

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Cabela's Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

---

**Operator**

Thank you. (Operator Instructions). We will take our first question from Rick Nelson with Stephens.

**Rick Nelson - Stephens Inc.**

First question, I am curious how big the hunting equipment category is, as perhaps as a percent of total revenues.

**Ralph Castner**

I'll refer you back to the 10-K, where we disclose that by product categories in that document, Rick.

**Rick Nelson - Stephens Inc.**

How important was that to driving the comp in the quarter, can we look at comp, ex hunting equipment, to get a feel for the growth in the other categories?

**Tommy Millner**

I'm not sure that's a meaningful measure, and not one I have really looked at. We are participating in 53 different merchandizing categories, some are always up, some are down.

I think what's important, is that we had long dominance in these two categories of hunting equipment and ammunition, from the very first store that we opened in 1991. I think what's important is we are using this expanding market to capture new first time customers, grab market share, which will support our multi-channel model going forward.

**Rick Nelson - Stephens Inc.**

How sustainable do you think the growth is in hunting equipment? I see your comp forecast for the year is more moderate. Are you indeed seeing a slowdown now or is it just a desire to be conservative with the guidance?

**Tommy Millner**

Actually, the trends have continued into April. In fact, some SKUs have actually increased their velocity. So we are being a bit cautious. We do believe that the supply shortages that exist in the marketplace are lengthening the demand curve. So a little bit of caution is in order. We are watching these trends on a daily basis with our suppliers.

**Rick Nelson - Stephens Inc.**

Question also in the release you called out the \$14.7 million increase in bad debt expense. I wondering how much of that is incremental related to the rise in the charge-offs if there is any way to quantify that?

**Ralph Castner**

I am not sure I understand your question Rick. I mean, \$14.7 million was the absolute increase in charge-offs we experienced quarter-over-quarter.

**Rick Nelson - Stephens Inc.**

But you are going to have to see natural growth related to the growth in the portfolio?

**Ralph Castner**

Well, and that's true. I mean the portfolio in total well I guess I can help you with that. The portfolio in total is up 14%, charge-offs for a year ago were \$12.4 million. So that would have increased the same rate as the portfolio would have gone to \$14 million or \$15 million, charge-offs moved to \$27 million. So the vast majority was increase in rate as supposed to volume.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.