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Itron, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question will come from Steven Sanders, with Stephens, Inc.

Steve Sanders – Stephens, Inc.

Good afternoon.

LeRoy Nosbaum

Hey, Steve.

Steve Sanders – Stephens, Inc.

A couple of questions. First, on – I think you said in your prepared remarks that a modest amount of AMI moved from '08 into '09. Is that correct and can you provide a little more detail there?

LeRoy Nosbaum

Steve, LeRoy here. Yes, Philip said a modest amount – or Malcolm did – one had moved. As we've come through the whole of 2008, we've continuously seen a little to the right shift in AMI plans. I mean, the good news at this point is that those plans have largely firmed up to a great degree. We are now talking about pretty firm schedules for the four customers we've announced.

And so, the point to be made is in Q4 of this year, 2008, we had originally, as we set plans counted on a lot of AMI revenue, which has gone right and frankly we've been able to make up for it with other shipments of meters, of AMR, of software, both in the US and to some extent, in Actaris as well.

Deloris Duquette

And Steve, just to add to that we didn't ever have a material amount. It was something around 5% in the year, but a large portion of that was moved out and we've had to make up it up with other shipments.

Steve Sanders – Stephens, Inc.

Okay and then you've got 1.4 million AMI units assumed for 2009. We can do the math, but what does that say about the growth rate in the non-AMI business in North America? Does that imply, flat – could you give us some additional detail there?

Deloris Duquette

We don't have it directly quantified, but we have warned all along that there would be some cannibalization of the electric AMR business. So, if you thought about – 5% to 10% cannibalization just off the top, then you're probably close at this point.

Steve Sanders – Stephens, Inc.

Okay and '09 is obviously second half loaded given the AMI ramp. Can you put a little finer point on that?

LeRoy Nosbaum

Steve, at this point I would just underscore what you just said and say hang on and wait for our next conference call when we'll give you some detail.

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