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Conference Call Transcript

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CORPORATE PARTICIPANTS

Jennifer Bewley
Dice Holdings, Inc. - Director of IR

Scot Melland
Dice Holdings, Inc. - Chairman, President, & CEO

Mike Durney
Dice Holdings, Inc. - SVP, Finance, & CFO

CONFERENCE CALL PARTICIPANTS

Youssef Squali
Jefferies & Co. - Analyst

John Janedis
Wachovia Capital Markets, LLC - Analyst

Doug Anmuth
Lehman Brothers - Analyst

Collis Boyce
Morgan Stanley - Analyst

Tobey Sommer
Suntrust - Analyst

Imran Kahn
JPMorgan - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Second Quarter 2008 Dice Holdings, Inc. Earnings Conference Call. My name is Frances, and I will be your coordinator for today. At this time all participants are in listen-only mode. We will be facilitating a question-and-answer session towards the end of this conference.

(Operator Instructions).

As a reminder, this conference is being recorded for replay purposes. I would now like to turn the presentation over to your host for today's call, Jennifer Bewley, Director of Investor Relations. Please proceed.

Jennifer Bewley - ***Dice Holdings, Inc. - Director of IR***

Thanks, Frances, and good morning, everyone. With me on the call today is Scot Melland, Chairman, President, and Chief Executive Officer of Dice Holdings, along with Mike Durney, Senior Vice President, Finance and Chief Financial Officer.

Please note this morning we issued a press release describing the Company's results for the second quarter of 2008. A copy of that release can be viewed on the Company's website at diceholdingsinc.com.

Before we begin, I'd like to note that today's call includes certain forward-looking statements, particularly statements regarding future financial and operating results of the Company and its businesses. These statements are based on management's current expectations and beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein, due to changes in economic, business, competitive, technological, and/or regulatory factors.

The principal risks that could cause our results to differ materially from our current expectations are detailed in the Company's SEC filings, including our annual report on Form 10-K in the sections entitled "Risk Factors," "Forward-Looking Statement," and "Management's Discussion and Analysis of Financial Conditions and Results of Operations." The Company is under no obligation to update any forward-looking statements except as required by Federal securities laws.

Today's call also includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, and free cash flow. For details on these measures, including why we use them and reconciliations to the most comparable GAAP measures, please refer to our earnings release and our Form 8-K that has been furnished to the SEC, both of which are available on our website. With that out of the way, I'll turn it over to Scot.

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Thank you, Jennifer. First, let me welcome all of you to the Dice Holdings Second Quarter 2008 Conference Call. I'll start today by discussing our second quarter performance, including our perspective on the current market conditions here in the U.S. and elsewhere, and how they are impacting our business. I will also share with you some of the details around our new website launches.

Then I'll hand it over to Mike Durney, our CFO, to take you through our financial performance in greater detail and our guidance going forward. After Mike, I'll make a few closing remarks, and then we'll open up the call for questions.

Now let me say a few words about the second quarter. Overall, we turned in solid performance despite market conditions that continue to soften in the U.S. and the UK. Worldwide, our revenues increased 15% year-over-year on a comparable basis, profitability remains strong with adjusted EBITDA margins of 42%, and we generated more than $12 million of free cash flow during the quarter.

In the U.S., DCS Online, our largest business segment, comprised of Dice.com and ClearanceJobs, grew 9% year-over-year, driven by growth in both the number of recruitment package customers and revenue per customer.

Looking at the U.S. in more detail, not much has changed from the trends we noted in the first quarter. In general, recruiting activity at direct hiring companies, both large and small, has slowed with the slowing economy. Given the uncertainty in the economy, many of these companies don't feel the urgency to fill positions today or to make longer term commitments on renewals or new business.

On the recruiting, staffing, and consulting side of our business, many of which have sizeable tech sector operations, the larger staffing and consulting firms are holding up well, with softness more prevalent in the small recruiter segment. Overall, in the U.S. many of our customers and prospects remain uncertain about the health of the economy, and as a result, have slowed their recruiting activity, and that is impacting our growth.

Outside the U.S., eFinancialCareers had another strong quarter. Revenues increased 46% year-over-year on a comparable basis, with growth widespread across all of our country markets. As we mentioned in our Q1 conference call, we expected to experience a slowdown in the UK, and we did indeed experience a slowdown of activity, as some of the banks have reduced their recruiting in response to economic conditions.

Outside the U.S. and the UK, in continental Europe, the Middle East, and Asia Pacific, business sentiment is cautious but generally positive, and the performance of each of those markets continues to be quite strong.

