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## Industry review

# Russian consumer market and FMCG retail chains rating

## November 2014

Demo-version

- 
- Retail business statistics
  - Retail indicators
  - Review of retail market in November 2014
  - Rating of FMCG retailers

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## Introduction

The industry review **Russian consumer market and FMCG retail chains rating** contains structured information about development of retail chains and retailing, as well as the overview of events that took place at the Russian retail market during the period under review (for the present survey it is **January-November 2014**), the information related to the results of operating, financial and investment activities of FMCG chains in Russia, as well as **the rating of 130 largest FMCG retail chains of Russia**. The survey is prepared on the basis of integrated set of data sources:

- Regular monthly polling of more than 200 retail chains of Russia by the experts of INFOLine IA;
- Materials from MSM (printed press, electronic MSM, federal and regional information agencies);
- Information materials of the retail chains and supplying companies (press-releases, Web-site content, yearly and quarterly statements, trade literature regarding the securities issue and investment memorandums);
- Financial statements of the chains according to the international standards (audited and managerial);

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

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

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

### Facts about INFOLine information agency

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

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

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



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# Rating of FMCG retail chains of Russia in presentation format

Dear colleagues!

We are pleased to announce the possible acquisition of a industry review Conditions of consumer market of Russia and Rating of FMCG retail chains of Russia in the format of "Presentation".



Review in the format of "Presentation" contains relevant information on consumer market and FMCG retail chains.

Release date: **monthly or quarterly**

Method of delivery: **e-mail**

Price: **depends on the customer's needs**

Number of slides: **13**

The presentation can be made according to Your corporate style or in the style of INFOLine.



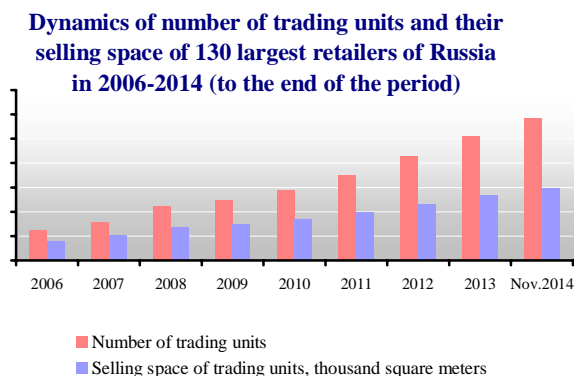
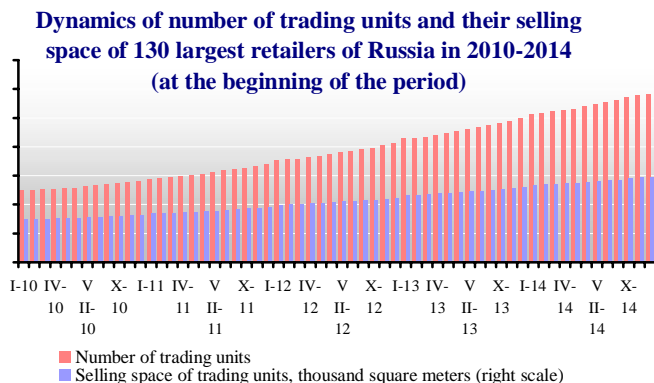
To obtain the demo-version of the reviews in the format of the Presentation, and if you have any questions, please contact our manager Christina Savelieva on the phone+7 (812) 322 68 48, +7 (495) 772 76 40 EXT. 143 or email: [retail@infoline.spb.ru](mailto:retail@infoline.spb.ru)

## Rating of FMCG retailers of Russia

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

#### TOP 130 FMCG chains in Russia

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

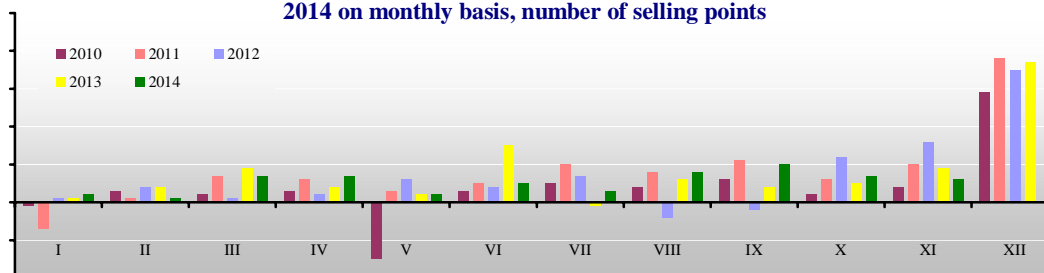


The total number of stores among TOP-130 FMCG retailers as of **01 December 2014** was \* with total selling space of \* million sq. m.

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

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

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



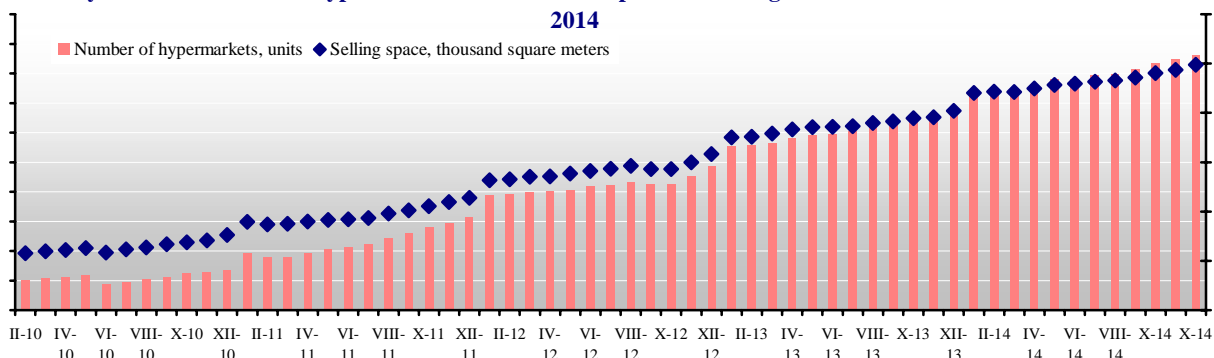
In **November 2014** the following hypermarkets were commissioned: 3 hypermarkets Vivat (Norman-Vivat GC) after rebranding in Perm Territory (Perm (2) and Chaykovskiy (1)), 2 O'KEY hypermarkets in Moscow and Republic of Bashkortostan (Sterlitamak), 2 Lenta hypermarkets in Republic of Tatarstan (Almetyevsk) and Kemerovo region (Novokuznetsk), an Auchan hypermarket in Moscow, a METRO shopping centre in Moscow region (Novye Psarki), a Globus hypermarket (Hyperglobus, LLC) in Moscow region (Elektrostal), Samberi (Nevada GC) in Jewish Autonomous Region (Birobidzhan), Bystronom hypermarket (Megatorg, LLC) in Novosibirsk, 2 hypermarkets Magnit in Republic of Bashkortostan (Kumertau) and Volgograd.

