

ITRON INC /WA/
Form 10-Q
August 04, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-22418

ITRON, INC.

(Exact name of registrant as specified in its charter)

Washington
(State of Incorporation)

91-1011792
(I.R.S. Employer Identification Number)

2111 N Molter Road, Liberty Lake, Washington 99019
(509) 924-9900
(Address and telephone number of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2009 there were outstanding 39,994,446 shares of the registrant's common stock, no par value, which is the only class of common stock of the registrant.

Itron, Inc.

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PART I: FINANCIAL INFORMATION

Item 1: Financial Statements (Unaudited)

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands, except per share data)			
Revenues	\$413,748	\$513,931	\$802,266	\$992,407
Cost of revenues	280,639	337,721	539,573	653,638
Gross profit	133,109	176,210	262,693	338,769
Operating expenses				
Sales and marketing	37,925	44,205	74,900	86,171
Product development	30,809	31,471	61,967	60,502
General and administrative	28,467	32,889	57,491	65,912
Amortization of intangible assets	24,189	31,467	47,667	62,719
Total operating expenses	121,390	140,032	242,025	275,304
Operating income	11,719	36,178	20,668	63,465
Other income (expense)				
Interest income	481	1,460	1,016	2,884
Interest expense	(16,399)	(25,788)	(33,244)	(54,325)
Loss on extinguishment of debt, net	-	-	(10,340)	-
Other income (expense), net	(2,877)	(1,845)	(4,911)	(1,657)
Total other income (expense)	(18,795)	(26,173)	(47,479)	(53,098)
Income (loss) before income taxes	(7,076)	10,005	(26,811)	10,367
Income tax benefit	22,365	1,084	22,371	1,675
Net income (loss)	\$15,289	\$11,089	\$(4,440)	\$12,042
Earnings (loss) per common share				
Basic	\$0.40	\$0.34	\$(0.12)	\$0.38
Diluted	\$0.40	\$0.31	\$(0.12)	\$0.35
Weighted average common shares outstanding				
Basic	37,776	32,796	36,968	31,746
Diluted	38,130	35,325	36,968	34,041

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ITRON, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 276,128	\$ 144,390
Accounts receivable, net	311,338	321,278
Inventories	165,785	164,210
Deferred income taxes, net	28,734	31,807
Other	63,664	56,032
Total current assets	845,649	717,717
Property, plant, and equipment, net		
Prepaid debt fees	14,503	12,943
Deferred income taxes, net	58,216	30,917
Other	19,359	19,315
Intangible assets, net	429,629	481,886
Goodwill	1,278,264	1,285,853
Total assets	\$ 2,958,088	\$ 2,856,348
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 187,543	\$ 200,725
Other current liabilities	69,215	66,365
Wages and benefits payable	68,537	78,336
Taxes payable	27,969	18,595
Current portion of long-term debt	120,004	10,769
Current portion of warranty	20,271	23,375
Unearned revenue	37,328	24,329
Deferred income taxes, net	1,927	1,927
Total current liabilities	532,794	424,421
Long-term debt		
Warranty	854,052	1,140,998
Pension plan benefits	13,794	14,880
Deferred income taxes, net	56,831	55,810
Other obligations	88,860	102,720
Total liabilities	62,685	58,743
	1,609,016	1,797,572
Commitments and contingencies		
Shareholders' equity		
Preferred stock	-	-
Common stock	1,287,155	992,184

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Accumulated other comprehensive income, net	33,858	34,093
Retained earnings	28,059	50,291
Cumulative effect of change in accounting principle		