

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



Industry review

Russian consumer market and FMCG retail chains rating

July 2015

Demo-version

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

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

About Russian consumer market and FMCG retail chains rating	3
Rating of FMCG retail chains of Russia.....	5
<i>TOP 130 FMCG chains performance.....</i>	<i>5</i>
<i>Rating of FMCG retail chains by number of stores.....</i>	<i>10</i>
<i>Rating of FMCG retail chains by selling space.....</i>	<i>11</i>
<i>Rating of FMCG retail chains by net sales.....</i>	<i>19</i>
Section I. Retail trends and development in Russia	22
<i>Macroeconomic retail indicators</i>	<i>22</i>
<i>Main indicators of retail development.....</i>	<i>23</i>
<i>Government regulation of retailing.....</i>	<i>26</i>
<i>Structure of retail turnover by the category of products.....</i>	<i>32</i>
<i>Structure of retail turnover by the category of retailer.....</i>	<i>35</i>
<i>Regional structure of retail turnover.....</i>	<i>39</i>
<i>Food market inflation.....</i>	<i>41</i>
<i>Consumer incomes and expenditures.....</i>	<i>44</i>
<i>Consumer expectations and confidence index.....</i>	<i>53</i>
Section II. Key events for FMCG retail in Russia.....	55
<i>On Prolongation of Counter-Sanctions Restricting Food Product Supplies from the EU, the USA and Some Other Countries.....</i>	<i>55</i>
<i>Activities of INFOLine IA specialists.....</i>	<i>56</i>
<i>Roskachestvo Is Carrying Out Phased Inspections of up to 30 Product Categories in the IInd Half of 2015.....</i>	<i>57</i>
Section III. Key events and plans of major FMCG chains.....	59
<i>Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic.....</i>	<i>59</i>
<i>Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic chains.....</i>	<i>59</i>
<i>Magnit, PC / Magnit Cosmetic.....</i>	<i>66</i>
<i>X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Pyaterochka, Perekrestok, Karusel, Kopeika and Perekrestok Express, Perekrestok Hyper.....</i>	<i>67</i>
<i>X5 Retail Group N. V. /Pyaterochka</i>	<i>71</i>
<i>X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Perekrestok.....</i>	<i>75</i>
<i>X5 Retail Group N. V." (Express-Retail, LLC) / Perekrestok Express, Citymag, Kopeika</i>	<i>77</i>
<i>X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Karusel, Perekrestok Hyper</i>	<i>78</i>
<i>X5 Retail Group N.V. V." (e5.ru , LLC) / E5.RU</i>	<i>80</i>
<i>Auchan Groupe / Auchan, Auchan-City, Nasha Raduga and Atac</i>	<i>81</i>
<i>Auchan LLC / Auchan, Auchan-City, Nasha Raduga</i>	<i>81</i>
<i>Auchan, LLC / Nasha Raduga.....</i>	<i>86</i>
<i>Atac, LLC / Atac</i>	<i>86</i>
<i>Metro Group / METRO, METRO Punct, real,-.....</i>	<i>87</i>
<i>METRO Cash&Carry, LLC / METRO, METRO Punct</i>	<i>87</i>
<i>METRO Cash&Carry, LLC / Fasol</i>	<i>91</i>
<i>GC DIXY (DIXY Group, JSC) / DIXY retail chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Victoria, Cash92.....</i>	<i>92</i>
<i>GK DIXY (DIXY Group, JSC) / DIXY, Megamart, Minimart</i>	<i>92</i>
<i>DIXY GC (GC Victoria, JSC) / Victoria, Kvartal, Deshevo.....</i>	<i>96</i>
<i>Albion-2000, Ltd. / Bristol</i>	<i>98</i>
<i>Lenta, LLC / Lenta Cash&Carry.....</i>	<i>99</i>
<i>O'KEY, LLC / O'KEY.....</i>	<i>106</i>
<i>Sedmoi Kontinent, JSC / Sedmoi Kontinent, NASH.....</i>	<i>112</i>
Annex 1. DECREE of 25 June 2015 г. No. 625.....	113
About INFOLine IA products.....	115

About Russian consumer market and FMCG retail chains rating

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

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

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

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

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

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

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

Research methods and data sources

- Monthly expert polling and interviews of more than 200 Russian retail FMCG chains
- Questionnaire survey of more than 100 FMCG retail chains, monitoring and analysis of Operational and financial results of more than **700 FMCG Retail Chains**
- Monitoring in **commercial real estate** market, including **1800 Shopping Centres in 30 Largest Cities** base. Monitoring of investment projects and commercial real estate commissioning "**FMCG and DIY Shopping Centres and Hypermarkets in Moscow and Moscow Region, St. Petersburg and Leningrad region**". Comparative analysis **Shopping Centres Market in 27 Cities and Regions of the RF**
- Monitoring of over 2000 mass media. Exposure of key events on retail FMCG market since 2002 as part of **Industry News: Food Retail and FMCG Retail Chains of the RF**, **Industry News: Food Industry and Food Market of the RF** and **Industry News: Retail in th RF**.

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

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

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

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

Information about INFOLine agency

INFOLine information agency was established in 1999, its aim was to render information and advisory services to commercial organizations. The agency renders permanent information support to more than 1000 companies in Russia and world-wide. On daily basis INFOLine IA monitors publications in more than 5 000 MSM and carries out analytical research according to 80 subjects of RF economy. Since 2003 INFOLine IA has been conducting various desk researches of the markets both on the customer's request and on the Agency's own initiative. When working on a market research, the Agency's analysts make extensive use of their unique data support and their years-long experience of operating various data flows.



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



For additional information you are welcome to visit our sites at www.infoline.spb.ru and www.advis.ru



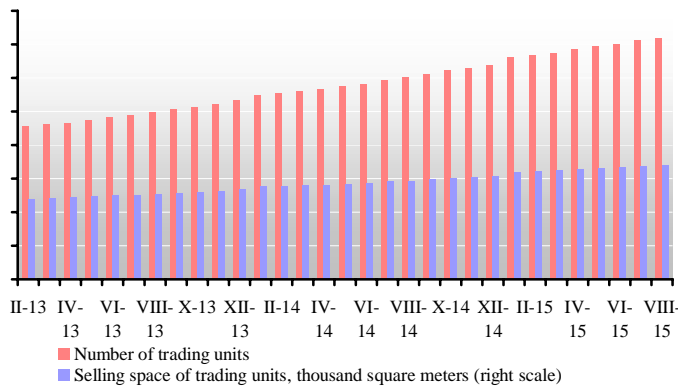
Rating of FMCG retail chains of Russia

TOP 130 FMCG chains performance¹

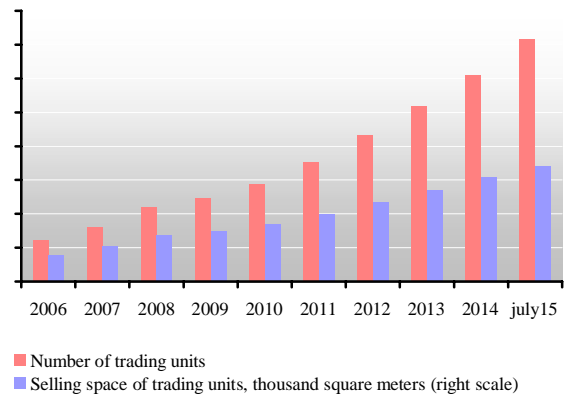
TOP 130 FMCG chains in Russia

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

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



Picture 2. Dynamics of number of stores and their selling space of 130 largest retailers of Russia in 2006-2014 (to the end of the period)