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

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

Meanwhile, the following outlets were closed **in November 2014**: 3 Delta hypermarkets (GC Norman-Vivat) are to be rebranded into Vivat hypermarkets in Perm Territory (Perm (2) and Chaykovskiy (1)), 2 Bimart hypermarkets are to be rebranded into Lenta hypermarkets in Ivanovo and Vladimir, a Polyana hypermarket (Sistema RegionMart GC) in Kemerovo region (Yurga).

**Dynamics of number of hypermarkets and their floorspace of 130 largest retailers of Russia in 2010-**



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

## Research (full version) also includes the description of development of supermarket format, discounter<sup>3</sup> format and convenience store format

### Rating of FMCG retail chains by number of stores

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

#### Expansion dynamics by number of stores<sup>4</sup>

The dynamics of number of stores changes of the largest retailers for the period of 2012-2014 is represented in the table below.

Number of stores of the largest FMCG chains during 2012-2014 as of the end of the period, (units)

Name	Brand	Main formats <sup>5</sup>	Number of stores by the end of the period		Dynamics of a number of stores							
			2012	2013	Nov. 2013	Nov. 2014	Nov. 2013	Nov. 2014	Jan.-Nov. 2013	Jan.-Nov. 2014		
Magnit, PJSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic	C	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
X5 Retail Group <sup>6</sup>	Karusel	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Kopeika	C	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LTD.)	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*
	Auchan, Auchan-City, Raduga	H	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*
	real-	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 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.

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

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

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



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

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

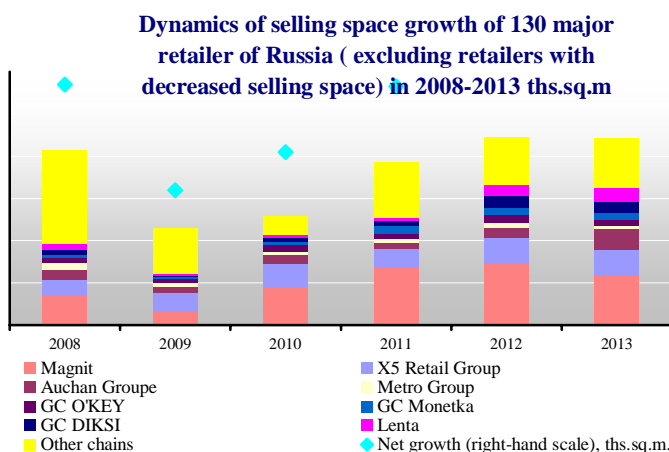
## Rating of FMCG retail chains by selling space

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

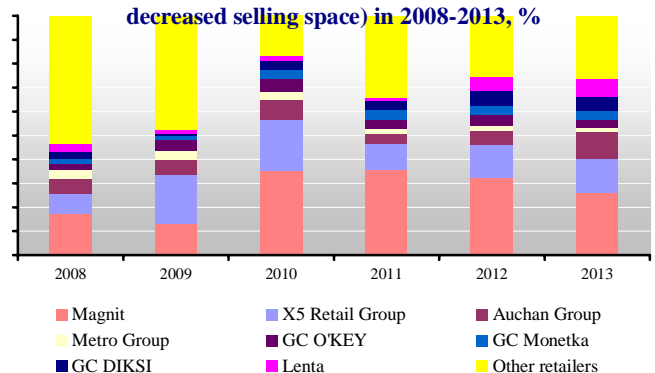
### Performance for 2008-2013

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

<...>



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



<...>

### Performance for the 9 months 2014

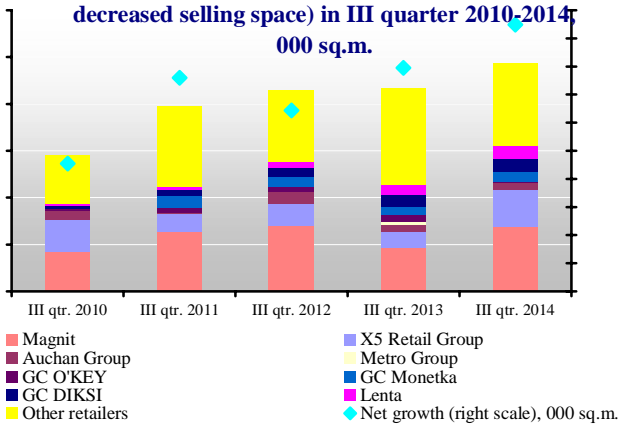
During the third quarter of 2014 the net increment of selling floorspace of TOP 30 major retailers increased by \*% in comparison with the third quarter of 2013 or by \* thousand square meters. The share of the three largest retailers in the increment (without

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

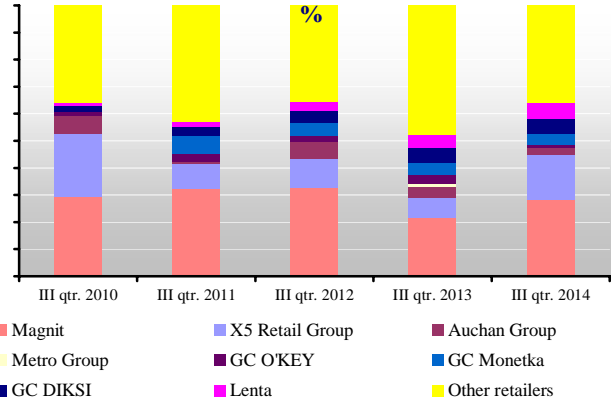


retailers that decreased their floorspace) came to \*% in the third quarter of 2014 \*%, increasing by \* pp in comparison with the third quarter of 2013.<...>

