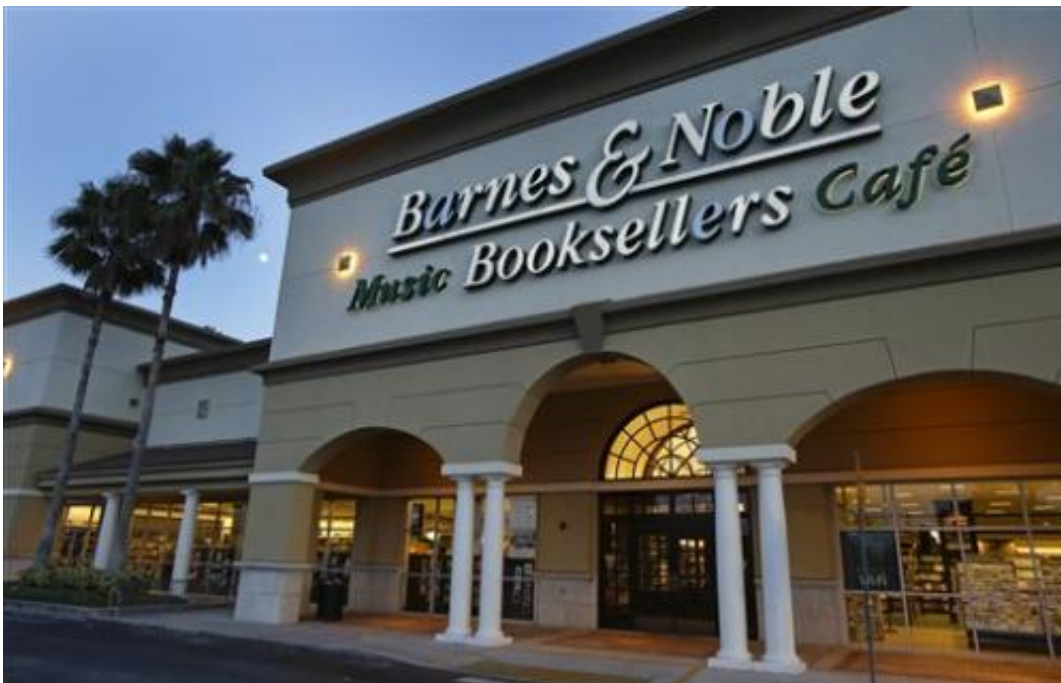


Barnes & Noble 1Q loss widens; Riggio ends offer

August 20 2013



In this Sunday, Aug. 18, 2013 photo, a Barnes & Noble bookstore is seen in Orlando, Fla. On Tuesday, Aug. 20, 2013, Barnes & Noble releases quarterly financial results. (AP Photo/John Raoux)

Barnes & Noble's first-quarter net loss more than doubled and the struggling bookseller's former chairman said he's calling off his offer to buy the booksellers' retail business.

The loss was larger than expected and the company's stock fell nearly 12

percent in morning trading.

Barnes & Noble has been dealing with major changes in the book industry. It faces tough competition from discounters such as Amazon and a shift toward electronic readers.

The company has invested heavily in making its own, the Nook e-reader, but said earlier that it would stop making its Nook color touchscreen tablets because they failed to keep up with competitors. It is continuing to sell several iterations of the device.

Barnes & Noble is also reeling from the departure of its CEO William Lynch last month. The company did not name a replacement, but instead said it would review its strategic plan.

On Tuesday, former Chairman Leonard Riggio dealt the company another blow, saying he is ending a bid for the company's bookstores.

"While I reserve the right to pursue an offer in the future, I believe it is in the company's best interests to focus on the business at hand," he said in an SEC filing. He added that the company's top priorities should be serving its 10 million Nook customers and accelerating sales of Nook products in stores and elsewhere.

The company's net loss for the three months ended July 27 totaled \$87 million, or \$1.56 per share. That compares with a loss of \$39.8 million, or 76 cents per share, last year.

Excluding a non-cash valuation allowance against some deferred tax assets, the loss totaled 86 cents per share. Analysts expected 81 cents per share, according to FactSet.

Revenue fell nearly 9 percent to \$1.33 billion from \$1.45 billion last

year. Analysts expected \$1.32 billion. Revenue fell 10 percent to \$1 billion at retail stores and rose 5 percent to \$226 million at college bookstores. Nook revenue fell 39 percent to \$143 million.

Revenue at stores open at least one year fell 9.1 percent. The measure is a key retail metric because it excludes volatility from stores that open or close during the year. Excluding the Nook, the measure fell 7.2 percent.

Barnes & Noble reaffirmed full-year guidance. It continues to expect revenue in stores open at least one year to fall in the high single digit percentage range at retail stores and the low single digits at college stores.

Michael Huseby, president of Barnes & Noble and CEO of Nook Media, said the company plans to release at least one new Nook device during the upcoming holiday season.

"We are working on innovative ways to sell content to our existing customers and are exploring new markets we can serve successfully," he said.

Shares fell \$1.97, or 11.8 percent, to \$14.70 in morning trading. The stock has traded between \$11.17 and \$23.71 over the past 52 weeks.

© 2013 The Associated Press. All rights reserved.

Citation: Barnes & Noble 1Q loss widens; Riggio ends offer (2013, August 20) retrieved 11 May 2024 from <https://phys.org/news/2013-08-barnes-noble-1q-loss-widens.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.