

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

Ingersoll-Rand Co. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

The question and answer session will be conducted electronically. (Operator Instructions). We'll take our first question from Jeff Sprague at Citi Investment Research.

Jeffrey Sprague - Citi Investment Research

Thank you, good morning everyone.

Herbert Henkel

Good morning Jeff.

Jeffrey Sprague - Citi Investment Research

Herb, I was wondering if you could give us a little more color on how you expect Trane to kind of play out over the balance for the year. So, you commented a little bit or, I guess, Mike actually did and maybe a question for Mike. Inventories being pretty lean, no promotional activities still but what kind of ramp versus normal seasonality do you expect in Q2? And if you could give us a little color on what's going on price?

Michael Lamach

Yeah, maybe take it in reverse order. Price was slightly favorable in Q1 for us. We don't anticipate that but to continue on reduced commodity levels at this point, most of that was carryover in the Middle East and a few discrete areas. Just in general on sort of the back half of the year, we do see some modest improvement, part of that is related to fourth quarter being as weak as it was last year.

We're seeing strength and pickup in the service business. We had hoped that would be the case; it's very typical in past cycles; that's been the case for the full period, we see with investments, we gear up for that. And we certainly have the capacity to perform against it whether it's leasing equipment which we built up recently all the way through to making sure innovation and technicians around the world that we got capacity of executing on those plants.

So that's what's going as planned for us with positive equipment. We're not really looking at seeing any dramatic increase and we're not planning on that clearly if we were to see some sort of an uptick, we obviously got capacity to be able to respond to it.

Jeffrey Sprague - Citi Investment Research

And just a little more color on raw math, what percent of the buy this year is locked in and what's your spot exposure looking at the balance of the year?

Michael Lamach

Yeah. If you look at the 150 million that we talked about in terms of commodity cost, we're really talking about copper, aluminum, steel and zinc makes commodities work, copper being larger. We're about 25% locked in, and so with the market on the balance was 55%. So, we sort of ran the math last week and we ran a little higher copper price last week, but would expect that we see a 150 million overall with copper being about 80 million of that.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.