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Dixie Group Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Sam Darkatsh with Raymond James.

Sam Darkatsh – Raymond James

Looking at your production now Dan, your facilities are you running just one shift at this point? What's your level of utilization and do you think if things continue at least on the residential side, do you think you may have to rationalize some production capacity?

Daniel K. Frierson

Sam, we're running all of the same shifts we were running last year currently. We obviously have capacity to grow our business. Our results or shipments so far this year are off slightly from last year. We do think first quarters going to be a very difficult period but that things will improve after that. Seasonally, they tend to and we don't think this year will be different from that perspective. But, we do think the entire year will be a difficult year so what we are doing is certainly watching our inventories, planning our business better, running fewer hours but not fewer shifts.

Sam Darkatsh – Raymond James

Okay so what you're saying is that your hard capacity, you feel fine with and you don't feel you need to adjust hard capacity at this point?

Daniel K. Frierson

No, we do not.

Sam Darkatsh – Raymond James

Okay. When you're saying that the first quarter or the first half is going to be a real challenge are you suspecting that the change in sales on a year-on-year basis would be similar to the change on the year-on-year sales in the first half of 07 down mid single? Or, are we looking at similar run rates in terms of declines as we saw in the second half of 07?

Daniel K. Frierson

I don't have a good answer for you. Obviously, if we knew where business was going to be for the industry we would be able to plan our business better but, our thinking at this time is that business will be more difficult in the first half with comparisons to the prior year than it will be in the second half.

Sam Darkatsh – Raymond James

Well, then I'll ask the question this way and if this was in your prepared remarks and I missed it, I apologize. Through the first seven or eight weeks of Q1 is your business running down low single digit? Down mid single digit? How should we look at that at least from what you've gone through here so far in the quarter?

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