

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



Periodic review of industry

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

August 2014

Demo-version

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- 
- Statistics of retail business in Russia and regions
 - Changing of the main retail indicators in Russia
 - Review of Russian retail market developments in August 2014
 - Rating of FMCG retailers by the number of stores, selling spaces in August 2014 and revenues in 2013

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Introduction

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

- Regular monthly polling of more than 150 retail chains of Russia by the experts of INFOLine IA;
- Materials from MSM (printed press, electronic MSM, federal and regional information agencies);
- Information materials of the retail chains and supplying companies (press-releases, Web-site content, yearly and quarterly statements, trade literature regarding the securities issue and investment memorandums);
- Financial statements of the chains according to the international standards (audited and managerial);

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

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

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

You can receive additional information on www.advis.ru and www.infoline.spb.ru

Facts about INFOLine information agency

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



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

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

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

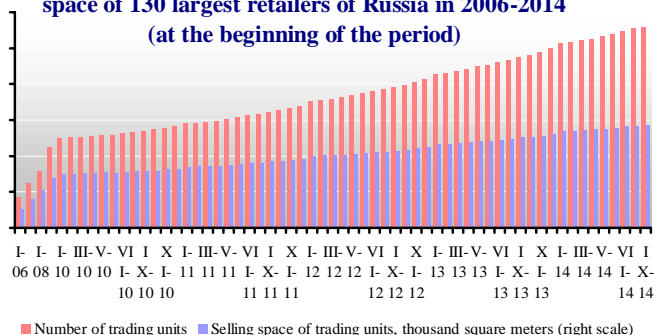
Rating of FMCG retailers in Russia

Performance results of TOP 130 FMCG chains¹

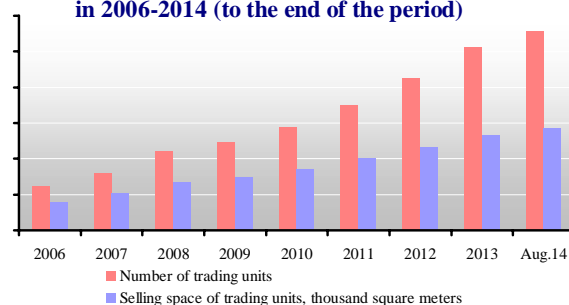
Performance results of TOP 130 FMCG chains in Russia

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

Dynamics of number of trading units and their selling space of 130 largest retailers of Russia in 2006-2014 (at the beginning of the period)



Dynamics of number of trading units and their selling space of 130 largest retailers of Russia in 2006-2014 (to the end of the period)

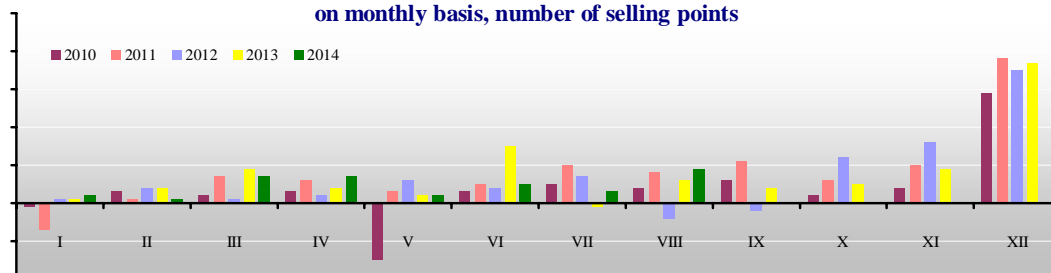


The total number of stores among TOP-130 FMCG retailers as of **01 September 2014** was * with total selling space of * million sq. m.

Development of hypermarket format²

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

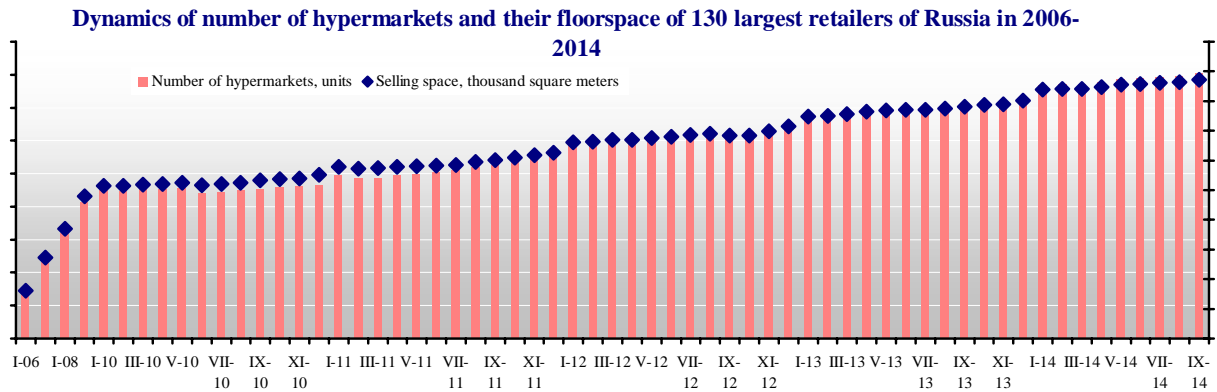
Dynamics of the net hypermarkets number increase (starting from January 2013 the list was expanded from 120 to 130) among the largest retailers of Russia in 2010-2014 on monthly basis, number of selling points



In **August 2014** the following hypermarkets were commissioned: 4 hypermarkets Lenta in Moscow, Moscow region (Sergiev Posad), Novosibirsk and Republic of Tatarstan (Nizhnekamsk), 2 Magnit hypermarkets in Rostov region (Shahty) and Petrozavodsk, an Auchan hypermarket in Samara, an ESSEN hypermarket (ESSEN GC) in Republic of Bashkortostan (Neftekamsk), a Rait hypermarket (Monetka GC) in Sverdlovsk region (Polevskoy).

¹ 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 – August 2014, Dixy – July 2014, X5 Retail Group – July 2014. 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"



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

Research (full version) also includes the description of development of supermarket format, discounter³ format and convenience store format

Rating of FMCG retail chains of Russia by number of stores

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

Dynamics of changes of the number of trading units among the largest retailers⁴

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

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

Name	Brand	Main formats ⁵	Number of stores by the end of the period				Dynamics of a number of stores							
			2010	2011	2012	2013	August2013	August2014	August2013	August2014	Jan.-August2013	Jan.-August2014		
Magnit, JSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic, Rouge	C	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁶	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	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*
	DIXY GK	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Victoria, Cash, Kvartal	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-express	S, 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 The rating was updated according to results of 2013. It presents retail chains with sales revenue in 2013 of more than 6 billion rubles.

⁵ Legend: D - discounter, H - hypermarket, S - Supermarket, C – convenience store

⁶ In connection with information disclosure policy the company made available data for June and January-July 2013-2014.

