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United Technologies Corp. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Joe Nadol – JP Morgan.

Joe Nadol – JP Morgan

Greg, on Carrier to start can you give some sense, and I don't want to parse things too much, but order trends made by months through the quarter, any perking up or just flattening out of the of the rate declines as we progress through the quarter and I'm particularly focused on Transcold.

Gregory Hayes

I think, Joe, I'm not going to quote order rates by month. I think what generally we would say is that order trends remain relatively stable throughout the first quarter as [Jerome] talked about. No surprises in really any of the businesses. I think the one bit of good news we saw was a little bit of advance activity in China. That's primarily though on the commercial side as opposed to on the Transcold business, but generally I would say order trends remain fairly stable albeit at fairly low levels.

Joe Nadol – JP Morgan

And then at Otis you had highlighted three months ago some deferral activity that really picked up. What are you seeing more recently there particularly in China?

Gregory Hayes

No big change, Joe, in deferral activity. I think we quoted 5,500 units or so at the end of the year. We've got some pluses and minuses to that but orders were down, obviously, in China in the first quarter a little better towards the back half of the quarter than the front half. So I think generally we feel pretty good about the outlook for China. It's going to be down for the year but I think we've seen again signs at Otis that it will start to pick up here.

Joe Nadol – JP Morgan

Just one more on Hamilton spares, obviously, Q1 was a very tough backdrop. The numbers were a little bit lower than I might have expected. Do you attribute that just to the down more than 20% just to inventory de-stocking, is it your exposure to the wide bodies, which got hit a little harder, any specific platforms?

Akhil Johri

I think, Joe, first thank you for picking up that error in my speaking because more than 20% down not 15 as I spoke, but secondly the issue is more on the provisioning side, which is more like capital for the airlines. And as you can imagine in these tough times when everybody is trying to conserve cash, the airlines were much tighter on provisioning requirements, which is what caused this disproportionate decline in the Hamilton spares.

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