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Watson Wyatt Worldwide, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, ladies and gentlemen. If you wish to ask a question please press star followed by one on your touchtone telephone. If your question has been answered or you wish to withdraw your question, please dial star followed by two. Questions will be taken in the order received, and please press star one to begin. And your first question comes from the line of Andrew Fones of UBS. Please proceed, sir.

Andrew Fones – UBS:

Thanks, yes, I had a question about your full year guidance. Going through the margin guidance that you mentioned I think you said that you were looking for slightly lower margins in investment consulting and also the HCG group than you had given previously. And you've also lowered the growth expectation for your highest margin, business consulting business. Despite that you're maintaining your EPS guidance, so should we assume, from this, that you're now anticipating slightly lower discretionary compensation expenses? Do you think?

Roger F. Millay – CFO:

I think you had several questions in there, but as you know, I think, and as everyone knows, we mark the discretionary compensation level to growth and earnings per share, or net income, so those will move in tandem. In terms of the guidance overall, we have maintained our guidance, and as I think I've said in my remarks, we ran scenarios and we recognized that FX rates were a little bit lower than when we met at the analyst meeting, but the puts and takes of different practices as well as looking at the momentum of costs, we're maintaining guidance. So there is a mix in there, as you said, some are down but also some are up.

Andrew Fones – UBS:

OK, thanks. I also just kind of wanted to ask a little bit on the technology business you've mentioned in the past. You've won a lot of large projects in Europe. I was wondering if you could give us kind of an update of when you expect those to kind of impact revenue and what the margin impact could be? Thanks.

Roger F. Millay – CFO:

Well, I think actually those projects started to come in in a small way this quarter, and I think the expectations were laid out for the year. They will come in across the year. One of the elements of

the margin changes in that business for this year is that we do continue to incur costs to ramp up those projects, and again they'll come in as the year goes by. So the maturation of those projects is incorporated in our guidance.

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