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AAON, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) We'll go first to Frank Magdlen with The Robins Group.

Frank Magdlen – The Robins Group

Afternoon, Norm, and congratulations on a very good quarter. Could you quantify a little bit as to what the loss in Canada was, and also could you quantify your backlog?

Norm Asbjornson

Total backlog for the company is right at \$50 million. The loss in Canada was about \$62,000 in the quarter.

Frank Magdlen – The Robins Group

And what were the revenues in Canada?

Norm Asbjornson

Canadian revenues, one moment here.

Frank Magdlen – The Robins Group

Maybe Kathy could look up for us the shares that were actually repurchased in the quarter.

Norm Asbjornson

Surely. Kathy, would you do that? The Canadian sales for the year, \$2,821,000.

Frank Magdlen – The Robins Group

All right. Since you've added so much to your plant and equipment in the last few years, what would be a good maintenance CapEx number to look at going forward?

Norm Asbjornson

Depends upon our growth, Frank. What we are embarked upon right now in the building program is we've spent the past two years trying to analyze how we should build this building out and what effect it would have on our abilities and various things – and by our abilities, I'm saying our efficiencies – what effect it would have on our efficiencies, so we know how it would affect our P&L statement and

everything. We have done quite a lot of work in that area and we've decided that this is an appropriate time to move forward. And the reason we're moving forward with it right now is twofold: We were first of all going to move forward with what plan A and then our tenant, who has been renting from us, told us that they were shutting down a plant here and wouldn't need our place for distribution center, so we were going to get back the building that we have rented out and that changed our approach to the whole thing and made it such that when we analyzed how to do all this with that in mind, we decided to go forward and basically set this thing up for a portion of the building anyways and be set up to go to what we think the ultimate capacity in today's dollars would be of approximately \$900 million to \$1 billion out of this facility in Tulsa. So a portion of that building that would be necessary to do that will be completed by the end of this year.

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