informational agency | information agency

In 2007, research products of the information agency "INFOLine" were appreciated by the leading European companies. Agency "INFOLine" was made into a single association of consulting and marketing agencies of the world "ESOMAR". In accordance with the rules of the association all the products of the agency "INFOLine" certified by European standards, ensuring that our customers receive a quality product and sales service through further consultations at the request of customers.

Periodic review of industry

Rating of FMCG retailers in Russia

November 2013

Demo-version

- Statistics of retail bussiness 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 November 2013 and revenues in 2012, the first half of 2013 and 9 months of 2013

Content of the industry review "Rating of FMCG retailers in Russia: November 2013"

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 November 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 bussines 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).

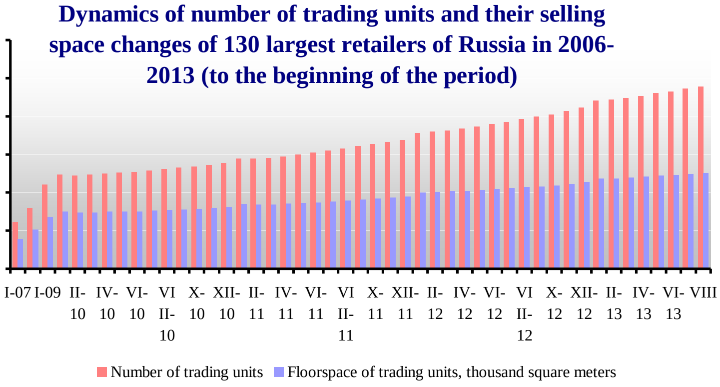
For additional information please visit our sites at www.infoline.spb.ru and www.advis.ru

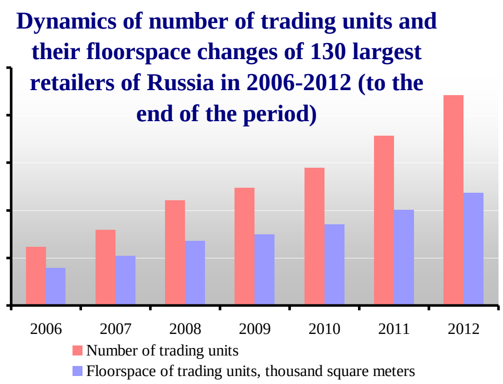
Rating of FMCG retailers in Russia

Performance results of TOP 130 FMCG chains[1]

Performance results of TOP 130 FMCG chains in Russia[2]

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

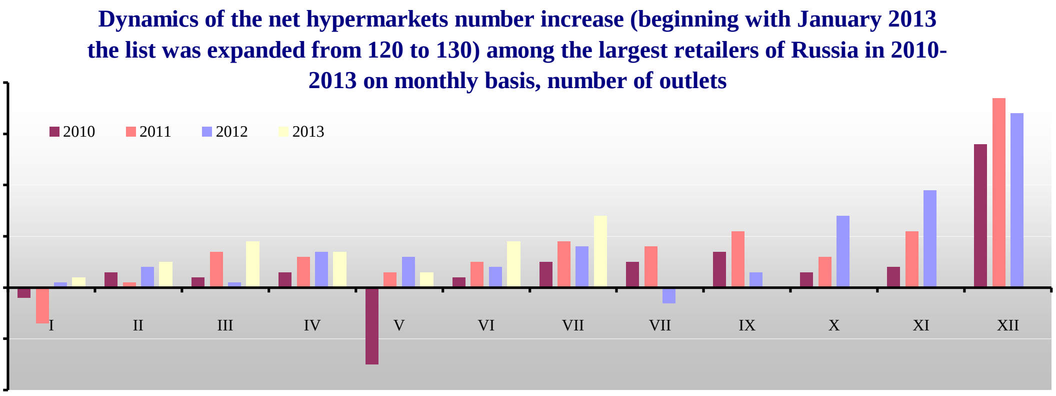




The total number of stores among the TOP-130 FMCG retailers as of **01 December 2013** was *, with total selling space of * thousand sq. m.

