

PREMIER EXHIBITIONS INC

**Moderator: Arnie Geller
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8:00 a.m. CT**

Operator: Good day everyone and welcome to Premier Exhibitions, Inc.'s first quarter 2008 earnings release conference call. Just a reminder, today's conference is being recorded. Now for opening remarks and introductions, I will turn it over to Craig Stewart, Investor Relations Advisor. Please go ahead, sir.

Craig Stewart: Thank you. Good morning, everyone, thank you for taking time to join us. I'm going to read the Safe Harbor language prior to the call. Certain of the statements contained in this conference call will contain forward-looking statements that involve a number of risks and uncertainties.

Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Premier Exhibitions, Inc. has based these forward-looking statements on their current expectations and projections about future events based on the information currently available to it.

The forward-looking statements contained in this conference call may also include statements relating to the company's anticipated financial performance, business prospects, new developments, strategies and similar matters.

Certain of the factors described in the company's filings with the Securities and Exchange Commission, including the section of its annual report on Form 10-K for the year ended February 28, 2007, entitled risk factors, may affect the company's future results and cause those results to differ materially from those expressed in the forward-looking statements made during this conference call.

The company disclaims any obligation to update any of its forward-looking statements except as may be required by law.

I'd like to introduce the company's President and Chief Executive Officer, Mr. Arnie Geller.

Arnie Geller: Thank you, Craig, and good morning, everybody. Again, I would also like to thank all of you for joining us on this quarterly conference call.

And today, I'm especially pleased to start the call by announcing the record revenues from our quarter which ended May 31, 2007, with revenues of over \$11 million. It has been an excellent quarter and we expect an excellent year.

To give you more details on the quarter, let me turn this call over to our Chief Financial Officer, Stephen Couture.

Stephen Couture: Thank you, Arnie. Good morning, everyone. This was a nice quarter for us. We experienced impressive growth which provides us a solid foundation to build upon in this fiscal 2008. We expect this momentum to continue as we increase our number of concurrent Bodies exhibitions from eight in this first quarter to 11 in the second quarter.

During the first quarter, we had record revenues of 11.4 million, up from 5.8 million or 96 percent over the same period of the prior year and 14 percent from our fourth quarter of last fiscal year.

The increase is primarily due to the contributions of eight concurrent Bodies exhibitions during this quarter compared to five in the prior year first quarter and six in the prior year fourth quarter.

Our Bodies exhibitions that contributed to revenue in this current quarter were located in an aggregate of 11 venues, which included New York, Las Vegas, Seattle, San Diego, Miami, Durham, Arlington, Amsterdam, Prague, Lisbon, and Sao Paula.

We had six concurrent Titanic exhibitions adding to our revenue in the first quarter, located in an aggregate of seven venues which included Las Vegas, Cincinnati, Atlanta, Wichita, Panama City, Redding, and Victoria BC. Our Bodies exhibitions contributed about 80 percent of our revenue and Titanic exhibitions contributed about 20 percent for the quarter.

Looking at the expense items for the quarter, our exhibition costs decreased slightly, about six percent to 3.2 million versus our fourth quarter of last year, which was the result of a greater number of partner exhibitions where our partners incurred the majority of the exhibition costs rather than us.

This resulted in our gross profit percentage in this first quarter increasing to 72 percent or 8.2 million as compared to 6.7 million or 66 percent during the fourth quarter last year. Just moving to G&A expenses, we had a significant decrease in G&A of about 21 percent from the fourth quarter last year to 2.5 million.

The decrease is primarily the result of expenses associated with Sarbanes-Oxley related costs as well as accounting related and payroll related costs that we had in the fourth quarter of last year

that were reduced in our current quarter. Our G&A costs increased 15 percent during this quarter over the prior year first quarter.

Depreciation and amortization grew about three percent to 488,000 for the current quarter over the prior year fourth quarter. Income before provision for income taxes was 5.4 million as compared to 1.8 million in the first quarter of last year.

