

Baugur goes bust

The high-flying Icelandic retail group has crashed after a court denied the company more time to restructure. Baugur's retail empire in the UK will soon be history as the group is forced to call in the receivers.



is no longer protected from its creditors. A court in Iceland has refused the group's petition to extend a so-called moratorium, which gave the group time to reorganise. Baugur's chairman Kristín Jóhannesdóttir is disappointed. "We believe that the company fulfills all the conditions for the extension and that the restructuring plan was viable. However, following the ruling, we have no choice but to file for bankruptcy," Jóhannesdóttir said. Baugur had been granted the moratorium last month after financing talks with the banks broke down. The group has been struggling under the weight of its debt since the collapse of the Icelandic banking system last year.

Liquidators will now take control of the once acquisitive group's minority stakes in the UK, which include Debenhams, French Connection, Jane Norman and Whistles. In February, Baugur's British vehicle BG Holding went into administration. The holding controlled stakes in companies like Iceland and Aurum as well as the owners of House of Fraser and Hamleys. Mosaic Fashion, which owns fashion brands like Karen Millen, Oasis and Principles was also placed under administration. Baugur also had stakes in retailers in Scandinavia and the US, including a stake of almost 9% in Saks Fifth Avenue.



Baugur founder Jón Ásgeir Jóhannesson has lost his battle to save the group's retail business. After the UK arm collapsed last month, the parent company is now going into administration with estimated debts of more than \$ 1.3bn (€ 1bn).

Cavalli opens Paris megastore

The Italian designer calls the store in the French capital his "most ambitious project".

Roberto Cavalli is ignoring the crisis by opening a megastore in a mega building in Paris. After three years of work and one year's delay, the Italian designer inaugurated his new 8000m² flagship in a seven-storey building on the corner of Rue Saint-Honoré and Rue Cambon with a celebrity-studded party on Saturday. The store, which spreads from ground floor to the third floor of the Roberto Cavalli Saint-Honoré building opened to the public on Monday.

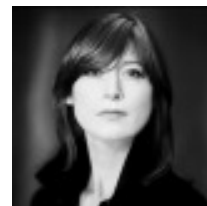


A dream come true Cavalli says about the building he calls his "most ambitious and surprising project to date". Each floor covers 2000m². Ground floor is dedicated mainly to accessories, women's daywear is found on first floor, while second floor includes women's eveningwear and jewellery. Third floor covers menswear, Cavalli Pets and vintage. Housed in the three floors above the store are the press office and an apartment for Cavalli and his wife.

Cavalli says his new Paris flagship is a „declaration of love towards women, fantasy and my work“.

Véronique Branquinho named Delvaux designer

Belgian luxury leather goods maker Delvaux has appointed **Véronique Branquinho**, right, as creative director.



The designer, also Belgian, will design a complete line for spring/summer 2010. This year's autumn/winter collection for the company founded in 1829 will include three styles designed by Branquinho. The 35 year old designer presented her first own collection in Paris in 1997.

La Perla pins hopes on new chief



In an effort to speed up its turnaround, the Italian lingerie specialist is replacing its CEO **Jeff Hansen**, left. On 20 April, former Chantelle and L'Oreal executive Alain Prost will succeed Hansen, who will become president. La Perla, which was fully acquired by US investors JH Partners in 2008, failed in returning to a net profit last year. Sales were an estimated € 200m.

Safilo in sale talks with investors

The Italian eyewear group's main shareholder is talking with potential partners said to include CVC, Bain Capital and PAI. The Tabacchi family owns 40% of Safilo through their company Only 3T. "The eyewear industry suffered the first slowdown in 2008 after years of growth," Safilo president **Vittorio Tabacchi**, left, says. Net profit fell 70% last year. Sales dropped 4% to € 1.1bn.



Lambertson Truex reaches end of road

The US luxury handbag maker owned by US luggage specialist Samsonite has filed for bankruptcy. The extreme downturn in the global economy had crimped spending among wealthy customers, the company's finance chief Maurice Dembsky was cited as saying. **Lambertson Truex**, which was bought by Samsonite in 2006, has closed its Los Angeles and Las Vegas stores, while New York is still open.



Louis Vuitton must close on Sunday

The French leather goods specialist has been ordered to close its flagship in Paris in the future. A court overturned a decree dating back to 2005 allowing **Louis Vuitton** to open on Sundays. French law allows retailers to open on more than five Sundays a year if the venue has a cultural or recreational value. Clothing, jewellery and accessories had no recreational value, the court ruled.



Stylish scarves

New looks for an old friend.

The scarf has become an established fashion item. We wear thick ones even though it's not cold. We wrap Keffiyehs around us, not necessarily knowing their original meaning. Scarves with skulls are eagerly worn, then swapped for Tibetan katags. Who knows why. The new summer styles have no deeper meaning. They do not come with a political message. The statement is simply a stylish one. Men too are trying out new styles, opting for check scarves. Women like them with a lace border. The new look is inspired by the Wild West. Or has an oriental touch with glittery sequins and the likes. The new style plays with the contrast between fine and coarse. This summer's scarves are a sort of reinterpretation of the prayer scarf without its usual symbols.



From left to right: Selected, Heartmade, Kaffe.

In depth

Russia's fashion retail industry was booming. Now it is suffering from the biggest **economic crisis** since the national bankruptcy in 1998. Retailers are **cash-stripped** and unable to pay suppliers while at the same time needing to order new products. Observers expect one-third of **fashion retailers** to disappear from the market this year. And the trend looks unlikely to reverse in the near future. Between 2000 and 2007, Russia's **gross domestic product** declined by an average 6.8% every year. For years, oligarchs and the growing middle class alike in the resource-



Empty halls in Moscow's GUM shopping centre. Golden times for fashion retail are over for now.

rich country profited from rising raw material prices. According to the European Fashion and Textile Export Council (**EFTEC**), the market volume for clothing rose fourfold to € 30bn between 2002 and 2007. With profit margins of up to 35% fashion retail was considered a **gold mine**. Now tumbling oil prices and the decline of the ruble have led Russia into deep **recession**. The Russian Department of Trade and Industry reckons that gross domestic product will fall 0.2%. Many property projects have been halted in particular in Moscow, top restaurants and

shopping meccas like the GUM are **deserted**. Consumption is slumping with fashion retail sales down 20% in the third quarter of 2008. Retailers started a **fierce price war** in January when sales were halved to their normal level. Orders are expected to fall 25% in the current ordering season. Even though the golden times for western companies seem to have ended, chains like **C&A** and **H&M** could benefit from consolidation in Russia. Locations will not be hard to find and rent prices are falling dramatically. Russia is still considered a growth market for foreign companies with a thorough knowledge of the market. And all depends on the **oil price**: "Business is fair at a price over \$ 70 per barrel, at a price of more than \$ 100 it becomes really good," EFTEC chief Reinhard Döpfer states.