

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

Furniture Brands International Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Budd Bugatch - Raymond James.

Budd Bugatch – Raymond James

You call out in the release, international and contract performance as helping to mitigate the retail malaise. Can you quantify that at all for us Ralph?

Ralph Scozzafava

We have spent a lot of time managing that business but on a very opportunistic basis, even in Canada, we've treated it as an export market. What you're going to see now and what we've been doing is putting folks on the ground. We've had them there in Canada. We've got more coherent focus in international, and we had a pretty active showroom at the High Point Market, both in October and really saw it in April as well.

Our contract business has now slowed probably in the last 30 days, but we had a pretty darn good backlog in the first quarter. We have also been making a lot more contact if you like with some of the key hotel chains and what have you. It's a larger part of our business and it is growing slightly, and it's been able to mitigate some of our problems.

Budd Bugatch – Raymond James

Can you give us any quantification of that in terms of what it did or what the residential would have been down without international and the contract domestically?

Ralph Scozzafava

It would have been probably down a little more. We'll have to get numbers for you. We haven't peeled that out. Let us go back and look at what we can share.

Budd Bugatch – Raymond James

The tone of business January, February, March, how it progressed? I know you've just come back from the April market, what are your retailers telling you and what does it seem like for Furniture Brands?

Ralph Scozzafava

You know, Bud, I think it's weakening to a degree. I think you know as well as I, Q2 is always kind of the trough quarter. So, we're seeing a little bit of that in our backlog, so we expect to grow through the normal malaise if you like in Q2.

What I did hear from dealers is that a lot of still feel that '09 will get better towards the end of the year, and a lot of them that I have talked to have the balance sheets that are going to get them there. I fully expect the two quarter is going to be a quarter that will be lower than first quarter from a net sales point of view.

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