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PRIMEDIA Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Paul Ginocchio at Deutsche Bank.

Paul Ginocchio – Deutsche Bank Securities

First question, we've tried to estimate what the EBITDA losses in Auto Guides were in 06 and 07. Could you clarify that for us?

Kim Payne

In 07 the loss was approximately \$5.7 million and it was just a little North of there for 2006 about \$6 million.

Paul Ginocchio – Deutsche Bank Securities

Two questions about age due costs, when do you think you're going to get down to a run rate of \$4 million a quarter? Is that second or third quarter or is it year end?

Kim Payne

It will be mid-year. We're expecting about \$5 million that we'll still have through the first half of 2008 and then once we get beyond that we will be at the run rate that we've talked about.

Paul Ginocchio – Deutsche Bank Securities

So the \$5 million will those be charges are will it just be higher age due costs.

Kim Payne

It's higher operating expenses because we still do have some activity in New York.

Paul Ginocchio – Deutsche Bank Securities

Is your dividend still 50% to 70% of free cash flows? Is that you still how you've set it? The [inaudible] in the quarter or is the formula changed?

Robert C. Metz

I don't think that we have tied this directly to free cash flow. The Board made a decision that we would give a regular quarterly dividend at \$0.07 and we believe in our ability to maintain it given our strong

and steady cash flow and if we make any declarations in the future decisions that would be made by the Board.

Paul Ginocchio – Deutsche Bank Securities

I think back six months ago, nine months ago, it was going to be set at 50 to 70% of your cash flow and this doesn't look like that number. If it's not, I just – otherwise it implies your free cash flow would be much lower in 06 than I expected.

Robert C. Metz

I think the answer here is the Board is going to continue to evaluate our cash and what the best use of that and this was their decision at this time.

Dean B. Nelson

The one thing I would say is I think we're going to step into this whole dividend policy over time as you can imagine and it is not our intention to accumulate cash on an ongoing basis, the company, nor is it our intention to create any kind of war fund to go out and do major acquisitions.

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