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RLJE - Q2 2017 RLJ Entertainment Inc Earnings Call

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CORPORATE PARTICIPANTS

Carolyn Capaccio *RLJ Entertainment - IR*

Miguel Penella *RLJ Entertainment - CEO*

Nazir Rostom *RLJ Entertainment - CFO*

CONFERENCE CALL PARTICIPANTS

Ed Parker *Towpath Capital - Analyst*

Bruce Galloway *Galloway Capital Management, LLC - Analyst*

PRESENTATION

Operator

Welcome to the RLJ Entertainment Second Quarter 2017 Financial Results Conference Call.

(Operator Instructions)

I would like to turn the conference over to Ms. Carolyn Capaccio of RLJ.

Carolyn Capaccio - *RLJ Entertainment - IR*

I'm joined on the call today by Miguel Penella, RLJ Entertainment's Chief Executive Officer; and Nazir Rostom, RLJ Entertainment's Chief Financial Officer. Today's discussion is being made available via conference call and webcast through the Company's website www.rljentertainment.com under the Investor Section. A replay of the webcast will be available on our website.

Before we begin, I'd like to remind you that during today's call, management will be making forward-looking statements regarding future events and financial performance under the Safe Harbor Provision of the U.S. Securities Laws, including revenue and margin expectations, projections or references to trends in the industry and RLJE's business.

We caution you that such statements reflect the Company's best judgments as of today, August 10, 2017, based on factors that are currently known and that actual future events could differ materially due to a number of factors, many of which are beyond RLJE control.

For a more detailed discussion of the risks and uncertainties affecting our future results, I refer you to the Company's filings with the Securities and Exchange Commission, including the 8-K filed earlier today, which contains our second quarter 2017 earnings release. RLJE disclaims any obligation to update or revise these forward-looking statements to reflect future events or circumstances.

During the call, management will also discuss non-GAAP financial measures including certain pro forma information. Unless specifically stated otherwise, the non-GAAP financial measures discussed today were not prepared in accordance with GAAP. A reconciliation of GAAP and non-GAAP results is provided in today's press release and is posted on the Investor Relations section of our website.

I will now turn the call over to Miguel Penella. Miguel?

Miguel Penella - *RLJ Entertainment - CEO*

Thank you, Carolyn, and good morning, everyone. Thank you for joining us. We are excited -- we are very excited about our Q2 performance.

Today, I will update you on our accomplishments for Q2 and our initiatives for the remainder of 2017. Then Nazir will take you through the quarterly results. After which, we will take your questions.

As we mentioned on our last call, RLJ Entertainment's two digital channels, Acorn TV and Urban Movie Channel or UMC enjoy significant immediate growth opportunities as must have OTT destinations, over-the-top destinations.

Acorn TV offers curated British and English language international dramas and mysteries while UMC offers quality feature films, documentaries, comedies and other exclusive content for urban audiences.

Our 2017 strategy is to accelerate our investments in quality content to enhance subscriber experience and to expand our footprint. In Q2, we executed on this strategy investing in our content, platform development and marketing which drove continued growth in our digital channels segment.

Our IP licensing and wholesale segments further support our revenue and profitability growth by providing our digital channels with exclusive and original content, marketing and brand awareness.

Let's look more closely at our results. In our digital channel segments -- segment, consumers remained highly responsive to our high quality exclusive content and our superior customers experience.

Our subscriber base for Acorn TV and UMC combined grew 63% from second quarter last year to over 550,000 subscribers and we grew this segment's revenue 72% year on year.

Consistent with our goal, our digital channels are rapidly becoming a growing portion of our overall revenue. On a consolidated basis, our second quarter 2017 total net revenue grew 19% year on year. Gross margin expanded by 22 percentage points and adjusted EBITDA accelerated to $4 million.

Our wholesale revenue -- I'm sorry, our wholesale segment experienced an early license renewal and sale of high margin inventory that positively impacted our gross margin for this quarter. While a portion of this wholesale gross margin expansion will normalize in the second half, as Nazir will discuss in a moment, our results reflect increasing growth in operating efficiency.

Regarding our programming strategy in this last quarter, Acorn TV had a number of exclusive premiers, including "Decline and Fall," "Delicious," "Loch Ness" and "The Heart Guy."

