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## Periodic review of industry

# Conditions of consumer market of Russia and Rating of FMCG retail chains of Russia

## September 2014

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 September 2014
- Rating of FMCG retailers by the number of stores, selling spaces in September 2014 and revenues in 2013

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## Introduction

The industry review **Conditions of consumer market of Russia and Rating of FMCG retail chains of Russia** contains information about the development of the retail trade, as well as the overview of events that took place at the Russian retail market during the period under review (for the present survey it is January-September 2014), 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 survey is prepared on the basis of 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 at 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](http://www.advis.ru) and [www.infoline.spb.ru](http://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 organisations. 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 the 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 in their activities 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).



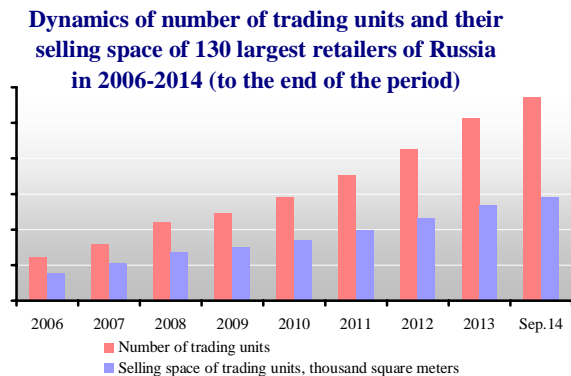
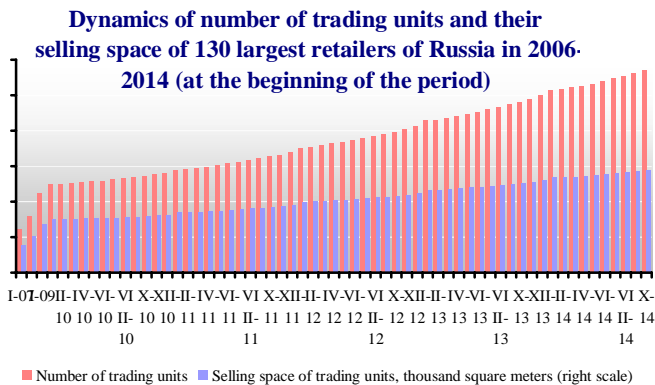
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## Rating of FMCG retailers in Russia

### Performance results of TOP 130 FMCG chains<sup>1</sup>

#### Performance results of TOP 130 FMCG chains in Russia

In **September 2014** the number of selling points of TOP-130 FMCG retailers (excluding X5 Retail Group, GK Dixy, Magnit) increased by \* units; all in all, during **January-September 2014** – by \* units. In **September 2014** the growth of the total selling space was about \* thousand sq. m. Altogether during **January-September 2014** the total selling space increased by \* thousand sq. m.

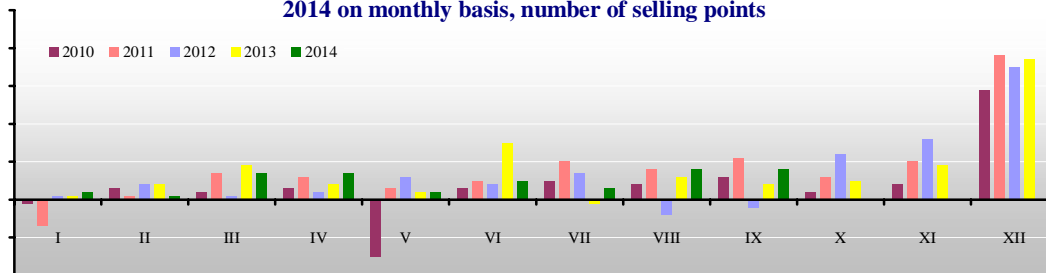


The total number of stores among TOP-130 FMCG retailers as of **01 October 2014** was \* with total selling space of \* million sq. m.

#### Development of hypermarket format<sup>2</sup>

In **September 2014** the number of hypermarkets among TOP-130 FMCG retailers increased by \*, while the selling space increased by \* thousand sq. m. In **January-September 2014**, the number of selling points increased by \*, while the selling space increased by \* thousand sq. m.

**Dynamics of the net hypermarkets number increase (starting from January 2013 the list was expanded from 120 to 130) among the largest retailers of Russia in 2010-2014 on monthly basis, number of selling points**



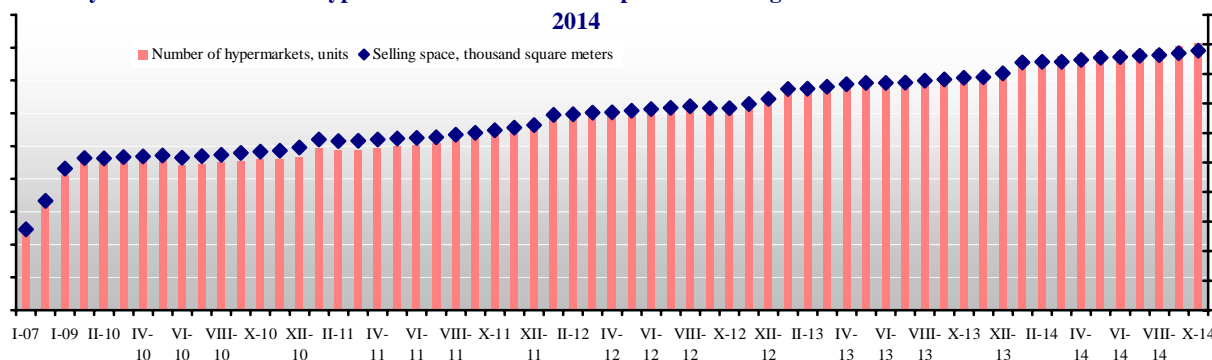
In **September 2014** the following hypermarkets were commissioned: 3 hypermarkets Magnit in Moscow, Petrozavodsk and Arkhangelsk region (Korjashma), an Auchan hypermarket in Ufa, an O'KEY hypermarket in Moscow, a K-RUOKA in St. Petersburg, SPAR (Mall LTD) in Cheljabinsk, SPAR (Intertorg TD) in St. Petersburg, 2 hypermarkets MegaMart (DIXY GK) in Ekaterinburg.

<sup>1</sup> Data was corrected according to the result June 2014. Hereinafter the data for X5 Retail Group, Magnit and Dixy is presented as it was available at the date of this survey's preparation: Magnit – July 2014, Dixy - June 2014, X5 Retail Group – June 2014. Drugstore chain "Magnet Cosmetic" is not included

<sup>2</sup> "INFOLine-Analytics" classifies "hypermarkets" as shops with selling space more than 2.5 thousand square meters. However "Magnit Family" is attributed to the "supermarket", although it is different from the positioning of the chain by CJSC "Tander"



Dynamics of number of hypermarkets and their floorspace of 130 largest retailers of Russia in 2006-



The total number of hypermarkets among TOP-130 FMCG retailers as of 01 October 2014 was \*, with total selling space of \*million sq. m.

