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## iBasis, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from DeForest Hinman - Walthausen & Co.

#### DeForest Hinman - Walthausen & Co.

To start off why don't we talk about operational cash flow for the second quarter 2008?

#### Richard Tennant

Sure, the operational cash flow showed a fairly substantial change from the first quarter to a large extent that was related to changes in our current assets. We had fairly significant pre-paid VAT item on our balance sheet in the first quarter which transitioned in the second quarter. So we had a fairly strong quarter in terms of the operational cash flow.

#### DeForest Hinman - Walthausen & Co.

What was the dollar amount on that?

#### Richard Tennant

I don't know the exact amount. It was in the range of about \$4 million.

#### Ofer Gneezy

It was \$9.9 million in operational cash flow.

#### DeForest Hinman - Walthausen & Co.

For the quarter or the six months?

#### Richard Tennant

For the quarter.

#### DeForest Hinman - Walthausen & Co.

What was the capEx spend for the second quarter 2008?

#### Richard Tennant

CapEx for the second quarter was approximately \$3 million. That was a combination of both hardware and software primarily related to the building of our infrastructure.

**DeForest Hinman - Walthausen & Co.**

For capEx for the remainder of the year it looks like we have lowered the capEx guidance. What has caused us to lower our capEx?

**Richard Tennant**

Basically there is a linkage between our capital expenditures and our growth in the year. So with a reduction in our expected growth we would have a corresponding decline in capEx.

**DeForest Hinman - Walthausen & Co.**

Given the fact you have lowered the capEx guidance range I believe for the last two conference calls, going into 2008 what revenue growth or minute growth were we anticipating and what are we anticipating now?

**Richard Tennant**

In terms of the guidance we have not provided any guidance relative to minute growth. It was limited to EBITDA growth and capEx for 2008.

**Ofer Gneezy**

Adjusted EBITDA minus the capEx in the guidance does not really change that much. It was essentially \$35 million in the three quarters. So as the EBITDA guidance came down the necessity to put more capEx to grow the capacity of the network diminishes and it stays in line. So if you look for the balance of the year there is obviously some extension from the run rate in EBITDA to get to the 55-60 so we expect that to be the growth rate.

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