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Jones Apparel Group, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Robert Ohmes – Banc of America Merrill Lynch

Robert Ohmes – Banc of America Merrill Lynch

Quick question, can you talk more a little bit about the wholesale Jeanswear segment, I think you saw a relatively healthy margin improvement, would you say that's primarily through I.e.i. and the growth there or really just sort of exit of other lines in that business, and also you mentioned inventory build of I.e.i. could you comment on sort of whether you see additional I.e.i. category extensions planned for the fall or any opportunities to go international with Wal-Mart.

John McClain

Yes I said in my remarks I think the improvement really is kind of spread about in three things so that its certainly the impact of I.e.i. doing well, it is expense controls, and then it is also inventory management, making sure that we're not over buying, that inventory is clean really helps the margins when there's very little goods that you have to sell off to the off price folks.

So it is clearly a combination of all three elements.

Wesley Card

I would say, remember last year we were exiting the prior I.e.i. during the first quarter and didn't start up Wal-Mart until the beginning in June into the second quarter and so that the result you see here is the solidification of all those businesses and you know that we did close a number of tertiary brands as well and focused on Vanderbilt, I.e.i., Energie, and the other leading brands there, Nine West jeans. So that also helped.

The inventory build for Wal-Mart is based on replenishment. We have, first of all we're shipping monthly fashion groups and we have a large replenishment business there so we didn't have that at all in the first quarter of last year so that's what that represents. And I know there are continuing discussions about potential for international but nothing we could comment on today or nothing imminent there.

It is rolled out into Canada into the doors there though.

Operator

Your next question comes from the line of Todd Slater - Lazard Capital Markets

Todd Slater - Lazard Capital Markets

Let me just say that the work that you have accomplished on expenses and even from a merchandising perspective, I have to say is impressive. First a question on the comps which were down 10.6%, if you had excluded the closed stores from the total, what would the comp have been for the ones that remained, do you have sort of a sense on that.

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