Net income for the first quarter was approximately 3.3 million and our basic and fully diluted earnings per share for the quarter was 11 cents and 10 cents, which was well ahead of analyst estimates. This is up from net income of approximately a million in basic and fully diluted earnings per share for the prior year first quarter of four cents and three cents.

In our earnings release, we provided non-GAAP EBITDA, which was 5.7 million compared to 2.1 million in the first quarter of the prior year. Non-GAAP free cash flow was 2.3 million compared to 341,000 in the first quarter of the prior year.

Also note that we didn't present non-GAAP net income since there wasn't a significant difference between GAAP and non-GAAP this quarter. We generated approximately 5.2 million of cash from operations during the quarter versus 905,000 used by operating activities for the same quarter of last year.

Our capital expenditures were 1.5 million, which are primarily associated with exhibitory purchase for additional Bodies exhibitions. We also secured 1.3 million of additional exhibition licenses for specimens for our Bodies exhibitions.

Let's turn to the balance sheet. We ended the quarter with approximately \$20.7 million in cash and marketable securities and this was an increase of 3.9 million from the end of the fourth

quarter, which was driven mostly by cash flow from operations. We also had working capital of 25.8 million and no outstanding debt.

With that, I'll turn you back over to Arnie.

Arnie Geller: Thank you, Steve. Let me say that I'm very pleased that this quarter has reflected the numbers that it has been. It reflects a lot more than just the numbers.

What it really reflects, and everybody who is on this call who are shareholders in the company should be pleased to hear, is that it also represents the operations themselves and the way everything has settled down now and going to work.

As you know, we've been pushing hard to get exhibitions open and we pushed just as hard to bring together a quality staff that can implement these exhibitions and do it in a professional and profitable manner. We've added a lot of new staff members over the past six months to be able to handle all of these exhibitions.

All that staff is in place and the execution of these – of these exhibitions is going quite well and we're very pleased with that. So it's important to know that not only do we have hit exhibitions, but we also have the staff that can insure that the quality product is turning into real revenues.

So it's important to say and to really thank you to our staff that may be on the phone, congratulating them on really what a fine job they are doing. Let me comment on some of the open items here that you may have questions, and I'll try to anticipate some of those questions before we get to the question and answer period.

Number one, Las Vegas, which continues to do very well for both Bodies and Titanic, is expected to end at its current location some time around the end of the year, calendar year. In anticipation

of that, and as I think I've mentioned before on these calls, we have been working closely with another venue and we're very close to signing an agreement.

And because we haven't done that yet, we haven't made the announcement, but I will say that that's going along as scheduled and we expect that we'll be moving into a new venue, which will be announced sometime around the end of the year or it could be as late as right after the first of the year.

We are still in development with a new exhibition, which unfortunately, I'm still not able to announce at this time and I don't want to do that until we're absolutely ready to go. These things take time.

The reason we put the other Bodies exhibitions out when we did is because we knew we were delivering a hit product and it was in the best business interest of the company to do that first. So the new projects are still in development. We still expect to announce those later this year.

As far as our guidance goes, we're tracking right on schedule and where we want to be. The Carpathia expedition, although we haven't settled on a date exactly yet, we still expect that we will be doing a recovery expedition to the Carpathia later on in this open weather window. Other than that, there really isn't much more to say.

I'll be interested in getting questions with respect to things that I may have left out, but the company is extremely strong. I couldn't be more pleased with our progress to date, our numbers, as I said before, certainly reflect that.

And I think, Operator, we should go ahead and open up the floor to questions.

Operator: Certainly, gentlemen. At this time, we would like to take your questions. If you do have a question, please signal by pressing the star key, followed by the digit one, on your telephone keypad. If you're joining via speakerphone, disengage your mute function prior to pressing the corresponding digits.

Once again, star, one, if you do have a question. We'll pause for just a moment.

We'll take our first question from Herb Hardt with Monness.