At UMC, our second quarter premiers included Season 1 of "Braxton Family Values" from AMC Networks WE TV, "Ladies Book Club," "The Man Who Mends Women," "The Naked Poet" and, as part of our Black Music Month campaign, the documentary "American Beat Boxer."

Our subscription sign up activity was particularly strong in June coinciding with the marketing campaign for "Loch Ness." In June, UMC enjoyed success with its Black Music Month campaign.

During the quarter, we also devoted special focus to preparing for a very strong second half 2017 season for our digital channels. In support of our growth strategy, we announced in late June our credit facility expansion with AMC Networks.

The exercise of 1.67 million of their warrants and the conversion of 100% of our Chairman Robert Johnson's preferred stock into common stock. From a strategic point of view, the combination of increased term loan financing, proceeds from warrant conversion and savings from both cash interest and preferred dividends of $5 million enables us to raise our competitiveness for high quality content and further accelerate our planned investments in programming and marketing for Acorn TV and UMC.

In essence, to strike while the OTT iron is hot. In immediate future, our second half 2017 slate of titles looks strong. Key Acorn TV titles include "Love, Lies and Records," "Good Karma Hospital," "Midsomer Murders 19," "Doc Martin 8," "George Gently 8," and "A Place to Call Home Series 5." These are both new and returning franchises that our customers adore.

Key UMC programming highlights in the second half of the year include the return of "Fall Out Fridays" featuring "#Digital Lives Matter," "Lawd Have Mercy," "Minimum Wage" and "Comedy Underground" returns.

The new original series "The Rich and The Ruthless" and other future titles such as "Destined," "The Experiment," "5th Ward," "Vanishing Pearls," "Switching Lanes" and "19-2."

While we made progress in expanding our digital footprint this year, we expect to be on additional platforms in the coming months and are targeting an international offering for Acorn TV by the end of the year.

We're currently working on a number of app launches, including Android, Opera, and TiVo. Android remained particularly important for accessing UMC's target customer who over-indexes on mobile device usage.

In our IP segment under license from Agatha Christie Limited or ACL, Fox Studios is on track to premier a new feature film Murder on the Orient Express which has exceptional cast, including on Kenneth Branagh, Johnny Depp, Penelope Cruz and Judi Dench.

Murder on the Orient Express will be released in theaters on November 3rd in the UK and November 10th in the U.S. In our wholesale distribution segment, we expect a solid ramp-up of feature film titles with a strong cast such as Bushwick with David Bautista, Pilgrimage with Tom Holland, Brawl in Cell Block 99 with Vince Vaughn and others.

We continue to collaborate with AMC Networks on the strategy and operating fronts. We co-acquired our first title, the action thriller Mayhem starring Steven Yeun of The Walking Dead.

Mayhem premiered on the 2017 SXSW Film Festival in RLJE Films and will be released then in theaters in the fourth quarter with AMC's Shudder streaming premier plan for early 2018. We also have a number of other such deals in the works, including a second feature film expected to be closed soon.

Our collaboration with AMC Networks includes the promotion of UMC on AMC's WE TV and we're also exploring co-production in licensing opportunities.

In summary, OTT adoption continues to increase among consumers creating a unique window of opportunity for us. RLJ Entertainment with its OTT digital channels, exclusive IP and wholesale assets is well positioned as a must have digital destination and we are focused on executing our plan to achieve one million subscribers in 18 to 24 months.

With the strategic and financial support of our partner, AMC Networks, and our Chairman Robert L. Johnson and continued strong performances from Acorn TV and UMC, we have increased our financial flexibility.

This flexibility allows us to accelerate our digital channel market penetration, steepen our overall growth trajectory and transform RLJ Entertainment into a powerhouse in media and entertainment.

I will now turn it over to Nazir Rostom, our Chief Financial Officer, to discuss our financial results. Nazir?

Nazir Rostom - *RLJ Entertainment - CFO*

Yes. Thanks, Miguel. Q2 was an outstanding quarter. We achieved high margin digital channel growth, improved our wholesale segments performance and continued growth in our equity earnings from Agatha Christie.

Collectively, these have all contributed to our strong Q2 EBITDA. Starting with our income statement, digital channel revenue represented 34% of our total Q2 2017 revenue compared to 24% in Q2 2016.

