

INDUSTRY REVIEW

Russian consumer market and FMCG retail chains rating

Demo-version

July 2016

- Retail business statistics in Russia and regions
- Retail indicators in Russia
- Review of retail market of Russia in July 2016
- Rating of FMCG retailers by stores number, selling space in July 2016, net sales in 2013-2015

Агентство INFOLine занимается разработкой и реализацией информационных и аналитических продуктов, консультированием и поддержкой деловых форумов и мероприятий в сфере строительства и инвестиций, ритейла и потребительского рынка, топливно-энергетического комплекса, транспорта, машиностроения и др. На постоянной основе мы оказываем поддержку более 3000 компаний России и мира. В соответствии с правилами ассоциации ESOMAR все продукты агентства INFOLine сертифицируются по общеевропейским стандартам.

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 150 FMCG chains performance</i>	5
<i>Rating of FMCG retail chains by number of stores</i>	9
<i>Rating of FMCG retail chains by selling space</i>	10
<i>Rating of FMCG retail chains by net sales</i>	18
Section I. Retail trends and development in Russia	21
<i>Macroeconomic retail indicators</i>	21
<i>Main indicators of retail development</i>	24
<i>Government regulation of retailing</i>	27
<i>Structure of retail turnover by the category of products</i>	37
<i>Structure of retail turnover by the category of retailer</i>	42
<i>Regional structure of retail turnover</i>	45
<i>Food market inflation</i>	48
<i>Consumer incomes and expenditures</i>	50
<i>Consumer expectations and confidence index</i>	55
Section II. Key events for FMCG retail in Russia	57
<i>On Prolongation of Counter-Sanctions Restricting Food Product Supplies from the EU, the USA and Some Other Countries</i> 57	
<i>Mutual relations with Turkey</i>	59
<i>Roskachestvo activities</i>	60
<i>IA INFOLine activities</i>	64
Section III. Key events and plans of major FMCG chains	65
<i>Magnit, PJSC / Magnit, Magnit Semeiniy, Magnit Cosmetic</i>	65
Magnit, PJSC / Magnit, Magnit Semeiniy, Magnit Cosmetic chains	65
Magnit, PJSC / Magnit Cosmetic	74
<i>X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Pyaterochka, Perekrestok, Karusel, Kopeika and Perekrestok Express, Perekrestok Hyper</i>	75
X5 Retail Group N. V. /Pyaterochka	81
X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Perekrestok	89
X5 Retail Group N. V." (Express-Retail, LLC) / Perekrestok Express, Citymag, Kopeika	93
X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Karusel, Perekrestok Hyper	94
<i>Auchan Retail Russia / Auchan, Auchan-City, Nasha Radug, Kazhdy Den, Atac and V shage ot Vas</i>	97
Auchan LLC / Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	97
Auchan, LLC / Nasha Raduga	102
Atac, LLC / Atac, V shage ot Vas	103
<i>Metro Group / METRO, METRO Punct, real, -</i>	104
METRO Cash&Carry, LLC / METRO, METRO Punct	104
METRO Cash&Carry, LLC / Fasol	107
<i>GC DIXY (DIXY Group, PC) / DIXY retail chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Victoria, Cash109</i> GK DIXY (DIXY Group, PC) / DIXY, Megamart, Minimart	109
DIXY GC (Victoriya Baltiya, LLC) / Victoria, Kvartal, Deshevo	112
<i>Lenta, LLC / Lenta Cash&Carry</i>	113
<i>O'KEY, LLC / O'KEY</i>	119
Fresh Market LLC / DA! chain	126
<i>Giperglobus LLC / Globus retail chain</i>	127
About INFOLine IA products	129

About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period (**July 2016**), 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: the retail market capacity in Russia in 2015 exceeded RUB 27.5 tn (inclusive of VAT). The food products sales reached RUB 13.4 tn (inclusive of VAT). 700 described FMCG retail chains (including specialized ones and stores at gas filling stations), account for 50% of food retail turnover in Russia. The share of 10 FMCG largest retail chains comes to more than 24% of food retail.

Relevancy: as was forecasted by INFOLine's specialists, in 2015 the consumer market shifted to a new development paradigm. In 2015, retail turnover in the RF, in physical terms, decreased by 10%, food products sales (including beverages) and tobacco – by 9.2%. In 2016 retail turnover dynamics, in physical terms, will remain negative. However, due to food products prices growth the market capacity will continue to grow in rouble terms.

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. Tendency of development in 2016 (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 150 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 10 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 2016, 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.