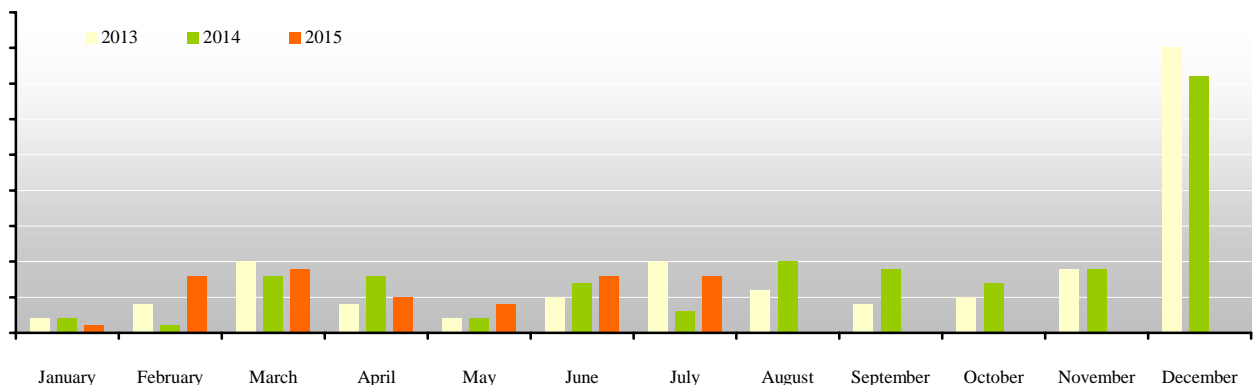
Data source: IA INFOLine

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

Hypermarket format²

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

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



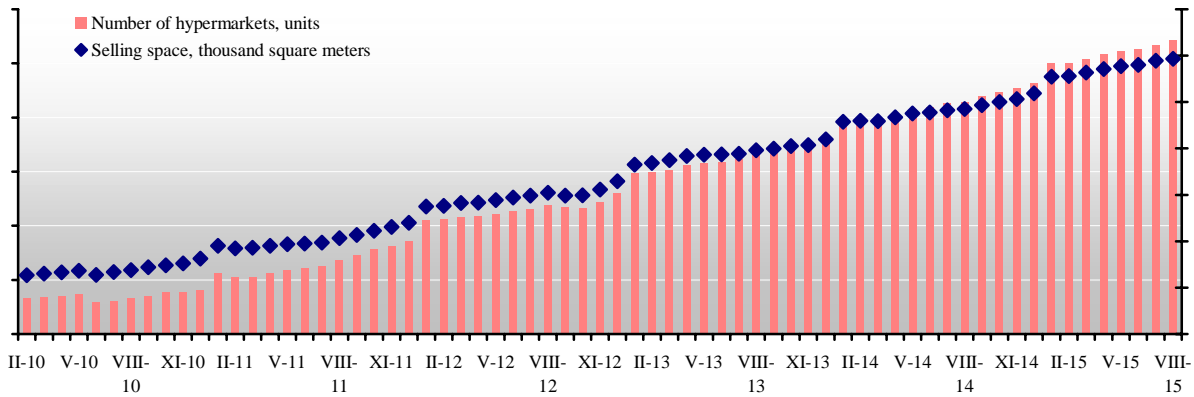
Data source: IA INFOLine

¹ Data was corrected according to the result July 2015. Hereinafter the data for X5 Retail Group, Magnit and DIXY is presented as it was available at the date of this survey's preparation: Magnit – May 2015, DIXY – April 2015, X5 Retail Group – April 2015. Drugstore chain "Magnet Cosmetic" is not included
² INFOLine-Analytics defines the hypermarket format as stores with more than 2.5 thousand sq. m. of selling space. Magnit Semeiniy is not included into the format, though Tander CJSC positions them as hypermarkets. We position them as supermarkets.

In **July 2015** the following stores were opened (not including GC DIXY, X5 Retail Group): 5 Magnit hypermarkets in Perm region (Berezniki), Orenburg, Novosibirsk, Krasnodar, Pskov region (Velikie Luki), 2 Auchan hypermarket in Kemerovo and Murmansk, SPAR (TD Intertorg, LLC) in Saint-Petersburg (Pargolovo), Absolut Cash&Carry in Irkutsk region (Kjahta).

At the the same time hypermarket SPAR (Gorodskoy supermarket, LLC) in Moscow region (Elektrostal) was closed in **July 2015**.

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



Data source: IA INFOLine

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

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

Expansion dynamics by number of stores

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

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

Legal name	Brand	Main formats	Number of stores as of period's end				Stores number dynamics during the period						
			2011	2012	2013	2014	July 14	July 15	July 2014	July 2015	Jan-July 2014	Jan-July 2015	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁴	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	*	*	*	*	*

³ As it has come to be generally accepted by the international retailers the format of discounter should meet the "one commodity - one demand" requirement. But it is important to emphasise that in Russia the discounter format doesn't exist. At the same time the specialists of INFOLine IA would like to distinguish two subformats of the convenience store format: soft discounters, the formats of the number of the largest Russian players, such as Pyaterochka, Diksi, Magnit, Monetka, Kopeika, Maria-Ra and others, and convenience stores.

⁴ In connection with information disclosure policy the company made available data for December 2013-2014.



