information agency

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

Industry review

Russian consumer market and FMCG retail chains rating

June 2015

Demo-version

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

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

About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period **(June 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 (corporative 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.

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 <u>www.infoline.spb.ru and www.advis.ru</u>

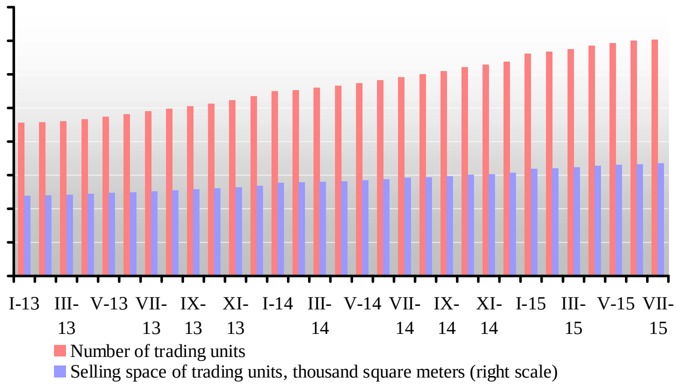
Rating of FMCG retail chains of Russia

TOP 130 FMCG chains performance [1]

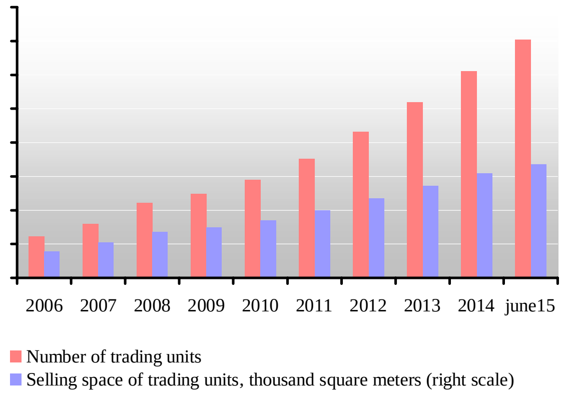
TOP 130 FMCG chains in Russia

In **June 2015** the number of selling points of TOP-130 FMCG (excluding DIXY GK, X5 Retail Group, Magnit) retailers increased by * units**;** all in all, during **January-June 2015** – by *units**.** In **June 2015** the growth of the total selling space was about * thousand sq. m. Altogether during **January-June 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 2006-2014 (to the end of the period)



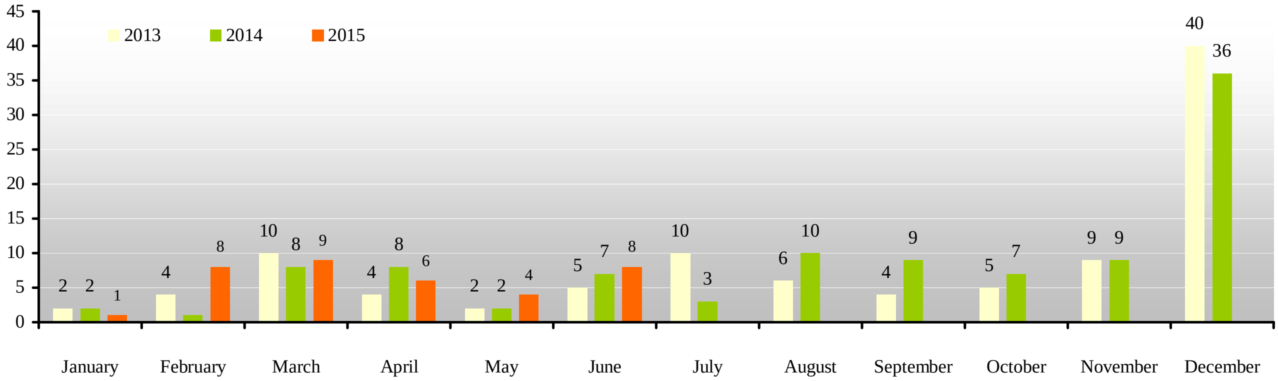
Data source: IA INFOLine

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

Hypermarket format[2]

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

Picture 3. Dynamics of the net hypermarkets number increase among of 130 largest retailers of Russia in 2013-2015 on monthly basis, number of selling points



