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## Overstock.com Inc. Q1 2009 Earnings Call Transcript

### Earnings Call Excerpt

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Overstock.com Inc. (OSTK)

Q1 2009 Earnings Call

April 22, 2009 3:00 pm ET

#### **Executives**

Jonathan Johnson – President

Patrick Byrne – Chairman and Chief Executive

Steve Chesnut – Senior Vice President of Finance

#### **Analysts**

Nat Schindler – Bank of America/Merrill Lynch

[Larry Wyck – Morningstar]

#### **Presentation**

#### **Operator**

I would like to welcome everyone to the Q1 2009 Overstock.com conference call. (Operator Instructions) I will now hand the floor to Mr. Jonathan Johnson, President.

#### **Jonathan Johnson**

We welcome our friends and owners to our first quarter 2009 conference call. Joining me on the call today are Dr. Patrick Byrne, Chairman and CEO of the company, and Steve Chesnut, the company's Senior Vice President of Finance. The following discussion and our responses to your questions reflect management's views as of today, April 22, 2009 only and will include forward-looking statements. Actual results may differ materially.

Additional information about factors that could potentially impact our financial results is included in today's press release and our filings with the SEC, including our 2008 annual report on Form 10-K. As you listen to today's call, I encourage you to have today's press release in front of you since our financial results, detailed commentary and the CEO's letter to shareholders are included and will correspond to much of the discussion.

During this call we'll discuss certain non-GAAP financial measures. Our press release, the slides accompanying this webcast and our filings with the SEC, each of which are posted on our investor relations website contain additional disclosures regarding these non-GAAP measures, including reconciliation of these measures to the most comparable GAAP measures. Lastly we expect to file our form 10-Q for the first quarter of the year in the near future and we encourage you to read it as well for additional information on our financial results.

With that preliminary business out of the way, let me turn the call over to Steve to review our financial results.

**Steve Chesnut**

Following is a brief review of our financial results for the first quarter ending March 31, 2009. Please refer to our earnings press release for the full financial statements and further details regarding our results. And keep in mind that unless otherwise stated, all comparisons in this call will be against our results for the comparable period of 2008.

Consumer sentiment remained fairly weak through the first quarter. While traffic to our website was high, conversion and average order size were lower than last year. As a result, revenue declined 8%. The sales mix was 81% fulfillment partner and 19% direct. Gross profit was \$37.7 million an 11% increase in gross margin was 20.1%, a 337 basis point improvement over Q1 2008.

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