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Ruble Devaluation Pushes Clothing Brands Esprit, OVS and River Island Out of Russia

By The Moscow Times

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Pounded by the rapid slide of the ruble this year, the Russian outlets of clothing brands Esprit, OVS and River Island are closing their doors, business daily Vedomosti reported Tuesday.

"The company is shutting down its operations," a secretary at Maratex, the company that runs the three brands' Russian franchises, told the paper. He did not specify the reasons for the closure.

Maratex is 71 percent owned by Polish company EM&F Group. In addition to franchises of Esprit, River Island and OVS, Maratex also runs the Russian franchise of lingerie retailer Bodique.

EM&F Group's Russian business has been hit hard by the steady devaluation of the ruble and attendant rise in operating costs. Russia's currency has fallen more that 20 percent

against the dollar so far this year, and the slide shows no sign of ending.

The group's losses from currency conversions doubled in the first half of this year, reaching 6.9 million Polish zloty ($2.1 million), Vedomosti said, citing a copy of EM&F Group's half-year report.

Earlier this year, EM&F Group announced plans to rid itself of certain clothing and shoe franchises due to "unsatisfactory results," but did not specify which assets in particular it planned to shed.

Other retailers have also pulled out of the market this year as the ruble sinks and uncertainty over Russia's economic prospects shakes investors. Finnish retailer Stockmann recently announced plans to close 80 percent of its SeppKlK clothing retail stores in Russia.

EM&F Group, Esprit, OVS and River Island did not respond to Vedomosti's requests for comment.

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