



## Press Release

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FOR IMMEDIATE RELEASE

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## Sensus Announces Fiscal First Quarter 2009 Financial Results and Earnings Call

Raleigh, NC (July 23, 2008) – Sensus Metering Systems, a leading provider of high-value metering system solutions to utilities worldwide, today announced financial results for the fiscal first quarter ended June 28, 2008.

### Highlights

- Adjusted Net Sales<sup>1</sup> increased 20% to \$205.8 million from the first quarter a year ago.
- Total backlog reached \$108.6 million, up 31% from a year ago. The potential aggregate future revenue of unshipped AMI endpoints was approximately \$450 million at June 28, 2008, of which approximately \$23 million is included in backlog.
- Adjusted EBITDA<sup>1</sup> increased 37% to \$26.0 million compared to the same quarter a year ago and as a percentage of Adjusted Net Sales<sup>1</sup> increased to 13% from 11%.
- Cash flow from operations totaled \$4.0 million for the quarter, compared with cash used of \$6.2 million in the first quarter of the prior year.
- Total debt was reduced by \$7.0 million during the quarter through the early repayment of a portion of the outstanding term loans.
- Cash-on-hand totaled \$27.8 million as of June 28, 2008 and debt, net of cash, was reduced to \$413.4 million, less than 4 times annualized first quarter Adjusted EBITDA<sup>1</sup>.

### Fiscal First Quarter Results

For the fiscal first quarter ended June 28, 2008, Adjusted Net Sales<sup>1</sup> and Adjusted EBITDA<sup>1</sup> (non-GAAP measures), which include \$20.7 million of net sales and \$8.2 million of EBITDA under long-term AMI contracts that have been deferred, were \$205.8 million and \$26.0 million, respectively, representing increases of 20% and 37%, respectively, compared with the same quarter of last year. Adjusted EBITDA<sup>1</sup> as a percentage of Adjusted Net Sales<sup>1</sup> increased to 13% from 11% in the first quarter a year ago.

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The increase in Adjusted Net Sales<sup>1</sup> reflects the ramp-up in deployment of AMI solutions, continued growth in AMR applications and higher sales in Europe largely reflecting the weaker U.S. dollar. The significant improvement in Adjusted EBITDA<sup>1</sup> reflects the continued growth in the AMI business and cost reductions related to the outsourcing of certain manufacturing operations, which more than offset increased AMI infrastructure costs to support the expanding business and increased material costs.

Net loss of \$2.5 million for the first quarter of fiscal 2009, which excludes \$8.2 million of EBITDA related to long-term AMI contracts that has been deferred, was unchanged from the same quarter a year ago.

### **Capital Resources and Liquidity**

Cash flow from operations totaled \$4.0 million in the first quarter of fiscal 2009, compared with cash used of \$6.2 million in the same quarter of the prior fiscal year. This increase primarily reflects the growth generated from our AMI business, a substantial portion of which was deferred in accordance with U.S. GAAP for income statement recognition purposes.

Expenditures for property, plant and equipment totaled \$4.3 million, or 2% of Adjusted Net Sales<sup>1</sup>, for the first quarter of fiscal 2009 compared with \$6.4 million, or 4% of Adjusted Net Sales<sup>1</sup>, in the same quarter a year ago largely driven by continued growth in the AMI & Electric business.

During the quarter, debt was reduced by \$7.0 million through the early repayment of a portion of the Company's outstanding term loans. As of June 28, 2008, cash-on-hand totaled \$27.8 million and debt, net of cash, was reduced to \$413.4 million. During the past twelve months the Company has reduced its indebtedness by approximately \$31 million.

The Company's Form 10-Q for the quarter ended June 28, 2008, which includes financial statements and related notes together with management's discussion and analysis of such results, is now available.

A conference call with analysts to discuss these results will be held on July 25, 2008 at 11:00 AM (EDT). To access the conference call, please dial 888-482-0024 (domestic access) or 617-801-9702 (international access) and reference Passcode: 43908030. It is recommended that you dial in five to ten minutes prior to the call to allow time for processing participant information. A replay of the call will be available until August 1, 2008 by dialing 888-286-8010 (domestic access) or 617-801-6888 (international access) and referencing Passcode: 49331640.

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## **About Sensus Metering Systems**

The Sensus Metering Systems companies are leading world-class providers of high-value metering, Advanced Metering Infrastructure (“AMI”) and Automatic Meter Reading (“AMR”) system solutions for water, gas, electric and heat utilities as well as sub-metering entities globally. Additional linked businesses include Smith-Blair a leading provider of pipe clamp and coupling products for the water, gas and industrial markets, and Sensus Precision Die Casting, which produces complex, high quality die-castings. For more information, please visit the company’s web site at [www.sensus.com](http://www.sensus.com).