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



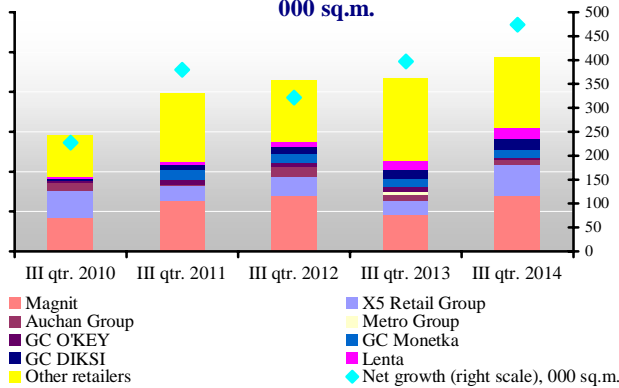
**Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in III quarter 2010-2014, %**



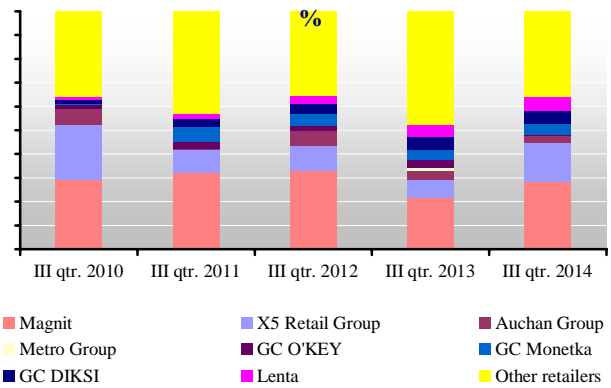
<...>

During 9 months of 2014 the net increment of selling floorspace of TOP 130 largest retailers increased by \*% or \* thousand square meters in comparison with 9 months of 2013. The increment share of the three largest retailers (without retailers that decreased their selling space) came to \*% during 9 months of 2014, decreasing \* pp in comparison with 9 months of 2013. It is connected with growing investment activity of other retail chains.

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



**Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in III quarter 2010-2014, %**



<...>

X5 Retail Group and Magnit demonstrated the highest growth of selling space in the third quarter of 2014 among the largest retailers – \*pp and \*pp. The growth shares of Auchan Groupe, O'KEY DIXY decreased by \*pp, \*pp and \*pp correspondingly.

<...>

**Performance for January-November 2014**

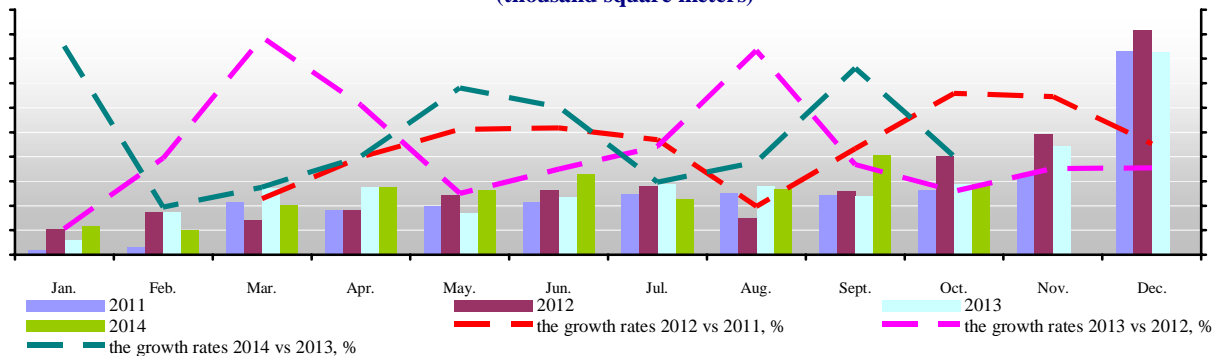
In November 2014 selling space was increased by 17 largest chains by 162.6 thousand sq. m. (excluding X5 Retail Group, Magnit, GK DIXY). The dynamics of monthly selling space growth of the major 130 chains is presented at the diagram below. The selling space growth was provided by commissioning of "Magnit", "O'KEY", "Auchan", "Vivat", "METRO TC", "Globus", "Samberi", "Bistronom", supermarkets "Magnit Semeiny", "O'KEY-Express", SPAR, "Ya-Lubimy" (Amatus JSC), "Absolut Cash&Carry", "Nizkocen" (Hollifood, Ltd.), "AB Market" (Gorodskoy supermarket, Ltd.),





"Komandor" (GC Komandor), "Gorozhanka" (Sibirsky Gigant TH), "ESSEN", "Moi mir (Dimart, Ltd.), "Slata", "Billa", etc., "discounters" and "convenient stores": "Magnit", "Pyaterochka", "DIXY", "Maria-Ra", "Monetka" and others.

Dynamics of net selling space growth of 130 largest retailers of Russia in 2011-2014 per month (thousand square meters)



### Expansion dynamics by selling space<sup>8</sup>

The dynamics of selling space changes of the major retailers for the period of 2012-2014 is represented in the table below.

Total selling space of the largest FMCG chains of Russia during 2012-2014 at the end of the period, thousand square meters

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

Data source: IA "INFOLine"

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

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

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

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

## Rating of FMCG retail chains by net sales

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

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

Legal name	Brand	Main formats <sup>12</sup>	Revenue 9 m 2014	9m 2014 to 9m 2013, %	LfL 9 m 2014, %	Revenue III qtr. 2014	III qtr. 2014 to III qtr. 2013, %	LfL III qtr. 2014, %	Revenue October 2014	October 2014 to October 2013, %
Magnit JSC	Magnit	D	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*
	Magnit Family	S	*	*	*	*	*	*	*	*
	Magnit-Cosmetic, Rouge	C	*	*	*	*	*	*	*	*
	Total Company	D. H	*	*	*	*	*	*	*	*
X5 Retail Group N.V, (TD Perekrestok, CJSC)	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok-Express,	M	*	*	*	*	*	*	*	*
	On-line retail	-	*	*	*	*	*	*	*	*
Total (X5+Kopeyka) <sup>13</sup>	D. S. H. M	*	*	*	*	*	*	*	*	
Dixy group JSC	Dixy	C. D	*	*	*	*	*	*	*	*
	Kvartal, Deshevo	S	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
Lenta LTD	Minimart	C. D. S. H	*	*	*	*	*	*	*	*
	Total company <sup>14</sup>	C. D	*	*	*	*	*	*	*	*
O'KEY LTD	Lenta	S. H	*	*	*	*	*	*	*	*
O'KEY LTD	O'KEY, O'KEY-Express	S. H	*	*	*	*	*	*	*	*

Data source: INFO Line

Financial performance results for the III quarter, I half and 9 months 2014 for the largest public retailers are represented in the table below.

