

FINAL TRANSCRIPT

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LIME - Q1 2011 Lime Energy Co Earnings Conference Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the first quarter 2011 Lime Energy earnings conference call. My name is Crystal, and I will be your operator for today. At this time, all participants are in listen-only mode. Later, we will conduct a question-and-answer session.

(Operator Instructions)

As a reminder, today's conference is being recorded for replay purposes. I would now like to turn the call over to your host for today, Mr. Glen Akselrod, Spokesperson. Please proceed.

Glen Akselrod - *Lime Energy - Spokesperson*

Thank you very much, Crystal. Good afternoon, and thank you, everybody for taking the time to join us for our 2011 first quarter results conference call. With us today is David Asplund, CEO; Dan Parke, President; Jeff Mistarz, CFO; and John O'Rourke, COO.

I hope all of you have had a chance to review the earnings announcements released earlier today and which can be accessed on Lime's website at www.lime-energy.com, or for the 10-Q on the SEC website.

Before I hand the discussion over to David, I want to remind everyone that the call today will include some statements that will be considered forward-looking regarding the Company's strategy, operations, and financial performance. Those statements are subject to many uncertainties in the Company's operation and business environment.

I refer you to the complete forward-looking statement disclosure in the earnings release, which is incorporated by reference for the purposes of this call. I'd also like to refer you to disclosures made in the Company's quarterly and annual filings with the SEC.

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Finally, before we get started, I want to mention that this call is being web broadcast live over the Internet and can be accessed on the Lime Energy website and also on the Thomson's CCBN Network. There will be a replay available on either website until August 12, 2011.

With that, I'll hand the discussion over to David.

Dave Asplund - Lime Energy - CEO

All right, thanks, Glen. And good morning, everyone. Thank you -- or good afternoon, thanks for taking the time for our first quarter call. This was a strong quarter for us in a seasonally weak period. Revenue increased across all of our businesses, resulting in consolidated growth of over 60%. Gross profit margins increased over 20%. And SG&A as a percent of revenue declined 30%, resulting in almost a 25% decline in our adjusted EBITDA loss over the first quarter of 2010.

Sustained profitability remains our top objective this year. This quarter continues to demonstrate our operating leverage and the power of the platform that provides a broad array of energy efficiency and renewable energy solutions for a diversified base of clients. Jeff will discuss our financials in more detail, so I will first go over some of the highlights of the quarter.

One of the most notable accomplishments was that revenue from our utility demand-side management programs increased 200% as we continued to execute under our contract with National Grid and New Jersey clean energy programs. This performance was in spite of some delays due to severe weather in New York and New Jersey early in the quarter.

We began implementation for utilities energy efficiency programs late in 2009. So revenue was still relatively low during the first quarter of 2010. However, this quarter demonstrates how the utility business can grow and contribute to reduce the seasonality of our revenue.

Most importantly, though, we not only demonstrated our ability to execute on our existing programs, but most importantly, continue winning new programs like the Small Business Energy Efficiency Program for the Long Island Power Authority, or LIPA, that we recently announced. We expect this contract to generate over \$36 million in revenue over the next five years.

We also believe that it truly solidifies Lime Energy as a national leader now in program implementation for utility energy efficiency programs. We have established a strong track record of success in meeting the kilowatt reduction goals of our utility clients across a wide range of direct-install programs.

We bring these utility clients a unique combination of expertise across sales and marketing, energy auditing, construction, and program administration. Our vertically integrated service platform provides our utility clients with a single-source provider option to manage and implement custom designed efficiency programs helping them to reduce significant megawatt demand and satisfy the regulatory and environmental compliance requirements set forth by state and federal regulators.

With these regulations putting pressure on utilities to meet increasing goals for energy efficiency resource acquisition in hard-to-reach markets, Lime Energy's delivery platform is more popular than ever.

Now in addition to working directly with utilities as their program implementer, we also work within utility programs to best serve our clients. For example, Lime Energy is an approved partner for the New Jersey Pay-for-Performance Program, or P4P. This was the first program and the country for existing commercial, industrial and multi-family buildings with a peak demand in excess of 100 kilowatts that pays incentives directly linked to energy and thermal reductions of 15% or more.

In the first quarter of this year, we completed a comprehensive energy efficiency upgrade for the Atlantic Care facilities in Atlantic City under the New Jersey P4P program. This is really a model project that started as an RFP for a simple chiller

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replacement. But we transformed that into a comprehensive \$4 million energy efficiency upgrade incorporating lighting and HVAC replacement, energy management control systems, boilers, chillers, window film, and building envelope improvements.

