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Meadow Valley Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And our first question comes from the line of Walter Schenker - Titan Capital.

Walter Schenker – Titan Capital

Don't know if you listened to the call by [Sterling Construction], if you didn't they raised a number of issues which are affecting their business in the southwest and specifically in the Nevada markets. One of which had to do with the bankruptcy of a company called, which I don't know anything about, some material, but creating a lack of availability of asphalt. Secondly they talked about significant increases in steel costs and thirdly fuel costs. To what extent are any or all of those an issue that affects you in either Nevada or Phoenix?

Bradley Larson

Well certainly rising fuel costs is a concern to us and has impacted our business. We are fortunate in that for the work that we have in Arizona there is an index for – on [A Doc Projects] where depending on the price fluctuations in certain raw materials the index affords the contractors some protection for enormous fluctuations either up or down. But to answer your question specifically we are not – we do not anticipate being impacted negatively by asphalt shortages or by steel price increases, as most of our contracts are covered by suppliers who are still in business and appear to be strong and will be with us during the duration of the project. So we don't anticipate any impact in those areas.

Walter Schenker – Titan Capital

Okay and just one other question, I know that your Meadow Valley's quarterly results fluctuate to some extent depending upon where you are in completing contracts. I haven't paid enough attention, were there any major contracts which were completed in the June quarter which would have boosted margins for the quarter?

Bradley Larson

There were not any contracts, major contracts that were completed although as you are aware, as projects edge towards completion we gradually increase margins as the margin becomes – as we become more and more assured that the margin is going to be obtainable. And so during the quarter there were a number of projects whose profitability was a little above normal because of the fact that we were comfortable in raising the margins that we expect we will obtain at completion.

Operator

And our next question comes from the line of Robert Wiegand - New Salem Investment and Capital.

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