Development of hypermarket format[3]

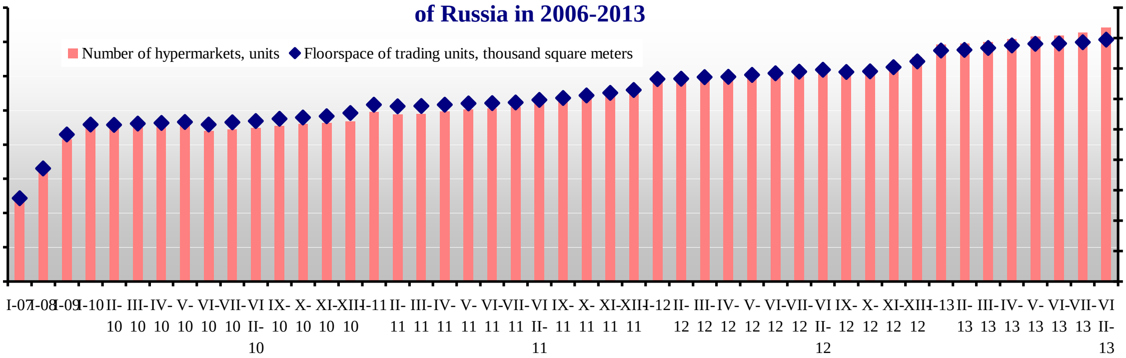
In **November 2013** the number of hypermarkets among TOP-130 FMCG retailers increased by *, and the trading space decreased by *thousand sq. m. Altogether, during **January-November 2013**, the number of trading units increased by ***,** while the trading space increased by *thousand sq. m.



In **November** 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 Diksi 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 Diksi 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 Diksi 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.

Dynamics of number of hypermarkets and their selling space changes of 130 largest retailers of Russia in 2006-2013



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, discounter[4] 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 retailers[5]

The dynamics of number of stores changes amoung 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]	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	Nov. 2012	Nov. 2013	Nov. 2012		Nov. 2013		Jan.-Nov. 2012		Jan.-Nov. 2013	
X5 Retail Group	Karusel		*	*	*	*	*	*	*	*	*	*	*	*	*
	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	*	*	*	*	*	*	*	*	*	*	*	*	*

[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[6]	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	Nov. 2012	Nov. 2013	Nov. 2012		Nov. 2013		Jan.-Nov. 2012		Jan.-Nov. 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 (francheese)	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	*	*	*	*	*	*	*	*	*	*	*	*	*
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

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

Rating of FMCG retail chains of Russia by selling space

*INFOLine 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).***

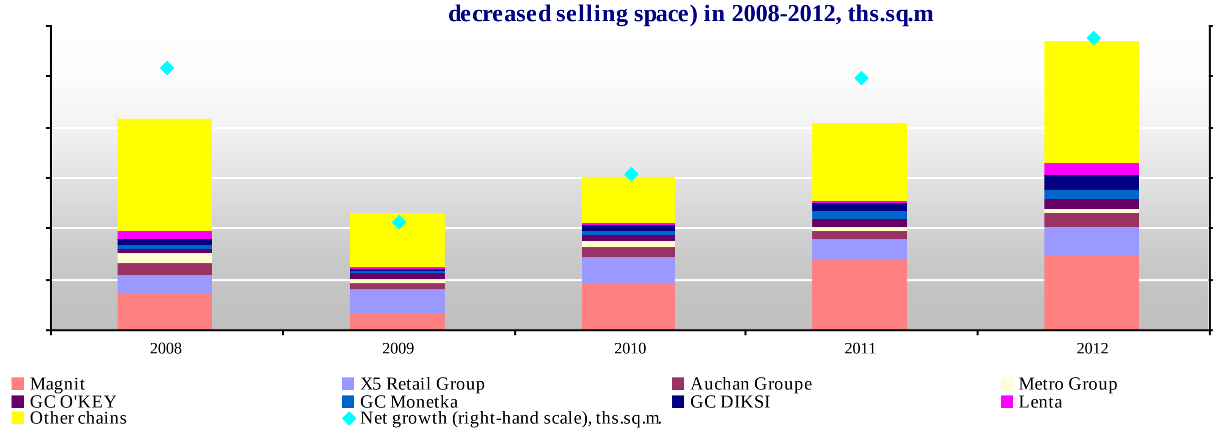
The results of 2008-2012

<…>

The key tendency of 2012 was the declining of growth rates of the largest multiformat 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.

