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## The Bon-Ton Stores, Inc. F1Q09 (Qtr End 05/02/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) The first question comes from the line of Grant Jordan – Wachovia.

#### Grant Jordan - Wachovia

Obviously you took inventory down a good bit in the first quarter relative to last year. I understand some of that was a reduction in the clearance inventory. Given what you are expecting for sales are you at the right level of inventory going forward?

#### Bud Bergren

We fell we are. We planned our inventory to the sales trend that we had in the fourth quarter for the spring season. We think the lack of clearance inventory may hurt sales but it will definitely improve our margin.

#### Grant Jordan – Wachovia

I appreciate the update on the guidance. As I kind of go through the guidance given interest rate assumptions, CapEx and then the cash tax refund combined with your EBITDA guidance I am coming up with a little bit higher free cash flow number than the \$5-20 million you reference. Is there an assumption that working capital will be a use of cash this year? What is the driver behind that?

#### Keith Plowman

There is no assumption of any working capital in that \$5-20 million. We are conservatively looking at it from the standpoint of what we see coming out on an EBITDA standpoint and comparing the year-over-year basis. We use a pretty simple formula as we defined in the press release that is essentially looking at what we would have in our EBITDA. We are then coming back and taking off the capital expenditures and taking off interest and letting the number net out that way. At this point it does not reflect any capital expenditures. We do feel we are being a little conservative and we are intentionally doing that.

#### Grant Jordan - Wachovia

What was the CapEx spent in the quarter?

#### Keith Plowman

CapEx spent in the quarter net of landlord contributions was about \$3 million. With landlord contributions add back probably somewhere close to \$4 million. That would compare to the prior year net of landlord contributions of about \$22 million in round terms. If you add back landlord contributions you get somewhere around \$25 million.

**Operator**

The next question comes from Emily Shanks - Barclays Capital.

**Emily Shanks - Barclays Capital**

You are always so good about calling this out but I wanted to make sure there weren't any significant promotional hidden shifts either out of or into 1Q versus 2Q this year.

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