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Periodic review of industry

Rating of FMCG retailers in Russia

October 2013

Demo-version

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- A background image showing a close-up of a calculator and several coins, tilted at an angle. The calculator is silver and black, and the coins are of various denominations, including Russian rubles.
- Statistics of retail business in Russia and regions
 - Changing of the main retail indicators in Russia
 - Review of Russian retail market developments in 2013
 - Rating of FMCG retailers by the number of stores, selling area in October 2013 and revenues in 2012 and the first half of 2013

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 real,- -Hypermarket, LTD. / real,- retail chain (retail chain in the process of acquisition).....

 GC DIKSI (Diksi Group, JSC) / Diksi retail chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Semeynaya Kopilka, Viktoria, Kesh

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 Lenta, LTD. / Lenta Cash&Carry retail chain.....

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Introduction

The industry review “**Rating of FMCG retailers in Russia**” contains information about the development of the retailing sector, the overview of events that took place on the Russian retail market during the period under review (for the present survey this is October 2013), the information related to the results of operating, financial and investment activities of FMCG chains in Russia, as well as **the rating of 130 largest FMCG retail chains of Russia**.

The report is prepared on the basis of the integrated set of data sources:

- Regular monthly polling of more than 150 retail chains of Russia by the experts of INFOLine IA;
- Materials from MSM (printed press, electronic MSM, federal and regional information agencies);
- Information materials of the retail chains and supplying companies (press-releases, Web-site content, yearly and quarterly statements, trade literature regarding the securities issue and investment memorandums);
- Financial statements of the chains according to the international standards (audited and managerial);

At the present time a large variety of specialist in Russia require immediate and true-to-life coverage of events on the Russian retail market:

- Top-managers, specialist of marketing and sale department of companies that produce consumer goods;
- Top-managers, specialist of marketing and retail chains development departments;
- Specialists of sale departments of companies that produce goods for retail trade and offer services for various trade chains.
- Private and institutional investors, which own or are planning to acquire the assets in Russian retail chain trade.

The principal objective of “Rating of FMCG retail chains in Russia” is to satisfy the demand for immediate, statistical and analytical information on the Russian retail business and FMCG chains for the specialists of the above-mentioned specialisations. To be able to receive the forthcoming issues of the survey, please, **forward a request to INFOLine IA**, E-mail: mail@advis.ru or by fax + 7 495 772 76 40 (+7 812 322 68 48) and **conclude a contract for our information services**.

You can receive additional information on www.advis.ru and www.infoline.spb.ru

Facts about INFOLine information agency

INFOLine information agency was established in 1999, its aim was to render information and advisory services to commercial organizations. The agency renders permanent information support to more than 1000 companies in Russia and world-wide. INFOLine IA monitors publications in more than 5 000 MSM on daily basis and carries out analytical research related to 80 subjects of RF economy. Since 2003 INFOLine IA has been conducting various desk researches of the markets both on customer's request and on the Agency's own initiative.



While working on a market research, the Agency's analysts make extensive use of the unique data support available to them and their years-long experience of operating various data flows.

The research reports and surveys of INFOLine IA are used by **largest FMCG retailers** (X5 Retail Group, Magnit, Auchan, Metro Cash&Carry, Lenta, O'Key), **producers** (Procter&Gamble, Coca-Cola, Pepsi, SABMiller, Fazer, Philip Morris, Mars), **distributors** (Megapolis GC), **financial** (Uralsib FC, MDM-Bank) and **service companies** (GC Servis-plus, Wincor-Nixdorf).

For additional information please visit our sites at www.infoline.spb.ru and www.advis.ru

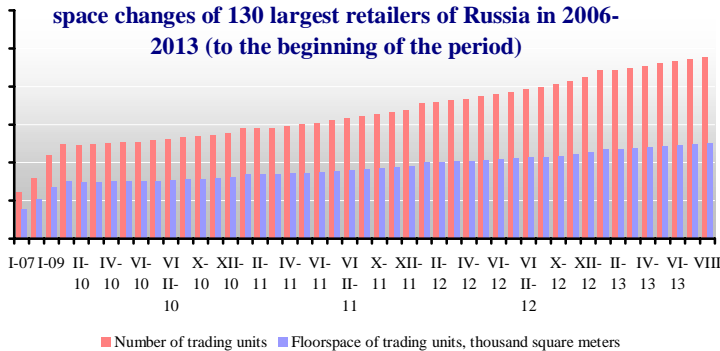
Rating of FMCG retailers in Russia

Performance results of TOP 130 FMCG chains¹

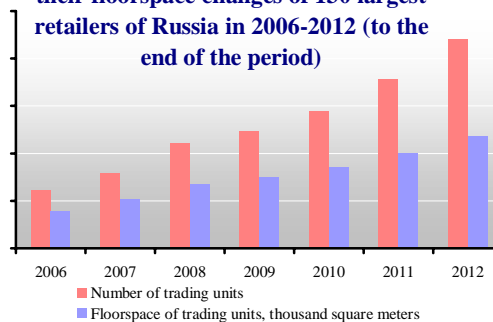
Performance results of TOP 130 FMCG chains in Russia²

In **October 2013** the number of trading units of TOP-130 FMCG retailers increased by * units; all in all, during **January-October 2013** - by * units. At the same time in **October 2013** the growth in the total trading space was about * thousand sq. m. Altogether, during **January-October 2013** the total trading space increased by * thousand sq. m.

Dynamics of number of trading units and their selling space changes of 130 largest retailers of Russia in 2006-2013 (to the beginning of the period)



Dynamics of number of trading units and their floorspace changes of 130 largest retailers of Russia in 2006-2012 (to the end of the period)

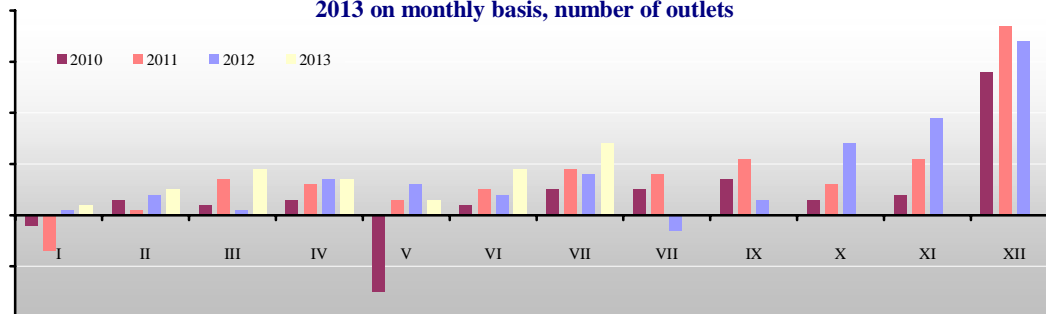


The total number of stores among the TOP-130 FMCG retailers as of **01 November 2013** was *, with total selling space of * thousand sq. m.