Herb Hardt: Good morning, Arnie.

Arnie Geller: Yes, good morning, Herb.

Herb Hardt: A question that regards your foreign exhibitions. I gather some of these are on a revenue-sharing basis and can you give us some idea how this breaks down?

Arnie Geller: Let me – let me start off by saying that in most – in most foreign exhibitions, if not all, we will be working with a partner. In some cases, it will be Jam. In other cases, it will be another partner, certainly an expert in the marketplace.

The important thing to remember is that the business relationship with those partners will vary and as you know, the arrangement that we've had with Jam in the past started at 50/50 and after recoupment, it would go down to 70/30.

We are currently operating with other third parties at 75/25 and would expect in some cases we'll go as low as 80/20. Steve, do you want to elaborate on that or have I covered that?

Stephen Couture: I think you've covered it. Maybe we should talk about the mix of international exhibitions as opposed to domestic.

Arnie Geller: Sure, go ahead.

Stephen Couture: Right now, we're at about 38 percent of our exhibitions are international and about 63 percent are domestic. And we expect that that mix will probably be about the same for the year. If not, the international exhibitions may increase slightly.

And the international will have, like Arnie said, will normally be under partnership arrangements.

Arnie Geller: Herb, does that cover your questions?

Herb Hardt: Well, and the accounting, does that come in after expenses?

Stephen Couture: Yes, it does. In an international exhibition, where you have a partnership, we basically recognize the net profit from the exhibition as our revenue and the only cost associated with that net profit on our books are the costs of the specimens.

Herb Hardt: Thank you.

Operator: Thank you. As a reminder, star, one, if you do have a question.

We do have a question from Bill Vlahos with Odyssey Value Partners.

Bill Vlahos: Good morning, guys, nice quarter.

Arnie Geller: Thank you.

Stephen Couture: Hey, Bill.

Bill Vlahos: Just two quick things, Arnie, for the new venue in Vegas, will you need to include Jam?

Arnie Geller: No. As a matter of fact, our contract with Jam stated specifically that it was only for the venue that we were in and only for a certain time period, so the answer to – the short answer is no. It will not include Jam. We'll be doing this on our own.

Bill Vlahos: Wow, that's great. And then my second question is, how should – in terms of looking long term at the business, vis-a-vis, the Bodies shows, if you look out a year or two, do you think we'll probably stay around 11 Bodies shows and all our new growth will come from the new exhibition concepts? Or do you foresee having a few more Bodies shows?

Arnie Geller: I visualize that we will expand our Bodies shows beyond where we are right now. We're assessing the marketplace and as I normally say on these calls, I can't – I can't give you a lot of new information for competitive reasons, but we do expect that there will be some expansion in the Bodies area and in the Titanic area, as well as new exhibitions.

Bill Vlahos: Great, super, keep up the good work.

Arnie Geller: Thank you.

Stephen Couture: Thanks.

Operator: Anything further, Mr. Vlahos?

Bill Vlahos: That's it. Thank you.

Operator: Thank you very much. We'll now move on to George Grose with American Capital Partners.

George Grose: Good morning.

Arnie Geller: Good morning, George.

Stephen Couture: Good morning, George.

George Grose: On the last conference call, you talked about, you know, Bodies exhibitions averaging 50,000 hits a month and, you know, you're getting about \$20 a hit. Does this trend still hold? I guess and also do you see this trend coming down as maybe more international venues roll into the model?

Arnie Geller: You know, I don't expect the trend to change. As a matter of fact, some of the international venues have – that have done – have exceeded our expectations I should say, so we have no expectations for there to be a reduction in international. And we don't think that these numbers should change at all.

George Grose: OK. And I guess now you've got 11 Bodies exhibitions that are running simultaneously, and if you were to take out the two permanent ones in New York City and Vegas, that means that for your nine cents of exhibitions, you would have to find 18 locations a year. How far in advance are these 18 locations or potential locations booked?