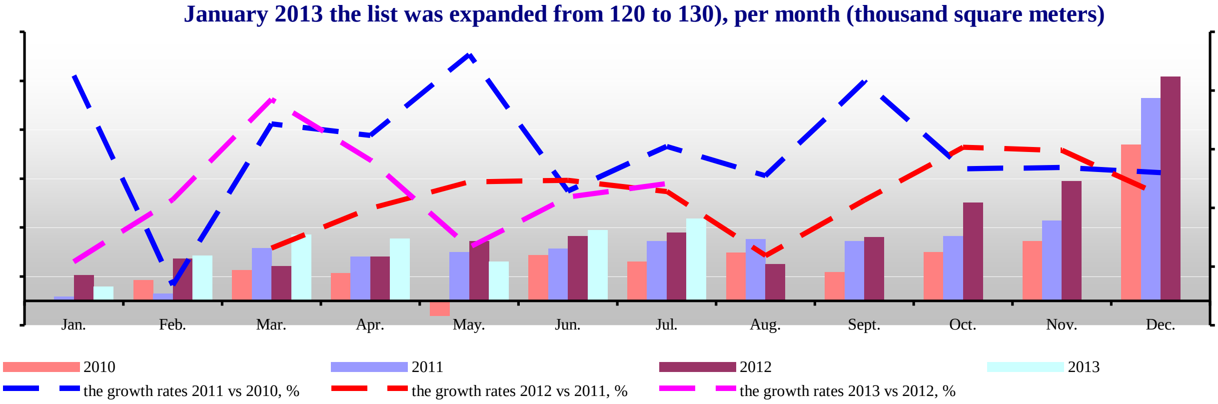
Dynamics of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in 2008-2012, ths.sq.m



The results of the first half of 2013

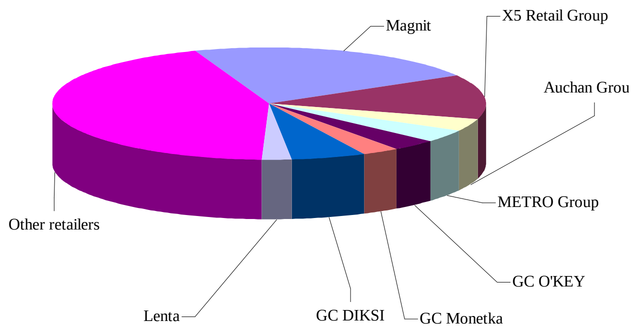
In **November 2013** 17 largest chains increased their selling space by 72.3 thousand sq. m. (excluding X5 Retail Group). The dynamics of monthly selling space growth of the major 130[7] chains are represented at the diagram below. The selling space growth was provided by commissioning of Auchan, Magnit, 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)

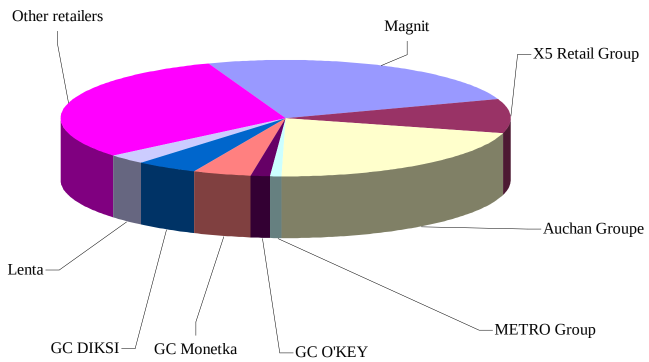


[7] The represented data include 130 chains included the monthly branch survey of INFOLine IA: TOP-92 chains with revenue over 3 billion rubles, as well as other FMCG chains, including the members of the Union of Independent Chains of Russia and Sistema T3S.

