

## **Pier 1 Says Profit May Fall; December Sales to Drop** **2003-12-16 10:42 (New York)**

Dec. 16 (Bloomberg) -- Pier 1 Imports Inc., the largest U.S. retailer of imported home furnishings and decorative accessories, said fourth-quarter profit may fall because of sluggish holiday sales. The company's shares slumped as much as 10 percent.

Profit may be 52 cents to 58 cents a share in the quarter ending in February, compared with 57 cents a year earlier, Fort Worth, Texas-based Pier 1 said in a statement. December sales at stores open at least a year will drop as much as 8 percent. The retailer had expected sales to increase or be little changed.

Fewer holiday shoppers are visiting stores and snowstorms in the Midwest and the Northeast have hurt sales, Pier 1 said. Most retailers get about a third of annual revenue in the holiday quarter. Wal-Mart Stores Inc., the world's No. 1 merchant, yesterday said December sales gains will be closer to the low end of its forecast as shoppers are delaying purchases.

"We're not positive on the stock," said Chris Antley, who helps manage more than \$1 billion at Columbia, South Carolina-based Companion Capital Management, which reduced its holdings in Pier 1 over the past two months. "The turnaround story was over for them."

Pier 1, which features rattan and bamboo furnishings along with candles and baskets, had raised its profit forecast for the third quarter last month because sales were better than expected in September and October.

### Third Quarter

Shares of Pier 1 fell \$2.31 to \$20.20 at 10:40 a.m. in New York Stock Exchange composite trading, after dropping as low as \$20.19. They had risen 19 percent this year.

Pier 1 was expected to earn 64 cents in the fourth quarter, the average estimate of analysts surveyed by Thomson Financial. Same-store sales exclude results from new and closed locations.

Pier 1 revised its forecast while saying third-quarter profit increased 3.5 percent. Net income in the quarter ended Nov. 29 rose to \$32.2 million, or 35 cents a share, from \$31.1 million, or 33 cents, a year earlier.

Third-quarter sales rose 10 percent to \$482.4 million, the biggest gain in four quarters, as Pier 1 opened 55 stores and increased the amount of merchandise at each location.

Pier 1 yesterday said it hired Thom Filicia, an interior designer who appears on the "Queer Eye for the Straight Guy" television series, to replace actress Kirstie Alley in its commercials.

The company has 1,166 stores in North America and Pier and Cargokids stores in the U.K.

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