Development of hypermarket format³

In **October 2013** the number of hypermarkets among TOP-130 FMCG retailers increased by *, and the trading space decreased by * thousand sq. m. Altogether, during **January-October 2013**, the number of trading units increased by *, while the trading space increased by * thousand sq. m.

Dynamics of the net hypermarkets number increase (beginning with January 2013 the list was expanded from 120 to 130) among the largest retailers of Russia in 2010-2013 on monthly basis, number of outlets



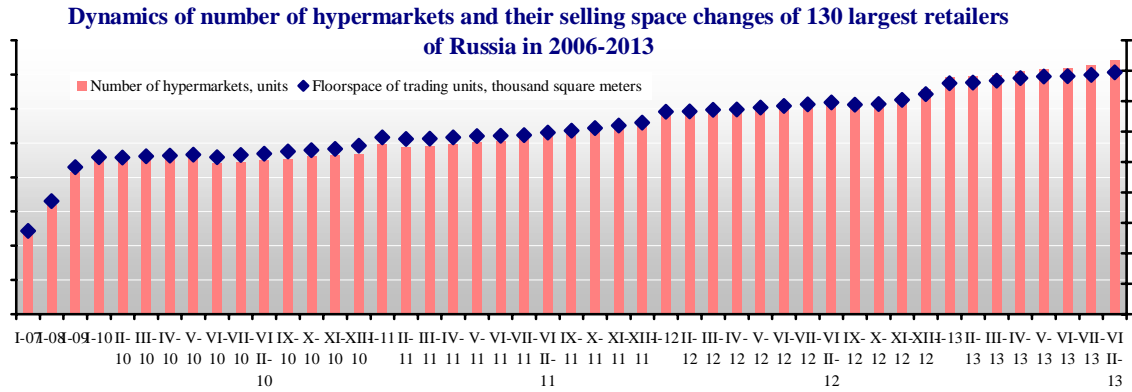
In **October 2013** the following hypermarkets were commissioned: an Auchan in Kazan and Saratov at the former site of real,- hypermarkets, Magnit in Astrakhan and Saratov region (Pugachev) and Magnit Family in Krasnodar region (Armavir) and Vologda region (Urjupinsk), <...>.

¹ Datas was corrected according to the results of September 2013. Hereinafter the data for X5 Retail Group, Magnit and Dixi is presented as it was available for the date of this survey's preparation: Magnit – June 2013, Dixy - May 2013, X5 Retail Group - March 2013.

² Datas was corrected according to the results September 2013. Hereinafter the data for X5 Retail Group, Magnit and Dixi is presented as it was available for the date of this survey's preparation: Magnit – June 2013, Dixy - May 2013, X5 Retail Group - March 2013.

³ Datas was corrected according to the results of September 2013. Hereinafter the data for X5 Retail Group, Magnit and Dixi is presented as it was available for the date of this survey's preparation: Magnit – June 2013, Dixy - May 2013, X5 Retail Group - March 2013.





The total number of hypermarkets among the TOP-130 FMCG retailers as of **01 November 2013** was *****, with total selling space of ***** thousand sq. m.

Research (full version) includes also the description of development of supermarket format, discounter⁴ format and convenience store format

Rating of FMCG retail chains of Russia by number of stores

INFOLine IA has been monitoring the dynamics of commissioning of FMCG stores since 2006. At the present time we **monthly** receive the data regarding the number of stores from 130 largest FMCG retailers of Russia

Dynamics of changes of the number of trading units among the largest retailers⁵

The dynamics of number of stores changes among the largest retailers for the period of 2012-2013 are represented in the table below.

Number of stores of the largest FMCG chains during 2012-2013 as of the end of the period, (units)

Name	Brand	Main formats ⁶	Dynamics of number of stores changes at the end of period																	
			Number of stores at the end of period				Dynamics of number of stores changes at the end of period													
			2012	I half 2012	I half 2013	October 2012	October 2013	October 2012	October 2013	Jan.-October 2012	Jan.-October 2013									
X5 Retail Group	Karusel		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Pyaterochka-Express	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company formats	Total	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Magnit, JSC (Tander, JSC)	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiny, Rouge	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company formats	Total	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

⁴ As it has come to be generally accepted by the international retailers the format of discounter should meet the "one commodity - one demand" requirement. But it is important to emphasise that in Russia the discounter format doesn't exist. At the same time the specialists of INFOLine IA would like to distinguish two subformats of the convenience store format: soft discounters, the formats of the number of the largest Russian players, such as Pyaterochka, Diksi, Magnit, Monetka, Kopeika, Maria-Ra and others, and convenience stores.

⁵ The rating was updated according to the results of January-April of 2013. It presents the chains with sales revenue of more than 6 billion rubles.

⁶ Legend: D - discounter, H - hypermarket, S - Supermarket, C – convenience store

Name	Brand	Main formats	Number of stores at the end of period								Dynamics of number of stores changes at the end of period			
			2012	I half 2012	I half 2013	October 2012	October 2013	October 2012	October 2013	Jan.-October 2012	Jan.-October 2013			
			*	*	*	*	*	*	*	*	*			
Total Company			Total formats	*	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*
DIXY GC	Megamart, Minimart, Diksi	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GC	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GC (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GC (Investproekt, LTD.)	Monetka (franchisee)	C	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (Real-Hypermarket, LTD.)	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atak-Rossiya, LTD.)	Atak	S (D)	*	*	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*
Corporation Grimm, JSC	Liniya	S, H	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa	S	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*
Ritm 2000, LTD	Tverskoy kupets, Volny kupets, Telegka, Apelsin, Econim, 4 Seasona	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*

Data source INFO Line IA, according to the companies' data

Research (full version) includes the rating of the TOP largest FMCG chains

Rating of FMCG retail chains of Russia by selling space

INFO Line IA has been monitoring the dynamics of selling space changes in FMCG retail since 2006. At the present time we monthly analyse the data regarding the changes in trading space for 130 largest FMCG retailers of Russia (since January 2013 the number of monitored retailers increased from 110 to 130).

