

O'Key Shuts Stores After St. Petersburg Roof Collapse

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Retailer O'Key shut its 15 St. Petersburg hypermarkets on Wednesday after a deadly roof collapse at one of them, sparking concerns of a potential sector-wide crackdown on safety.

The 500 square meter roof caved in under heavy snow on Tuesday, killing one and injuring at least nine.

"All the hypermarkets (in St. Petersburg) have stopped work until an investigation has been carried out," Finance Director Dmitry Pryanikov told Reuters on Wednesday.

Shares in O'Key, one of Russia's biggest retailers, were down 4.8 percent at 1202 GMT.

The accident could have far-reaching consequences for the sector, which had been enjoying a revival as an economic recovery makes consumers more willing to spend.

"Coming on the heels of the fire in a shopping mall in Ufa and the Domodedovo terrorist attack ... it could trigger a disproportionate reaction from the authorities," analysts at VTB

Capital said, adding this could pose "downside risks to growth expectations for the generously valued food retailers".

At least 35 people were killed in a suicide bombing at Moscow's Domodedovo airport on Monday.

Last week, two people died after a blast and fire at a shopping center in the southwestern city of Ufa.

"It is possible more stringent regulations will slow the approval and launch of new properties; some increase in the cost of running those properties is also possible," VTB Capital said.

Analysts at Renaissance Capital said O'Key, which raised \$420 million in a well-received London IPO in November, could lose between \$4 million and \$5 million per day as a result of the closures.

VTB said each day's closure could trim 0.1 percentage points off 2011 sales, which it sees at 111.4 billion rubles (\$3.75 billion).

O'Key operates 35 hypermarkets and 22 other shops.

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