Consultants

Good morning.

William Walter

Good morning Mike.

Mike Judd - Greenwich Consultants

Firstly, rock prices were relatively high last year and they've come down a bit. I'm just curious as we at the... your earnings expectation for the second half of the year were expecting a little bit of a hockey stick in improvement there. I was just wondering if you could go through the phosphate rock issue and give us a sense of what magnitude of benefit the lower level prices there in terms of raw materials. And how does that work in terms of margin and what are the various components that we should be thinking about as we think about that maybe that entire the targets business?

William Walter

Mike, I'm going to answer the question a little more broadly that asked because I think behind your question is really a question on Industrial Chemicals segment and its second half versus first half performance. First, to your specific question though, yes, phosphate prices are coming down. Phosphate prices as we sit today are about comparable to where they were in the second quarter of 2008.

So at least at the moment, we don't have a particular year-over-year headwind or tailwind. As we move forward through the year though, we anticipate those rock prices to continue to decline and we will see the benefit of that flowing through our second half results.

So the more broader question that wasn't asked, what else is going on in this segment. It leads us to a much stronger second half than what we are currently guiding for the first.

That's primarily volume related. Prices and costs are playing out as we'd expected in our fourth quarter conference call when we gave guidance initially for the year. The volume improvements are across all three businesses, soda ash, peroxygens and Foret, driven in part in all of those by

association of the customer inventory liquidation that's being going on now for the last four months or so.

The other element in the higher volumes in the second half or in the soda ash business where I'm going to say this a little unkindly but ANSAC had caught flat footed in the first quarter and lost share in the export market and they have been charged and refocused now to correct that issue.

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