Digital channel revenue increased by 72% year over year to $6.4 million in the second quarter of 2017 from $3.7 million in the second quarter of 2016. This increase was driven by strong subscription growth at Acorn TV and UMC combined exceeded 550,000 subscribers compared to 341,000 subscribers in Q2 of last year.

Our digital channel segment contribution increased by 77% to $2.2 million in Q2 2017 from $1.3 million in Q2 2016 as we generated higher revenue on a fixed cost platform.

In our wholesale segment, although we released 16 titles this quarter compared to 19 titles in Q2 2016, revenue grew 2.9% to $12.4 million in Q2 2017. This variance was driven internationally by our Line of Duty Series 4.

Domestically, we executed an early license renewal and sold high margin inventory which brought our Q2 margins to above normal levels. Combined, the digital channel and wholesale revenue increased second quarter 2017 total net revenue by 19.3% to $18.8 million from second quarter 2016.

Total gross margin expanded 22 percentage points to 51.7% from Q2 2016 as a result of the higher margin wholesale deals previously mentioned. We expect gross margins to resume to normal levels of approximately 40% next quarter.

Equity earnings from our Agatha Christie subsidiary increased 22.8% year over year to $869,000 as TV distribution, book publishing, distribution royalties and digital gaming continue to grow. Our net loss for second quarter of 2017 was $1.1 million compared to $174,000 in second quarter of 2016.

This loss was primarily driven by a non-cash charge related to the change in fair value of stock warrants offset by higher gross margin -- higher gross profit and equity earnings.

Our adjusted EBITDA for Q2 2017 was a positive $3.9 million, an improvement of $4.3 million over Q2 2016. This improvement was a result of a continued digital channels growth, a stronger wholesale performance and an increase in Agatha equity earnings.

Moving to our balance sheet, our cash balance increased to $12.2 million from $7.8 million at yearend. This increase is primarily attributable to the recent financing with AMC Networks.

Our receivables are lower due to wholesale seasonality in title releases. We continue to increase our investments in content to expand our program library to support digital channel growth and purchase strong wholesale titles to be released later in the year.

Our investment in content grew from $60 million at yearend to $65 million in Q2. In the first half of 2017, we improved our accounts payable and accrued royalties by $12 million. Furthermore, the continued rise in our stock price increased our stock warrant liability by $3.4 million.

Our stock price increased from $1.60 at yearend to $3.31 at Q2 2017. As Miguel mentioned, on June 20, 2017, our Chairman Robert Johnson converted 100% of his preferred stock to common stock at $3 per share eliminating dividend payments.

In addition, we broaden our studio partnership with AMC Networks to accelerate our investments in content and marketing for growth in our digital channels. And on this agreement, we expanded the AMC Networks' tranche A term loan from $13 million to $23 million.

We converted the form of interest payments on both the tranche A and tranche B term loans entirely into common stock at a fixed conversion price of $3 per share.

AMC Networks also exercised $5 million of its tranche A warrant into common stock at $3 per share. The combined cash savings in interest and dividend payments are approximately $5 million annually.

These savings plus the increased capacity on the tranche A term loan enable us to dramatically increase our content investment and marketing effort over the next five years with the main purpose of broadening our consumer awareness and enhancing the experience.

With increased resources to invest in digital content, marketing and distribution, we are laser focused to achieve our one million subscriber goal, transform our business model with higher margin revenues and deliver a strong financial performance in 2017 and beyond.

This concludes our prepared remarks. I will turn it back to the operator who will open the call to your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Ed Parker of Towpath Capital.

Ed Parker - *Towpath Capital - Analyst*

The sequential subscriber growth you had at 63% was very solid but it was down from the pace of the first quarter and I was wondering is there any factors there that caused the deceleration just quarter to quarter.

Miguel Penella Yes. There's an element of seasonality in terms of viewership and subscription activity that impacts not only us but other OTT channels in the industry.

But having said that, for us mainly, there's an element of when you look at the rate of growth of our subscriber numbers. That is for the most part impacted by the titles that we released in any given quarter and the marketing efforts, campaigns that we create around those titles.

Because primarily, our marketing promotions when we are introducing new prospects -- prospecting -- prospective subscribers to Acorn TV, we do that with the titles that we are releasing around that time.

But that is basically what drives a lot of the rate of growth of our subscription activity. And as it happened in Q2 while we had a number of good titles, namely Decline and Fall, the Heart Guy and Loch Ness, relative to what we had had in Q1 or even Q4, I will say that those were somewhat soft-titles, maybe not as strong or as recognizable as well as the titles that we had had in the prior quarters.