Data source: IA INFOLine

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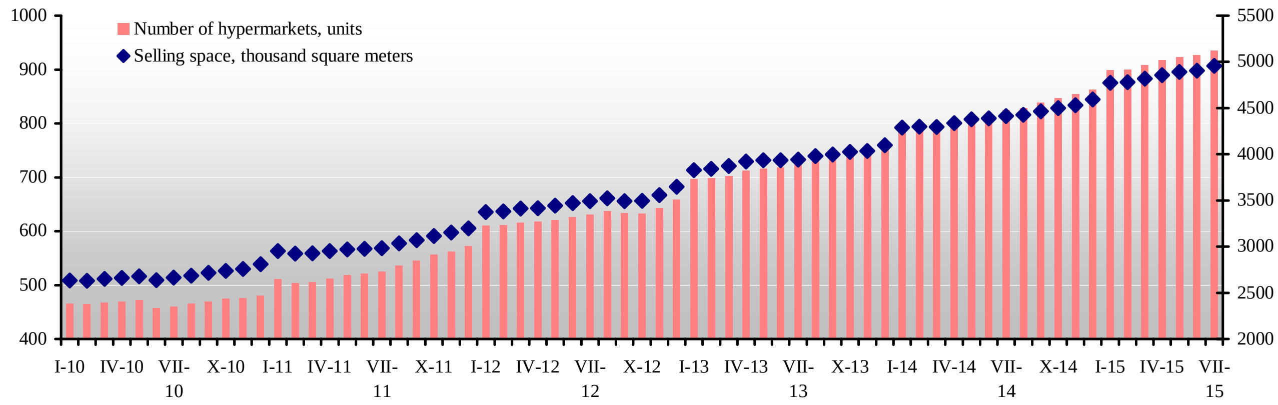
[1] Data was corrected according to the result May 2015. Hereinafter the data for X5 Retail Group, Magnit and DIXY is presented as it was available at the date of this survey's preparation: Magnit – May 2015, DIXY – April 2015, X5 Retail Group – April 2015. Drugstore chain "Magnet Cosmetic" is not included

[2] "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 **June 2015** the following stores were opened (not including GC DIXY, X5 Retail Group and Magnit): a hypermarket Groupe Auchan in Barnaul and a hypermarket Nasha Raduga in the Saratov region (Balashov), 2 hypermarkets Lenta in the Sverdlovsk region (Nizhni Tagil) and in Saint-Petersburg, a hypermarket SPAR (TD Intertorg, LLC) in Saint-Petersburg (Kolpino, in place of the supermarket Prisma), K-RUOKA (Kesko Food) in Saint-Petersburg (Petergof), a hypermarket Optoklub Riady (Big Box, LLC) in Saint-Petersburg, a store Moy Mir (Dimart, LLC) in Khabarovsk.

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 July 2015** was *, with total selling space of * million sq. m.

Research (full version) also includes the description of development of supermarket format, discounter[3] 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	June 14	June 15	June 2014	June 2015	Jan-June 2014	Jan-June 2015
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	* *	* *	* *	* *
	Magnit	D	*	*	*	*	*	*	* *	* *	* *	* *
	Magnit Semeiniy	H	*	*	*	*	*	*	* *	* *	* *	* *
	Magnit-Cosmetic	C	*	*	*	*	*	*	* *	* *	* *	* *
	All formats	**All formats**	*	*	*	*	*	*	* *	* *	* *	* *
X5 Retail Group[4]	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	* *	* *	* *	* *
	Perekrestok	S	*	*	*	*	*	*	* *	* *	* *	* *
	Pyaterochka	D	*	*	*	*	*	*	* *	* *	* *	* *
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	* *	* *	* *	* *
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	* *	* *	* *	* *
	All formats	**All formats**	*	*	*	*	*	*	* *	* *	* *	* *
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	* *	* *	* *	* *

[3] As it has come to be generally accepted by the international retailers the format of discounter should meet the "one commodity - one demand" requirement. But it is important to emphasise that in Russia the discounter format doesn't exist. At the same time the specialists of INFOLine IA would like to distinguish two subformats of the convenience store format: soft discounters, the formats of the number of the largest Russian players, such as Pyaterochka, Diksi, Magnit, Monetka, Kopeika, Maria-Ra and others, and convenience stores.
[4] 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	June 14	June 15	June 2014		June 2015		Jan-June 2014		Jan-June 2015	
DIXY Ug, SC[5]	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	*	*	*	*	*	*	*	*	*	*	*	*	*	*
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

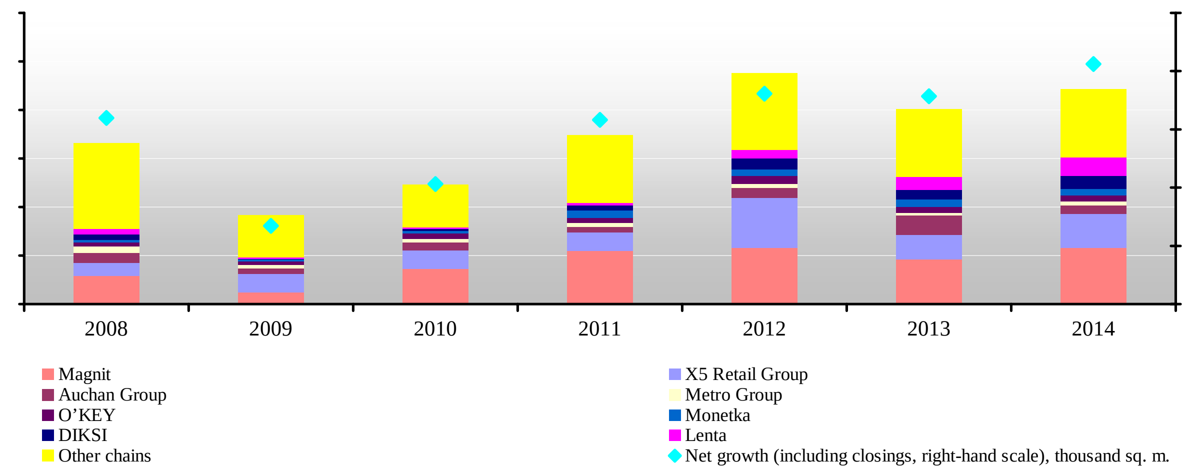
INFOLine IA ***monthly*** *collects information about selling space dynamics for more than 130 major FMCG retailers of Russia.*

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

<…>

[5] In connection with information disclosure policy the company made available data for December 2013-2014.