Arnie Geller: Well, obviously we'd like to book them as far in advance as we can. We have a good team who are – who are handling those arrangements. We're booked into 2008 with some of those exhibitions right now, but they're not fully booked although we have every intention to have all exhibitions working all the time.

The 11 Bodies exhibitions that we have, 10 of them are actually working right now. One of them has run into a delay, but we expect to have that open shortly.

George Grose: So this really, it's – you don't see any kind of change in terms of ability to find new venues?

Arnie Geller: Oh, no. As a matter of fact, that was the reason that we elected at this point to go to 11, and as I mentioned just a moment ago to Bill Vlahos, in answer to his question, we expect that that might expand into even a larger number, as because we see the market demand for it and we don't expect anything to the contrary. We expect to have all these exhibitions working all the time.

George Grose: OK. Then the last question here, I mean, now that you've started to prove yourself with, you know, the Bodies and Titanic, I mean, I would assume that the quality of potential exhibition material that is being brought to you has increased. I mean, can you I guess discuss as much as you can the pipeline there?

Arnie Geller: Well, you know, it's an interesting comment. We certainly are contacted on a regular basis with ideas and exhibitions that currently exist. Finding something in that manner isn't impossible, but it would be unusual.

Most of – most of the exhibitions that are in the pipeline are ones that we're working with third parties who may have those exhibitions in some other form right now, or just being created in-house.

George Grose: OK, thanks.

Arnie Geller: Thank you.

Operator: We'll now move on to Jeff Osher with JMP Asset Management.

Jeff Osher: Hey, guys. Can you just give me the split in Q4 between Bodies and Titanic as far as revenue contributions?

Stephen Couture: Sure. This is Steve. Bodies contributed about 80 percent of the revenue and Titanic contributed 20 percent, so in dollars, that's nine million in change for Bodies and 2.3 million for Titanic.

Jeff Osher: Yes. Sorry, guys. I was talking about Q4.

Stephen Couture: Oh, Q4?

Jeff Osher: Yes.

Stephen Couture: Sorry. The split in Q4 was 75/25, I believe.

Jeff Osher: 75/25, OK. Thank you, that's helpful. And then as far as this quarter, was there a license fee from the new exhibition that opened or was that operated by Premier?

Stephen Couture: For which exhibition?

Jeff Osher: The – you guys had one more Bodies exhibition in the quarter?

Stephen Couture: Yes.

Jeff Osher: Didn't you go from seven to eight?

Stephen Couture: Yes. We had a license fee for – and we had a lot of movement in the quarter, but we had license fees for two of the exhibitions actually during the quarter.

Jeff Osher: That you recognized within the quarter?

Stephen Couture: Yes.

Jeff Osher: And those are one-time in nature?

Stephen Couture: Yes.

Jeff Osher: What were those?

Stephen Couture: They're about – on average, they're about a half a million dollars per exhibition.

Jeff Osher: So we got a million in license fee?

Stephen Couture: Yes.

Jeff Osher: OK. So net of the license fee, the core business was up about 400 grand sequentially?

Stephen Couture: That's correct.

Jeff Osher: OK, that's helpful. And then of the three new ones, Arnie, are those going to be operated by Premier or partners? You may have said that and I apologize if I missed that.

Arnie Geller: No, it's OK. You can expect typically that any exhibition that we open up in the United States, we will do independent of a partner and if we are outside of the states, typically we will have a local expert that we'll team up with, and that's on Bodies.

On Titanic, typically we're in museums with Titanic, so you can – although Titanic is calculated differently, you can always assume that we're in a revenue share with whenever we're in a museum.

Jeff Osher: OK. That's helpful as well. I appreciate the clarification.

Stephen Couture: Let me give you a little more clarity on the revenue splits last year ...

Jeff Osher: That would be great.