Legal name	Brand	Main formats	Number of stores as of period's end						Stores number dynamics during the period								
			2011	2012	2013	2014	July 14	July 15	July 2014	July 2015	Jan-July 2014	Jan-July 2015					
DIXY Ug, SC ⁵	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
<i>Spar (all legal entities)</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>S, H, C</i>	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turme, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Korporatsiya Grinn, CJSC	Liniya	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Nevada GC	Samberi, Raz Dva	H, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by selling space

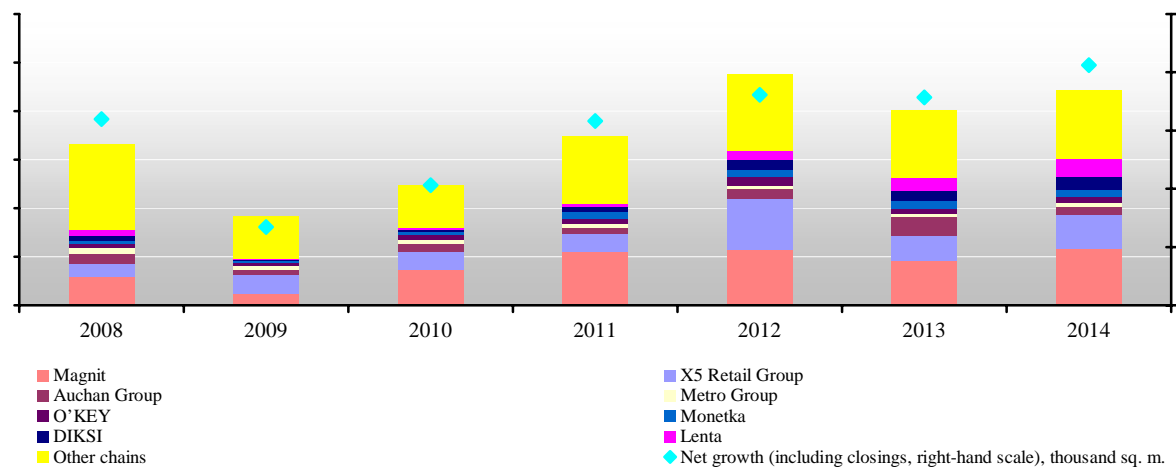
INFOLine IA **monthly** collects information about selling space dynamics for more than 130 major FMCG retailers of Russia.

Performance for 2008-2014

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

<...>

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



Data source: INFOLine IA

<...>

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

Selling space dynamics of major retailers

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

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

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

Data source: INFO Line IA, according to the companies' data

Rating of FMCG retail chains by net sales

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

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

Legal name	Brand	Main formats ⁸	Revenue in 2014	2014 vs. 2013, %	LfL in 2014, %	Revenue in H1 2015	H1 2015 vs H1 2014, %	LfL in H1 2015, %	Revenue in June 2015	June 2015 vs June 2014, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*
	Total for company ⁹	D, H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	*

⁶ In connection with information disclosure policy the company made available data for July 2015.

⁷ In connection with information disclosure policy the company made available data for July 2015.

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

⁹ Retail revenue



Legal name	Brand	Main formats ⁸	Revenue in 2014	2014 vs. 2013, %	LfL in 2014, %	Revenue in H1 2015	H1 2015 vs H1 2014, %	LfL in H1 2015, %	Revenue in June 2015	June 2015 vs June 2014, %
	Online store	-	*	*	*	*	*	*	*	*
	Total for X5+ Kopeika ¹⁰	C, D, S, H	*	*	*	*	*	*	*	*
DIXY Group, JSC	DIXY	C	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*
	Total for company ¹¹	C, D, S, H	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	S, H	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY-Express	S, H	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

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

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

Indicator	Magnit, PC				X5 Retail Group N.V.				Dixy Group, JSC			Lenta, LLC				O'KEY, LLC				
	2014	Q1 2015	Q2 2015	1H 2015	2014	Q1 2015	Q2 2015	1H 2015	2014	Q1 2015	1H 2015	2014	Q1 2015	Q2 2015	1H 2015	2014	Q1 2015	Q2 2015	1H 2015	
Total revenue, bn RUB	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net revenue, bn RUB	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net revenue growth, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gross profit, bn RUB	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gross margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net profit, bn RUB	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EbitDA, bn RUB	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (revenue), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LfL (average ticket), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
LFL (traffic), %	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

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

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

Legal name	Brand	Main formats	Data	2012	2013	2014
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	IFRS	*	*	*
	Magnit	D		*	*	*
	Magnit Semeiniy	H		*	*	*
	Magnit-Cosmetic	C		*	*	*
	All formats	All formats		*	*	*
X5 Retail Group ¹²	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Pyaterochka	D		*	*	*
	Perekrestok Express, Kopeika	C		*	*	*
	All formats	All formats		*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS, 2014 estimation	*	*	*
DIXY Ug, SC ¹³	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	IFRS (retail sales)	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H	IFRS, 2014 estimation	*	*	*

¹⁰ Company's retail revenue.

¹¹ Company's retail revenue.

¹² In connection with information disclosure policy the company made available data for July 2015.

¹³ In connection with information disclosure policy the company made available data for July 2015.

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

Data source: INFOLine IA data

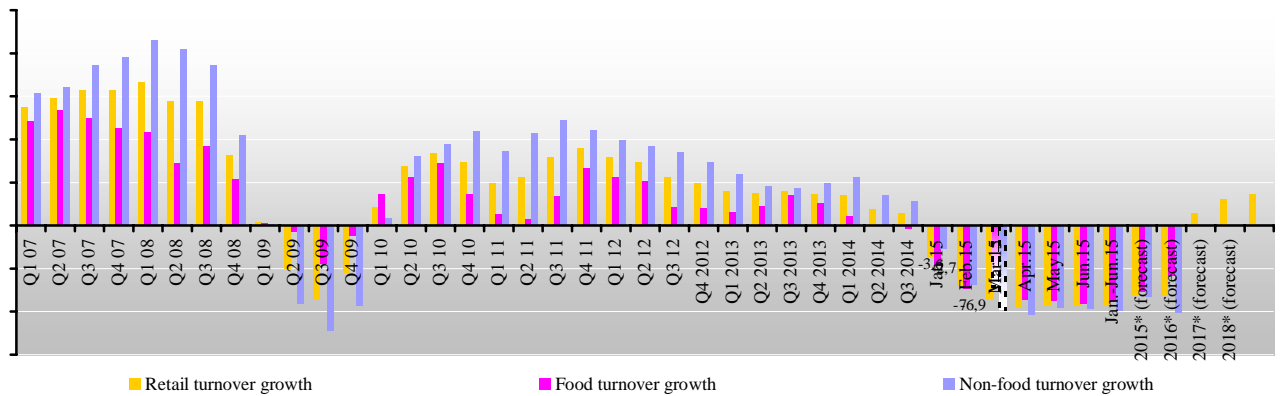
Full version also includes the description of the aggregated financial performance for 2014 and June 2015 for the largest chains with revenue of more than 10 billion rubles.