So, yes, we did slow down a little bit on the rate of growth. We're still very happy that we grew by over 30,000 subscribers in the quarter.

And also what I think is positive for us is that when we look at the second half of the year, we have, first of all, I think a very strong slate of releases as I mentioned before.

In particular, I'm very excited about titles like Good Karma Hospital or Doc Martin or A Place to Call Home. These are titles that have actors, characters that are very recognizable, series that have been really, really strong series with our customers for a long time.

And we're also in a moment where we are ramping up our marketing campaigns. One because we are in a much better cash liquidity position but also because we're seeing some good results and we'll talk about this when we announce the results for Q3.

But at least so far in the quarter in Q3, our acquisition activities are very strong. So we feel overall still very confident that we remain -- and remained very focused in achieving the goal of a million subscribers by -- in the next 12 to 24 months.

Ed Parker - *Towpath Capital - Analyst*

And on the wholesale side, though, it was good to see growth in the quarter and which I think you might telegraph it. So, could you give us a little color on what the second half might look like and, you know, what growth drivers might be?

Miguel Penella - *RLJ Entertainment - CEO*

Yes. With regards to wholesale, wholesale is greatly impacted by specific title releases that we have in the quarter, in particular, whether we have any feature film releases in the quarter as those titles tend to generate a significant volume of sales within the first two or three months of release. And this year, in 2017, we didn't have any feature film releases in Q1 and that impacted the results in Q1.

Now, in Q2, the results that we just reported, we went back to sort of -- somewhat normalized activity in terms of number of releases. And that was shown in the revenue numbers with wholesale revenue in the quarter being basically very similar to what we had done last year in the same quarter.

For the year overall, as I think I mentioned at the last call, we speak -- we expect our wholesale business to be pretty much flat or stable on a year-on-year basis in terms of net revenues. We do have -- which means that we're going to be, over the next six months, offsetting a little bit of the shortfall that we had in Q1 in order for us to get -- to be more or less flat for the year.

And again, we feel good about it. We have a good slate of programs also on wholesale. In particular, some of the feature film titles that we have like "Bushwick" or "Pilgrimage," we think we have a good slate of programs that support our forecast.

So, overall, it's -- that business is -- well, it is not a rapidly growing business like our digital channel segment, it's a business that we expect is going to remain solid for us both in terms of revenues and profitability for the coming -- for the foreseeable future.

Ed Parker - *Towpath Capital - Analyst*

I could swing back to the digital, maybe, and could you talk a little bit about the distribution strategy for Acorn and UMC and how the new platforms are contributing to growth and maybe comment on the rollouts on MVPDs or virtual lineups and also what is Acorn's international rollout strategy?

Miguel Penella - *RLJ Entertainment - CEO*

First of all, our distribution footprint for Acorn and UMC is expanding, as we speak. We have been working on it for the last two years or so. Having launched Acorn on Apple devices last year and UMC on Apple devices just this year.

Over the last 12 months and in addition to Apple, we launched on Android. We launched on Amazon Fire devices. So, we have been gradually expanding the footprint. I will say in the next six months, we expect to launch on Android devices, Opera devices which sustain a lot of Sony smart television sets and Samsung devices, primarily.

So, it is somewhat of a gradual process that we are embarked on when it comes to smart devices, over the top devices and so forth. And as we do that, we are seeing continued benefit and has been able to reach audiences that are using those devices and are interested in Acorn or UMC.

And we actually embed that in our forecast when we talk about a million subscribers by in the next 12 to 24 months. You know, all of that is embedded in that.

In terms of international expansion, we are -- as I think we mentioned on the call, we're looking to launch an international offering for Acorn TV by the end of the year. Beyond that, we are looking to focus on a few international territories, territories that we understand are particularly appealing or have a particular interest in a couple of British international English-speaking dramas that Acorn offers.

We get a lot of information. We have a lot of information about that because for years, we have had an international distribution business. Also, through our partnership/ownership in Agatha Christie Limited. We have a lot of information as to what international territories are interested in Agatha Christie stories in characters and books and so forth.

I think it's still a little bit early for us to tell which ones in particular we might be launching on or making good strong launches on. But, you know, these are territories like, for example, Japan, Northern Europe, Western Europe, possibly Brazil, possibly Mexico.