Research (full version) also includes the description of development of supermarket format, discounter<sup>3</sup> 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 dynamics for 130 largest FMCG retailers of Russia

Dynamics of changes of the number of trading units among the largest retailers<sup>4</sup>

The dynamics of number of stores changes of the largest retailers for the period of 2010-2014 is represented in the table below.

Number of stores of the largest FMCG chains during 2010-2014 as of the end of the period, (units)

Name	Brand	Main formats <sup>5</sup>	Number of stores by the end of the period				Dynamics of a number of stores													
			2010	2011	2012	2013	September 2013	September 2014	September 2013	September 2014	Jan.-September 2013	Jan.-September 2014								
Magnit, JSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic, Rouge	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group <sup>6</sup>	Karusel	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
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 GK <sup>7</sup>	Megamart, Minimart, Dixy	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Kvartal	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

<sup>3</sup> 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, Dixi, Magnit, Monetka, Kopeika, Maria-Ra and others, and convenience stores.

<sup>4</sup> The rating was updated according to results of 2013. It presents retail chains with sales revenue in 2013 of more than 6 billion rubles.

<sup>5</sup> Legend: D - discounter, H - hypermarket, S - Supermarket, C – convenience store

<sup>6</sup> In connection with information disclosure specifics the company made available data of August and January-August 2013-2014.

<sup>7</sup> In connection with information disclosure specifics the company made available data of August and January-August 2013-2014.

Name	Brand	Main formats <sup>5</sup>	Number of stores by the end of the period				Dynamics of a number of stores								
			2010	2011	2012	2013	September 2013	September 2014	September 2013	September 2014	Jan.-September 2013	Jan.-September 2014			
Lenta, LTD.	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Investproekt, LTD.)	Monetka (franchise)	C	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GK	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	*	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata, Turne, Holdy Plus, Chervonec	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azбука Vkusa, AB Daily	S	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: INFOLine IA, according to the companies' data

## Rating of FMCG retail chains of Russia by selling space

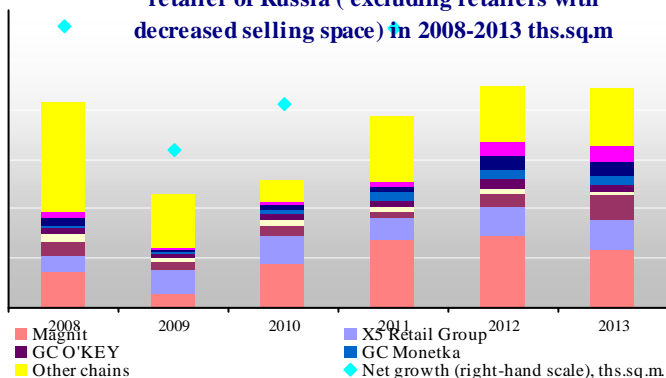
INFOLine IA monthly analyse the data regarding the changes in selling space for 130 largest FMCG retailers of Russia.

### The results of 2008-2013

According to the results of 2013 the growth of selling space among 130 largest chain came up to more than \* thousand square meters (in 2012 – \* thousand square meters, in 2011 – \* thousand square meters, in 2010 – \* thousand square meters, in 2009 – \* thousand square meters, in 2008 – \* thousand square meters) or \*% (in 2012 – \*%, in 2011 – \*%, in 2010 – \*%, in 2009 – \*%, in 2008 – \*%). In this way, as of 01 January 2014, the aggregated selling space of TOP 130 FMCG retail chains came up to more than \* million square meters.

<...>

Dynamics of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in 2008-2013 ths.sq.m



Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in 2008-2013, %



<...>

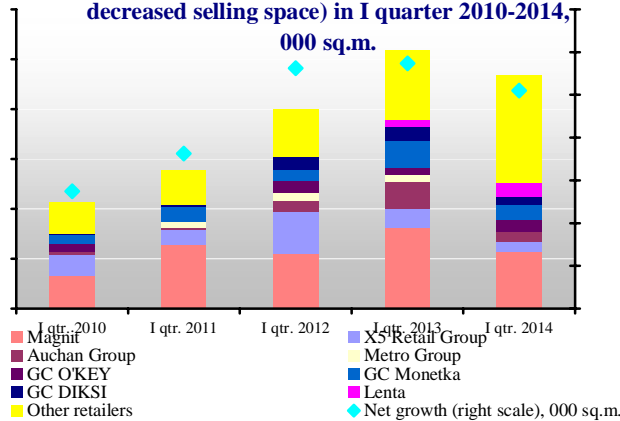
### Results of the I half 2014

In the I quarter of 2014 the net growth of selling floorspace among TOP 130 largest retailers decreased in comparison with the I quarter of 2013 by \*% or \*thousand square meters. The share of the three largest retailers in the net growth of selling floorspace (without retailers that decreased their floorspace) came to \*%, decreasing in comparison with the I quarter of 2013 by \*pp. It was connected with the investment activity of other retail chains.

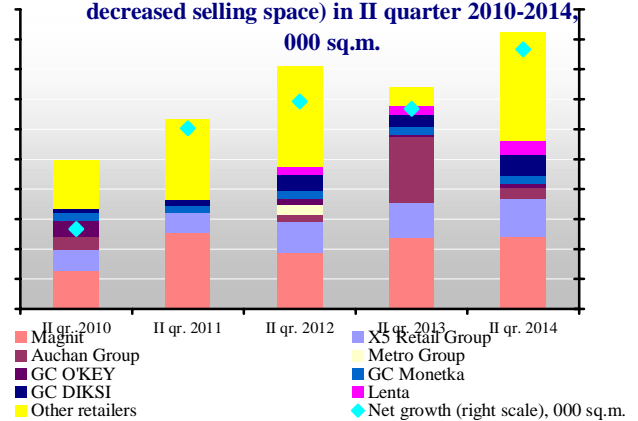
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Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in I quarter 2010-2014, 000 sq.m.



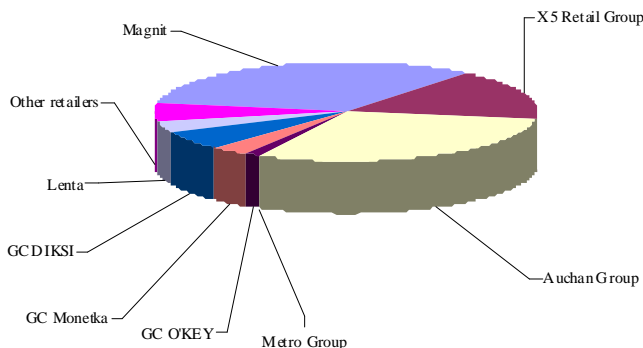
Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in II quarter 2010-2014, 000 sq.m.