Section I. Retail trends and development in Russia

Macroeconomic retail indicators

In I half 2015 retail turnover was RUB *bn rub. Commodities mass decreased by *% to I half 2014 (it grew by *% in I half 2014). The food retail turnover decreased by *% in I half 2015. The non-food retail turnover decreased by *% vs. I half 2014. In Q2 2015 retail turnover was RUB *bn rub. Commodities mass decreased by *% to Q2 2014 (it grew by *% in Q2 2014). The food retail turnover decreased by *% in Q2 2015. The non-food retail turnover decreased by *% vs. Q2 2014. In June 2015 the retail turnover came to RUB *bn rub. In terms of commodity mass it decreased by *% vs. June 2014 (in June 2014 the growth was *%). Food retail turnover has been declining for the 13 months in succession. Before 2014 the decline of food retail turnover was registered in recessional November 2009 – by *% vs. November 2008). In June 2015 it decreased by *% vs. June 2014.. The non-food retail turnover, decreased by *% in June 2015 in comparison with June 2014. The quarterly retail turnover dynamics in Russia in 2007-2015 are presented in the diagram.

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

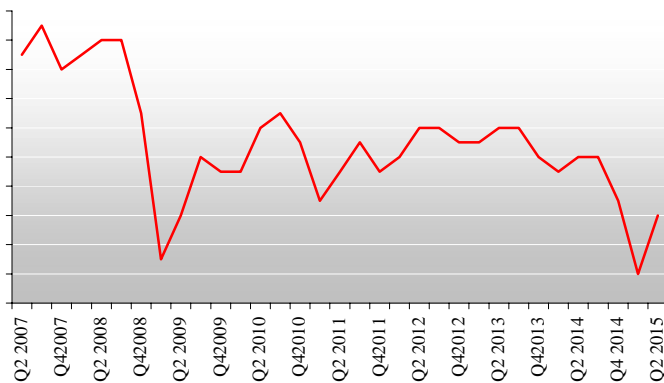


Data source: FSSS

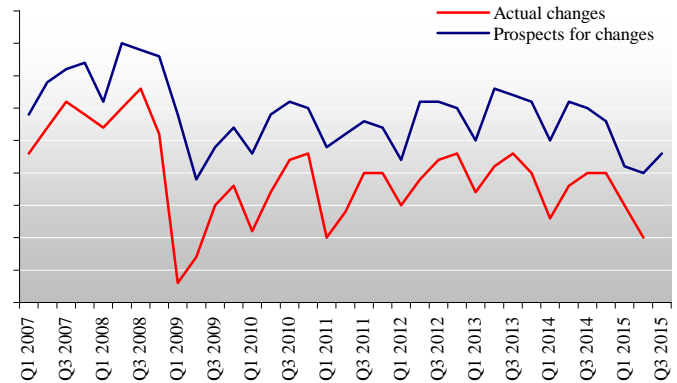
Main indicators of retail development¹⁴

Businessmen’s evaluations of the factual and expected economic situation give evidence of a serious destabilization. As early as in Q3 2014 chief executives of 51 retail companies gave pessimistic forecasts. However, retail dynamics of recent years did not give grounds to expect such dramatic indicators’ decline. The business climate degraded accordingly. According to FSSS (the Federal State Statistics Service), in Q2 2015 the business confidence index came to 2 pp, increasing by 4 pp vs. Q1 2015 and decreasing by 3 pp. vs. Q2 2014. The evaluation of the overall economic situation, according to results of Q2 2015, is by 3 pp better than in the recessional Q1 2009. <...>

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



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



Data source: FSSS

<...>

Government regulation of retail

The Trade Act

In April 2015 The RF Government prepared amendments to the Trade Act and circulated them among all interested parties. The draft does not contain items regarding lowering of suppliers’ payments to retailers from 10% to 3% of supplied goods cost. It also does not exclude VAT and indirect taxes from calculation bases for such bonuses. The



¹⁴ The index in retail is calculated as the arithmetic mean value of evaluation balances for the level of storage stock (with the opposite situation during the current quarter as compared with the previous one and expected changes in economic situation during the coming months). The seasonal component in time series of the index is not excluded. Balance of indicators changes estimations (actual turnover changes; actual employees number changes; stock reserves actual changes of product mix; selling prices; average margin level; actual changes of investments into business expansion, repair and modernization; prospective changes in storage space; actual changes in provision with own financial resources; profit), which is determined as difference between respondents’ share with “positive” and “negative” assessments of changes in comparison with the previous quarter (%).The seasonal component in time series of the index is not excluded.

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

<...>

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

Structure of retail turnover by the category of products

<...>

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

Table 3. Structure of retail turnover in terms of product groups in 2006-2015¹⁵

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

Data source: FSSS

<...>

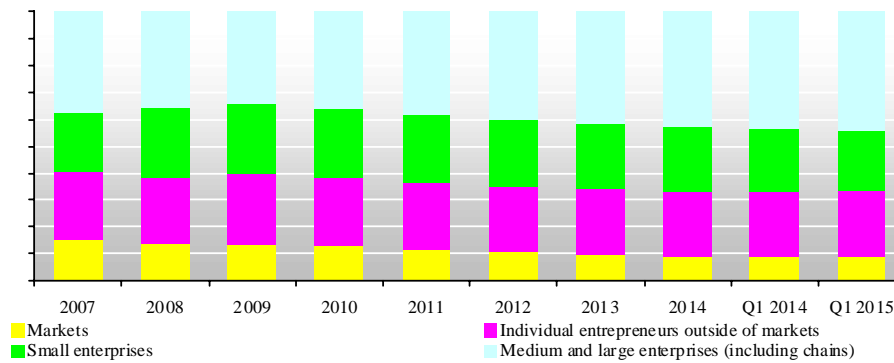
Research (full version) also includes sales dynamics of the major food and non-food retailers

Structure of retail turnover by the category of retailer

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

¹⁵ For comparison with 2009-2011 the turnover and food share in it are provided for 2002-2008, taking into account tobacco products.

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



Data source: FSSS

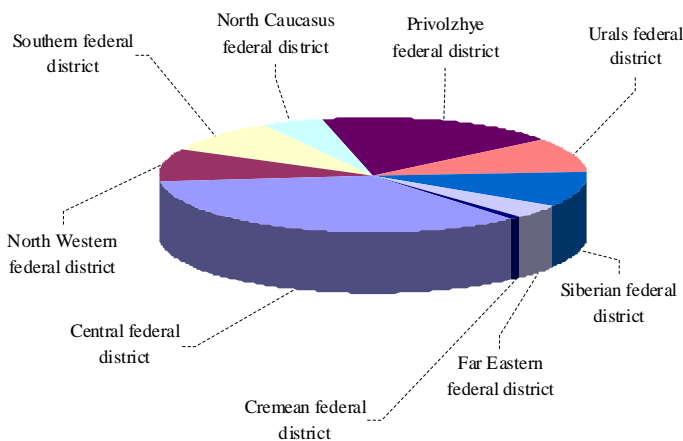


Research (full version) also contains information on structure of sales in the markets and at fairs, detailed information on unorganized trade: number of markets, trading places, market structure and the managing subjects and other.

