

Polish Retailer to Cut Russian Investment due to Ukraine Crisis

By [The Moscow Times](#)

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Poland's largest clothing company LPP plans to cut new investments in Russia in response to sharp declines in the ruble caused by the crisis in Ukraine, the company's deputy chief executive said.

Dariusz Pachla told Reuters in an interview that the company was already being hit by the falling ruble as well as a weaker Ukrainian hryvna. Russian sales account for about 23 percent of group revenue and Ukrainian sales for 4 percent.

"We expect to revise our investments to the east [of Poland] compared to earlier plans and of course this will be a downward revision," Pachla said.

"These changes may be rather significant on the Russian and Ukrainian markets."

In January, LPP said it planned to invest more than \$130 million in new stores this year,

mainly in Russia.

The ruble has lost about 16 percent against Poland's zloty over the last 12 months, meaning lower revenue and profits for LPP in zloty terms. The group booked revenue of \$1.36 billion last year.

The hryvna lost 35 percent against the zloty over the same period, though it has risen 8 percent since Friday. The Central Bank in Kiev raised benchmark interest rates by 300 basis points late Monday.

Pachla said LPP was trying to negotiate lower rents for its Russian stores to offset the negative currency impact. Despite lower investments this year, growth in LPP's leased shop area would "visibly" top 20 percent, he said.

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