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AHC - Q2 2016 A. H. Belo Corp Earnings Call

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Barry Lucas *Gabelli & Co. - Analyst*

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Q2 2016 earnings conference call. At this time all participants are in a listen-only mode. Later we will conduct a question-and-answer session and instructions will be given at that time. (Operator Instructions). Also as a reminder, today's teleconference is being recorded.

At this time, I will turn the conference call over to your host, Senior Vice President and Chief Financial Officer, Ms. Katy Murray. Please go ahead.

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

Thank you, Tony. Good morning, everyone. This is Katy Murray, Chief Financial Officer of A. H. Belo Corporation. Welcome to our second-quarter 2016 conference call.

I am joined by Jim Moroney, our Chief Executive Officer, who will assist me in leading today's call; Grant Moise, Senior Vice President Business Development and Niche Products, is also available for Q&A.

Before the market opened this morning, we issued a press release announcing our second-quarter 2016 results. We have posted this release on our website under the investor relations section. Unless otherwise specified, comparisons used on today's call measure second-quarter 2016 performance from continuing operations against second-quarter 2015 performance from continuing operations.

Our discussion today will include forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements. The Company assumes no obligation to update the information in this communication except as otherwise required by law. Additional information about these factors is detailed in the Company's press releases and publicly available filings with the SEC.

Finally, today's discussion will include non-GAAP financial measures. We believe that non-GAAP financial measures provide useful supplemental information to assist investors in determining performance comparisons to our peers. Reconciliations to the most directly comparable financial measures presented in accordance with GAAP are provided on our website under the investor relations section.

I will now turn the call over to Jim Moroney.

Operator

Pardon me. We have lost Mr. Moroney's line.



Katy Murray - A.H. Belo Corporation - SVP and CFO

Okay, I will go ahead and start. I'm going to speak on behalf of Jim Moroney. First, I want to start by saying how pleased I am with our second-quarter results and that we delivered a \$3.1 million improvement in our reported adjusted operating income versus the same time last year. This improvement is due mostly to revenue gains attributed to our marketing services segment which helped mitigate the ongoing declines in the print publishing segment and through our ongoing focus of aligning expenses with available revenue. This quarter's results reflect our ongoing strategy of revenue diversification and our consistent efforts to practice prudent expense management.

Now some specific financial highlights from our second quarter. For the second quarter, we reported GAAP net income attributable to A. H. Belo Corporation of \$700,000 or \$0.03 per share, an increase of approximately \$0.06 per share compared to the second quarter of 2015. On an adjusted basis, operating income excluding depreciation expense, amortization expense and severance expense was \$5.8 million, a significant increase of \$3.1 million over the \$2.7 million reported in the second quarter of 2015.

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

Katy, I'm here.

Katy Murray - A.H. Belo Corporation - SVP and CFO

Okay, Jim.

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

Turning to revenue highlights, the total net revenue of \$66.6 million reported in the second quarter of this year is basically flat to the total net revenue of \$66.7 million reported in the second quarter of last year. Excluding the revenue relating to the business lines that were discontinued in January of this year, total net revenue of \$66.6 million reported this quarter reflects a \$1 million or 1.6% improvement.

Advertising and marketing services revenue of \$38 million reported this quarter is basically flat when compared to the \$38.3 million reported in the second quarter of last year. When compared to the second quarter of last year excluding the revenue relating to the business lines that were discontinued in January of this year, total advertising and marketing services revenue of \$38 million reported this quarter reflects an \$864,000 or 2.3% improvement.

The growth in our digital and marketing services advertising revenues continues to accelerate and for the second quarter of this year, total digital advertising and marketing services revenue was \$12.1 million, an increase of \$555,000 or 4.8% over the \$11.5 million reported in the first quarter of this year and a \$2.1 million or 20.9% increase from the \$10 million reported in the second quarter of 2015. In addition, the \$12.1 million represents 31.8% of our total second-quarter advertising and marketing services revenue compared to 26.1% for the same period in 2015, a 570 basis point improvement.

Our revenue results this quarter reflect our ongoing efforts to accelerate the growth in our digital and advertising marketing revenues. This acceleration is a direct result of the organic growth of marketing services revenue from DMV and Speakeasy. Against the second quarter of 2015, DMV revenue grew \$1.7 million or 90.9% and Speakeasy revenue grew \$149,000 or 15%.