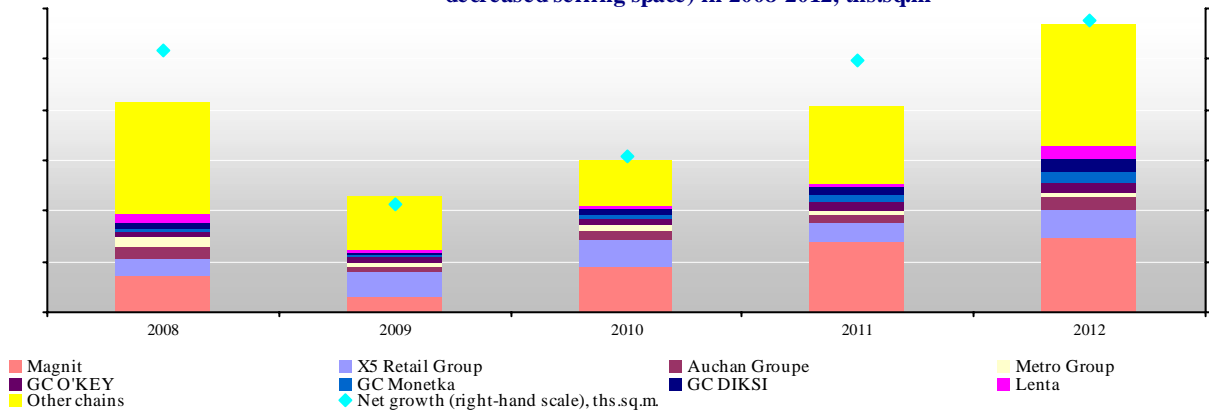
The results of 2008-2012

<...>

The key tendency of 2012 was the declining of growth rates of the largest multifomat chains (Magnit and X5 Retail Group), of retailers developing large-format outlets (Auchan, Metro C&C, O'Key, Lenta), as well as federal retailers with the remaining key format of the convenience store (Diksi, Monetka), while other chains increased their development rates (in the first place due to high growth rates of such chains as Fix Price, Holiday GC, Maria-Ra, TH Intertorg (Narodnaya 7Ya) and others). For instance, the two biggest retail companies of Russia (Magnit and X5 Retail Group) accounted in 2012 for *% (in 2011 – *%, in 2010 – *%, in 2009 – *%, in 2008 – *%) of the total selling space growth.



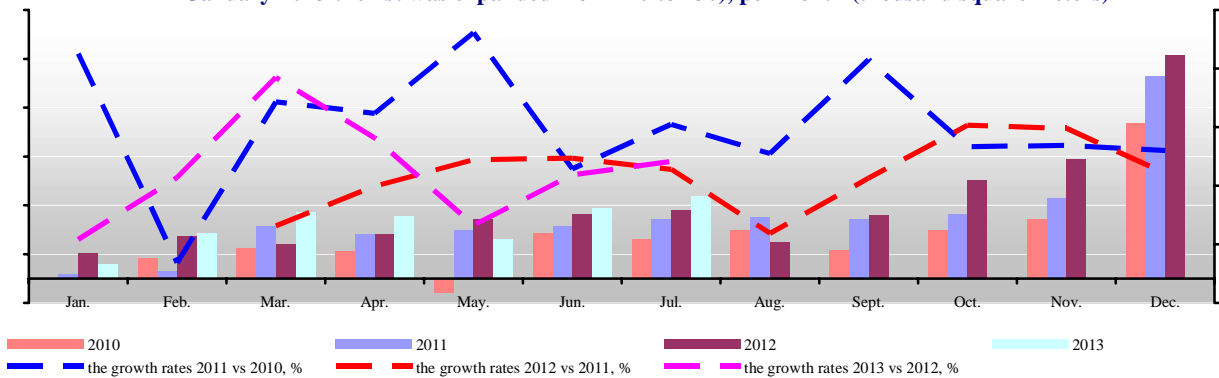
Dynamics of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in 2008-2012, ths.sq.m



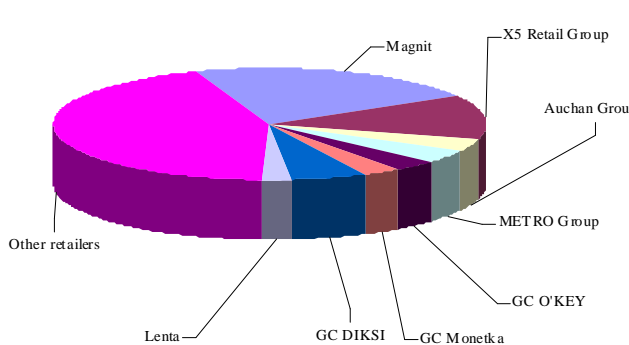
The results of the first half of 2013

In **October 2013** 17 largest chains increased their selling space by 72.3 thousand sq. m. (excluding X5 Retail Group). The dynamics of monthly selling space growth of the major 130⁷ chains are represented at the diagram below. The selling space growth was provided by commissioning of Auchan, Magnit, Magnit Family, Metro, Lenta, Alleya, Liniya, Atak, Maria- Ra, SPAR, O'KEY-Express, Azbuka vkusa, Matrix, Vivat, Econom, Krasny Yar, Metropolis, Gurman,. In discounter and convenience store format shops – Magnit, Pyaterochka, Diksi, Maria-Ra, Monetka and others.

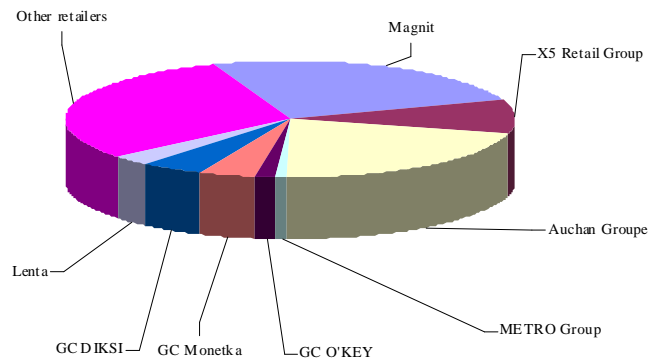
Dynamics of net selling space growth of 130 largest retailers of Russia in 2010-2013 (starting with January 2013 the list was expanded from 120 to 130), per month (thousand square meters)



Structure of selling space growth for 130 major retailers of Russia (excluding retailers with reduced selling space) in the I qr. 2012, %



Structure of selling space growth for 130 major retailers of Russia (excluding retailers with reduced selling space) in the I qr. 2013, %



⁷ The represented data include 130 chains included the monthly branch survey of INFOLine IA: TOP-92 chains with revenue over 3 billion rubles, as well as other FMCG chains, including the members of the Union of Independent Chains of Russia and Sistema T3S.

Research (full version) includes the rating of the TOP largest FMCG chains

Dynamics of selling space changes of the largest retailers⁸

The dynamics of selling space changes of the major retailers for the period of 2012-2013 are represented in the table below.

Name	Brand	Main formats ⁹	Total selling space for the end of period				Dynamics of total selling space for the end of period					
			2012	I half 2012	I half 2013	October 2012	October 2013	October 2012	October 2013	Jan.-October 2012	Jan.-October 2013	
X5 Retail Group	Karusel, Pyaterochka Maxi	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Pyaterochka-Express	C	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
Magnit, JSC (Tander, JSC)	Magnit	D	*	*	*	*	*	*	*	*	*	*
	Magnit cosmetic	C	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiny, Rouge	H	*	*	*	*	*	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*
DIXY GC	Megamart, Minimart, Diksi	D, S, H	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Deshevo, Kvarstal, Semeinaya kopilka	C, S, H	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
O'KEY GC	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Lenta	S, H	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*
Monetka GC (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*
Monetka GC (Investproekt, LTD.)	Monetka (franchise)	C	*	*	*	*	*	*	*	*	*	*
Monetka GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata	C, D, S, H	*	*	*	*	*	*	*	*	*	*
Metro Group (Real-Hypermarket, LTD.)	real,-	H	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atak-Rossiya, LTD.)	Atak	S (D)	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*
Corporation Grinn, JSC	Liniya	S, H	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa	S	*	*	*	*	*	*	*	*	*	*

⁸ The rating was updated according to the results of January-April 2013. It presents chains with sales revenue of more than 6 billion rubles.