Please, pay attention, that since 2016 year changes in the conditions of purchase of the monthly industry survey «Russian consumer market and FMCG retail chains rating»:

The cost of a one-time purchase of the industry survey: **20 000 RUB** (without VAT)

The cost of subscription for 12 months: **150 000 RUB** (without VAT)

If customer will issue the subscription up for at least 12 months, he will be given a **SPECIAL BONUS** Analytical note "Changes at the FMCG retail market due to entry into a force of the Federal Law № 273 dated 03.07.2016 "About the changes into the Federal Law "The basis of state regulation of the commercial activities in the Russian Federation" and into the Code of administrative Offences in Russian Federation."

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



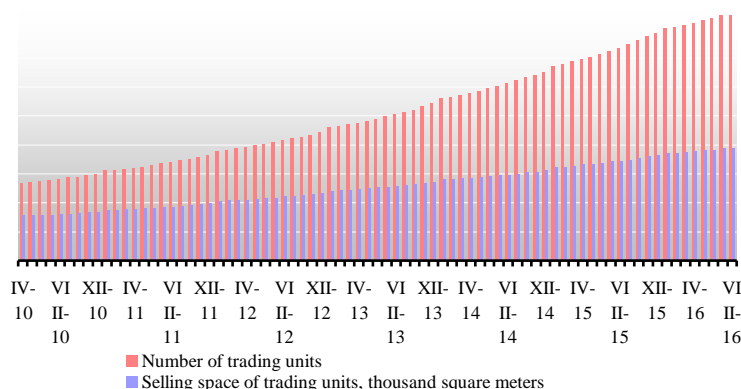
Rating of FMCG retail chains of Russia

TOP 150 FMCG chains performance¹

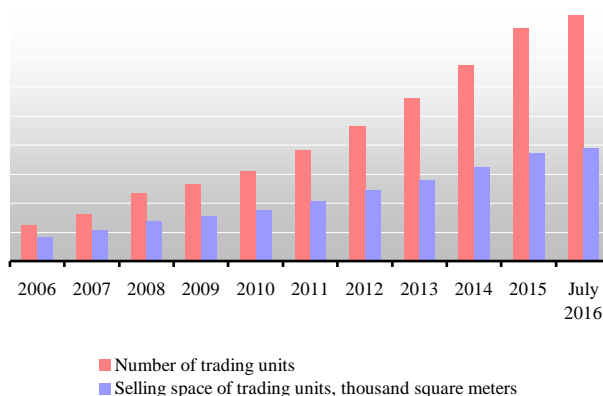
TOP 150 FMCG chains in Russia

Over **July 2016**, the number of stores belonging to TOP-150 retailers FMCG (excluding X5 Retail Group, DIXY, GC) increased by * while during **January-July 2016** this number increased by *. In **July 2016** a total retail area increased by * thousand square meters while for the period **January-July 2016** it increased by more than * thousand square meters.

Picture 1. Dynamics of number of stores and their selling space of 150 largest retailers of Russia in 2010-2016 (at the beginning of the period)



Picture 2. Dynamics of number of stores and their selling space of 150 largest retailers of Russia in 2006-2016 (to the end of the period)

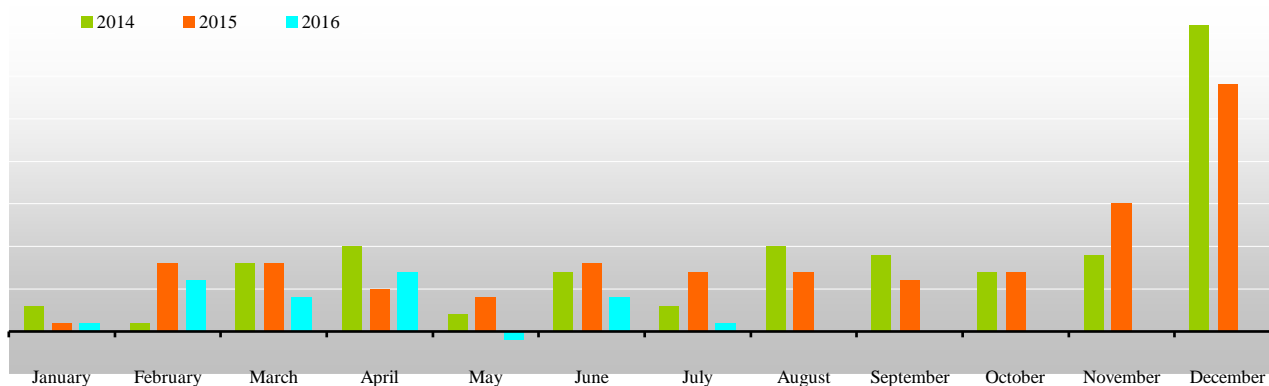


As of **August 1, 2016**, a total number of TOP -150 retailers FMCG stores was * while their total retail area was approximately * million square meters.

