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Baldor Electric Co. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator Instructions). We'll go first to Steven Sanders with Stephens, Inc.

Steven Sanders - Stephens, Inc.

Good morning, everyone.

John McFarland

Good morning, Steve.

Steven Sanders - Stephens, Inc.

Couple of questions. First, John on the January sales being quite a bit better than December, was that heavily weighted towards the first half of January? In other words do you think it's reasonable to think sort of down 9-10% for the quarter is sustainable or do you think you had a snap back in early January and things are kind of returning to December like levels?

John McFarland

Well, we don't see any evidence that things are returning to December like levels when sales were down by 16%. We're about five weeks now into the quarter and the first week of February it looks like its going to be a long pretty much like the January.

I wouldn't say that January was heavily weighted to the early part or to the late part, it looked pretty consistent week to week. But certainly much better than the decline in sales. In December the decline in sales, Steve was all in the last few weeks of the month going into. Actually on the 15th of December, we had a 10% sales increase for the quarter and were expecting to close the quarter strong and suddenly the tap just was turned off. So I don't see January, January was not as bad as December and I doubt that February would be that bad either.

Steven Sanders - Stephens, Inc.

Okay. And then its pretty clear the OEMs are outperforming the distributors. Within the OEM business, what is showing some relative strength kind of using that loosely in this environment? What seems to be holding up the best on the OEM side?

John McFarland

The OEM business was much stronger in December than the distributor business, considerably stronger. I mean, distributors were obviously dropping inventories. Actually, that's been a little bit of a reversal of that in January. And it looks like the distributor business in January came in little bit, just above the OEM business.

The OEMs that were strong in the quarter were OEMs in the pump business, and the compressor business, mining continues to be strong. Orders have been strong in January for mining, motors, material handling. Oil and gas had a good quarter, up double digits and farm equipment continues to be strong. And it looks like that's going to be strong in this first quarter.

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