Name	Brand	Main formats ⁵	Number of stores by the end of the period				Dynamics of a number of stores							
			2010	2011	2012	2013	August 013	August 2014	August 2013	August 2014	Jan.-August 2013	Jan.-August 2014	Jan.-August 2013	Jan.-August 2014
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Investproekt, LTD.)	Monetka (franchise)	C	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GK	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata, Turne, Holdy Plus, Chervonec	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	*	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains of Russia by selling space

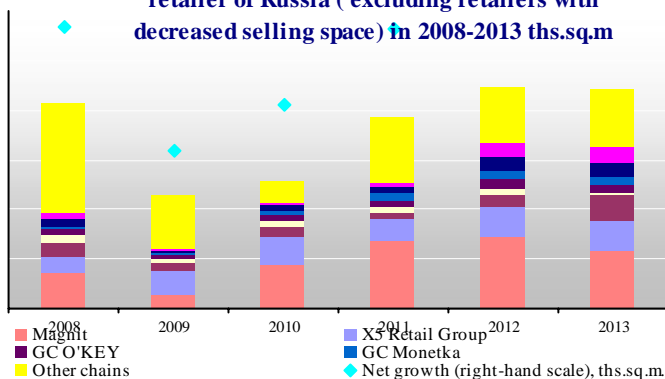
INFOLine IA monthly analyse the data regarding the changes in selling space for 130 largest FMCG retailers of Russia.

The results of 2008-2013

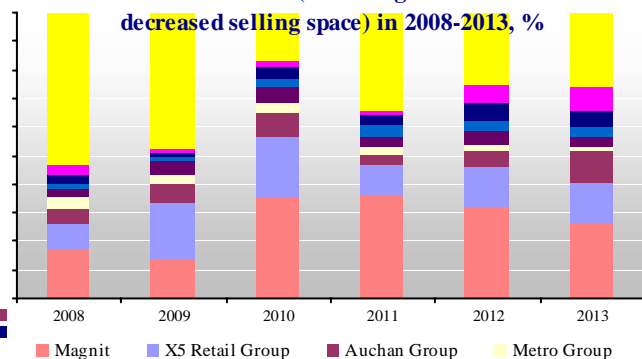
According to the results of 2013 the growth of selling space among 130 largest chain came up to more than * thousand square meters (in 2012 – * thousand square meters, in 2011 – * thousand square meters, in 2010 – * thousand square meters, in 2009 – * thousand square meters, in 2008 – * thousand square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

<...>

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



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

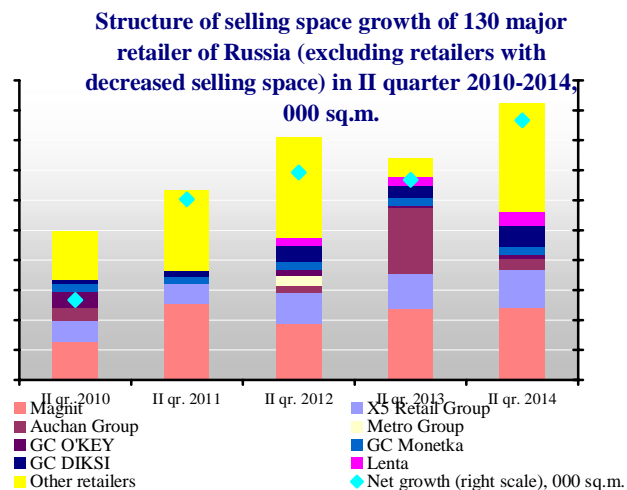
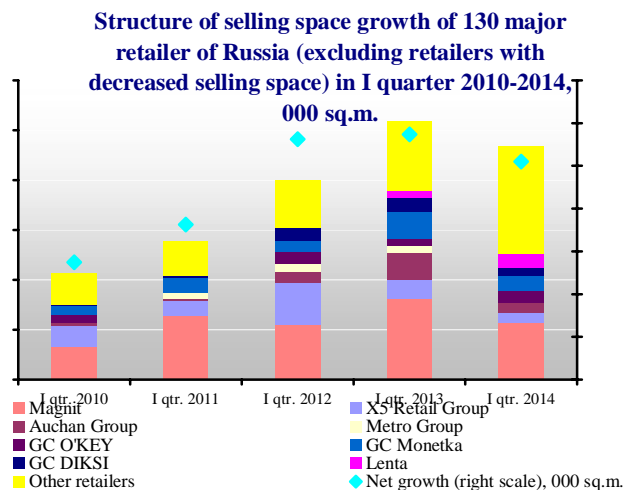


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Results of the I half 2014

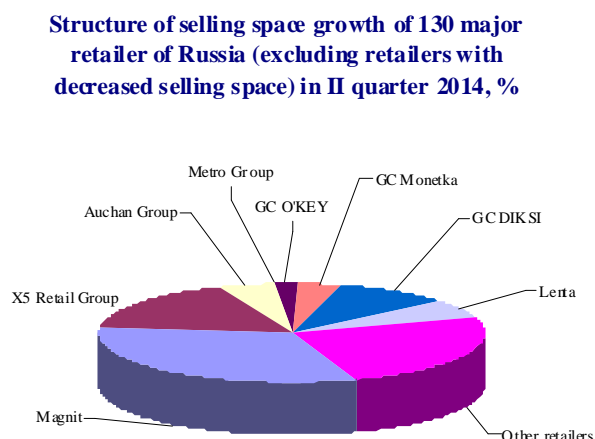
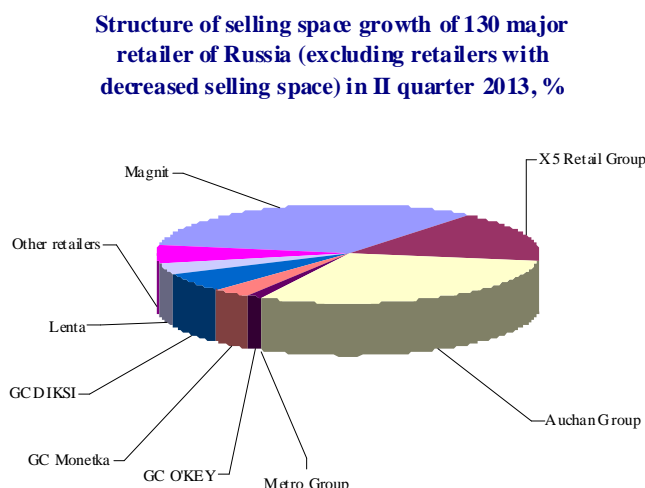
In the I quarter of 2014 the net growth of selling floorspace among TOP 130 largest retailers decreased in comparison with the I quarter of 2013 by *% or *thousand square meters. The share of the three largest retailers in the net growth of selling floorspace (without retailers that decreased their floorspace)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

