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H&E Equipment Services, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Henry Kirn – UBS.

Henry Kirn – UBS

I was wondering if you could talk about the new crane market? How much more runway is there? When does the backlog run out and could you characterize cancellations in the market?

John Engquist

Sure, I'll be glad to. There's no question that the crane markets are slowing considerably particularly in the smaller cranes. You get in to rough terrain cranes under 60 tons, that has slowed quite a bit, you get in to crawler cranes under 300 tons, there's been some softening in the market. The big stuff both in lattice booms and the big German cranes are holding up still very well. It's a strong market but there's definitely been softening in the smaller end of the crane markets.

Henry Kirn – UBS

Could you characterize the competitive landscape for pricing in each of the categories that you compete?

John Engquist

Are you speaking new sales or rentals or both?

Henry Kirn – UBS

Both but, I was thinking more on the rentals side and either by geography or by product category.

John Engquist

I think on the dirt business when you look at our earth moving business in the Gulf Coast, primarily Louisiana and Arkansas, pricing has been pretty stable there. You get in the Mid Atlantic, pricing on the earth moving equipment has been very difficult. The inner mountain region, the pricing there has been very difficult but, it's held up pretty good in the Gulf Coast.

Aerial pricing across the board is taking a beating right now. I think there's a supply and demand issue that's developed in the last four or five months and there's a lot of pricing pressure on the aerial business. Cranes are still holding up relatively well and we expect it to for the immediate future.

Operator

Your next question comes from Adrienne Colby – Deutsche Bank.

Adrienne Colby – Deutsche Bank

Could you update us on our revenue mix as of the yearend? I'm talking about end market residential versus non-residential versus industrial?

John Engquist

I'll be glad to and again, I don't want to get too specific here because that's challenging to really pin those numbers down. We believe that the industrial markets continue to drive half of our revenue and the residential markets we believe are still less than 10% of our business. So, we're heavily weighted to non-res and industrial.

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