As you know, one of the key goals for eFinancialCareers is to expand the eFC franchise to additional capital markets around the world. In the second quarter we made significant progress against this goal, launching eFC service in three new markets, South Africa, Scandinavia, and Japan, where we now have an English language site serving the Expat community and bilingual candidates.

These countries join Canada as the four new markets we have launched this year, and although none of these markets will be material revenue contributors in the near term, these additional countries immediately increase the scope and value of our service to our customers and expand the overall growth opportunity for eFC in the years ahead.

During the quarter we continued to invest in the business and to innovate to better serve our customers and job seekers. For example, in the Dice business we rolled out a new product, tailored to the needs of direct hiring companies, called Premium Post. It's an enhanced classified service where each job posting bears the customer's branding, appears on the site for a longer period of time, and received up to 15 candidates from the Dice data base that matched the skills specified in the posting.

Premium Post is another way that we seek to serve the needs of the time constrained human resource manager, and although the revenue is small, we expect this product will lead to future recruitment package sales as we demonstrate the combined value of data base access and job posting. Premium Post also carries a premium price of $705 per posting, roughly 50% higher than our typical classified posting price.

Also in Q2 we launched new versions of our Dice.com and eFinancialCareers websites. These new platforms represent the most significant upgrades to our services that we've made in recent years.

In our redesign of Dice, we wanted to accomplish two goals. First, to update the look and feel and to improve the usability and personalization of the site, making it easier for tech professionals to find jobs, to upload resumes, and to use the community and content features of the site.

The second goal was to activate our tech community by promoting our unique content, editorial, and interactive features throughout the site, moving us closer to our goal of making Dice really the go-to source for employment information and advice within the technology community.

Early feedback on the new career site has been terrific, with nearly 90% of job seekers indicating a clear preference for that new site and more than 75% saying they would recommend Dice to a colleague.

In our redesign of eFinancialCareers, our goals were similar to those for Dice, with the added complexity of launching this new platform in 18 markets and five languages across the globe. The new eFC sites have also been very well received. We're excited about our new career sites and the response that they are receiving and believe that continued investment in product development enhances our -- the job seeker and customer experience, which will generate loyalty over time.

During the quarter, job seeker activity continued to be strong for both Dice.com and eFinancialCareers. At Dice we continue to serve 1.8 million to two million unique visitors each month, with double digit increases year-over-year in job applications and new resumes added to our resume data base.

At eFinancialCareers we continue to serve approximately 1.6 million to two million unique visitors on a worldwide basis, with local applications to local jobs increasing 29% year-over-year. One of the keys for eFC long-term is to build out the local traffic in each of its markets, and as you can see, local usage continues to expand.

So putting it all together, Q2 was another quarter of solid performance for our Company. We turned in double digit revenue growth and strong margins in a challenging economic environment. We also continued to build our communities and our services for the future. Now I'll turn it over to Mike Durney for additional detail on the quarter.

Mike Durney *- Dice Holdings, Inc. - SVP, Finance, & CFO*

Thanks, Scot, and thanks to everyone for joining us on the call this morning. I'll give you an overview of our second quarter financial performance and then update you on our view of estimated financial performance for the balance of '08.

In the quarter, on a GAAP basis, consolidated revenues grew 17% to $40.3 million, led by gains to both eFinancialCareers and at Dice. Operating income grew 31% to $10.2 million in the second quarter, due to the revenue increase and in part, due to lower amortization expense in 2008.

We continued to make investments during the quarter with year-over-year increases in customer support related to improved infrastructure, security, and compliance, in product development related to some of the new initiatives that Scot referred to, and in G&A, which is mostly a result of public Company costs, which we didn't have in the second quarter of 2007. In addition, we increased our investment in sales and marketing by 15% with $2.1 million over the second quarter of 2007 and by approximately $1 million over the first quarter of this year.

Out of the marketing portion of sales and marketing lines, 75% of our spend is geared towards job seekers, and you can tell by the metrics that Scot laid out, we are continuing to attract seekers, highly qualified tech and financial services professionals, to engage with the sites. As for customers, we continue to work on the opportunities that we laid out for you recently at the investor field trip for both Dice and eFinancialCareers.

We are continuing to invest in programs that are both direct marketing related, causing immediate high value actions, like applying for a job or posting a resume, as well as branding related, which is a long-term investment, such as the Dilbert online and offline campaigns or radio and select tech markets.

We have made and are continuing to make adjustments based on performance of the various advertising platforms, which is not a new strategy, as well as adjustments related to the environment. We view our flexibility and discretion related to our single largest expense item as a real plus regardless of the environment and consistently work on optimizing that spend.