The Dallas Morning News sales team generated 137 sales to DMV and Speakeasy in the second quarter of this year. This compares to 121 sales generated last quarter of this year and 84 in the second quarter of 2015. These results are further evidence that our strategy of building a marketing solution ecosystem is showing results for us and for our customers.



Turning to circulation revenue in the second quarter, we reported \$19.8 million in circulation revenue representing a \$995,000 or 4.8% decline compared to the second quarter of 2015. Lower home delivery and single copy volumes were offset by an increase in home delivery subscription rates. We launched our meter on May 15 of this year on Dallasnews.com and sportsdayDFW.com and while it is still early in the implementation, we are pleased with the number of consumers who are choosing to sign up for digital subscription.

We reported \$8.8 million of other revenue this quarter which reflects a \$1.2 million increase or 15.4% when compared to the \$7.6 million reported in the second quarter of 2015. Approximately \$1.1 million of this increase is related to CrowdSource, our event marketing business which hosted Savor, a four-day celebration of food, wine and spirits in Dallas. Last year this event was held in the first quarter. This year the event was held in April.

For the six months ended June 2016, other revenue of \$15.7 million is up 3.3% or \$498,000 from the \$15.2 million reported for the same period in 2015.

Total consolidated operating expense in the second quarter was \$64 million, a decrease of \$3.2 million or 4.8% compared to the prior year period. Excluding severance expense of \$300,000 and depreciation and amortization expense of \$2.8 million, adjusted operating expenses were \$60.9 million, a decrease of \$3.1 million or 4.8% compared to the \$64 million of adjusted operating expenses reported in the second quarter of last year.

Total consolidated operating expenses for the six months ended June 2016 was \$128.2 million, a decrease of \$9.5 million or 6.9% compared to the prior year's six months ended June 2015. Excluding severance expense of \$1 million and depreciation and amortization expense of \$5.7 million, adjusted operating expenses were \$121.5 million, a decrease of \$9.6 million or 7.3% compared to the \$131.1 million adjusted operating expenses reported for the six months ended June 2015. This significant year-over-year reduction in operating expenses is a result of our ongoing management of discretionary spending and our cost reduction initiatives initiated in the second half of 2015 and at the beginning of this year.

As of June 30, we had 1,132 total headcount which reflects a net reduction of 99 or 8% from the 1,231 we had at June 30, 2015. Excluding hiring at DMV in both quarters of this year, headcount would have declined 123 or 10.4% from the 1,184 at June 2015 to 1,061 at June 30 this year.

I would like to take a minute and call out the performance of our entire organization and especially our newsroom for their work in providing in-depth reporting on the tragedy we experienced in Dallas on the evening of July 7. We provided Dallas and the nation with the most comprehensive storytelling about all aspects of this tragic event. We continued to file reports long after the other media have moved on from this story.

Still today, we try to continue to answer questions like what does this mean for the people who live in North Texas and what does this portend for the future of Dallas?

As you might imagine, our reporting distributed through Dallasnews.com experienced tremendous traffic growth on that Friday night. Our normal average on a given day is 475,000 unique visitors. On that Friday, we had 1.7 million unique visitors. Our normal average is 875,000 page views on a given day and on that Friday, we had 3.8 million page views.

It is unfortunate but accurate that most of the time our best work is done during and in the aftermath of a tragic event. That certainly holds true for that day of this tragic event in Dallas and for the weeks that have followed.

In closing, we could not be more pleased with our second-quarter and our first-half performance this year. We feel that we are well-positioned both operationally and financially as we approach the back half of the year and we look forward to continuing to deliver against our strategy for excellence in journalism, revenue diversification and profitability.

With that, operator, we are now ready for questions.



QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Barry Lucas, Gabelli & Company.

Barry Lucas - Gabelli & Co. - Analyst

Jim, good morning. I have a couple of quick questions if I may and one has to do with the really terrific job you continue to do on the cost side. I just wonder how sustainable or how much room do you have in the back half of the year since you are lapping the initiatives from the middle of 2015, and you have some new programs put in place so what do costs look like in the back half of the year?