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, %



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

Dynamics of selling space changes of the largest retailers[8]

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	Nov. 2012	Nov. 2013	Nov. 2012	Nov. 2013	Jan.-Nov. 2012	Jan.-Nov. 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, 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	*	*	*	*	*	*	*	*	*

[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	Nov. 2012	Nov. 2013	Nov. 2012	Nov. 2013	Jan.-Nov. 2012	Jan.-Nov. 2013
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	*	*	*	*	*	*	*	*	*
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 sales [10]

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 Nov. 13	June 13 vs J Nov. 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	*	*	*	*	*	*	*	*

[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

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 Nov. 13	June 13 vs J Nov. 12, %
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**		*	*
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

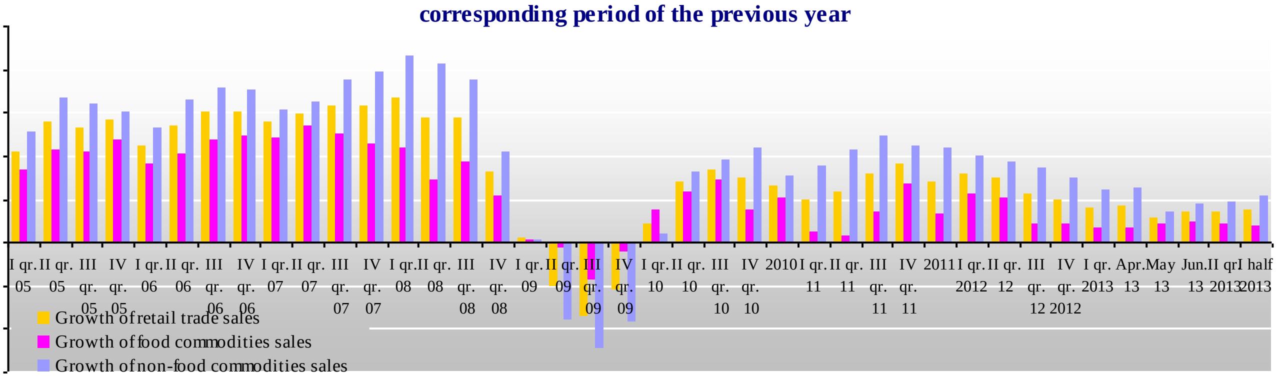
[12] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

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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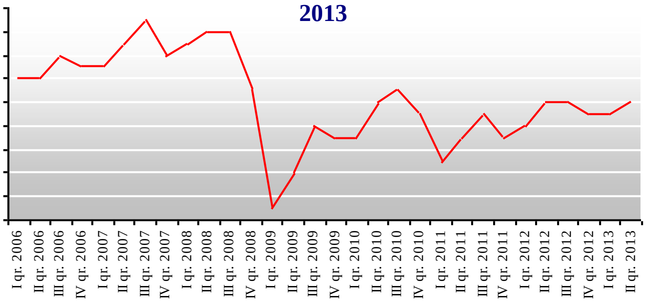
Leading indicator of retail trade development

According to the results of the polls conducted by FSGS (Federal Service of Government Statistics) the Index of Business Confidence[13] 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 situation[14] 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 enviroment in Russia 2006-2013

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[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).

Government regulation of the retailing industry

<…>

Alcohol Market Regulation

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).

<…>

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

Structure of sales by categories of goods

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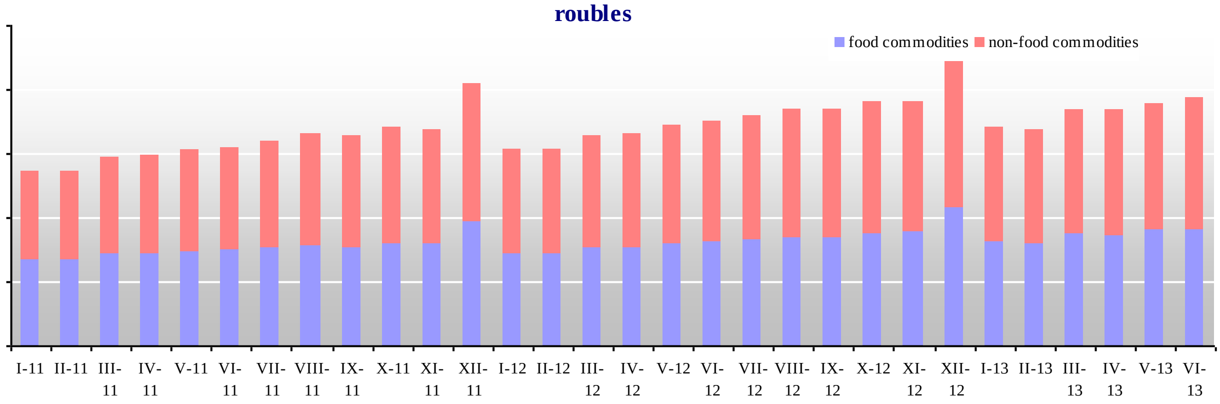
Structure of retailers' turnover by commodity groups in 2011-2013 (by months), billion roubles



