

Tuesday Morning Corporation Announces Third Quarter Results

DALLAS, Nov. 7 /PRNewswire/ -- Tuesday Morning Corporation (Nasdaq: TUES), North America's largest operator of first quality deep- discount and closeout home furnishings and gift stores, today announced financial results for the third quarter and nine months ended September 30, 2000.

For the third quarter of 2000, net sales increased 24.5% to \$141.4 million, compared with net sales of \$113.5 million for the same period last year. Comparable store sales increased 5.5% in the quarter. Operating income in the third quarter increased to \$14.2 million compared with \$12.7 million in the third quarter last year. Net income was \$4.6 million, or \$0.11 per fully diluted share, unchanged from the year-ago period.

For the nine months ended September 30, 2000, net sales increased 24.4% to \$364.4 million, compared with net sales of \$292.9 million for the same period last year. Comparable store sales increased 10.9% for the year-to-date period. Income from operations for the nine-month period increased to \$35.1 million, compared with \$27.2 million in the first nine months of 1999. Net income increased to \$11.4 million, or \$0.28 per fully diluted share, compared with \$8.1 million, or \$0.20 per fully diluted share on a pro forma basis, last year.

Mark E. Jarvis, Chief Financial Officer, commented, "During the third quarter, we achieved strong top-line growth as customers continued to respond positively to our merchandise. In addition to European linens, key merchandise drivers included lamps and crystal. As previously stated, increased distribution costs impacted our operating performance during the quarter. However, we remain committed to bringing these costs back in-line with historical levels. We are aggressively working to define and implement the steps necessary to improve our performance."

Mr. Jarvis added, "As we enter the seasonally strong fourth quarter, we are excited to offer our customers a dynamic mix of holiday merchandise including a wide array of upscale, educational toys acquired from the liquidation of Toysmart.com. We remain focused on the future as we continue to search for lucrative buying opportunities while delivering the best value to our customers."

Tuesday Morning Corporation operates the largest chain (currently 431 stores) of deep-discount closeout home furnishings and gift stores in North America. These stores open eight times a year for four-week to six-week "events" during the retail industry's peak selling seasons. A broad variety of closeout items are available in such product categories as gifts, crystal, luggage, linens, toys and seasonal items. The Company specializes in famous-maker, first-quality merchandise, which is often found in prestigious department and specialty stores. Such merchandise is sold by Tuesday Morning at prices 50%-80% below traditional retail levels.

This press release contains forward-looking statements, which are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Act of 1995. Actual results may differ substantially from such forward-looking statements. Forward-looking statements involve risks and uncertainties including, but not limited to, continued acceptance of the Company's products in the marketplace, the success of new store openings and the availability of new store locations, competitive factors, access to merchandise in a variety of foreign countries, economic trends, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission.

Tuesday Morning Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands, except for share data)

	Unaudited Sept. 30, 2000	Unaudited Sept. 30, 1999	Audited Dec. 31 1999
ASSETS			
Current assets:			
Cash and cash equivalents	\$29,315	\$11,448	\$ 19,795
Cash restricted			
Inventories	242,296	194,513	141,534

Prepaid expenses	2,516	2,476	1,913
Other current assets	871	352	1,243
Income taxes receivable	-	-	-
Deferred income taxes	-	354	-
Total current assets	274,998	209,143	164,485
Property and equipment, at cost	80,188	70,199	71,924
Less accumulated depreciation & amortization	(42,407)	(37,677)	(38,838)
Net property and equipment	37,781	32,522	33,086
Other assets, at cost:			
Deferred financing costs	6,037	6,143	5,818
Other assets	372	319	327
Total Assets	\$319,188	\$248,127	\$203,716

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Installments of mortgages	\$1,617	\$1,671	\$1,671
Revolving credit facility	74,070	55,850	-
Installments of notes payable	15,966	5,405	11,838
Installments of capital lease obligation	-	-	-
Accounts payable	44,401	38,534	39,491
Accrued liabilities:			
Sales Tax	2,856	2,039	3,291
Interest	4,149	2,999	815
Other	10,639	9,039	8,160
Deferred income taxes	546	-	547
Income taxes payable	769	2,193	9,168
Total current liabilities	155,013	117,730	74,981

Mortgages on land, buildings and equipment	5,803	7,474	7,056
Notes payable, excluding current portion	165,492	162,522	155,227
Revolving credit facility, excluding current portion	15,000	15,000	-
Capital lease obligation excluding current installments	-	-	-
Deferred income taxes	2,400	2,211	2,400
Total Liabilities	343,708	304,937	239,664

