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Interface, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) You have a question from Keith Hughes – SunTrust.

Keith Hughes – SunTrust

A couple questions, first on the bond issue that's due in about a year, what is the current amount outstanding on that, Patrick?

Patrick C. Lynch

\$152.8 million.

Keith Hughes – SunTrust

You had bought some bonds back in the past, is that correct?

Patrick C. Lynch

Yes, we did in the fourth quarter in October. We bought about \$22 million back in.

Keith Hughes – SunTrust

The cash went down a little bit from the third quarter to \$70ish million. Usually I would expect you to get some money out of working capital in the fourth quarter. What's the status there?

Patrick C. Lynch

We actually bought \$22 million in bonds in the fourth quarter, Keith.

Keith Hughes – SunTrust

Okay, so that's what's brining the cash down.

Keith Hughes – SunTrust

As you look towards this maturity, is the goal to get cash up and just pay these bonds off or would your preference be to just try to roll them over? What's your feeling on that?

Daniel T. Hendrix

We going to run the business for cash. We're cutting cap ex. It'll be \$15 million to \$10 million [inaudible] is \$24 million. I think we're going to get some out of working capital as obviously this current environment in sales decline and we're going to look at all the options out there to refinance some of those bonds but we're going to run it as if we can't do that right now in this environment and we're going to run it for cash.

Keith Hughes – SunTrust

If you weren't able to roll it over easily, would you just use the cash and then borrowings off the revolver, Patrick, to bring these things in?

Patrick C. Lynch

That's right.

Keith Hughes – SunTrust

Final question, you talked about raw materials in your prepared statements, can you give us some sort of indication how much raw materials are down given current prices from the peak?

Daniel T. Hendrix

We've got a calculated number from the fourth quarter to right now, if you look at the raw material spend it's about \$25 million down.

Keith Hughes – SunTrust

On a percentage basis, how much would that be?

Daniel T. Hendrix

About 9%.

Keith Hughes – SunTrust

Is that primarily nylon that's come down?

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