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Loral Space & Communications Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Marti Murray with Babson Capital.

Nicole Torracco - Babson Capital

Hi, it's actually Nicole Torracco for Marti. Question, on the seven satellites that you mentioned to date, does that include [TopMax]?

Michael Targoff

No.

Nicole Torracco - Babson Capital

Okay. How many satellite orders are you expecting for 2008 globally? I think there was an estimate of around 20.

Michael Targoff

When we say satellite orders, let's remember that we're talking about full-size satellites of the kind that we are generally in a place to compete for and I would say that you're talking between 20 and 25 tops, including the orbital class of satellites might be 25 to 30, 27ish.

Nicole Torracco - Babson Capital

Okay. How do you see Loral's market share evolving in that?

Michael Targoff

Obviously, this is a very good year for us, and this is why we embarked upon the facility expansion have been spending the research and development money. All of us are wary about the impact of the economic times. We have pros and cons. As I've said in prior occasions, certainly to the extent customers have a rebuild requirement for replacing a productive satellite. We would expect that they would find where with all to go forward with that.

On the other hand, customers who are in need of capital from the markets, we'll indeed find difficulty in justifying even on good business plans and justifying the raise of capital. So, I think time will tell, as we move in each quarter will give us more information.

Nicole Torracco - Babson Capital

On the spending, on the manufacturing side, given the amount that you have spent, has that business been performing the way you would have expected, or to ask the question in a different way, when and how do you see getting the returns on that capital that you've invested?

Michael Targoff

Well, it's almost a bit of apples and oranges, your question. Let me just say that we have not yet at a place where I can say that we're satisfied with the operating margin at SS/L. On the other hand, I am pleased with the investments we made. It's borne fruit in the awards we received in 2008 and our capability and our market position. We have expectations, hopes, but expectations that we will see the fruits of this, improve our results. Again, I have to temper everything with the potential impact of the financial situation.

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