Hypermarket format²

July 2016, the number of hypermarkets belonging to TOP-150 retailers FMCG (excluding DIXY, GC) increased by * store while retail areas increased by * thousand square meters. Over the period of **January-July, 2016**, a number of hypermarkets of TOP-150 retailers FMCG increased by * stores while retail areas expanded by * thousand square meters.

Picture 3. Dynamics of the net hypermarkets number increase among of 150 largest retailers of Russia in 2014-2016 on monthly basis, number of selling points



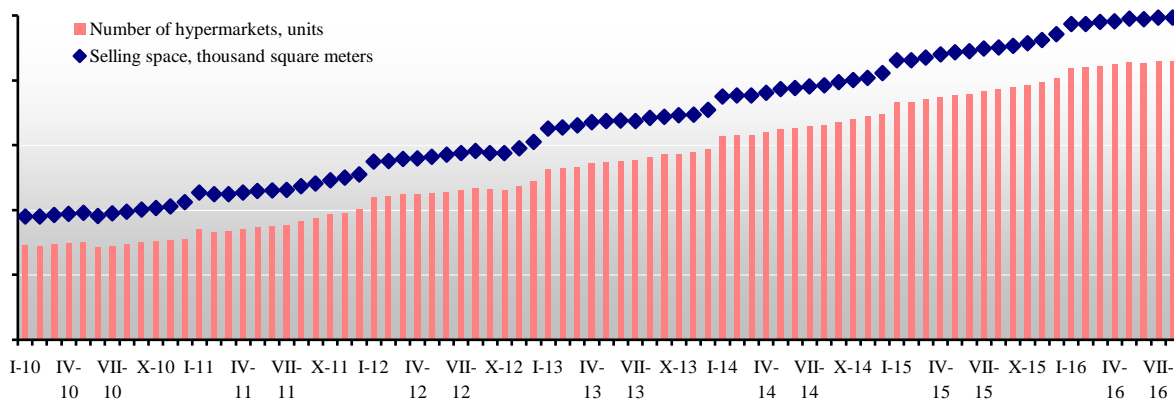
Data source: IA INFOLine

¹ Data was corrected according to the result November 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 2016, DIXY – May 2016, X5 Retail Group – March 2016. 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 Semeiny is not included into the format, though Tander CJSC positions them as hypermarkets. We position them as supermarkets.

July 2016, the following stores were **opened**: 2 hypermarkets "Magnit" in Ufa and Tomsk, a hypermarket "Karusel" in Orenburg, "Vester" (Vester, GC) in Kaliningrad. At the same time in July 2016 a hypermarket "NASH" (Sedmoy Kontinent, OJSC) was closed in Vologda. 2 hypermarkets "Lakmin" (Lakmin, LLC) were closed in the Moscow region during the 2nd quarter of 2016 and in July 2016.

Picture 4. Dynamics of number of hypermarkets and their floorspace of 150 largest retailers of Russia in 2010-2016



Data source: IA INFOLine

The total number of hypermarkets among TOP-150 FMCG retailers as of **01 August 2016** 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 150 major FMCG retailers

Expansion dynamics by number of stores

Major retailers' stores number dynamics in 2015-2016 are presented in the table.

Table 1. Number of stores of the largest FMCG chains during in 2015-2016

Legal name	Brand	Main formats ⁴	Number of stores as of period's end					Stores number dynamics during the period						
			2012	2013	2014	2015	Jul.15	Jul.16	Jul.15	Jul.16	Jan.-Jul.15	Jan.-Jul.16		
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁵ (TD Perekrestok, CLSC)	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*
	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Retail Russia (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	H, C	*	*	*	*	*	*	*	*	*	*	*	*

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, Monетка, Kopeika, Maria-Ra and others, and convenience stores.