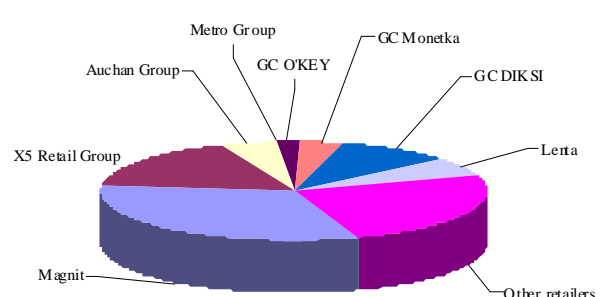
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O'KEY GC also increased its share in the selling space growth by \* pp (to \*%) in the first half of 2014. The company opened \* O'KEY hypermarkets with total selling floorspace of about \* thousand square meters. Meanwhile, it closed an O'KEY Express supermarket in Volzhskiy (Volgograd region). Its floorspace was \* thousand square meters. In 2014 O'KEY plans to invest 20 billion roubles. 16 billion roubles are to be invested into new O'KEY hypermarkets and supermarkets (14 facilities altogether). 4 billion roubles will be allocated for the Fresh Market project (Da! (Yes!) discounters).

Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in II quarter 2013, %



Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in II quarter 2014, %



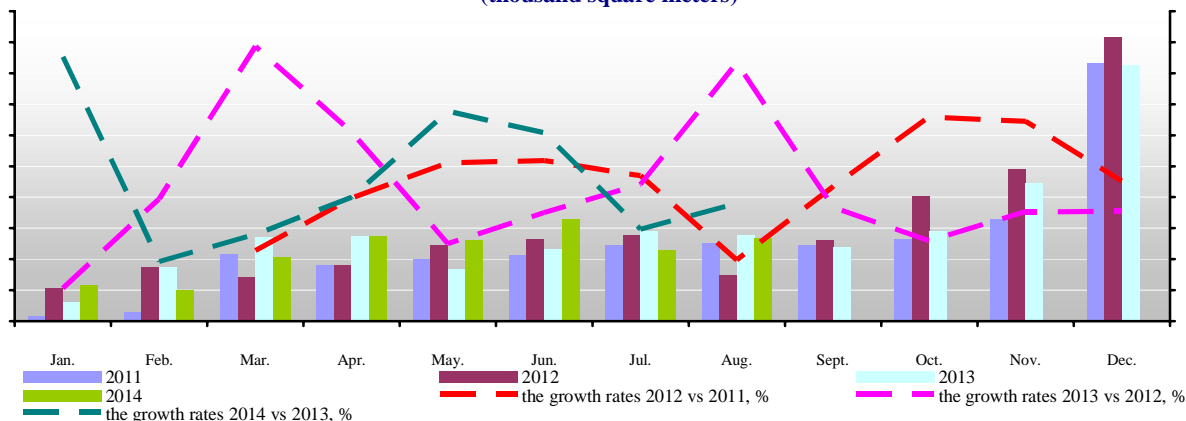
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## Full version also includes information about the dynamics of selling space growth and its structure in I and II quarter and I half 2014

### Results of January-September 2014

In September 2014 selling space was increased by 17 largest chains by 104.3 thousand sq. m. (excluding GK Dixy). The dynamics of monthly selling space growth of the major 130 chains is presented at the diagram below. The selling space growth was provided by commissioning of "O'KEY", "K-RUOKA", "MegaMart", "SPAR", "Magnit", "Auchan", supermarkets "Magnit Semeiny", "Azbuka Vkusa", "Lenta", SPAR, "Krasny Yar", "Nizkocen", "Perekrestok", "Vester", "Idea", etc., "discounters" and "convenient stores": "Magnit", "Pyaterochka", "Dixy", "Maria-Ra", "Monetka" and others.

**Dynamics of net selling space growth of 130 largest retailers of Russia in 2010-2014 per month (thousand square meters)**



### Dynamics of selling space changes of the largest retailers<sup>8</sup>

The dynamics of selling space changes of the major retailers for the period of 2010-2014 is represented in the table below.

Total selling space of the largest FMCG chains of Russia during 2010-2014 at the end of the period, thousand square meters

Name	Brand	Main formats <sup>9</sup>	Total selling space of stores by the end of the period				Dynamics of a total selling space of stores											
			2010	2011	2012	2013	September 2013	September 2014	September 2013	September 2014	Jan.-September 2013	Jan.-September 2014						
Magnit, JSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic, Rouge	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group <sup>10</sup>	Karusel	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
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 GK <sup>11</sup>	Megamart, Minimart, Dixy	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Kvartal	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monетка GK (Element-Trade, LTD.)	Monетка, Monетка Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monетка GK (Investproekt, LTD.)	Monетка (franchise)	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monетка GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GK	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata, Turne, Holdy Plus, Chervonec	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: IA "INFOline"

<sup>8</sup> The rating was updated according to results 2013. It presents chains with sales revenue in 2013 of more than 6 billion rubles.

<sup>9</sup> Legend: D - discounter, H - hypermarket, S - Supermarket, C - convenience store

<sup>10</sup> In connection with information disclosure specifics the company made available data of August and January-August 2013-2014.

<sup>11</sup> In connection with information disclosure specifics the company made available data of August and January-August 2013-2014.



## Rating of FMCG retail chains of Russia by net profit

Financial performance results of as of **October 2014** are represented in the table below.

Legal name	Brand	Main formats <sup>12</sup>	Revenue I half 2014	I h 2014 to I h 2013, %	LfL I half 2014, %	Revenue II qtr. 2014	II qtr. 2014 to II qtr. 2013, %	LfL II qtr. 2014, %	Revenue August 2014	August 2014 to August 2013, %
Magnit JSC	Magnit	D	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*
	Magnit Family	S	*	*	*	*	*	*	*	*
	Magnit-Cosmetic, Rouge	C	*	*	*	*	*	*	*	*
	Total Company	D. H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. (TD Perekrestok, CJSC)	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok-Express,	M	*	*	*	*	*	*	*	*
	On-line retail	-	*	*	*	*	*	*	*	*
	Total (X5+Kopeyka) <sup>13</sup>	D. S. H. M	*	*	*	*	*	*	*	*
Dixy group JSC	Dixy	C. D	*	*	*	*	*	*	*	*
	Kvartal, Deshevo	S	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	C. D. S. H	*	*	*	*	*	*	*	*
	Total company <sup>14</sup>	C. D	*	*	*	*	*	*	*	*
Lenta LTD	Lenta	S. H	*	*	*	*	*	*	*	
O'KEY LTD	O'KEY, O'KEY-Express	S. H	*	*	*	*	*	*	*	

Data source: INFOLine

Financial performance results for the I and II quarter, I half 2014 for the largest public retailers are represented in the table below.

Financial performance (without VAT) of the largest FMCG chains during 2014, billion rubles

Metric	Magnit JSC <sup>15</sup>			X5 Retail Group N.V. <sup>16</sup>			Dixy group JSC <sup>17</sup>			Lenta. LLC <sup>18</sup>			O'KEY LTD <sup>19</sup>		
	I qr. 2014	II qtr. 2014	I half 2014	I qr. 2014	II qtr. 2014	I half 2014	I qr. 2014	I half 2014	I qr. 2014	II qtr. 2014	I half 2014	I qr. 2014	II qtr. 2014	I half 2014	
Net revenue, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Net revenue growth, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Gross profit, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Gross margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Net profit, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Net profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
EbitDA, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
LfL (sales), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
LfL (average revenue per user), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
LfL (traffic), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	

Data source: INFOLine

The revenue dynamics of TOP 50 retailers during 2012-2013 is represented in the table below.