This project is expected to reduce energy consumption by 15% to 20% across the facility, qualifying for about a \$1.5 million to \$2.5 million incentive under the P4P program, resulting in a payback for the hospital of under -- of 1.2 to 1.7 years.

Now a key success factor to the project was Lime's integrated platform, enabling us to perform retrofit design specifications and constructing of the energy-saving measures. This approach compresses the overall project timeline and reduced many areas of risk associated with retrofitting complicated existing facilities, like a hospital.

The project was completed from design through implementation with no operational impact to the hospital schedule. Really, few firms have this experience, expertise, and capability, so we believe there is a terrific opportunity for much more work within the New Jersey P4P program.

But in addition, we are very proud to announce that Lime Energy was recently approved as a partner in the New Hampshire P4P program, which is the second program of its kind in the United States. We're excited about the opportunities we have in our utility business and look forward to continuing our expansion.

Our public sector business also experienced strong growth in the first quarter. Revenue increased roughly 50% as the market recovered from the slowdown experienced in the first half of 2010, as well as from the contracts we recently won with the US Post Office. Our ESCO customers are reporting higher growth expectations and strong development backlog. Our business here is well diversified, given we work with eight of the sixteen approved Department of Energy ESCO providers. So we expect our growth in this market to continue through the year.

In addition to our work for ESCOs, we continue to work for public sector customers who do not want performance contracts or need financing. Here, we leverage our engineering expertise in capturing energy efficiency implementation work.

For example, last year we announced -- or Allegheny County, Pennsylvania announced that Lime Energy was selected to conduct energy audits of 104 municipal buildings throughout the county. It was funded by ARRA. After delays of course, completing the audits, we were rewarded a contract to implement some of the energy conservation measures identified by our audits.

Last February -- this February, 2011, we announced a partnership with the District of Columbia Department of Real Estate Services to conduct energy audits in support of the district's energy efficiency program for 9 million square feet, covering 128 buildings. This was another ARRA-funded project, in which we hope to also be awarded some of the implementation work. We believe we are well positioned in this market to grow our design-build business by leveraging our integrated platform.

Revenue in our C&I market increased slightly when compared to the year earlier period, as we continue to transition our focus to comprehensive energy efficiency and renewable energy solutions for national accounts. We expanded our services to include the design and installation of electric vehicle charging stations for a Fortune 500 customer. The emergence of battery-powered electric vehicles is creating new, unique challenges for our corporate customers, creating another opportunity to leverage our design-build capabilities.

C&I is also leveraging our engineering expertise in retro-commissioning, which can provide energy savings ranging from 10% to more than 50%. This is an extremely promising area given retro-commissioning projects are low cost, low risk investment opportunities for our clients with very quick payback periods.

According to a recent report from Pike Research, the retro-commissioning market in the US could grow from only about \$160 million last year to \$1.8 billion by 2014. When mature, they believe the annual revenue could be close to \$4 billion. We recently started the first phase of a retro-commissioning project for a large national account starting with 25 buildings, totaling over 5 million square feet.

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The entire program could address their more than 1,000 buildings across the US with a goal of 33 million kilowatt hours in annual savings. Whatever the macro market turns out to be, Lime Energy is well positioned to provide this important energy conservation measure across our diversified base of public and private clients.

Finally, I want to reiterate what I said on our last call regarding the new initiative we started in Lime Energy Asset Development, or what we call LEAD. When we move forward with new business initiatives, we have three primary criteria. First, that there is already a significant existing customer demand. Secondly, that we can leverage our platform to make it into a growing profitable business. And third, that that initiative falls within our core competency.

And LEAD met all three criteria. LEAD was created to develop, manage, and in some situations, own renewable energy-producing assets. So these assets may include landfill gas to electricity, combined heat and power, on-site generation, solar photovoltaic, solar thermal, biomass, and geothermal energy projects.

Now most experts agree that the United States' energy sector faces serious challenges unprecedented in its history. In particular, the electric/power market faces an array of challenges and opportunities amid a rapidly changing landscape. New approaches to power production, cleaner energy, smarter technologies, along with a desire for energy independence and energy efficiency are becoming prevalent in a historically stable electric sector.

This new paradigm in how we think about energy is creating many drivers across our markets, renewable energy and on-site utility generation. Corporate customers are looking to reduce operating costs, upgrade infrastructure, control energy prices, and hedge against rising fuel costs.