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	June 14	June 15	June 2014		June 2015		Jan-June 2014		Jan-June 2015	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group[6]	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC[7]	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	*	*	*	*	*	*	*	*	*	*	*	*	*	*
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	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*

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 June 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[8]	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[9]	D, H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	*

[6] In connection with information disclosure policy the company made available data for May 2015.
[7] In connection with information disclosure policy the company made available data for May 2015.
[8] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store
[9] Retail revenue

Legal name	Brand	Main formats[8]	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[10]	C, D, S, H	*	*	*	*	*	*	*	*
DIXY Group, JSC	DIXY	C	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*		*	*		*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*		*	*		*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*
	Total for company[11]	C, D, S, H	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	S, H	*	*	*	*	*	*	*	*
O'KEY LLC[12]	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** [13]		**X5 Retail Group N.V.** [14]		**DIXY Group, JSC**[15]		**Lenta, LLC**[16]		**O'KEY, LLC**[17]	
	2014	Q1 2015[18]	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		*	*	*
	All formats	**All formats**		*	*	*
X5 Retail Group[19]	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Pyaterochka	D		*	*	*
	Perekrestok Expres, Kopeika	C		*	*	*
	All formats	**All formats**		*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS, 2014 estimation	*	*	*
DIXY Ug, SC[20]	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	*	*	*
Lenta, LLC	Lenta	H	management accounting, IFRS (common sales)	*	*	*

[10] Company's retail revenue.
[11] Company's retail revenue.
[12] For 2014 and Q4 2014 – estimation of INFOLine on basis of O'KEY's data on revenue growth.
[13] Company's retail revenue.
[14] Management accounting data, company's retail revenue.
[15] Management accounting data, company's retail revenue.
[16] Management accounting data
[17] Estimation of INFOLine on basis of O'KEY's data on revenue growth.
[18] Unaudit data
[19] In connection with information disclosure policy the company made available data for May 2015.
[20] In connection with information disclosure policy the company made available data for May 2015.

Legal name	Brand	Main formats	Data	2012	2013	2014
O'KEY LLC	O'KEY, O'KEY-Express	H, S	IFRS (common sales)	*	*	*
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	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 Grinn, 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 June 2015 for the largest chains with revenue of more than 10 billion rubles.

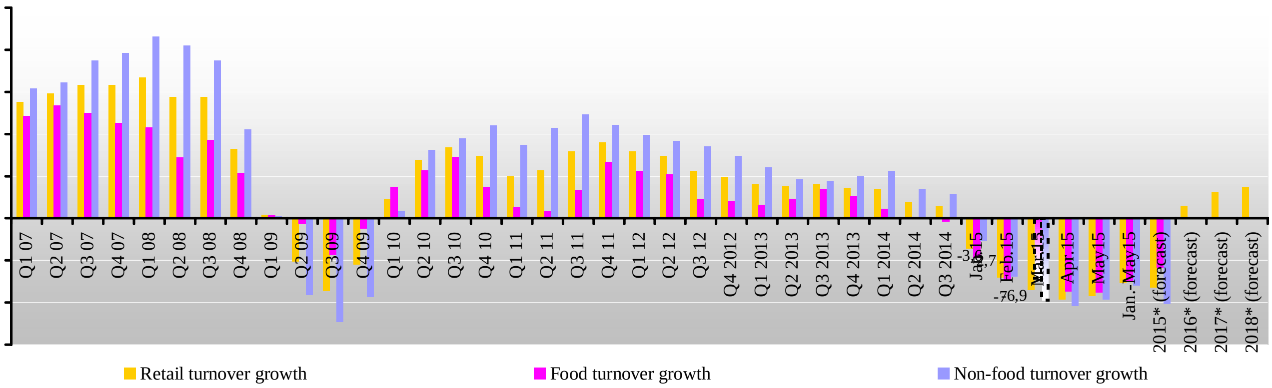
Section I. Retail trends and development in Russia

Macroeconomic retail indicators

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

In May 2015 the retail turnover came to RUB *bn rub. In terms of commodity mass it decreased by *% vs. May 2014 (in May 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 May 2015 it decreased by *% vs. May 2014.. The non-food retail turnover, decreased by *% in May 2015 in comparison with May 2014.

