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Baldor Electric Co. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you.

(Operator Instructions.)

And our first question will come from Andrea Wirth with Robert W. Baird.

Andrea Wirth - Robert W. Baird

Good morning, guys.

John McFarland

Hello, Andrea.

Andrea Wirth - Robert W. Baird

I just want to start off with your thoughts on the second quarter and the outlook for second half really. I guess, just comparing it to the order rates that you listed in the press release. Especially, it looks like the motors business up 10%. Just curious given that strong order rate this quarter and then the expectation of low single digit growth in the second quarter, is that essentially -- should we look at this maybe as a lot of that 10% growth is more kind of longer cycle, late -- or larger horsepower business that maybe ships in the second half, and therefore we should expect maybe better growth in the second half of the year? Or really, how should we kind of reconcile those two?

John McFarland

Okay. Well, thank you, Andrea. That's a good question. We did have good order growth in the first quarter. The strongest part of our business is the longest cycle products, such as large motors. And also, there was a pretty good growth in the large generator business. Those large motors do take a long time to produce and some of those orders are scheduled actually throughout 2009.

The order growth that we had in the first quarter helped us build the backlog from \$200 million to \$225 million. And also the 1% growth in the first quarter was affected by two fewer production days. We are expecting a good second quarter. The calendar helps us a little bit in the second quarter and so we do expect our orders -- our shipments to be up in the zero to 5% range.

We are not given to making wild forecast about future shipments and things like that. So right now, as I said in my comments, our incoming order rate probably supports a little bit more optimistic view, but we are reading the papers and listening to the TVs like everybody else and hearing all the stories about a weakening economy. And so at this point, we're willing to say we believe that we'll have a zero to 5% increase. Obviously, we are going to work to ship every order we've got.

Andrea Wirth - Robert W. Baird

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