So adjusted EBITDA, as reconciled on the press release totaled $16.8 million, an increase of 12% over 2007, and adjusted EBITDA margins were 42%.

Income from continuing operations in the quarter totaled $9.3 million, up from $3.5 million in the 2007 period. In addition to the impact of higher operating income, we benefited from lower interest expense and the impact of a $1.2 million increase in the value of our interest rate swap agreements, which I'll come back to in a moment.

Net income increased to $7.5 million from $1.6 million in the year ago period, benefiting from a onetime non-cash tax benefit of $1.3 million, related to our final determination during the second quarter that our foreign earnings will be permanently reinvested overseas. This is a onetime accounting benefit, and for modeling purposes we expect our quarterly effective tax rate to be approximately 37% going forward.

So back to our interest rate swap agreements. During the quarter we determined that one of our interest rate swap agreements no longer qualified for hedge accounting. In addition, a portion of the second interest rate swap agreement is partially ineffective under the hedge accounting rules. As a result, we recorded $1.2 million of other income for the quarter, reflecting the increase in the fair value of the swap agreements.

Any future change in the fair value of these ineffective swaps by accounting standards will continue to run through the income statement while they are ineffective. The changes in the fair value in regard to the effective portion of the second swap will continue to run through stockholders' equity as long as it maintains its status.

Moving to earnings per share, diluted earnings per share were $0.12, up from $0.03 in the second quarter of 2007. The $0.12 includes $0.03 per share impact from the onetime tax benefit and the benefit from the accounting for the swaps.

Moving on to the segments, please remember when we talk about the segments, we refer to their performance including adding back the deferred revenue written off for the eFinancialCareers acquisition. It had no effect in the current period but does impact the comparability in the quarter a year ago. This is all clearly outlined in the last page of the press release.

DCS Online, which represents 68% of our revenue, grew 9% in the second quarter. As we said at the end of the first quarter, we expected the Dice customer count to be relatively flat for the remainder of 2008, which for us means plus or minus 100 to 200, or 1% to 2% of the count, keeping in mind that we measure it at a point in time. On June 30 the customer count was approximately 8,950, and of that total, approximately 82%, or 7,400 recruitment package customers, were under annual contract, roughly the same number as on March 31.

Renewal rate on annual contracts during the quarter was 67.5%, which represents a decline from the first quarter rate of 71.5% and from a historical range of 72% to 78%, which is reflective of the environment in the U.S..

To attempt to put some perspective around the renewal rate on annual contracts, comparing the 67.5% to the 71.5%, in the quarter we had a little more than 1,500 annual contracts up for renewal. So the four percentage point difference yields an incremental 60 or so annual contracts that did not renew during the quarter on a base of 7,400 annual contracts.

By far, the number one reason for non-renewal is lack of a current need, and over time we believe many of these customers will be Dice customers again, as past history has shown. So from one recent example, we had an IT consulting organization that did not renew their contract in early 2007. In July, about a week ago, they entered into a new annual deal valued at more than $100,000, more than double the contract that expired last year.

Now this is an example of one, and we don't mean to imply that there are lots of these, but we use it as an example of a couple things. There are opportunities out there to sign up new business in this environment at good overall contract value, and that customers that don't renew for certain reasons provide a foundation for getting them back in the future, as we did in this case 16 months later.

In the quarter, average annual -- I'm sorry, average revenue per customer at Dice was $853, which was down slightly, less than 1% from the first quarter, and up about 3% from the second quarter of 2007. As we told you last quarter, we anticipate this slight reduction, as customers have been less likely to upgrade their levels of service, and for those that do, it is at a lower percentage increase. And newer customers we have signed are typically at introductory level service, which at around $6,500 brings the average down. The selling price of our service has not changed, though. In addition, ClearanceJobs had another outstanding quarter.

And now, moving on to the eFinancialCareers segment, eFinancialCareers outside North America represents about 25% of revenue in the quarter. Revenues in this segment increased 46%, year-over-year, to $9.9 million, with each geographic region showing strong growth. In the quarter the UK increased 24%, which is slower growth in the first quarters we expected would be and reflects the challenging environment in the UK, especially for financial services. The UK currently makes up roughly 55% of this segment's revenue.

Continental Europe and the Middle East nearly doubled in size and are about 30% of this segment, and the balance of the segment is Asia Pacific, which grew over 130% year-over-year. The Asia operation, by way of comparison, is larger than the U.S. eFinancialCareers operation.

Finally, our other segment represented 7% of our total revenue and consists of eFinancialCareers business in North America, JobsintheMoney, and Targeted Job Fairs. Revenue totaled $2.9 million, up 3% versus last year. The largest component of other is eFinancialCareers, which grew 20% year-over-year on the quarter. The Job Fair business was up only slightly versus last year, however, partially due to the mix of shows and partially due to lower demand.