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

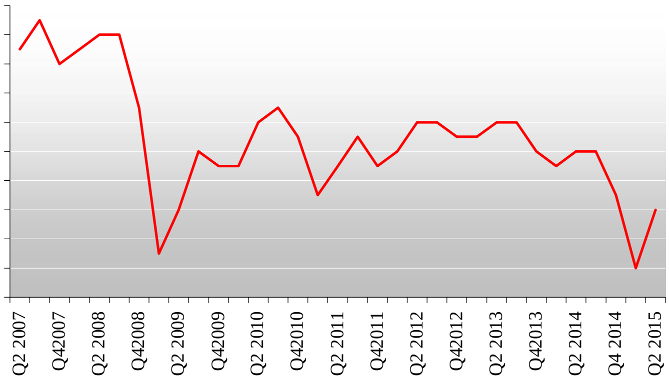


Data source: FSSS

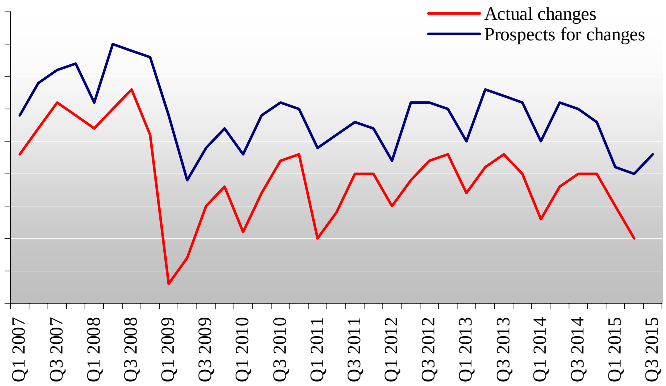
Main indicators of retail development[21]

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 Q2 2015 the business confidence index came to 2 pp, increasing by 4 pp vs. Q1 2015 and decreasing by 3 pp. vs. Q2 2014. The evaluation of the overall economic situation, according to results of Q2 2015, is by 3 pp better than in the recessional Q1 2009. **<…>**

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



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



Data source: FSSS

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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.

<…>

[21] 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.

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

Structure of retail turnover by the category of products

<...>

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

Table 3. Structure of retail turnover in terms of product groups in 2006-2015[22]

Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014	May14	May15	Jan.-May 2014	Jan.-May 2015
Retail turnover	*	*	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

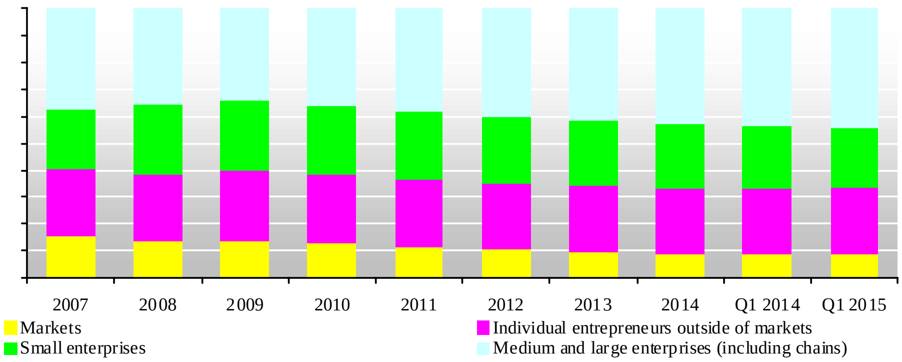
<...>

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 Q1 2015 (*pp vs. Q1 2014). The share of small enterprises is also decreasing – by *pp vs. Q1 2014 and the share of medium-size businesses decreased by *pp vs. Q1 2014. The share of large businesses (largely, retail chains) increased by * pp vs. Q1 2014. The share of individual entrepreneurs increased by *pp vs. Q1 2014 and came to *%.

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



Data source: FSSS

<...>

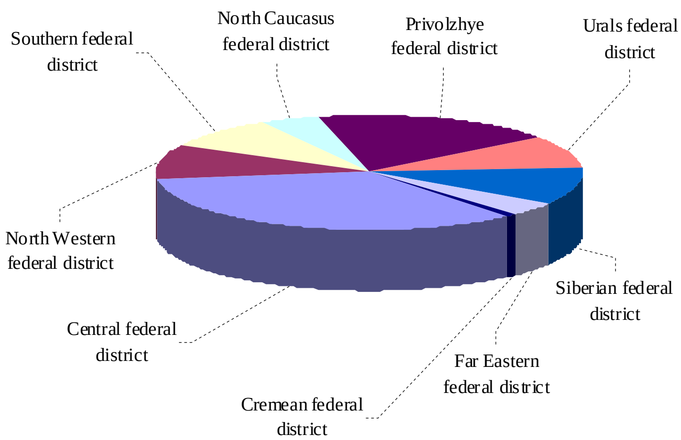
Research (full version) also contains information on structure of sales in the markets and at fairs, detailed information on unorganized trade: number of markets, trading places, market structure and the managing subjects and other.

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

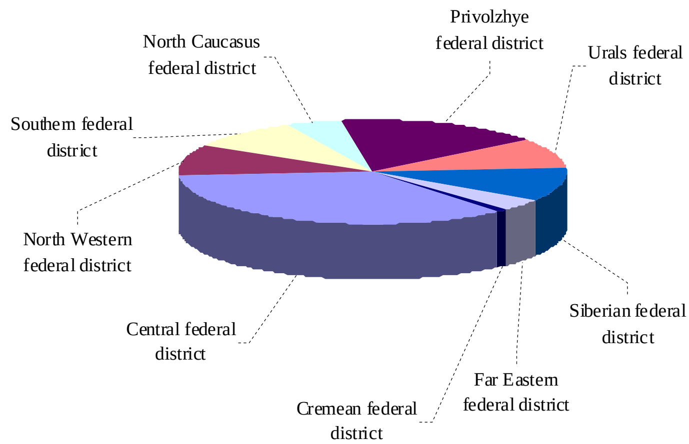
Regional structure of retail turnover

Regional retail turnover structure in Russia is not uniform: *% of the turnover in January-May 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-May 2014, %



