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Baldor Electric Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And our first question will come from [Matthew Dellacroix] with BNP Paribas.

Matthew Dellacroix - BNP Paribas

Good morning.

Ron Tucker

Good morning.

John McFarland

Good morning, Matthew.

Matthew Dellacroix - BNP Paribas

Could you give us an update on the orders so far in the fourth quarter?

John McFarland

Well, for the first three weeks of the fourth quarter, the orders have continued at a good pace similar to the third quarter, overall third quarter. Not quite as strong as September. The September were very strong, but orders continue to be up year-over-year and apace similar to the third quarter.

Matthew Dellacroix - BNP Paribas

Great, thank you. And could you please give us an update on your main end markets, what are the changes compared to the first half of the year?

John McFarland

Okay. Well, the markets that -- let me give it to you in two segments. First, I'll talk about the markets that we serve, where we are seeing growth above the year-to-date average and that would be large air conditioning and heating equipment, mining machinery, conveyors, farm machinery, air and gas compressors. All are showing growth -- showed growth in the third quarter that was above our year-to-date average.

Other industries that are growing, but not growing in as quickly as they were earlier in the year would be oil field machinery, food processing machinery and some types of [chains]. The only major decline, that we are seeing are -- its not even a major decline, the only real decline in industry that we see is the machine tool business.

Matthew Dellacroix - BNP Paribas

All right. Thank you very much. And my last question will be about the drive business I know you made some changes with management and with new products. What's your view on the business going forward?

John McFarland

Well our view, we were disappointed with the drive business in the third quarter. We have made some changes in the products. We've added a lot of new products and during the quarter, we put a lot of effort to get our sales people trained and we were disappointed that we didn't start, that those didn't start selling faster than what they have, but its looks like in October we are beginning to see some the sales expectations we have for drive and we think going forward its not going to look as bad as it did in the quarter. We were really done a complete the evaluation now on the drives business to see what we need to do to really get in on board and get it growing with at a rate similar to the rest of the company.

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