<...>



<...>

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



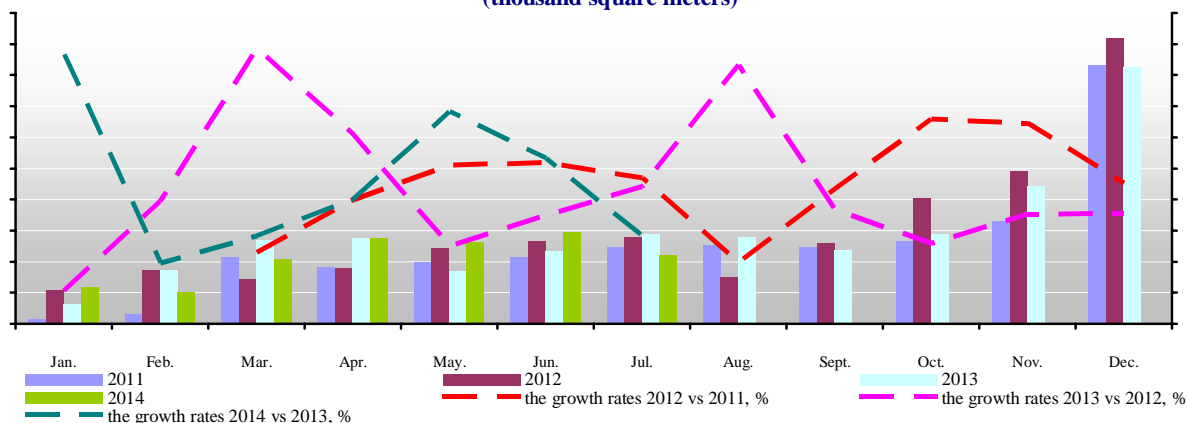
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Full version also includes information about the dynamics of selling space growth and its structure in I and II quarter and I half 2014

Results of January-August 2014

In August 2014 selling space was increased by 17 largest chains by 49.5 thousand sq. m. (excluding GK Dixy, X5 Retail Group, Magnit). 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 "Lenta", "Magnit", "Auchan", "ESSEN", "Rait", supermarkets "Magnit Semeiny", "Atac", "Azbuka Vkusa", "Lenta", SPAR, "Krasny Yar", "Nizkocen", "O'KEY-Express", "Billa", "ESSEN-Express", "Victoriya", "Minimart", etc., "discounters" and "convenient stores": "Magnit", "Pyaterochka", "Dixy", "Maria-Ra", "Monetka" and others.

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



Dynamics of selling space changes of the largest retailers⁷

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

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

Name	Brand	Main formats ⁸	Total selling space of stores by the end of the period				Dynamics of a total selling space of stores							
			2010	2011	2012	2013	August 2013	August 2014	August 2013	August 2014	Jan.-August 2013	Jan.-August 2014	Jan.-August 2013	Jan.-August 2014
Magnit, JSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic, Rouge	C	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁹	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	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*
	DIXY GK	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Megamart, Minimart, Dixy	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Kvartal	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*
	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Monetka (franchise)	C	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Attack	S (D)	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata, Turne, Holdy Plus, Chervonec	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*
	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*
	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Azbuka Vkusa, AB Daily	S	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*

Source: IA "INFOLine"

⁷ The rating was updated according to results 2013. It presents chains with sales revenue in 2013 of more than 6 billion rubles.

⁸ Legend: D - discounter, H - hypermarket, S - Supermarket, C - convenience store

⁹ In connection with information disclosure policy the company made available data for June and January-July 2013-2014.

Rating of FMCG retail chains of Russia by net profit

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

Legal name	Brand	Main formats ¹⁰	Revenue I half 2014	I h 2014 to I h 2013, %	LfL I half 2014, %	Revenue II qtr. 2014	II qtr. 2014 to II qtr. 2013, %	LfL II qtr. 2014, %	Revenue July 2014	July 2014 to July 2013, %
Magnit JSC	Magnit	D	*	*	*	*	*	*	*	*
	Magnit-Cosmetic, Rouge	C	*	*	*	*	*	*	*	*
	Magnit Family	S	*	*	*	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*	*	*	*
	Total Company	D. H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. (TD Perekrstok, CJSC)	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok-Express, On-line retail	M	*	*	*	*	*	*	*	*
	Total (X5+Kopeyka) ¹¹	D. S. H. M	*	*	*	*	*	*	*	*
Dixy group JSC	Dixy	C. D	*	*	*	*	*	*	*	*
	Kvartal, Deshevo	S	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	C. D. S. H	*	*	*	*	*	*	*	*
Lenta LTD	Total company ¹²	C. D	*	*	*	*	*	*	*	*
O'KEY LTD	Lenta	S. H	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC ¹³	O'KEY, O'KEY-Express	S. H	*	*	*	*	*	*	*	*
	Sedmoi Kontinent, Nash hypermarket	C. S. H	*	*	*	*	*	*	*	*

Data source: INFOline

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

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

Metric	Magnit JSC ¹⁴			X5 Retail Group N.V. ¹⁵			Dixy group JSC ¹⁶		Lenta. LLC ¹⁷			O'KEY LTD ¹⁸		
	I qtr. 2014	II qtr. 2014	I half 2014	I qtr. 2014	II qtr. 2014	I half 2014	I qtr. 2014	I half 2014	I qtr. 2014	II qtr. 2014	I half 2014	I qtr. 2014	II qtr. 2014	I half 2014
Net revenue, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net revenue growth, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gross profit, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gross margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net profit, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EbitDA, billion rubles	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (sales), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (average revenue per user), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (traffic), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: INFOline

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

Dynamics of net sales (excluding VAT) of the largest FMCG chains in 2012-2013, billion rubles¹⁹

Legal name	Brand	Main formats ²⁰	Data	2012	2013
Magnit, JSC (Tander, CJSC)	Hypermarket Magnit	H	IFRS	*	*
	Magnit	D		*	*
	Magnit Cosmetic, Rouge	C		*	*

¹⁰ Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

¹¹ Data is presented according to the pro forma, includes "other income".

¹² Total revenues, including other income

¹³ According to RAS

¹⁴ Audited data according to ISFA

¹⁵ Revenue of X5 Retail Group N.V according to ISFA

¹⁶ Unaudited data with ISFA

¹⁷ Audited data in accordance with ISFA

¹⁸ Audited data in accordance with ISFA

¹⁹ The rating presents chains with revenue of more than 6 billion rubles.

²⁰ Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

Legal name	Brand	Main formats ²⁰	Data	2012	2013
	Magnit Family	H		*	*
	Total Company	Total formats		*	*
	Karusel	H		*	*
	Perekrestok	S		*	*
	Perekrestok-Express, Kopeika	C		*	*
	Pyaterochka	D		*	*
X5 Retail Group	E5.RU	Internet-sales	IFRS	*	*
	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	*	*
	Megamart, Minimart, Dixy	D, S, H	IFRS, 2011-IFRS pro-forma,	*	*
DIXY GK	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H	2012-IFRS (consolidate)	*	*
	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 ²¹	Spar (total company)	C, S, H	MR	*	*
Auchan Groupe (Attack-Rossiya, LTD.)	Attack	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 results for the I and II quarter, and I half 2014 for the largest public retailers, dynamics of net sales by main formats of the largest retailers.

