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Roper Industries, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Michael Schneider - Robert W. Baird

Michael Schneider - Robert W. Baird

Can you talk about Neptune and specifically what occurred there during the fourth quarter with municipal spending and some of the projects you've been working on also comment do you have Toronto built into your guidance for 2009 and to what degree is it built in.

Brian Jellison

In terms of Toronto the way we look at that situation is we continue to work with them. Its really, we don't see any risk in it at all its just a variety of administrative matters. We originally it looked like might have been able to be booked in the fourth quarter or certainly the first quarter and then the speed of delivery has never been clear but we're assuming that if it doesn't start to deliver until the third quarter that it would not help much in the first half of the year.

But we have built in a modest amount of revenue and margin into the second half guidance. If that project picked up inertia that would help us earlier in the year then is in our current thinking, but given how slow its gone administratively we're not assuming that we'll see much of anything in the first half. We think its kind of a Q3 play.

Michael Schneider - Robert W. Baird

Can you just talk about the core Neptune projects, have you seen municipalities cease installations and upgrades in the day to day meter business and then talk about the small and mid sized projects, AMR side of the business that were being deployed, were there stalls put in place during Q4 and what have you seen thus far in January.

Brian Jellison

We haven't seen any real slowing in anything. The only thing that we see slowing in at Neptune would be people making decisions about deployments and waiting. I think there is this perverse situation with the stimulus package that you probably have some people holding on to see what happens. We've curtailed a number of things. We've taken some actions in Neptune to reduce costs and I'd say we're comfortable with Neptune. I don't think Neptune can do as well in 2009 as it did in 2008. When the housing starts, let's say they were off 10%, we wouldn't care but when you have the kind of fall off that you have in housing starts it might result in several hundred thousand fewer water meter sales

with some networking associated because many of those are in communities that would be frankly more advanced in terms of AMR than others.

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