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PRIMEDIA Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Michael Meltz - JPMorgan.

Michael Meltz - JPMorgan

Charles, I appreciate you taking a fresh look at everything that is going on at Consumer Guides. In your intro, you really didn't talk specifics about how this company might evolve longer term. Can you talk about, I know it's a vague question, can you see the company becoming less reliant on print longer-term, or doing more acquisitions online?

Charles Stubbs

We think that there's a tremendous amount of opportunity at PRIMEDIA. I have been on the job about 70 days now and we're undergoing a multi-month strategic planning process. As we continue to go through that, we'll update you on the future quarterly earnings calls on our progress to-date. There are some tremendous assets and tremendous people here but our first priority is to get the right plan in place and to execute. We believe whole-heartedly in our print business. It's the majority of leads today. As you know, we have a number of key relationships exclusively with retailers such as Kroger, Blockbuster, Albertson's and CVS, just to name a few. We do believe there is tremendous opportunity on the Internet side and our first and foremost imperative on the Internet side is to build great consumer products that consumers want to use, that we have a consumer franchise to generate a lot of leads to our advertisers.

Michael Meltz - JPMorgan

Kim, your comment there on corporate costs, you fit \$3.7 million in the quarter, that includes the \$1.9 million for CEOs. You're saying core underlying overhead was \$1.8 million. But the transition costs are separate from that?

Kim R. Payne

Right.

Michael Meltz - JPMorgan

So why would you go from \$1.8 million to \$3 million per quarter, if you have the \$12 million run rate going forward?

Kim R. Payne

We're still going through building out the team here in Atlanta and making sure we have the resources in place. It's just timing.

Michael Meltz - JPMorgan

So should we expect it to be closer to \$3 million in the third quarter or is it going to take you some time to ramp-up?

Kim R. Payne

I would look at that \$12 million as a run rate that will happen over time.

Michael Meltz - JPMorgan

In the quarter, I think last quarter you actually gave these details on new home guides, the percent of markets that were up versus down. It was more qualitative this quarter when most were down. I think it was 60% that were down in Q1. What was the number in Q2?

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