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## Industry review

# Russian consumer market and FMCG retail chains rating

## May 2015

Demo-version

- Retail business statistics
- Retail indicators
- Review of retail market in May 2015
- Rating of FMCG retailers by stores number, selling space in May 2015, net sales in 2013-2014

Content of the industry review "Russian consumer market and FMCG retail chains rating"

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## Russian retail, its conditions and prospects. Report from analytic session of INFOLine

On 03 June 2015, in the context of the Russian Retail Week in Moscow, **INFOLine** arranged an analytic session **Fastest Growing and Most Efficient. Analysis of TOP 1000 Major Retail Chains**. It was attended by representatives of the largest federal retail chains of Russia: Lenta, Evroset, Yulmart, Detskiy Mir, Fix Price, STD Petrovich, Sela. It became a key event and was attended by 250 participants. The session was opened by the company's CEO, Ivan Fedyakov, with INFOLine Retail Russia Top100 presentation. In his report Ivan Fedyakov touched upon three aspects directly connected with retail: macroeconomic analysis (conditions and prospects of Russian economy, retail and consumer demand), retail chains rating – INFOLine Retail Russia TOP 100, efficiency indicators and investment activity prospects.



According to **INFOLine**, in 2014 Russian market became the European leader by consumer market volume, but Q1 2015 demonstrated negative dynamics. The fall was 6.5% of retail turnover in physical terms, i.e. pieces, kilograms, litres. As Ivan Fedyakov pointed out, about 5 million Russians are not able to service their credits. The volume of uncollectible loans reaches RUB 1.3 tn.

Jan Dunning, Lenta's CEO, presented Lenta, Investments into Stable Growth report. In it he, for the first time, spoke about Lenta's plans, among other things – about the supermarket format development. Sergey Fedorinov, the CEO of Yulmart, told about the ambitious anti-crisis strategy, Yulmart's logistics model and middle-term plans, till 2018. Evgeniy Movchan, the CEO of STD Petrovich shared company's indicators and quality advertising materials – video clips of the current company's advertising campaign. Representatives of Sela Corporation, Evroset, Fix Price and Detskiy Mir GC also presented cases and answered questions.



**We thank the organizers of the Russian Retail Week, speakers and delegates of the Analytic session and invite to further cooperation!**



Before **30 June 2015** you are able to obtain a concise version of the large-scale research report INFOLine FMCG TOP 100 of the RF Chains from **for free**. The full version includes ALL regions of Russia, analysis of more than 1000 retail chains and the rating. INFOLine has been producing such reports for more than 10 years; its methodology has been proved by time and is used by all major market players as an industry standard of retail research.

**Place an inquiry to get additional information by e-mail: [retail@infoline.spb.ru](mailto:retail@infoline.spb.ru) or phones +7 (812) 322 68 48 ext. 132, 309132, 309, +7 (495) 772 76 40**

## About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period (May 2015), operational, financial and investment activity, as well as **rating of major FMCG retail chains in Russia**.

**Objective:** analysis of trends in retailing and in the consumer market, structured description, comparative analysis, monitoring of investments and organic growth dynamics, ranking of operational and financial indicators of more than 200 major FMCG chains in Russia.

**Key market figures:** Russian retail market's capacity in 2014 exceeded RUB 26.1 trillion (incl.VAT). Food sales exceeded RUB 12.2 trillion (inclusive of VAT). The modern retail format's share was 62% in 2014. About 22% of it is TOP 10 largest FMCG retailers and about 24% – 700 other FMCG chains (including specialized chains and stores at gas filling stations).

**Relevancy:** As was predicted by INFOLine's specialists, the consumer market switched to a new development paradigm in 2015. In January 2015 the retail turnover decreased by 4.4%, food sales, including beverages and tobacco fell by 5.5%. The forecast of the Ministry of Economic Development for 2015 is retail sales decrease by 8.2%. The non-food sales may decrease by more than 10.2%. Decreasing purchasing power and aggressive competition will result in lower marginality in majority of retail chains. The profitless stores will be closed. Organic growth plans will be adjusted.

**Research use:** benchmarking, analysis of competitors and partners, marketing and strategic planning, searching for customers and partners, preparation for negotiations with retail chains.

**Time framework:** Dynamics from 2007 (market capacity and dynamics). Operational and financial indicators of largest FMCG chains from 2011. Results of 2014-2015. Forecast for 2015 (retail market capacity and dynamics, consumer incomes, strategy and plans of the largest FMCG chains).

**Research preferences:** Monthly analysis and structured description of the consumer market. Most important events in food retail, including governmental regulation (new legislative acts and initiatives). Monthly monitoring of more than 200 largest FMCG chains (corporate events, operational, financial and investment activity).

### Research methods and data sources

- Monthly expert polling and interviews of more than 200 Russian retail FMCG chains
- Questionnaire survey of more than 100 FMCG retail chains, monitoring and analysis of Operational and financial results of more than **650 FMCG Retail Chains**
- Monitoring in **commercial real estate** market, including **1800 Shopping Centres in 30 Largest Cities** base. Monitoring of investment projects and commercial real estate commissioning **"FMCG and DIY Shopping Centres and Hypermarkets in Moscow and Moscow Region, St. Petersburg and Leningrad region"**. Comparative analysis **Shopping Centres Market in 27 Cities and Regions of the RF**
- Monitoring of over 2000 mass media. Exposure of key events on retail FMCG market since 2002 as part of **Industry News: Food Retail and FMCG Retail Chains of the RF**, **Industry News: Food Industry and Food Market of the RF** and **Industry News: Retail in th RF**.

**Russian consumer market and FMCG retail chains rating** consists of the following sections:

- **Rating of FMCG retail chains of Russia.** Operational results of 130 largest FMCG chains by formats: stores number and selling space dynamics (hypermarket, supermarket, discounter, convenience store). The most significant stores opening and closing. Ratings by number, selling space, revenue of TOP 50 FMCG chains in Russia (with over RUB 6 bn in revenue), selling space growth structure and dynamics by chains and formats.
- **Section I. Retail trends and development in Russia.** Macroeconomic retail: turnover and money supply dynamics, turnover forecast. Leading indicator of retail development. Governmental regulation of retail. Structure of retail turnover by businesses types. Regional structure of retail turnover. Food market inflation. Incomes and expenditures of population. Monetary policy. Consumer expectations and confidence of population
- **Section II. Key events for FMCG retail in Russia.** Important events for FMCG retailers in Russia. Expert assessment of the Russian market by INFOLine's specialists. Case – operational and analytical information on vital questions.
- **Section III. Key events and plans of major FMCG chains.** Current information on largest FMCG retail chains in Russia: strategy and plans, results and forecasts, investments, stores opening and closing, stores opening in 2015, new formats development, A&M, resignations and appointments,



logistics, private label, interaction with consumers and suppliers, corporative events, top management and contact information.

**The principle objective** of the Rating of FMCG Retail Chains in Russia survey is to meet the demand for immediate, statistical and analytical information regarding the Russian retail market and FMCG chains for the above mentioned specialists. To be able to receive the forthcoming issues of the research, please, forward **your request** to INFOLine IA, E-mail: mail@advis.ru or by fax + 7 495 772 76 40 and +7 812 322 68 48 and **conclude a contract** for our information services.

### Information about INFOLine 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. On daily basis INFOLine IA monitors publications in more than 5 000 MSM and carries out analytical research according to 80 subjects of RF economy. Since 2003 INFOLine IA has been conducting various desk researches of the markets both on the customer's request and on the Agency's own initiative. When working on a market research, the Agency's analysts make extensive use of their unique data support and their years-long experience of operating various data flows.

**INFO**Line

информационное агентство information agency

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



For additional information you are welcome to visit our sites at [www.infoline.spb.ru](http://www.infoline.spb.ru) and [www.advis.ru](http://www.advis.ru)



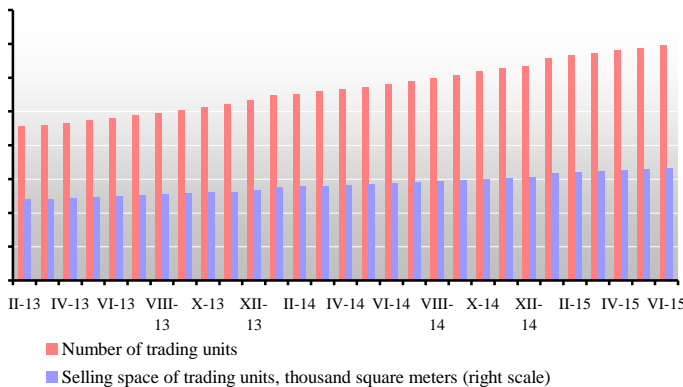
# Rating of FMCG retail chains of Russia

## TOP 130 FMCG chains performance<sup>1</sup>

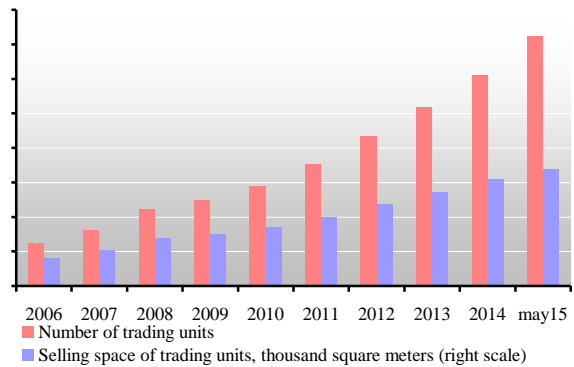
### TOP 130 FMCG chains in Russia

In **May 2015** the number of selling points of TOP-130 FMCG (excluding X5 Retail Group, DIXY GK) retailers increased by \* units; all in all, during **January-May 2015** – by \* units. In **May 2015** the growth of the total selling space was about \*thousand sq. m. Altogether during **January-May 2015** the total selling space increased by \* thousand sq. m.

