

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

Learning Tree International, Inc. F2Q09 (Qtr End 04/03/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Jerry Herman – Stifel Nicolaus.

Jerry Herman – Stifel Nicolaus

Nick, my first question is about the cost savings. I think that number was expected to be \$5 million based on the eliminations. Could you give us a feel for how much has actually been achieved thus far given the timing of that program?

Nicholas Schacht

Let me ask you a question first. When you are quoting a \$5 million figure is that from something we said in the prior quarter?

Jerry Herman – Stifel Nicolaus

Yes.

Nicholas Schacht

We don't have it broken down by quarter such that I can report it to you. As we indicated in the last quarter and continuing in this quarter we would be expecting to see that phasing in given that the \$5 million was roughly an annualized impact. So it is going to be spread out over the different operating units and so we saw some effect of that in Q2. We will continue to see increased impact in that in Q3 and beyond. You can see, for example, in our projection of operating expenses for Q3 substantially increased difference compared to the prior year than when compared to what we just reported for Q2.

Jerry Herman – Stifel Nicolaus

So in the third quarter will you see the full quarterly effect of that program or will it still not yet be realized until say the fourth quarter?

Nicholas Schacht

We should see the vast majority of the impact in the third quarter. There may be a couple of elements that phase in over the third quarter but for the most part we should be seeing the full impact in the third quarter.

Jerry Herman – Stifel Nicolaus

Just to be clear, the additional 725 you referenced in your opening comments, that is incremental to this previously announced program?

Nicholas Schacht

That is correct. It is incremental to what we announced last quarter.

Jerry Herman – Stifel Nicolaus

We are hearing a lot of companies talk about promotional activity and price reductions and all those kinds of things to incentivize volume. How do you think about pricing and promotions in this environment? Considering anything even if it means passports and vouchers? Those kinds of things.

Nicholas Schacht

As you know, we have got a number of cost saving programs and different promotions that we can traditionally offer to our clients. One of the advantages that we enjoy given our market position is that we are recognized as a high value, high quality product and therefore we can charge higher prices compared to competitors that are offering to monetize products. What we are seeing in this environment is that we are largely able to hold to that strategy of charging higher prices in part because of the significant differentiation between the quality of our products and other commoditized products.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.