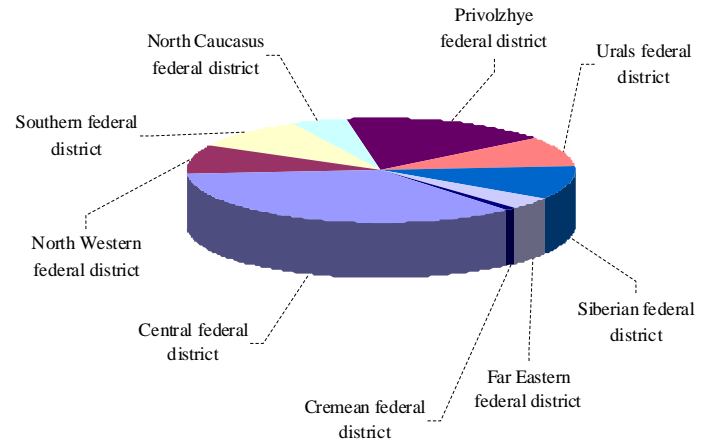
Regional structure of retail turnover

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

Picture 10. Retail turnover structure by federal districts of Russia in 1H 2014, %



Picture 11. Retail turnover structure by federal districts of Russia in 1H 2015, %



Data source: FSSS



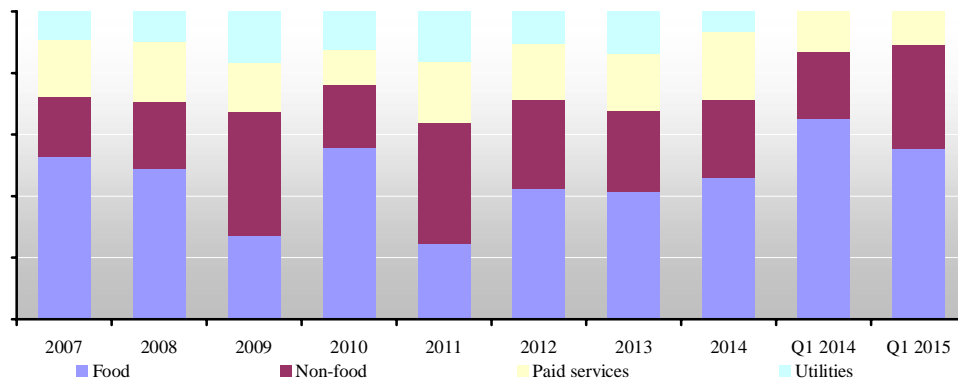
Food market inflation

<...>

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

<...>

Picture51. Contribution to inflation in 2007-2015, pp



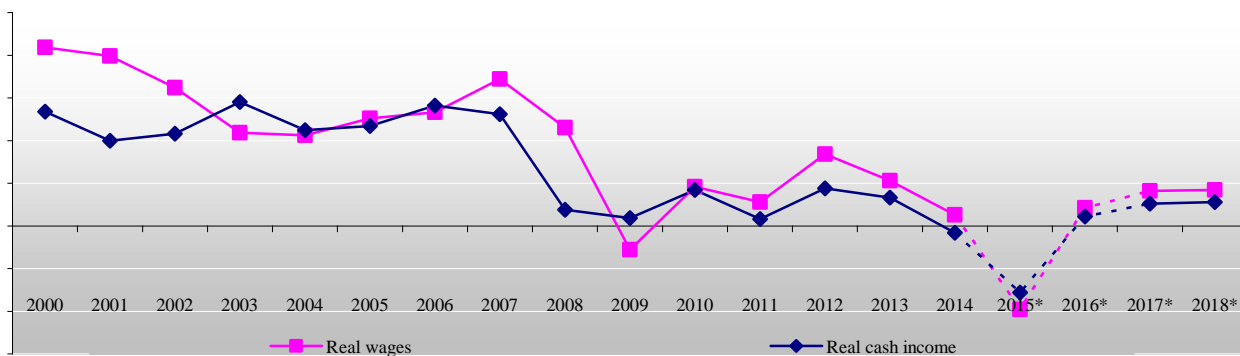
Data source: FSSS

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

Consumer incomes and expenditures

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

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



Data source: FSSS

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

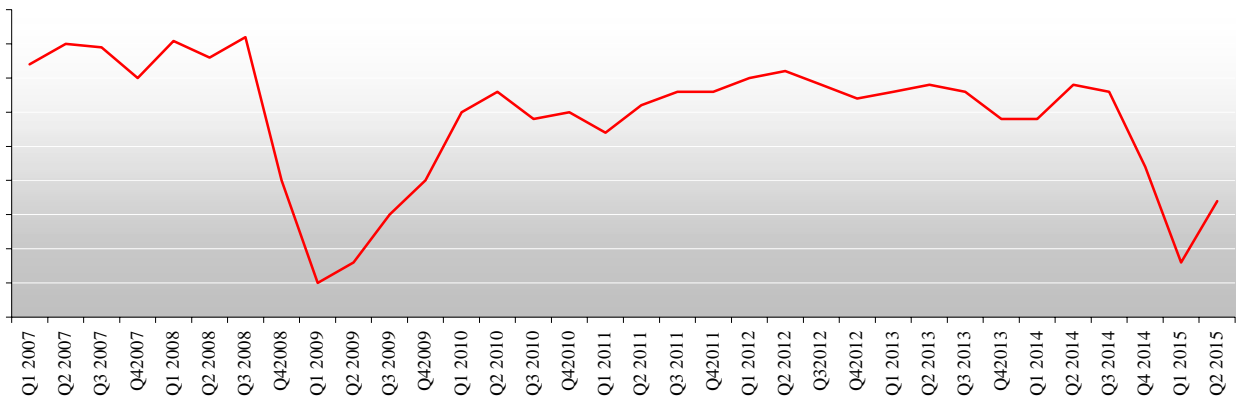
Consumer expectations and confidence index

The results of the polls conducted by the Federal State Statistics Service among 5000 people at the age of 16 and older, residing in all RF territorial subjects, during after-



crisis period starting from the II quarter of 2009 and till the II quarter of 2010, the index reflecting collective consumer expectations of the population¹⁶ demonstrated growth and according to the results of the III quarter came up to (*%). <...>

