

PetSmart Revenue Plummetts

PHOENIX (AP) — Shares of PetSmart fell sharply Wednesday morning after the pet food and supplies retailer reported disappointing revenue for the first quarter and slashed its earnings outlook for the current quarter and year.

CEO David Lenhardt said a "challenging and volatile consumer environment and a competitive market" hurt revenue.

The Phoenix-based company said net income rose to \$103.8 million, or \$1.04 per share, in the quarter ending May 4, compared with \$102.4 million, or 98 cents per share, in the same quarter a year ago. Analysts were expecting earnings of \$1.01 per share, according to FactSet.

Revenue rose 1 percent to \$1.73 billion from \$1.71 billion, but analysts expected \$1.77 billion.

For the second quarter, the company now expects earnings between 92 cents per share and 96 cents per share, down from the 99 cents per share to \$1.03 per share it predicted in March. Analysts were expecting earnings of \$1 per share.

For the full year, the company now expects earnings between \$4.29 per share and \$4.39 per share, down from the \$4.42 per share to \$4.54 per share it previously predicted. Analysts expected earnings of \$4.46 per share.

PetSmart now expects full-year revenue to grow in "the low single digits" from the previous year. In March, it said it expected revenue to grow 4 percent to 6 percent. Analysts are expecting revenue of \$7.25 billion for 2014, a 4.8 percent increase from revenue of \$6.92 billion in 2013.

Shares of PetSmart, which operates about 1,340 stores in North America, fell \$3.48, or 5.6 percent, to \$58.71 in morning trading. Its shares had been down 14.5 percent so far this year through Tuesday's close.

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