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Goodrich Corporation. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). For our first question we go to Sam Pearlstein with Wachovia.

Samuel Pearlstein - Wachovia

Marshall, you mentioned your assumption that ASMs are down 5% to 8% and it looks like now your aftermarket sales are also assumed to be down at same 5% to 8%, can you just talk about that just because my impression was, you talked about outperforming the capacity reductions and it seems like now you're more in line with those reductions?

Marshall Larsen

Well, we actually did outperform. If you look at the large commercial aftermarket, we were only down 5% first quarter. The difference is the freighters and the regional jets, but I think we will continue.

Our A320 sales were actually up mid-single digits for the quarter and 737 were nearly up that high, also 737MG. I think the difference has been the tremendous downturn in the freighter market, business jet aftermarket, down 20 plus percent and also the regionals were hit even harder than we expected.

So a combination of those three put another three points on that. We would expect as we said in February that the first quarter would be the worst and we'd climb out of it during the course of the year.

Back then we said we'd be down like 3% to 5%. What we're seeing now still indicates we think the first quarter is the worst even though, I think the second quarter will be operationally difficult, I think our aftermarket will be down a little or flat, I think we've just about seen the bottom of it.

Samuel Pearlstein - Wachovia

But if you look at just parsing the large commercial aftermarket, what's your assumption for this year in terms of how that should perform?

Marshall Larsen

Parking? Parsing. The large commercial aftermarket, I think will continue to get better as the year goes by. Right now, we're seeing its about 180 A320s and 737MGs that are temporarily parked.

Those fleets, that's all they have in them. The only way they can reduce capacity is to either take segments out of their schedule, which means parking some of those aircraft temporarily, plus a lot of them are leased.

They're owned by leased companies. They will end up getting placed here eventually before anything else. So, I think what we'll see is on our large commercial aircraft, the Boeing and Airbus aircraft have continued upswing during the course of the year.

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