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Alloy, Inc., Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Steven Martin.

Steven Martin

I don’t know whether I should be honored or what to be first. Guys, congratulations on the receivables.

Joe Frehe

Thank you.

Steven Martin

That was a dramatic improvement. Just a quick question. When you talk about the back-half and the guidance of 20 million to 24 million, okay, is that adjusted EBITDA?

Joe Frehe

Correct.

Steven Martin

Okay. And, so that on the same basis, as this -- the six month EBITDA of 2.55 and 0.8 --and 800,000.

Joe Frehe

Correct.

Steven Martin

What is the comparable -- I am sorry, what is the comparable number for -- well, let me do it this way, if I take the mid-point of that range, and say it is 22, and I subtract 2.6, okay that means you're going to $19.4 million roughly in EBITDA in the second half of the year.

Joe Frehe

Correct.

Steven Martin

What is the comparable number in your mind for the second half of '07?

Joe Frehe

Last year was approximately $9 million or so. Again we can look at the specifics. Your question is just to clarify for everyone, it is an apples-to-apples comparison in adjusted EBITDA and the exact number last year was $9.3 million or so, I'm sorry, $9.5 million, $9.3 million in the third quarter and roughly $300,000 in the fourth quarter.

Steven Martin

Okay, so $9.3 in the third and --

Joe Frehe

And roughly $200,000, $300,000 in the fourth.

Steven Martin

Okay. So you're basically saying that you did 9.5 in the second half of last year and you’re going to do 19.5, if I take the mid point in the second half of this year?

Matt Diamond

If you take the mid point and a couple of things to point out that obviously we look at as well, first we're up approximately $2 million or so apples-to-apples in the first half of the year. The back half of the year, and this is again something we look at very closely, you're getting into the incremental portions of our business. You're covering your fixed cost and every dollar you bring in now above a certain point in the third and fourth quarter becomes very high margin dollars. Therefore, like last year but more importantly this year because we're dealing with a much higher base, for example on Channel One and with our other divisions that you do get incrementally lower profit.