RadioShack 1Q Hurt By Falling Mobile Sales

Associated Press

FORT WORTH, Texas (AP) — RadioShack's first-quarter loss widened and revenue slumped as the retailer dealt with weakness in its mobile business and consumer electronics.

Its performance missed Wall Street's view. The stock dropped more than 18 percent in premarket trading on Tuesday.

CEO Joseph C. Magnacca said in a statement that its mobile business was hurt because the current handset assortment didn't resonate well with customers. It was also contending with more promotions, including those of wireless carriers.

Magnacca said that RadioShack is working on building its pipeline of new products, including private brand and exclusive items such as those from new partnerships with Quirky and PCH.

The company is trying to update its image and compete with the rise of online and discount retailers. Long known as a destination for batteries and obscure electronic parts, RadioShack has sought to remake itself as a specialist in wireless devices and accessories. But growth in the wireless business is slowing, as more people have smartphones and see fewer reasons to upgrade.

Part of its turnaround efforts have included cutting costs, renovating stores and shuffling management. It also announced in March that it planned to close up to 1,100 of its stores in the U.S., leaving it with more than 4,000 U.S. locations.

For the period ended May 3, RadioShack Corp. lost $98.3 million, or 97 cents per share. That compares with a loss of $28 million, or 28 cents per share, a year earlier.

Excluding certain items, its loss from continuing operations was 98 cents per share. Analysts, on average, expected a loss of 52 cents per share, according to a FactSet poll.

Revenue for the Fort Worth, Texas-based company declined 13 percent to $736.7 million from $848.4 million. Wall Street was calling for $767.5 million.

Sales at stores open at least a year, a key gauge of a retailer's health, fell 14 percent on softer traffic and weakness in the mobile business. This metric excludes results from stores recently opened or closed.

Shares of RadioShack fell 29 cents, or 18.8 percent, to $1.25 om premarket trading about two hours ahead of the market opening.

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