

Aaon heats up with 1Q profit surge

By: Kirby Lee Davis The Journal Record May 9, 2013 0

TULSA – Aaon's stock closed at a record \$30.07 Thursday after the Tulsa-based commercial heating and air conditioning manufacturer posted first-quarter profits soaring 56 percent, easily topping Wall Street expectations.

For the three months ended March 31, Aaon posted a net income of \$7.1 million, or 29 cents per diluted share, up from \$4.6 million, or 18 cents, for the same quarter of 2012.

Sales rose 3 percent to \$66.8 million from \$65 million.

Despite setting first-quarter records for both 2013 marks, Aaon's stock initially struggled Thursday on the Nasdaq Exchange. But after falling as low as \$28.40 a share, the shares closed up \$1.56, or 5.47 percent, to edge 7 cents above the \$30 barrier. Trading volume totaled 122,845 shares, 63 percent higher than Aaon's daily average.

Thursday's trading extended a generally upward run in the company stock since December. Investors started lifting the shares into record territory in February.

Foundational strengths lay behind the company's performance. President and Chief Executive Norman H. Asbjornson attributed its first-quarter records to successful price increases, with Aaon's gross profit up 13.2 percent to \$15.3 million. The company also saw its backlog jump 22 percent to a record \$71.7 million at March 31.

These numbers could reflect more customers repairing and upgrading their commercial HVAC units, said Qian Zhang, a research assistant with Tulsa's [Fredric E Russell Investment Management Co.](#) It also could point to increasing commercial construction nationwide.

Aaon also received strong help from a \$1.6 million reduction in its income tax provision, equaling about 7 cents per share. That drew both from an Oklahoma investment credit and changes in federal tax laws.

Without that boost, Aaon would have failed to meet Wall Street's goals. Both Zacks Investment Research and Thomson Financial Services rely on one analyst for Aaon. That analyst projected 2013 first-quarter earnings of 24 cents per share.

While Aaon's selling, general and administrative costs rose 16.5 percent in the first quarter to \$6.96 million, Asbjornson said that included quarterly cash bonuses that will not reoccur this year.

Asbjornson said Aaon should finish 2013 with higher earnings and sales. The company expects a 34.5-percent effective tax rate for the rest of 2013. That compares to a 14.6-percent rate in the first quarter and 39.9 percent last year.

Tagged with: AAON KIRBY LEE DAVIS NORMAN H. ASBJORNSON

RELATED ARTICLES



U.S. stocks avoid a fourth straight loss
October 2, 2014



Wind turbine worries floated as legislators study tax credits
October 1, 2014



U.S. stocks drop sharply; airlines sink
October 1, 2014



