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## MPS Group Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Thank you. We'll go first to Kevin McVay with Credit Suisse.

**Kevin McVay - Credit Suisse**

Great, thank you. Hi, Tim, Bob, Tyra.

**Tim Payne**

Hi, Kevin.

**Kevin McVay - Credit Suisse**

Hey Tim, your thoughts in terms of perspective on this cycle versus the last one and the way the company is positioned was very, very helpful. I wonder if you could talk through the SG&A a little bit. The reason I say that is, I know probably the last downturn you folks were considering splitting off the company. I know that there was some incremental SG&A. So how we should think about variable versus non-variable costs today versus the last cycle? And you know, Bob if you had any incremental thoughts around kind of margins as we head into this '09.

**Tim Payne**

Okay. Yes, Kevin as you recall the last time around, 2001 we were coming off of a period of pretty rapid acquisition growth from about '96 to 2001 and there was also some plans in place to split the company into various pieces and that tended to add to SG&A as that infrastructure was built for each of those units.

I think this time around we don't have a lot of those costs in place, and we haven't been doing nearly as many acquisitions as we did back then. So the good news is we are probably a little more cost efficient now, but maybe the bad news on that is we don't have a lot of real easy costs that we can cut like we did last time around.

But, we are looking at things very carefully. And as Bob mentioned, you know, some of the costs will actually adjust automatically as the business declines and Bob do you have any other thoughts on that.

**Bob Crouch**

No. I think just a couple of things different this time. Obviously, when you look at margins from operating margin standpoint, you have got equity compensation that wasn't there last time, and we've got V/Line which we didn't have last time, which is a little more of fixed model structure but otherwise it's, we will manage it similar to the way we did time, Kevin.

**Kevin McVay - Credit Suisse**

Okay. And then Bob, can you just remind us what percentage of EBIT idea was last cycle as opposed to today. There was a high margin business that declined pretty quickly. So, I'd imagine you are not going to have that type of headwind heading into '09 to just as a percentage of EBIT, if you have got that handy.

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