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Coinstar, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from John Craft with D.A. Davidson.

John Craft – D.A. Davidson

Nice work with the Walmart rollout. It sounds like things are going very smooth there. And I guess my question is what is the mechanism, who controls the speed? Is that something that you're doing as fast as you can and as you get more resources then you'll be faster than expected, or is Walmart somehow using some discretion in how fast you roll these out?

Dave W. Cole

Certainly Walmart has asked us to go as quickly as possible, John. Without breaking our organization or delivering less than quality service to their stores, we are going almost as quickly as we can.

John Craft – D.A. Davidson

And then, Brian, you reiterated all the guidance pieces but the GAAP earnings per share and I was wondering if that would maybe, what's the latest there?

Brian Turner

Well, GAAP earnings, we give quarter to quarter, we don't give GAAP earnings guidance for the full year. We do give EBITDA guidance, which I reiterated.

John Craft – D.A. Davidson

I thought you had given some full-year guidance last time. How about in the U.S. to Mexico? There's obviously been a lot of talk about pressures there. How have the pricing trends been, as far as you can tell?

Paul Davis

In general, we're seeing some price pressures. We monitor our progress north and south with our GroupEx business and we've seen, even though in aggregate some of the transactions are down, we've actually been growing our absolute transactions. So we're seeing positive movement but there continues to be pressures there, hopefully it doesn't get more pronounced.

John Craft – D.A. Davidson

And, Paul, can you remind me again the percent of your transactions in that quarter?

Paul Davis

If you look at U.S. to Mexico of our overall Money Transfer business, it's a little north of half.

Operator

Your next question comes from Ali Mogharabi with B. Riley & Company.

Ali Mogharabi – B. Riley & Company

Brian, really quickly, can you provide a little more detail on the 1% cannibalization effect that you guys saw?

Brian Turner

Yes. When we were looking at the roll out Walmart, we said that as Walmart rolled out, we would expect that they would cannibalize about 2% of the overall transactions from the existing machines. So we're partially through that roll out and indeed, at this point, we're seeing about a 1% cannibalization from the rest of the machines, of not only those machines being installed but machines being installed elsewhere.

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