Picture 1. Dynamics of number of stores and their selling space of 130 largest retailers of Russia in 2013-2015 (at the beginning of the period)



Picture 2. Dynamics of number of stores and their selling space of 130 largest retailers of Russia in 2006-2015 (to the end of the period)



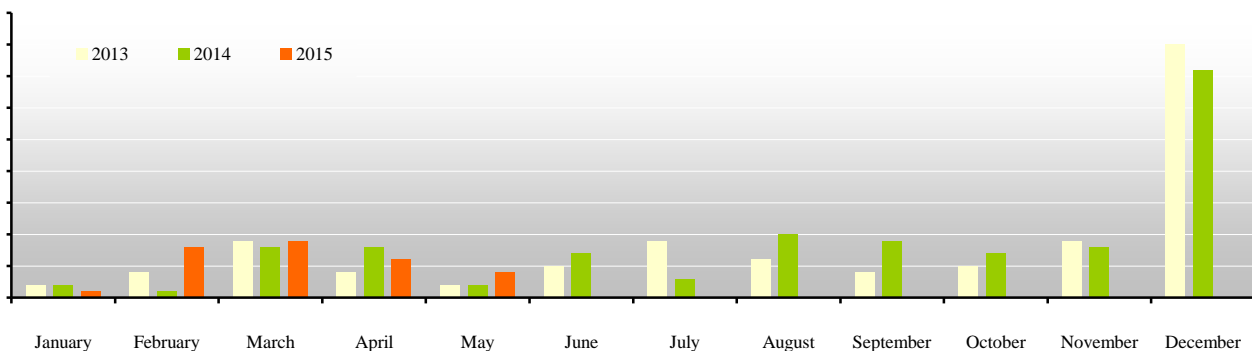
Data source: IA INFOLine

The total number of stores among TOP-130 FMCG retailers as of **01 June 2015** was \*with total selling space of \*million sq. m.

### Hypermarket format<sup>2</sup>

In **May 2015** the number of hypermarkets among TOP 130 FMCG retailers FMCG (excluding X5 Retail Group, DIXY GK) increased by \* stores. The selling space grew by \* thousand sq. m. During **January-May 2015** their number increased by \*stores, while selling space increased by \* thousand sq. m.

Picture 3. Dynamics of the net hypermarkets number increase among the largest retailers of Russia in 2013-2015 on monthly basis, number of selling points



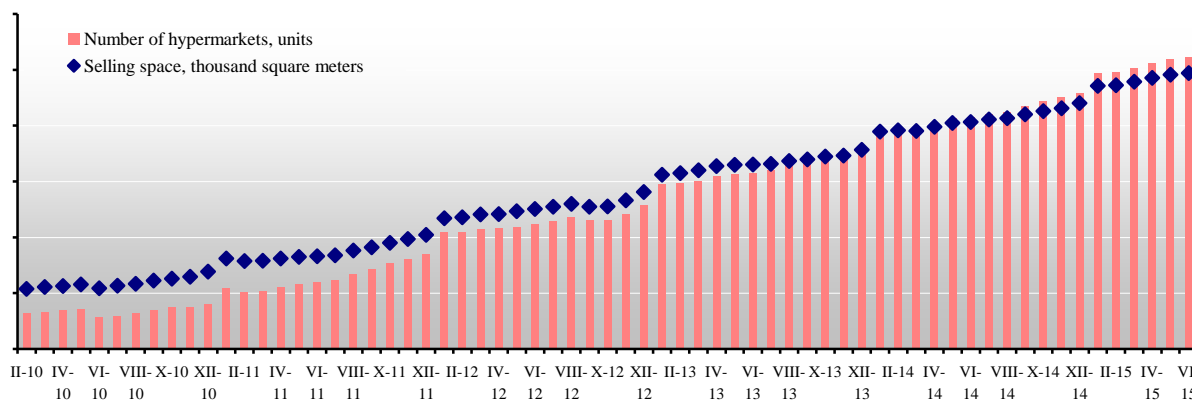
Data source: IA INFOLine

<sup>1</sup> Data was corrected according to the result May 2015. 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 – May 2015, DIXY – April 2015, X5 Retail Group – April 2015. 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"



In **May 2015** the following hypermarkets were commissioned: 2 Magnit hypermarkets in HMAO-Urga (Nyagan) and Chelyabinsk region (Ozersk), 2 TC METRO in Republic of Bashkortostan (Sterlitamak) and Moscow, O'KEY hypermarket in Tyumen, Lenta hypermarket in Tyumen, Globus hypermarket in Tula.

Picture 4. Dynamics of number of hypermarkets and their floorspace of 130 largest retailers of Russia in 2010-2015



Data source: IA INFOLine

The total number of hypermarkets among TOP-130 FMCG retailers as of **01 June 2015** 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 by number of stores

INFOLine IA *monthly* collects information regarding stores number among more than 130 major FMCG retailers

#### Expansion dynamics by number of stores

Major retailers' stores number dynamics in 2011-2015 are presented in the table.

Table 1. Number of stores of the largest FMCG chains during in 2011-2015

Legal name	Brand	Main formats	Number of stores as of period's end				Stores number dynamics during the period						
			2011	2012	2013	2014	May 14	May 15	May 2014	May 2015	Jan-May 2014	Jan-May 2015	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group <sup>4</sup>	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*
<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*	
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC <sup>5</sup>	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*

<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 emphasize 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> In connection with information disclosure policy the company made available data for December 2013-2014.

<sup>5</sup> In connection with information disclosure policy the company made available data for December 2013-2014.

Legal name	Brand	Main formats	Number of stores as of period's end						Stores number dynamics during the period											
			2011	2012	2013	2014	May 14	May 15	May 2014	May 2015	Jan-May 2014	Jan-May 2015								
and Carry LLC)	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
<i>Spar (all legal entities)</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>S, H, C</i>	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Korporatsiya Grinn, CJSC	Liniya	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Nevada GC	Samberi, Raz Dva	H, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

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

## Rating of FMCG retail chains by selling space

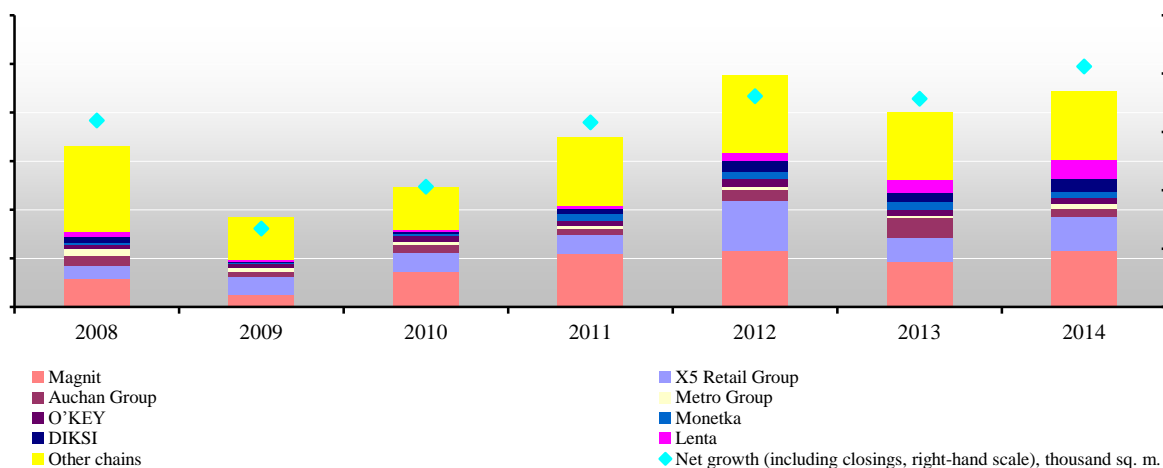
INFOLine IA **monthly** collects information about selling space dynamics for more than 130 major FMCG retailers of Russia.

