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A.C. Moore Arts and Crafts Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Seth Basham with Credit Suisse.

Seth Basham – Credit Suisse

A couple questions, since you talked about the outlook for 2008 Rick maybe you could give us a broad overview of why you are expecting down comps relative to your competition, Michaels in particular, that is expecting flat comps? What's different about your business versus theirs?

Rick Lepley

I didn't say we were expecting to comp down for the year what I said was we were not building a comp increase for the year.

Seth Basham – Credit Suisse

So flattish. Since you went down that path would you be willing to talk about where you expect margins to be flowing throughout the year?

Rick Lepley

No we wouldn't. I would say simply that we hope to continue doing what we've been doing and we hope that leads to some improvement again this year. In terms of how much I really wouldn't want to say.

Seth Basham – Credit Suisse

One other question on in stock, it sounds like you guys have really studied the issues and are taking a lot of action. At what point in 2008 or beyond do you think that the issue will be fully resolved to your satisfaction.

Joe Jeffries

As it relates to out of stocks that you mentioned we recognize when visiting stores ordered this year that was a problem. We've put a full court press on that I've talked about initially coming back working with Marc and Dennis Hodgson we made some really, really strategic changes here to make a material difference this year. We are seeing week after week when we scan our outs we are seeing

the number improve. I'd like to think that when we come out of Q2 that we are going to be in much, much better position in in stock at shelf edge. Everybody in the organization is purely focused on this.

Rick Lepley

Two things that I would add to it, one of the issues is caused by what we call lack of planogram integrity. In other words, every store doesn't have exactly the same planogram and that leads to some challenges but now at least we know what every store has in stock so that will help. The second one is we mentioned earlier Joe alluded to it is changing vendors in some cases that left us with some period where the old vendor wasn't supplying us and the new vendor wasn't supplying us yet either. That also hurt us.

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