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

Let me let Katy, I think she can probably address that best. Katy, do you want to take that?

Katy Murray - A.H. Belo Corporation - SVP and CFO

Sure. Hi, Barry. So not only did we take out cost and we talked about this probably the \$12 million in the second half of last year, we took out an additional \$10 million when we started this year so as we continue to look at the second half, I think expenses are going to come in favorably to what we have seen over this first half. There is no significant expense increase on any of these lines that we are planning. And so again as we are thinking about the 2017 planning that we are already into, part of that is the second half and ensuring that we have got good line of sight on our expenses as we think about the 2017 plan. So again, I think you are going to see expenses in line with the first half.

Barry Lucas - Gabelli & Co. - Analyst

Okay, that is great, Katy. So now as we start to see DMV and Speakeasy and the newer businesses contribute, that would certainly indicate to me that we've got some favorable operating leverage coming through as well. Just was hoping to have a little comment or color on that trend.

Katy Murray - A.H. Belo Corporation - SVP and CFO

I can add a bit and then I will turn it over to Jim. I think you are right on that, Barry. I think the thing that we still have to manage through is -- and you know this -- we have been seeing some nice signs on the revenue side even around the print. However if something were to change on that and we were to see any kind of an increase in decline rate, obviously that decline really kind of offsets the growth on the marketing and event management services side quickly. But to your point right now our focus is on accelerating the growth that we are seeing in DMV and Speakeasy and especially as you saw in the numbers on the leads and the sales that are being pushed over from the Dallas Morning News team right now, that continues to be our focus and to your point, it continues to give us some opportunity on the operating leverage. I am going to turn that over to Jim.

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

I don't really think I can improve on that, Barry. I think Katy is right and if we continue to see the synergy around DMV and Speakeasy and are then more traditional marketing channels, I think you can continue to see strong revenue growth out of our marketing services area which I think is the big story for the first half of the year.

So if we don't see declines or accelerations in rates of decline and other areas over the first half, then I think we are in real good shape to take advantage on both the topline and through expense management.



Barry Lucas - *Gabelli & Co. - Analyst*

That is great. Last item for me and I will jump back into queue would be an update on the real estate and how you might think that kind of softness in the oil patch has impacted your ability to monetize those assets?

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

Let me take the second part and I will turn it back over to Katy. Dallas really continues to be a very hot real estate market. I think there has been reports from one or two different national companies that do these kind of surveys of hottest residential markets in the country maybe even a little bit overheated and Dallas has made that list which I guess is sort of both good news and sometimes could be considered not so good news because you don't want to get to overheated. But that also spills over into the commercial area that continues. It is almost back to that day when we said our national bird was the crane. There are just cranes all over Dallas. So right now, Barry, Dallas doesn't seem to really have taken much hit from the whole sort of oil downturn and I think that is a lot due to the fact that Dallas over the last two or three decades has really diversified itself away from the petroleum industry and is really tied more to the general US market.

Katy, do want to talk about the real estate just otherwise specifically?

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

Yes, I think, Barry, consistent with the past, we have got a few lots for sale in Rhode Island and then again the parking lots in Dallas are operating and cash flow positive for us so at this time basically no changes in our real estate and nothing that we are actively looking to change on that front.

Barry Lucas - *Gabelli & Co. - Analyst*

Okay, that is helpful. I will pass the baton and jump back into queue.

Operator

(Operator Instructions). Chris Mooney, Wedbush Securities.

Chris Mooney - *Wedbush Securities - Analyst*

Good morning. Still related to real estate since we can finish this off, any update on the status of the corporate headquarters and potential search for a new location?

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

Katy has been heading up that project for us so Katy, do want to take it?

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

Absolutely. So Chris, you are correct. We came out, we talked about we were looking at an opportunity for moving from our headquarters. That process is still going on, probably a little slower than we had initially expected. We are looking at a number of properties in central business of Dallas. I am going to highlight again the real factor for us in making this decision to move is that it really has to make sense financially, looking for an opportunity to reduce our operating expenses as you can imagine, the corporate campus has more square footage and expenses than we need



so we are still moving forward on that. I am optimistic. I think that there are potential opportunities for that but at this point not ready to make a definitive that we have made the decision to move yet but we are continuing to look at it.