⁹ Legend: D - discounter, H - hypermarket, S - Supermarket, C – convenience store

Name	Brand	Main formats ⁹	Total selling space for the end of period				Dynamics of total selling space for the end of period				
			2012	I half 2012	I half 2013	October 2012	October 2013	October 2012	October 2013	Jan.-October 2012	Jan.-October 2013
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*
Ritm 2000, LTD	Tverskoy kupets, Volny kupets, Telegka, Apelsin, Econim, 4 Seasona	C, D, S, H	*	*	*	*	*	*	*	*	*

Data source INFOLine IA, according to the companies' data

Rating of FMCG retail chains of Russia by net sales¹⁰

Financial performance results 2012, I quarter, I half and June 2013 for public companies are represented in the table below.

Financial performance (without VAT) of the largest FMCG chains during 2012-2013, billion rubles.

Legal name	Brand	Main formats ¹¹	Sales during I qr. 13	I qr. 13 m vs I qr.12, %	LFL I qr. 2013, %	Sales during I half 13	I half 13 vs I half 12, %	LFL I half. 2013, %	Sales during June 13	June 13 vs June 12, %
X5 Retail Group N.V.	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel, Pyaterochka Maxi	H	*	*	*	*	*	*	*	*
	Perekrestok-Express, Pyaterochka- Express, Kopeika	M	*	*	*	*	*	*	*	*
	On-line retail	-	*	*	*	*	*	*	*	*
	Total Company	D, S, H, M	*	*	*	*	*	*	*	*
Magnit. JSC	Magnit	D	*	*	*	*	*	*	*	*
	Magnit-Cosmetic, Rouge	C	*	*	*	*	*	*	*	*
	Magnit Seminy	S	*	*	*	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*	*	*	*
	Total Company	D, H	*	*	*	*	*	*	*	*
Diksi group. JSC	Diksi	C	*	*	*	*	*	*	*	*
	Kvartal, Deshevo	C, D	*	*	*	*	*	*	*	*
	Victorya	S	*	*	*	*	*	*	*	*
	Kesh	S	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	H	*	*	*	*	*	*	*	*
	Total company	C, D, S, H	*	*	*	*	*	*	*	*
O'KEY, LTD. O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*	
Lenta LTD.	Lenta	S, H	*	*	*	*	*	*	*	
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	

Data source: INFOLine IA

The revenue dynamics of TOP 50 retailers during 2008-2012 are represented in the table. **The revenue of all FMCG retailers according to the results of 2012 is presented in the Research Reports issued in 2013 (FMCG Hypermarkets Segment, 600 FMCG Retail Chains and FMCG Retail in Russia).**

Dynamics of net sales changes (without VAT) of the largest FMCG chains in 2011-2012, billion rubles

Legal name	Brand	Main formats ¹²	Data	2011	2012
X5 Retail Group	Karusel, Pyaterochka Maxi	H	IFRS	*	*
	Perekrestok	S		*	*
	Pyaterochka	D		*	*
	Perekrestok-Express, Pyaterochka- Express	C		*	*
	Kopeika, Kopeika Super	C, S		*	*
Total Company	Total formats			*	*

¹⁰ The rating was updated according to the results of the first half of 2012 regarding the revenue of chains in 2011. It presents chains with sales revenue of more than 6 billion rubles in 2011.

¹¹ Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

¹² Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

Legal name	Brand	Main formats ¹²	Data	2011	2012
Magnit, JSC (Tander, JSC)	Magnit	D	IFRS	*	*
	Magnit cosmetic	C		*	*
	Magnit Semeiny, Rouge	H		*	*
	Hypermarket Magnit	H		*	*
Total Company		Total formats		*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	RAS	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	IFRS	*	*
DIXY GC	Megamart, Minimart, Diksi	D, S, H	IFRS, 2011-IFRS pro-forma, 2012-IFRS (consolidate)	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H		*	*
	Total Company	Total formats		IFRS (retail revenue)	*
O'KEY GC	O'KEY, O'KEY-express	S, H	IFRS	*	*
Lenta, LTD.	Lenta	S, H	MR	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	IFRS	*	*
Monetka GC (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	RAS, MR	*	*
Monetka GC (Investproekt, LTD.)	Monetka (franchise)	C	RAS	*	*
Monetka GK	Total Company	Total formats	RAS, MR	*	*
Maria-Ra GC	Maria-Ra	D, S	MR	*	*
Spar	Spar (total company)	C, S, H	MR, 2009-2012 - estimate	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata	C, D, S, H	RAS, MR	*	*
Metro Group (Real-Hypermarket, LTD.)	real,-	H	IFRS	*	*
HyperGlobus, LTD.	Globus	H	RAS	*	*
Auchan Groupe (Atak-Rossiya, LTD.)	Atak	S (D)	RAS	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	RAS, MR	*	*
Corporation Grinn, JSC	Liniya	S, H	MR	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa	S	IFRS, MR	*	*
REWE Group (Billa, LTD.)	Billa	S	MR	*	*
Ritm 2000, LTD	Tverskoy kupets, Volny kupets, Telegka, Apelsin, Econim, 4 Seasona	C, D, S, H	RAS	*	*

Data source INFOLine IA data

Research (full version) includes the rating of the TOP largest FMCG chains

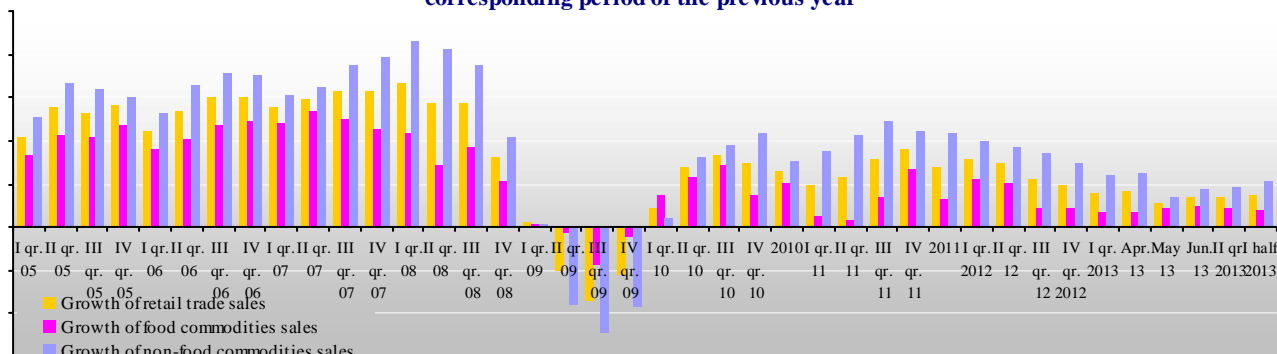


Section I. Development of retailing in Russia

Macroeconomical figures of the retail trade

In June 2013 the turnover came up to * billion rubles, in terms of commodity weight that was *% vs. June 2012 (*% in June 2012 vs. June 2011). In January-June 2013 the turnover came up to * billion rubles, in terms of commodities mass that was *% vs. January-June 2012 (*% in January-June 2012 vs. January-June 2011). <...>