### Performance for 2008-2014

According to results of 2014 the increment of selling space among 130 major chains came to more than \* thousand sq. m. (2013 – \*thousand sq. m., in 2012 – \*thousand sq. m., in 2011– \*thousand sq. m., in 2010– \*thousand sq. m.) or \*% (in 2013 – \*%, in 2012 – \*%, in 2011 – \*%, in 2010 – \*%). Therefore, as of 01 January 2015 the aggregate selling space of TOP 130 FMCG retail chains was more than \*m sq. m.

<...>

Picture 5. 130 major retailers' selling space growth (exclusively of retailers with decreased space) in 2008-2014, thousand sq. m.



Data source: INFOLine IA

<...>





## Selling space dynamics of major retailers

Selling space dynamics of major retailers in 2011-2015 are presented in the table.

Table 2. Total selling space of major FMCG chains of Russia in 2011-2015, thousand sq. m.

Legal name	Brand	Main formats	Total selling floorspace as of period's end					Dynamics of aggregate sales space for the period						
			2011	2012	2013	2014	May 14	May 15	May 2014	May 2015	Jan-May 2014	Jan-May 2015		
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group <sup>6</sup>	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeyka	C	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*
<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*	*	
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC <sup>7</sup>	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct real,-	H	*	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*	*
	Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*
<i>Spar (all legal entities)</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>S, H, C</i>	*	*	*	*	*	*	*	*	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac	S	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*
Korporatsiya Grinn, CJSC	Liniya	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
Nevada GC	Samberi	H	*	*	*	*	*	*	*	*	*	*	*	*
	Raz Dva	C	*	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*	*

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

## Rating of FMCG retail chains by net sales

Financial indicators of public companies, published as of May 2015 are presented in the in the table (negative indicators in brackets).

Financial indicators (exclusive of VAT) of major FMCG chains during 2014-2015, bn RUB

Legal name	Brand	Main formats <sup>8</sup>	Revenue in 2014	2014 vs. 2013, %	LfL in 2014, %	Revenue in Q1 2015	Q1 2015 vs Q1 2014, %	LfL in Q1 2015, %	Revenue in May 2015	May 2015 vs May 2014, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*
	Total for company <sup>9</sup>	D, H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	

<sup>6</sup> In connection with information disclosure policy the company made available data for May 2015.

<sup>7</sup> In connection with information disclosure policy the company made available data for May 2015.

<sup>8</sup> Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

<sup>9</sup> Retail revenue

Legal name	Brand	Main formats <sup>8</sup>	Revenue in 2014	2014 vs. 2013, %	LfL in 2014, %	Revenue in Q1 2015	Q1 2015 vs Q1 2014, %	LfL in Q1 2015, %	Revenue in May 2015	May 2015 vs May 2014, %
	Online store	-	*	*	*	*	*	*	*	*
	Total for X5+ Kopeika <sup>10</sup>	C, D, S, H	*	*	*	*	*	*	*	*
DIXY Group, JSC	DIXY	C	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*
	Total for company <sup>11</sup>	C, D, S, H	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	S, H	*	*	*	*	*	*	*	*
O'KEY LLC <sup>12</sup>	O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

Financial indicators of major public retailers according to results of 2014 in total and Q1 2015 are presented in the table.

Financial indicators (exclusive of VAT) of major FMCG chains during 2014, bn RUB

Indicator	Magnit, PC <sup>13</sup>		X5 Retail Group N.V. <sup>14</sup>		DIXY Group, JSC <sup>15</sup>		Lenta, LLC <sup>16</sup>		O'KEY, LLC <sup>17</sup>	
	2014	Q1 2015 <sup>18</sup>	2014	Q1 2015	2014	Q1 2015	2014	Q1 2015	2014	Q1 2015
Revenue with wholesale, bn rub	*	*	*	*	*	*	*	*	*	*
Net revenue, bn RUB	*	*	*	*	*	*	*	*	*	*
Net revenue growth, %	*	*	*	*	*	*	*	*	*	*
Gross profit, bn RUB	*	*	*	*	*	*	*	*	*	*
Gross margin, %	*	*	*	*	*	*	*	*	*	*
Net profit, bn RUB	*	*	*	*	*	*	*	*	*	*
Net profit margin, %	*	*	*	*	*	*	*	*	*	*
EbitDA, bn RUB	*	*	*	*	*	*	*	*	*	*
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*
LfL (revenue), %	*	*	*	*	*	*	*	*	*	*
LfL (average ticket), %	*	*	*	*	*	*	*	*	*	*
LFL (traffic), %	*	*	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

TOP 50 retailers' revenue dynamics in 2012-2014 are presented in the table.

Net sales dynamics (excluding VAT) of the major FMCG chains in 2012-2014, bn RUB

Legal name	Brand	Main formats	Data	2012	2013	2014
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	IFRS	*	*	*
	Magnit	D		*	*	*
	Magnit Semeiniy	H		*	*	*
	Magnit-Cosmetic	C		*	*	*
	<b>All formats</b>	<b>All formats</b>		*	*	*
X5 Retail Group <sup>19</sup>	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Pyaterochka	D		*	*	*
	Perekrestok Expres, Kopeika	C		*	*	*
	<b>All formats</b>	<b>All formats</b>		*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS, 2014 estimation	*	*	*
DIXY Ug, SC <sup>20</sup>	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	IFRS (retail sales)	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H	IFRS, 2014 estimation	*	*	*

<sup>10</sup> Company's retail revenue.

<sup>11</sup> Company's retail revenue.

<sup>12</sup> For 2014 and Q4 2014 – estimation of INFOLine on basis of O'KEY's data on revenue growth.

<sup>13</sup> Company's retail revenue.

<sup>14</sup> Management accounting data, company's retail revenue.

<sup>15</sup> Management accounting data, company's retail revenue.

<sup>16</sup> Management accounting data

<sup>17</sup> Estimation of INFOLine on basis of O'KEY's data on revenue growth.

<sup>18</sup> Unaudit data

<sup>19</sup> In connection with information disclosure policy the company made available data for May 2015.

<sup>20</sup> In connection with information disclosure policy the company made available data for May 2015.

Legal name	Brand	Main formats	Data	2012	2013	2014
Lenta, LLC	Lenta	H	management accounting, IFRS (common sales)	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	IFRS (common sales)	*	*	*
<i>Spar (all legal entities)</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>S, H, C</i>	management accounting	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	RAS, management accounting	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	RAS, management accounting	*	*	*
Auchan Groupe (Atac, LLC)	Atac	S	RAS, 2014-estimation	*	*	*
Maria-Ra GC	Maria-Ra	S, C	management accounting	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	IFRS	*	*	*
Giperglobus, LLC	Globus	H	RAS, management accounting	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	RAS, management accounting	*	*	*
SPS Holding	Krasnoe&Beloe	C	estimation	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	IFRS, management accounting	*	*	*
REWE Group (Billa, LLC)	Billa	S	management accounting	*	*	*
Korporatsiya Grimm, CJSC	Liniya	H, S, C	management accounting	*	*	*
Nevada GC	Samberi, Raz Dva	C, H	estimation	*	*	*

Data source: INFOLine IA data

**Full version also includes the description of the aggregated financial performance for 2014 and May 2015 for the largest chains with revenue of more than 10 billion rubles.**

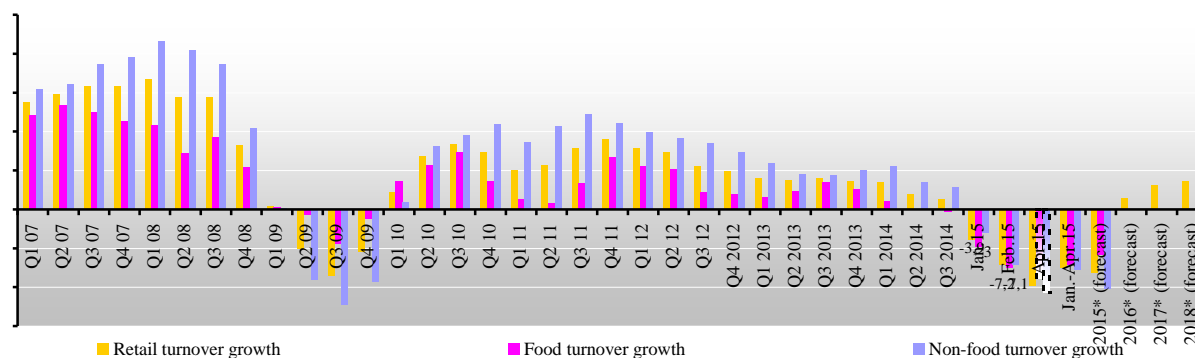
## Section I. Retail trends and development in Russia

### Macroeconomic retail indicators

In January-April 2015 retail turnover was RUB \*bn rub. Commodities mass decreased by \*% to January-April 2014 (it grew by \*% in January-April 2014). The food retail turnover decreased by \*% in January-April 2015. The non-food retail turnover decreased by \*% vs. January-April 2014.

