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Nu Skin Enterprises, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Olivia Tong – Merrill Lynch.

Olivia Tong – Merrill Lynch

I just want to talk a little bit about your expectation for Japan going forward. Previously, I think you guys had said sort of declines would decelerate as the year progressed. First, are you still expecting that? And then also, relatively to earlier this year with all the negative media attention, do you think that that attention has gotten worse as the quarter has progressed? Or, is it easing or just it's still present and that's about it?

M. Truman Hunt

Well Olivia we obviously, as we indicated, were frustrated with our Japan results after making some really good progress in the third and fourth quarters of last year. With this start for the year it's obviously going to be very difficult for us to get to the point we originally anticipated Japan being during 2008. We frankly, in our modeling, and in our guidance have not baked in much of an improvement at all in Japan for the remainder of the year. We're modeling it as essentially consistent with first quarter results. Now, hopefully we can do better than that but we wanted to model conservatively in that regard. It's just hard to know how long this factor is going to continue to impact our business.

With respect to the current level of media attention I don't believe that the media attention is increasing but we have heard privately through internal sources that the government continues to scrutinize our industry carefully and it could very well be that additional press might come out related to other competitors. So, we're just modeling the remainder of the year conservatively in Japan.

Olivia Tong – Merrill Lynch

No uplift expected from the convention exporter?

M. Truman Hunt

We do think there will be an uplift from the convention. We would expect the second quarter to be better than the first quarter for that reason. But again, in our modeling we have not modeled an improvement.

Olivia Tong – Merrill Lynch

Turning to China, I know it's difficult to predict and there's a lot of moving parts with the distributor model changes but it seemed like last quarter made it sound like things were sort of improving a little bit. With another double digit decline this quarter I'm just wondering if there's anything that has changed relative to your expectations in that market?

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