Dynamics of the main figures changes of the consumer market in 2005-2013, in % as to the corresponding period of the previous year

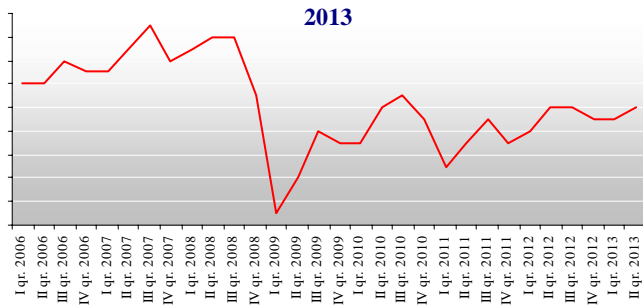


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Leading indicator of retail trade development

According to the results of the polls conducted by FSGS (Federal Service of Government Statistics) the Index of Business Confidence¹³ decreased by 10 pp in the first half of 2009 (initial period of the recession in 2009), upon which it began to recover and according to the results of the IV quarter of 2012 the index increased by 8 pp against the first quarter of 2009. However, the index has not yet reached the pre-crisis level of confidence and it is unlikely to reach the level of 2006-2008 in the near future because of worsening of the overall macroeconomic situation. As for the evaluation of the economic climat in Russia as a whole, the economic situation¹⁴ in Russia by the results of the II quarter of 2013, according to FSGS data, exceeded the results of the I quarter of the recessionary 2009 by 18 pp, when actual changes of economic situation came up to -12 pp.

The Index of Business Confidence in Russia 2006-2013



The evaluation of the economic environment in Russia 2006-2013



<...>

Government regulation of the retailing industry

<...>

Alcohol Market Regulation

¹³ The index of entrepreneurial confidence in retail trade is calculated as the arithmetic mean value of evaluation balances for the level of storage stock (with the opposite sign), changes in economic situation during the current quarter as compared with the previous one and expected changes in economic situation during the coming quarter (in percentage points).

The seasonal component in time series of the index is not excluded.

¹⁴ The balance of the index changes evaluation, determined as the difference between respondents' shares which distinguished "improvement" and "decline" of the index in comparison with the previous quarter (in percentage points).

The coming into effect of the [Federal Act On Introduction of Amendments into Articles 2 and 5 of the Federal Act On State Regulation of Production and Sales of Ethanol, Alcohol and Alcohol-Containing Products and On Limitations on Retail Trade and Consumption \(Drinking\) of Alcohol Products and Articles 5 and 6 of the Federal Act On Amendments into the Federal Act On State Regulation of Production and Sales of Ethanol, Alcohol and Alcohol-containing Products as well as Individual Acts of RF and Acknowledgement of the Federal Act On Limitations on Retail Trade and Consumption \(Drinking\) of Beer and Beer-Based Beverages as Inoperative](#) was postponed from 01 January 2013 to 01 September 2013 due to impossibility to provide all participants of the alcohol market with the necessary equipment for accounting of ethanol transportation ol (including denaturated alcohol) and bulk alcohol containing products (with ethanol content above 25 % of the final product volume).

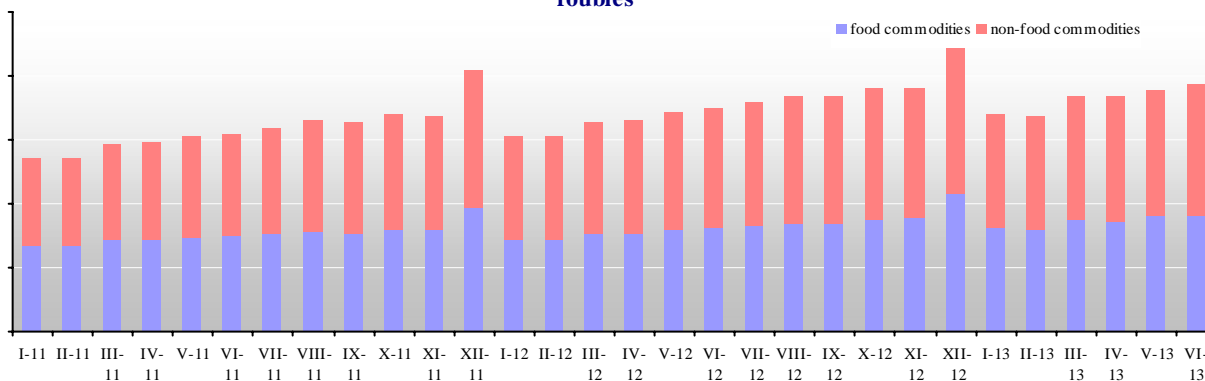
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Research (full version) includes information on the key events in the government regulation of Russian retail market

Structure of sales by categories of goods

<...>

Structure of retailers' turnover by commodity groups in 2011-2013 (by months), billion roubles



In June 2013 the share of food commodities came up to *%, and share of non-food commodities in retailers' turnover in Russia came up to *% (in June 2012 – *% and *% accordingly). In January-June 2013 the share of food commodities came up to *%, and share of non-food commodities in retailers' turnover in Russia came up to *% (in January-June 2012 – *% and *% accordingly).

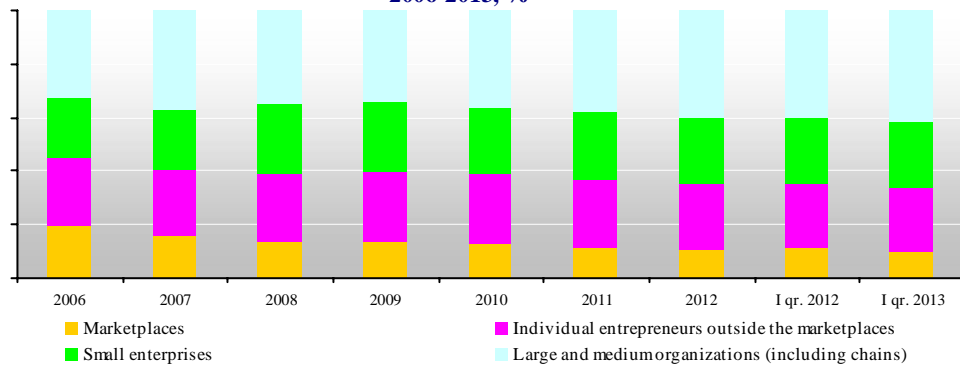
Research (full version) also includes the dynamics of sales of the main food and non-food retailers

Structure of sales by categories of retailers

The structure of retail turnover by types of businesses, according to the results of the first half of 2013, retained the downward tendency in the shares of markets (by 1.1 pp against the first half of 2012 and by 1 pp against 2012), small enterprises (decreased by 0.3 pp against 2012) and individual entrepreneurs (by 0.1 pp against the beginning of 2012). At the same time the share of large and medium size businesses (to a considerable extent these are retail chains) increased by 1.4 pp against beginning of 2012.