In April 2015 the retail turnover came to RUB \*bn rub. In terms of commodity mass it decreased by \*% vs. April 2014 (in April 2014 the growth was \*%). Food retail turnover has been declining for the ninth month in succession. Before 2014 the decline of food retail turnover was registered in recessional November 2009 – by 1.6% vs. November 2008). In April 2015 it decreased by \*% vs. April 2014.. The non-food retail turnover, decreased by \*% in April 2015 in comparison with April 2014.

Picture 6. Main consumer market indicators 2007-2015 and forecast till 2015-2018, % against the same period of previous year.

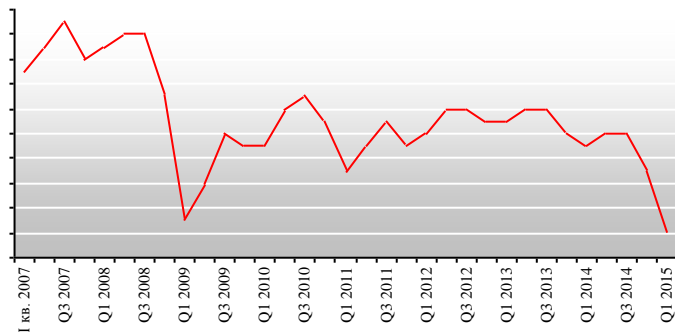


Data source: FSSS

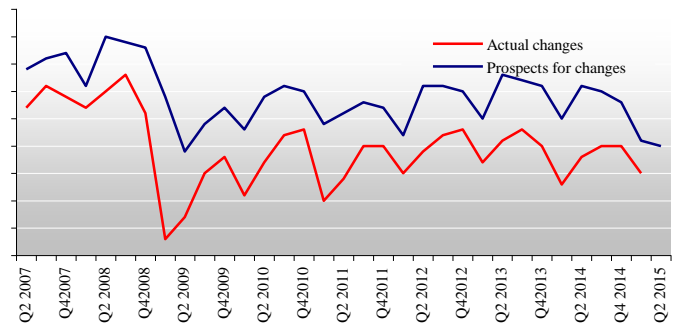
*Main indicators of retail development<sup>21</sup>*

Businessmen’s evaluations of the factual and expected economic situation give evidence of a serious destabilization. As early as in Q3 2014 chief executives of 51 retail companies gave pessimistic forecasts. However, retail dynamics of recent years did not give grounds to expect such dramatic indicators’ decline. The business climate degraded accordingly. According to FSSS (the Federal State Statistics Service), in Q4 2014 the business confidence index lowered to the level of Q1 2011 and came to 3 pp, decreasing by 3 pp vs. Q3 2014 and Q4 2013. <...>

Picture 7. Entrepreneur confidence index in Russia in 2007-2015



Picture 8. Assessment of economic situation in Russia in 2007-2015



Data source: FSSS



*Government regulation of retail*

**The Trade Act**

In April 2015 The RF Government prepared amendments to the Trade Act and circulated them among all interested parties. The draft does not contain items regarding lowering of suppliers’ payments to retailers from 10% to 3% of supplied goods cost. It also does not exclude VAT and indirect taxes from calculation bases for such bonuses. The payment period for supplied goods was not reduced. We would like to remind that such items are prescribed in the draft law **No. 704631–6 On Amending Individual Acts of the RF Dealing with Antimonopoly Regulation and Food Security**. It was introduced to the Duma on 21 January 2015. Presently a chain has 10, 30 and 45 days (depending on the product’s shelf life – less than 10 days, 10-30 days and more than 30 days respectively) to settle accounts with a supplier. The draft law lowers these periods to 5, 20 and 35 days correspondingly. The Government’s variant replaces prohibition on all payments not prescribed by law (entry bonus or payment for possibility to get to stores’ shelves) with restriction to include them into contracts. The Ministry of Industry and Commerce supported the document. Retailers also are ready to support the Government’s variant. The Union of Russian Independent Chains attaches importance to the fact that payment periods and other competition instruments have not been altered. On 19 May 2015 Irina Yarovaya’s draft law was approved in the first reading.



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

<sup>21</sup> The index of entrepreneurial confidence in retail 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.

Balance of indicators changes estimations (actual turnover changes; actual employees number changes; stock reserves actual changes of product mix; selling prices; average margin level; actual changes of investments into business expansion, repair and modernization; prospective changes in storage space; actual changes in provision with own financial resources; profit), which is determined as difference between respondents’ share with “positive” and “negative” assessments of changes in comparison with the previous quarter (%). The seasonal component in time series of the index is not excluded.



## Structure of retail turnover by the category of products

<...>

In April 2015 the food sales share sharply increased by \*pp vs. April 2014. In January-April 2015 the food sales share sharply increased by \* pp vs. January-April 2014.

Table 3. Structure of retail turnover in terms of product groups in 2006-2015<sup>22</sup>

Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014	Apr.14	Apr.15	Jan.-Apr. 2014	Jan.-Apr. 2015
Retail turnover	*	*	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

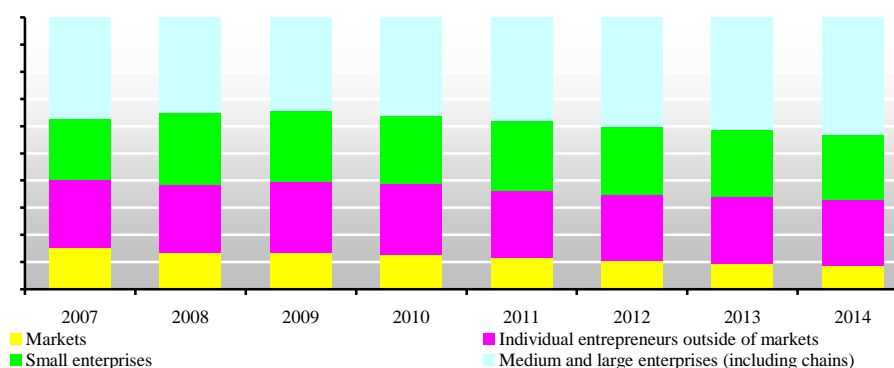
<...>

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

### Structure of retail turnover by the category of retailer

The share of markets in the retail structure continued to decrease in 2014 (\*pp vs. 2013). The share of small enterprises is also decreasing – by \*pp vs. 2013. The share of medium-size businesses decreased by \*pp vs. 2013. The share of large businesses (largely, retail chains) increased by \*pp vs. 2013 and came to \*%.

Picture 9. Retail turnover structure by business types in 2007-2014, %



Data source: FSSS

<...>

## Research (full version) also contains information on structure of sales in the markets and at fairs, detailed information on unorganized trade: number of markets, trading places, market structure and the managing subjects and other.

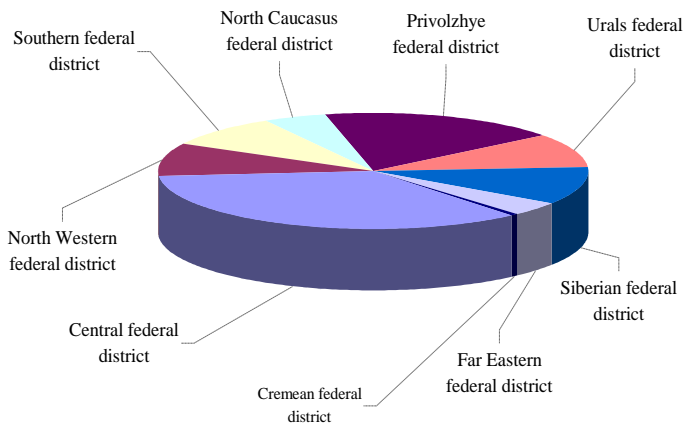
<sup>22</sup> For comparison with 2009-2011 the turnover and food share in it are provided for 2002-2008, taking into account tobacco products.