Utilities are looking for new ways to generate capacity, and desperately looking for ways to comply with energy efficiency resource standards and renewable portfolio standards. Public sector customers, like municipalities, are looking to monetize assets, and state and federal are looking to comply with the Energy Policy Act of 2005.

So, we believe there is a significant existing demand for LEAD's services. Secondly, LEAD will most definitely leverage our existing customer base and our platform of expertise in engineering, implementation, and project finance, resulting in what we believe will be a growing, profitable business with recurring revenue.

Finally, our core competency, as with every single business we're in, lies in the experience and expertise of our people. As I reported on the last call, Eric Dupont was promoted to the head of LEAD because he has the knowledge, experience and capability to grow this segment into a significant part of our business.

So with that, I'll hand it over to Jeff to go over the financials.

Jeff Mistarz - Lime Energy - CFO

Thanks. Good afternoon, everyone. I'll be providing you with a quick overview of our results for the first quarter of 2011. Our revenue for the quarter increased \$7.2 million, or 61% to \$19 million, when compared to \$11.8 million earned during the first quarter of 2010. We recorded increased revenue in all of our markets relative to last year, with the largest increases coming in our utility and public sector markets.

Dave has already discussed the increase in our revenue, so I won't spend much time on this, but I will add that revenue from our Army Corps of Engineers FRR contract also increased significantly on a percentage basis, but is still a relatively small portion of our total revenue.



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We expect continued growth in all of our markets for the balance of the year, and for our revenue to continue to be seasonal with the majority of our revenue coming in the second half of the year. Our gross profit increased \$1.8 million or 94% to \$3.6 million during the first quarter, compared to \$1.9 million earned in the first quarter of 2010.

Our gross profit margin also improved from 15.7% last year to 19% for the first quarter of this year, largely as a result of the increase in our revenue from our utility business and improvements in the mix of business in our public sector market. Our gross margin varies throughout the year as the mix of our business from our various markets changes.

During the first quarter of the year, our public sector an FRR contract generated more than half of our revenue. As we progress through the year, we expect the higher margin utility and C&I markets to become a larger portion of our total revenue, resulting in a higher consolidated gross margin.

Our selling, general, and administrative expense was \$7.2 million for the first quarter, an increase of \$740,000 or 11.5% from the \$6.4 million recorded during the first quarter of 2010. All of this increase was associated with the growth of our utility business and our new business initiative for 2011, Lime Energy Asset Development, or LEAD.

These increases were partially offset by reductions in SG&A expenses associated with all our other markets and our corporate overhead, despite some new-hires in the public sector to support our pay-for-performance programs in the Northeast. Our SG&A as a percentage of revenue declined from 54.5% during the first quarter of 2011 to 37.8% as a result of our revenue growing at four times the rate of our SG&A.

We expect our second quarter SG&A to be relatively flat to perhaps slightly higher than the levels reported during the first quarter, then to pick up moderately during the third quarter as the LIPA program begins. For the full year, we expect our SG&A to increase approximately 12% to 15% over the 2010 levels, primarily driven by the growth of our utility management business and the start-up of LEAD.

Our net interest income declined \$10,000 to \$30,000 during the first quarter of 2011, from \$40,000 during the first quarter of 2010. This decline was the result of lower average balances on our long-term receivables held by Lime Finance.

Our net loss for the quarter declined 21.6%, or \$1 million, to \$3.7 million from \$4.7 million for the first quarter of 2010. This decline was the result of the increase in revenue in gross profit margin, which was partially offset by the increase of SG&A. We expect to see continued improvements in our earnings, if our revenue continues to increase throughout the year as we expect, such that we'll believe we'll generate positive earnings during the third and fourth quarters of this year.

The improvement in our adjusted EBITDA loss mirrored the improvement in our net loss, declining \$1 million, or 24.6%, to \$3.1 million from \$4.1 million for the year-earlier period. Adjusted EBITDA is a non-GAAP financial measure we are providing because we believe that it provides meaningful comparison of operating results to prior-period results. For information on the calculation of adjusted EBITDA, please refer to our earnings announcement which is available on our Form 8-K filed this afternoon. You can access this on the SEC' EDGAR website, or through our website.

We ended the quarter with \$7.8 million in cash, including \$1.9 million of restricted cash. This represents a decline of [\$5.1 million] from the \$14.9 million held on December 31. Approximately \$3 million of this was used to fund our first quarter loss, \$1 million was to fund increases in working capital, and \$1.1 million went to capital expenditures.