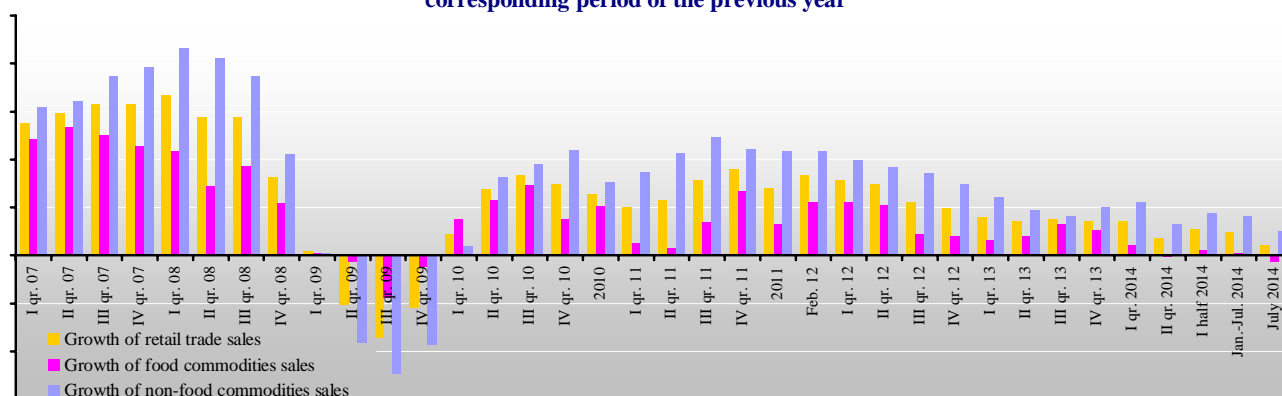
²¹ Including sub-franchising

Section I. Development of retailing in Russia

Macroeconomical figures of the retail trade

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

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

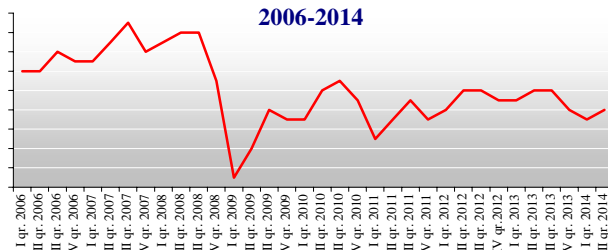


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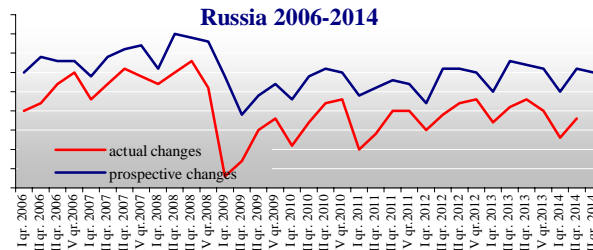
Leading indicators of retailing development

According to the results of the polls conducted by FSSS (Federal State Statistics Service) the Index of Business Confidence²² in the II quarter of 2014 Index of Business Confidence decreased to the level of IV quarter 2011 and amount to 6 pp, increasing by 1pp from I quarter 2014 and decreasing by 2 pp vs. II quarter 2013. The economic environment assessment indicator lowered to (-2) pp in the first quarter of 2014 and grew by 5 pp in the second quarter of 2014, reaching the level of the fourth quarter of 2009 (3pp).

The Index of Business Confidence in Russia
2006-2014



The evaluation of the economic situation in
Russia 2006-2014



<...>

²² The index of entrepreneurial confidence in retail trade is calculated as the arithmetic mean value of evaluation balances for the level of storage stock (with the opposite sign), changes in economic situation during the current quarter as compared with the previous one and expected changes in economic situation during the coming quarter (in percentage points). The seasonal component in time series of the index is not excluded.

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

Government regulation of the retailing industry

<...>

Alcohol Market Regulation

As of 01 August 2014 the minimum retail price of a 0.5 l vodka bottle is increased to 220 roubles. It is also applicable to 0.375 l bottles. This is the second, final stage of minimum vodka price increase carried out by Rosalkogolregulirovanie (Federal Service for Alcohol Market Regulation) in 2014. The price was increased, for the first time, on 11 March – from 170 to 199 roubles. The initial vodka price growth was 17%, then it increased by 10%.

<...>

Retail sector regulation

On 06 August 2014 the President of the RF V.V.Putin signed the Decree **On Special Individual Economic Measures for Provision of Safety of the RF**. It imposes total or partial ban on import of certain categories of agricultural production, raw materials and food originating from countries that decided to introduce economic sanctions against Russian legal or natural persons or which were associated with such countries. The Government of the RF was commissioned to make a list of goods forbidden for import to the territory of the RF. On 07 August 2014 the list of goods forbidden for import to Russia was approved by the Decree of the Government of the RF. The list contains goods originating from the USA, EU countries, Canada, Austria and the Kingdom of Norway. The ban is imposed on fresh or frozen great cattle meat, fish and shellfish, molluscs, vegetables, fruit, nuts, pork and poultry meat, milk and milk products (customs codes - 0401, 0402, 0403, 0404, 0405, 0406), sausages, cheeses and cottage cheese based on vegetable oils, food products (milk-containing) with vegetable oils. On 20 August 2014 the Prime Minister of the RF D.A. Medvedev signed the decree **No. 830 On Introduction of Alterations to the Decree of the RF Government of 07 August 2014 No. 778**. The Government made changes to the list of goods banned for import to Russia. Goods for highly allergic individuals, such as delactosed milk and dairy products, were excluded from the list. Furthermore, the ban was lifted from dietary supplements and sport nutrition. It is allowed to import seeds: onion, potato, hybrid sweet corn and peas, as well as salmon and trout young fish.

<...>

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

The structure of retail sales by the categories of goods

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

<...>

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

The structure of retailers' sales by groups of commodities in 2002-2014²³

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

Data source: FSSS data

<...>

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

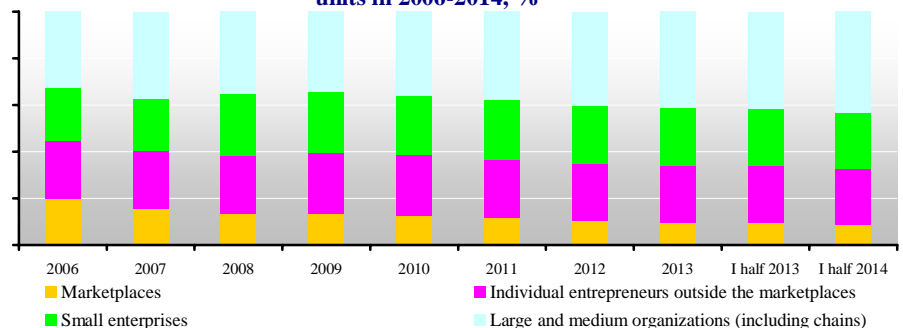
Research (full version) also includes the dynamics of sales of the main food and non-food retailers

Structure of sales by categories of retailers

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

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

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



<...>

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

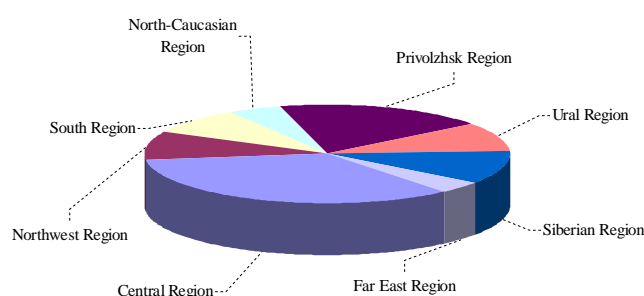
Research (full version) also contains information on structure of sale of the goods in markets and fairs, detailed information on unorganised trade: number of the markets, trading places in them, structure of the markets and the managing subjects and other.