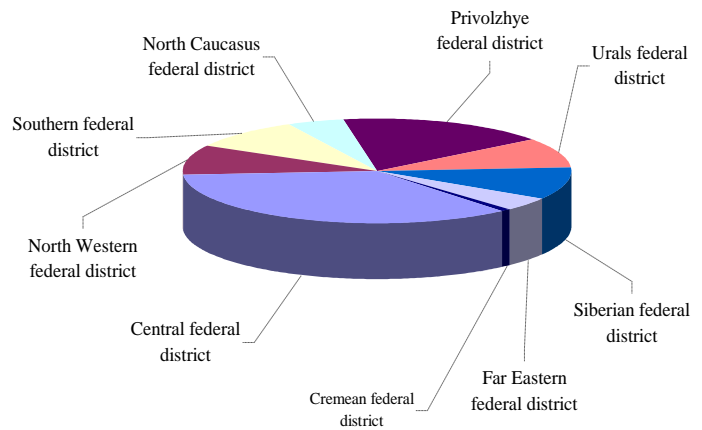
*Regional structure of retail turnover*

Regional retail turnover structure in Russia is not uniform: \*% of the turnover in April 2015 fell on 11 subjects (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk and Rostov regions).

Picture 10. Retail turnover structure by federal districts of Russia in January-April 2014, %



Picture 11. Retail turnover structure by federal districts of Russia in January-April 2015, %



Data source: FSSS



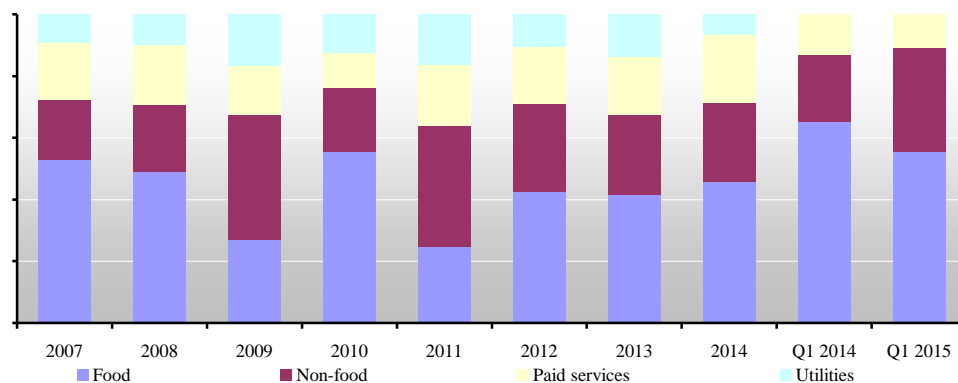
*Food market inflation*



In May 2015 the consumer prices index came to \*% (May 2014 – \*%), the food prices index – \*% (May 2014 – \*%), for non-food – to \*% (May 2014 – \*%), for services – \*% (May 2014 – \*%).



Picture 51. Contribution to inflation in 2007-2015, pp



Data source: FSSS

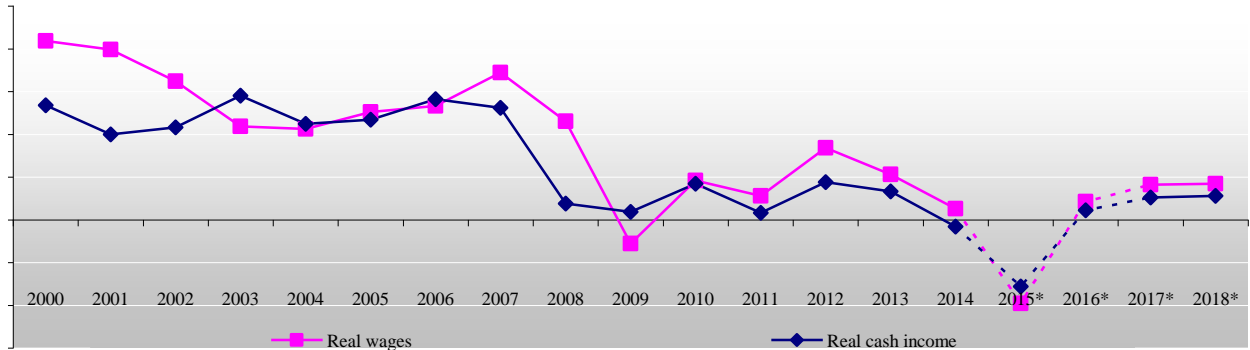
**Research (full version) also contains the information on dynamics of price changes for consumer products in Russia and 8 regions of Russia**



## Consumer incomes and expenditures

In 2014 population's real income growth turned out to be negative (\*%). However, real wages increased by \*% vs. \*% in 2013.

Picture 12. Real salary and real income dynamics in 2000-2014, forecast for 2015-2018, %



Data source: FSSS

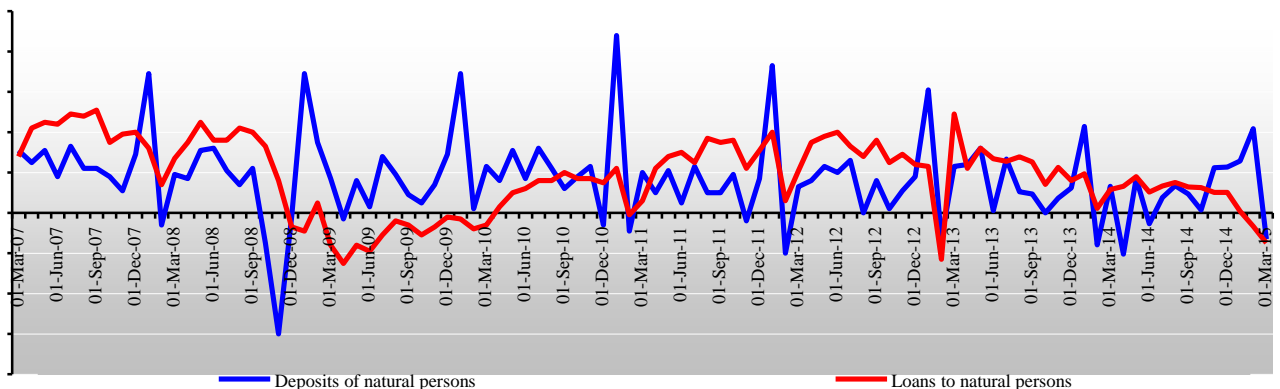
In 2015 the Ministry of Economic Development expects negative consumer demand dynamics. According to its forecast, published on 28 May 2015, the real salaries and wages will decrease by \*% (earlier forecast – \*%), real expendable income – by \*% (earlier forecast – \*%). <...>

### Monetary policy

In April 2015 the Bank of Russia's head reported the situation in banking segment. In 2014 the assets grew to RUB 77.7 tn. Banks manages to retail the volume of corporate credits. The share of loans to small and medium enterprise and agriculture industry decreased. Loans to individuals were growing in 2014, but in winter 2015 a decline was observed here. Furthermore, population's mortgage arrears are growing. Governmental programs of interest rate subsidizing are important in this segment. In 2014 external funding became closed for banks. Therefore, the share of the Bank of Russia, as liquidity supplier, increased. In 2014 the Bank of Russia distributed RUB 9.3 tn. Its share in other banks' liabilities came to 10.1% as of April 2015. "Presently the Bank of Russia sees losses in banking segment. We hope the profit will come to RUB 100 bn according to results of 2015," the head of the Bank of Russia stated. Portfolios' quality worsened in 2014. The share of 4<sup>th</sup> and 5<sup>th</sup> quality loans was growing. At the moment there are reserves for them, Elvira Nabiullina mentioned. Mortgage quality remains high and even improved a little: as of 01 March 2015 arrears of mortgage loans came to just 1.4%. In 2014 the Bank of Russia loosened banking segment regulation.

<...>

Picture 13. Deposits and loans of individuals 2007-2015, in roubles and foreign currency, % on previous month



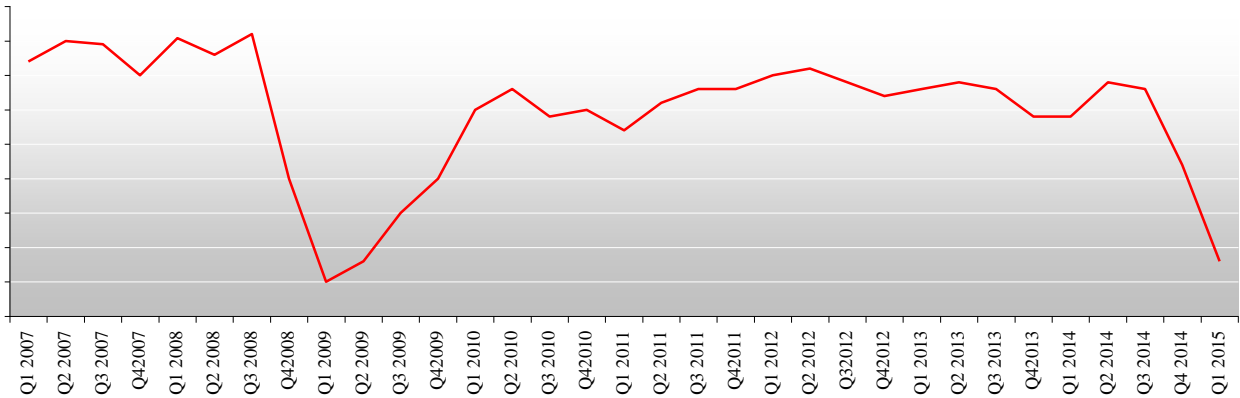
Data source: the Central Bank of the Russian Federation

