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RC2 Corporation, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Sean McGowan – Needham & Company.

Sean McGowan – Needham & Company

Could you comment on retail sale through of some of the key brands, John Deere and Thomas in the fourth quarter as well as what you're seeing so far this year?

Curtis Stoelting

Sean you obviously know we can't get into specific product lines or brands in terms of specific data but I'll let Pete give an overview in general of how he's tracked POS both in the quarter and as we started '09 here.

Peter Nicholson

The POS as Curt said in his comments, and we get our fair share, and fourth quarter was lumpy. It really picked up Thanksgiving and it was almost consistent with previous years once it got into the store. What's been good is we're seeing the POS remain pretty strong in the first six weeks of this year. It's still; it's somewhat flying in the face of the economic news out there.

The consumer hasn't quite quit. They'll be a little more discerning but you would think the POS would be not as good, so we've been pleased with what we're seeing and even some of the higher priced goods, we've actually have very nice sale through here in the first six weeks of the year.

Sean McGowan – Needham & Company

This credit facility, if you achieve that clean down, does that you a toe in the market for a possible acquisition or is that really left to what we should look forward to this year?

Curtis Stoelting

We're always working on the next acquisition, but we're not going to get locked into any timing on that. Right now we know that it's all about preserving cash and capital and that's what we're focused on so we're working hard to generate every incremental sales dollar we can. Like I said before, it's tough in this environment where the retailers are being very conservative, especially in the U.S.

But we're going to scratch and claw for every sales opportunity we can and we're going to likewise work really hard to hit our targets for operating cost savings and we're well on our way to doing that and even hopefully even a little bit more.

Sean McGowan – Needham & Company

Do you think the bank will kind of let you play a little bit if you come to a great idea?

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