

Carphone Warehouse closing UK Best Buy stores

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(AP) -- Carphone Warehouse Group PLC is closing its 11 Best Buy "big box" electronics stores, launched in April last year, as part of a reorganization of its relationship with the U.S. retailer.

The stores competed in a tough market for brick-and-mortar electronic retailers, and Roger Taylor, chief executive of Carphone Warehouse, said Monday that they lacked the national reach to achieve scale and brand economies.

Carphone Warehouse also said it is selling its interest in Best Buy Mobile in the U.S. and Canada to Best Buy Co. Inc., based in Richfield, Minnesota, for 838 million pounds (\$1.34 billion).

Carphone said it plans to return all but 25 million pounds (\$40 million) of that to shareholders.

Best Buy Europe, in which Carphone Warehouse holds a half interest, will now focus on selling Internet and mobile phone connections through 2,500 Carphone Warehouse and Phone House stores in Europe.

The two companies are also launching a joint venture, Global Connect, to develop markets outside North America and Western Europe.

Carphone Warehouse shares rose 1 percent to 348.72 pence on the London Stock Exchange.

"Each of these actions represents an exciting growth opportunity for Best Buy and near and long-term value for our shareholders. We are aggressively ramping up our growing connections capability to support consumers' increasingly connected lives across the entire range of devices entering the marketplace," said Brian J. Dunn, CEO of Best Buy.

Facing tough competition from discounters and online retailers, Best Buy has focused on opening smaller stores in the U.S. and growing its Best Buy Mobile business. The moves in Europe will allow Best Buy to pursue a similar strategy there.

Best Buy, based in Minneapolis, said it expected to book pretax restructuring charges of \$140 million to \$150 million due to the closure of the U.K. stores.

Shares fell 95 cents, or 3.5 percent in midday trading. The stock is down 20 percent since the beginning of the year.

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