<...>

*Consumer expectations and confidence index*

The results of the polls conducted by the Federal State Statistics Service among 5000 people at the age of 16 and older, residing in all RF territorial subjects, during after-crisis period starting from the II quarter of 2009 and till the II quarter of 2010, the index reflecting collective consumer expectations of the population<sup>23</sup> demonstrated growth and according to the results of the III quarter came up to (\*%). <...>

Picture 14. Consumer confidence index in Russia 2007-2015

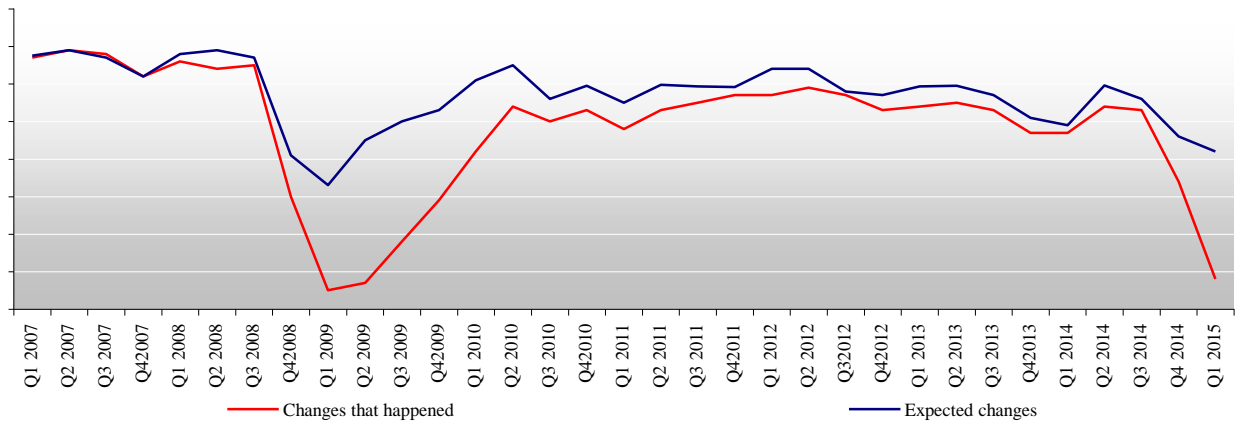


Data source: FSSS

The index of expected changes in short-term decreased by \* pp in Q1 2015 in comparison with Q4 2014 and came to (\*%). Such dynamics were observed for the last time in Q4 2008. \*% of responds expect positive economic changes during next 12 months (in Q4 2014 – \*%). Share of negative responses increased to \*% (in Q4 2014 – \*%). \*% of respondents do not think the situation will change (in Q4 2014 – \*%).

<...>

Picture 15. Consumers' assessment of economic situation in Russia in 2007-2015



Data source: FSSS

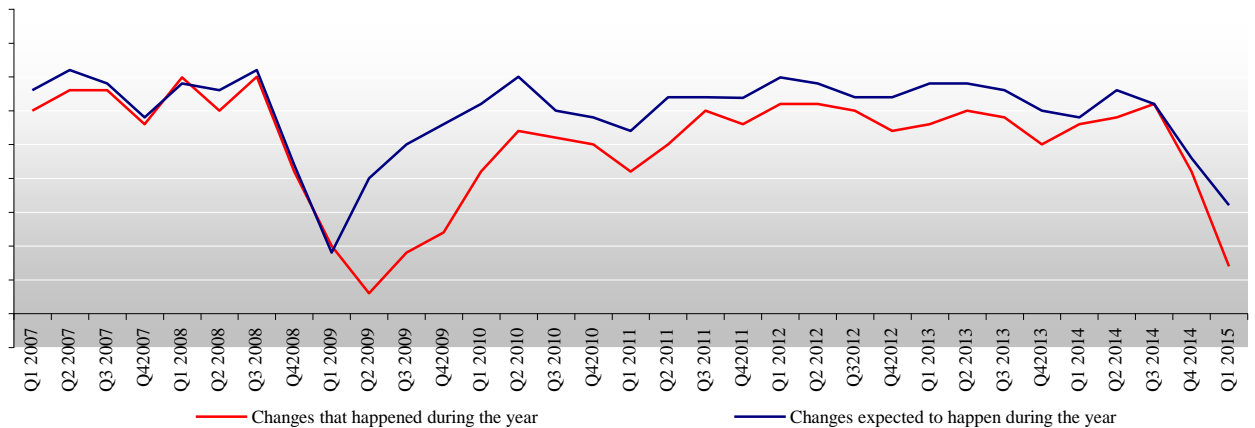
Index of actual changes in the economics of Russia decreased by \*pp and came to (\*%) against (\*%) in Q4 2014. The share of respondents which positively appraise the changes decreased to \*% (in Q4 2014 – \*%). Furthermore, the share of negative assessments increased to \*% vs. \*% in Q4 2014.

<...>

<sup>23</sup> Index of consumer confidence is calculated as the arithmetic average of 5 individual indexes: expected and actual changes in individual financial conditions, expected and actual changes in economic conditions of Russia, favorability of conditions for major purchases. The balance of estimations represents the difference between the sum of definitely positive and more likely positive than not answers and the some of definitely negative and more likely negative than not answers. Neutral answers are disregarded.



Picture 16. Consumers' assessment of personal financial situation in Russia 2007-2015



Data source: FSSS

<...>

**Research (full version) also includes the structure of consumer income and expenses, credit and monetary policy, results of the household panel following the results of the complete period, average ticket value analysis, consumer expectations and confidence indexes and etc.**

## Section II. Key events for FMCG retail in Russia

### Important events for FMCG retailers

#### Food industry and food market

On 19 May 2015 it became known that the Ministry of Agriculture, on instruction of the minister of agriculture, Alexander Tkachev, prepared amendments to the Federal Law On Development of Agriculture. They provide for improvement of interest payments on subsidized credits. Repayment of part of costs of interest payments for agriculture producers' credits is to be remitted directly to banks, to correspondent accounts of regional credit organization on the basis of an agriculture producer's application.

<...>

### Activities of INFOLine IA specialists



During 02-06 June 2015 a key retail event, the Russian Retail Week, took place in the International Commerce Centre in Moscow. It was organized by the Ministry of Industry and Commerce and ARC. **INFOLine** was the General analytic partner of the Russian Retail Week. The Russian Retail Week will become the annual key event of the industry. It will determine main development trends for retail, governmental approaches to its development. Problems and issues of the industry will be discussed here. Retail Vision. Retail Market of Russia – Glance into the Future! Forum took place in the context of the event. RETAIL'S WORLD exhibition demonstrated the modern world of retail, its achievements and techniques. Innovative Retail Tours were arranged for participants. They got familiar with latest innovations in this segment. Results of RUSSIAN RETAIL AWARDS were announced. **INFOLine** organized the Analytic Session **Fastest Growing and Most Efficient. Analysis of TOP 1000 Largest Retail Chains**. It was attended by more than 250 representatives of leading companies and heads of branch associations of Russia. Top managers shared cases of successful development of companies, discussed business strategies under crisis conditions. The CEO of INFOLine *Ivan Fedyakov* opened the session, presenting a report about results of research conducted by **INFOLine**. The research covered more than 1000 retail chains, focusing on issues of regional development

and competition in all regions Russia. In the context of his address Ivan Fedyakov presented results of INFOline FMCG Retail Russia TOP and INFOline Non-Food Retail Russia TOP. The session moderators were *Ivan Fedyakov* – the CEO of *INFOline* and *Mikhail Burmistrov* – the CEO of *INFOline-Analytics*.

[We thank the organizers of the Russian Retail Week, speakers and delegates of the Analytic session and invite to further cooperation!](#)

Before 30 June 2015 you are able to obtain a concise version of the large-scale research report INFOline FMCG TOP 100 of the RF Chains from INFOline for free. The full version includes ALL regions of Russia, analysis of more than 1000 retail chains and the rating. INFOline has been producing such reports for more than 10 years; its methodology has been proved by time and is used by all major market players as an industry standard of retail research.

