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Tanger Outlet Centers Q1 2008 Earnings Call Transcript

Earnings Call Excerpt

Tanger Outlet Centers (SKT)

Q1 2008 Earnings Call

May 1, 2008 10:00 am ET

Executives

Stanley K. Tanger- Chairman, CEO, and Founder

Steven B. Tanger- President and COO

Frank Marschisello, Jr. - Executive VP and CFO

Analysts

Christy McElroy- Banc of America Securities

Michael Bilerman- Citigroup

Jonathan Habermann- Goldman Sachs

Jim Sullivan- Green Street Advisors

Steve Sakwa- Merrill Lynch

David M. Fick- Stifel, Nicolaus & Company, Inc.

Jeffrey Spector- UBS

Presentation

Stanley Tanger

Frank will take you through our financial results, and Steve will follow with our operating performance and future developments. Then we'll have time for questions. I would like to turn the call over to Frank Marchisello please.

Frank Marchisello

Our total funds from operations available to common shareholders for the first quarter increased 7%, to \$22.8 million, compared to \$21.3 million last year. FFO per share also increased 7% to \$.61 per share as compared to \$.57 per share last year. Our year-over-year increase in FFO is a direct result of our ability to drive rental rates on renewals and re-lease space, as well as incremental revenues from our four expansion projects which opened during the fourth quarter of 2007.

Our FFO payout ratio for the quarter that ended March 2008 was 59%, compared to 60% last year, and our FAD payout ratio was 82% as compared to 97% last year. Including the impact of the recently announced dividend increase, we currently believe that we can maintain an FFO payout ratio in the [inaudible] % range and an FAD ratio in the 90% in 2008. We will continue to invest additional dollars in capital improvements during 2008, including a \$17 million reconfiguration project currently underway in our center located on Highway 501 in Myrtle Beach, SC. Excluding this reconfiguration project, our FAD payout ratio for 2008 is expected to be in the mid-70% range. In addition we will continue to invest in our ongoing efforts to increase occupancy at selected centers, and attract new high-volume tenants to the outlet industry. We are committed to achieving high quality, long-term earnings by consistently investing in our business. Net income available to common shareholders for the first quarter of 2007 was \$5.6 million or \$.18 per share, as compared to net income of \$1.9 million, or \$06 per share for the first quarter of 2007.

On a consolidate basis, our total market capitalization as of March 31st, 2008 was approximately \$2.2 billion, and our debt-to-total market capitalization at the end of the first quarter was approximately 32.4% We also maintained a strong interest covered ratio of 3.43 times for the first quarter of 2008.

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