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



Data source: FSSS

<...>

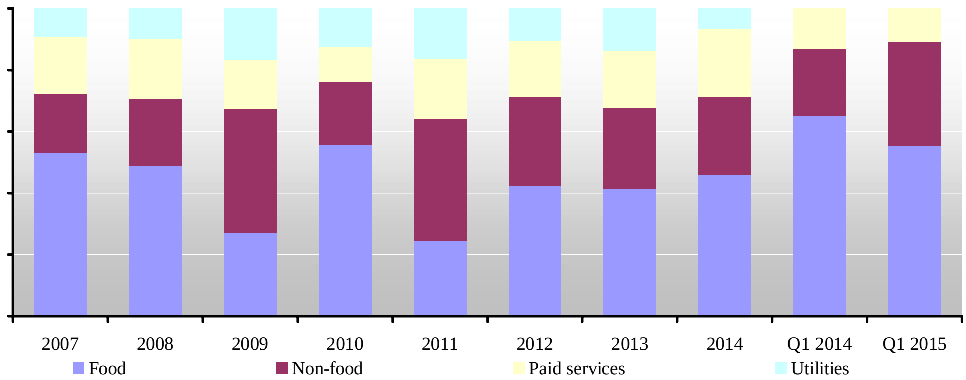
Food market inflation

<...>

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

<...>

Picture51. Contribution to inflation in 2007-2015, pp



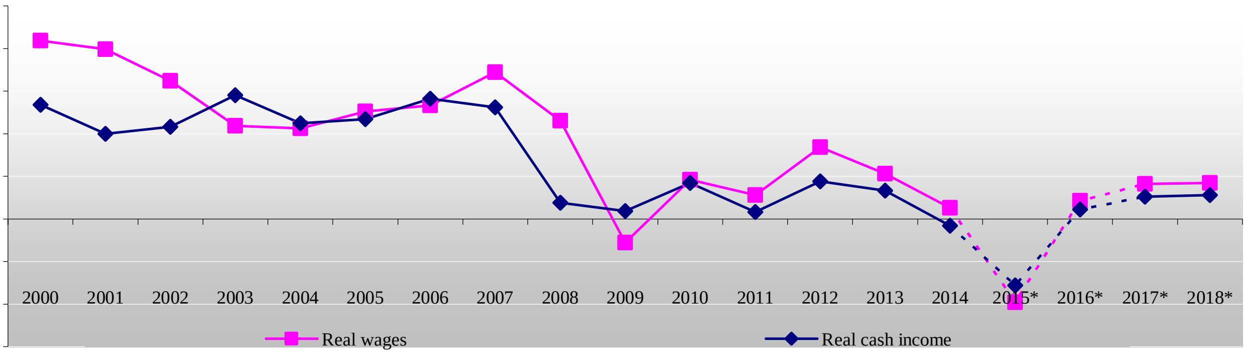
Data source: FSSS

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, %



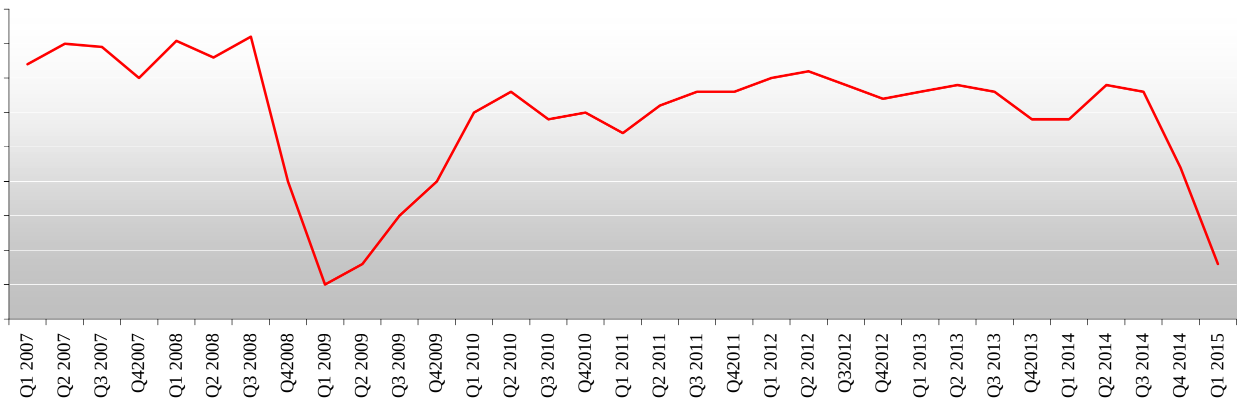
Data source: FSSS

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 – *%). <…>

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[23] demonstrated growth and according to the results of the III quarter came up to (*%). <…>

