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InfoSpace, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Kerry Rice – Wedbush Morgan Securities, Inc.

Kerry Rice – Wedbush Morgan Securities, Inc.

On the auction rate securities, you've written off I think you mentioned a little over \$7 million. Did you mean there's another \$3 million that you'll write off sooner or later or just maybe re-explain that better so I can better understand?

The second question is excluding the write off like you mentioned EBITDA bumped up to 17% and you had a goal of exiting '08 with 15% EBITDA margins so do you see this coming back down a little bit next quarter and then do you see it then bumping back up gradually or how do you see that as we get to the second half of the year?

David Bradley Binder

I'll start with the auction rate securities. Over the past two quarters we've recognized impairments on the holdings. So including the write down that we did in the fourth quarter the total reduction in value is \$10.7 million. In the first quarter the reduced value was \$7.7 of that \$10.7.

Kerry Rice – Wedbush Morgan Securities, Inc.

Do you foresee having to write off more of this? Can you give us any insight into that?

James F. Voelker

This is something that we'll assess every quarter looking at market conditions. Regarding the EBITDA margin in the first quarter, it was a great quarter for us and obviously exceeded our guidance and expectations significantly. We are seeing second quarter or anticipating that it will come down off of that 17% mark. We're still targeting exiting 2008 at the 15% EBITDA or greater.

Kerry Rice – Wedbush Morgan Securities, Inc.

Jim, I think you've mentioned not as guidance but you've previously talked about you would like to see revenue growth around the overall search industry growth rate of 15%. Is that what you're looking for the year? Can you give us any indication year-over-year growth for '08?

James F. Voelker

I think that would be called guidance, Kerry. I think at some point here we definitely believe that's the first goal out there to achieve that growth rate. I can't put a time stamp on that for you when that's going to happen. But that's definitely the first goal that we ought to be able to achieve is to grow along with the market. We're not there yet obviously.

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