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## H&E Equipment Services Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) We'll go first to Jamie Cook with Credit Suisse.

#### Jamie Cook - Credit Suisse

Good morning. I guess first, just when I think about your outlook for 2008, can you help me with what you are assuming for H&E's core business versus what you are assuming, how much J.W. Burress is contributing to 2008?

#### John M. Engquist

Jamie, on a top side basis, we're assuming mid-single-digit growth in our core business, 5%, 6%.

#### Jamie Cook - Credit Suisse

Okay, and then what about for when we think about J.W. Burress, what are you assuming it contributes on an operating profit basis? Is there any way you can help us with that? And I think the margins you said in the quarter were 4.3% or four and change. Just sort of how we see that progressing throughout 2008.

#### John M. Engquist

Jamie, we see improvement in the Burress operations as we transition them and really focus on their rental operations. We've got a lot of work to do there but they will progress. We don't anticipate them being accretive in '08 at this point. There is some softness in the mid-Atlantic region and some challenges from transitioning from Hitachi to Link-Belt, but we see steady improvement there.

#### Jamie Cook - Credit Suisse

Okay, so it won't be accretive. And I guess my other question is I'm just -- you know, on slide 16 you talk about strength in the non-residential commercial construction markets. That's sort of I guess a contrary view right now. What's embedded in your guidance for 2008? Do you assume -- are you assuming any weakness or things deteriorating in the back half of the year? And I guess what gives you that confidence given what we are hearing on the macro side and issues with potential financing of commercial construction projects going forward?

#### John M. Engquist

Jamie, we have not been seeing any projects cancelled to this point. I know there's a tremendous credit crunch going on but we have just not seen that to this point. Without question, the growth rates in non-residential construction have slowed considerably. I think if you take a consensus of the projections out there, they are probably calling for low single digit growth but with that said, the activity still remains at very high levels. I mean, there is a lot of work out there right now. Growth rates are definitely slowing and I think it's going to provide ample opportunity for us.

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