Picture 13. Consumer confidence index in Russia 2007-2015



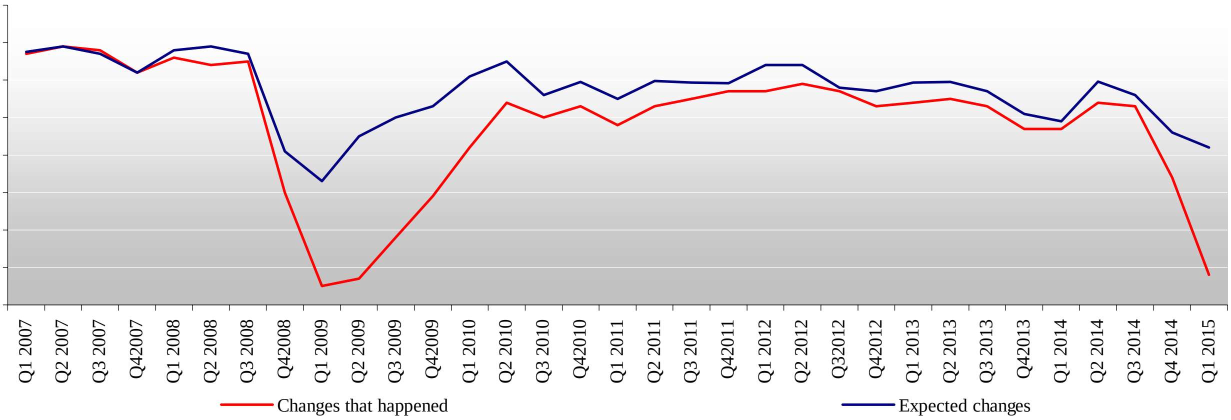
Data source: FSSS

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 – *%).

<…>

[23] 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 14. Consumers' assessment of economic situation in Russia in 2007-2015

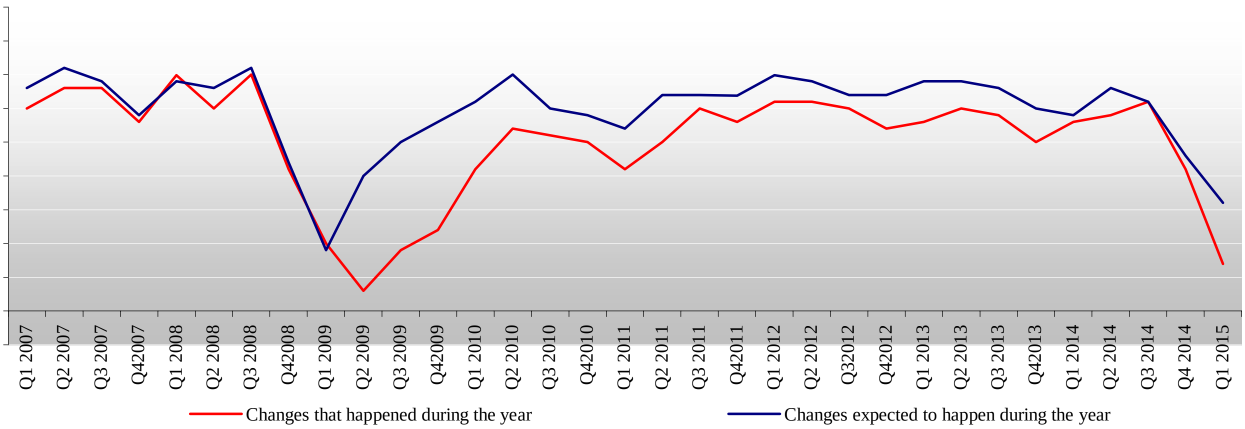


Data source: FSSS

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.

<…>

Picture 15. 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

On Prolongation of Counter-Sanctions Restricting Food Product Supplies from the EU, the USA and Some Other Countries

June 25, 2015, Vladimir Putin signed the **Decree No. 320** on prolongation of counter-sanctions imposed by the Russian Federation until August 5, 2016. He commissioned the Prime-Minister Dmitriy Medvedev to timely prepare necessary documents for implementation of this decree. He specified that in line with the suggestion made by the Head of the Government, Dmitriy Medvedev, "we prolong our counter-sanctions for the next year starting as of today". Vladimir Putin expressed his certitude that counter-sanctions being taken will become a good guideline for national manufacturers of agricultural commodities.

<…>

Roskachestvo Is Carrying Out Phased Inspections of up to 30 Product Categories in the IInd Half of 2015

June 4, 2015, the first organizational meeting of the Autonomous Non-Commercial Organization Russian Quality System (Roskachestvo) (www.rskrf.ru) was held where Maksim Protasov was appointed as the Head of the Organization. He declared that first products having the Russian Quality Mark could appear in stores before the end of 2015. Let us remind that on April 30, 2015, the Government of the Russian Federation signed the **order on the establishment of the autonomus non-commercial organization ANO Russian Quality System**. The organization was established to ensure the quality of Russian commodities, increase their competitiveness and resolve import substitution tasks. "The top priority areas of the organization until 2020 include such economic sectors as food and pharmaceutical industries, the manufacturing industry, the national and foreign trade", informs the report provided by the Cabinet. The main areas of activities covered by the organization will become product tests within the invented system of a voluntary certification "System of confirmation of the quality of Russian products", granting the applicants with the right to use a conformity mark that guarantees a high quality, suspension or termination of the issued conformity certificates. Besides, the ANO will cooperate with the federal executive bodies. Funding of the organization activities in 2015 and preparation of proposals of funding sources for 2016-2017 within the Federal Budget for the corresponding years has been assigned to the Ministry of Industry and Trade (MIT). Taken decisions will contribute to encourage national manufacturers for making higher quality products conforming to the level of the best world similar products, which will facilitate increase of national production competitiveness for its promotion at the national and foreign markets, and to create a system of a voluntary confirmation of a quality conformity for such products.