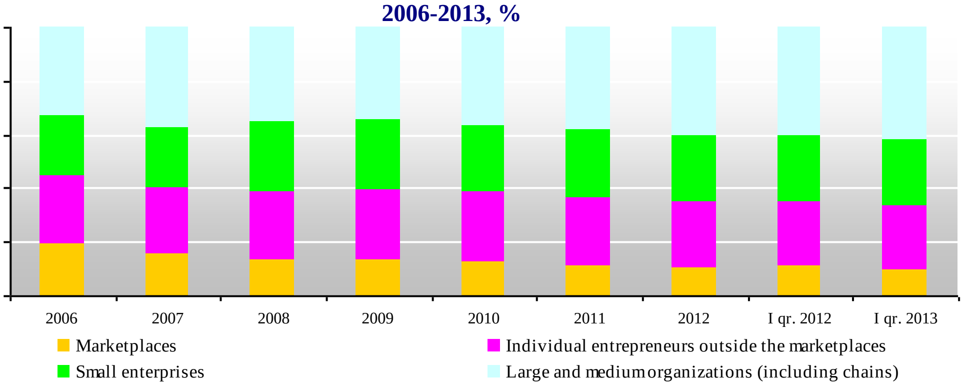
In June 2013 the share of food commodities came up to *%, and share of non-food commodities in retailers' turnover in Russia came up to *% (in June 2012 – *% and *% accordingly). In January-June 2013 the share of food commodities came up to *%, and share of non-food commodities in retailers' turnover 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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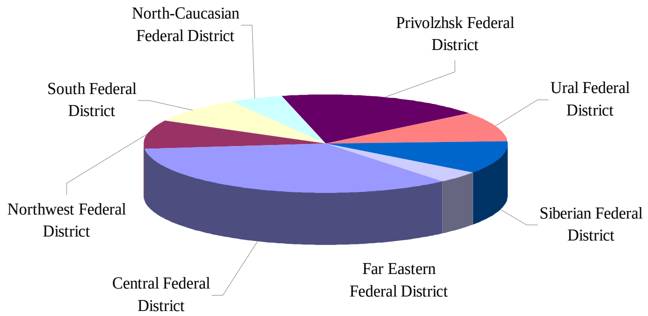
Research (full version) also contains information on structure of sale of the goods in markets and fairs, detailed information on unorganised trade: number of the markets, trading places in them, structure of the markets and the managing subjects and other.

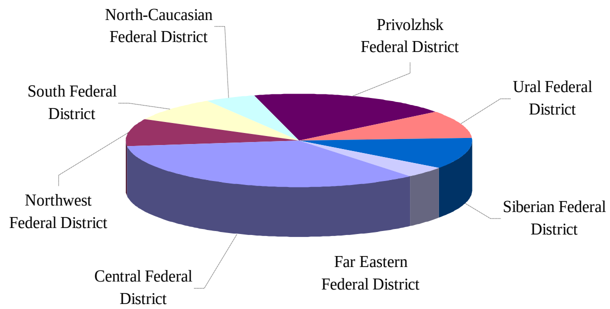
Regional structure of retailers' sales

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, %



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Inflation on food commodities market

Dynamics of the food prices changes

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In September 2013 inflation (by consumer price index) in Russia came up to *% in comparising 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 – *%).