So in total, revenues grew 15% on an apples to apples basis, with the U.S. increasing 8% and international operations up 46%. There was no impact from foreign currency translation in the quarter, as the exchange rate between the pound and the dollar was roughly the same, and profitability was strong again at 42% adjusted EBITDA margin.

Now onto the balance sheet. Deferred revenue June 30 was $49.4 million, up 13% versus the previous year and up from $46.3 million at December 31. However, on a sequential basis, deferred revenue declined $2.9 million due to the flattening of the Dice business in terms of customer count and revenue per customer.

We generated $13.5 million in cash from operations this quarter and $12 million in free cash flow after spending $1.4 million in CapEx. For the first half of the year, we generated more than $37 million in cash flow from operations and spent slightly over $2 million in CapEx, including the launch of the two new platforms that Scot referred to earlier.

From a capital structure standpoint, at June 30 our debt balance was $121.7 million, or a little less than two times trailing EBITDA, and our cash and marketable securities totaled $90.3 million, leaving a net debt position of $31.4 million, or a little less than [.5] times trailing EBITDA. We continue to believe we have the right capital structure, balancing growth opportunities and return.

The combination of cash on hand and the untapped $75 million revolving credit facility gives us flexibility to pursue investment opportunities, which we've seen more of in 2008 than in 2007. As we've said, we continue to evaluate those opportunities and to evaluate our debt [and] cash balance, and if we don't find candidates that meet our goals, or they are of a size that would require less cash, including the revolver -- access to the revolver, you can expect us to potentially pay down some of the debt, and you should look for us to have a view on that during this year or near the end of the year.

So with that, let's take a first look at our view for the third quarter. We currently expect to generate revenues in the range of $39.5 million to $40 million, with a distribution of revenues among the segments similar to the second quarter.

There is one seasonal note. eFinancialCareers publishes "Careers and Financial Markets," which is a publication for university students about entering the financial services industry. We distribute it near the end of the -- near the beginning of the fall school semester. It generates roughly $400,000 in revenue in the various markets and could ship in either September or October or a portion in each, so it could have a slight impact on revenue swing between the third and fourth quarter. It is only 1% of eFinancialCareers annual review, but it could have a slight timing impact later this year.

As for sales and marketing expense, we currently anticipate spending $14.3 million to $14.8 million in the quarter. In terms of sales and marketing expectations, we set our marketing initiatives at the beginning of each year and refine them constantly with certain goals in mind.

When we provide our estimated expenses for the forward quarter, that estimate reflects the aggregation of programs we expect to carry out. We don't always get to all of them. Some we add to, some we reduce or eliminate. We specifically focus our evaluation on what is working in the direct response arena, so for instance, if online advertising on certain tech related sites is not generating enough incremental or new unique users or activity, we'll scale it back.

We may also decide to reduce, based on what we see in terms of need to drive traffic or levels of activities. While we may make changes, and we do have lots of flexibility, we certainly don't cut programs for the sake of making a number where the initiatives are proving to be valuable from a short-term or long-term perspective.

And so with those components, we expect adjusted EBITDA in the range of $17 million to $17.5 million. Looking at the full year, we provided directional information during our investor field trip in late June, so we're just quantifying that guidance in terms of our current expectations.

As we said, we expect revenues at the low end of the previous range, which means $158 million to $160 million for the full year. In addition, we said you should expect sales and marketing expense at the low end of the previous range, which is now anticipated to be $59 million to $60 million, and adjusted EBITDA is currently expected to be $67 million to $69 million, narrowing at the midpoint of the previous range.

And one last note about guidance. The interest rate swaps are going to be mark to market each quarter, and we'll be not offering any insights into what that means for net income on a quarterly basis. It's non cash and certainly has no effect on the business.

So to summarize, we've been dealing with a relatively difficult environment for quite some time and expect to be dealing with the same set of circumstances for the balance of this year, but as I've said many times, it's a great business model with high margins and strong cash flow generation. And with that, I'll turn it back over to Scot.

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Thank you, Mike. Let me wrap up our formal presentation with a few closing thoughts here. In the first half of 2008 our revenues grew 21%, with 42% EBITDA margins and free cash flow generation of nearly $35 million. That's solid performance, I think in any environment, which we believe demonstrates the power of our specialty focus and the business model that we have.

In the first half of this year we also invested in our products and communities, laying the foundation for future growth in our business, and as Mike mentioned, as we look forward to the second half of 2008, we are not expecting any improvement in the overall market conditions, but we do expect to execute well on the opportunities that we have.

