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Barnes Group Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Peter Lisnic – Robert W. Baird.

Analyst for Peter Lisnic – Robert W. Baird

As I look through the aerospace backlog number the implied order rate is about 2% or so year-on-year and I'm just curious is there some cancellation or push back of orders from the 787? Or, if you could just give a little more color behind the implied order rate there?

Gregory F. Milzcik

First of all, remember that there are a couple of different aspects to the backlog. First of all it reflect primarily on the original equipment manufacturing side of the businesses since the higher margin aftermarket businesses is a shorter cycle. So, on the OE side the backlog was affected by the 787 push outs as well as some horizon changes due to the ability to obtain titanium sheet more readily, etc. But, it was relatively good order for the quarter. I think we had somewhere around \$10 million of push outs for 787 in the quarter.

Analyst for Peter Lisnic – Robert W. Baird

Looking at what you did in the first quarter and clearly results were above our expectation, I'm assuming they were above what you were planning also. It seems like the EPS increase was really the magnitude of what you did in the first quarter and is that just conservatism regarding Europe right now? Or, what's behind the relatively small increase in guidance relative to what you just did in the first quarter?

William C. Denninger

In the first quarter we did benefit from lower diluted share count for the tune of around \$0.03 against our internal estimates. I would say the full year increase is a combination of lower diluted share count related to the share price and an improvement in operations.

Gregory F. Milzcik

I would also point out too that we are going to continue to make investments to ensure 2009 is going to be successful so we are going to continue to make investments in Q2 and Q3 for 09.

Analyst for Peter Lisnic – Robert W. Baird

Bill, just with that convert, it looks like the imputed share price that you're using for the full year for purchases is about \$33?

William C. Denninger

That's in the ballpark, yes.

Analyst for Peter Lisnic – Robert W. Baird

Where your stock is right now, is there any thought for share repurchases or anything like that?

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