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

Metric	Magnit JSC <sup>15</sup>			X5 Retail Group N.V. <sup>16</sup>			Dixy group JSC <sup>17</sup>			Lenta. LLC <sup>18</sup>			O'KEY LTD <sup>19</sup>		
	1h 2014	III qtr. 2014	9m 2014	1h 2014	III qtr. 2014	9m 2014	1h 2014	III qtr. 2014	9m 2014	1h 2014	III qtr. 2014	9m 2014	1h 2014	III qtr. 2014	9m 2014
Net revenue, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net revenue growth, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gross profit, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gross margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net profit, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EbitDA, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (sales), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (average revenue per user), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (traffic), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: INFO Line

The revenue dynamics of TOP 20 retailers during 2011-2013 is represented in the table below.

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

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

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

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

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

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

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

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

Dynamics of net sales (excluding VAT) of the largest FMCG chains in 2011-2013, billion rubles<sup>20</sup>

Legal name	Brand	Main formats <sup>21</sup>	Data	2011	2012	2013
Magnit, JSC (Tander, CJSC)	Hypermarket Magnit	H	IFRS	*	*	*
	Magnit	D		*	*	*
	Magnit Cosmetic, Rouge	C		*	*	*
	Magnit Family	H		*	*	*
	Total Company	Total formats		*	*	*
X5 Retail Group	Karusel	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Perekrestok-Express, Kopeika	C		*	*	*
	Pyaterochka	D		*	*	*
	E5.RU	Internet-sales		*	*	*
	Total Company	Total formats		*	*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	RAS	*	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	IFRS	*	*	*
DIXY GK	Megamart, Minimart, Dixy	D, S, H	IFRS, 2011-IFRS pro-forma, 2012-IFRS (consolidate)	*	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya koplka	C, S, H		*	*	*
	Total Company	Total formats	IFRS (retail revenue)	*	*	*
Lenta, LTD.	Lenta	S, H	MR	*	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	IFRS	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	IFRS	*	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	RAS, MR	*	*	*
Maria-Ra GK	Maria-Ra	D, S	MR	*	*	*
Spar <sup>22</sup>	Spar (total company)	C, S, H	MR	*	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	RAS	*	*	*
GK Holiday	Holiday Classic, Holly, Sibiriada, Kora, Palata, Holly Plus, Chervonec	H, S, C	RAS, MR	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	RAS, MR	*	*	*
HyperGlobus, LTD.	Globus	H	IFRS	*	*	*
REWE Group (Billa, LTD.)	Billa	S	MR	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	IFRS, MR	*	*	*

Data source: INFOLine

**Full version also includes the description of the aggregated financial performance for the I half, III quarter and 9 months 2014 and November 2014 for the largest chains with revenue of more than 6 billion rubles. In addition, the rating of networks on retail space is complemented by description of the outcomes 2013, November 2014 and forecast for 2014.**

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

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

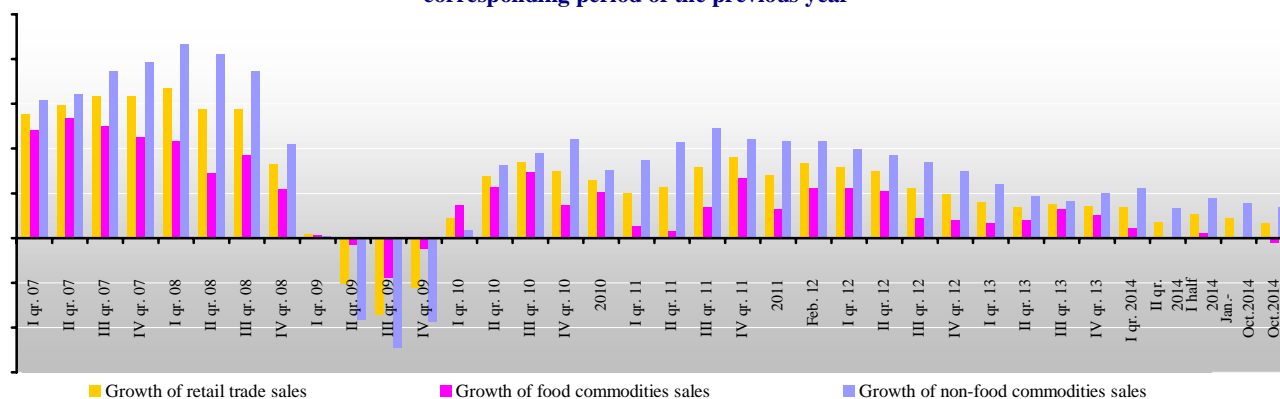
<sup>22</sup> Including sub-franchising

## Section I. Development of retailing in Russia

### Macroeconomic retail indicators

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

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



<...>

### Government regulation of retailing

#### Tax regulation

On 01 December 2014 the President of the RF V.V. Putin signed the act **No. 382-FZ On Introduction of Alterations into Parts One and Two of the Tax Code of the RF**. It introduces local fees for retailing businesses. The period of real estate ownership, upon which it becomes exempt from personal income tax, is also prolonged. The ownership term was prolonged from three to five years, but there are exceptions. The municipal fees are introduced for retailing only: stationary stores (exclusive of stores at fuelling stations), non-stationary facilities and warehouses. It will not exceed the patent system tax. Small retail businesses and individual entrepreneurs will have to pay the fee too. <...>

#### The Retail Companies Association

In November 2014 it became known that the Association of Retail Companies asks to free the distance selling from new fees. The Budget Committee of the State Duma discussed pertinent amendments in October 2014. The local authorities will be able to collect fees for certain types of entrepreneurial activities. For instance, kiosks, stores and public catering enterprises with floorspace below 50 square meters will have to pay 600 thousand roubles quarterly. <...>



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



## Structure of retail sales by the category of product

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

The structure of retailers' sales by groups of commodities in 2002-2014<sup>23</sup>

Index	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Jan.-Oct. 13	Jan.-Oct. 14	Oct. 13	Oct. 14
Retail trade sales	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Food commodities	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food commodities	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Share of food commodities, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Share of non-food commodities, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS data