[Place an inquiry to get additional information by e-mail: retail@infoline.spb.ru](mailto:retail@infoline.spb.ru) or call +7 (812) 322 68 48 ext. 132, 309, +7 (495) 772 76 40



## Section III. Events and plans of FMCG chains

### *Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic*

#### Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic chains



Company's name: Magnit, PC (Tander, CJSC/ Magnit, Magnit Semeiniy retail chains)  
 Address: 350072, g. Krasnodar, ul. Solnechnaya, 15 / 5 Phones: +7 861 2109810 Hot line: +7 880 02009002 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). Executive: *Sergey Galitskiy, CEO, Hachatur Pombuhchan, chairman of board of directors;*

#### Chain development

As of 01 June 2015 the total number of Magnit's stores came up to 10 537 (8 791 convenience stores, 200 Magnit hypermarkets, 107 Magnit Semeiniy supermarkets and 1 439 Magnit-Cosmetic). The chain's total selling space is 3 868.01, thousand sq. m. In 2014 the net increment of company's stores came to 1618 stores (1144 convenience stores, 29 Magnit hypermarkets, 51 Magnit Semeiniy supermarkets, 394 Magnit Cosmetic stores). The selling space increased by 579.26 thousand sq. m. Furthermore, in 2014 the company planned to open 80 hypermarkets and supermarkets, about 1100 convenience stores, as well as 300-350 cosmetics stores. Therefore, Magnit fulfilled the plan for opening hypermarkets and over-fulfilled it in the drogerie and convenience store formats. In January-May 2015 the net increment of company's stores came to 826 stores (447 convenience stores, 10 Magnit hypermarkets, 10 Magnit Semeiniy, 359 Magnit Cosmetic). The selling space increased by 277.37 thousand sq. m. In May1 2015 the net increment of company's stores came to 254 stores (127 convenience stores, 2 Magnit hypermarkets, 1 Magnit Semeiniy, 124 Magnit Cosmetic).The selling space increased by 81.12 thousand sq. m.

<...>

#### Results and expectations

<...>

Magnit's key financial indicators (by formats), as of 2013-2014 (IFRS), 2014-2015 (managerial accounting) are presented in the table (negative results – in brackets).

Table 4. Magnit's key financial indicators (by formats) in 2013-2015

Indicator	Format	2013	2014	Q1 2014	Q1 2015	Jan.-May14	Jan.-May15	May 2014	May 2015
Net revenue, bn RUB	Magnit	450.801	577.776	126.02	162.596	219.025	279.867	47.332	59.823
	Hypermarket Magnit	106.176	139.655	29.59	38.731	52.376	66.064	11.691	13.879
	Magnit Semeiniy	10.678	25.534	4.454	9.602	8.133	16.781	1.888	3.680
	Magnit-Cosmetic	11.873	19.757	3.888	7.303	6.338	12.466	1.284	2.683
	<b>Retail revenue</b>	<b>579.528</b>	<b>762.721</b>	<b>163.952</b>	<b>218.232</b>	<b>285.872</b>	<b>375.178</b>	<b>62.195</b>	<b>80.064</b>
	Wholesale sales	0.166	0.806	0.038	0.524	-	-	-	-
	<b>Total revenue</b>	<b>579.695</b>	<b>763.527</b>	<b>163.990</b>	<b>218.756</b>	-	-	-	-
Net revenue growth, %	Magnit	23.77%	28.17%	21.0%	29.02%	22.89%	27.78%	24.58%	26.39%
	Hypermarket Magnit	40.78%	34.53%	30.52%	30.89%	32.18%	26.13%	33.76%	18.71%





Indicator	Format	2013	2014	Q1 2014	Q1 2015	Jan.-May14	Jan.-May15	May 2014	May 2015
	Magnit Semeiniy	244.61%	139.12%	130.06%	115.6%	139.59%	106.34%	149.93%	94.87%
	Magnit-Cosmetic	107.12%	66.40%	57.67%	87.83%	55.73%	96.69%	53.39%	108.98%
	<b>Retail revenue</b>	<b>29.22%</b>	<b>31.61%</b>	<b>24.95%</b>	<b>33.11%</b>	<b>26.88%</b>	<b>31.24%</b>	<b>28.70%</b>	<b>28.73%</b>
	Wholesale sales	(4.88%)	384.34%	-	-	-	-	-	-
	<b>Total revenue</b>	<b>29.21%</b>	<b>31.71%</b>	-	-	-	-	-	-
	Magnit	6.62%	13.85%	5.96%	14.06%	-	-	-	-
	Hypermarket Magnit	9.39%	14.05%	9.17%	14.91%	-	-	-	-
LfL (revenue), %	Magnit Semeiniy	17.23%	18.97%	15.73%	17.29%	-	-	-	-
	Magnit-Cosmetic	28.53%	40.79%	50.5%	23.86%	-	-	-	-
	<b>Company in total</b>	<b>7.47%</b>	<b>14.47%</b>	<b>7.49%</b>	<b>14.53%</b>	-	-	-	-
	Magnit	5.82%	9.81%	5.32%	13.87%	-	-	-	-
	Hypermarket Magnit	3.07%	7.98%	4.34%	14.38%	-	-	-	-
LfL (average ticket), %	Magnit Semeiniy	4.2%	9.28%	5.27%	15.23%	-	-	-	-
	Magnit-Cosmetic	0.32%	3.76%	1.97%	9.97%	-	-	-	-
	<b>Company in total</b>	<b>5.89%</b>	<b>9.58%</b>	<b>5.6%</b>	<b>13.97%</b>	-	-	-	-
	Magnit	0.76%	3.68%	0.61%	0.17%	-	-	-	-
	Hypermarket Magnit	6.13%	5.63%	4.62%	0.47%	-	-	-	-
LfL (traffic), %	Magnit Semeiniy	12.5%	8.87%	9.93%	1.79%	-	-	-	-
	Magnit-Cosmetic	28.12%	35.69%	50.54%	12.63%	-	-	-	-
	<b>Company in total</b>	<b>1.5%</b>	<b>4.47%</b>	<b>1.79%</b>	<b>0.49%</b>	-	-	-	-
Gross profit, bn RUB	Company in total	165.263	220.521	44.666	59.116	-	-	-	-
Gross margin, %	Company in total	28.51%	28.88%	27.24%	27.02%	-	-	-	-
Net profit, bn RUB	Company in total	35.62	47.375	6.988	9.478	-	-	-	-
Net profit margin, %	Company in total	6.14%	6.25%	4.26%	4.33%	-	-	-	-
EbitDA, bn RUB	Company in total	64.721	85.910	14.88	20.395	-	-	-	-
EbitDA profitability, %	Company in total	11.16%	11.25%	9.07%	9.32%	-	-	-	-

Data source: Magnit

<...>

#### New hypermarket openings

On 15 May 2015 a Magnit hypermarket was opened in Chelyabinsk at the following address: ul. Cherkasskaya, 15. The product mix includes about 21.2 thousand items, the food products share comes to about 73%. The selling floor is equipped with 21 POS-terminals. Premises are rented.

<...>

#### New supermarket<sup>24</sup> openings

On 25 May 2015 a Magnit Semeiniy supermarket was opened in Tomsk region at the following address: g. Strezhevoy, ul. Kommunalnaya, 53, Sosna shopping centre. The product mix includes about 9.5 thousand items, the food products share comes to about 82%. The selling floor is equipped with 13 POS-terminals. Premises are rented.

#### Plan for hypermarket openings

In Q2 2015 a Magnit hypermarket is to be opened in Barnaul: Industrialniy district.

In August and November 2015 it is planned to open two Magnit hypermarkets in Gukov, Rostov region. The investments will reach RUB 450 m. One hypermarket is 80% completed, another one is finished by 20%. The stores are located on two land lots with space of 10.5 and 9 thousand sq. m.

<...>

#### Plan for supermarket opening

In November 2014 it became known that a Magnit Semeiniy supermarket is to be opened in Novosibirsk at the following address: ul. Krasnaya Sibir, in vicinity of building 130. <...>

#### New formats

In July 2014 it became known that Magnit is working on its own online store. Furthermore, the chain's founder, Sergey Galitskiy, does not believe in efficiency of online food retail. He began this project "not to be late in case of great sales". He explained it is still too early to speak about anything definite.

<sup>24</sup> INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

## M&A

In February 2015 it became known that Magnit may acquire stores of AQUAGroup in Kemerovo (Aquamarket, LLC). AQUAGroup includes a Nograd store, Ekonomka convenience stores, Aquatorium supermarkets and Znak Kachestva supermarkets. Furthermore, AQUAGroup develops a public catering network and produces its own goods. The company's credit debts reach RUB 2.5 bn. Furthermore, the sum of 399 suppliers' claims against the company exceeds RUB 1 bn. In 2013 Aquamarket LLC got 4 RUB.5 bn of revenue and RUB 14.4 m of net loss. Problems with payments for supplied goods began in summer 2014. The number of employees decreased from 2000 people in 2014 to less than 500 people in 2015. <...>

### Logistics: data

As of 12 May 2015 Magnit (Tander CJSC) управляла 29 distribution centres, суммарной площадью 1077 thousand sq. m. As of 12 May 2015 Magnit (Tander CJSC) managed 29 distribution centres with total space of 1077 thousand sq. m. In 2014 the supply centralization level for convenience stores came to 90%, for hypermarkets – to 71%. This indicator is to reach 92% in the long-term for convenience stores and 80% – for hypermarkets. As of 01 January 2015 the company's truck fleet included 5938 trucks.

