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## Sterling Construction Company Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Rich Wesolowski - Sidoti & company.

#### Rich Wesolowski - Sidoti & company

Your 4Q gross margin, it sounds like that didn't reflect any odd projects and that represents the best estimate of the project pricing in the market today. Is that true?

#### Joseph Harper Sr.

The fourth quarter had work in it that was bid a long time ago as well as more recent pickups, saw sort of a blend in that.

#### Rich Wesolowski - Sidoti & company

The margin on new work today, if you are holding the line on margin and not getting the some of the work say as you mentioned in the March quarter, it might even be lower than that?

#### Joseph Harper Sr.

We have bid as low as 6% to 8% range on specific projects where we thought the risks were low enough that that's what we needed to be doing, but in general, we're trying to hold the line very well.

#### Rich Wesolowski - Sidoti & company

Typically you guys get about \$50 million or so in the book and burn revenue. The guidance implies a good deal more than that. Does that imply some kick from the stimulus work later in the year?

#### Joseph Harper Sr.

I guess that is one way of looking at it. I think we made the point on several of these calls that we pay a lot of attention to our resource schedules and when those resources are available and we had an unusual amount of availability this year showing up in the third quarter. With the stimulus plan and the increase in the TDOT budget, as well as the rail program, we're pretty hopeful that the year turns out the way we got it pegged.

#### Rich Wesolowski - Sidoti & company

Can you give us a little historical perspective or refresher on the TXDOT budget? What was the peak number in '05 and '06?

**Joseph Harper Sr.**

Pat or Jim you want to take that?

**James Allen**

As I remember, '06 is somewhere around \$2.7 billion. '05 I don't remember.

**Rich Wesolowski - Sidoti & company**

Okay, so this 2.9 approximates as high as they've ever been?

**James Allen**

No, I think there were some periods of time where it was up over \$3 billion, wasn't it, Pat?

**Patrick Manning**

Yeah, I think we hit close to \$3.9 billion in 2007.

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