

# WH Smith name to disappear from the high street

WH Smith has sold its 233-year old high street business to the owner of Hobbycraft in a £76m deal.

Sky News revealed in January how a [sales process was under way for the arm](#), which employs roughly 5,000 people and has 480 stores.

Modella Capital won the [final stage of the auction process](#) in a run off against Alteri investors – both specialists in turning around troubled retailers.

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The deal will see the WH Smith name erased from town centres to become TGJones.

The sale allows the WH Smith business to focus fully on its lucrative travel retail arm.

That has around 1,200 stores, based mainly at airports and railway stations, in 32 countries globally and accounts for 85% of group profits.

Chief executive Carl Cowling said: “Given our rapid international growth, now is the right time for a new owner to take the High Street business forward and for the WH Smith leadership team to focus exclusively on our Travel business”.

There was no word on what the new owners may do to bolster profitability, with a question mark firmly hanging over employment and the store estate – often the subject of criticism over a perceived lack of investment.

WH Smith’s statement said: “All stores, colleagues, assets and liabilities of the High Street business will move under

Modella Capital's ownership as part of the Transaction.

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“Under this new ownership, the business will be led by Sean Toal, currently CEO of the High Street business. The High Street business will operate for a short transitional period under the WHSmith brand whilst the business rebrands as TGJones.”

A Modella spokesperson said the stores it was taking on would keep the same products and services, including Post Office work.

“TGJones feels like a worthy successor to the WHSmith brand”, they said.

“Jones carries the same sense of family and reflects these stores being at the heart of everyone's high street.

“There will be a handover period in the immediate term, and it is very much business as usual whilst we work closely with the management team to define and execute a strategy to introduce new ranges and other offerings in the future.”

The sale to Modella represents an enterprise value of £76m on a cash and debt-free basis but will see WH Smith secure an estimated £25m on a net basis after several costs associated with the sale are accounted for.

WH Smith shares fell by more than 1% at the open.

Susannah Streeter, head of money and markets at Hargreaves Lansdown, said the deal would represent a relief for WH Smith: “WH Smith's high street stores have been up against the same challenges which beset Wilko and even Woolworths.

“It’s a hugely competitive market for stationary, books, music and entertainment with online retailers typically able to undercut bricks and mortar stores with their higher overheads,” she wrote in a note.

“Although the new owners of the high street chain, Modella, say the TG Jones name carries “the same sense of family” as WH Smith’s, it will take time to resonate with the British public, and many will mourn the loss of a high street brand which has been a hub for shoppers for more than two centuries.

“Nevertheless, there is sure to be interest piqued at how the new owners can help revitalise sales, and whether products sold will be at a more competitive price, to help the chain turn a corner.”