We expect that the cash used to fund our operating loss to decline during the second quarter, and for operations to generate cash during the third and fourth quarters, completely offsetting the uses during the first half of the year.

Our working capital increased during a period that we typically experience declines in our revenue -- declines as our revenue comes off its seasonal peak in December into the slowest period of the year. Last year, a significant portion of our utility work



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was funded by federal ARRA funds, and the related accounts receivable had been slow to turn over due to increased documentation requirements and the general slowness of federal processing.

We expect the portion of our utility work funded by ARRA will decline as we progress through the year. As these receivables are collected and future work returns to funding from traditional utility sources, our working capital should return to more normal levels.

Of the \$1.1 million in first quarter capital expenditures, approximately \$800,000 was related to LEAD's construction of the Zemel Road landfill gas to electricity project. Financing for this project was set back late in the first quarter, when the investment bank we had retained to place the long-term debut restructured and shut down its energy finance group.

We have recently retained another investment bank and hope to have the debt placed within the next 60 to 90 days. Once the debt is in place, we will be reimbursed for most if not all of the expenditures that we've made to date.

The bulk of the first quarter's remaining capital expenditures were related to the continued development of our engineering IT platform, which is supporting our utility business and engineering activities, such as the auditing programs for Allegheny County and Washington, DC.

Now the delay in placing the Zemel Road necessitated that we amend two covenants in our line of credit so that we could continue construction of this project while maintaining access to our line of credit. This amendment was recently completed.

We remain confident that our current cash balances in combination with the availability under our line of credit will provide sufficient liquidity to meet our future needs as we continue to build towards sustainable profitability.

With that, I'll now turn it back to Dave.

Dave Asplund - Lime Energy - CEO

All right, thanks, Jeff. So in looking forward, we continue to expect your revenue to be seasonal, grow throughout the year, with second quarter revenue to be between \$24 million and \$26 million. We -- which would be about a 37% to 48% increase over the second quarter of 2010, which was about \$17.5 million. We currently have about \$126 million in backlog, and continue to believe total revenue for this year will be between \$122 million and \$128 million.

So in conclusion, Lime's vision is to be a leading participant in the changing energy paradigm for generations to come. We deliver new and alternative energy strategies in energy efficiency to reduce consumption, renewable solutions to find new and cleaner ways of producing energy, and utility partnerships to optimize and prepare customers for a new energy and smart grid environment.

We believe Lime is well aligned and optimized to deliver on the promises of smart buildings, smart communities, and smart grid. These are huge markets we're addressing, so we've made the investments to position ourselves well. Our people are proven and continue to deliver on the promises to our valued customers while game-changing partnerships are quickly emerging and seeking established players.

The power of Lime's platform allows for speed, scale, and innovation, which we believe will deliver sustainable profitability and a growing value for our shareholders.

So with that, I'll open it up to questions.



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QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Today's first question comes from the line of Philip Shen with Roth Capital Partners. Please proceed.

Philip Shen - Roth Capital Partners - Analyst

Good afternoon, guys. Congratulations, on a nice building of revenue of bookings and backlog. My first question is related to your outlook. I know at the end of -- when you guys released Q4 you talked about revenues being for the full year and between \$122 million and \$128 million. And this quarter you didn't provide guidance on that. Can you just give us your sense of your latest expectations of full-year revenue? And I'll follow up in a moment.

Jeff Mistarz - Lime Energy - CFO

Actually, Phil, right at the end of Dave's portion he did confirm that our forecast for the year remains unchanged for the full year.

Philip Shen - Roth Capital Partners - Analyst

Great, sorry I missed that. I also noticed your backlog accelerated quite nicely. I think bookings in the quarter were about \$55 million. That compares to -- I think so from Q4 to Q1, that's an acceleration versus bookings in Q1 of last year, which demonstrated some substantial deceleration. Can you give us a sense for the mix of the bookings? And do you expect that this type of bookings growth can be sustained as we go through the year?

Jeff Mistarz - Lime Energy - CFO

Well, a significant contributor was in the utility market with the addition of the LIPA contract, but our public sector has actually got a very strong growth in their backlog, in their contracted backlog. And they have a very strong development pipeline. So, we expect to see continued growth in their backlog throughout the year.

As you know, the commercial industrial backlog turns very quickly. So that backlog will really peak in the beginning of the fourth quarter. So it's about the same as it was a year ago, slightly ahead. But that's pretty much expected.