Dynamics of net sales (excluding VAT) of the largest FMCG chains in 2012-2013, billion rubles<sup>20</sup>

Legal name	Brand	Main formats <sup>21</sup>	Data	2012	2013
Magnit, JSC (Tander, CJSC)	Hypermarket Magnit	H	IFRS	*	*
	Magnit	D		*	*
	Magnit Cosmetic, Rouge	C		*	*
	Magnit Family	H		*	*
	Total Company	Total formats		*	*

<sup>12</sup> Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

<sup>13</sup> Data is presented according to the pro forma, includes "other income".

<sup>14</sup> Total revenues, including other income

<sup>15</sup> Audited data according to ISFA

<sup>16</sup> Revenue of X5 Retail Group N.V according to ISFA

<sup>17</sup> Unaudited data with ISFA

<sup>18</sup> Audited data in accordance with ISFA

<sup>19</sup> Audited data in accordance with ISFA

<sup>20</sup> The rating presents chains with revenue of more than 6 billion rubles.

<sup>21</sup> Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

Legal name	Brand	Main formats <sup>21</sup>	Data	2012	2013
X5 Retail Group	Karusel	H	IFRS	*	*
	Perekrestok	S		*	*
	Perekrestok-Express, Kopeika	C		*	*
	Pyaterochka	D		*	*
	E5.RU	Internet-sales		*	*
	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 GK	Megamart, Minimart, Dixy	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)	*
Lenta, LTD.	Lenta	S, H	MR	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	IFRS	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	IFRS	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	RAS, MR	*	*
Maria-Ra GK	Maria-Ra	D, S	MR	*	*
Spar <sup>22</sup>	Spar (total company)	C, S, H	MR	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	RAS	*	*
GK Holiday	Holiday Classic, Holly, Sibiriada, Kora, Palata, Holly Plus, Chervonec	H, S, C	RAS, MR	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	RAS, MR	*	*
HyperGlobus, LTD.	Globus	H	IFRS	*	*
REWE Group (Billa, LTD.)	Billa	S	MR	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	IFRS, MR	*	*

Data source: INFO Line

**Full version also includes the description of the aggregated financial performance results for the I and II quarter, I half, III quarter and 9 months 2014 for the largest public retailers, dynamics of net sales by main formats of the largest retailers.**

<sup>22</sup> Including sub-franchising

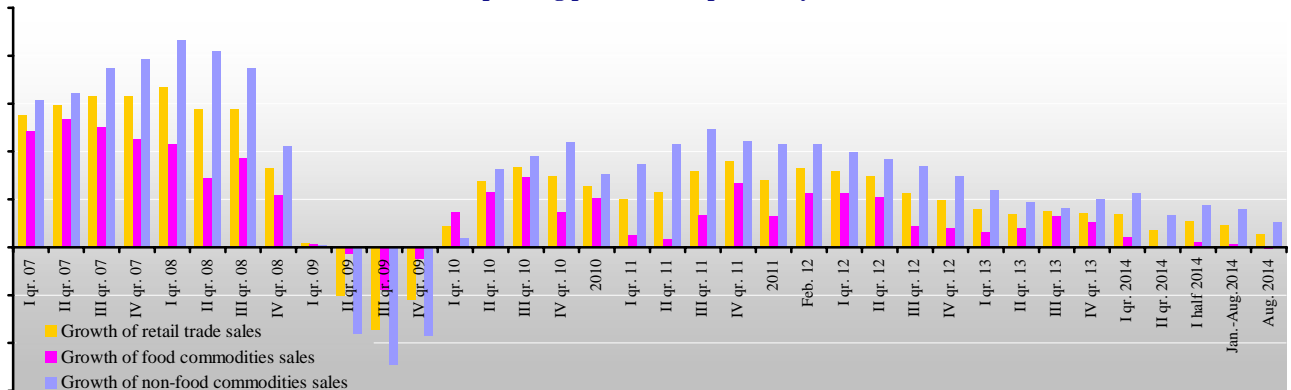


## Section I. Development of retailing in Russia

### Macroeconomical figures of the retail trade

In August 2014 the retail turnover came to \* billion rubles. In terms of commodity weight it comes to \*% vs. August 2013 (\*% in August 2013 vs. August 2012). The food retail turnover for the third month in a row demonstrates the decrease. Remembet that the decreased of the turnover of retail trade in foodspproducts was last recorded in November 2009 crisis - (of\* pps) relative to November 2008. In August 2014, the retail trade turnover decreased by \*pp and was \*% against to August 2013, showed an increase of \*% against to June 2014. In August 2014 non-food retail turnover came up to \*% against August 2013 and \*% – against June 2014. In January-August 2014 the retail turnover came to \* billion rubles. In terms of commodity weight it comes to \*% vs. January-August of 2013 (\*% January-August 2013 vs. January-August 2012). In January-August 2014 the food retail turnover came to \*% as compared to January-August 2013 (\*% in January-August 2013 vs. January-August 2012). The non-food retail turnover in January-August 2014 came up to \* as compared to January-August 2013 (\*% in January-August 2013 vs. January-August 2012).

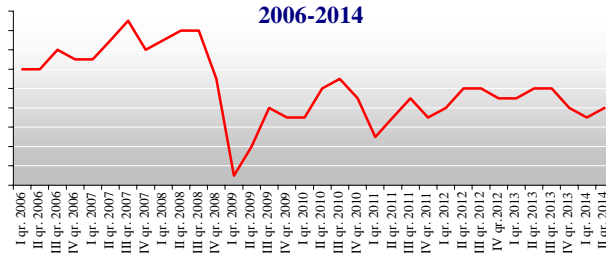
Dynamics of the main figures changes of the consumer market in 2007-2014, in % to the corresponding period of the previous year



### Leading indicators of retailing development

According to the results of the polls conducted by FSSS (Federal State Statistics Service) the Index of Business Confidence<sup>23</sup> in the II quarter of 2014 Index of Business Confidence decreased to the level of IV quarter 2011 and amount to 6 pp, increasing by 1pp from I quarter 2014 and decreasing by 2 pp vs. II quarter 2013. The economic environment assessment indicator lowered to (-2) pp in the first quarter of 2014 and grew by 5 pp in the second quarter of 2014, reaching the level of the fourth quarter of 2009 (3pp).

The Index of Business Confidence in Russia  
2006-2014



The evaluation of the economic situation in  
Russia 2006-2014



<sup>23</sup> 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.

