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Phoenix Footwear Group, Inc. Q2 2008 Earnings Call Transcript

Earnings Call Excerpt

Phoenix Footwear Group, Inc. (PXG)

Q2 2008 Earnings Call

August 12, 2008 4:30 pm ET

Executives

Andrew Greenbaum – Investor Relations – ICR, Inc.

James R. Riedman – Chairman

Cathy B. Taylor – President and Chief Executive Officer

Scott Sporrer – Interim Chief Financial Officer

Analysts

Jeff Mintz – Wedbush Morgan Securities Inc.

Presentation

Operator

Welcome to the Phoenix Footwear second quarter 2008 earnings conference call. (Operator Instructions) I will now turn the conference over to Mr. Andrew Greenbaum of ICR.

Andrew Greenbaum

Good afternoon everyone and thank you for joining us today to discuss Phoenix Footwear's second quarter 2008 earnings results. On the call with me today are Jim Riedman, the company's Chairman, Cathy Taylor, the company's Chief Executive Officer and Scott Sporrer, the company's Interim Chief Financial Officer.

Everyone should have access to the press release at this time. It went out at 1:00 pm Pacific and 4:00 pm Eastern time today. If you have not received a release it is available on the investor relations portion of Phoenix Footwear's website at www.PhoenixFootwear.com. Before we begin the call today I'd like to remind everyone of the Safe Harbor statement under the Private Securities Litigation Reform Act of 1995. The following prepared remarks contain forward-looking statements including statements regarding Phoenix Footwear's expected financial performance and financial condition.

Management may make additional forward-looking statements in response to your questions. These statements are based on current information and expectation and do not guarantee future performance. Therefore, undue reliance should not be placed upon them. For a more detailed discussion of the factors that could cause actual results to differ materially from those projected in any forward-looking statements, we refer you to Phoenix Footwear's filings with the Securities and Exchange Commission, including the annual report filed by Phoenix on Form 10K, quarterly reports filed on Form 10Q and current reports filed under Form 8K.

With that I'd like to turn the call over to Jim Riedman.

James R. Riedman

Welcome everyone to our earnings conference call. While the very challenging economic conditions and consumer environment impacted our top line performance during the quarter we continue to benefit from our revitalized business models in several areas, which helped us to offset lower than anticipated sales. Let me start the call with a brief review of our major operational and financial accomplishments.

In the current quarter we expanded our gross margins and had flat operating loss compared to the same quarter last year. This performance was driven by our tighter control on cost and led results that were better than we otherwise might have expected given our quarterly sales level. It's worth noting that some of our operating expenses were related to the divestiture of Royal Robbins and Altama last year and a reallocation of remaining overhead costs from discontinued operations to continued operations.

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