

Amstrad eyes a US link with Dixons

by NICK FLETCHER

DIXONS' planned £256 million bid for Pittsburgh-based electrical retailer Cyclops could be good news for computer high-flyer Amstrad.

Alan Sugar's company has close links with Stanley Kalms' Dixons in Britain, where its word processors and personal computers have been distributed by the electrical retail chain.

Amstrad is understood to have had talks with Dixons about extending their collaboration across the Atlantic.

Attractions

Sugar has been low-key so far in his attack on the American market. Amstrad's word processor - the company's first foray into the computer field - was distributed by Sears in the US, but after the initial delivery this link seemed to fade away.

Earlier this year Amstrad appointed



Sugar (left): transatlantic talks with Kalms.

Vidco to be the US distributor for the IBM-PC clone.

The attractions of access to Cyclops' 119 retail outlets across America are obvious, and City analysts feel there is a strong possibility that Amstrad will end up supplying PCs to Cyclops' Silo chain, which presently carries no computers at all.

The acquisition has been greeted warmly by City analysts. With plenty of scope for increasing Silo's position in the market, Dixons has a great opportunity to capture a large chunk of the \$24.3 billion US electricals market, says

Barclays De Zoete Wedd. Dixons' British power base rests on its buying muscle and marketing expertise, says Wood Mackenzie, skills which can easily be transferred to the US. This is a big opportunity for Dixons, says the brokers, and the entry costs are minimal.

The only worry is that the move will not be a knockout but the prelude to a bid battle, with Audio/Video Associates picking up the challenge.

Wood Mackenzie is looking for full-year profits of £106 million from Dixons, compared with last year's £78 million. BZW is more cautious at £102 million.