**Full version also includes leading indicators of the retailer sales turnover growth, changes of the average number of employees, level of inventories, growth of the product mix, changes of selling prices and average profit margin, investments into business expanding and storage floorspace, supportability of retail business with their own financial resources and key limitation factors.**

## *Government regulation of the retailing industry*

### **Eurasian Economic Union**

On 03 October 2014 the President of the RF V.V.Putin signed the Federal Act No. 279 On Ratification of the Agreement on the Eurasian Economic Union, finalizing the approval of the agreement on the part of Russia. On 29 May 2014 Russia, Belarus and Kazakhstan signed the agreement, creating the Eurasian Union (EAEU). The agreement will become effective as of 01 January 2015. During 10 years a new integrated association is to be created. It is to have the common economic regulations – a next step after the Customs Union and Common Economic Space. The document provides for gradual abandonment of protective measures and creation of common markets. It includes the most over-regulated industries: pharmaceuticals - by 2016, distribution of electricity – by 2019, financial services (including a common “mega regulator”), as well as gas, oil and oil products markets – by 2025. As of the end of September 2014 neither Belarus, nor Kazakhstan were able to define dates of the agreement's ratification. <...>

### **Retail sector regulation**

On 12 September 2014 the draft law **No. 602024-6 On Introduction of Alterations to Articles 2 and 26 of the Federal Act On Governmental Regulation of Production and Turnover of Ethanol, Alcohol and Ethanol-Containing Products and Restrictions on Consumption (Drinking) of Alcohol Products (with regard to low-alcohol tonic beverages)** was introduced to the State Duma. It prohibits turnover of low-alcohol tonic beverages.

<...>

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

### *The structure of retail sales by the categories of goods*

Retail turnover, according to the results of 2013, increased by \*% against 2012 and came up to \* billion rubles; in particular the consumption of food commodities increased by \*%, non-food – by \*%.

<...>

In total according to the results of January-August 2014, the share of food increased by \*pp against January-August 2013. According to the results of August 2014, the share of food commodities increased by \* pp against August 2013.

The structure of retailers' sales by groups of commodities in 2002-2014<sup>24</sup>

Index	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Jan.-Aug. 13	Jan.-Aug. 14	August 13	August 14
Retail trade sales	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Food commodities	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

<sup>24</sup> For comparison with 2009-2013 information about turnover and share of food commodities in 2002-2008 includes tobacco



Index	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Jan.-Aug. 13	Jan.-Aug. 14	August 13	August 14
Non-food commodities	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Share of food commodities, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Share of non-food commodities, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS data

<...>

In August 2014 the share of food commodities came up to \*%, and share of non-food commodities in retail turnover of Russia came up to \*% (in August 2013 – \*% and \*% accordingly).

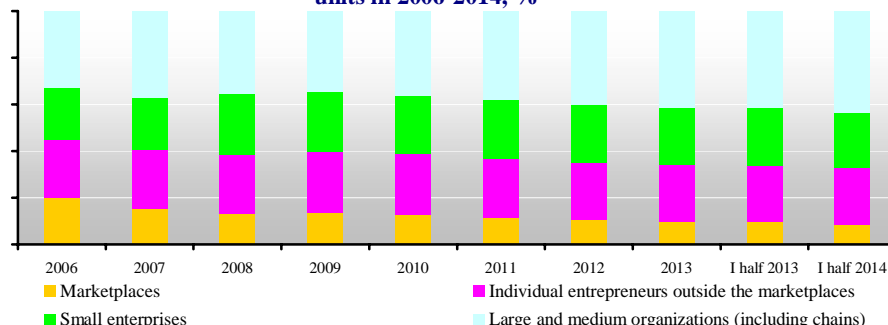
## Research (full version) also includes the dynamics of sales of the main food and non-food retailers

### Structure of sales by categories of retailers

The structure of retail turnover by types of businesses, according to the results of the I half 2014, retained the downward tendency regarding the shares of retail markets (by \* pp against the I half 2013). Small enterprises (decreased by \*pp against the I half 2013). At the same time the share of large and medium businesses (to a considerable extent these are retail chains) increased by \* pp against the I half 2013. The share of private enterprisers didn't changed in the I half 2014 – \* pp from I half 2013.

The dynamics of the structure of retail trade sales according to the categories of trading units in Russia are represented at the diagram.

The structure of retail trade sales according to the categories of trading units in 2006-2014, %



<...>

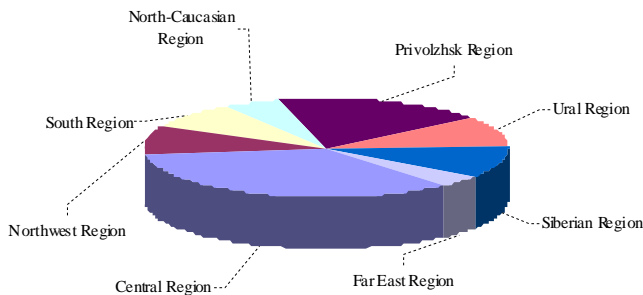
## Research (full version) also contains information on structure of sale of the goods in markets and fairs, detailed information on unorganised trade: number of the markets, trading places in them, structure of the markets and the managing subjects and other.

### Regional structure of retailers' sales

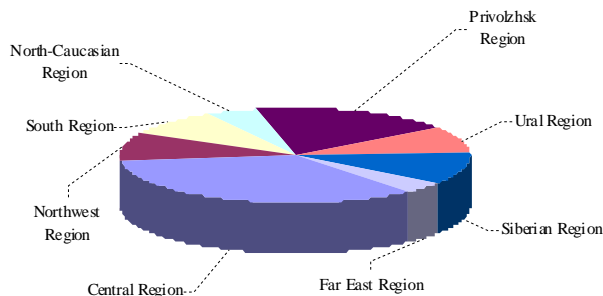
Regional structure of retail turnover in Russia demonstrates irregularity: \*% of retail turnover in January–August 2014 fell on 11 districts (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar Territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk and Rostov region), which is by \*pp higher than in January-August 2013.

<...>

**Structure of retail sales by federal districts of the RF in January-August 2013, %**



**Structure of retail sales by federal districts of the RF in January-August 2014, %**



<...>

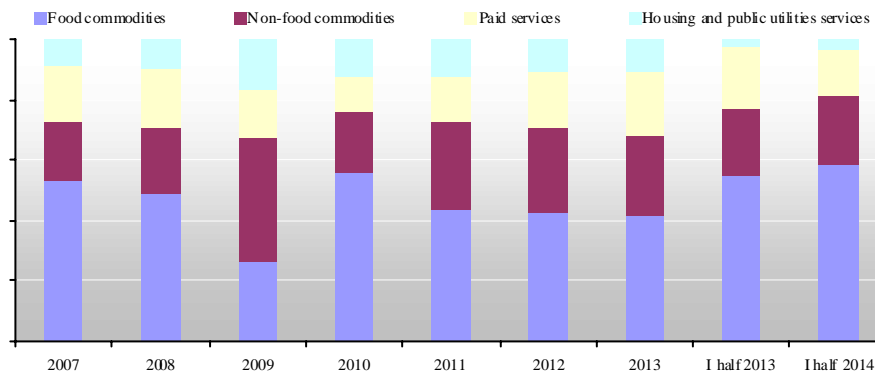
*Inflation on food commodities market*

**Inflation dynamic**

During the first half of 2014 the inflation came to \*%. It exceeded the index of first half of 2013 by \* pp. All sectors of the consumer market showed increasing growth of prices. Food demonstrated the most significant growth of prices. It was determined, in the first place, by significant weakening of the rouble in the first quarter and high dependence on import of some food commodities. The influence manifested itself directly through price growth on imported components and indirectly – due to weakening price competitiveness of import. The price growth, starting from the year’s beginning, was also affected by growth of world prices on some food categories, low reserves of potatoes and vegetables. They were replaced by imported products earlier than usually. Growth of food prices by \*% in January-June contributed for \* pp of inflation (one year earlier – \*% or \* pp of inflation). The non-food prices, despite higher share of imported components, grew more moderately. During January-June the increase was \*% (one year earlier – \*%). High price growth was restrained by slowing consumer demand and significant reserves of some commodities.

