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Martha Stewart Living Omnimedia, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Richard Ingrassia - Roth Capital Partners.

Richard Ingrassia - Roth Capital Partners

Charles, you started with a lot of comment on the digital initiatives, most of which were launched under Wenda's direction. Now that she's gone can you just give us some idea of the organization of that division now? Who's accountable for the progress and new relationships that are struck from here?

Charles A. Koppelman

First let me say that we have wonderful managers in our media business and I'll be overseeing them.

Second, we embarked on the digital build out prior to Wenda's arrival. We're excited about the digital space and we'll continue to build upon it.

Richard Ingrassia - Roth Capital Partners

It looks like the costs are starting to come in in the operating companies, but we've also been looking for some overhead reductions and it's still largely flat year-over-year. Other than the management downsizing there so far and given Martha's renewed package, what should be our expectations for '09 there in corporate overhead?

Kelli Turner

I think as the year goes forward you will see, as I said in my remarks, you will see more significant reductions in corporate. Obviously there's some impact of Martha's new contract on that; however, I think you'll see the cost reductions that we've talked about play out as the year goes on at corporate.

Richard Ingrassia - Roth Capital Partners

I have one more question about the impairment charge, maybe just a little bit more color there than what's in the press release and how likely is it that we'll see other charges of any kind in '09?

Kelli Turner

Our impairment charge was on a cost-based equity investment in Wilton. You know, Wilton is a fantastic company with very strong and growing EBITDA, so I think really, as you all know,

obviously, the equity markets have been down significant and this was just sort of based on valuation methodologies we took the impairment charge on this asset. But Wilton continues to have growing EBITDA and to do well. You can never say never, but we don't foresee anything else. This was just the analysis of this investment.

Richard Ingrassia - Roth Capital Partners

And no likelihood of any valuation adjustments on the Emeril acquisition, for example, or anything else that's at risk potentially?

Kelli Turner

Nothing that we see.

Operator

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