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PRIMEDIA Q2 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

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

Michael Meltz - Bear Stearns

Great, thank you. I have a bunch of questions so maybe I will get started and then jump back on and let others go. Last quarter, you actually gave us the numbers for PEM. Can you please tell us what the revenue in EBITDA was in the quarter? I saw you gave us the corporate adjustment but I would like to know those operating metrics?

Also on the corporate line, your press release doesn't read all that clearly to me. You are saying you are going to drop down to a run rate of \$11.7 million, I think. Can you just talk about, are you saying in '08 you will be at \$11.7 million? What are you actually expecting the next few quarters to be? Then I have a couple of follow-ups.

Dean Nelson

Michael, first of all, with regards to PEM, we don't really talk about businesses we don't own anymore, but I can tell you it continued to perform in the second quarter at a level that was very consistent with the first quarter of performance. The decline you might have seen in our discontinued ops year-over-year was, of course, driven by the fact there were other businesses in there. Actually it went up a little bit, but that's got most of our business in it, and it did very well in the second quarter. If you look at the first quarter results it would have been comparable in terms of growth rates both in terms of revenue and EBITDA so we feel quite good about the turnaround there and the price we got for our shareholders.

With regard to our corporate costs, what we are saying is we expect ultimately to be at a run rate of \$11.8 million. For the costs as they are incurred on behalf of the corporation in corporate. As you noticed in the release, there is around \$2 million today of that cost built into the segment EBITDA for Consumer Source because we do allocate those costs out. We would expect to see a major decline in the corporate costs over the fourth quarter.

The third quarter will still be a little bit bumpy for a couple of reasons. One is obviously we had to close the transaction this quarter. We had to continue to bring oversight to the PEM business through July. Secondly, a lot of the costs to your corporate is finance and the third quarter close will be complicated with the transactions and partial ownership of PEM. But we will see a decline in the run rate of the comp in the third quarter, a much larger decline over the fourth quarter in run rate of comp.

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