<...>

**Structure of contribution to inflation in 2007-2014, percent points**



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

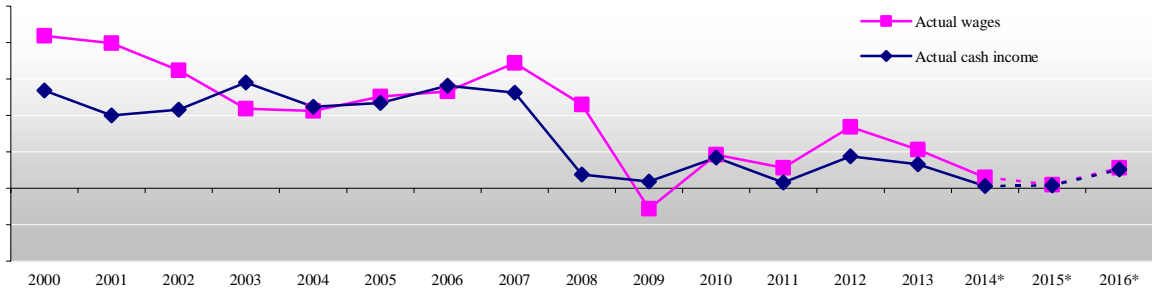
*Personal income and expenditures*

According to the results of 2013 real income of the population come up to 3.3% and wage growth was \*%. In March 2014 the Economic Development Ministry has



lowered the forecast for real disposable income growth from \*% to \*%, in September 2014 the forecast was decreased to \*%. The forecast of the Ministry of Economic Development for real salaries and wages growth was increased from \*% to \*%. The breakdown of the Russian economy in 2014 amid ruble devaluation and tense atmosphere due to Ukraine situation will cause the employment rate decrease (both in the form of layoffs, and the form of workweek shortening in some organisations) and, accordingly, on the basis of 2014, real wages and real incomes can be lower as compared to 2013.

**Dynamics of actual wages and actual income changes in 2000-2013 and forecast on 2014-2016, % as to the previous period**



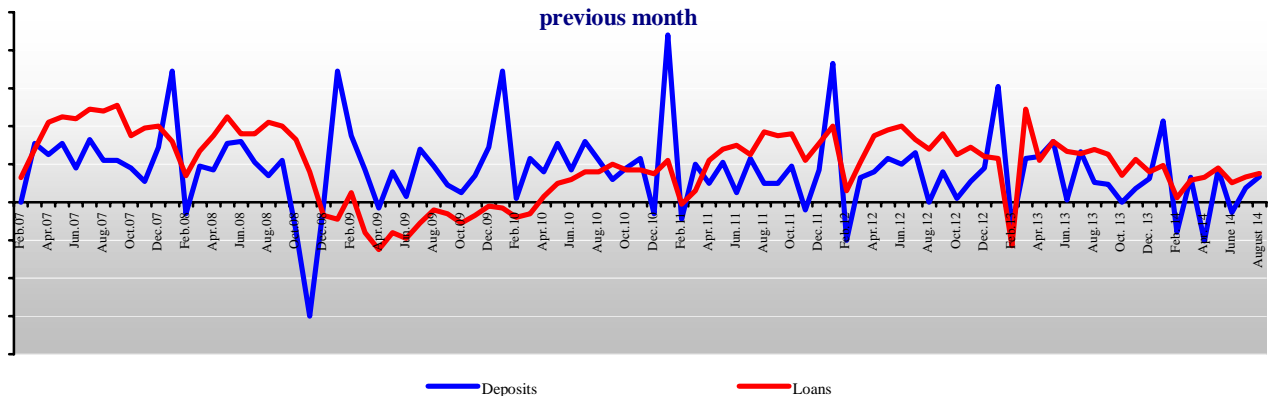
<...>

### Credit and monetary policy

<...>

The profit expectation of retail bankers for 2014 became worse. The reason is growth of credit risks. As a result, it is necessary to create reserves. It may negatively influence the capital of banks operating on the market of uncovered crediting. For instance, TKS-bank reconsidered its profit forecast for 2014 because of growing risks. In March this bank expected to earn \*-\*billion roubles. However, according to results of the third quarter the forecast was lowered to \*-\*billion roubles. "The forecast was adjusted in connection with slowing markets of retail crediting and credit cards." HKF-bank does not expect any profit in 2014 (earlier expectations are not disclosed). The bankers admit that the situation on the retail market turned out to be more complicated than expected in the in the year's beginning. Practically all retail players began to reconsider both their strategy and plans for growth and granting of credits. The paying capacity of borrowers continued to worsen in the second half of the year. This influenced the growth of arrears. According to the Central Bank, the volume of past due credits increased by \*%, to \*billion roubles as of 01 September. The bankers think the situation on this market can improve in 2015.

**Volume of personal bank deposits and loans to individuals in 2007-2014, rubles and currency, % to a previous month**

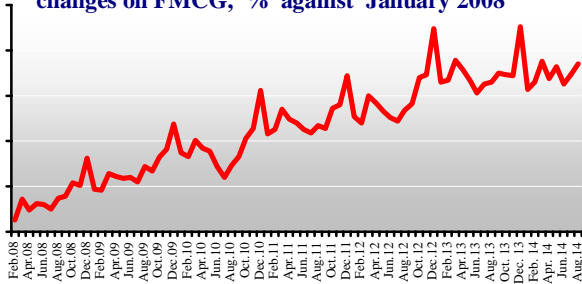


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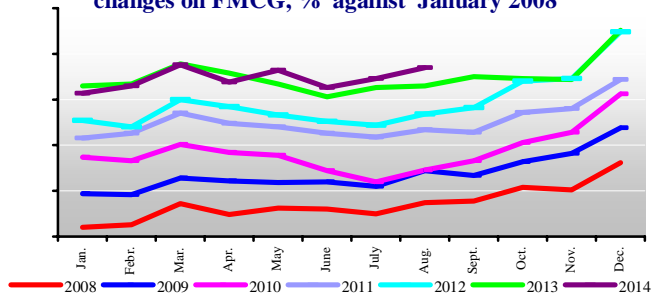
**Household expenditures**

According to scan-panel of households<sup>25</sup>, the Russians' everyday consumer expenditures in August 2014 increased nominally by 4.5% in comparison with July 2014 and almost by 8% in comparison with August 2013. Consumer activity growth is registered in August in comparison with July every year (except 2013) for the whole period of observations. In 2008-2010 this growth was 10-11%, in 2011 and 2012 – the same 4-5% as in 2014. Nominal everyday expenditures increased by 8% in comparison with August of the last year. <...>

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



**Dynamics of average household 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, consumers' expectations and confidence indexes and etc.**

<sup>25</sup> The Romir research scan-panel of households is based on consumption data collected from 10 000 consumers, representing consumer behavior of residents in Russian cities with population over 100 thousand people. The participants of the panel scan bar codes of all purchased goods, which they bring home. Scanned data are entered on-line into the scan-panel data base.