Senior exchangeable redeemable

preferred stock, par value \$.01 per share, authorized 1,000,000 shares, 258,281 issued at May 31, 1999	-	-	-
Junior redeemable preferred stock, par value \$.01 per share, authorized 150,000 shares, 85,998 issued at May 31, 1999	-	-	-

Shareholders' equity			
Junior perpetual preferred stock, authorized 2,500 shares, 1,930 issued at May 31, 1999; par value \$.01 per share	-	-	-
Common stock par value \$.01 per share, authorized 100,000,000 shares; issued 39,548,701 shares at September 30, 2000, 38,810,446 shares at September 30, 1999 and 38,847,326 shares at December 31, 1999			
	395	388	388
Additional paid-in capital	171,803	171,947	171,789
Retained deficit	(196,718)	(229,145)	(208,125)
Total Shareholders' Equity	(24,520)	(56,810)	(35,948)
Total Liabilities and Shareholders' Equity	\$319,188	\$248,127	\$ 203,716

Tuesday Morning Corporation and Subsidiaries
Consolidated Statements of Operations
Unaudited in thousands

	Three Months Ended September 30,		Year to date as of	
	2000	1999	2000	1999
Net sales	\$141,352	\$113,493	\$364,407	\$292,935
Cost of sales	93,168	72,141	236,182	187,631
Gross profit	48,184	41,352	128,225	105,304
Selling, general and administrative expenses	33,962	28,609	93,108	78,144
Operating income	14,222	12,743	35,117	27,160
Other income (expense):				
Interest income	19	11	51	315
Interest expense	(6,886)	(5,479)	(17,090)	(16,345)
Gain on sale of land	-	-	-	-
Other income	66	132	321	511
	(6,801)	(5,336)	(16,718)	(15,519)
Net Earnings before				

income taxes and extraordinary item	7,421	7,407	18,399	11,641
Income tax expense	2,820	2,815	6,992	4,402
Net Earnings before extraordinary item	\$4,601	\$4,592	\$11,407	\$7,239
Extraordinary item related to debt extinguishment (net of tax)	-	-	-	(3,048)
Net Earnings (loss)	\$4,601	\$4,592	\$11,407	\$4,191
Earnings Per Share				
Net Earnings (loss) before extraordinary item	\$4,601	\$4,592	\$11,407	\$7,239
Dividends on and accretion of preferred stocks	-	-	-	(3,748)
Premium on redemption of senior preferred stock	-	-	-	(4,395)
Earnings (loss) available to common shareholders	\$4,601	\$4,592	\$11,407	\$(904)
Extraordinary item related to debt extinguishment (net of tax)	-	-	-	(3,048)
Net Earnings (loss) available to common shareholders	\$4,601	\$4,592	\$11,407	\$(3,952)
Net Earnings (loss) per Common Share - Basic				
Earnings (loss) available to common shareholders	\$0.12	\$0.12	\$0.29	\$(0.03)
Extraordinary item related to debt extinguishment (net of tax)	-	-	-	(0.09)
Net (loss) available to common shareholders	\$0.12	\$0.12	\$0.29	\$(0.12)
Net Earnings (loss) per Common Share - Diluted				
Earnings (loss) available to common shareholders	\$0.11	\$0.11	\$0.28	\$(0.03)
Extraordinary item related to debt extinguishments (net of tax)	-	-	-	(0.09)
Net Earnings (loss) available to common shareholders	\$0.11	\$0.11	\$0.28	\$(0.12)

Weighted average number of common shares and common share equivalents outstanding:				
Basic	39,425	38,805	39,183	33,658
Diluted	40,546	40,641	40,667	33,658
Pro forma Earnings Per Share				
Net Earnings	\$4,601	\$4,592	\$ 11,407	\$7,239
Add: Reduction of interest expense from \$31 million notes payment, net of tax	-	-	-	852
Pro forma Earnings available to common shareholders	\$4,601	\$4,592	\$ 11,407	\$8,091
Net Earnings per common share				
Basic	\$0.12	\$0.12	\$0.29	\$0.21
Diluted	\$0.11	\$0.11	\$0.28	\$0.20
Weighted average number of common shares and common share equivalents outstanding:				
Basic	39,425	38,155	39,183	38,146
Diluted	40,546	39,991	40,667	39,962

SOURCE Tuesday Morning Corporation

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding Tuesday Morning Corporation's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report or Form 10-K for the most recently ended fiscal year.