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Powerwave Technologies, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And please stand by for your first question. And the first question comes from the line of Mike Walkley of Piper Jaffray.

Charles John – Piper Jaffray

Thanks. This is Charles John sitting in for Mike. Hi, Kevin and Ron.

Kevin Michaels

Hello.

Charles John – Piper Jaffray

So obviously, I talked to Michael there and not much visit to you, but could you give us some color on what you're hearing from carriers? And more importantly, in your discussion with them, does it sound like they have pretty firm plans for reducing CapEx for the next couple of months and 2009? Or is it more of a latency approach, and there is some potential for changing it, potential it is not as bad as what people are forecasting?

Ron Buschur

I think a lot of the operators are really trying to wait and see what really takes place. You do have some carries who are saying that they are going to continue with some of their deployment activities. But I really believe a lot of that is how they recognize the revenue more than just having new deployments taking place. We're seeing that at one specific large operator here in North America.

The visibility is very poor. So I think many of the operators still believe that there's going to be a need to improve their networks. But they're going to wait and see what the macro environment looks like before they commit to moving forward with that. I wouldn't say they have necessarily frozen it.

Charles John – Piper Jaffray

So just a little on that, do you think – at what stage are the carriers act in terms of having function capacity in the towers? If I put it in another way, can they really afford to pause their CapEx for a few quarters until they get better visibility? Or given the strong data sense, would they still have to spend on gear like power amplifiers or other gears on the towers?

Ron Buschur

Well, I mean we certainly can't speculate what they believe they can do. But looking at it from our perspective, it's clear that there's an increase in demand for data, and that is utilizing some of the capacity that's out there and is causing some issues with the quality of service in the network. That's very good news in a little broader picture. But short term, I believe they're probably setting back there, and trying to utilize, again, the equipment they have until they have a little bit better visibility longer term. So I don't think we're going to see them making a quick deployment of new hardware until they better understand the market.