Stephen Couture: ... on the Bodies and Titanic. For the full fiscal year, the Bodies contributed about 73 percent and Titanic, 27 percent, and let me revisit the fourth quarter. I'm looking at the numbers now. Bodies contributed about 68 percent in the fourth quarter and Titanic was 32.

Jeff Osher: OK, so Q4 was 68/32?

Stephen Couture: 68/32, yes.

Jeff Osher: OK. I appreciate that for modeling purposes. And one more, if you don't – I just need clarification. I think one of the earlier callers said on average, you're getting 50,000 hits per month at \$20. I had in my notes 50 to 65,000 at \$24. Can you just ...

Arnie Geller: That might have been for one of the exhibitions.

Jeff Osher: For one, OK.

Arnie Geller: Yes, but if you take it on the average, we expect that the Bodies exhibitions will work 11 months out of the year with one year for transferring from one (phase) to the other, and at 50,000 people a month would be 550,000 in a given year, has a \$20 average.

Jeff Osher: That's great. And the last question, Steve, is this the last quarter we'll see proceeds from options or warrants, because that was about a third of – a third of our – of our increase in cash flow?

Stephen Couture: No, it won't be the last quarter. We still have about 1.7 million warrants outstanding and about three million in stock options, employee stock options outstanding. So you'll continue to see exercises of the warrants and you may see employee stock option exercises as well.

Jeff Osher: So we'll continue to get the cash benefit from that?

Stephen Couture: Yes, yes.

Jeff Osher: OK.

Arnie Geller: That was units you were talking about, right Steve, not dollars?

Stephen Couture: That is shares.

Jeff Osher: Shares?

Stephen Couture: Yes, right. And you know, so it will bring us to a fully diluted, if you converted every option and warrant to about just over 34 million shares outstanding.

Jeff Osher: OK, great. Thanks a lot, guys. I appreciate the time.

Arnie Geller: Thank you.

Stephen Couture: You're welcome.

Operator: Thank you. We'll take our next question from Mike Dodge, Private Investor.

Mike Dodge: Yes, thank you, and again, congratulations on the great financial results. One question I had, and just relative to your thoughts, we've seen kind of a hefty increase in the (short) position on (Prixy) and I was wondering what long-term impact you feel this may have on our (PVS)?

Strangely enough, the warrants and the (short) seem to be – the (short entrants) seem to be just about equal and I just don't like the game sometimes they play on this particular equation. And I just wondered what your thoughts were on this?

Arnie Geller: Steve, do you have any comments?

Stephen Couture: No, I mean, I really don't. I really don't pay attention to the (short) position.

Craig Stewart: This is Craig Stewart. As an advisor of the company, we probably – we probably would want to decline any comment on that topic.

Mike Dodge: OK.

Arnie Geller: But thank you.

Mike Dodge: You're welcome.

Arnie Geller: OK.

Craig Stewart: Is there any other question?

Mike Dodge: No, that's it. Thank you very much.

Craig Stewart: Thank you.

Operator: As a reminder, star, one, if you do have a question.

We'll now hear from Fabio Silvagni out of Catapult Partners.

Fabio Silvagni: Hi, guys. Thanks for taking my questions. First, I wanted to see if – we've been seeing some signs that the consumer is slowing. You read of it every day in the paper. I was wondering if you could give us any color on what you're seeing on your business and how it's impacting you, if any?

And then I wanted to touch base and see if you had seen any negative impact due to weather throughout the quarter? Thank you.

Arnie Geller: Thank you. Those are good questions. We really haven't been able to attribute weather as having been a factor so far this year in the markets that we're in.

And with respect to general dips or declines, we rarely see that as, you know, if you classify us properly as an entertainment event and when one of the entertainment events comes to a local

market, it's treated pretty much that way. So those that wish to come out, do, and those that don't, of course, don't.

But it rarely has an impact as the economy generally doesn't have much of an impact on the entertainment business.

Fabio Silvagni: OK, perfect. And then I just had one clarification question, the licensing deal impact that you guys had, can you just walk us through that briefly?