The structure of retailers' sales according to the categories of trading units in 2006-2013, %



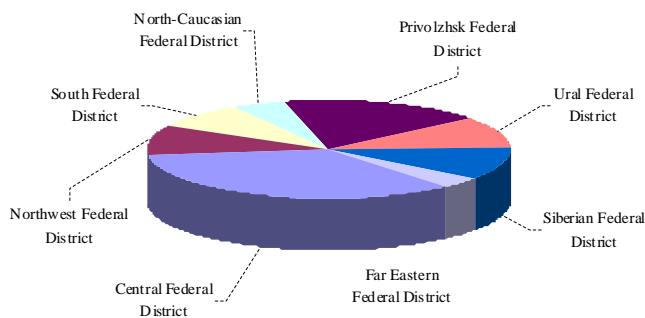
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Research (full version) also contains information on structure of sale of the goods in markets and fairs, detailed information on unorganised trade: number of the markets, trading places in them, structure of the markets and the managing subjects and other.

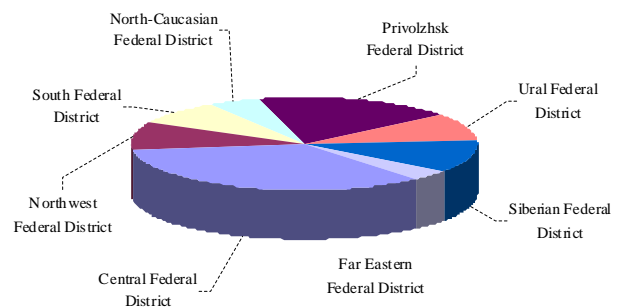
Regional structure of retailers' sales

Regional structure of retail turnover in Russia demonstrates heterogeneity: *% of retail turnover in January-June 2013 fell in 11 regions (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar Territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk and Rostov region), which is by *pp lower than in January-June 2012. According to the results of January-June 2013 such regions of the RF as Volga, Urals and North-Western increased their shares in the retail turnover, the shares of Far Eastern, North-Caucasus and Southern districts did not change, while shares of Central and Siberian FDs decreased by * and *pp correspondingly.

Structure of retail sales by regions of the RF in January-June 2012, %



Structure of retail sales by regions of the RF in January-June 2013, %



<...>

Inflation on food commodities market

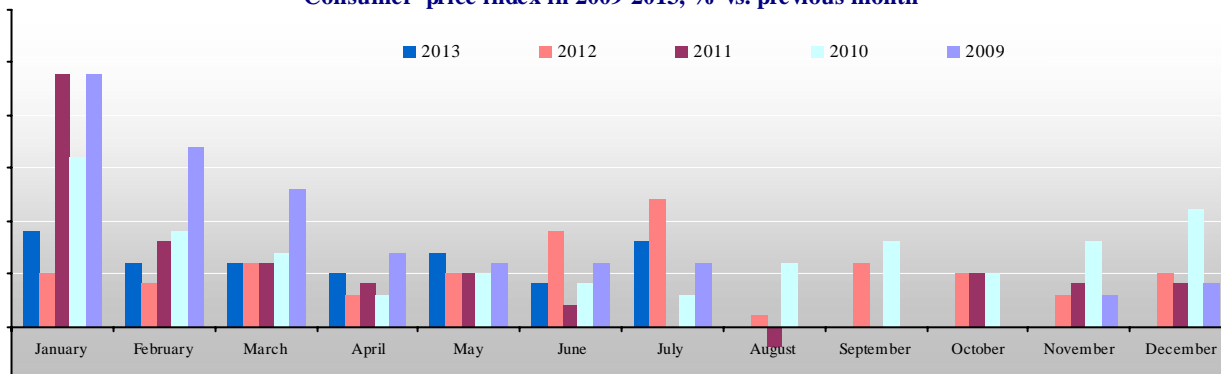
Dynamics of the food prices changes

<...>

In September 2013 inflation (by consumer price index) in Russia came up to *% in comparing with June 2013 (in September 2012 – *%), during January-September 2013 – *% (during January-September 2012 – *%). In September 2013 food price index didn't change (in September 2013 inflation in Russia came up to *%), non-food products – *% (in September 2012 – *%), services – 3.1% (in September 2012 – *%).

<...>

Consumer price index in 2009-2013, % vs. previous month



Research (full version) also contains the information on dynamics of cost on key consumer products on Russia and 8 regions of Russia

Incomes and expenditures of the population

According to the results of 2010 the growth of actual cash earnings was at the level of actual wages, while according to the results of 2011 it considerably slowed down. In April 2013 the Ministry of Economic Development decreased its forecast of salaries and wages growth in 2013 to *% from *% projected earlier. In 2014 the Ministry of Economic Development expects the salaries and wages to grow by *%, in 2015 – by *%, in 2016 – *%.

Dynamics of wages and per capita incomes of the population from 2000 to 2012 and forecast for 2013-2016 are represented in the diagrams below.

Dynamics of actual wages and actual income of population in 2000-2012 and forecast on 2013-2016, % as to the previous period



<...>

Credit and monetary policy

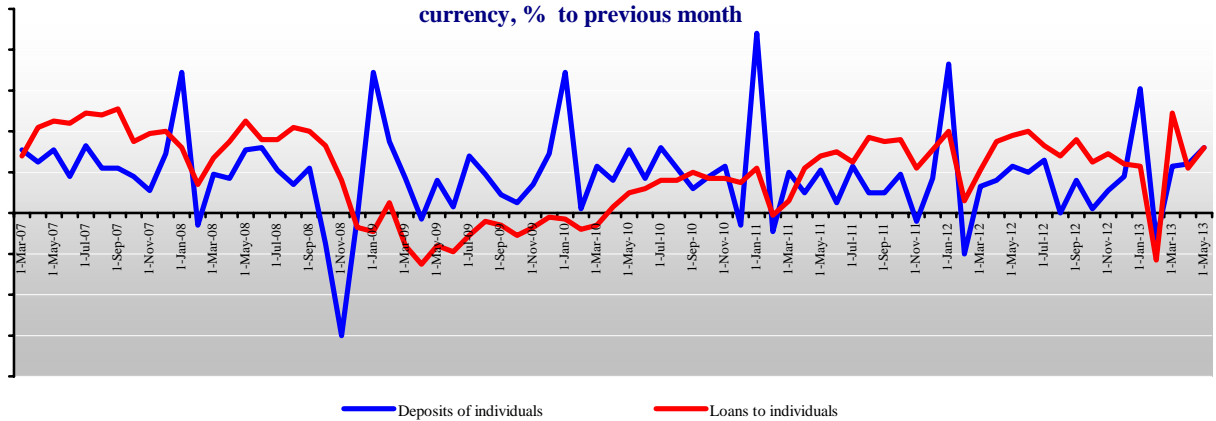
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In June 2013 the department of financial stability of the Central Bank of the RF summarised the results of the assesment of portfolios of the major banks¹⁵ for the first quarter of 2013. For the first time since 2012 there was noted lowering of borrowers' interest towards credit cards and pos loans (for buying commodities at retail chains). In January-March 2013 the number of borrowers with a credit card limit decreased by 16.7% in comparison with the end of 2012, borrowers with a pos loan – by 0.5%. In other segments (real estate mortgage, auto loans and cash loans) the regulator noted growing number of borrowers. According to expert opinion such dynamics is connected with anxiety of citizens to minimise their tight rate credits indebtedness. <...>

¹⁵ The retail portfolios of the largest banks have been subjects of research since the beginning of 2012. About 20 banks that account for more than 50% of natural persons' crediting market take part in the research work.



