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Interface Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question is from Sam Darkatsh – Raymond James

Sam Darkatsh – Raymond James

Couple of questions, first off Dan, if things get, you know, much softer, what would your inclination be in terms of paring back discretionary costs and what costs would you look at if you're trying to conserve cash and profitability?

Dan Hendrix

As I said in the call, Sam, we're going to protect the profitability, you know, there's a lot of discretionary spend obviously within our P&L. I would not cut discretionary spends around the sales and marketing group. But we will look at every cost that doesn't really increase growth, and take a hard look at that.

Sam Darkatsh – Raymond James

So would you expect outside of, of an off the table sort of drop, would you expect that SG&A as a percent of sales would fall, if you get some favorable leverage even in a downturn?

Dan Hendrix

I would say in a downturn we would keep SG&A levels where they are, percentage wise.

Sam Darkatsh – Raymond James

Give us a little bit of color as to how do you see October orders looking at this point?

Dan Hendrix

October orders still a lot like they did in July about the same rate. Interestingly enough our U.S. business is up 12%. Our American business is up 12% our U.S. modular business is actually up more like 15% to 20%. The weakness is in Europe we've been highlighting that for a while. That's the biggest concern that I have. I'm not very concerned about the U.S. business at all. That's a very segmented business and we're seeing a lot of good growth coming out of the non-office piece.

Sam Darkatsh – Raymond James

Any chatter with respect to fiber costs coming off as of yet with oil prices where they are and demand slipping?

Dan Hendrix

Not yet, not yet.

Sam Darkatsh – Raymond James

Would you anticipate with [inaudible] coming off would you anticipate something?

Dan Hendrix

We anticipate supply and demand issues and we'll have a lot of leverage with our yarn suppliers.

Sam Darkatsh – Raymond James

Two more quickies then I'll defer to others. Are there, with the bonds trading underneath par, are you active in the market in terms of buying those bonds back, or what are your thoughts there, Patrick?

Patrick Lynch

We are and we've repurchased \$19.4 million since the end of the quarter.

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