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PRIMEDIA Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question comes from the line of Paul Ginocchio - Deutsche Bank.

David Clark - Deutsche Bank

Good morning. This is actually David Clark for Paul. First, I was wondering if you could talk a bit about the potential sale of Landmark's Apartment Guide business. Specifically I'm wondering if eBay or Classified Ventures were to acquire that business, what you think it would do to your competitive position.

And would it be enough of a concern that KKR might step in to ensure PRIMEDIA's market position isn't compromised?

Dean Nelson

I think that's a fair question. One of the things to realize of course is, eBay already owns a business in this sector, which is Rent.com, which since they bought it, is a good competitor but still not a large competitor.

I think at the end of the day, the success in this business is driven by a couple of primary things. One is your local market presence and execution on the sales front and the quality of your product, which is a combination of your print product's distribution and your online position.

I'm not sure at the end of the day, therefore, we would just compete more aggressively against either of those two companies, both of which are already in the apartment business. And I think we would continue to win and succeed.

I can't comment on what KKR is or isn't planning to do. I think it would be very unusual for KKR to own both Dominion and obviously PRIMEDIA. And right now we think we have a terrific portfolio of assets. Charles is very excited about them and we think we can control our own destiny perfectly fine.

David Clark - Deutsche Bank

Okay. Thanks for that color. And then also, so the Rentals.com declined, I think revenue declined about 3% year-over-year and you mentioned it was due to execution issues and the transition period to new management there.

Could you give us a bit more color on what those issues were? And I know you can't give me outlook on this but what you might expect from that unit going forward, meaningful, positive growth in 2008, for example?

Dean Nelson

I think the transition really was an issue that started obviously towards the latter part of last year when we became uncomfortable with the existing management. A change was made and there was a period of time where obviously we were a little short of management in that division.

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