I'd like to thank all of our employees for their ongoing hard work and dedication. Thank you for listening, and now let's open up the call for questions.

QUESTION AND ANSWER

Operator

Thank you. (Operator Instructions). Your first question comes from the line of Youssef Squali with Jefferies. Please proceed.

Youssef Squali - ***Jefferies & Co. - Analyst***

Thank you very much. Good morning. Couple questions. First, can you speak to the sales cycle? How long is it today versus, say, a year ago? And second, is there -- or do you believe there to be any price sensitivity at Dice? The argument here is potentially as employers are going through tough times, maybe they'll be more willing to maintain the service if they're able to, maybe, have a discount on the -- have you run any kind of sensitivity analysis around that?

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Well, I guess maybe I'll talk about the price sensitivity first and then go back to the sales cycle. So, have we run any analysis on price sensitivity? We test different promotional programs from time to time, so we think we've got -- we have a pretty good feel for whatever price sensitivity is there.

I think, though, what we should keep in mind is that from a -- if you take a step back, our service is actually quite a valuable service, and so in a market where essentially the issue with customers today is really needs based, we could do something on pricing, but it's really not going to have a huge impact, because the value is already there.

So we can't really change whether they have an immediate need for the service or not, and so if they have the need, we definitely justify the pricing. We justify it with the value of the service. So our strategy overall has not been to deeply discount the service to generate additional volume in the service, if you will.

Going back to your sales cycle question, comparing sales cycle today versus 12 months ago, it's definitely longer. Definitely longer. I think we've mentioned this from time to time, both on renewals and on new business.

What's happening is many of the customers are sitting back, and they have the budgets, they have the hiring plans, and many of them have reqs that are outstanding in the marketplace that they're trying to fill, but they really lack the urgency, and oftentimes in the organizations word comes down from on top that they want to be very careful about expenditures, and so as a result, they're taking much more time evaluating programs that they might buy and then evaluating competitors.

And the result is that the sales cycle has lengthened. I mean, we see deals for new business today, that historically may have taken a few weeks, that are now taking two to three times that. We're seeing renewals where the sales cycles might take a week or two are now taking two to three times that, and so that's part of the reason for the impact on the customer count and on the renewals.

Youssef Squali - ***Jefferies & Co. - Analyst***

And if I may, just one last question, maybe for Mike. If I look at your guidance, it basically implies that the net revenue growth by the end of the year, or in Q4, is flat or maybe even slightly negative. As you look at the cost side of the equation, how quickly can you pull back on some of these costs? Can you just rank for us the different areas where you see the most ability to cut costs quickly versus where you have fixed costs that are more difficult to cut?

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

Sure. So the premise, Youssef, on Q4 is correct in -- within the middle of that range it would be flat -- roughly flat year-over-year. We certainly have the ability to make adjustments in cost structure. We can defer, delay certain investments we make, whether it's CapEx or operating expense. We've always had that ability, and I think we've said before that the place where we have the most stability is in marketing -- in sales and marketing line, marketing specifically.

A lot of the marketing investments are near term. We have no long-term commitments for marketing spend, so in some cases we can turn it up or turn it down in weeks or a month, sometimes longer but not very often.

In the other areas there's certainly the ability to make the adjustments. The real thing we evaluate, obviously, is what's the impact on the business going forward, because we firmly believe that we have opportunity, even in a market like this, to continue to invest, to be on the positive side when it changes.

Youssef Squali - ***Jefferies & Co. - Analyst***

Great. Thanks.

Operator

Your next question comes from the line of John Janedis with Wachovia. Please proceed.

John Janedis - ***Wachovia Capital Markets, LLC - Analyst***

Hi. Thanks for taking my call. Couple of questions. First, Mike, where do you see the renewal rates stabilizing, and is the average monthly revenue that you're getting in line with your expectations?

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

In terms of the renewal rate, I mean, I think if you look at historical usage in the build of the annual contracts over time, I don't see it going down a whole lot more. That's not to say it wouldn't be slightly lower in a period. If it got dramatically worse, presumably the rate would go down, so I don't mean to say there's a floor, but if the environment is as we see it today, it's in the range that it is now, maybe slightly lower in certain periods of time.

In terms of revenue per customer, the answer is yes. It's exactly in the range that we thought it would be. If you look at the mix of business, what I said earlier in terms of upgrades of level of service, the revenue per customer at $853 per recruitment package customer per month is a reflection of some of our bigger contracts, and then the base new customers, on average, although not always, on average tend to be at the baseline, so at $6,500 or so, it's going to bring the average down.