## **About FlexNet<sup>®</sup>**

FlexNet<sup>®</sup> provides the utility industry’s most reliable and flexible two-way AMI fixed network. Utility customers can benefit from the dependable performance of a dedicated, primary-use, FCC licensed and protected communications network combined with ANSI compliant metering, IP-based wide area communications, open standards home area networking, advanced smart grid products, and IP-based information systems. The Company delivers timely and accurate AMI communications through redundant RF data paths with greater RF power than competing systems. This allows utilities to communicate with a complete range of endpoint devices including smart water, gas and electric meters, intelligent home devices, and distribution automation equipment in any mix of rural and urban settings. FlexNet<sup>®</sup> provides a single-technology solution that reduces cost, mitigates technology risk, enables pricing flexibility and demand response, and improves operational efficiency through reliable performance, cross-vendor compatibility and system scalability.

*All statements in this release, other than historical facts, are made in reliance on the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties and are subject to change at any time. These statements reflect the Company's current expectations regarding its financial position, revenues, cash flow and other operating results, business strategy, financing plans, forecasted trends related to the markets in which the Company operates, legal proceedings and similar matters. The Company's expectations expressed or implied in these forward-looking statements may turn out to be incorrect. The Company's actual results could be materially different from its expectations because of various risks. These risks, some of which are discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K (SEC File No. 333-113658) for the fiscal year ended March 31, 2008 as filed with the Securities and Exchange Commission on May 20, 2008, include its dependence on new product development and intellectual property, and its dependence on independent distributors and third-party contract manufacturers, automotive vehicle production levels and schedules, its substantial financial leverage, debt service and other cash requirements, liquidity constraints and risks related to future growth and expansion. Other important risks that could cause actual events or results to differ from those contained or implied in the forward-looking statements include, without limitation, the Company's ability to integrate acquired companies, general economic and business conditions, competition, adverse changes in the regulatory or legislative environment in which the Company operates, customer cancellations and other factors beyond the Company's control.*

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## **(1) Non-GAAP Measures**

During the first quarter of fiscal 2009, Sensus Metering Systems continued the deployment of its new, advanced FlexNet<sup>®</sup> AMI solutions under long-term contracts executed with several North American electric and gas utilities. These contracts, which extend up to 20 years and cover 6.6 million electric and gas endpoints, contain significant hardware and software components as well as ongoing customer support. As previously discussed, due to the significant advanced technology and software and the absence of stand-alone customer support sales prices, revenues and incremental direct costs related to these long-term contracts are required to be deferred in accordance with U.S. GAAP for income statement recognition purposes and amortized ratably over the life of the contracts. This deferral has no impact on cash flow since billings to customers occur as the network infrastructure and related endpoints are deployed and the associated costs are incurred, generally over the first several years of the contract term.

To enhance the comparability and usefulness of its financial information, the Company provides certain non-GAAP measures to more fully describe the results of its underlying business. Specifically, the Company utilizes the measures of Adjusted Net Sales, EBITDA and Adjusted EBITDA, which are defined as follows:

- Adjusted Net Sales is defined as net sales as determined under U.S. GAAP adjusted to add back revenue (net of amortization) related to long-term, multi-element contracts that has been deferred under the provisions of SOP 97-2.
- EBITDA is defined as earnings before interest expense, depreciation and amortization, minority interest and income taxes.
- Adjusted EBITDA is defined as EBITDA plus revenue less the associated incremental direct costs (both net of amortization) related to long-term, multi-element contracts that have been deferred under SOP 97-2.

Information regarding Adjusted Net Sales, EBITDA and Adjusted EBITDA is provided because management considers these measures important in evaluating and understanding its operating and financial performance. Management believes these measures provide useful information for investors in trending, analyzing and benchmarking the performance and value of the business. However, these metrics for measuring the Company's financial results may be different from comparable information provided by other companies and should not be used as an alternative to the Company's operating and other financial information as determined under U.S. GAAP.

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A reconciliation of each of these non-GAAP measures to its most closely related U.S. GAAP measure is set out in the table below (in millions):

	<b>Fiscal Quarter Ended June 28, 2008</b>	<b>Fiscal Quarter Ended June 30, 2007</b>
Net sales	\$185.1	\$171.0
Revenue from long-term contracts deferred under SOP 97-2 (net of amortization)	20.7	-
<b>Adjusted Net Sales</b>	<b>\$205.8</b>	<b>\$171.0</b>
	<b>Fiscal Quarter Ended June 28, 2008</b>	<b>Fiscal Quarter Ended June 30, 2007</b>
Net loss	\$(2.5)	\$(2.5)
Depreciation and amortization	10.9	11.0
Interest expense, net	9.8	10.6
Income tax benefit	(0.8)	(0.8)
Minority interest	0.4	0.7
<b>EBITDA</b>	<b>\$17.8</b>	<b>\$19.0</b>
Revenue less incremental direct costs from long-term contracts deferred under SOP 97-2 (net of amortization)	8.2	-
<b>Adjusted EBITDA</b>	<b>\$26.0</b>	<b>\$19.0</b>

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