

Barnes & Noble reports 2Q loss, cuts guidance

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In this May 18, 2009 file photo, a customer reads magazines inside the Barnes and Noble store in Tallahassee, Fla. Barnes & Noble said Tuesday, Nov. 24, 2009, it posted a wider loss in the second quarter because of costs for an acquisition. (AP Photo/Phil Coale, File)

(AP) -- Barnes & Noble on Tuesday posted a larger second-quarter loss than last year and lowered its profit forecast for this quarter in anticipation of weak holiday sales and high costs of launching its electronic book reader, the Nook.

The company's shares fell \$1.47, or 6.3 percent, to \$22.06 during midday trading. They have traded between \$12.64 and \$28.78 the past year.

Barnes & Noble launched the Nook, a competitor with Amazon.com's

popular Kindle, last month and said the device would begin to ship in late November. Last week, it said the Nook had sold out and orders placed beginning Nov. 20 would be filled Jan. 4 or later.

On Tuesday, Barnes & Noble said orders for the Nook exceeded expectations, and the company said it was ramping up production for the Nook, increasing costs. Barnes & Noble said it plans to invest more in its digital strategy, including hiring more people and investing in technology and in-store marketing support.

The bookseller's second-quarter loss totaled \$24 million, or 43 cents per share. That compares with a loss of \$16 million, or 34 cents per share, last year. Excluding costs related to purchasing its college bookstore unit from its chairman, the loss totaled 30 cents per share.

Revenue rose 4 percent to \$1.16 billion from \$1.11 billion last year for the period ended Oct. 31. Best sellers included Dan Brown's "The Lost Symbol," Jeff Kinney's "Dog Days" from the "Diary of a Wimpy Kid" series and Mitch Albom's "Have a Little Faith."

Sales in stores open at least one year, considered a key indicator for retailers because it excludes the effect of opening or closing stores, fell 3.2 percent.

The company, based in New York, now expects to earn 33 cents to 63 cents per share for the year, compared with an earlier forecast of 59 cents to 89 cents per share. Analysts predict a profit of 99 cents per share.

The company expects third-quarter profit of \$1.30 to \$1.60 per share, while analysts expect a profit of \$1.53 per share.

It expects sales in stores open at least a year to fall 1 percent to 3 percent

in the third quarter and 2 percent to 4 percent for the year.

Traditional bookstores have had rough going because of increased competition from online sellers and discounters. Consumers have limited discretionary purchases amid tough economic times.

Smaller rival Borders Group said lost \$38.5 million, or 64 cents per share, in the third quarter. That compares with a loss of \$172.2 million, or \$2.85 per share, during the same period a year earlier. Its revenue fell 13 percent to \$602.5 million.

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