

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

United Technologies Corp. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions]. And we'll go first to Nigel Coe, Deutsche Bank.

Nigel Coe - Deutsche Bank

Good morning.

Gregory J. Hayes - Senior Vice President and Chief Financial Officer

Hi Nigel.

Nigel Coe - Deutsche Bank

So, just can you give a bit more color on where the backlog is right now for Otis? And then secondly, if you could just maybe kind of cut back to '01, the last time we saw commercial aftermarkets trending down, did we see significant backward erosion at that point?

Akhil Johri - Vice President, Investor Relations

Nigel, this is Akhil. The backlog for Otis, as we said, is up 18% for new equipment from the beginning of the year which is still about a year's worth of new equipment orders if you'll look, new equipment revenues. Last time on the commercial market turndown, there was some impact on backlog, we haven't seen that yet in orders. Reset is pattern [ph] in the third quarter but still pretty decently year-to-date at 15% growth. So we continue to watch that closely and we'll see how things turn out in Q4.

Gregory J. Hayes - Senior Vice President and Chief Financial Officer

I guess just to give you some comfort to Otis. Although the orders were flat around the world, we continued to see very strong order growth rate in China, up more than 30%. In the U.S. obviously, it was down... we knew it was going to be down. It was driven a big piece of that by cancellation of a project in Las Vegas, I think it was the Echelon Hotel.

So, I wouldn't draw a conclusion from I think one quarter's worth of data. Backlog remains strong. I think Otis is going to have a very good rest of this year and into 2009. We also have not seen vacancy rates increase dramatically around the U.S. although I think we saw some maybe some preliminary indications that they are up a little bit, nothing new what we saw in the last boom. So, I think the fundamentals are still there for Otis to have a very good 2009.

Nigel Coe - Deutsche Bank

Okay, and then just one more. Could you just remind us on how much margin has been lost to raw material inflation over the past 4-5 years, specifically within Carrier, and perhaps overall UTC would be helpful as well.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.