Regional structure of retailers' sales

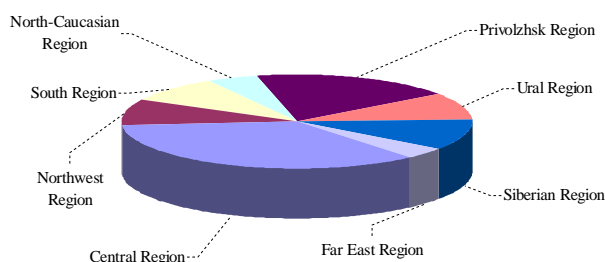
Regional structure of retail turnover in Russia demonstrates irregularity: *% of retail turnover in January – June 2014 fell on 11 districts (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar Territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk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

<...>

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



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



<...>

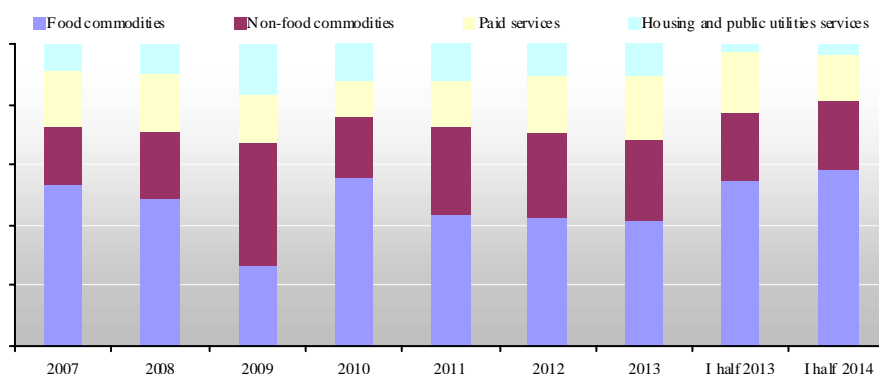
Inflation on food commodities market

Inflation dynamic

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

<...>

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

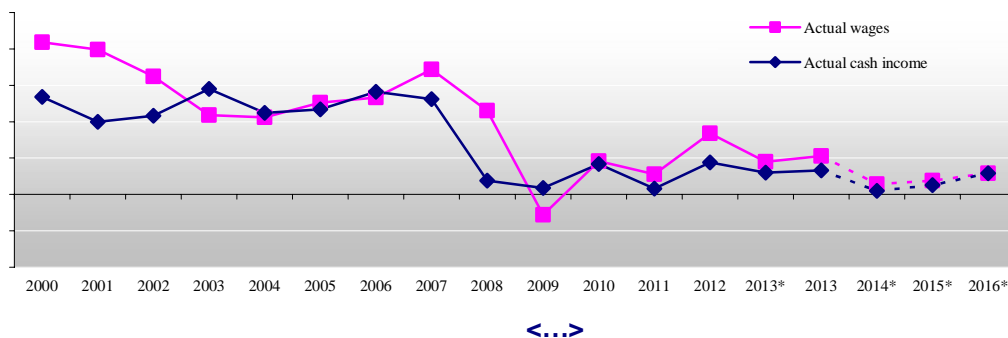


Research (full version) also contains the information on dynamics of cost on key consumer products in Russia and 8 regions of Russia

Personal income and expenditures

According to the results of 2013 real income of the population come up to *% and wage growth was *%. According to the forecasts of the Ministry of Economic Development wage growth in 2014 will be *%, the growth of real disposable income will be *%. The breakdown of the Russian economy in 2014 amid rouble devaluation and tense atmosphere due to the Krim situation will virtually cause the employment rate decrease (both in the form of layoffs, and the form of workweek shortening in some organisations) and, accordingly, on the basis of 2014, real wages and real incomes will be reduced as compared to 2013.

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

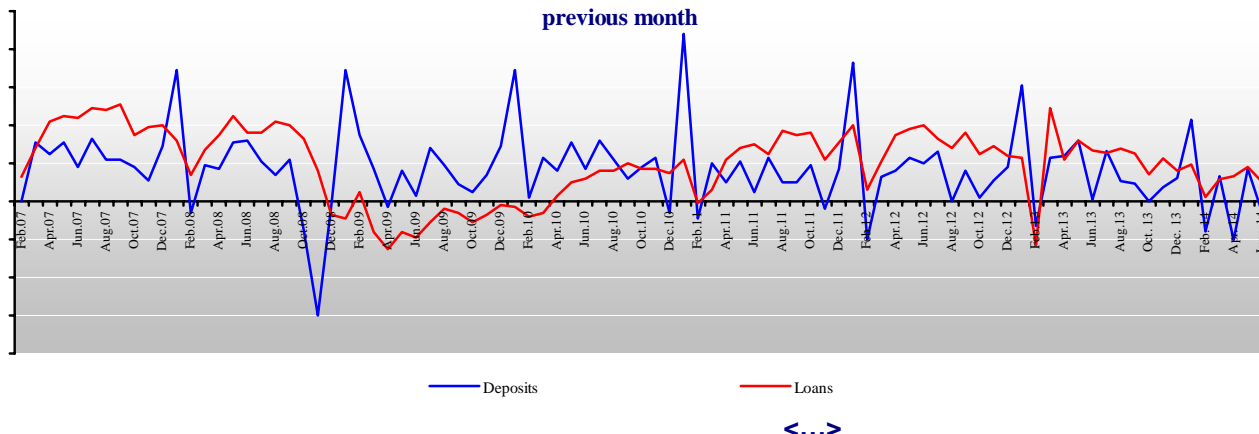


Credit and monetary policy

Deposits of natural persons, generally, decreased *% (to * trillion roubles) from the year's beginning. In January-June 2013 this indicator, on the contrary, increased *%. During 2013 banks increased their retail deposits by *%. The most significant outflow of natural persons' deposits was observed in March – *%. Depositors withdrew * billion roubles of savings during the month. However, the greater part of this amount – * billion roubles – returned to banks during April- June. Banks have not seen any actual decrease of deposits since 2008, not counting the traditional outflow in January, when people actively spend money on holidays. Depositors of Sberbank withdrew almost 70 billion roubles in March 2014. Other large banks also suffered from this problem: Gazprombank lost * billion roubles of saving deposits in March 2014, Promsvyazbank – * billion roubles,

Raiffeizenbank – * billion roubles. Banks incremented their saving deposits *% in April, but lost *% in May.

