The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Stockmann to Shut 16 Fashion Stores in Russia

By The Moscow Times

October 02, 2014

Stockmann said it will close fashion shops in Russia.

Finnish department stores and fashion chain group Stockmann said it will close fashion shops in Russia and seek to sell its mail order business as part of a strategy review, sending its shares higher.

Stockmann has been hard hit by customers shifting from relatively upscale department stores to online shopping, while the weakened Russian rouble and recession in Finland have exacerbated its problems.

Its chief executive Hannu Penttila stepped down in August and the company kicked off a strategy review.

It said on Thursday it would close 16 remaining Seppala fashion stores in Russia and would look at strategic options for the loss-making chain, which has annual sales of around 120

million euros ($152 million).

It said it would focus on its bigger fashion chain Lindex, for which it nominated new board members.

It also said it was seeking a buyer for its mail order business Hobby Hall, with sales of 100 million euros.

Shares in the company, still down 19 percent this year, rose 4.7 percent to 8.98 euros in early trade.

Sauli Vilen, head of research at Inderes Equity Research, said it looked like Stockmann was preparing to shed all its fashion businesses.

"Seppala is in a very bad shape [and] ... The changes in Lindex management indicate they are preparing to sell that chain," he said. "Stockmann needs money to cut debt and focus and reshape its core department store business."

Stockmann said it would continue the strategy review until year end and the process of appointing a new CEO was proceeding.

Stockmann in August forecast its full-year profit will drop significantly from last year. In 2013, Stockmann had sales of around 2 billion euros and operating profit of 54 million euros.

Just under half of Stockmann's sales come from Finland, with Russia, where it has seven large department stores, accounting for 16 percent.

Original url:
https://www.themoscowtimes.com/2014/10/02/stockmann-to-shut-16-fashion-stores-in-russia-a40011