The volume of personal bank deposits and loans to individuals in 2007-2013, in rubles and currency, % to previous month



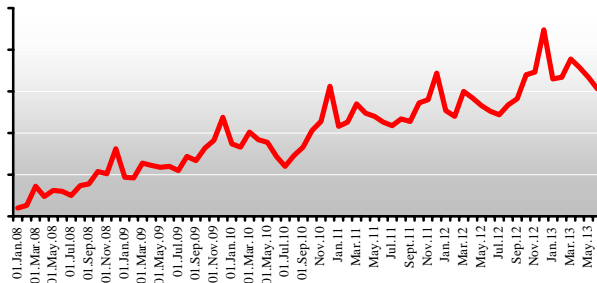
Household expenditures

According to the scan-panel of households, in June 2013 everyday consumer expenditures nominally decreased by *% in comparison with March 2013. During the last six years reinforcement of consumer expenditures decrease between spring and summer periods was observed just in summer of 2010. But in comparison with June 2012 everyday expenditures increased by *%, *times outrunning the consumer market inflation. Growth of actual everyday consumer expenditures during the year was slightly over *%.

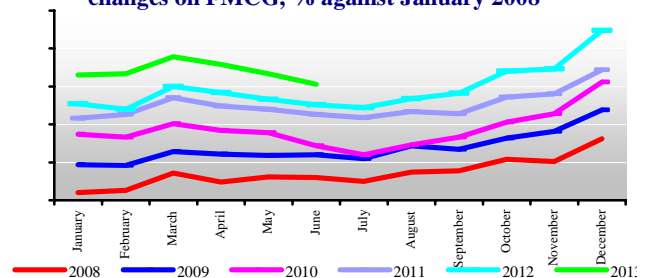
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The recessionary 2009 became an exception. In this way the annual trend is again confirmed by the current year.

Dynamics of average households expenditures changes on FMCG, % against January 2008



Dynamics of average households expenditures changes on FMCG, % against January 2008



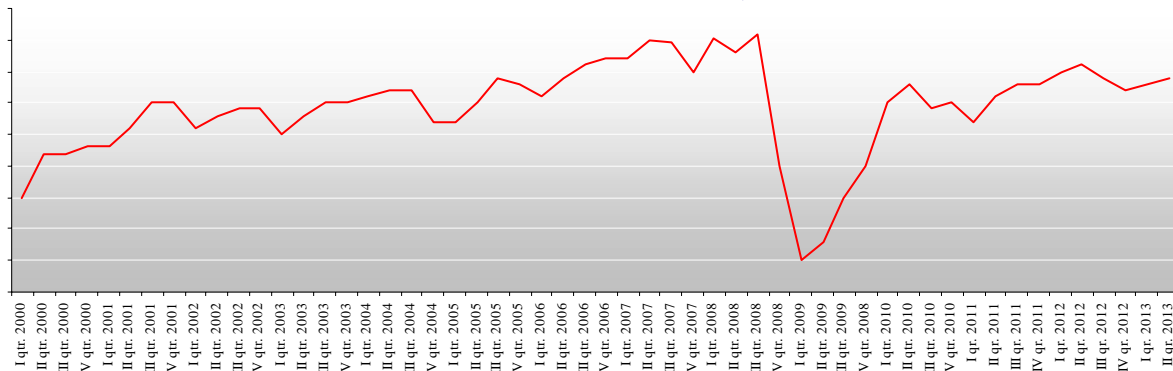
Research (full version) also includes the structure of the pernal income and expenditures, credit and monetary policy, results of the skan-panel of households following the results of the complete period, average receipt value analysis and etc.
Consumers' expectations and confidence indexes

<...>

The results of the polls conducted by the Federal State Statistics Service among 5 000 people at the age of 16 and older, residing in all regions of the RF, during after-crisis period starting from the II quarter of 2009 and till the II quarter of 2010, the index is reflecting collective consumers' expectations. The index demonstrated growth and according to rthe results of third quarter came up to (*%). However, in the IV quarter of 2010 and the I quarter of 2011 the dynamics of the consumer expectations index changes was negative and just in the II quarter of 2011 the index grew up by * pp to (*%), and in the III quarter of 2011 – for another * pp to (*%), in the I quarter of 2012 something improved, growing by * pp (*%), also continuing its growth in the II quarter of 2012 (*%) and in III-IV quarter 2012 demonstrated decrease by *pp (*) and (*) again. In the second

quarter of 2013 the index of consumer confidence in Russia demonstrated growth by * pp against the first quarter of 2013 and came up to (*).

Consumer confidence index for Russia, 2000-2013



Section II. Other events of the retailing sector

Activities of INFOLine IA specialists

Appearances at forums and conferences



On 02 September 2013 the CEO of *INFOLine IA* Ivan Fedyakov addressed the **Product Quality – from Producer to Consumer All-Russia Congress**, which was held in Moscow as a part of activities of the Working Group for Support of National Regional Producer¹⁶. In the context of the Congress the CEO of *INFOLine* and a permanent expert of the Working Group Ivan Fedyakov made a presentation on the subject of the Commercial Register's formation and made several suggestions.

In his presentation made at the Pan-Russia Congress, Ivan Fedyakov not only phrased the latest data on development of consumer market, retail turnover and presented the results of INFOLine Retail FMCG TOP Rating, but also told the participants of the Working Group about the successful implementation of the Commercial Registry project in St. Petersburg. INFOLine IA settled commenced its development in October 2012 on commission of the Committee for Economic Development, Industrial Policy and Trade.

<...>

The implementation of those propositions will contribute to improvement of interaction efficiency between businesses and satisfying of the consumers' demand of quality goods at affordable prices.

¹⁶ The Working Group for Support of National Regional Producer was created by deputies of the State Duma and senators of the Federation Council. The activities of the Working Group are aimed at creation of new instruments to provide for a dialogue between business and authorities, consolidation of legislative efforts, single-point decision concentration on problems of Russian producers of food products.