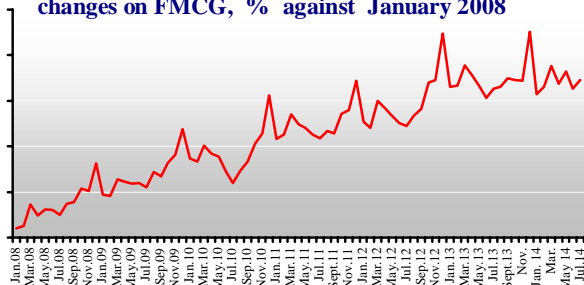
Volume of personal bank deposits and loans to individuals in 2007-2014, rubles and currency, % to a previous month



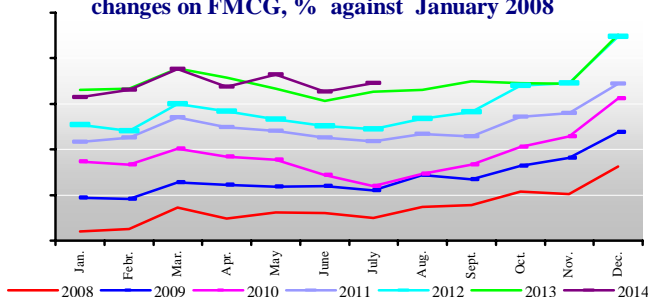
Household expenditures

According to scan-panel of households²⁴, the Russians' everyday consumer expenditures in July 2014 everyday consumer expenditures increased nominally by *% in comparison with June 2014 and July 2013. Nominal growth of expenditures in annual terms has been reported for the third month in succession (in May it was *%, in June – the same *%). Therefore, the downward trend of consumer activity in month-to-month-of-the-previous year format, observed for seven months in succession from October 2013 till April 2014, was replaced with a slight growth.<...>

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



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



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

²⁴ The Romir research scan-panel of households is based on consumption data collected from 10 000 consumers, representing consumer behavior of residents in Russian cities with population over 100 thousand people. The participants of the panel scan bar codes of all purchased goods, which they bring home. Scanned data are entered on-line into the scan-panel data base.

Section II. Main events of the FMCG sector

Food industry and food commodities market

On 05 August 2014 it became known that owners of Shokoladnitsa chain completed acquisition of their competitor, Coffee House chain. The purchased facilities are to be reformatted soon. Burger King fast food restaurants and Japanese café's Vabi Sabi will be opened at the sites of Coffee House. In Russia Burger King works on franchise basis, represented by Burger Rus LLC. This a joint venture of Burger King Europe, Alexander Kolobov, the owner of Shokoladnitsa chain and VTB Capital. Due to this expansion Burger King, according to experts, will be able to get ahead of its old competition – McDonald's – in terms of number of restaurants.

<...>

Activities of INFOLine IA specialists

INFOLine released Shopping Centres, FMCG and DIY Hypermarkets of St. Petersburg, 2013-2015

GEOATLAS

In autumn 2014 INFOLine prepared an updated version of its popular product. It describes in detail the retail market environment in Moscow and St. Petersburg:

Shopping Centres, FMCG and DIY Hypermarkets of St. Petersburg, 2013-2015 GEOATLAS

Publication date 3rd quarter of 2014

Format: printed, A3 + wall map, A0

The version for **Moscow** is also available

GEOATLAS is meant for: *Retail chains development specialists operating in St. Petersburg and Moscow; managing companies and developers operating in St. Petersburg and Moscow; suppliers of equipment/personnel/services for retail chains and shopping centres and many others*

GEOATLAS contains analytic chapters. They describe the situation in St. Petersburg and Moscow. There is also a schematic map of key indicators of the retail market in St. Petersburg and Moscow. Schematic maps are printed, format A3.

The analytical part includes:

- ✓ Schematic map **Shopping Centres of St. Petersburg/Moscow, 2014** according to INFOLine (map symbols: differentiation by floorspace – with circles, the figure in the circle – the reference to the address book, parking lots – the number of parking spaces; shopping centres under construction and planned for commissioning in 2014-2015 are designated with grey) and schematic maps of TSPI (Software Research Centre)
- ✓ Schematic map **St. Petersburg/Moscow** with metro, railways and railway stations, blocks of houses, administrative districts and hydrographic characteristics
- ✓ Cartogram **Population Number by Districts of St. Petersburg/Moscow** presents population of the city according to the Population Census (TSPI and Rosstat)
- ✓ Cartogram **Number of Population by Municipalities of St. Petersburg/Moscow** presents population by municipalities according to the Population Census (TSPI and Rosstat)
- ✓ Cartogram **Daily Average Car Traffic at Main Traffic Arteries of St. Petersburg/Moscow** contains information about daily average car traffic at main traffic arteries of St. Petersburg according to TSPI
- ✓ Schematic map **Passenger Traffic Flow of Metro Lines in St. Petersburg/Moscow** presents data of TSPI about passenger traffic flow



along metro lines of St. Petersburg



- ✓ Address book **Shopping Centres, FMCG and DIY hypermarkets, markets in St. Petersburg/Moscow** (total number of operating shopping centres – 200/300)
- ✓ Cartogram **Availability Of Floor Space in Existing Shopping and Shipping-Recreational Centres by Municipal Districts of St. Petersburg/ Moscow** presents data and the cartogram from TSPI
- ✓ Schematic map **FMCG hypermarkets of St. Petersburg/ Moscow, 2014** according to INFOLine
- ✓ Address book **FMCG Hypermarkets of St. Petersburg/Moscow** (80 facilities)
- ✓ Cartogram **Dynamics of FMCG Retail Chains in St. Petersburg/Moscow. Opened and closed facilities** **NEW**
- ✓ Cartograms **Location of Leading Retail Chains in St. Petersburg (O'Key, Lenta, Karusel)** **NEW**
- ✓ Cartograms **Location of Leading Retail Chains in Moscow (Auchan, Metro C&C, Karusel)** **NEW**
- ✓ Schematic map **DIY Hypermarkets in St. Petersburg/Moscow, 2014** according to INFOLine
- ✓ Address book **DIY Hypermarkets of St. Petersburg/ Moscow** (75 facilities)
- ✓ Cartogram **Dynamics of DIY Retail Chains in St. Petersburg, Opened and Closed Facilities** **NEW**
- ✓ Cartograms **Location of Leading Retail Chains of Moscow (Leroy Merlin, IKEA, OBI)** **NEW**
- ✓ Cartograms **Location of Leading Retail Chains of St. Petersburg/Moscow Market Leaders (Maxidom, Metrika, OBI)** **NEW**

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Please, take note! The version for Moscow is available

