

## **R.G. BARRY'S WOES HURT SHARE PRICE**

Stock hits 52-week low on news that company lacks money for March

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**By Mark Niquette**

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R.G. Barry Corp.'s stock price fell 47 percent yesterday after the slipper manufacturer said it probably violated the terms of its bank loan and might not have enough financing to operate in March. R.G. Barry said the bank, which it did not identify, has not declared the company in default. But the bank has a "security interest" in essentially all of the company's assets, so a default "would put the company's continuing operations in jeopardy." The company said it would not comment beyond a statement issued Tuesday.

Yesterday, R.G. Barry's stock reached a 52-week low of \$1.43 a share on the New York Stock Exchange. Shares closed at \$1.55, down \$1.39. The news comes during what analysts describe as a challenging time for footwear companies, who describe the market for such products as flat.

R.G. Barry, which employs about 125 at its Pickerington headquarters, sells slippers and comfort-footwear products to Wal-Mart and other retailers under labels such as Dearfoams and EZfeet. Analyst Craig Sirois, who follows R.G. Barry for the stock-research firm Value Line in New York, said he doesn't expect the worst. "I don't think they are on the doorstep of bankruptcy." But he said he has not seen results for the company's fourth quarter, which is critical for R.G. Barry because of holiday sales.

R.G. Barry said in October it hoped to show a modest operating profit for 2003 based on a healthy holiday-selling season. After Thanksgiving, it lowered its outlook because some key customers had lower sales than expected and canceled orders. Last month, R.G. Barry said it had fewer shipments than planned, leading to higher year-end inventories and lower cash receipts than expected. That forced it to borrow more money to meet its cash needs in January. The company also discontinued slipper-sewing operations at its Nuevo Laredo, Mexico, plant last month and reduced its work force there by 150.

R.G. Barry said Tuesday that although it expects to have enough cash for February by borrowing an additional \$3 million, the bank will not provide financing needed for March. R.G. Barry said it is exploring alternatives, including finding other sources of financing with the help of a consultant. It also is conserving cash and selling inventory to delay the need for additional financing.

R.G. Barry, founded in Columbus in 1947, once employed 3,400 people in Columbus at several plants. But as costs increased, the company moved work, first to the Sun Belt, then to Mexico. It launched a three-year plan to return to profitability after losing \$14.6 million in 1999. But after making \$932,000 in 2001, it lost \$11.9 million in 2002.

Sirois said he thinks the slipper market is strong and that R.G. Barry still is making the transition from a manufacturer to an importer and marketer. Michael Atmore, editorial director of Footwear News in New York, said the footwear market is mature. That means if one footwear company grows, it's usually at another company's expense. "The comfort business has been fairly strong, but it isn't easy for anyone in the footwear business these days," he said.

[mniquette@dispatch.com](mailto:mniquette@dispatch.com)