Philip Shen - Roth Capital Partners - Analyst

Great. And let's talk about OpEx for a moment. I think Jeff, in your commentary, you talked about an increase of 12% to 15% for SG&A. And at the end of last quarter, I think the guidance or comments, soft commentary was around slightly faster than the growth in 2010, which was about 8%. Can you just walk us through how that -- why that's changed, and what are the key contributors?

Jeff Mistarz - Lime Energy - CFO

Well, it really hasn't changed. Our outlook for SG&A is relatively unchanged for the year. The growth is all being driven, or the majority of it's being driven by the utility program. As I mentioned, the SG&A is actually down in all other markets, and corporate overhead is down as well.

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But the growth of the utility market, there is a direct relationship there between its revenue and its SG&A. We also have the startup of our LEAD business, which is contributing to the growth, but the majority of it is related to the utility business.

Philip Shen - Roth Capital Partners - Analyst

So I just want to be clear about this. I think -- did you in the last -- on the Q4 call, I think you did talk about SG&A needing to grow slightly -- at a slightly faster rate than 2010.

Dave Asplund - Lime Energy - CEO

Yes, we did. And we felt that we should be a little bit clearer about what we meant by that. So we gave some more specific numbers now.

Philip Shen - Roth Capital Partners - Analyst

Okay. And one last question here. You talked about in your release, an expanded relationship with GE. Can you kind of just describe that relationship further for us?

Dave Asplund - Lime Energy - CEO

Yes, well, I'll leave that to Dan. Are you on?

Dan Parke - Lime Energy - President

Yes, I didn't quite understand the question. You just wanted to get more color on the GE relationship?

Philip Shen - Roth Capital Partners - Analyst

Exactly.

Dan Parke - Lime Energy - President

Yes, that relationship's expanded. There's quite a few divisions of GE. We're working with the GE Asset Group, where they're actually have committed to Lime, or they have an agreement with them that they are -- we're one of their strategic partners to bring us in to look at their, the assets that they own or partner in. You know about the GE Power Buyer, which is a marketing group that brings us into all the groups that they touch.

We most recently have started conversations with GE Ecomagination. We're at the beginning stages of that, of where we can be a strategic partner. We're also working directly with GE Lamp, and GE Healthcare, where the relationship is that customers that they're doing business with, they're bringing Lime in to their customers where they need help in energy efficiency, RS and energy efficiency implementation.

These are fairly new. They're very exciting agreements. It's taken a long time to earn their trust, and now they're -- it's just starting the process of bringing us into projects where we're getting energy studies and auditing. And we have actually started to receive some projects out of it.

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Philip Shen - Roth Capital Partners - Analyst

That sounds very interesting.

Dan Parke - Lime Energy - President

Well, we've very excited about it.

Philip Shen - Roth Capital Partners - Analyst

When you say GE Ecomagination may be a strategic partner, can you kind of highlight what that means?

Dave Asplund - Lime Energy - CEO

Well, it's still in the early stages. And we don't want to --

Dan Parke - Lime Energy - President

That's our newest one that we've just -- because of the other groups that we're working with, we've just started chatting about it. But it's too premature to discuss it really with any detail.

Philip Shen - Roth Capital Partners - Analyst

Okay, thanks very much.

Operator

Our next question comes from the line of Eric Prouty with Canaccord. Please proceed.

Eric Prouty - Canaccord - Analyst

Hi, great, thanks a lot. First question is on the gross margin. Last year you had a pretty substantial sequential movement from Q1 to Q2 in gross margin. Would you expect Q2 gross margin this year to match or be better than 23.9% you saw last year?

Jeff Mistarz - Lime Energy - CFO

Well, last year second quarter really benefited from a lot of engineering work that went into the quarter. It was an unusual concentration of engineering work in the quarter. I don't expect to repeat that level of gross margin, though I do expect to see improvements over the first quarter, as I mentioned.

The first quarter was over half of our revenue came from our public sector and the FRR contract. And those are lower-margin businesses for us. As the product mix shifts, and the utility business becomes the larger contributor, and C&I becomes a larger contributor, we will see improvements in the gross margins.



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Eric Prouty - Canaccord - Analyst

So, better than Q1 but not as good as last years June quarter.

Jeff Mistarz - Lime Energy - CFO

Exactly.

Eric Prouty - Canaccord - Analyst

And two, on your backlog number, could you just give an indication of how much of that, and I mean, that again -- this can be rough, but how much of that is due to hit for the remainder of this year, i.e., how much your guidance is kind of covered by this backlog for 2011?