Picture 75. Consumer confidence index in Russia 2007-2015

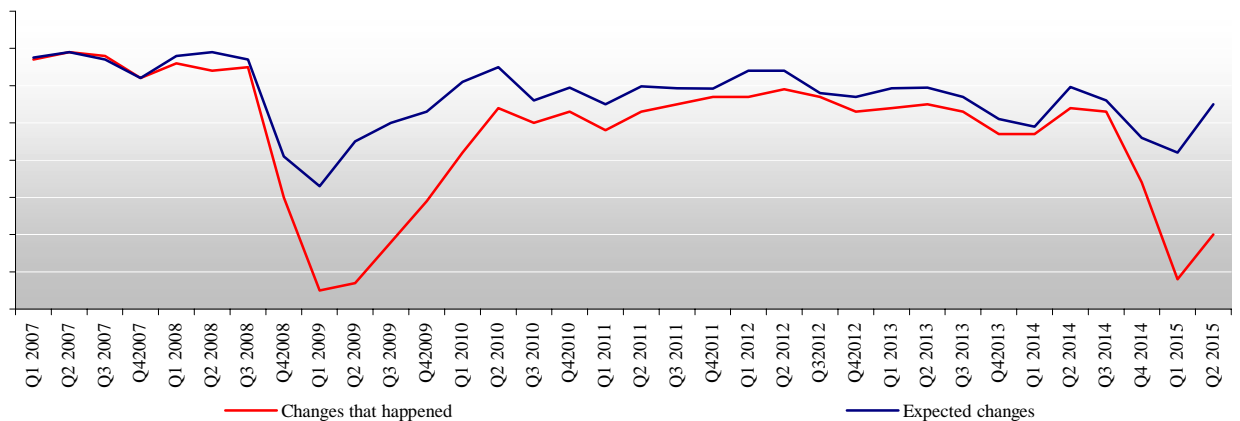


Data source: FSSS

The index of expected changes in short-term increased by * pp in Q2 2015 in comparison with Q1 2015 and came to (*%). *% of respondents expect positive economic changes during next 12 months (in Q1 2015 – *%). Share of negative responses increased to *% (in Q1 2015 – *%). *% of respondents do not think the situation will change (in Q1 2015 – *%).

<...>

Picture 136. Consumers' assessment of economic situation in Russia in 2007-2015



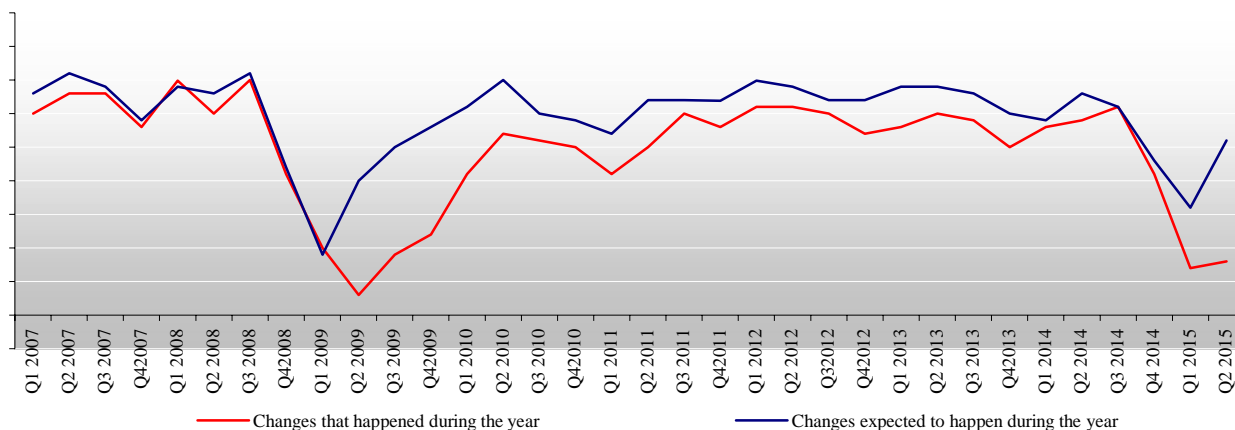
Data source: FSSS

The expected changes in personal financial situation index increased by * pp in Q2 2015 and came to (*%) vs. (*%) in Q1 2015. *% of respondents expect their financial situation to improve during next 12 months (in Q1 2015 – *%). The share of negative assessments decreased to *% (in Q1 2015 – *%).

<...>

¹⁶ Index of consumer confidence is calculated as the arithmetic average of 5 individual indexes: expected and actual changes in individual financial conditions, expected and actual changes in economic conditions of Russia, favorability of conditions for major purchases. The balance of estimations represents the difference between the sum of definitely positive and more likely positive than not answers and the some of definitely negative and more likely negative than not answers. Neutral answers are disregarded.

Picture 77. Consumers' assessment of personal financial situation in Russia 2007-2015



Data source: FSSS

<...>

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



Section II. Key events for FMCG retail in Russia

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

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

<...>

Activities of INFOLine IA specialists



In July 2015, specialists of **INFOLine** issued a summary report on holding an analytical section of INFOLine "The fastest-growing and the most efficient. Analysis of TOP-1000 major retail chains" that took place on June 3, 2015, within the scope of the Russian Retail Week in Moscow. **IA INFOLine** acted as the general analytical partner of the Week and the organizer of the major analytical section ("The fastest-growing and the most efficient. Analysis of TOP-1000 major retail chains").

<...>

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



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

<...>

Section III. Events and plans of FMCG chains

Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic

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



Company's name: *Magnit, PC (Tander, CJSC/ Magnit, Magnit Semeiniy retail chains)*
 Address: 350072, g. Krasnodar, ul. Solnechnaya, 15 / 5 Phones: +7 861 2109810 Hot line: +7 880 02009002 Fax: +7 861 2109810. E-Mail: info@gw.tander.ru Web: www.magnit-info.ru. Executive: *Sergey Galitskiy, CEO, Hachatur Pombuhchan, chairman of board of directors;*

Chain development

As of 01 August 2015 the total number of Magnit's stores came up to 10 939 (8 998 convenience stores, 206 Magnit hypermarkets, 115 Magnit Semeiniy supermarkets and 1 620 Magnit-Cosmetic). The chain's total selling space is 4 002, thousand sq. m. In 2014 the net increment of company's stores came to 1618 stores (1144 convenience stores, 29 Magnit hypermarkets, 51 Magnit Semeiniy supermarkets, 394 Magnit Cosmetic stores). The selling space increased by 579.26 thousand sq. m. Furthermore, in 2014 the company planned to open 80 hypermarkets and supermarkets, about 1100 convenience stores, as well as 300-350 cosmetics stores. Therefore, Magnit fulfilled the plan for opening hypermarkets and over-fulfilled it in the drogerie and convenience store formats. In 1st half 2015 the net increment of company's stores came to 1 017 stores (546 convenience stores, 11 Magnit hypermarkets, 13 Magnit Semeiniy, 447 Magnit Cosmetic). The selling space increased by 337.36 thousand sq. m. In Q2 2015 the net increment of company's stores came to 608 stores (309 convenience stores, 5 Magnit hypermarkets, 6 Magnit Semeiniy, 288 Magnit Cosmetic). The selling space increased by 195.27 thousand sq. m. In January-July 2015 the net increment of company's stores came to 1 228 stores (654 convenience stores, 16 Magnit hypermarkets, 18 Magnit Semeiniy, 540 Magnit Cosmetic). The selling space increased by 411.34 thousand sq. m. In July 2015 the net increment of company's stores came to 211 stores (108 convenience stores, 5 Magnit hypermarkets, 5 Magnit Semeiniy, 93 Magnit Cosmetic). The selling space increased by 73.98 thousand sq. m.