Section III. Events and development plans of FMCG retail chains

X5 Retail Group N.V. / Pyaterochka, Perekrestok, Karusel and Perekrestok-express retail chain



Company name: *X5 Retail Group N. V.* Address: 28, str.4, Srednyaya Kalitnikovskaya, Moscow, 109029. Phones: +7 495 6628888 +7 495 7899595 Fax: +7 495 6628888, +7 495 7899595 E-Mail: *info@x5.ru* Web: *www.x5.ru* Chief executive: *Stephan Ducharme, CEO.*

Chain development

As of 01 September of 2013 X5 Retail Group manages 4 031 stores, with selling space of 2 048 thousand square meters. The chain includes 3 419 Pyaterochka soft discounters¹⁷, Perekrestok-Express 155 convenience stores, 378 Perekrestok supermarkets, 79 Karusel hypermarkets. During the I half 2013 X5 Retail Group increased its selling space by 78.28 thousand sq. m., and the number of stores – by 229, including 199 Pyaterochka soft discounters, 21 Perekrestok-Express convenience stores, 8 Perekrestok supermarket and 1 Karusel hypermarket.

In 2013 X5 Retail Group plans to open 800-900 stores: among them 40-45 supermarkets (3-4 out which are Zeleniy Perekrestok), 60-70 stores of Perekrestok-Express and the rest are Pyaterochka outlets. Besides, it is planned to increment the number of franchisee stores – to about 10-15% of newly opened stores are to work according to the reverse franchising program.



In September 2013 it became known that X5 Retail Group and RZHD (Russian Railways) structures were negotiation opening of Pyaterochka and Perekrestok outlets on territory of railway stations and adjacent squares.

In September 2013 it became known that founders of Pyaterochka chain, Andrey Rogachev, Alexander Girda, Igor Vidyaev and Tatyana Franus, reduced their share in the company's stock by 3.5%, from 19.85% to 16.35% in the second quarter of 2013. As of the date of transaction's settlement the sold block of shares was worth about 171.5 million US dollars and, most probably, was owned by Alexander Girda.

The performance results and expectations

The key financial indicators of X5 Retail Group (company as a whole) as of 2012 and the I, II quarter and I half of 2013 according to IFRS are presented in the table below.

Indicator	2012	I qtr 2013	II qtr 2013	I half 2013
Net revenue, billion rubles	480.496	126.506	133.076	259.373
Net revenue growth, %	8.1%	8%	7.8%	7.9%
LFL (revenue), %	(1.4%)	0.5%	(0.4%)	0%
LFL (average receipt), %	(3.1%)	2.5%	3.8%	3.2%
LFL (traffic), %	1.7%	(2.1%)	(4%)	(3.1%)
Gross profit, billion rubles.	115.785	30.897	-	-
Gross margin, %	23.6%	24.4%	-	-
Net profit, billion rubles	(3.933)	1.98	-	-
Net profit margin, %	-	1.6%	-	-
EbitDA, billion rubles	34.939	8.643	-	-
EbitDA profit margin, %	7.1%	6.8	-	-

Data source: X5 Retail Group's data.



Resignations and appointments

On 19 September 2013 the extraordinary general shareholders meeting of X5 Retail Group N.V. decided to include the president of Euroset Company Alexander Malis and a managing partner of Rosexpert Consulting Company Igor Shehterman into the Supervisory Board. They were elected into the Supervisory Board for four years – till the

¹⁷ As it has come to be generally accepted by the international retailers the format of discounter should meet the "one commodity - one demand" rule. But it is important to emphasize that in Russia the discounter format, as such, is non-existent. At the same time the specialists of INFOLine IA would like to distinguish two subformats of the convenience store format: soft discounters, for the formats of the number of the largest Russian players, such as Pyaterochka, Diksi, Magnit, Monетка, Kopeika, Maria-Ra and others, and convenience stores. In this section we are using the term of a convenience store meaning a soft discount store.

annual meeting of X5 Retail Group shareholders in 2017. In this way, as of 01 October 2013 the Supervisory Board of X5 Retail Group includes the founder of Alpha Group Consortium Mikhail Fridman, the director for assets management of Alpha-Group Dmitriy Dorofeev, the deputy director for corporative development, finance and audit of Alpha-Group David Gould, the president of M. Video Alexander Tynkovan, ex-manager of the French retail company Groupe Casino Christian Couvreur, the president of Euroset Company Alexander Malis and a managing partner of Rosexpert Consulting Company Igor Shehterman.

<...>

Logistic

In August 2013 it became known that X5 Retail Group plans to build several distribution centers in various regions of Russia. One of these distribution centers will be constructed in Orel region. X5 Retail Group has a 12-ha land plot in Krutaya Gora in Orel region. Besides, the company's DCs may appear in Rostov and Samara regions.

Co-operation with suppliers

On 02 August 2013 X5 Retail Group announced the signing of an agreement for raising a club-deal credit for the sum of 15 billion rubles. The raised funds are to be assigned for refinancing of company's liabilities to the amount of 12.35 billion rubles with regard to the current club-deal credit that was raised in 2010, the due date is in September 2013, as well as other short-term liabilities. The new credit is to be granted in two tranches: the first one for the sum of 9.7 billion rubles for a 3-year period and the rate of MosPrime + 2.50%, the second – for the sum of 5.3 billion rubles for a 5-year period and the rate of MosPrime + 2.75%. The London office of UniCredit Bank AG will become the sole structurer of the deal. The following international banks will take part in the deal as mandated lead arrangers: ING BANK (EURASIA) CJSC, AKB Rosbank JSC, Raiffeisenbank CJSC, UniCredit Group (UniCredit Bank CJSC, UniCredit Bank Austria AG, UniCredit Bank AG London).

Research (full version) contain the description of 8 largest FMCG chains in Russia:

X5 Retail Group N.V. (Pyaterochka, Perekrestok, Karusel and Perekrestok-express); Magnit, JSC (Magnit, Magnit Semeiny, Magnit-Cosmetic, Rouge retail chains); Auchan Groupe (Auchan, Auchan-City, Nasha Raduga, real,- and Atac retail chains); Metro Group (METRO, METRO Punct and real- retail chains); GC DIKSI, JSC (Diksi trading chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Semeynaya Kopilka, Viktoria, Kesh) ; O'KEY, LTD. (O'KEY, O'KEY-Express retail chain); Lenta, LTD. (Lenta retail chain); Sedmoi Kontinent, JSC (Sedmoi Kontinent, Nash)

The description of each chain includes news according to the sections:

- Chain development (operation results, plans of further development);
- Performance results and expectations (key financial indicators and plans);
- Investment activities;
- Private label (key private label of the chain, their development and plans to the future expansion);
- Resignations and appointments;
- M&A deals;
- New formats (introduce and/or plans on introduce new formats to the market);
- Logistics (opening new distribution centers, the level of supply centralisation, etc.);
- Commissioning of the stores (during the last month);
- Closing the stores (during the last month);
- Co-operation with consumers (actions, loyalty programs, etc.);
- Co-operation with suppliers (working conditions with suppliers, new partners, etc.);
- Corporative events (other news by the chain (judicial proceedings, labor relations, etc.).