That is what we expected, and the level of upticks has subsided, and the rate at which they uptick, when they do, is certainly at a lower percentage than it was. So all that means it is in the range that we thought it would be.

John Janedis - ***Wachovia Capital Markets, LLC - Analyst***

So, on a related note, do you think you're losing share to competitors who may be more promotional in the downturn?

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

No. No.

John Janedis - ***Wachovia Capital Markets, LLC - Analyst***

Okay. And then, sorry, one other quick question. I think the second half guidance at eFC implies revenue growth somewhere maybe in the double digits, maybe low to mid-teens or mid-teens, and I think postings to eFC seem to have weakened and maybe turned negative in some cases. So I'm wondering if that's a leading indicator of revenue there, so I'm hoping to maybe get some detail for, maybe, the top four or five countries.

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Well, I think if you look at job postings overall, for eFC or for Dice or for our other services, they're really not a perfect predictor of revenue for many reasons. Customers buy slots -- some buy slots, some buy classified postings, so they're moving postings in and out on a regular basis. Many customers buy data base access, and so that's a huge generator of revenue that's really not accounted for in the behavior of job postings.

And so -- and then of course, you've got the issue of measuring postings at a certain point in time rather than looking at it over wider periods of time. So it's really not a great predictor of revenue in the business. I think if you look at what's going on in eFC today, there's definitely, as we mentioned, softness in the UK that we're experiencing. Even though that business continues to grow, there is softness there, and I think we're trying to recognize that and deal with that.

Outside of the UK, the business sentiment has been good and certainly in Asia and the Middle East has been very strong. So I would be careful about reading too much into the postings themselves.

John Janedis - ***Wachovia Capital Markets, LLC - Analyst***

Okay. So -- thanks. Does that mean then, Mike, on -- or Scot, on the UK side, does the guidance for the second half imply that UK remains growing or positive?

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

We're not going to talk about guidance specifically, but if it does grow, it's not very much.

John Janedis - ***Wachovia Capital Markets, LLC - Analyst***

Okay.

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

I think the other to remember is when we compare postings -- I mean, there's a variety of things that go into why somebody puts a job up, and there's a variety of things that go into the way we sell. So if you're going back a year and looking at some of the less mature, not necessarily newer but less mature markets, we may have seeded some of the growth with arrangements with existing customers that are already customers in other markets, the yield per job goes up dramatically when we move from the introductory arrangement to another arrangement.

And so I -- certainly, we should not give anybody an impression that if postings don't continue to stabilize or grow, that over a long period of time revenue will grow. We shouldn't give anybody the impression that those don't work. We retain them over time.

If you're looking at last year versus this year or last quarter versus this quarter, there are a number of factors that go into what gets posted and the revenue we generate. I mean, just by way of example, you're talking about eFinancialCareers, but if you look at Dice -- if you compare Dice today to Dice two years ago, the revenue we generate per job, which is purely the average of revenues divided by the average number of jobs, is up about 40% in a two year period. Certainly the rate has not increased 40%, but people use the site differently. They use -- we're pushing people to use the data base more. That's certainly the same case in eFC. So there are a number of factors that go into revenue that are not posting related.

John Janedis - ***Wachovia Capital Markets, LLC - Analyst***

Okay. Thank you very much.

Operator

Your next question comes from the line Doug Anmuth with Lehman Brothers. Please proceed.

Doug Anmuth - ***Lehman Brothers - Analyst***

Thanks for taking my questions. First one is I was just hoping you could comment on the current pricing environment and just give us a -- more of an update on what the competitive landscape looks like. And then, secondly, I think you also said that the large recruitment firms and staffing firms are actually holding up better. Can you comment on why you think this is happening and what the outlook is for that part of the business going forward? Thank you.

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Sure. Sure. First, on the pricing environment I think the best way to characterize it is that it's still very promotional out there. Youssef asked a question earlier about price sensitivity and what's going on, and we do some promotions, but basically we haven't really changed our promotional mix, I guess you would call it, in the last couple of years. In general, the market today is more aggressive on pricing than it was six and 12 months ago, and that's something that we're dealing with on a competitive basis overall.

As far as large recruiting and staffing firms, what's really interesting is that when we look at our large recruiting, staffing and consulting firms, and there's -- we tend to look at them as kind of a group, many of those have very large tech industry businesses, and so, as you know, the tech sector has been performing fairly well in this overall economy, both in the U.S. and outside the U.S..

And so I think what's probably going on is two things. One is that the tech sector in general is performing well, and those companies that are serving that sector on a consulting and staffing basis are benefiting from that, and then the second is that when you have times like these where direct hiring companies [or] regular corporations may be reconsidering their recruiting plans. Oftentimes, they will hire temporary or staffing type workers to complete projects or to fill projects on a more -- on a less risk basis. And so I think that's also having an impact on the staffing company businesses.