<...>

Results and expectations

<...>

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

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

Indicator	Format	2013	2014	Q1 2014	Q1 2015	Q2 2014	Q2 2015	1H 2014	1H 2015	Jul. 2014	Jul.2015
Net revenue, bn RUB	Magnit	450.801	577.776	126.02	162.596	140.962	175.838	266.982	338.434	50.16	60.486
	Hypermarket Magnit	106.176	139.655	29.59	38.731	34.418	40.64	64.008	79.371	11.774	13.807
	Magnit Semeiniy	10.678	25.534	4.454	9.602	5.628	10.735	10.082	20.337	2.092	3.747
	Magnit-Cosmetic	11.873	19.757	3.888	7.303	3.944	8.253	7.832	15.556	1.683	3.63
	Retail revenue	579.528	762.721	163.952	218.232	184.952	235.446	348.904	453.698	65.709	81.67
	Wholesale sales	0.166	0.806	0.038	0.524	0.105	0.586	0.143	1.111	-	-
Net revenue growth, %	Total revenue	579.695	763.527	163.990	218.756	185.057	236.052	349.047	454.809	-	-
	Magnit	23.77%	28.17%	21.0%	29.02%	26.86%	24.74%	24.03%	26.76%	31.06%	20.59%
	Hypermarket Magnit	40.78%	34.53%	30.52%	30.89%	33.99%	18.08%	32.36%	24.00%	30.97%	17.27%
	Magnit Semeiniy	244.61%	139.12%	130.06%	115.6%	148.19%	90.74%	139.84%	101.72%	128.44%	115.69%
	Magnit-Cosmetic	107.12%	66.40%	57.67%	87.83%	57.0%	109.29%	57.33%	98.63%	72.42%	79.13%
	Retail revenue	29.22%	31.61%	24.95%	33.11%	30.63%	27.3%	27.9%	30.0%	33.68%	24.29%
LfL (revenue), %	Wholesale sales	(4.88%)	384.34%	-	-	-	-	-	-	-	-
	Total revenue	29.21%	31.71%	-	-	30.69%	27.56%	27.93%	30.3%	-	-
	Magnit	6.62%	13.85%	5.96%	14.06%	12.2%	9.74%	9.26%	11.89%	-	-
	Hypermarket Magnit	9.39%	14.05%	9.17%	14.91%	15.02%	3.27%	12.28%	8.66%	-	-
	Magnit Semeiniy	17.23%	18.97%	15.73%	17.29%	20.4%	2.16%	18.22%	8.82%	-	-
	Magnit-Cosmetic	28.53%	40.79%	50.5%	23.86%	45.65%	25.99%	49.54%	24.92%	-	-
LfL (average ticket), %	Company in total	7.47%	14.47%	7.49%	14.53%	13.43%	8.61%	10.63%	11.47%	-	-
	Magnit	5.82%	9.81%	5.32%	13.87%	9.0%	10.38%	7.23%	12.06%	-	-
	Hypermarket Magnit	3.07%	7.98%	4.34%	14.38%	8.13%	6.49%	6.37%	10.16%	-	-
	Magnit Semeiniy	4.2%	9.28%	5.27%	15.23%	9.47%	5.43%	7.51%	9.82%	-	-
	Magnit-Cosmetic	0.32%	3.76%	1.97%	9.97%	3.61%	14.35%	3.05%	12.21%	-	-

Indicator	Format	2013	2014	Q1 2014	Q1 2015	Q2 2014	Q2 2015	1H 2014	1H 2015	Jul. 2014	Jul.2015
	Company in total	5.89%	9.58%	5.6%	13.97%	9.16%	9.26%	7.46%	11.49%	-	-
	Magnit	0.76%	3.68%	0.61%	0.17%	2.93%	(0.59%)	1.9%	(0.15%)	-	-
LfL (traffic), %	Hypermarket Magnit	6.13%	5.63%	4.62%	0.47%	6.37%	(3.02%)	5.55%	(1.36%)	-	-
	Magnit Semeiniy	12.5%	8.87%	9.93%	1.79%	9.99%	(3.1%)	9.96%	(0.91%)	-	-
	Company in total	1.5%	4.47%	1.79%	0.49%	3.91%	(0.6%)	2.95%	(0.02%)	-	-
Gross profit, bn RUB	Company in total	165.263	220.521	44.666	59.116	52.469	67.934	97.135	127.05	-	-
Gross margin, %	Company in total	28.51%	28.88%	27.24%	27.02%	28.35%	28.78%	27.83%	27.93%	-	-
Net profit, bn RUB	Company in total	35.62	47.375	6.988	9.478	12.6	15.748	19.588	25.225	-	-
Net profit margin, %	Company in total	6.14%	6.25%	4.26%	4.33%	6.81%	6.67%	5.61%	5.55%	-	-
EbitDA, bn RUB	Company in total	64.721	85.910	14.88	20.395	21.67	28.204	36.55	48.6	-	-
EbitDA profitability, %	Company in total	11.16%	11.25%	9.07%	9.32%	11.71%	11.95%	10.47%	10.69%	-	-

Data source: Magnit

<...>

Resignation and appointment

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

New hypermarket openings

On 08 July 2015 a Magnit hypermarket was opened in Perm Territory at the following address: g. Berezniki, ul. Sverdlova, 168A. The product mix includes about 13.6 thousand items, the food products share comes to about 86%. The selling floor is equipped with 13 POS-terminals. The store is company's property. <...>

New supermarkets¹⁷ openings

On 07 July 2015 was opened supermarket "Magnit Family" in the Republic of Tatarstan at the following address: g. Nizhnekamsk, ul. Baki Urmanche, 15, shopping centre "Olimp". The product mix supermarket includes about 7.4 thousand items, the food products share comes to about 83%. The selling floor is equipped with 13 POS-terminals. The retail facility is under lease. <...>

Plan for hypermarket openings

In Q3 2015 a Magnit hypermarket is to be opened in Barnaul: Industrialniy district.

