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## Lindsay Corporation F3Q09 (Qtr End 05/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Michael Cox – Piper Jaffray.

#### Michael Cox – Piper Jaffray

My first question is on the gross margin. You commented the sequential improvements and partially it seems to be driven by mix in the infrastructure segment. I was just wondering if you could comment on the sustainability of these margin trends in the mid-20s.

#### Richard W. Parod

I think there are a couple of things that really impacted the margins in the quarter and the improvement that we've seen. One of those is there has certainly been more stability and better situation regarding steel pricing and we are currently at basically market price in terms of our steel purchases, so steel in general has been relatively favorable during the quarter.

I think the other one is that we have seen improvements in efficiency in terms of being able to respond to the lower production volumes during the quarter because as you can imagine, with the reductions we've seen in the last few quarters in the market, we've been obviously trying to keep ahead of that or keep up with it in terms of staff reductions and maintaining efficiency. And I think we've gotten to a point where we've achieved a higher level of efficiency as the volume has come down.

I think those are two big factors, probably bigger factors than a change in product mix.

#### Michael Cox – Piper Jaffray

Just a housekeeping item on the operating profit by segment. I was wondering if you could provide that, between irrigation and infrastructure.

#### Richard W. Parod

Yes, it's in the slide decks that's on the Web site.

#### Michael Cox – Piper Jaffray

Okay, I can pull it off then. My last question is on the international side of the business, on a sequential basis there was a very noticeable uptick, more so than we have seen historically from Q2

to Q3. I was wondering if you could speak to that, if there were specific regions that you saw some sort of improvement or areas that perhaps you allocated more resources to.

And then a follow-up on that, an update of the timing of your China facility.

**Richard W. Parod**

Yes. Well, there's nothing significant in terms of any particular market that was a major uptick. I would say that, as I commented, most of the export markets year-over-year are down. We still continue to see strength in the market in China. That is one market that has been strong both year-over-year and strong in the quarter in general.

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