## Section II. Main events of the FMCG sector

### Food industry and food commodities market

On 06 September 2014 the Government of the RF published its decree On Introduction to the State Duma of the Draft Law that Specifies Regulation for Fishing in Open Sea. Amendments are to be introduced to the in Federal Act On Fishing and Preservation of Aquatic Biological Resources. The industrial open sea fishing on vessels under RF flag should comply with regulation of the RF Government in this regard. Amendments are to be introduced also to the Administrative Violations Code. Infringement of open sea fishing regulations will be prosecuted under law.



### Activities of INFOLine IA specialists

On 28 August 2014 the winners of MOZHNO POKUPAT (SAFE TO BUY) competition. It was devoted to quality of food commodities and organized as a part of International Fair Exhibition Aggorus. This completion is arranged for the third year in succession by St. Petersburg public organization of consumers Obschestvennyy Kontrol (Public Control). The participants are producers supplying to retail chains of St. Petersburg. According to Vsevolod Vishnevetskiy, the chairman the board of supervisors of the competition and the head of Obschestvennyy Kontrol, their aim was to find goods with composition that completely agrees with the information on the packaging. In other words, to "figure out" goods that are safe to buy. The number of participants grows every year. For instance, 9 companies took part in it in 2012. In 2013 their number was 13. This year the number doubles in comparison with 2012 – 18 companies filed applications. Among the participants there are major, well known food producing companies and newcomers to the market. A demonstrative example – there are 17 products from 7 producers from different regions of the country competing in the category of Dairy Products. One of the winners was Pirogoviy Dvorik LLC with its Sweet Cherry Pie. Ivan Fedyakov, the CEO of INFOLine IA hands in the diploma to the winner.

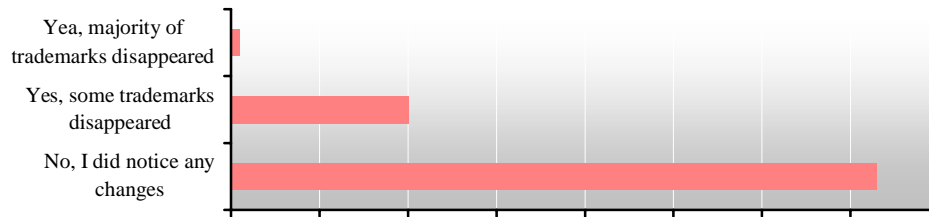


### Case: Influence of food embargo on consumers behaviour

In September 2014 Romir Holding carries out an All-Russian poll devoted to the food import sanction introduced by Russia in August. 1000 respondents (from 18 to 60 years old) took part in it according to the Russia-wide representative sampling. They reside in all types of settlements and cities and in all federal districts. The question was about changes in the familiar for them product mix at the stores after the introduction of

sanctions. The opinions divided four to one. In other words, one fifth of Russians noticed changes in the assortment, the rest did not notice anything.

**Did you notice changes in the product mix of you usual store in connection with sanctions introduced by Russia?,%**



## Section III. Events and development plans of FMCG retail chains Magnit, JSC / Magnit, Magnit Family, Magnit-Cosmetic, Rouge retail chains

### Magnit, JSC / Magnit, Magnit Family retail chains



Company name: *Magnit retail chain (Tander, CJSC)* Address: 15/5, str. Solnechnaya, Krasnodar, 350002. Phones: +7 861 2109810 extension. 4311, 4522 Fax: +7 861 2109810 E-Mail: [info@gw.tander.ru](mailto:info@gw.tander.ru) Web: [www.magnit-info.ru](http://www.magnit-info.ru) Chief executive: *Sergey Nikolaevich Galitskiy, CEO*

#### Chain development

As of 01 October 2014 the total number of Magnit chain's stores came up to 9 020 (7 891 convenience stores, 175 hypermarkets, 68 Magnit Family hypermarkets, 886 Magnit Cosmetic). The aggregated selling space of the chain reached 3 327 thousand square meters. In the III quarter 2014 the company increased the number of shops by 402: 277 convenience stores, 6 Magnit hypermarkets, 11 Magnit Family hypermarkets, 108 "Magnit Cosmetics"). Selling space increased by 137.79 thousand square m. In January-September 2014 the company increased the number of shops by 927: 691 convenience stores, 14 Magnit hypermarkets, 22 Magnit Family hypermarkets, 200 "Magnit Cosmetics"). Selling space increased by 315.62 thousand square m. In September 2014 the company increased the number of shops by 121: 79 convenience stores, 3 Magnit hypermarkets, 6 Magnit Family hypermarkets, 33 "Magnit Cosmetics").

<...>

On 18 September 2014 it became known that Sergey Galitskiy reduced his share of Magnit's stock to 38.1371%. Galitskiy sold 0.5288% of shares. According to market quotations the package cost about 133 million US dollars (4.7 billion roubles).

#### The performance results and expectations

The key financial indicators of Magnit (by formats) according to Managerial report are presented in the table below (negative values are presented in brackets):

