Cengage Learning Announces Estimated Fourth Quarter and Fiscal Year 2012 Results


Revenue for the fourth quarter of fiscal 2012 is estimated to be between $499 million and $505 million as compared to $473 million for the same period in the prior year. Excluding National Geographic School Publishing (“NGSP”), acquired on August 1, 2011, revenue for the fourth quarter of fiscal 2012 is estimated to be between $482 million and $488 million, driven primarily by growth in Domestic Learning.

Adjusted EBITDA for the fourth quarter of fiscal 2012 is estimated to be between $187 million and $193 million. NGSP’s contribution to Adjusted EBITDA during the fourth quarter is estimated to be between $2 million and $3 million. The prior year fourth quarter Adjusted EBITDA of $202 million included a minimal expense for domestic incentive compensation. On a comparable basis to include this year’s fourth quarter domestic incentive expense, Adjusted EBITDA for the fourth quarter of the prior year would have been approximately $185 million.

Revenue for the full year ended June 30, 2012 is estimated to be between $1,985 million and $1,991 million as compared to $1,876 million in the prior year. Excluding NGSP, revenue for the full year ended June 30, 2012 is estimated to be between $1,910 million and $1,915 million.

Adjusted EBITDA for the full year ended June 30, 2012 is estimated to be between $781 million and $787 million. NGSP’s contribution to Adjusted EBITDA during the fiscal year is estimated to be between $12 million and $15 million. Similar to the fourth quarter, the prior year Adjusted EBITDA of $780 million included a minimal expense for domestic incentive compensation. On a comparable basis to include this fiscal year’s domestic incentive expense, Adjusted EBITDA for fiscal 2011 would have been approximately $737 million.

For the last twelve months ended June 30, 2012, Bank EBITDA is estimated to be between $817 million and $823 million.

Our financial statements for the year ended June 30, 2012 are not yet available. The financial data presented above are preliminary, based upon our estimates and are subject to revision based upon our financial closing procedures and the completion of our financial statements. All of the data presented above have been prepared by and are the responsibility of management.

The Company intends to host a conference call in early August 2012 to discuss its results.
About Cengage Learning
Cengage Learning is a leading provider of innovative teaching, learning and research solutions for the academic, professional and library markets worldwide. The company’s products and services are designed to foster academic excellence and professional development, increase student engagement, improve learning outcomes and deliver authoritative information to people whenever and wherever they need it. Through the company’s unique position within both the library and academic markets, Cengage Learning is providing integrated learning solutions that bridge from the library to the classroom. Cengage Learning’s brands include Brooks/Cole, Course Technology, Delmar, Gale, Heinle, South-Western and Wadsworth, among others. Cengage Learning is headquartered in Stamford, CT. For more information on Cengage Learning please visit www.cengage.com.

Forward-Looking Statements
This press release includes certain disclosures which contain “forward-looking statements.” You can identify forward-looking statements because they contain words such as “expects.” Forward-looking statements are based on Cengage Learning’s current expectations and assumptions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in our Third Quarter Report for the three and nine months ended March 31, 2012, as amended.

“Adjusted EBITDA”: Defined as Net income (loss) before: income (loss) from discontinued operations, net of tax; equity losses of affiliates, net of taxes; benefit from (provision for) income taxes; interest expense, net; mark-to-market of derivative instruments; gain on early extinguishment of debt; other (income) expense, net; amortization and impairment of identifiable intangible assets; impairment of goodwill; depreciation; restructuring charges and the amortization of pre-publication costs. Adjusted EBITDA is a non-GAAP financial measure. We believe that this performance measure provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to our ongoing operating business. However, this and other non-GAAP measures should be viewed in addition to, and not as a substitute for, the Company’s reported results prepared in accordance with GAAP.

“Bank EBITDA”: Calculated pursuant to the terms of our Credit Agreement.

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