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TNS, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Andrew Jeffrey – Suntrust.

Andrew Jeffrey – Suntrust

Can you elaborate a little bit on the stability of the Cobalt customer base as you did your due diligence and as reflected in the guidance you're giving? It sounds like you're picking up a couple of customers that TNS stand alone had lost previously. What's going on within Cobalt's customers? Is there any reason to think that the pro forma trailing EBITDA that the combined companies had would do anything other than grow with the business or are there any customers at risk out there?

Henry Graham

There's always customer risk. But the long and short of it is that we, as we said in our comments, we were very conservative about this. We think that we have included what we consider to be a very steady state of both company's prospects as we move forward.

Quite frankly we feel very strongly that as we move forward with this to combine interests of both customer bases and a new customers that were bought, the fact that we now have the largest authoritative unaffiliated caller name data base that we have growth prospects look very ripe for us in the future.

So as far as the amount of revenue that we're using in this, this quite frankly is very consistent with run rates that we've seen in recent months. Obviously we monitor very closely their star of the year and we feel very strongly that the guidance that we've given both from a revenue standpoint and an earnings standpoint is prudently conservative.

Dennis Randolph

A lot of these contracts are under long term commitments that have minimums in them. So through the diligence process we've been able to get very comfortable with what the expectations that this business will deliver for the balance of this fiscal year.

Andrew Jeffrey – Suntrust

With respect to the guidance, you just reported a 9.6% adjusted net income margin. You're guiding to low 10's in the second quarter but then something closer to 10% for the full year. Is that just conservatism because it seems like you're getting a little bit of a pick up in the second quarter? You

don't have a full quarter of inclusion of Cobalt and then the balance of the year you're looking for those margins to dip down a little bit.

Henry Graham

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