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

Plan for supermarket opening

In Q3 2015 a Magnit Semeiniy supermarket is to be opened in Chelyabinsk regions at the following address: g. Magnitogorsk, r-n Ordzhonikidzevskiy, shopping centre. Its space will come to 2.048 thousand sq. m. <...>

New formats

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

¹⁷ INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

Logistics: data

As of July 1, 2015, Magnit company (CJSC Tander) controlled 29 distribution centers with aggregate floor area of 1 078 thousand sq. m. The supply centralization level over the 1st half of 2015 was 90% for neighborhood stores and 73% for hypermarkets. In the long-term, the plan is to bring this indicator up to 92% for neighborhood stores and up to 80% for hypermarkets. The truck fleet was 5 926 units as of July 1, 2015.

Logistics: plans

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

Private label

As of July 1, 2015, the aggregate number of Magnit house brands included 587 commodity items. In the 1st half of 2015, the share of house brands in the revenue amounted to 11%. About 85% of house brands fell within food goods. Increase of the non-food goods share is anticipated in the future. <...>

Corporate events

<...>

On July 30, 2015, a session of the Board of Directors was held and the following decisions were made on the agenda:

1. To approve recommendations to the general meeting of shareholders regarding the dividend scope on shares of the public company Magnit following the outcomes of the 1st half of 2015 amounting to 8,359,223,782 Rubles. (88.40 Rubles per share). To set forth the next date as of which the persons entitled to receive dividends are determined as October 9, 2015.
2. To convene an extraordinary general meeting of shareholders (EGMS) of public company Magnit in the form of an absentee voting with the ballots submission end date on September 24, 2015 (the list of meeting participants is determined as of August 11, 2015).
3. To approve the agenda of EGMS public company Magnit:
 - payment of dividends on shares of public company Magnit following the outcomes of the 1st half of 2015;
 - approval of major transactions regarding which an interest exists;
 - borrowing of cash funds amounting to 40 billion Rubles with an interest rate not more than 180% of the key interest rate of the Bank of Russia. The deadline for fulfillment of transaction obligations is up to 3 years; and
 - borrowing of cash funds with an aggregate amount of loan limit not exceeding 20 billion Rubles for the max. period of 5 years. The interest rate is not more than 25% per annum. The price limit under the suretyship agreement may not exceed 24 billion Rubles.

To approve CJSC Tander concluding a supplementary agreement to the previously concluded Agreement No. KS714000/2010/00098 dated 17.12.2010 with VTB Bank, in compliance to which the parties effect Loan transactions in Rubles, the maximum period of an individual Loan may not exceed 365 days and the maximum loans amount may not exceed 36 billion Rubles. The Loan agreement remains in effect until December 25, 2016.

<...>

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

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

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

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

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

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

On Amending the Decree of the RF Government of 07 August 2014 No. 778
The Government of the Russian Federation decrees:

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

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

The Prime Minister of the RF D. Medvedev

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

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

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

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

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

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

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

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

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

из 0301**	Live fish (exclusive of <i>Salmo salar</i> , <i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i>)
0302, 0303, 0304, 0305, 0306, из 0307**, 0308	Fish and crustaceans, molluscs and other aquatic invertebrates (exclusive of young fish, oysters and mussels)
из 0401**, из 0402**, из 0403**, из 0404**, из 0405**, 0406	Milk and dairy products (except special delactosed milk and special delactosed dairy products for dietary clinical nutrition and protective diet)
0701 (за исключением 0701 10 000 0), 0702 00 000, 0703 (за исключением 0703 10 110 0), 0704, 0705, 0706, 0707 00, 0708, 0709, 0710, 0711, 0712 (за исключением 0712 90 110 0), 0713 (за исключением 0713 10 100 0), 0714	Vegetables, edible roots and tuberous roots (exclusive of potato seed, seed onion, hybrid sugar seed corn, pee seed)
0801, 0802, 0803, 0804, 0805, 0806, 0807, 0808, 0809, 0810, 0811, 0813	Fruit and nuts
1601 00	1601 00 Sausage and similar products from meat, meat by-products or blood; finished food products, made on basis
из 1901 90 110 0**, из 1901 90 910 0**, из 2106 90 920 0**, из 2106 90 980 4 **, из 2106 90 980 5**, из 2106 90 980 9**	Food or finished products (exclusive of nutritional supplements; vitamins and minerals mixes; flavours; protein concentrates (of animal and vegetable origin) and their mixes; dietary fibres; food supplements (including aggregate)
из 1901 90 990 0**	Food and finished products, produced according to cheese-making techniques with 1.5% or more of milk fat content

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

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

*** Exclusive of baby food products.

About INFOLine IA products

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



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

Russian consumer market and FMCG retail chains rating, Industry review

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

Russian consumer market and FMCG retail chains rating contains:

TOP 130 FMCG chains performance

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

Section I. Development of retailing in Russia

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

Section II. Key events for FMCG retail in Russia

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

Section III. Key events and plans of major FMCG retailers

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

Complete research reports on retail

Title	Contents	Publication date	Price, roubles
HIT of SALES! Analytical Database of 700 FMCG retail chains of the RF	It contains the following sections: Conditions of the FMCG retail market in Russia; Business reference data on TOP 50 retailers; Data base of 700 chains and 530 DCs that includes the following entries: the Retail chain's operator, Brands, Contacts, Management (CEO, procurement director, financial director, IT director), total number of stores, total selling space, revenue, presence in regions, number of distribution centres	June 2015	60 000 roubles
FMCG Hypermarkets in Russia, Results of 2014 and Forecast for 2017	The standard version of the industry review presents analysis of FMCG and Non-Food retail market (macroeconomic indicators, structure and dynamics of retail turnover, number, selling space, net sales of stores by sales channels); TOP-50 ratings and business reports on 30 largest retailers developing hypermarkets; history and key features of hypermarket format; forecast for hypermarkets for 2015-2017. Extended version of the industry review contains also analysis of hypermarket segment in 30 largest regions by food retail turnover by 7 federal districts of Russia (exc. Crimean) and data on 1000 operating hypermarkets.	Q3 2015	Starting from 40 000 roubles s.
NEW! DIY Market, Results of 2013 and	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
Forecast for 2017	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 NEW! <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>		
NEW! Analytical Database of DIY chains	Database contains operational and financial indicators, contact information on TOP management of 250 DIY chains of Russia: legal name; chain's brand; chain's management NEW! <i>Development director, marketing director</i> ; Factual address; phone; fax; e-mail; Web-site; developed formats; total number of stores as of 01 January 2014; selling/gross floor space; revenue (excluding VAT) in 2011-2013, billion roubles; regional presence; number of DCs as of 01.01.2014.	March 2014	35 000 roubles

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

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

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



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

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