Arnie Geller: Could you be more specific? I think I'm not following your question.

Fabio Silvagni: One of the – one of the callers earlier asked about the licensing deal impact sequentially, I think it was from the fourth quarter to the first quarter, and I wasn't too sure what they were implying with that.

Stephen Couture: Yes, let me answer that question. Typically, when we have a partner involved in an exhibition, we charge a license fee up front to secure the exhibition and that's normally about a \$.5 million on a Bodies exhibition. And that's what we were referring to. We had some license fees in the first quarter regarding partner exhibitions.

Fabio Silvagni: And the total of the licensing was?

Stephen Couture: They were \$1 million.

Fabio Silvagni: \$1 million, OK, perfect. Thank you.

Arnie Geller: Sure, next question please?

Operator: We'll take our next question from Calvin Hori out of Hori Capital Management.

Calvin Hori: Hi, guys, great quarter.

Arnie Geller: Thank you.

Calvin Hori: Can you give us an update on the potential sale about Titanic artifacts as well as the possibility to get the ((inaudible)) exhibit down in lower Manhattan?

Arnie Geller: Yes. With respect to monetizing the Titanic assets, that's an ongoing process. I'm sorry I don't have anything that I can report at this moment except it is an ongoing process. It's something that we continue to work on regularly, and that as soon as we have something to report, we certainly will report that.

With respect to ((inaudible)) (Shreveport), was that your question? I'm sorry.

Stephen Couture: I believe it was (Purate), Arnie.

Calvin Hori: Yes, (Purate), yes.

Arnie Geller: Oh, I'm sorry. The (Purate) project as I had mentioned in our last call, which you may have missed, was a disappointing delay that we think – we can't even anticipate how long it's going to be at the moment.

Calvin Hori: OK.

Arnie Geller: The people that were involved in the project have quieted down considerably. The city of New York has delayed, along with the National Park Service, in determining what the – when that project is going to finally get going.

We are hopeful and continue to remain hopeful as everybody involved with the project, including the city and the National Park Service, were very supportive, and hopeful that a permanent Titanic home would be at (Purate), so we expect that in the future, that will still be the case. Unfortunately, we're not able to pinpoint a date.

Calvin Hori: OK, great, that's all I needed, thanks.

Arnie Geller: Thank you.

Operator: We do have a question in the queue from Bill Sutherland with Benning & Scattergood.

Bill Sutherland: Thanks and thanks for taking my question. The preliminary 2008 financial guidance (functions) you provided back in the May call, I wondered – I got on late, so I apologize if you have addressed it, but I wonder if there are any updates or color to those, the functions this morning?

Arnie Geller: I had made a comment earlier that we were tracking right to where we want it to be and that's the only new information that we could provide at this time.

Bill Sutherland: OK. And I know that you spoke – you spoke to, in that conference call, to a price target for the stock and I did not get any sense of kind of the assumptions behind that. I wonder if you could address that today or if you could?

Arnie Geller: We addressed that in a subsequent press release rescinding my personal comments and holding firm with the – with the guidance figure only. I think that's what you're referring to?

Bill Sutherland: Right. Oh, so that press release, it essentially just said to revert to the assumptions and ignore the price target comment?

Stephen Couture: That's correct.

Bill Sutherland: OK. Thanks, everybody.

Arnie Geller: Thank you.

Operator: There are no further questions at this time. I'll turn it back over to Mr. Geller for any additional and closing comments.

Arnie Geller: All right. Well, again, thank you all very much for joining us on this holiday week. It's sort of a strange week to be able to do all of this, but the company is extremely confident in its future. We're heading down the right road. We're pleased with what is going on.

We expect it to continue and to continue to improve and grow. So I thank you all very much for being so supportive of the company and we're not going to let you down. Thank you. Bye-bye.

Operator: Thank you. That does conclude today's conference call. We thank you for your participation. Have a great day.

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