In terms of international distribution strategy, in addition to having a basic international offering for Acorn TV and focusing on a few territories, we're also in the midst of having conversations with potential partners.

They are international platforms distributors like Liberty Global and others internationally that we may have had, that we're having conversations about, that we may be partnering with and those are also conversations that will determine, specifically what territories we may be double down on. But all of this, I think, is really 2018 activity.

With regards to the cable satellite MVPDs platforms in the U.S., we're also having conversations with them. We would love to expand as much as possible the reach for Acorn and UMC. However, when it comes to those platforms, there's an issue of expectations regarding margins. There's an issue of not having the relationship directly with a consumer which is something that we very much like to do.

And while we are having these conversations, I couldn't say for sure whether we're going to be launching on them in the next six months or not because I think that we are in a very good growth pattern. We're very much on target to achieve our goal of a million subscribers within a timeframe that we set.

And as long as we are doing that and we can grow beyond that, we're also very mindful of margin. We want to preserve our margin. We also want to preserve our direct relationship with consumers.

So, that is somewhat of a moving target but we think the opportunities are there, and for us, we're trying to manage them in the best way possible.

Ed Parker - *Towpath Capital - Analyst*

On the financial side, you talked about increasing investment this year, you know, on marketing and programming and I'm just wondering if you can give us a little color, maybe, on what the second half is going to look like and how that may weigh on your adjusted EBITDA numbers on the second half?

Miguel Penella - *RLJ Entertainment - CEO*

As I've said, our wholesale business -- we expect our wholesale business to perform for the year overall, flat or in a very similar level at a -- this similar level than last year. Profitability wise, in terms of EBITDA, maybe not just for the wholesale business but for the company as a whole, I will say our number one goal financially -- I will say strategically is the growth of our digital channels. That's our number one goal.

And because we do believe that the growth of our digital channels will change the business model of the company from a financial point of view and is something that I think is starting to become clear on our financials as you can see our revenue mix, our digital channel representing a bigger percentage of our sales, you are seeing our gross profit increase, our EBITDA increase. So, we're very focused on that and we're very mindful that that's really our target.

Now, on a quarter-on-quarter basis, as we are growing our subscriber base, we're also looking to increase investments in content but also, I will say in particular, in marketing. So, I will say our long-term growth goal is subscriber growth and in order to get there, we're going to make investments in content and marketing.

Now, do we expect our EBITDA to shrink as we do that? No. We expect our EBITDA to stay stable or grow but the rate of growth of our EBITDA, I think, is going to be determined by the rate of growth of our subscribers and the rate of growth of our marketing investments to get there.

So, I will say that generally speaking, we expect to see growth in EBITDA for the coming quarters but maybe not as dramatic as we expected to be more in the mid to long-term as we basically develop this digital channel business that we are very quickly moving towards.

Operator

(Operator instructions)

Bruce Galloway of Galloway Capital.

Bruce Galloway - *Galloway Capital Management, LLC - Analyst*

Number one, Urban Movie Channel. It's still and kind of like an embryonic stage. Can you give us some numbers what it did for the quarter? Was it up to 50,000?

And when do you think that's going to start to take off? It seems like you're putting a lot of effort and time and to content creation for that? When do you think it's going to hit the 100,000-200,000 range? Because that's real -- the big market for you guys. That's my first question.

And the second question gets back to the EBITDA. You probably -- plus $4 million comparison '17 to '16 in EBITDA and I think you finished last year at about 13.5, 13.6. So, if you improve marginally in the third and fourth quarters, what does that mean? Like $17 million to $20 million in EBITDA goals for the year?

Miguel Penella - *RLJ Entertainment - CEO*

With regards to the first question specific to UMC number of subscribers, we have not given specific numbers for UMC to date. What I would say is that we are very much on target for our internal plans in terms of the growth of UMC.

UMC continues to grow on a quarter on quarter basis. But in my mind, the second half of the year is really where we expect to see a lot of our growth. As again, in the same case as with Acorn -- particularly driven by the titles -- we had been somewhat limited in our ability to bring strong titles to UMC in 2016 and in the first half of '17 and in spite of that, we grew at a nice rate. We are -- what I can say is that we are growing UMC. We continue to grow and we are very much on target based on our initial internal forecast.