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

Chris, that is the real answer and if we can find enough operating expense savings in making the move then we will make one, we are just not quite through with our due diligence yet.

Chris Mooney - Wedbush Securities - Analyst

Take your time from my perspective. So is there an active real estate market in downtown Providence?

Katy Murray - A.H. Belo Corporation - SVP and CFO

Well, do you know anybody that would like to buy property in Rhode Island? I've got a few lots. Unfortunately for us the lots are in an area where there is some construction, there are some things going on that should be wrapping up in the second half of this year so hopefully we will start seeing some more activity. But they are three small lots, it is not a significant cost to maintain those lots, some property taxes and mowing. So we are okay right now but if you know anybody I'm happy to talk to them and introduce them to our broker.

Chris Mooney - Wedbush Securities - Analyst

I wish I did. Somewhat related to Barry's last other question on expenses. Was there anything unusual in this quarter? I mean you had \$5 million plus in EBITDA that would keep that from being just a baseline going forward. Was there anything unusual on either the expense or the revenue side?

Katy Murray - A.H. Belo Corporation - SVP and CFO

I will take that and Jim can add color. I think (technical difficulty), we had a strong revenue quarter. I mean look at the revenue consistency quarter over quarter, just an apples to apples comparison. DMV is in both quarters so I think one, you are starting to see some revenue acceleration. Obviously that is a trend that we hope to continue to see but we all know on the publishing side of things could change and that could change in the quarter. But on the expense side, what I will commend the team on is there is just a real focus on expense management, spending, headcount and all the things that we can control so that part is not going to change but again on the revenue side, really focusing on the areas of revenue growth and trying to ensure that we can maintain the publishing revenue as thoroughly as we can and continuing to focus on that as well.

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

Chris, to echo Katy, there really are no significant one-time revenue or one-time expense saving items in the second quarter. It was really just our normal operations but I think well done on the revenue and expense side but nothing that gave us sort of a one-time lift in either direction.

Chris Mooney - Wedbush Securities - Analyst

It was a very nice thing to see as a shareholder. The McClatchy folks mentioned an entity called Nucleus in their conference call and I guess you all were a part of it. Could you enlighten us what that is?

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

Grant, do you want to take that?

Grant Moise - *A.H. Belo Corporation - SVP, Business Development and Niche Products*

Sure, be happy to. So Nucleus is a national selling agent that is going to represent the top 30 markets in the US regardless of the ownership of the newspaper company. So we did join that, we are an official, they are an official reseller of ours. We are what is called an affiliate market and so they will be representing us to the national brands. So if you think about the AT&Ts and Verizons and Wells Fargos of the world, they can represent us and provide a meaningful, really a meaningful market group that can be bought through one point of contact with one order in one bill and we all decided that as the national business gets more complicated, that by making it easier for them to have one point of contact for that type of national selling, I think it is better for the advertising agencies and advertisers and it is better for us.

Chris Mooney - *Wedbush Securities - Analyst*

Is it flexible enough that they could come to whoever is running Nucleus and say I want to do something in the western region as well or is it just national?

Grant Moise - *A.H. Belo Corporation - SVP, Business Development and Niche Products*

Absolutely, if they want to break the markets down, they can do that as well. We have put in really if they are going to buy less than a handful of markets, then they are going to still work with the newspapers individually. But if they want to buy really 10 or more markets in the United States, we will make it easier for them by allowing them to work through Nucleus rather than each newspaper individually.

Chris Mooney - *Wedbush Securities - Analyst*

That is great. On DMV and the sales effort by the Dallas Morning News sales folks, can you give us just a couple of really quick examples of what type of business they are bringing into DMV?

Grant Moise - *A.H. Belo Corporation - SVP, Business Development and Niche Products*

Happy to handle that as well. I think one of the areas where we have been extremely successful for example is with elective surgery I think is a great example in Dallas where if someone was getting Lasik surgery or bariatric surgery in the past they would have only utilized maybe our print product or our websites. And we have taken those types of advertisers and helped them by using both DMV and Speakeasy and our digital and print assets. We have helped many of these surgeons increase their number of patients and surgeries on a monthly basis. In some cases we've helped them double their business. And when we've seen that not only be successful for us but also for our clients, that is when we know that the momentum is extremely strong because I mean ultimately if the clients aren't seeing the results, we are not going to see it either. So that is a great example of an area where we have had success.

