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Family Dollar Stores, Inc. F2Q09 (Qtr End 2/28/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) One moment. Your first question comes from Meredith Adler - Barclays Capital.

Meredith Adler - Barclays Capital

Thank you very much. I'd like to talk about specifically about store growth. I know you've said that you feel pretty good about the returns you're generating now and you think the returns are better than they have been. Can you talk a little bit about the availability of real estate, the pipeline, and what you think the growth potential will be for the remainder of this year and the looking out over the next couple of years?

Howard R. Levine

First let me mention that, you know, a couple of years ago we decided to slow down new store growth. We thought it was important to drive better returns in our existing stores and we're beginning to see some of those improvements and I think we've made a lot of progress there. We do see opportunities growing in the real estate market as it is becoming a more tenant friendly market and look to take advantage of those opportunities as they arise. But in the near term, we continue to focus on improving the profitability of existing stores. We'll continue to monitor market conditions. With our strong financial position we do believe that there'll be a lot of opportunities for us to take advantage of. But right now we're focused on continuing to improve returns of our existing stores.

Meredith Adler - Barclays Capital

Okay. I forgot to say congratulations on a good quarter. Then talking about the existing stores and the sales, maybe just talk a little bit more about the opportunity to continue to manage expenses and expense growth. You've done a good job. Is there a point at which you want out of opportunities, given how much you've accomplished so far. Shrink especially is an area you've done a lot.

Kenneth T. Smith

Thank you, Meredith, and no need to apologize. We think we have substantial opportunities in front of us. You know, to go back to your first question in terms of store opportunities, we think we still have a number of opportunities to open up new stores in this country. But at the same time we think there still is a number of things that we can do to improve existing stores sales, as well as expenses. You know, as we learn more and more about our customer and what's important to them, we're going to

continue to execute upon some of those things and that includes expenses as well. You know, we've formulated a group here, a procurement group that is starting to get some traction and we have some continued expectations for them in the future.

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