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L-1 Identity Solutions Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Daniel Meron - RBC Capital Markets.

Daniel Meron – RBC Capital Markets

Can you give us a little bit more color on the prospects that you have in the pipeline, both in the U.S. and [international], as far as additional new businesses [you win].

Robert V. LaPenta

You really broke up there. Did you say could we give you some additional color on the items we have in the pipeline that give us confidence for the ramp in the second half? I didn't catch all of what you said.

Daniel Meron – RBC Capital Markets

Yes, if you can give us a little bit more color on the pipeline that you have [and use] both [in groups] and new contracts.

Robert V. LaPenta

Yes, and again, for competitive purposes, I'm not going to give a lot of detail on that. But I could tell you our opportunities in Europe, in the Middle East, in India, in Latin America for credentialing, Biometric, national ID programs are very, very robust. In Latin America, we received a preliminary purchase order, which we hope to finalize in the quarter, that I think is going to be very important for us. And it's for a program that I think is going to give us a great credential, good sales, and a reasonable profit.

If you look at the pipeline of driver's license enhanced security documents, it's very, very robust, just a \$100 million booking in the first quarter. The reason for our high CapEx really reflects the fact that we've won a lot of new programs for new licenses, and we are now outfitting those facilities to begin generating revenue in the second half.

So we look at the ramp and we can compartmentalize it into a very nice ramp in the credentialing space for the ramp-up of some of the programs that are already in backlog. There's one program that we're very close to winning that would, I think, push us over the top in credentialing, as far as what we expect for their revenues this year. IBT basically has everything in backlog. It's just a function of ramping up in New York State.

We've recently taken on more responsibility on the TWIC Program, and that program is ramping up very nicely. And this is without considering additional people that are going to be added, additional categories of people, whether it's transportation workers, airport workers. And then ultimately, we think it'll be the program of record for any type of immigration reform.

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