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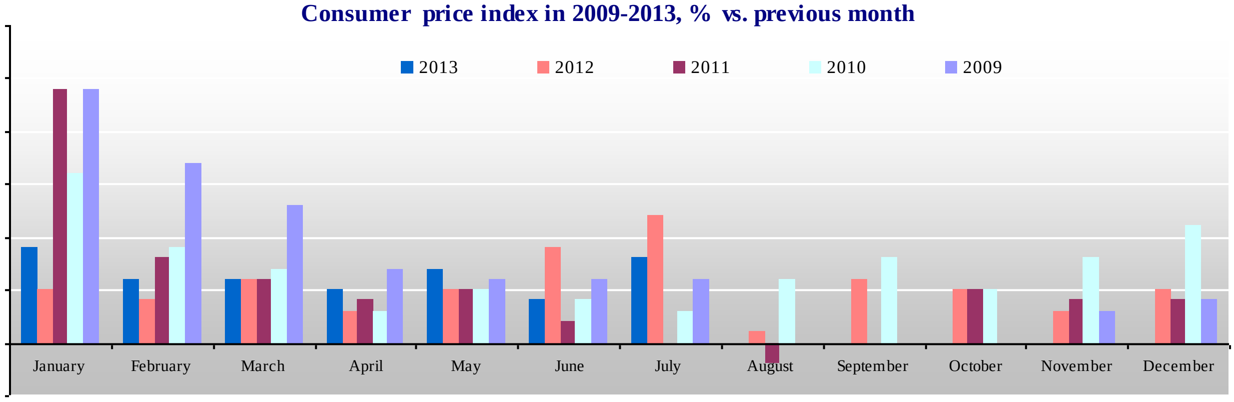
Consumer price index in 2009-2013, % vs. previous month



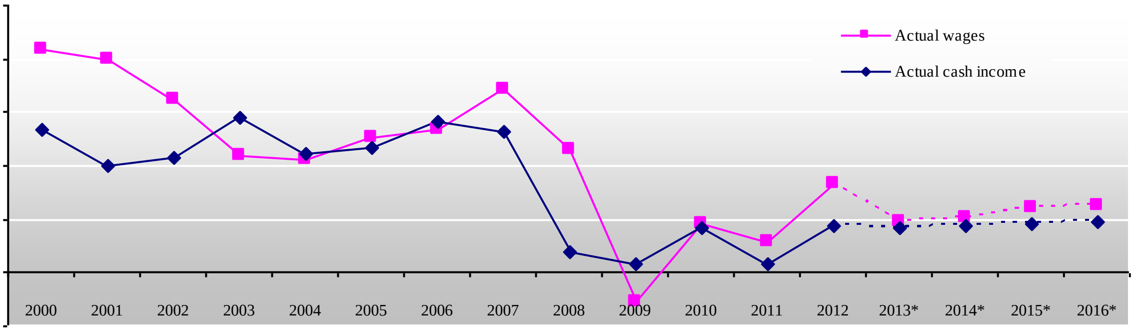
Research (full version) also contans the information on dynamics of cost on key consumer products on Russia and 8 regions of Russia

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



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Credit and monetary policy

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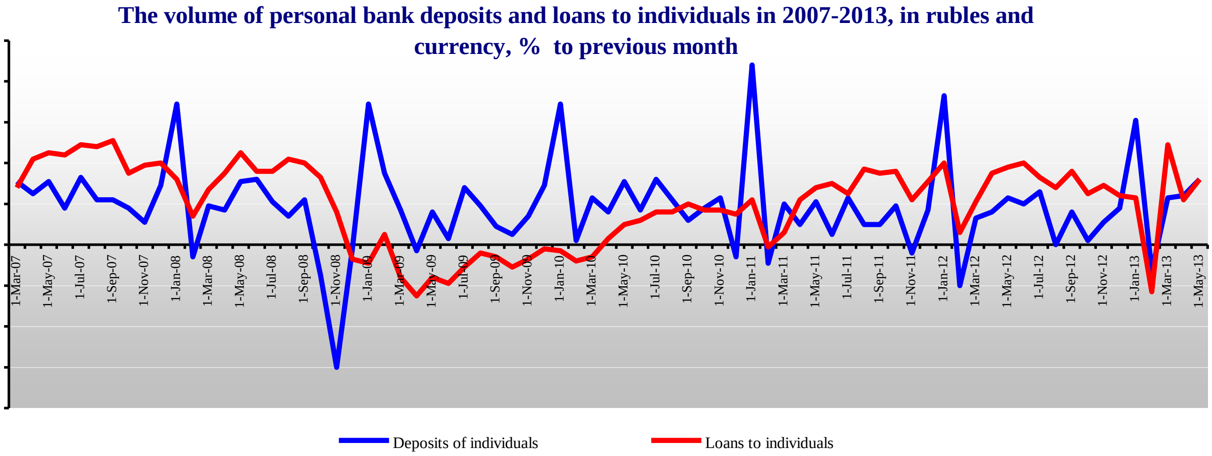
In June 2013 the department of financial stability of the Central Bank of the RF summarised the results of the assesment of portfolios of the major banks[15] for the first quarter of 2013. For the first time since 2012 there was noted lowering of borrowers' interest towards credit cards and pos loans (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.