To obtain detailed information regarding this product do not hesitate to contact our managers
Christine Savelyeva (+ 812 322-6848, +7 495 772-7640, ext. 143 and Polina Tusupova (+ 812 322-6848, +7 495 772-7640, ext. 143, 308)

e-mail: retail@info-line.spb.ru and str@info-line.spb.ru

With the kindest regards



Mikhail Burmistrov
Mikhail Burmistrov,
INFOLine-Analytics, CEO



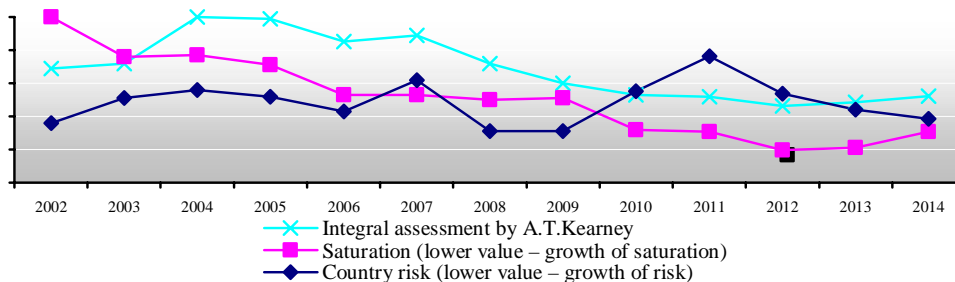
Ivan Fedyakov
INFOLine IA, CEO

Case: Attractiveness of Russia for International Retailers

According to Global Retail Development Index (GRDI) published by A.T. Kearney, in 2004-2009 Russia was steadily present among the three most attractive markets; however the integral index in the ranking considerably declines in 2008-2009 as a result of the revaluation of business risks: for instance, the country risk index went down by more than 30 points – from 62 to 31. In 2010 A. T. Kearney for the first time carried out a poll in relation to countries-world retail drivers.

<...>

Dynamics of attractiveness indexes of Russian retail market in 2002-2014



<...>

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

Magnit, JSC / Magnit, Magnit Family retail chains



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

Chain development

As of 01 September 2014 the total number of Magnit chain's stores came up to 8 899 (7 812 convenience stores, 172 hypermarkets, 62 Magnit Family hypermarkets, 853 Magnit Cosmetic). The aggregated selling space of the chain reached 3 278.12 thousand square meters. In the I half 2014 the company increased the number of shops by 525: 414 convenience stores, 8 Magnit hypermarkets, 11 Magnit Family hypermarkets, 92 "Magnit Cosmetics"). Selling space increased by 177.83 thousand square m. In January-August 2014 the company increased the number of shops by 806: 612 convenience stores, 11 Magnit hypermarkets, 16 Magnit Family hypermarkets, 167 "Magnit Cosmetics"). Selling space increased by 266.74 thousand square m. In August 2014 the company increased the number of shops by 166: 126 convenience stores, 2 Magnit hypermarkets, 1 Magnit Family hypermarkets, 37 "Magnit Cosmetics".

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As of 01 July 2014 the number of employees of Magnit comes to over 197.251 thousands people. The company's personnel structure looks as follows: 136 070 – personnel in the stores, 41 476 – responsible for distribution, 12 104 – personnel of regional branches, 7 601 – employed in the head quarter. According to the CEO of the Magnit chain C. Galitsky, "Magnit" in 2014 wants to cut spending on salaries due to gradual reduction in the number of employees on the shop - about 0.1-0.2 person per year.

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The performance results and expectations

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

Key financial indicators of Magnit company in 2013-2014

Indicator	Format	2013	I qtr 2014	II qtr. 2013	II qtr. 2014	I haf 2013	I half 2014	Jan.- Aug.2013	Jan.- Aug.2014	August 2013	August 2014
Net revenue, billion rubles	Magnit	450.801	126.020	111.116	140.962	215.261	266.982	291.265	366.933	37.73	49.791
	Magnit-Cosmetic	106.176	29.59	25.687	34.419	48.358	64.008	66.485	87.606	9.137	11.824
	Magnit Family	10.678	4.454	2.268	5.628	4.204	10.081	6.077	14.385	0.958	2.212
	Magnit (hypermarket)	11.873	3.888	2.512	3.943	4.978	7.832	7.014	11.258	1.059	1.743
	Total company	579.695	163.99	141.598	185.056	272.838	349.047	370.84	480.182	48.884	65.57
Net revenue growth, %	Magnit (discounter)	23.77%	21.0%	26.54%	26.86%	25.54%	24.03%	25.25%	25.98%	24.15%	37.97%
	Magnit-Cosmetic	40.78%	30.52%	46.61%	33.99%	45.65%	32.36%	43.18%	31.77%	36.8%	29.415
	Magnit Family	244.61%	130.06%	-	148.19%	-	139.84%	-	136.71%	-	130.83%
	Magnit (hypermarket)	107.12%	57.67%	-	57.0%	-	57.33%	-	60.53%	-	64.58%
	Total company	29.21%	24.95%	32.48%	30.69%	31.49%	27.93%	30.94%	29.49%	29.23%	34.13%
LFL (revenue), %	Magnit (discounter)	6.62%	5.96%	8.33%	12.2%	7.99%	9.26%	-	-	-	-
	Magnit-Cosmetic	9.39%	9.17%	11.99%	15.02%	12.52%	12.28%	-	-	-	-
	Magnit Family	17.23%	15.73%	17.0%	20.4%	15.48%	18.22%	-	-	-	-
	Magnit (hypermarket)	28.53%	53.5%	15.28%	45.65%	10.09%	49.54%	-	-	-	-
	Total company	4.47%	7.49%	9.07%	13.43%	8.82%	10.63%	-	-	-	-
LFL (average receipt), %	Magnit (discounter)	5.82%	5.32%	6.55%	9.0%	6.21%	7.23%	-	-	-	-
	Magnit-Cosmetic	3.07%	4.34%	3.69%	8.13%	4.27%	6.37%	-	-	-	-
	Magnit Family	4.2%	5.27%	2.67%	9.47%	3.98%	7.51%	-	-	-	-
	Magnit (hypermarket)	0.32%	1.97%	(0.17%)	3.61%	2.28%	3.05%	-	-	-	-
	Total company	5.89%	5.6%	6.66%	9.16%	6.5%	7.46%	-	-	-	-
LFL (traffic), %	Magnit (discounter)	0.76%	0.61%	1.66%	2.93%	1.67%	1.9%	-	-	-	-
	Magnit-Cosmetic	6.13%	4.62%	8.01%	6.37%	7.91%	5.55%	-	-	-	-
	Magnit Family	12.5%	9.93%	13.95%	9.99%	11.06%	9.96%	-	-	-	-
	Magnit (hypermarket)	28.12%	5.54%	15.48%	40.58%	7.63%	45.11%	-	-	-	-
	Total company	1.59%	1.79%	2.25%	3.91%	2.18%	2.95%	-	-	-	-
Gross profit, billion	Total company	165.263	44.666	39.307	52.466	74.377	97.132	-	-	-	-

Indicator	Format	2013	I qtr 2014	II qr. 2013	II qr. 2014	I haf 2013	I half 2014	Jan.- Aug.2013	Jan.- Aug.2014	August 2013	August 2014
rubles,											
Gross margin, %	Total company	28.51%	27.24%	27.76%	28.35%	27.26%	27.83%	-	-	-	-
Net profit, billion rubles	Total company	35.620	6.988	8.388	12.469	14.544	19.457	-	-	-	-
Net profit margin, %	Total company	6.14%	4.26%	6.74%	5.92%	5.33%	5.57%	-	-	-	-
EbitDA, billion rubles	Total company	64.721	14.88	15.389	21.664	27.603	36.544	-	-	-	-
EbitDA profit margin, %	Total company	11.16%	9.07%	11.71%	10.87%	10.12%	10.47%	-	-	-	-

Data source: company's data.

