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## Champion Enterprises, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. At this time, we will open the call to questions. (Operator Instructions) Our first call comes from John Diffendal of BB&T Capital Markets.

#### John Diffendal – BB&T Capital Markets

I wanted to maybe get your thoughts, as you noted, I mean your unit declines in HUD-Code in modular, I guess both down sort of the mid 30% area for the quarter. That's obviously impacted by the capacity moves you made. If you try to sort of back that capacity changes out, I wonder if you have sort of a same-store sort of or same-plant basis decline you might be able to pass on there. I'm trying to back out the capacity moves relative to what's going on in units.

#### William Griffiths

I don't off the top of our head, but we can certainly do the math on that, and Laurie can follow-up with you later. But to try and put it in perspective, John, if you look at the industry data for which there are now five months available, all of the increases are really limited to the eight southern states that are categorized. There's been the Eastern West/South Central. In those eight states, unit volumes are up 13.6% and those eight states now represent because of Texas almost a half of all HUD-Code shipments, 46.5 in fact. That region is currently covered by one plant per Champion and 4.5% of our total U.S. capacity.

If you go to California, Arizona, and Florida, as we've said before, it's 28% of our capacity and industry shipments are down by 30% this year in the first five months. If you go the Midwest now, that represents 16% of our capacity and shipments are down 21%, whereas if you look at Champion's HUD-Code shipments in the aggregate for the first six months of the year, they're down 25%. So while it's perhaps difficult to get your mind around, our view is that while on the face of it, it may appear that our unit volumes are declining at a much faster rate than the industry. I think when you put all the pieces together, you'll find that that's not really the case. But we clearly, I mean almost half of our capacity is in the Coastal space and the Midwest and almost none done in the South.

#### John Diffendal – BB&T Capital Markets

That's very helpful. The Midwest, I think you indicated before, is getting a little better [inaudible] this quarter.

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