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URS Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Richard Paget - Morgan Joseph & Co.

Richard Paget - Morgan Joseph & Co.

Just wanted to talk a little bit more about backlog trends, if we do the back of the envelop math it looks like you guys had close to \$5 billion in new backlog orders, three quarters of which were in the federal segment, and I know you went over some of the trends, but more specifically, as a bulk of this, the ramp-up of Sellafield or is it pretty widely dispersed amongst the customers?

H. Thomas Hicks

You're right, the new orders were around \$5 billion for the quarter, most of that falling in the federal sector, but actually, Sellafield is not a big contributor to that; as you know, we account for Sellafield on a different basis that it's not at risk for us; so, the real revenue, the backlog increase came from DoE project down in Savannah River which was the major component of our backlog increase.

Richard Paget - Morgan Joseph & Co.

Would that be roughly half of that increase or it's not that big?

H. Thomas Hicks

No, it's significant; it's a multi-year program that made up the bulk of the order input that we had in the federal sector, and we did have a billion and a half or so coming in in the other sectors as well on top of that.

Richard Paget - Morgan Joseph & Co.

And then getting to the US market with the federal stimulus package, how has it been progressing relative to your expectations, now that we've seen some of the project lists come out and some of the bidding starting to come, are they doing it faster than you thought, maybe a little bit slower, and is the money flowing towards where you might have anticipated?

Martin M. Koffel

We always felt that from our point of view this would be later '09 and certainly '10 and '11, and it's probably about on track; there's been a lot in the press about it; it started with an analysis by the congressional budget office which said that 25% or 30% of the stimulus would come out this year and the rest would be spread out over '10 and '11 and that's been very controversial; I think the real effect of it, and I could get into numbers ad infinitum and we do have the numbers by state and even counties, but I think the real issue is that even before the moneys come out, it's given the state's confidence and we've seen quite a number of projects get funded or get started even into advance of receiving the stimulus money. The actual stimulus as the amount we can address for infrastructure is a \$65 billion opportunity and this \$29 billion for highways or about \$19 billion for rail and transit and \$8 billion or so for water projects, and then the surprise for us was the stimulus money that's going to milk on military construction and then to the DoE as I mentioned in the call in the prepared remarks, there's money going to sites that we're already managing; so, we could well see significant activity through the federal agencies which is a pleasant surprise before we actually see the money through the states and cities and municipalities. That said, I think people are getting ready for it, it varies by states, some states aren't ready, some states are ready, but I would say there's increased confidence across the transportation agencies in all the states.

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