When will we get to 80 -- I mean, when will we get to 100,000 to 200,000 subscribers? I expect that we will exceed 100,000 subscribers possibly not this year but I will say in 2018, we will be hitting 100,000 subscribers.

When we launched UMC, we talked about UMC needing to be at 200,000-300,000 subscribers to basically breakeven from a contribution point of view and we talked about UMC needing at least probably around three years to get there. What I will say that we're very much on target for that whether it's at 2018 or early 2019 when we get there. I don't know but I think we are on target for that.

With regards to our EBITDA numbers, you are correct, Bruce, in that our trailing 12-month EBITDA right now is striking at $17 million. Some of that is related to this one-time high margin sales that we had in wholesale in the third -- in the second quarter. Maybe that added -- maybe about a million dollars to our margin EBITDA in the quarter. So, I think that you do have to normalize for that.

For the year as a whole, I mean, for 2017 compared to 2016, we have not provided guidance and we are reluctant to provide guidance because as I've said, our primary goal is the growth of subscribers. What I will say is that compared to '16, we're still looking to grow our EBITDA in '17 and we do believe that if we hit a million as we're very much on target to do by June of '18 or early 2019.

We're going to be looking at EBITDA on a run rate well above 20 million and actually closer to 30 million. Now, how we get there in terms of how quickly we get there is going to be determined by more than anything, the growth of our subscribers and the marketing dollars that we put behind to support that.

That's what I would say. We expect EBITDA to grow this year. Again, we're reluctant to give you a specific number.

Bruce Galloway - *Galloway Capital Management, LLC - Analyst*

Disney just made an acquisition of BAMTech which is a digital platform technology company to really go hard into OTT. What's your technology platform and your enablement and how strong is it? And also, AMC, what's the prospects of them converting their warrants now that this stock is well above three?

Miguel Penella - *RLJ Entertainment - CEO*

Yes. First, on the question of the digital platform. We have been -- as I've said, I think, on the call over the last 18-24 months, we have been gradually expanding our platform and that entails building our IT team as well as developing specific apps.

We have had a strategy of partnering with a number of companies out there with OTT digital developers to customize the apps and devices for us -- for our purposes, for Acorn TV and UMC -- based on the customer experience that we're looking for based on the type of programs that we have whether they're episodic, the length of the programs, based on how we think our consumers like to watch the content and so forth.

We think that that strategy has done well. The feedback that we did from our customers is very positive, in particular for Acorn which is the most developed platform that we have. We think customers really like the service, not just because of the content but because of the experience that they have -- that they have in particular over the last 12 months.

So, I think that we're on a good path there. To me, the biggest challenge is that we still have a limited footprint and I would say that's the primary goal for us is to be on Android, to be on Sony smart TVs, to be on Samsung devices. And we have -- we are making all the IT investments both in terms of hiring of internal programmers and develop -- starting the development of apps that I think will get us there over the next 9-12 months.

Now, I don't think that we need to acquire a development company in order to do that. I think that we are on a good path, in a very cost-effective way based on the strategy that we are doing. And as I've said, to me, the primary goal is 9-12 months from now to basically be on all the devices that we want to be on.

With regards to AMC, I really can't speak for them in terms of if and when they will exercise their warrants. What I can say about them is that from day one, their investment -- our investment agreement with them was both a financial and a strategic investment agreement. And the warrant is really the mechanism for them to convert most of their debt into equity for the company.

The fact that they just started to convert some of them, about 1.7 million of them in the last month, I think that is testament to their confidence in the company and I personally hope that their relationship, their investment in us works out really well for them in the same way that our -- this investment is working out really well for us. We feel very good about the partnership. It's has really changed our financial profile, our cash liquidity position, our exposure to debt.

And also, it's giving us a lot of value from a strategic point of view. So, again, I can't speak for them but that's all I can say. We're very happy with the relationship and I hope that it really works out for them as well.

Operator

At this time, I'm showing no further questions.

I'd like to turn the conference back over to CEO, Miguel Penella, for closing remarks.

Miguel Penella - *RLJ Entertainment - CEO*

Thank you, everyone, for joining us today. And, you know, all I can say is that very happy with the results that we've had and we look forward to giving you an update on our third quarter call in the fall. Have a great day.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program. You may now disconnect. Everybody, have a great day.