Household expenditures

According to the scan-panel of households, in October 2013 everyday consumer expenditures nominally decreased by *% in comparison with September 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 October 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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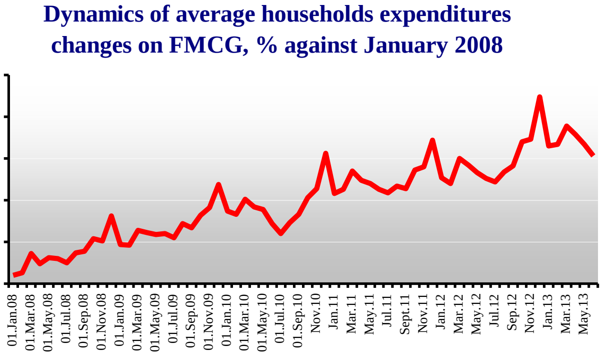
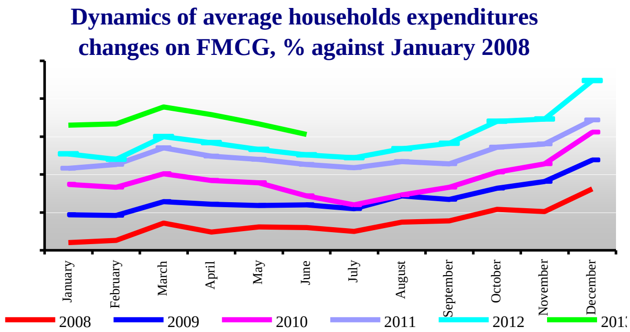
The recessionary 2009 became an exception. In this way the annual trend is again confirmed by the current year.





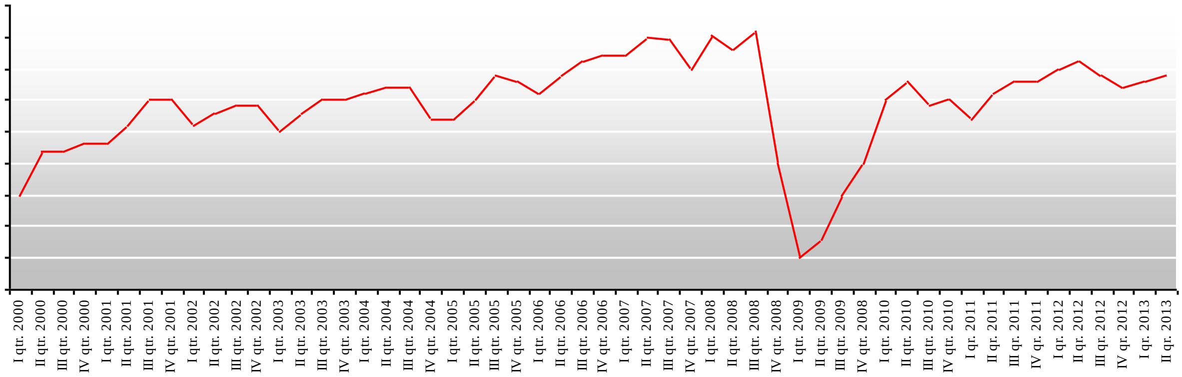
Research (full version) also includes the structure of the pernal income and expenditures, credit and monetary policy, results of the skan-panel of households following the results of the complete period, average receipt value analysis and etc.

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 esults 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 06 November 2013 a multimedia business-forum Retail 2013: Point of Increase was hosted by Digital October Centre in Moscow. Kommersant Publishing House was the provider of the forum, INFOLine – its analytic partner. The CEO of INFOLine-Analytics Mikhail Burmistrov pointed out that the major challenge in the retail segment of the RF was decline of retail growth rates. Among other things it is connected with "a consumer's extreme debt load" and uncertain prospects for a consumer's future. "The largest chains are still growing faster than the retail turnover in total," M. Burmistrov pointed out. According to him, in 2012 the overall volume of selling space in chain retail came to more than 17.5 million square meters. According to the results of 2013 this indicator is expected to grow to 22 million square meters. In the expert's description, this "figure is startling". At the same time, M. Burmistrov continued, growth rates are slowing down in the majority of retail segments. "And to demonstrate really unique high indicators one really needs to demonstrate something truly outstanding," he concluded.

