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## Pool Corporation Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Curt - JP Morgan.

#### Curt Woodworth - JPMorgan

In terms of looking at the MRO side of the business for Pool, would that have grown about 1% to 2% this quarter?

#### Manuel Perez De La Mesa

It would have grown a little faster than that, Curt. 1% to 2% would be at least the unit growth. When we look at our part sales growth and we look at our chemical sales growth, those numbers are at least mid single digits.

#### Curt Woodworth - JPMorgan

So if 20% of your business is down 30%, that would be negative 6, and if 80% was up mid single digits, you'd get to a number that would be better than the down 5 you mentioned on the call.

#### Manuel Perez De La Mesa

The only difference in your math is that the reference point when I refer to the 80% is '08. The reference point really is from last year. It would be closer to 72%, 74%.

#### Curt Woodworth - JPMorgan

In terms of looking at the SG&A structure, clearly the headcount is the major moving piece of the improvement but then there is some other factors, and you mentioned facility rationalization and just higher lease cost expenses. What was the amount of that headwind this quarter, and how much of those costs would you characterize as non-recurring in terms of relocation type costs?

#### Manuel Perez De La Mesa

The increase in real estate expenses in the quarter are in fact largely recurring given the fact that we have the same facilities with rent increases built into the long term leases that we have as well as facilities that we relocated into during the course of the past 15 months as Mark mentioned. In the quarter, the increase in rent expense is just in rent expense alone is a shade over \$1 million.

**Curt Woodworth - JPMorgan**

Just thinking about raising the low end of your guidance, yet you're saying that you think your top line is going to come in at that percentage. Is essentially the only thing that's changed, Mannie, is the gross margin performance, that wild card you mentioned as you have a lot more clarity in visibility into that number right now?

**Manuel Perez De La Mesa**

That's correct, Curt.

**Curt Woodworth - JPMorgan**

And just for the third quarter thinking sequentially relative to the second quarter, what are some of the moving pieces and what kind of typical progression do you get in gross margins sequentially?

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