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ENGlobal Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Craig Bell - SMH Capital.

Craig Bell - SMH Capital

Bill, you've talked a little bit in the letter you had sent out and a little bit in your prepared remarks about the good things you see going on in the business and I guess given the way that your company is set up, you have a lot of sort of the recurring revenue with your in-plant staffing, so you get some insulation from turbulent economy.

Do you see any problem issues with, say maybe call it the alternative projects, like any of the ethanol plants or coal liquids out there, do you see any of those running into further financing problems and I'm not necessarily asking about current projects that you're working on, but maybe potential ones that might limit the amount of business you can get in the coming months?

William Coskey

I think that type of client is the one most likely to have their project, the ones that are not self-financed, but are not the ExxonMobils and the Chevrons, but the smaller developers. I've been surprised that these alternative energy projects are going on and continuing to get financed and I talked to a group out of California yesterday and they have financing coming out of Europe to finance some biofuel projects.

So, what I've been told is there is a lot of money waiting on the sidelines and funds ready to be invested and investors feel like alternative energy is a good place to put the money. I believe there is some political wins in the sales now for this effort and will be for the coming years. I think it's going to be a great area and really to specifically answer your question, I haven't seen financing to be a limiting factor yet on alternative energy.

Craig Bell – SMH Capital

And then just quickly on the automation business. In the past you had some underperformance there, you've made some changes over time. The first couple of quarters of this year, it looked like that was getting back on track. We can see the margins improving and then you have this issue here in the third quarter. I mean what's it going to take to get this business up to sort of acceptable levels and I mean when do you think you can get it there?

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