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Furniture Brands International, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from the line of Chad Bolen with Raymond James

Chad Bolen – Raymond James

In regards to the sales discount line item, could you help us understand how that's calculated exactly what does it consist of and does the smaller run rate in Q4 versus kind of the full year does that imply that the negative impact from discounting is weighing late in the year?

Dan Stone

Yes, the sales discounts were a combination of returns, allowances, markdowns, those kind of items so it's everything from gross to net for us. Yes, it's a cycle down in Q4 as we are getting substantially closer to our inventory run rate.

Chad Bolen – Raymond James

The EPS guidance of \$0.40 to \$0.60 is GAAP what kind of charges can we expect in '08? Do you have more facilities or stores to be closed? Will we get any help on those ahead of time or will you report them as they are incurred.

Ralph Scozzafava

We don't anticipate lots of factory closures ahead of us. We don't have a lot of that activity in our plan. We think we did a lot of it in 2007, certainly if we make an evaluation over the next 12 months we'd certainly let you know ahead of time but we don't see that being a big number.

Operator

Your next question comes from the line of Ike Borcia with Morgan Keegan.

Ike Borcia – Morgan Keegan

A question about the '08 guidance, the EPS range it's, year over year compared this year you generated a decent loss in you are basically looking to make some money, a decent amount of money in '08. I'm just trying to wonder with the top line continuing to be pressured and the environment remaining challenging, how exactly do you get from ?A to Z'?

Dan Stone

In the script we just gave you it laid out the key building blocks so certainly we factored in sales decline in our guidance for next year and then you've picked up cycling the markdowns from last year, the factory closings, head count reductions, store closures, reduction in demerged costs, there's a much longer list than that we gave you the key items there, to allow you to get from last year to 2008.

Ralph Scozzafava

On top of all it all, or maybe underneath it all, is we made some choices around taking the charges and getting what we would call the unprofitable piece of our business behind us. That's why you saw the numbers that you saw for Q4, what we like to say around here is we had what we called low grade fever and you can live with it for a long time or you can take the medicine and get it out of the system, that's really what Dan has outlined for you and that's the bridge back from where you saw '07 to '08 and we believe they are behind us forever and we'll continue to go forward and optimize.

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