In May 2015 Magnit commissioned a DC in Perm. Its total space comes to 48 thousand sq. m. DC created 1200 jobs. The investment volume came to more than RUB 1.5 bn. There is a parking lot for 200 trucks and 150 passenger cars. 50 trucks can be loaded and unloaded simultaneously. The facility will service about 300 stores of different formats on Perm territory.

### Logistics: plans

In 2015 Magnit plans to put the second stage of its DC in Rostov regions into operation. DC is located in Internatsionalniy settlement. Its space will come to about 60 thousand sq. m., including a food storage – 18.5 thousand sq. m., a non-food storage – 18.5 thousand sq. m., a chilled products chamber – 10 thousand sq. m., premises for goods handling and dispatch – 13 thousand sq. m. The first stage was put into operation in December 2013 (17. 807 thousand sq. m.). Investments into this DC come to more than RUB 1.6 bn. Magnit planned to launch the second stage before the end of 2014, but failed to. <...>

### Private label

As of 01 January 2015 Magnit's PL included 605 commodity items. PL's share in revenue came to 11% in 2014. About 88% of PLs are food. The non-the food share is expected to grow. <...>

## Interaction with suppliers

### Corporate events

<...>

On 4 June 2015 the annual meeting of Magnit PC shareholders took place in Krasnodar. In follow-up of which it was decided to:

- approve annual statement of Magnit PC for 2014
- approve annual accounting statement, including profit and loss statement of Magnit PC for 2014
- approve the following distribution of profit according to results of 2014 fiscal year:

1) Pay dividends on ordinary registered shares of Magnit PC to the amount of RUB 12 535 998 832.35, which comes to RUB 132.57 per one share. The dividends are to be paid in monetary form. Establish 19 June 2015 as the date to establish persons entitled to dividends. The payment is to be done in manner and within the period established by the legislation of the Russian Federation

2) Pay remuneration to the members of the board of Magnit PC according to the Regulations of Board of Directors of Magnit PC. Remuneration according to the year's results is not to be paid.

3) Not to pay remuneration to the members of the revision committee of Magnit PC.

. <...>

## **Research (full version) contains the description of 8 largest FMCG chains in Russia:**

X5 Retail Group N.V. (Pyaterochka, Perekrestok, Karusel and Perekrestok-express); Magnit, PJSC (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 DIXY JSC (Dixy 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 (operational results, plans of further development);
  - Performance and expectations (key financial indicators and plans);
  - Investment projects;
  - Private label (key private label of the chain, their development and plans to the future expansion);
  - Resignations and appointments;
  - M&A;
  - New formats (introduce and/or plans on introduce new formats to the market);
  - Logistics (opening new distribution centers, the level of supply centralisation, etc.);
  - Store openings (during the last month);
  - Store closures (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.).
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## About INFOLine IA products

Currently the most topical issue for the companies is monitoring and analysis of industry and general business events in Russia and the world. It is impossible to solve this problem without a professional and highly efficient information department. INFOLine IA is exactly such department. It will work for the benefit of your business. All your colleague and employees are welcome to make use of our services. INFOLine IA is an independent company. It has been working on the industry research market of Russia since 2001. The retail industry study conducted by INFOLine during 2005-2014 is the best on the market. This was acknowledged by many of our customers and partners.



There is a range of information products especially prepared for FMCG retail companies:

### Russian consumer market and FMCG retail chains rating, Industry review

It contains structured information regarding the development of retail chains, commissioning of new stores, new formats, M&A transactions, corporate events, logistics, operational results and expectations, investment plans and interaction with suppliers regarding the leading FMCG chains. The review also contains: macroeconomic figures, statistic data and analytical information regarding the development of retail and chains in Russia during the month under report.

**Russian consumer market and FMCG retail chains rating** contains:

#### TOP 130 FMCG chains performance

- Rating of FMCG chains by number of stores
- Rating of FMCG chains by selling space
- Rating of FMCG chains by net sales

#### Section I. Development of retailing in Russia

- Macroeconomic retail indicators
- Government regulation of retailing
- Structure of retail turnover by the category of product
- Structure of retail turnover by the category of retailer
- Regional structure of retail sales
- Inflation and the food market
- Consumer incomes and expenses
- Consumer expectations and confidence index

#### Section II. Key events for FMCG retail in Russia

- Important events for FMCG retailers
- Activities of INFOLine IA specialists
- Case –The effects of price increases on consumer behavior

#### Section III. Key events and plans of major FMCG retailers

Supplement 1. Structure of retail turnover by subjects of Russia in 2003-2014

### Complete research reports on retail

Title	Contents	Publication date	Price, roubles
<b>HIT of SALES!</b> Analytical Database of <b>700 FMCG retail chains of the RF</b>	It contains the following sections: Conditions of the FMCG retail market in Russia; Business reference data on TOP 50 retailers; Data base of 700 chains and 530 DCs that includes the following entries: the Retail chain's operator, Brands, Contacts, Management (CEO, procurement director, financial director, IT director), total number of stores, total selling space, revenue, presence in regions, number of distribution centres	June 2015	60 000 roubles
<b>FMCG Hypermarkets in Russia, Results of 2014 and Forecast for 2017</b>	The standard version of the industry review presents analysis of FMCG and Non-Food retail market (macroeconomic indicators, structure and dynamics of retail turnover, number, selling space, net sales of stores by sales channels); TOP-50 ratings and business reports on 30 largest retailers developing hypermarkets; history and key features of hypermarket format; forecast for hypermarkets for 2015-2017. Extended version of the industry review contains also analysis of hypermarket segment in 30 largest regions by food retail turnover by 7 federal districts of Russia (exc. Crimean) and data on 1000 operating hypermarkets.	Q3 2015	Starting from 40 000 roubles s.
<b>NEW! DIY Market, Results of 2013 and</b>	Rating of the largest retail and wholesale-retail DIY chains by their financial efficiency (gross margin and net profit margin) and the average purchase size; by selling/gross floorspace, number of stores (as of 01.01.2014), revenue per one square meter of selling/gross floorspace	March 2014	50 000 roubles

Title	Contents	Publication date	Price, roubles
<b>Forecast for 2017</b>	Development of online retailing on the DIY market; regional development of the largest DIY operators; business reference data on TOP 50 DIY operators; prospects for development of the largest players on the DIY market <b>NEW!</b> <i>Description of TOP 50 players on the DIY market; debt load; development strategy; preferences of DIY consumers in Russia; description of the largest players among "specialized chains".</i>		
<b>NEW! Analytical Database of DIY chains</b>	Database contains operational and financial indicators, contact information on TOP management of 250 DIY chains of Russia: legal name; chain's brand; chain's management <b>NEW!</b> <i>Development director, marketing director</i> ; Factual address; phone; fax; e-mail; Web-site; developed formats; total number of stores as of 01 January 2014; selling/gross floor space; revenue (excluding VAT) in 2011-2013, billion roubles; regional presence; number of DCs as of 01.01.2014.	March 2014	35 000 roubles

**Periodical information products on food industry, food market, retail etc.**

Title	Description of the product	Periodicity	Price in roubles per month
Macroeconomics of Russia and Condition of Processing Industry	Monthly macroeconomic survey of the situation in various branches of RF industry	Once per month	5 000
News of Retail in RF	Latest and periodic information about RF industry of your interest	Daily	5 000
News of Logistics and Warehousing		Once per week	5 000
News of Food Industry and Food Market (more than 15 segments of food industry!)		Twice per week	6 000
News of Advertising and Marketing		Once per week	4 000
Bank of Innovations on Food Market	Monthly review of new products on the food market of the RF and abroad	Once per month	12 500

**Please, take note!** *The above-mentioned selection of our products is not complete.*



Besides the completed pilot products INFOLine IA offers its customers a package of individual information services for solution of specific problems that might arise in the process of the company's operation. These are custom-made research reports, compilation of data bases, product mix and prices monitoring, special monitoring on our customer's request etc.

**We are always glad to be of assistance to you! To obtain demo-versions and presentations of Reports or if you have any questions do not hesitate to contact our manager, Irina Baranova! +7 (812) 322 68 48, +7 (495) 772 76 40 ext. 132 or [tek@infoline.spb.ru](mailto:tek@infoline.spb.ru)**