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## Staples Celebrates The Recovery With 225 Store Closures, Sales Plunge

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by [Larry Diffey](#) , [March 6, 2014](#)

Staples

Don't you just love the recovery?

[This article](#) comes from [zerohedge.com](#)

by Tyler Durden

Nothing says global 'economic recovery' like a major retailer **drastically missing revenue expectations, slashing earnings projections and announcing it will shutter 225 stores nationwide**. Staples, the largest US office supplies retailer, hit the triple whammy and didn't blame it all on the weather as the CEO notes "our customers are using less office supplies." Or maybe there are just less office workers? Isolating Staples is a little unfair but as the largest (and most bellwhether-ish), it is perhaps time to question the constant meme of escape velocity, improving fundamentals, and cleanest-dirty-shirt growth...

The results:

**The company forecast earnings of 17-22 cents per share for the first quarter. Analysts on average were expecting 27 cents per share**, according to Thomson Reuters I/B/E/S. Staples' revenue fell 10.6 percent to \$5.87 billion in the fourth quarter ended Feb. 1, below the average analyst estimate of \$5.97 billion.

Excluding the impact of an extra week in the year-earlier quarter, **sales declined 4 percent**.

**Same-store sales in North America, excluding sales through Staples.com, fell 7 percent** as Staples sold fewer business machines, technology accessories, office supplies and computers.

**Revenue at the company's international division fell 13 percent, hurt by weakness in Europe and Australia.**

But apart from that – it was great:

Staples Inc, the largest U.S. office supplies retailer, forecast another quarter of sales decline as it loses customers to mass market chains and e-retailers, and **the company said it would close up to 225 stores in North America by 2015.**

**The closures represent up to 12 percent of the company's 1,846 stores in the United States and Canada.**

“Our customers are using less office supplies...

**Staples said it had initiated a multi-year cost reduction plan that was expected to generate annualized pretax cost savings of about \$500 million by 2015.**

So less Capex, fewer stores, less sales... time to announce a dividend hike and massive buyback program?

The stock is not happy...at 15 month lows... (-16% today)

Staples Stock

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## About Author



[Larry Diffey](#)