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Move, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from William Morrison – ThinkEquity.

William Morrison – ThinkEquity

Lew, I was hoping you could walk us through the cost reductions again and also maybe elaborate on how we should think about modeling the reductions. For instance, I think you said you cut \$8.0 million of annualized costs out of your cost structure in the quarter but when I look at your cash operating expenses they were, at least in my model, up quarter-over-quarter. So could you walk us through where the cost reductions were and what the offsetting cost increases were?

And how should we think about the cost cutting for next year? Are you saying you are going to cut \$20.0 million of annualized cost out of the cost structure, excluding all other cost increases? Or should we assume that your cash operating costs are going to be down by \$20.0 million in 2009 from 2008?

Lewis R. Belote, III

Just as a reminder, we said we would get \$20.0 million in expense out of the business going into the first quarter of next year. So the \$8.0 million in costs this quarter that we said we have taken out didn't all occur beginning July 1. So you don't see a net reduction of \$8.0 million in the quarter, but of the \$20.0 million that we have targeted, we have now implemented \$8.0 million. So you will see at least that amount beginning next quarter. But as I said, we are up to about \$11.0 million with some of the changes we made on the operating lease at the corporate headquarters and other things.

We will get the full \$20.0 million out and as we said before, it's primarily in sales and marketing and G&A expense.

Now, to your point about is it a number net of cost increase? It is going to be an achievement, excluding legal costs. And you and I had a separate conversation, but the legal costs are something that we don't have absolute control over right now. We're having to defend some of these patent lawsuits and we feel pretty strongly that we have to defend those positions. But absent any change in legal costs we will get a total of \$20.0 million out going into the first quarter of next year.

William Morrison – ThinkEquity

If we assume your revenue is flat next year, if we just make that assumption and we exclude legal costs and you come in somewhere around \$25.0 million to \$30.0 million of EBITDA this year, we

should expect an incremental \$20.0 million of EBITDA next year, excluding legal costs? Assuming your revenue is flat.

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