
AZZ Inc announced Q1 financial results

Monday, 29 Jun, 2009

AZZ Incorporated has announced unaudited financial results for the first quarter ended May 31st 2009. Revenues for the first quarter were USD 95.5 million as compared to USD 99.9 million for the same quarter last year, down by 5% YoY. Net income for the quarter was USD 9.9 million as compared to net income of USD 10.1 million.

Backlog at the end of the first quarter was USD 150.1 million. Backlog at the end of the first quarter of 2009 fiscal was USD 141.8 million and USD 174.8 million at February 28th 2009. Incoming orders for the first quarter were USD 70.7 million while shipments for the quarter totaled USD 95.5 million, resulting in a book to ship ratio of 74%.

Revenues for the Electrical & Industrial Products Segment for the first quarter of 2010 fiscal were USD 55.4 million as compared to USD 52 million for the same quarter last year, up by 7% YoY. Operating income for the segment increased by 33% YoY to USD 10.5 million as compared to USD 7.9 million in the same period last year.

Revenues for the company's Galvanizing Service Segment for the first quarter were USD 40.1 million as compared to the USD 48 million in the same period last year, down by 16% YoY. Operating income was USD 12.8 million as compared to USD 13.4 million in the prior period. Tonnage shipped decreased by 12% YoY as compared to the prior period.

Mr David H Dingus president & CEO of AZZ Incorporated said that "Regarding our Electrical and Industrial Products Segment, again this quarter, we are extremely pleased with the operating performance. As we indicated last quarter, we continue to monitor closely our market opportunities and our operating structure due to the changing and challenging market conditions. Incoming orders slowed in the fourth quarter of our fiscal 2009 and we have seen a continuation of that trend in the first quarter of our new fiscal year. While our quotation levels have increased during the quarter when compared to the fourth quarter of last fiscal year, we have not seen a corresponding increase in our incoming order rate. Incoming orders continue to be slower than desired due to increased customer deliberation on the release of new orders pertaining to projects and increased competitive pressure, particularly on large international orders, combined with the typical delay we see between quotations and orders. We still anticipate that our backlog will level off at the end of the second quarter followed by modest increases in the last half of the fiscal year. Despite the improvement in our quotation levels, we anticipate a further deterioration of our backlog in the second quarter of 10% to 15%. Competitive conditions in some of our international markets could improve allowing us to secure additional business which could offset this projected deterioration. If market conditions improve, as well as an expansion of infrastructure projects, we are well positioned to capitalize on these improvements. We will continue our efforts to expand our served markets and product offerings, and believe that the strength of our historical operating performance, combined with the excellent positioning of our products, provide an excellent platform from which to grow once we do see market recovery and continue the trend of increasing quotation levels."

He concluded that "Management of pricing, expansion of domestic and international markets, and seeking out new product opportunities to further enhance our strategic position continue to be the focus and emphasis of our activities. Based upon the evaluation of information currently available to management, we are revising our guidance for revenues to be in the range of USD 370 million to USD 390 million. Our earning guidance is revised and anticipated to be within the range of USD 2.70 to USD 2.90. Achievement of these projections would be our 23rd consecutive year of profitability and the second best year in the history of the company. Our estimates assume that we will not have any appreciable change in our current market conditions, competitive activity or significant delays in the delivery or timing in the receipt of orders of our electrical and industrial products, and demand for our galvanizing services."

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