<…>

In 2013 Problems and Development Prospects of Construction-Finishing Materials and DIY Retail Market Forum became the largest in Russia business event of the DIY market and entered the international arena. Among the speakers there are representatives of the industry's leading companies: Leroy Merlin, K-Rauta, SKM Group, SBR Corporation (Metrika chain), STD Petrovich, Rockwool, Tikkurila, Caparol, Rasch, Interskol, ABB and others. On the international level the event is supported by the European Federation of Producers FEDIYMA.

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 October of 2013 X5 Retail Group managed 4 187 stores, with selling space of 2080.9 thousand square meters. The chain included 3 568 Pyaterochka soft discounters , Perekrestok-Express 159 convenience stores, 382 Perekrestok supermarkets, 78 Karusel hypermarkets. During January-September 2013 X5 Retail Group increased its selling space by 111,13 thousand sq. m., and the number of stores – by 385, including 348 Pyaterochka soft discounters, 25 Perekrestok-Express convenience stores, 12 Perekrestok supermarket

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 shops. Moreover it is planned to increase the number of franchisee stores – to about 10-15% of newly opened stores are to work according to the reverse franchising program.

<…>

In November 2013 it was reported that X5 Retail Group sold its uncompleted shopping centre Italmas in Izhevsk, situated at the following address: ul. 40 let Pobedy. During the crisis X5 Retail Group froze this project and, as of the deal's date, its completeness was 50% at best. The founder and the CEO of Base Property Group (BPG) Dmitriy Zotov, who suggested this deal, had been negotiating it for a whole year, before his company became the new owner of the shopping centre.

The performance results and expectations

The key financial indicators of X5 Retail Group (company as a whole) of 2012 and the 1st quarter, 2d quarter, 3d quarter and 9 months of 2013 according to IFRS are presented in the table below.

Indicator	2012	I qtr. 2013	II qtr. 2013	I half 2013	3d qr. 2013	9 month 2013
Net revenue, billion rubles	480.496	126.506	133.076	259.373	121.5	384.3
Net revenue growth, %	8.1%	8%	7.8%	7.9%	7%	7.5%
LFL (revenue), %	(1.4%)	0.5%	(0.4%)	0%	(1.7%)	(0.6%)
LFL (average receipt), %	(3.1%)	2.5%	3.8%	3.2%	(4.9%)	3.8%
LFL (traffic), %	1.7%	(2.1%)	(4%)	(3.1%)	(6.2%)	(4.2%)
Gross profit, billion rubles.	115.785	31.58	30.96	62.47	30.57	93.57
Gross margin, %	23.6%	24.4%	23.6%	24%	25.1%	24.4%
Net profit, billion rubles	(3.933)	2.02	2.29	4.31	2.26	6.6
Net profit margin, %	-	1.6%	1.7%	1.7%	1.9%	1.7
EbitDA, billion rubles	34.939	8.83	9.04	17.85	9.06	27.1
EbitDA profit margin, %	7.1%	6.8%	6.9%	6.9%	7.4%	7%

Data source: X5 Retail Group's data.

<…>

Logistic

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

2014 X5 Retail plans to open 2 distribution centres: in Republic of Tatarstan and Rostov-on-Don.

By the end of 2016 it is planned to commission a distribution center in Tyumen region.

Interaction with suppliers

In November 2013 X5 Retail Group set up the Grievance Committee. It should become a corporative arbiter for settlement of disputes with suppliers. The Committee's objective is the practical realization of Good Practice Code principles. Among other tasks it should help to improve the efficiency of contract practice of X5 Retail Group, providing grounds for an immediate dialogue between the company and its counterparties, settlement of disputes. The main functions of this committee include contemplation of complaints regarding the selection of suppliers or their disqualification, exposure of problems connected with contractual work, preparation of recommendations and suggestions with regard to the revealed problems, which can be introduced for the company's management consideration.

<…>

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 chan includes news according to the sections:

- **Chain development (operation results, plans of further development);**
- **Performance results and expectations (key financial idicators 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.).**