What can we expect to see going forward with those customers? I think they're probably looking at the same uncertainty that many others are, but they -- they're faring well, and that -- as a result, our business with them is doing well.

Doug Anmuth - ***Lehman Brothers - Analyst***

Okay. Great. Thank you, guys.

Operator

Your next question comes from the line of Collis Boyce with Morgan Stanley. Please proceed.

Collis Boyce - ***Morgan Stanley - Analyst***

Hi, guys. Thanks for taking my question. Real quick, I was just wondering, you guys spoke again about Premium Post, and I didn't know if you could give us any type of metrics around how the launch has been and also, if you could comment on, kind of, out of the customers that are using the service, how many of those are new to Dice versus how many have previously used it in the past? And then I have one quick follow-up.

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Sure. I guess we've highlighted Premium Post at our investor day, and we're also highlighting it again today, and I think the reason why we're doing that is really not because of the size of the revenue generation that it's producing today. It's more that this is a new service that's been created and targeted directly at, essentially, small direct hiring companies, and historically, if you go back a couple of conference calls, we talked about how the growth opportunity for Dice, in particular, really sat -- a great deal of it sat in the direct hiring company segment with small direct hiring companies. So this is a product targeted directly at that segment.

So it is small today. It was only launched a few months ago. It's -- we're still counting it in the thousands of dollars -- I mean, millions of dollars. That gives you a sense as to where it is. We're -- I'm sorry, the second half of your question again?

Collis Boyce - ***Morgan Stanley - Analyst***

Well, actually, I was just -- is there any way to give any color on, kind of -- are you guys using this as something to attract new customers, something to up sell current customers, or kind of a combination?

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

It has really been targeted at new customers, so going after that smaller direct hiring company segment, and it is producing new customers. It's also being sold -- there are some existing customers that like the benefits of it, and so they're picking it up as well. But the real focus of that product is at that small direct hiring company segment.

Collis Boyce - ***Morgan Stanley - Analyst***

Okay. And then, as I look at guidance, and I'm looking at the income from operations. How much of the increase for the calendar 2008 -- how much of that increase is due to just the onetime items versus, kind of, just increased expectations?

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

At the income from operations level it's a combination of the onetime items and below EBITDA, so EBITDA hasn't changed, so interest expenses expected to be slightly less. There's a handful of other things that we now expect to be slightly less. It comes from a combination of the interest rate swap benefit in Q2 and some other minor adjustments.

Collis Boyce - ***Morgan Stanley - Analyst***

Okay, and then just the last question, kind of more high level. Is there any way to give us a timeframe of when you guys expect a turnaround in the business, when you think people might be coming back to the hiring?

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Well, there's still a lot of hiring going on today, but to get at the meat of your question, we actually -- I mean, I wouldn't be probably the best person to try to predict the -- what's going on with the economy, but we did a survey of about 1,100 direct hiring companies, as well as staffing firms, many of which who were not our customers.

It was a broad based survey that we did a few months ago, and we asked them the question of what their hiring plans were and when they expected to turn up the juice in their recruiting activity, and the consensus that came back from that survey, which is public, by the way -- you can take a look at it. The consensus from that survey was that we're really talking about 2009, and it's like to be the midpoint of 2009.

Collis Boyce - ***Morgan Stanley - Analyst***

Okay. Thank you, guys, very much.

Operator

Your next question comes from the line of Imran Kahn with JPMorgan. Please proceed.

Imran Kahn - ***JPMorgan - Analyst***

Yes. Hi. Good morning, Scot and Mike. A couple of questions, Scot. In the past you talked about expanding categories, so with the market being depressed, are you seeing opportunities to potentially expand the business to acquisition? What kind of opportunities you're seeing, in terms of the private market valuation?

And secondly, I think a colleague talked weakness among small recruiters. Could you give us some sense what percentage of your revenue comes from small recruiters? Thank you.

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Sure. In terms of expanding categories, we definitely see opportunity there. We're -- as Mike mentioned, we're seeing more opportunities this year than last year, and we have those discussions that are ongoing, and if the right thing happens at the right valuation, then I think you can expect us to act on it.

And we have -- I guess a comment about valuations. We still see that valuations -- private market valuations are still, I would say, in general, lagging public market valuations, and that's why -- probably one of the reasons why you haven't seen us do something so far.

