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Finland's Stockmann Sells Department Stores After 26 Years in Russia

By The Moscow Times

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Stockmann said its department store business in Russia recorded a 26 million euro operating loss last year on revenues of 240 million euros.

Finnish department store Stockmann, one of the first European retailers to open in the perestroika-era Soviet Union in 1989, said Friday that it had sold its seven Russian shops.

“Our Russian department store business has been unprofitable for the past several years and the significant devaluation of the ruble has deepened our losses,” the company said in a statement.

Russia's economy has deteriorated since 2013, and last year declining oil prices and sanctions over the Ukraine crisis pushed the country into a full-fledged slump. Retail spending has fallen sharply, and Stockmann announced plans to scale back its Russian business earlier this year.

Stockmann's seven stores — five in Moscow, one in St. Petersburg and one in the Urals city of Yekaterinburg — were bought for 5 million euros ($5.3 million) by Reviva Holdings Limited, which owns the Russian franchisee of the international department store chain Debenhams.

The stores will transition to become Debenhams outlets within two years, Stockmann's statement said.

Stockmann has weathered several crises during its 26 years in Russia. "We have seen the Soviet Union dissolve, a couple of coup attempts, tanks on the streets, and still our stores have remained open and business has been running," former CEO Hannu Penttila told news agency Reuters last year.

In 2008, the landlord of Stockmann's flagship store cut the electricity supply during a rental dispute, forcing it to close.

Stockmann said its department store business in Russia recorded a 26 million euro operating loss last year on revenues of 240 million euros. The company will retain its property business in Russia, which includes the Nevsky shopping center in St. Petersburg.

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