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Coinstar, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from John Kraft – D. A. Davidson & Co.

John Kraft – D. A. Davidson & Co.

The one thing that you did not talk about at all was the lawsuit between you and Universal. Is there anything new there that we could hear about?

Brian V. Turner

There's really not a lot new at this point. We've continued to do the work arounds that we've talked about in the past. It hasn't really been a major disruption at all to our business. So, not much new to really report.

John Kraft – D. A. Davidson & Co.

Is the decision on McDonalds' part to actually sell to you rather than go with the IPO is it related at all to the lawsuit?

David W. Cole

I think for that you'd have to ask McDonalds.

John Kraft – D. A. Davidson & Co.

Is it fair to at last blame some of the EBITDA reduction in 2009, at least relative to kind of some of your targets due to some of the higher logistical costs that you talked about with handling the Universal DVDs?

David W. Cole

Yes, we talked about that before, there will be greater logistic cost in connection with obtaining Universal titles. So yes, that is part of it.

John Kraft – D. A. Davidson & Co.

As you kind of foresee the potential scenarios of how this may pan out, is it possible that you'll be sticking with kind of the status quo for several quarters or even years?

Paul D. Davis

What do you mean by status quo?

John Kraft – D. A. Davidson & Co.

Sort of working around the studios and packaging them in your jewel cases yourselves?

David W. Cole

I hope that we successfully resolve this with Universal. You just never know with these things but often civil suits take years and years to resolve and we'll just have to see.

John Kraft – D. A. Davidson & Co.

Paul, at the very beginning of your comments you mentioned that you're looking around and reviewing the business lines. Have you taken any thought to potentially making divestitures?

Paul D. Davis

I don't think I'm there yet John. We're just doing as you would expect, a deep dive on each one of our verticals and looking at the role it plays in the portfolio. I've always believed a business needs to stand on its own two feet but never to the point that we'd make short term decisions because a lot of our businesses when we're in the investment mode, it takes a while for them to really start turning to profitability. So, we're taking all that in to consideration. We're doing the work as we speak.

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