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Precision Castparts Corp. F4Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Robert Stallard with Macquarie.

Robert Stallard – Macquarie

Good morning. Mark, just first of all on fiscal 2010, can you walk us through sequentially how you think EPS is going to progress. Do you think it's going to go down in Q1 and Q2, then improve after that?

Mark Donegan

Yes, you know we don't give guidance. Certainly, the way I look at it is, Q1 and Q2 would be comparable and then yes, we see Q3 up and then Q4 up over that. Q1 and Q2 for different reasons; obviously Q1, we are seeing the destocking. Like I said, we could have spread it, spread the pain or tried to spread the pain, but I think we are better off going to be on this in Q2.

We come back with typical forging outages in the European and right now our schedules are loaded in, so we can actually track where they are, what the drivers are and our schedules do start to get good acceleration in Q3 and then going into Q4, again, with that 787 and our numbers moving into some production, tend to give us another bump.

Robert Stallard - Macquarie

Do you think, given you just posted your Q4 number, we could see something similar to that in the first two quarters; is that right?

Mark Donegan

What I would say Rob is that it's going to feel similar to the Boeing strike. So, I think that if you kind of look at the performance, we got the upper wing put in and I think we've established a good productivity gain, so I think we'll carry that forward, but certainly it feels and looks very similar to that Boeing strike. It's an inventory correction; we can see it, we get a lot of our business and we can track the build rates and engines and it is an inventory corrections, no doubt about it.

Robert Stallard - Macquarie

And second is, I was wondering if you could tell us what the LIFO adjustment was in the quarter and how you expect that to progress through 2010?

Mark Donegan

We are not going to give you the LIFO, but what I would say is, as materials comedown we certainly get a LIFO benefit and when materials go up, we kind of go the other way. So depending on what materials do, we'll kind of dictate where that LIFO number goes?

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