Also with our auto dealers, the auto dealers and the ability to use search engine marketing, search engine optimization and what DMV brings to the table in terms of expertise in this region and our partnership directly with Google has been something that's separated us from many of what I call the second tier search engine providers in the region.

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

And Chris, I would add to that a lot of this is becoming more and more sort of ROI based. They want to actually see the person making the call, booking the surgery and they are evaluating how we perform on that basis, not just you reached so many people so many times. For us we think

that is a good and a differentiated marketplace because if they are seeing an ROI directly from what we do, we get away from talking about how expensive the marketing is, what share of their marketing we are getting, they just want to continue to give us as many marketing dollars as we can put in the marketplace and get for them a good ROI. And it becomes more about investing their dollars instead of spending them and that is a great conversation to have with your customers.

Chris Mooney - *Wedbush Securities - Analyst*

And will attract more customers I would think.

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

It does and we have been able to take some of these sort of ways we've learned to drive calls to these surgeons for instance and replicate that even in some other markets beyond Dallas because the marketing solutions in this case may not and in this care does not include the newspaper, then everything else that we do is replicable outside of the Dallas market so we have some business that we have done successfully in Houston and in Phoenix and, Grant, I don't know, maybe a couple of other places.

Grant Moise - *A.H. Belo Corporation - SVP, Business Development and Niche Products*

Houston, Phoenix, Indianapolis and really we have started being able to spread geographically quite a bit.

Chris Mooney - *Wedbush Securities - Analyst*

Tremendous. I didn't get a chance yet to get any detailed look at the balance sheet but your cash is pretty substantial versus the market cap. Any new thoughts on what you plan on doing with the cash?

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

Chris, we are still in the same place, we are careful with the cash, we continue to look at all the different options, investing and dividend, special dividend, pension and so forth. We have that discussion literally at every Board meeting and we will continue to have it but at this time we feel good about where we are. We don't have any near-term plans in place to make any acquisitions as we talked about. We are really looking at this year as a way of consolidating what we do with our sales and marketing efforts and I think that is paying some dividends in the way that you have our sales or revenue in this quarter and even in the prior quarter.

We don't have any new products or new businesses the first half of this year like we did last year with DMV. We are only doing better with the things that we have and I think that is a real important indication that sort of taking a little time out, consolidating how we do, what we do is I think been a good decision for us. So I think for the balance of this year you are most likely to see us just sort of stay the course on how we are operating and what we are doing with our balance sheet cash.

Chris Mooney - *Wedbush Securities - Analyst*

Okay. And there was another 8-K filed this morning related to the pension plan. Katy, can you kind of enlighten us what that was?

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

Sure. It is actually not -- it was not related to Pension Plan 1 or Pension Plan 2, which are our main pension plans. This was what we call the restoration supplemental plan that was put into place at the time of the split in 2008. There were a handful of participants. The total assets that were involved

in the distribution were a little over \$11,000. This is a legacy plan that by termination, we take one thing kind of off the administrative checklist and save some administrative fees and we just made the distribution. So nothing related to Pension Plan 1 or Pension Plan 2 but a legacy small little supplemental plan.

Chris Mooney - *Wedbush Securities - Analyst*

Okay, great. And Savor was I guess a fairly nice contributor in the second quarter. Are there other similar events coming in the future on that side of the business?

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

Chris, I don't think for the second half of this year there may be one that is necessarily generating the kind of revenue. Savor is really the biggest single event we do during the year. We will have some other events and maybe in total they will come up somewhere at around what Savor did but we don't have a single event planned balance of the year of Savor size for CrowdSource. We have a lot of smaller events planned.

Chris Mooney - *Wedbush Securities - Analyst*

Okay, thank you much.

Operator

(Operator Instructions). Barry Lucas.

Barry Lucas - *Gabelli & Co. - Analyst*

Great, thanks so much. Katy, just a couple of housekeeping types. CapEx in 2Q and your best guess for the year?

