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A.C. Moore Arts & Crafts, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Caru Martinson - Deutsche Bank.

Caru Martinson - Deutsche Bank

I just wanted to follow up on the same store trends here. What are you seeing in terms of customer traffic here versus pricing and just kind of a geographic split going forward?

Joseph A. Jeffries

Our customer traffic has improved slightly on a cost basis and our average transaction seems to be staying flat.

Caru Martinson - Deutsche Bank

I thought I heard you say that you're seeing positive trends for framing. Is this the custom framing side of it or the tabletop frames?

Joseph A. Jeffries

Well I didn't mention framing directly. We are seeing positive trends in both.

Caru Martinson - Deutsche Bank

I'm curious in terms of the better pricing coming from vendors. Most folks that we've talked to all have said inflation coming out of China, raising prices trying to offset some of the fuel costs themselves. How are you going about securing the improved pricing?

Joseph A. Jeffries

Well as part of the category management process we're constantly evaluating SKU items within the assortment and finding ways to drive volume into SKUs that will help us leverage pricing. Also the ability to work through the specs of products overseas, particularly to help improve costing and help them leverage their ability to acquire raw materials will also help as well.

Caru Martinson - Deutsche Bank

In terms of the competitive environment as you're perhaps exiting some of these markets, what are you seeing in your core markets that you're going to be retaining whether it's from JoAnne's or Hobby Lobby or Michaels or others?

Joseph A. Jeffries

We've not seen any material change thus far this year and they've opened a few stores in some markets but nothing out of the ordinary.

Operator

Our next question comes from William Armstrong - C.L. King & Associates, Inc.

William Armstrong - C.L. King & Associates, Inc.

I just wanted to clarify the impairment charges. Were they all in that SG&A?

Michael G. Zawoysky

Yes, they were. Let me clarify that. The impairment charges were SG&A and then the closing costs, the \$726,000, were the pre-opening and closing costs line.

William Armstrong - C.L. King & Associates, Inc.

What was actually the dollar amount of the impairment charge in SG&A?

Michael G. Zawoysky

\$1.8 million.

William Armstrong - C.L. King & Associates, Inc.

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