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 Web: 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 Mayl 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
	Retail revenue	**579.528**	**762.721**	**163.952**	**218.232**	**285.872**	**375.178**	**62.195**	**80.064**
	Wholesale sales	0.166	0.806	0.038	0.524	-	-	-	-
	Total revenue	**579.695**	**763.527**	**163.990**	**218.756**	-	-	-	-
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%
	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%
	Retail revenue	**29.22%**	**31.61%**	**24.95%**	**33.11%**	**26.88%**	**31.24%**	**28.70%**	**28.73%**
	Wholesale sales	(4.88%)	384.34%	-	-	-	-	-	-
	Total revenue	**29.21%**	**31.71%**	-	-	-	-	-	-
LfL (revenue), %	Magnit	6.62%	13.85%	5.96%	14.06%	-	-	-	-
	Hypermarket Magnit	9.39%	14.05%	9.17%	14.91%	-	-	-	-
	Magnit Semeiniy	17.23%	18.97%	15.73%	17.29%	-	-	-	-
	Magnit-Cosmetic	28.53%	40.79%	50.5%	23.86%	-	-	-	-
	Company in total	**7.47%**	**14.47%**	**7.49%**	**14.53%**	-	-	-	-
LfL (average ticket),%	Magnit	5.82%	9.81%	5.32%	13.87%	-	-	-	-
	Hypermarket Magnit	3.07%	7.98%	4.34%	14.38%	-	-	-	-
	Magnit Semeiniy	4.2%	9.28%	5.27%	15.23%	-	-	-	-
	Magnit-Cosmetic	0.32%	3.76%	1.97%	9.97%	-	-	-	-
	Company in total	**5.89%**	**9.58%**	**5.6%**	**13.97%**	-	-	-	-
LfL (traffic), %	Magnit	0.76%	3.68%	0.61%	0.17%	-	-	-	-
	Hypermarket Magnit	6.13%	5.63%	4.62%	0.47%	-	-	-	-
	Magnit Semeiniy	12.5%	8.87%	9.93%	1.79%	-	-	-	-
	Magnit-Cosmetic	28.12%	35.69%	50.54%	12.63%	-	-	-	-
	Company in total	**1.5%**	**4.47%**	**1.79%**	**0.49%**	-	-	-	-
Gross profit, bn RUB	Company in total	165.263	220.521	44.666	59.116	-	-	-	-

Indicator	Format	2013	2014	Q1 2014	Q1 2015	Jan.-May14	Jan.-May15	May 2014	May 2015
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

<...>

Resignation and appointment

June 2, 2015, the Public Joint-Stock Company Magnit announced that Bocharov Vyacheslav Dmitrievich, the Sales Director of the neighborhood stores Magnit, had leaved the company. His powers were assigned to the in-house employee Rubtsov Sergey Vladimirovich previously performing the functions of the Sales District Department Director of stores Magnit. Bocharov V.D. will continue his work in the company Russian Post as the First Deputy General Director and the Operations Director. Bocharov's responsibilities will include operational management and increase of efficiency of activities performed by branch network of the Russian Post. Changes came into effect as of July 1, 2015.

New hypermarket openings

On 06 June 2015 a Magnit hypermarket was opened in Kemerovo region at the following address: g. Leninsk-Kuznetskiy, ul. Tekstilschikov, 19, April shopping centre. The product mix includes about 14.6 thousand items, the food products share comes to about 70%. The selling floor is equipped with 19 POS-terminals. The store is company's property.

New supermarket[24] openings

25 May 2015 was opened supermarket Magnit Семейный" in Томской region at the following address: г. Стрежевой, ул. Коммунальная, 53, shopping centre "Сосна".The product mix супермаркета 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. June 12, 2015, a supermarket Magnit Semeiny was opened in the Republic of Tatarstan at the following address: 9, Peterburgskaya street, Kazan. The supermarket product range includes about 6.8 thousand items, and food products make 89% of this number. The display area is equipped with 12 POS machines. The retail facility is under lease. **<...>**

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 to early to speak about anything definite. **<...>**

[24] INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

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

As of 01 January 2015, Magnit worked with 5000 suppliers. 1000 of them are federal suppliers, providing for 55-60% of Magnit's product mix. Remaining 4000 are local suppliers, they provide for 40-45% of the product mix.

Corporate events

<…>

July 1, 2015, the Chairman of the Board of Directors of Magnit, PJSC, passed a resolution to hold the meeting of the Board of Directors on July 7, 2015, with the following agenda:

1. To determine a priority areas of activity of Magnit, PJSC.
2. On performing the functions of the General Director (Management Chairman) of Magnit, PJSC, simultaneously with occupying a management post in the other organization.
3. Defining the remuneration for audit services.