<...>

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

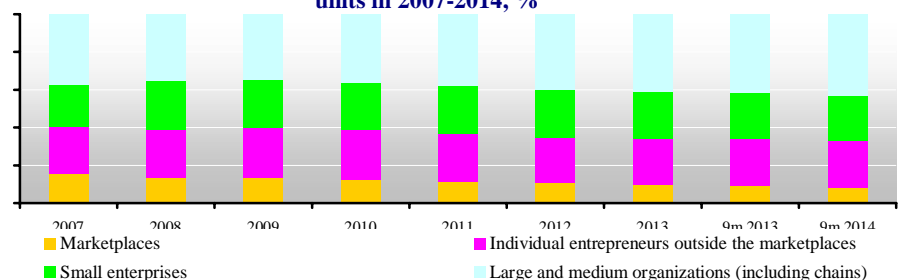
## Research (full version) also includes sales dynamics of the major food and non-food retailers

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

The structure of retail turnover by types of businesses, according to the results of the 9 months 2014, retained the downward tendency regarding the shares of retail markets (by \* pp against the 9 months 2013). Small enterprises (decreased by \*pp against the 9 months 2013). At the same time the share of medium businesses increased by \*pp against the 9 months 2013. The share of large businesses (to a considerable extent these are retail chains) increased by \*pp against the 9 months 2013. The share of private enterprisers didn't changed in the 9 months 2014 – \*pp from 9 months 2013.

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

The structure of retail trade sales according to the categories of trading units in 2007-2014, %



<...>

## 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>23</sup> For comparison with 2009-2013 information about turnover and share of food commodities in 2002-2008 includes tobacco

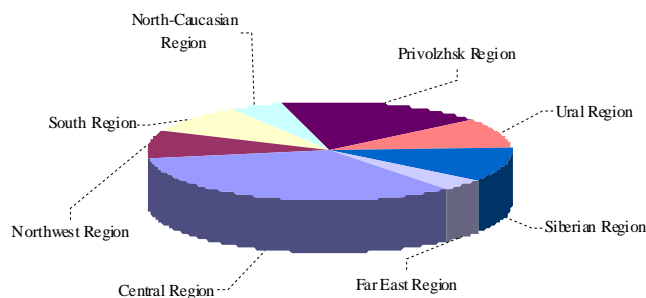


*Regional structure of retail sales*

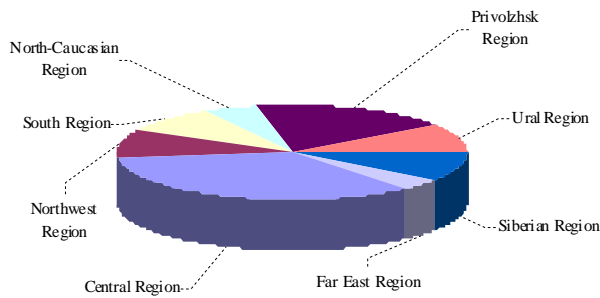
Regional structure of retail turnover in Russia demonstrates irregularity: \*% of retail turnover in January–October 2014 fell on 11 districts (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar Territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk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

<...>

**Structure of retail sales by federal districts of the RF in January–October 2013, %**



**Structure of retail sales by federal districts of the RF in January–October 2014, %**



<...>

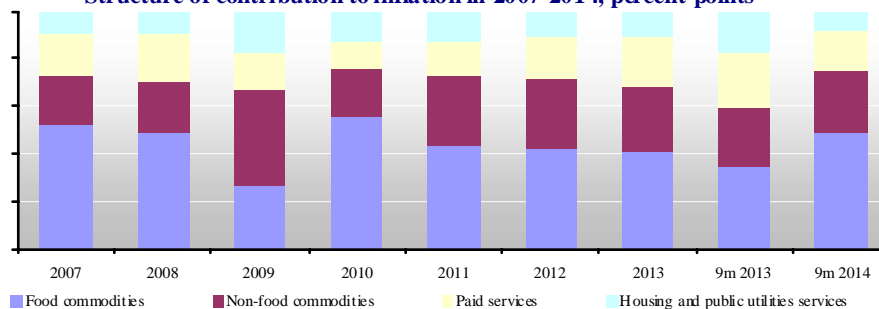
*Inflation and the food market*

**Inflation dynamic**

In November 2014 the consumer inflation in Russia came up to \*% (in November 2013 – \*%). Food price index reached \*% (in November 2013 – \*%), non-food products – \*% (in November 2013 – \*%), services – \*% (in November 2013 – \*%). In January–November 2014 the consumer inflation in Russia came up to \*% (in January–November 2013 – \*%), food price index reached \*% (in January–November 2013 – \*%), non-food products – \*% (in January–November 2013 – \*%), services – \*% (in January–November 2013 – \*%). In November 2014 the Ministry of Economic Development of the RF increased its inflation expectations for 2014 to \*% on the average, and for 2015 – to \*%.

<...>

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



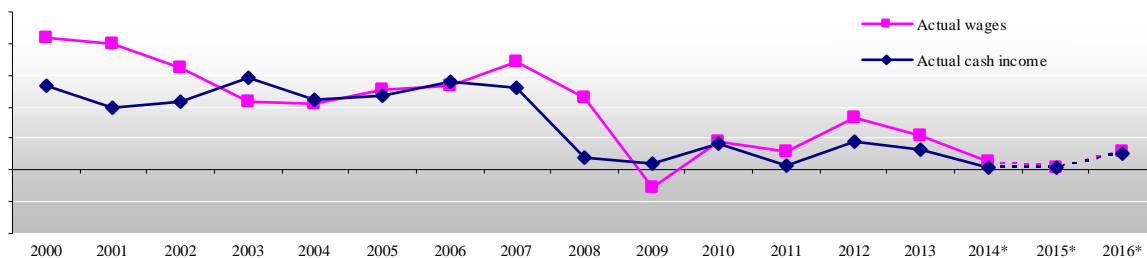
**Research (full version) also contains the information on dynamics of price changes for consumer products in Russia and 8 regions of Russia**



## Consumer incomes and expenses

In 2013 growth rates of actual income of population came to \*%, and for actual salaries – to \*%. In May 2014 the Ministry of Economic Development decreased its forecast for actual income growth from \*% to \*%. In September 2014 the forecast was lowered again to \*%. The forecast actual salary growth was increased from \*% to \*%. The economic situation is aggravating in 2014 and tensions are retained in Ukraine. This determines decreasing employment (layoffs and shortened working week at some industrial enterprises, banks etc.). Correspondingly according to results of 2014, actual income of population may decrease in comparison with 2013.