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

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Commissioning of hypermarkets

On 12 August 2014 a Magnit hypermarket was opened in Rostov region at the following addressee: g. Shahty, ul. Leninskogo Komsomola, 65. The product mix of the hypermarkets includes more than 8.9 thousand items. The share of food commodities comes to about 83%. The selling floor is equipped with 15 point-of-sale terminals. The facility is company's property.

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Commissioning of supermarkets

On 05 August 2014 a Magnit Semeiniy supermarket was opened in Leningrad region at the following address: g. Volhov, ul. Pirogova, 12. The product mix includes more than 6.3 thousand items; the share of food comes to about 86%. The selling floor is equipped with 13 checkout counters. The facility is the company's property.

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Planned commissioning of hypermarkets

In the II half 2014 a Magnit hypermarket is planned for opening in Murmansk in Olenegorsk

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

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The planned opening of the "small" formats

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

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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.

M&A deals

In February 2014 it became known that Magnit agreed with the owner of Novye Torgovye Sistemy GK upon acquisition of its 10-15 convenience stores in Novosibirsk. The stores are to be sold as estate property. Details of the transaction are kept confidential. As of 01 July 2014 new information about this deal didn't arrive.

Logistics

As of 1 August 2014 "Magnit" (CJSC "Tander") operated 25 distribution centres, a total selling space of 758.270 sq. m. In the I half 2014 level of centralisation of supply for convenience stores is about 89%, for hypermarkets - 71%. The long-term plan is to bring this figure up to 92% for stores and up to 80% for hypermarkets. The car park on 1 July 2014 accounts to 5 697 trucks.

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Co-operation with suppliers

In August 2014 Skazal Kak Otrezal (He Cut It Short) action was commenced at Magnit. One needs to make purchases at Magnit to participate in it. You get one sticker from the cashier for each 200 roubles in your receipt (two stickers for 400 roubles, three stickers for 600 roubles etc.). Stickers have to be glued into a booklet. Then you can choose a knife from Thomas Collection at a special stand on the selling floor of a Magnit hypermarket. You pay for it at the cashier's together with other goods. Giving a booklet filled with stickers to the cashier you are entitled for a knife from Thomas collection (for free or with a discount of up to 2400 roubles, depending on the knife). The action is supported by advertising video clips. To watch clips, please, follow the link. Detailed information about the action is available at <http://www.thomasmagnit.ru/>.

Interaction with consumers

In August 2014, upon introduction of food embargo by Russia, the owner and CEO of Magnit Sergey Galitskiy informed that Magnit did not depend much on import, especially food import. According to Hachatur Pombuhchan, the financial director, the banned goods account for maximum 2-3% of the annual revenue. The share of import, usually, is 3-5% in the end of summer and the beginning of autumn. Import of fruit and vegetables comes to 11-13% of the revenue. Magnit mainly imports from Ecuador, Turkey and Egypt, not the EU. The chain imports the goods from the ban list from Turkey, apples – from Serbia.

Corporate events

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On 12 August June 2014 the board of directors of Magnit JSC held a meeting at which the following decisions were made:

1. *The meeting decided to recommend to the sole executive body of Magnit JSC, the sole shareholder of Tander CJSC, to make the following decisions when realizing its voting power with regard to the shares of Tander CJSC owned by the Company: According to article 14.2 of the Statute of Tander CJSC to approve the Agreement between Tander CJSC and Sberbank Russia JSC about a revolving line of credit. The agreement may be concluded in future in connection with acquisition, estrangement and possibility of estrangement of property, either expressly or by implication. The cost of property has to be 5% or more of the balance book value of the company, its subsidiaries, the main company (in relation to which the company is a subsidiary one), as well as other subsidiaries of the main company, determined on the basis of the latest consolidated reporting of the Group. The reporting has to be prepared according to International Accounting Standards, with the following essential conditions:*
 1. *The total credit limit according to the Credit Agreement is not more than 15 billion roubles*
 2. *The credit is given for the period of up to 3 year*
 3. *Credit interest rate inclusive of commission charges payment is not more than 12% yearly*
 4. *Terms and conditions, procedure of credit issue and repayment, payment of interest and other charges is determined by the Credit Agreement*
 5. *The Borrower's liabilities are assured by the Guarantee of Magnit. The Guarantor is fully liable to the Creditor in case of nonfulfillment or improper fulfilment of the Borrower's liabilities to the Creditor. It includes the main debt, interest, penalty, the Creditor's losses as a result of nonfulfillment or improper fulfilment of the Borrower's liabilities according to the Crediting agreement.*
 6. *Hereby the CEO of Tander CJSC E.V. Gordeychuk is authorized to sign the Credit Agreement and additional agreements to it that introduce changes into the terms of the Agreement. It includes, but is not limited to, alteration of interest rates, credit's sum and crediting period within limits stipulated by this approval.*

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

X5 Retail Group N.V. (Pyaterochka, Perekrestok, Karusel and Perekrestok-express); Magnit, JSC (Magnit, Magnit Semeiny, Magnit-Cosmetic, Rouge retail chains); Auchan Groupe (Auchan, Auchan-City, Nasha Raduga, real,- and Atac retail chains); Metro Group (METRO, METRO Punct and real- retail chains); GC DIKSI, JSC (Diksi trading chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Semeynaya Kopilka, Viktoria, Kesh) ; O'KEY, LTD. (O'KEY, O'KEY-Express retail chain); Lenta, LTD. (Lenta retail chain); Sedmoi Kontinent, JSC (Sedmoi Kontinent, Nash)

The description of each chan includes news according to the sections:

- Chain development (operation results, plans of further development);
- Performance results and expectations (key financial indicators and plans);
- Investment activities;
- Private label (key private label of the chain, their development and plans to the future expansion);
- Resignations and appointments;
- M&A deals;
- New formats (introduce and/or plans on introduce new formats to the market);
- Logistics (opening new distribution centers, the level of supply centralisation, etc.);
- Commissioning of the stores (during the last month);
- Closing the stores (during the last month);
- Co-operation with consumers (actions, loyalty programs, etc.);
- Co-operation with suppliers (working conditions with suppliers, new partners, etc.);
- Corporative events (other news by the chain (judicial proceedings, labor relations, etc.).