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Furniture Brands International, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first call comes from [Todd Swartzman]

[Todd Swartzman]

I'm interested in hearing about any improvement in liquidity based on the change in current assets it seems that excess availability improved during the quarter. Could you shed some light on that, maybe quantify things for us please?

Steven Rolls

I think you know and other know, our primary source of borrowing, the only source we're using today is our asset based loan agreement that provides availability based on the level of our inventories and our receivables. As those go up, we can borrow more, as they go down we can borrow less.

But we tend to keep a kind of certain minimum of availability and keep the rest in cash, so we generated a lot of cash at year end. We reduced some of our receivables and inventories as you know, so that led to us paying down a chunk of the debt in January. But we keep an adequate level of availability all the time.

[Todd Swartzman]

Where did it stand at year end?

Steven Rolls

We had at year end \$81 million.

Operator

Your next question comes from John Baugh – Stifel Nicolaus.

John Baugh – Stifel Nicolaus

Could you give us, I understand there's no guidance and that's fine, but there was a reference to positive cash flow in '09, and I was wondering if you could help us with some of the building blocks; what you think working capital is going to do, the CapEx, the D&A spread. You've got \$20 million I think of cash cost associated with these charges. I assume there might be more cash cost related to some of these charges later in the year, but just some kind of guideline there.

Ralph Scozzafava

I probably can't give you detailed numbers on a line by line basis, but I'll tell you the key elements that we look for there; obviously earnings excluding depreciation, changes in working capital. I think we can get more working capital as we continue to improve our DSO's and inventories and our payables, so that will continue forward.

Capital spending, we're going to be fairly careful about capital spending in this year. It's not a capital intensive business for us anyway, but we'll just do that very judiciously. We have a number of properties that we have for sale. We're not going to give them away in this current environment, but it's quite likely that we could sell properties, warehouses, factories, offices, that kind of thing going forward.

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