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

What I would say for the rest of the year, we had targeted around \$6 million. I don't if you're going to come in close to that or not but we did make some investments in our production area of a couple of million dollars. That has already been spent so that was a one-time so I would say really for the second half of the year you are probably looking at another 1 million to 2 million.

Barry Lucas - *Gabelli & Co. - Analyst*

And as long as cash was brought up, it looks like from 1Q to 2Q the cash had a pretty nice bounce, maybe more -- was there anything special in working cap that helped you out in the cash line?

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

I think it is a combination. One, you really would expect to see the cash increase and stabilize. One, again, revenue was really holding so you have that from the receivables side has been a real big focus push on just AR and bad debt. And then expense management. So I think there really wasn't anything with the timing that I can necessarily say -- I mean we obviously have some timing around payroll and accounts payable but that moved between quarters so nothing specific. Really it is just kind of across the board between revenue and expenses.



Barry Lucas - *Gabelli & Co. - Analyst*

Okay. As long as the pension was a topic, the balance sheet liability dropped a couple of million in the quarter in a low interest rate environment. So anything special there on the pension?

Katy Murray - *A.H. Belo Corporation - SVP and CFO*

No, there is nothing special on the pension. Right now obviously we had the successful cash out rollover last year, nothing that we are planning on this year right now. It is kind of what everybody else is doing and wait and see. We have had what I will say from an investment perspective, our return on the investments have been strong. We are 50-50 when you look at asset versus liability so we are seeing some favorability there. And then on the interest rates, we just continue to watch the market as everybody else and just true up the financial statements as we need to.

Barry Lucas - *Gabelli & Co. - Analyst*

Okay, last one for me. I think it is more for Jim but new Paywall, so what is different this time and maybe you could provide some early metrics on either sign-ups or what have you, Jim?

Jim Moroney - *A.H. Belo Corporation - Chairman, President and CEO*

Well, I've got our expert on this who heads up all of our marketing area as well as our Chief Digital Officer, Nicki Purcell. So, Nicki, do want to take this?

Nicki Purcell - *A.H. Belo Corporation - Chief Digital Officer and SVP of Consumer Sales*

Sure. So let me start by just describing the difference between the Paywall and the meter in which we launched in May. The Paywall itself is one in which we have to make decisions editorially which content is in front of the Paywall and which is behind meaning there is some content that simply isn't accessible to those who don't subscribe to it.

In the case of a meter what we have is an opportunity for people to read so many stories or articles and then actually hit the limit and then be asked to subscribe or have to wait for a 30-month rolling reset. So that is something that is not calendar-based, it is simply when they come in and they start consuming content on our site.

What we believe is that this is an opportunity for us to not see a dramatic decrease in the number of unique visitors to our site, (technical difficulty) page views that are consumed. It is said what we have is the opportunity to maintain those levels so we can continue to monetize those audiences through advertising but then get those folks to subscribe once they hit the limit and recognize that they are certainly loyal readers of ours.

But so far we are seeing really good momentum. As mentioned, it is very early in the launch. I just passed the official two month side and we are seeing people really buy into that and start to generate some digital only subscriptions as a result of that and we are pleased with the progress so far.

Barry Lucas - *Gabelli & Co. - Analyst*

Great, thanks very much.

Operator

Thank you. At this time there are no additional questions in queue. Please continue.

Katy Murray - A.H. Belo Corporation - SVP and CFO

Jim, do you want to wrap up?

Jim Moroney - A.H. Belo Corporation - Chairman, President and CEO

Yes, so I want to again thank everybody for being on the call. Again we feel like we have a lot of momentum going into the second half of the year with a good first half of the year behind us and it is both on the revenue side and on the expense management side. And I want to commend my team for doing a great job and we will hopefully continue the same kind of performance through the rest of this year. And again, thanks to everyone for taking time to be with us.

Katy Murray - A.H. Belo Corporation - SVP and CFO

Thank you. Thanks, Tony.

Operator

Thanks very much and ladies and gentlemen, this conference will be available for replay after 11 AM Central time today running through August 9 at midnight. You may access the AT&T Executive Playback Service at any time by dialing 800-475-6701 and entering the access code of 397086. International participants may dial 320-365-3844. Once again, those phone numbers are 800-475-6701 and 320-365-3844 using the access code of 397086.

That does conclude your conference call for today. We do thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.

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