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



<...>

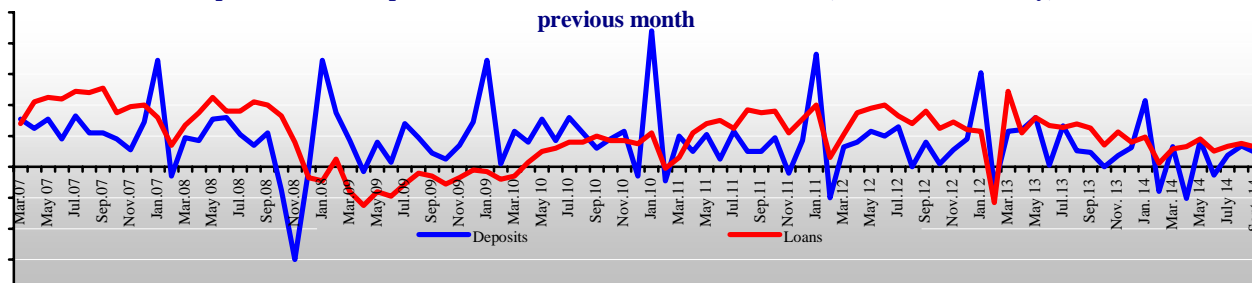
## Credit and monetary policy

In November 2014 the Bank of Russia published the maximum (one third higher than market average) cost of loans for different types of crediting businesses. Starting from 01 January 2015 no bank or microfinance business may charge a borrower a higher interest rate, otherwise they break the law. The rates were separately calculated for banks and microfinance businesses (MFB), crediting consumer co-ops, agricultural consumer co-ops and pawnshops. The true interest cost (TIC) includes the rate, insurance and other payments that influence the credit cost. Limitations on TIC were introduced into the act On Consumer Crediting in the end of 2013. However, the absolute values were not defined so far. Crediting organizations have 45 days to bring their policy in compliance with the new regulations.

The regulator explains that the maximum deviation from the market-average TIC is a maximum possible rate. Violators will be punished, their licence can be withdrawn. The Bank based its calculations on market data. The market-average (correspondingly, maximum) TIC was determined as the weighted average by more than one hundred major creditors in different categories or by at least one third of creditors in the category. The spread of rates turned out to be very wide. The deviation sometimes reached 12 times from the average value.

<...>

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



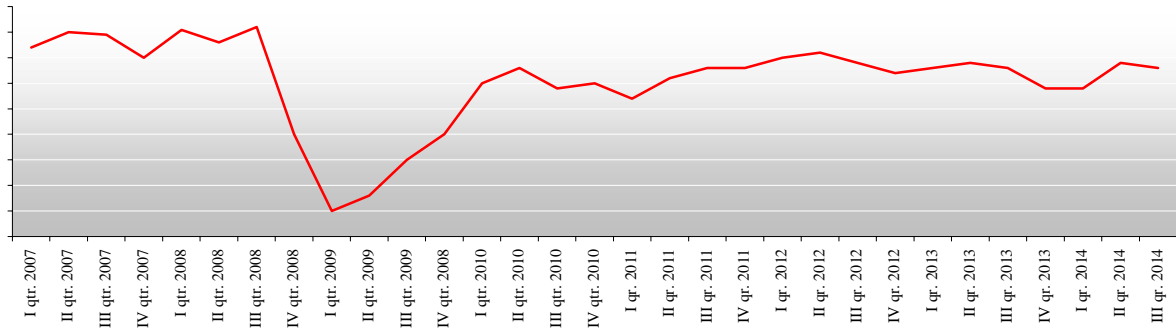
<...>

## 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>24</sup> demonstrated growth and according to the results of the III quarter came up to (\*%). <...>

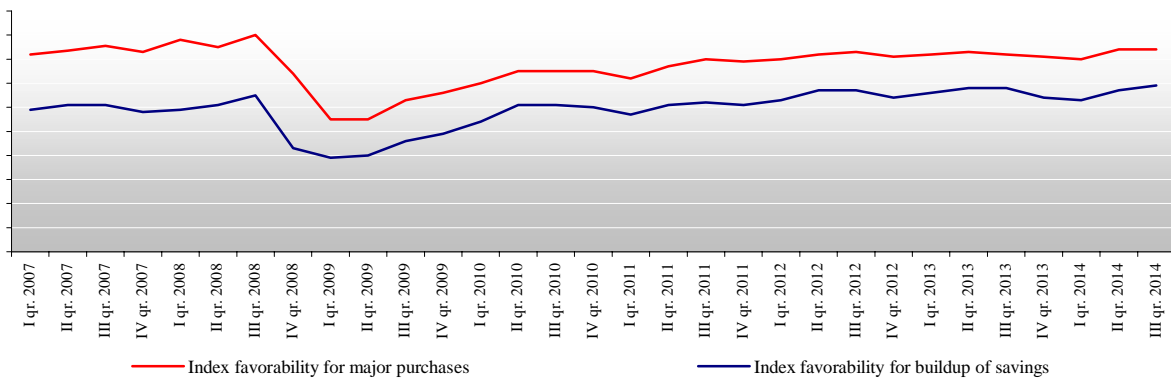
**Consumer confidence index for Russia, 2007-2014**



The index of expected changes in personal financial situation in the third quarter of 2014 decline by 2 pp and came to (\*%) vs. (\*%) in the second quarter of 2014. The share of respondents expecting positive changes of their financial conditions during next 12 months remained the same in comparison with the previous quarter and came to \*%. The share of negative assessments increased to \* (in the first quarter of 2014 – 20%).

<...>

**Evaluation of the current conditions by consumers in Russia in 2007-2014**



**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.**

<sup>24</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.



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

### Food market

14 November 2014 became known that one-year ban on import of some products from the USA, EU, Canada, Australia and Norway can be extended. The head of the Russian government, Dmitry Medvedev, warned about it. The normalization of relations with the West depends on the governments of countries that introduced anti-Russia sanctions, the head of the Russian government emphasized.

In November 2014 it became known that the Norwegian concern Orkla (Slad&Ko, Fabrika Imeni Krupskoy, Konfi, Volzhanka, Pekar) concluded an agreement with Slavyanka, a confectionary holding. Slavyanka is going to purchase the Russian division of Orkla Brands Russia. Sergey Gusev, the chairman of the board of Slavyanka, confirmed the fact of acquisition. He promised to give more details in January. As of November 2014 transaction was awaiting approval by FAS. The application should be considered before the year's end. Slavyanka is to get 100% Orkla's Russian "daughter". The deal does not include Chaka company (peanuts) and some real estate property in St. Petersburg and Yekaterinburg. Orkla announced its plans to sell its Russian business in the beginning of this year. It was explained in the company's report for 2013 that Russian market is difficult and profit indicators of its Russian "daughter" are very weak. Revenue of Orkla Brands Russia JSC came to 8.025 billion roubles in 2013. The losses were 1.986 billion roubles for the same period. The profit was affected by high prices on raw materials. This influence is aggravated by the rouble's devaluation, Orkla's report for the third quarter of 2014 states.



