

Barnes & Noble 4Q loss narrows

The Associated Press

Barnes & Noble said Tuesday that its fiscal fourth-quarter loss narrowed as the company continues to invest in its Nook e-reader business.

The loss was wider than analysts expected and its shares fell more than 6 percent in morning trading.

The largest U.S. traditional book retailer also broke out sales of its Nook e-reader for the first time. As it faces tough competition from online retailers and discount store, Barnes & Noble has invested heavily in the Nook e-reader and e-books. Results — the most transparent Barnes & Noble has been about the division to date — show that the division is a work in progress. Nook sales fell 11 percent to \$164 million during the quarter as the company took back its Nook Simple Touch e-reader from retailers to make room for new inventory. But for the fiscal year, Nook sales rose 34 percent to \$933 million.

"We grew our business in 2012 while continuing to make the necessary investments for the future of the business," said CEO William Lynch.

The largest U.S. traditional book retailer said its net loss in the three months ended April 28 totaled \$57.6 million or \$1.08 per share. That's smaller than its loss of \$59.4 million, or \$1.04 per share, a year ago. A tax charge hurt results by 10 cents per share. The total number of shares rose 1 percent during the quarter.

Analysts expected a smaller loss of 92 cents per share, according to FactSet.

Revenue was nearly flat at \$1.38 billion. Analysts expected higher revenue of \$1.48 billion.

Its shares fell 97 cents, or 6.4 percent, to \$14.27 in morning trading. They are down 45 percent from their 52-week high of \$26 in late April. They traded as low as \$9.35 in January.

Retail revenue, which includes online revenue, rose 0.5 percent to \$1.05 billion. Revenue from college bookstores rose 6 percent to \$228 million.

Retail sales benefited from higher Nook sales, and demand for trilogies including "The Hunger Games" and "Fifty Shades of Grey."

Excluding Nook sales, revenue in stores open at least one year rose 7 percent for the quarter.

Nook device sales fell during the quarter due to higher third-party channel partner returns, lower selling volume and lower average prices, the company said.

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Barnes & Noble said that it took back Nook Simple Touch inventory in order to make room in the supply chain for new products like its Nook Tablet. The \$99 Simple Touch is Barnes & Noble's most basic e-reader. Barnes & Noble introduced the flashier \$199 Nook Tablet, with a touch screen and tablet features, in November 2011.

The New York company struck a deal in April with Microsoft Corp. to help support its Nook business. Microsoft will invest \$300 million to help create a subsidiary for Barnes & Noble's e-book and college textbook businesses, giving it a long-desired foothold that space. Microsoft receives a 17.6 percent stake in the venture.

For the fiscal year, its net loss narrowed to \$68.9 million, or \$1.41 per share, from \$73.9 million, or \$1.31 per share, a year earlier. Revenue rose nearly 2 percent to \$7.13 billion from \$7 billion a year ago.

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