In June 2015, an annual meeting of the shareholders of the VTB bank elected the founder and the General Director of the company Magnit, Sergey Galitskiy, as the member of the new composition of its Supervisory Board. The VTB shareholders followed the recommendation of the Bank Supervisory Board that approved the choice of Galitskiy already in the mid-May 2015. Let us remind that the VTB bank is one of the main lenders of the company Magnit.

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 idicators 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.).**

Annex 1. DECREE of 25 June 2015 г. No. 625

THE GOVERNMENT OF THE RUSSIAN FEDERAION
DECREE
of 25 June 2015 г. No. 625
MOSCOW

On Amending the Decree of the RF Government of 07 August 2014 No. 778

The Government of the Russian Federation decrees:

1. Approve attached amendments to the decree of the RF Government of 07 August 2014 No. 778 "On Realization of the Order of the President of the RF of 06 August 2014 No. 560 On Application of Special Economic Measures to Ensure Security of the Russian Federation (Legislative Convention of the Russian Federation, 2014, No. 32, art. 4543; No. 34, art. 4685).

2. The decree comes into effect from the date of its official publication.

The Prime Minister of the RF D. Medvedev

APPROVED
by the decree of the
RF Government of
25 June 2015 No. 625

AMENDMENTS
to the decree of the RF Government
of 07 August 2014 No. 778

1. The naming should be set forth as follows: On Measures for Realization of the RF President’s Decrees of 06 August 2014 No. 560 and 24 June 2015 No. 320.

2. The preamble should be as follows: “Pursuant to Decrees of the RF President of 06 August 2014 No. 560 On Application of Special Economic Measures to Ensure Security of the Russian Federation (Legislative Convention of the Russian Federation and of 24 June 2015 No. 320 On Extension of Special Economic Measures to Ensure Security of the Russian Federation the Government of Russian Federation decrees:

3. In paragraph 1 “for one year” is to be replaced with “till 05 August 2016 (through)”.

4. The supplement to the indicated decree should be as follows:

"SUPPLEMENT"
to the Decree of the
RF Government of
07 August 2014 No. 778
(the version of the Decree
of the RF Government of
25 June 2015 No. 625)

LIST
of agriculture products, raw materials and food, originating in the USA, Canada, Australia and the Kingdom of Norway, which are prohibited for import to the RF till 05 August 2016 (through).

Commodity Nomenclature for Foreign Economic Activities Code of Eurasian Economic Union	Description of Goods *,***
0201	Great cattle meat, fresh or chilled
0202	Great cattle meat, frozen
0203	Pork meat, fresh or frozen
0207	Meat and edible by-products of poultry, indicated as commodity item 0105, fresh, chilled or frozen
из 0210**	Salted meat, in brine, dried or smoked
из 0301**	Live fish (exclusive of Salmo salar, Salmo trutta, Oncorhynchus mykiss)

0302, 0303, 0304, 0305, 0306, из 0307**, 0308	Fish and crustaceans, molluscs and other aquatic invertebrates (exclusive of young fish, oysters and mussels)
из 0401**, из 0402** , из 0403**, из 0404** , из 0405**, 0406	Milk and dairy products (except special delactosed milk and special delactosed dairy products for dietary clinical nutrition and protective diet)
0701 (за исключением 0701 10 000 0), 0702 00 000, 0703 (за исключением 0703 10 110 0), 0704, 0705, 0706, 0707 00, 0708, 0709, 0710, 0711, 0712 (за исключением 0712 90 110 0), 0713 (за исключением 0713 10 100 0), 0714	Vegetables, edible roots and tuberous roots (exclusive of potato seed, seed onion, hybrid sugar seed corn, pee seed)
0801, 0802, 0803, 0804, 0805, 0806, 0807, 0808, 0809, 0810, 0811, 0813	Fruit and nuts
1601 00	1601 00 Sausage and similar products from meat, meat by-products or blood; finished food products, made on basis
из 1901 90 110 0** , из 1901 90 910 0** , из 2106 90 920 0** , из 2106 90 980 4 ** , из 2106 90 980 5** , из 2106 90 980 9**	Food or finished products (exclusive of nutritional supplements; vitamins and minerals mixes; flavours; protein concentrates (of animal and vegetable origin) and their mixes; dietary fibres; food supplements (including aggregate)
из 1901 90 990 0**	Food and finished products, produced according to cheese-making techniques with 1.5% or more of milk fat content

*In order to apply this position, follow both Commodity Nomenclature for Foreign Economic Activities Code of Eurasian Economic Union and description of goods.

** For the purposes of the application of this position should be guided by how the HS code of the EAEU and the name of the product.

*** Exclusive of baby food products.

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
HIT of SALES! Analytical Database of **700 FMCG retail chains of the RF**	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
FMCG Hypermarkets in Russia, Results of 2014 and Forecast for 2017	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.
NEW! DIY Market, Results of 2013 and Forecast for 2017	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 Development of online retailing on the DIY market; regional development of the largest	March 2014	50 000 roubles

Title	Contents	Publication date	Price, roubles
	DIY operators; business reference data on TOP 50 DIY operators; prospects for development of the largest players on the DIY market **NEW!** *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".*		
NEW! Analytical Database of DIY chains	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 **NEW!** *Development director*, *marketing director*; 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