On 17 November 2014 it became known that Finnish Valio plans to build a plant in Moscow region. The plant, among other things, will produce hard cheeses. Furthermore, Valio plans to conclude long-term contracts with dairy factories in Moscow region. They will produce Valio's private label commodities.

In November 2014 it became known that the biggest world advertiser, Procter & Gamble, continues restructuring. It is going to reduce almost twice the number of brands, selling or liquidating almost 100 of them. The company announced restructuring of business in August 2014. It wants to get rid of 100 unprofitable brands, among them Duracell batteries, Braun electric shavers and Spectrum Brands pet food. The company's global brand-building director thinks that it is a bad strategy to worry about the market share before the general plan is completed. It leads to short-term advertising corrections. It appears to him that brands actually achieve perceptible market share growth when they demonstrate formidable innovations or competitors make mistakes. Furthermore, P&G is cutting down its marketing budget, decreasing expenditures on TV and printed advertisements. However, expenses on samplings are increasing. The chairman and the CEO of the company, Alan George Lafley, calls sampling "the point of market entry". According to the global brand building director, Mark Pitchard, P&G is also moving to less expensive digital media. The company wants to make TV and printed advertisement more efficient. This is a part of company's strategy. The company is trying to decrease expenditures by 4 billion Dollars within the 13 billion Dollars of its marketing budget.



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

### Magnit, PJSC / Magnit, Magnit Family, Magnit-Cosmetic, Rouge

#### Magnit, PJSC / Magnit, Magnit Family retail chains



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

#### Chain development

As of 01 November 2014 the total number of Magnit chain's stores came up to 9 203 (8 018 convenience stores, 179 hypermarkets, 72 Magnit Family hypermarkets, 934 Magnit Cosmetic). The aggregated selling space of the chain reached 3 394.98 thousand square meters. In the III quarter 2014 the company increased the number of shops by 402: 277 convenience stores, 6 Magnit hypermarkets, 11 Magnit Family hypermarkets, 108 "Magnit Cosmetics"). Selling space increased by 137.79 thousand square m. In January-October 2014 the company increased the number of shops by 1 110: 818 convenience stores, 18 Magnit hypermarkets, 26 Magnit Family hypermarkets, 248 "Magnit Cosmetics"). Selling space increased by 315.62 thousand square m. In October 2014 the company increased the number of shops by 183: 127 convenience stores, 4 Magnit hypermarkets, 4 Magnit Family hypermarkets, 48 "Magnit Cosmetics"). Selling space increased by 67.98 thousand square m.



28 October 2014 capitalization of Magnit exceeded 1 trillion roubles during the trading at MMVB.

#### Results and expectations



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

Key financial indicators of Magnit company in 2013-2014

Indicator	Format	I qr 2014	II qr. 2014	I half 2014	III qr.2013	III qr.2014	9m 2013	9m 2014	10m 2013	10m 2014	October 2013	October 2014
Net revenue, billion rubles	Magnit	126.020	140.962	266.982	111.743	147.391	327.005	414.373	364.83	464.81	37.825	50.437
	Magnit-Cosmetic	29.59	34.419	64.008	26.637	34.342	74.995	98.35	83.733	109.94	8.738	11.59
	Magnit Family	4.454	5.628	10.082	2.779	6.429	6.983	16.511	7.983	18.926	1.0	2.415
	Magnit (hypermarket)	3.888	3.943	7.832	3.102	5.223	8.079	13.055	9.158	14.835	1.079	1.78
	<b>Total company</b>	<b>163.99</b>	<b>185.057</b>	<b>349.047</b>	<b>144.342</b>	<b>193.628</b>	<b>417.18</b>	<b>542.675</b>	<b>465.703</b>	<b>608.511</b>	<b>48.642</b>	<b>66.223</b>
Net revenue growth, %	Magnit (discounter)	21.0%	26.86%	24.03%	23.76%	31.90%	24.93%	26.72%	24.56%	27.4%	21.42%	33.34%
	Magnit-Cosmetic	30.52%	33.99%	32.36%	37.76%	28.92%	42.75%	31.14%	42.39%	31.3%	39.41%	32.64%
	Magnit Family	130.06%	148.19%	139.84%	-	131.32%	-	136.45%	-	137.09%	-	141.54%
	Magnit (hypermarket)	57.67%	57.0%	57.33%	-	68.41%	-	61.58%	-	61.99%	-	65.07%
	<b>Total company</b>	<b>24.95%</b>	<b>30.69%</b>	<b>27.93%</b>	<b>29.01%</b>	<b>34.15%</b>	<b>30.58%</b>	<b>30.08%</b>	<b>30.19%</b>	<b>30.66%</b>	<b>26.73%</b>	<b>36.14%</b>
LFL (revenue), %	Magnit (discounter)	5.96%	12.2%	9.26%	5.60%	17.21%	7.45%	12.27%	-	-	-	-
	Magnit-Cosmetic	9.17%	15.02%	12.28%	7.71%	14.49%	10.73%	12.97%	-	-	-	-
	Magnit Family	15.73%	20.4%	18.22%	18.55%	19.93%	16.86%	18.88%	-	-	-	-
	Magnit (hypermarket)	53.5%	45.65%	49.54%	24.81%	40.25%	17.16%	46.03%	-	-	-	-
	<b>Total company</b>	<b>7.49%</b>	<b>13.43%</b>	<b>10.63%</b>	<b>6.29%</b>	<b>17.21%</b>	<b>8.20%</b>	<b>13.12%</b>	-	-	-	-
LFL (average receipt), %	Magnit (discounter)	5.32%	9.0%	7.23%	6.49%	10.86%	6.37%	8.56%	-	-	-	-
	Magnit-Cosmetic	4.34%	8.13%	6.37%	2.18%	7.63%	3.47%	6.78%	-	-	-	-
	Magnit Family	5.27%	9.47%	7.51%	3.21%	9.12%	3.63%	8.14%	-	-	-	-
	Magnit (hypermarket)	1.97%	3.61%	3.05%	(1.88%)	3.44%	(0.02%)	3.40%	-	-	-	-
	<b>Total company</b>	<b>5.6%</b>	<b>9.16%</b>	<b>7.46%</b>	<b>6.32%</b>	<b>10.13%</b>	<b>6.45%</b>	<b>8.42%</b>	-	-	-	-
LFL (traffic), %	Magnit (discounter)	0.61%	2.93%	1.9%	(0.84%)	5.74%	1.02%	3.42%	-	-	-	-
	Magnit-Cosmetic	4.62%	6.37%	5.55%	5.41%	6.38%	7.02%	5.80%	-	-	-	-
	Magnit Family	9.93%	9.99%	9.96%	14.86%	9.90%	12.76%	9.94%	-	-	-	-
	Magnit (hypermarket)	5.54%	40.58%	45.11%	27.20%	35.59%	17.19%	41.22%	-	-	-	-
	<b>Total company</b>	<b>1.79%</b>	<b>3.91%</b>	<b>2.95%</b>	<b>(0.03%)</b>	<b>6.43%</b>	<b>1.64%</b>	<b>4.33%</b>	-	-	-	-
Gross profit, billion rubles,	Total company	44.666	52.469	97.135	42.283	58.342	116.66	155.476	-	-	-	-
Gross margin, %	Total company	27.24%	28.35%	27.83%	29.29%	30.13%	27.96%	28.65%	-	-	-	-
Net profit,	Total company	6.988	12.6	19.588	9.286	14.305	23.83	33.893	-	-	-	-