Key financial indicators of Magnit company in 2013-2014

Indicator	Format	2013	I qtr 2014	II qr. 2014	I half 2014	III qr.2013	III qr.2014	9m 2013	9m 2014	September 2013	September 2014
Net revenue, billion rubles	Magnit	450.801	126.020	140.962	266.982	111.743	147.391	327.005	414.373	35.74	47.44
	Magnit-Cosmetic	106.176	29.59	34.419	64.008	26.637	34.341	74.995	98.35	8.51	10.744
	Magnit Family	10.678	4.454	5.628	10.082	2.779	6.429	6.983	16.511	0.906	2.126
	Magnit (hypermarket)	11.873	3.888	3.943	7.832	3.102	5.223	8.079	13.055	1.066	1.797
	<b>Total company</b>	<b>579.695</b>	<b>163.99</b>	<b>185.057</b>	<b>349.047</b>	<b>144.261</b>	<b>193.385</b>	<b>417.062</b>	<b>542.289</b>	<b>46.222</b>	<b>62.106</b>
Net revenue growth, %	Magnit (discounter)	23.77%	21.0%	26.86%	24.03%	23.76%	31.90%	24.93%	26.72%	22.37%	32.74%
	Magnit-Cosmetic	40.78%	30.52%	33.99%	32.36%	37.76%	28.92%	42.75%	31.14%	39.42%	26.24%
	Magnit Family	244.61%	130.06%	148.19%	139.84%	-	131.32%	-	136.45%	-	134.75%
	Magnit (hypermarket)	107.12%	57.67%	57.0%	57.33%	-	68.41%	-	61.58%	-	68.54%
	<b>Total company</b>	<b>29.21%</b>	<b>24.95%</b>	<b>30.69%</b>	<b>27.93%</b>	<b>28.96%</b>	<b>34.05%</b>	<b>30.60%</b>	<b>30.03%</b>	<b>27.94%</b>	<b>34.37%</b>
LFL (revenue), %	Magnit (discounter)	6.62%	5.96%	12.2%	9.26%	5.60%	17.21%	7.45%	12.27%	-	-
	Magnit-Cosmetic	9.39%	9.17%	15.02%	12.28%	7.71%	14.49%	10.73%	12.97%	-	-
	Magnit Family	17.23%	15.73%	20.4%	18.22%	18.55%	19.93%	16.86%	18.88%	-	-
	Magnit (hypermarket)	28.53%	53.5%	45.65%	49.54%	24.81%	40.25%	17.16%	46.03%	-	-
	<b>Total company</b>	<b>4.47%</b>	<b>7.49%</b>	<b>13.43%</b>	<b>10.63%</b>	<b>6.29%</b>	<b>17.21%</b>	<b>8.20%</b>	<b>13.12%</b>	-	-
LFL (average receipt), %	Magnit (discounter)	5.82%	5.32%	9.0%	7.23%	6.49%	10.86%	6.37%	8.56%	-	-
	Magnit-Cosmetic	3.07%	4.34%	8.13%	6.37%	2.18%	7.63%	3.47%	6.78%	-	-
	Magnit Family	4.2%	5.27%	9.47%	7.51%	3.21%	9.12%	3.63%	8.14%	-	-
	Magnit (hypermarket)	0.32%	1.97%	3.61%	3.05%	-1.88%	3.44%	-0.02%	3.40%	-	-
	<b>Total company</b>	<b>5.89%</b>	<b>5.6%</b>	<b>9.16%</b>	<b>7.46%</b>	<b>6.32%</b>	<b>10.13%</b>	<b>6.45%</b>	<b>8.42%</b>	-	-
LFL (traffic), %	Magnit (discounter)	0.76%	0.61%	2.93%	1.9%	-0.84%	5.74%	1.02%	3.42%	-	-
	Magnit-Cosmetic	6.13%	4.62%	6.37%	5.55%	5.41%	6.38%	7.02%	5.80%	-	-
	Magnit Family	12.5%	9.93%	9.99%	9.96%	14.86%	9.90%	12.76%	9.94%	-	-

Indicator	Format	2013	I qtr 2014	II qr. 2014	I half 2014	III qr.2013	III qr.2014	9m 2013	9m 2014	September 2013	September 2014
	Magnit (hypermarket)	28.12%	5.54%	40.58%	45.11%	27.20%	35.59%	17.19%	41.22%	-	-
	Total company	<b>1.59%</b>	<b>1.79%</b>	<b>3.91%</b>	<b>2.95%</b>	<b>-0.03%</b>	<b>6.43%</b>	<b>1.64%</b>	<b>4.33%</b>	-	-
Gross profit, billion rubles,	Total company	165.263	44.666	52.469	97.135	-	-	-	-	-	-
Gross margin, %	Total company	28.51%	27.24%	28.35%	27.83%	-	-	-	-	-	-
Net profit, billion rubles	Total company	35.620	6.988	12.6	19.588	-	-	-	-	-	-
Net profit margin, %	Total company	6.14%	4.26%	6.81%	5.61%	-	-	-	-	-	-
EbitDA, billion rubles	Total company	64.721	14.88	21.670	36.55	-	-	-	-	-	-
EbitDA profit margin, %	Total company	11.16%	9.07%	11.71%	10.47%	-	-	-	-	-	-

Data source: company's data.

In July 2014 the management of Magnit increased its forecast of the main results in 2014. The sales growth will come to 26-29% (earlier 22-24%), EBITDA profitability – 10.6-10.9% (earlier 10.2-10.7%).

<...>

### Commissioning of hypermarkets

On 09 September 2014 a Magnit hypermarket was opened in Moscow at the following address: sh. Yaroslavskoe, 146, Hanoi Moscow shopping centre. The product mix includes about 11.9 thousand items; the share of food products comes to about 79%. The selling floor is equipped with 19 point-of-sale terminals. The facility is rented.

<...>

### Commissioning of supermarkets

On 09 September 2014 a Magnit Semeiniy supermarket was opened in Ulyanovsk at the following address: pr. Narimanova, 75, DA shopping centre. The product mix includes about 9.7 thousand items, the share of food products comes to about 85%. The selling floor is equipped with 13 point-of-sale terminals. The facility is rented.

<...>

### Planned commissioning of hypermarkets

In the IV quarter 2014 a Magnit hypermarket is planned for opening in Murmansk in Olenegorsk

In the IV quarter 2014 a Magnit hypermarket is planned for opening in Murmansk at the following address: Apatity, Fersmana str., 29.

<...>

### The planned opening of the "small" formats

In 2014 the first stores are planned to be opened in Barnaul at the following addresses: Emilii Alekseevoy str, 76; Georgiya Isakova str., 113; Yurina str., 305; Furmanova str., 55.

<...>

### New formats

In July 2014 it became known that Magnit was working on its own online store. At the same time the founder of the chain, Sergey Galitckiy, does not believe in food online retailing. He explained that the work had begun "just in case, not to be late for great sales". He said it was too early to say anything definite.

### Logistics

As of 7 October 2014 "Magnit" (CJSC "Tander") operated 26 distribution centres, a total selling space of 825 sq. m. In the I half 2014 level of centralisation of supply for convenience stores is about 89%, for hypermarkets - 71%. The long-term plan is to bring this figure up to 92% for stores and up to 80% for hypermarkets. The car park on 1 July 2014 accounts to 5 697 trucks.

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### Private label

As of 01 July 2014 the total number of company's PL reached 627 items. In the I half 2014 the share of PL in the revenue structure was to 12%. About 86% of PLs are food commodities. The share of non-food commodities is expected to increase with time.

### Co-operation with suppliers

<...>

In September 2014 it became known that Magnit concluded an open-end contract for allocation Qiwi payment terminals. The will be installed in 1700 retail facilities

### Corporate events

<...>

On 22 September 2014 Magnit announced payment of the fourth coupon of bonds series BO -07 (reg. number: 4V02-07-60525-R as of 10.08.2011 г.) to the amount of 221 900 000 roubles. On 30 September 2014 Magnit JSC fulfilled its obligations and paid out the third coupon of bonds series BO-08/BO-09 4V02-08-60525-R / 4V02-09-60525-R as of 10.08.2011) to the amount 209 400 000 roubles / 209 400 000 roubles correspondingly.

On 25 September 2014 the Board of Directors of Magnit JSC held a meeting at which the following decisions were made:

1. *to pay the dividends on ordinary registered shares of Magnit JSC according to results of half a 2014 fiscal year to the amount of 7 404 154 096.50 roubles, which comes to 78.3 roubles per one ordinary share. State registration number of security papers issue, registration date: 1-01-60525-P of 0 4 March 2004. Payout period of dividends to nominal holders: 24 October 2014 Payout period of dividends to other persons: 18 November 2014*
2. *To approve the new version of Magnit's Statute;*

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## 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 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.);
- Corporate events (other news by the chain (judicial proceedings, labor relations, etc.).