

Clothing retailer Esprit exits Sweden

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NEW YORK, September 15, 2011 (AFP) - Clothing retailer Esprit said Thursday it would divest loss-making North American operations and close 80 stores as annual profit plunged 98 percent.

Esprit will exit Spain, Denmark and Sweden completely and focus its efforts on Asian markets, especially China, as part of a sweeping transformation to restore its financial health, the Hong Kong-listed company said.

"In essence Esprit is a strong and profitable brand, but the brand has gradually lost its soul over the past few years," chief executive Ronald Van Der Vis said in a statement.

"The heritage of the brand has been neglected and the company lost its customer focus."

Esprit reported that revenues came in at 33.8 billion Hong Kong dollars (\$4.3 billion) in the year ended June 30, roughly unchanged from the previous fiscal year.

But net income sank to just HK\$79 million from HK\$4.2 billion, due to one-time costs associated with its transformation plan.

Under the plan, Esprit will spend HK\$18.5 billion over the next four years to shut down unprofitable stores and concentrate on the most attractive markets.

"In Asia, Esprit will concentrate its expansion in the growth markets of Taiwan, Singapore, Malaysia and -- above all -- China," the company said in its statement.

Esprit said it would "strengthen its European business" in Germany, Austria, Switzerland, France, Belgium, the Netherlands and Luxembourg. Most of the 80 stores it plans to close are in Europe.

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The company did not specify how its decision to divest its North American operations would affect its 93 stores and outlets in the United States and Canada, saying they could either be closed or sold to licensees.

Esprit's shares plummeted 17.8 percent on Thursday on the Hong Kong Stock Exchange after the results were released.

Founded in San Francisco in 1968, Esprit is now a global fashion giant which sells clothing in more than 40 countries.