On the weakness attributable to small recruiters, yes, what -- we are seeing more weakness in the small recruiter segment on the margin versus other customer segments, and if you look at our customer base, generally the way we divide up our customer base is that a little bit more than 50% of our customers are direct hiring companies of all sizes, and a little bit less than 50% are staffing, recruiting, and consulting firms of all sizes. So less than 50%, and if you were to take out of that the large staffing and consulting firms that we all know and love, you'd probably get a sense that a good percentage of our business is sitting with small recruiters.

Imran Kahn *- JPMorgan - Analyst*

Great. Thank you.

Operator

(Operator Instructions). Your next question is from the line of Tobey Sommer with Suntrust. Please proceed.

Tobey Sommer *- Suntrust - Analyst*

Thanks. Two questions. Just a follow-up on the most recent one, and that is what kind of trajectory of growth were you achieving with the large staffing companies, particularly within the U.S.? Thanks.

Mike Durney *- Dice Holdings, Inc. - SVP, Finance, & CFO*

I'm sorry, Tobey, year-over-year growth?

Tobey Sommer *- Suntrust - Analyst*

Year over year and/or sequential. Just kind of wanted to get a sense for the large staffing component, kind of, what trajectory of growth you're seeing there.

Mike Durney *- Dice Holdings, Inc. - SVP, Finance, & CFO*

Okay. [Looking] -- confusing the category with what's happening with our customers. The increase in revenue from that group, the larger ones, is in the low single digits. So there's -- they're either flat or up slightly on a case by case basis. So it's not significant growth.

Tobey Sommer *- Suntrust - Analyst*

Okay, thanks. That's helpful. And then, regarding eFinancialCareers in London and, kind of, in the UK. What sort of sequential change did you have? And then, just to make sure I have my notes correct, is it -- did you achieve 24% year-over-year growth in the UK?

Mike Durney *- Dice Holdings, Inc. - SVP, Finance, & CFO*

Yes. The UK piece of the business is up 24% year-over-year.

Tobey Sommer *- Suntrust - Analyst*

And how would that shake out sequentially?

Mike Durney *- Dice Holdings, Inc. - SVP, Finance, & CFO*

It is roughly flat.

Tobey Sommer - ***Suntrust - Analyst***

Okay.

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

Within a percent -- it's within a percent or two of flat.

Tobey Sommer - ***Suntrust - Analyst***

And was there any noteworthy change over the last several months or kind of within the quarter?

Mike Durney - ***Dice Holdings, Inc. - SVP, Finance, & CFO***

We haven't seen any significant change during most of this year, and it's pretty much the same as what we said in April and then again in June. We have -- we are certainly continuing to book new business. We have slight downticks, occasionally, in levels of services from customers. I think given the perception and the reality, I guess, of what's going on in the UK and London market, specifically, our business continues to perform well, because people continue to see the value of the service, and that doesn't change.

Tobey Sommer - ***Suntrust - Analyst***

In -- maybe I'll ask you another [follow-on] question. Do you get the sense that you -- because of the value you're offering, you're gaining share within that London market, within capital markets and other financial services firms, or is it your sense that the market itself may be relatively stable on a sequential basis?

Scot Melland - ***Dice Holdings, Inc. - Chairman, President, & CEO***

Well, I think we're definitely -- it's difficult to measure share, because our -- the competitive set for eFC is pretty thin, in that eFC, eFinancialCareers, the service tends to replace executive recruiting.

So it's kind of difficult to measure that share, but we're definitely maintaining or -- and/or growing our share of budgets and probably growing our share of budgets within the customers that we have at eFC because of the cost effectiveness of that service. We are truly the low cost provider of candidate flow for these companies.

Maybe a little bit more color on the UK. The weakness that we're seeing in the UK is largely being felt amongst what we call direct hiring companies, which translates into the banking -- the banks themselves. And so we're really talking about it being felt there.

And if I could just go back to Imran's question about small recruiters, because I want to make sure that we don't -- that we sort of get this one right, and that is that small recruiters definitely are a large part of the customer base for Dice. The weakness that we're seeing is truly on the margin. So I don't want people to feel like there's a huge shift of behavior going on out there. It's truly on the margin.

Tobey Sommer - ***Suntrust - Analyst***

Thank you very much.

Operator

And there are no other questions in the queue at this time. I'd like to turn the call back over to Jennifer Bewley for closing remarks.

Jennifer Bewley - ***Dice Holdings, Inc. - Director of IR***

Thank you for your time this morning and interest in Dice Holdings. Management will be available to answer any follow-up questions you may have. Please call Investor Relations at 212-448-4181 to be placed in the queue. Thanks.

Operator

Thank you all for your participation in today's conference. This concludes the presentation. You may now disconnect and have a good day.