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## Itron, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) We take our first question from Steve Sanders with Stephens, Inc.

#### Steve Sanders – Stephens, Inc.

Good afternoon, everyone. First, to you LeRoy, congratulations on moving to the next phase on all your successes over the years. We have obviously enjoyed working with you and wish you the best.

#### LeRoy Nosbaum

Thanks, Steve.

#### Steve Sanders – Stephens, Inc.

To Malcolm, obviously, well deserved congratulations to you as well.

#### Malcolm Unsworth

Thank you, Steve.

#### Steve Sanders – Stephens, Inc.

A couple questions on the guidance. I think if we go back to late October, the assumptions were in the neighborhood of 5% to 10% north American decline on the revenue side, 140 million or so for AMI and then 4% or 5% organic growth for Actaris. I guess the organic growth for Actaris remains in the 4% to 5% level. So can you just talk about the revenue assumptions relative to the 5% to 10% North American and 140 million of AMI?

#### Malcolm Unsworth

Yes, Steve, the two areas really in the U.S. is the decline in the economy. We noticed that recently has taken effect from what we put into our guidance and the push out obviously one of our AMI customers that's also pushed that out. That's where we see the reduction in the North American business.

#### Deloris Duquette

Steve, I would just add a little bit to that I think when you are saying 5% to 10% decline in North America, you are talking about our high level indication of core business?

**Steve Sanders – Stephens, Inc.**

Yes.

**Deloris Duquette**

We feel that that actually might be a bit light. We would expect that core business now has a contraction of somewhere between 10% and 15%. So that combined with the moving around schedules of AMI led us to a more prudent forecast at this point.

**Steve Sanders – Stephens, Inc.**

Okay. And then on the gross margin line for North America versus Actaris, obviously we got some volume issues to deal with North America. But can you provide an update on what the puts and takes are on gross margin for the two pieces?

**Malcolm Unsworth**

If you look at the overall gross margins, the overall gross margins are pretty flat. We got 33.8% versus 33.9. It moves around a little bit around between Actaris and INA, but really not too much, about 40% I believe there in the North America and the difference is that (inaudible) Actaris.

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