Dave Asplund - Lime Energy - CEO

Well, over half is covered by the backlog. I don't have the number off the top of my head, but the public sector business has significant portion of their backlog covered. The utility business has a very significant portion of their backlog covered. And it's the C&I business that really has the smallest piece that's covered because their backlog converts so quickly, which is a characteristic of that business. So, it's no different than anything that we've had in prior years.

Eric Prouty - Canaccord - Analyst

Sure. Okay, great. And then, maybe just a little more detail from a financial standpoint of how will the benefit from the landfill gas to energy project -- how will that unfold through your P&L once you get financing, et cetera, and what should we expect from that business probably small from a revenue standpoint each quarter, but what type of margin or return are you going to be getting out of that business?

Dave Asplund - Lime Energy - CEO

Well, this year in particular, we expect the project to come online late summer. So it will not be a significant contributor in terms of the revenue for this year. Next year, we'll have a full 12 months of contribution from it. But even still, next year, it'll still be a small portion of our total revenue.

Gross margins will be better -- are expected to be better than what we earn on any of our existing businesses. And it'll be a contributor to our EBITDA, should be a contributor immediately.

The Zemel Road project, the primary reason that we decided to purchase that was to gain a track record as an organization while many of our individuals within the organization have a track record of implementing these types of projects, we as an organization didn't, which is the primary reason that we made the decision to purchase that asset. It will be a contributor long term to revenue and to earnings, but it will not be a significant contributor over all.

Eric Prouty - Canaccord - Analyst

Sure, that's fair. And then, finally, also on the SG&A, obviously a big part of the original thesis on the company was let's scale revenue. Let's try to keep the SG&A expense under control and really gain the leverage. You're doing well as far as kind of leveraging up as percent of sales.

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Maybe you could just help us understand one, how much more kind of quote-unquote investment spending needs to be done in SG&A? And then, two, just an idea of what percent of SG&A is fixed, and what is variable? I assume commission is a real driver from an SG&A standpoint.

So maybe you can help us understand what point and what portion of that SG&A should become fairly fixed once your investments are done. And then, how much of that is going to move up and down with revenue from a commission standpoint?

Dave Asplund - Lime Energy - CEO

Well, the first quarter was a good example of what we expect to see. Our existing businesses are showing very low growth in SG&A expense. Corporate overhead actually is down compared to last year. The growth is really being driven by the utility business. And as that business grows, which is our fastest growing segment and will be for a little while, there is a direct relationship between the SG&A. We need people on the street for that business to grow the revenue.

The gross margins are strong there, and it is a strong contributor to our bottom line. So as that business continues to grow, it'll be the primary driver of our growth in SG&A. The commission portion of our SG&A is really related to our C&I business, which is about 20%, 25% of our business.

So, it's not a major driver of our growth. It'll be a contributor to the increase in SG&A in our fourth quarter, which is the peak quarter for revenue in that business. But it's factored into the overall increase that we've projected for the year.

So we -- and other than the LEAD, the investment that we made in that new business, which we'll see its most significant ramp-up this year as it's a new business, so almost every dollar there is new, next year the growth will slow significantly. There may be some additional people added as that business continues to grow, but nowhere near the rate that we will experience this year.

Operator

(Operator Instructions)

And our next question comes from the line of Craig Irwin with Wedbush Securities. Please proceed.

Craig Irwin - Wedbush Securities - Analyst

Hi, gentlemen. This is David in for Craig. Congratulations, on the strong backlog. Question on the increase -- is there any increase in SG&A associated with the significantly higher backlog in the quarter?

Dave Asplund - Lime Energy - CEO

No, not really. The increase in the SG&A is all directly related to the increase in revenue in the utility business. And we've added a couple people in terms of developers, but they've been offset so far by cuts in expenses. So, actual expense in other areas is down.

Craig Irwin - Wedbush Securities - Analyst

Okay, great. And then if I could ask another question, please. The significant bookings, does that suggest an upward bias to the full-year revenue guidance?

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Dave Asplund - Lime Energy - CEO

No, we're not ready at this point to make any changes in our full-year guidance.

Craig Irwin - Wedbush Securities - Analyst

Thank you.

Operator

That concludes our question-and-answer portion of today's call. I'd like to hand the call back to --

Dave Asplund - Lime Energy - CEO

All right, thank you everyone for your time, and appreciate your interest.

Operator

Ladies and gentlemen, that concludes today's conference. Thank you so much for your participation. You may now disconnect, and have a great day.

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