Indicator	Format	I qr 2014	II qr. 2014	I half 2014	III qr.2013	III qr.2014	9m 2013	9m 2014	10m 2013	10m 2014	October 2013	October 2014
billion rubles												
Net profit margin, %	Total company	4.26%	6.81%	5.61%	6.43%	7.39%	5.71%	6.25%	-	-	-	-
EbitDA, billion rubles	Total company	14.88	21.670	36.55	16.803	24.058	44.406	60.608	-	-	-	-
EbitDA profit margin, %	Total company	9.07%	11.71%	10.47%	11.64%	12.42%	10.64%	11.17%	-	-	-	-

Data source: company's data.

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### New hypermarket openings

On 15 November 2014 a Magnit hypermarket was opened in Republic of Bashkortostan at the following address: g. Kumertau, ul. Babaevskaya, 5. The product mix includes more than 9.4 thousand items; the share of food products comes to 70%. The selling floor is equipped with 15 POS-terminals. The facility is the company's property. On 28 November 2014 a Magnit hypermarket was opened in Volgograd at the following address: pr. Metallurgov, 37. The product mix includes more than 7.6 thousand items; the share of food products comes to 70%. The selling floor is equipped with 15 POS-terminals. The facility is the company's property.

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### New supermarket openings

On 07 November 2014 a Magnit Semeiniy supermarket was opened in Rostov region at the following address: g. Salsk, ul. Stanislavskogo, 103, Skif shopping centre. The product mix includes about 7.8 thousand items; the share of food products comes to about 82%. The selling floor is equipped with 13 point-of-sale terminals. The facility is rented.

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### Plan for new hypermarket openings

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

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

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### Plan for the "small" formats openings

In April 2014 it was reported that by the end of 2014 Magnit was to manage in St. Petersburg more than 150 retail facilities, or more than 300 faculties inclusive of Leningrad region.

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### New formats

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

### Logistics

As of 1 November 2014 "Magnit" (CJSC "Tander") operated 27 distribution centres, a total selling space of 909 sq. m. In the 9 months 2014 level of centralisation of supply for convenience stores is about 90%, for hypermarkets - 71%. The long-term plan is to bring this figure up to 92% for stores and up to 80% for hypermarkets. The car park on 1 October 2014 accounts to 5 674 trucks.

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### Private label

As of 01 October 2014 the total number of company's PL reached 624 items. In the I half 2014 the share of PL in the revenue structure was to 11%. About 86% of PLs are food commodities. The share of non-food commodities is expected to increase with time.

#### **Interaction with consumers**

In November 2014 Magnit experimentally introduced self-service POS-terminals in its hypermarkets. The project will be tested in 2 hypermarkets in Krasnodar and Tuapse. If it proves to be a success, such terminals will be installed in other hypermarkets. Shoppers will be able to pay for goods through a special terminal that reads bar codes and accepts payments.

#### **Co-operation with suppliers**

<...>

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

#### **Corporate events**

On 14 October 2014 Magnit JSC announced changes in the company's name. In connection with changes in the Civil Code of the RF according to the Federal Law No. 99-FZ of 05 May 2014 the company introduced alterations to its Statute according to requirements for a public company. The company's name, Magnit Joint Stock Company (Magnit JSC) was changed for Magnit Public Company (Magnit PC). The decision was made by the general meeting of shareholders of the company on 25 September 2014 (Minutes No. n/n as of 26 September 2014).

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

X5 Retail Group N.V. (Pyaterochka, Perekrestok, Karusel and Perekrestok-express); Magnit, 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.).

## 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:



for

### 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 sales by the category of product
- Structure of retail sales 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>650 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 70 retailers; Data base of 650 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	3 <sup>rd</sup> quarter 2014	50 000 roubles
<b>NEW! FMCG Hypermarkets in Russia, Results of 2013 and Forecast for 2016</b>	The Report presents analysis of the macroeconomic conditions of the FMCG retail market of Russia, business reference data on 70 retailers, overall analysis of the hypermarkets segment in 27 cities and regions of Russia. It also includes analysis of the hypermarkets segment in more than 240 cities (with population above 50 ths people) in 6 federal districts of the RF (excluding the Far East FD) and 27 regions of the Report, description of more than 730 operating hypermarkets.	I half of 2015 2015	Starting from 40 000 roubles s.
<b>NEW! INFOLine Retail Russia TOP 100, Trends of 2014</b>	The Report contains statistics and analytical data on development of retail chains in Russia. It also presents: dynamics of the key performance indicators of retail in RF, dynamics of key indexes for TOP 100 in general, market surveys of FMCG, home appliances and electronics, DIY and Household, mobile devices, perfumery and cosmetics, fashion and children's products	4 <sup>th</sup> quarter 2014	100 000 roubles
<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, Christina Savelyeva! +7 (812) 322 68 48, +7 (495) 772 76 40 ext. 143 or [retail@infoline.spb.ru](mailto:retail@infoline.spb.ru)**