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SPX Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions] We'll go to Jeff Sprague of Citi Investment.

Jeff Sprague - Citigroup

Thank you. Good morning everyone.

Christopher J. Kearney - Chairman, President and Chief Executive Officer

Good morning, Jeff.

Jeff Sprague - Citigroup

First, Patrick, could you elaborate a little bit on what you're seeing on the project timing in power and thermal in particular? Is there a region, a market or something to call out? Is it resource limitations? Is it just customer schedules, just a little more color there?

Christopher J. Kearney - Chairman, President and Chief Executive Officer

Yes, Jeff. It's more customer scheduled, and it's really related to large power, petrochemical projects that affect, obviously, mostly the thermal segment. And as you know, the nature of that business is that it is large construction projects. And so, quarter-by-quarter organic growth comparisons can be difficult. What's important to remember, and important to note here today, is the backlog in that segment is growing significantly, up 15% or \$150 million year-over-year. And also we're really pleased with the steady and consistent margin improvement we've seen in that segment.

Jeff Sprague - Citigroup

Not any apparent issue of the EMCs just having problems executing and getting things done, or is that the root of it or...?

Christopher J. Kearney - Chairman, President and Chief Executive Officer

No, not really. It's just... it's not really unusual from things that we've seen in the past. Sometimes it tends to be more concentrated in a particular quarter. But there is no pattern outside of that that's different than what we've seen, Jeff.

Patrick J. O'Leary - Executive Vice President and Chief Financial Officer

We've not changed our revenue expectations for the year. As you saw it's simply a question of timing. And the quoting activity is very strong, and actually the diversity of project is quite interesting, from

coal to geothermal to solar operations. So, a very broad spectrum and obviously as you gather, from the comments on the call, a significant potential activity in South Africa.

Christopher J. Kearney - Chairman, President and Chief Executive Officer

And what I would describe, Jeff, is a developing, nice steady rhythm in terms of the order process in that business. And again, to Patrick's point, that's not isolated to just developing parts of the world. We are seeing robust quoting activity in other developed markets. As we hoped and expected that we would, but we're pretty happy with what we see developing there.

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