

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## CIBER, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator instructions) Our first question is from the line of Anurag Rana with KeyBanc. Please go ahead.

#### Anurag Rana – KeyBanc Capital Markets

Hi, good morning, everyone. Just wanted to understand the operating margin a little bit better. It came in a little bit lighter than what it has been in the past four, five quarters. Should we expect similar structure going forward given the G&A is a little bit higher than what we saw in the previous quarters?

#### Mac Slingerlend

I think the one thing that's in there, Anurag – there is two things, one is FASB continuing to have us charge expenses currently and prospectively for – that are non-cash, and sometimes I call never-cash expenses; they run through the P&L. But secondly, we did incur some bad debt expense we referred to in two cases, two European clients and one U.S. client that all basically had severe financial problems in the quarter and we had to reserve – we had – we not only added to our accounts receivable reserve, we had to remove some receivable that have been previously booked. So, I do think that there is a – in round numbers, roughly 1% of SG&A in the third quarter that was simply tied to that receivable issue. Don't fault the operations so much and I'd have to even tell you these were surprise situations as opposed to you could see it coming. But I do think most of the increase was tied to those surprise receivables that become bad debt issues.

#### Anurag Rana – KeyBanc Capital Markets

Fair enough. And just in terms of the new work that you are getting at this point what kind of work is it? Is it different from what you've previously seen? Is it – people are looking for a quick – any quick fixes to save any money at this point or what kind of projects are you witnessing at this point?

#### Mac Slingerlend

I really won't tell you that I see so much of a change in the type of projects, Anurag. What I am really seeing is people just being more conservative and just being on hold a little bit longer from starting – mainly what I would call development projects. So you're – you get a – at times like this, you get a continuation of maintenance, you get the have-to projects for whatever reasons they have to. For example, M&A transactions where you are merging operations together, but you do see, I think, slowdowns and delays in starting new work. And so, if I have any concerns in that area, that would be

it. What I said to Europe or what I've said about Europe, recently, this may not be the best simile to use but I referred to that there was foam on top of the beer in terms of how frothy European business has been. The foam seems to be going, but the glass is still full. So, there is still plenty of business, still headcount growth. We are still optimistic with respect to European operations and – but we – but here in the States in particular in particularly the public sector, I would like to see some movement through the pipeline and that may happen as these governmental agents (inaudible) spending post the election period.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.