⁴ H – hypermarket, S – supermarket, D – discounter, C – convenience store

⁵ Due to the peculiarities of the information disclosure procedure applied by X5 Retail Group, the number of stores is presented as of the end of June 2016, the dynamics of a store number is presented for the period January-June 2015-2016

Legal name	Brand	Main formats ⁴	Number of stores as of period's end					Stores number dynamics during the period										
			2012	2013	2014	2015	Jul.15	Jul.16	Jul.15	Jul.16	Jan.-Jul.15	Jan.-Jul.16						
DIXY Ug, SC ⁶	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C, D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct real,-	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Fresh Market, LLC	DA!	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY, GK	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
<i>Spar (all legal entities)⁷</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>H, S, C</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>	<i>*</i>
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	H, S, D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Retail Russia (Atac, LLC)	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising), Spar Express	H, S, C, D	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holiday, Planeta Holiday, Holdi, Sibiriada, Kora, Palata, Narodnaya Plata, Turne, Econom, Supermarket	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market, AV Market, Enoteka, Spar	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

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

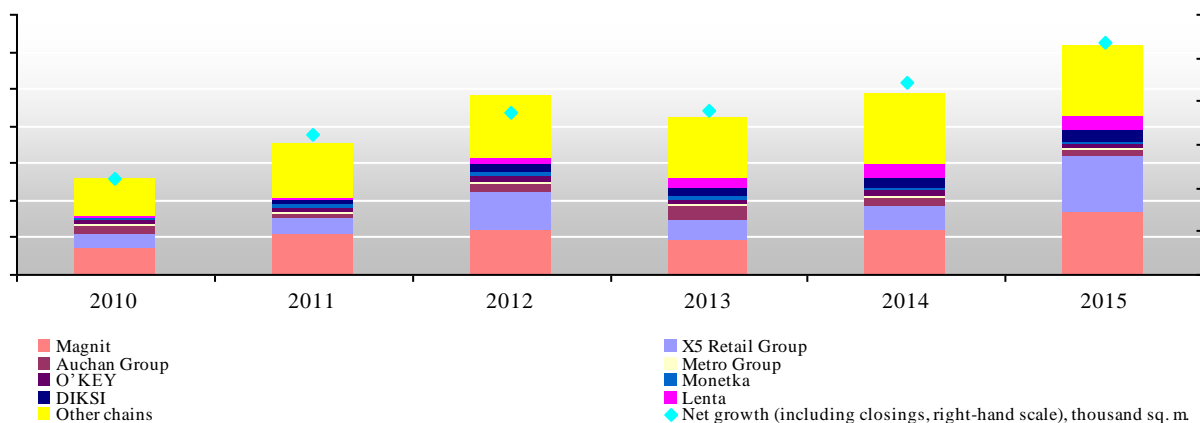
Rating of FMCG retail chains by selling space

INFOLine IA **monthly** collects information about selling space dynamics for more than 150 major FMCG retailers of Russia.

Performance for 2011-2015 and forecast 2016

According to results of 2015 the increment of selling space among 150 major chains came to more than * thousand sq. m. (2014 – * thousand sq. m., in 2013 – *, in 2012 – * thousand sq. m., in 2011– * thousand sq. m.) or *% (in 2014 – *%, in 2013 – *%, in 2012 – *%, in 2011 – *%). Therefore, as of 01 January 2016 the aggregate selling space of TOP 150 FMCG retail chains was more than * million sq. m. <...>

Picture 5. 150 major retailers' selling space growth (exclusively of retailers with decreased space) in 2010-2015, thousand sq. m.



Data source: INFOLine IA

<...>

⁶ Due to the peculiarities of the information disclosure procedure applied by DIXY, the Group of Companies, the number of stores is presented as of the end of June 2016, the dynamics of a store number is presented for the period January-June 2015-2016.

⁷ Taking into account subfranchising stores.

Selling space dynamics of major retailers

Selling space dynamics of major retailers in 2015-2016 are presented in the table.

Table 2. Total selling space of major FMCG chains of Russia in 2015-2016, thousand sq. m.

Legal name	Brand	Main formats ⁸	Dynamics of aggregate sales space for the period										
			Total selling floorspace as of period's end							Dynamics of aggregate sales space for the period			
			2012	2013	2014	2015	Jul.15	Jul.16	Jul.15	Jul.16	Jan.-Jul.15	Jan.-Jul.16	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	S	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁹	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	C	*	*	*	*	*	*	*	*	*	*	*
	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	S	*	*	*	*	*	*	*	*	*	*	*
All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	
Auchan Retail Russia (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	H, C	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC ¹⁰	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C, D	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H, S	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct real,-	H, S	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*
Fresh Market, LLC	DA!	D	*	*	*	*	*	*	*	*	*	*	*
O'KEY, GK	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*
<i>Spar (all legal entities)¹¹</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	*	*	*	*	*	*	*	*	*	*	*
Auchan Retail Russia (Atac, LLC)	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C, H	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C, H	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by net sales

Financial indicators of public companies, published as of August 2016 are presented in the table (negative indicators in brackets).

Table 3. Financial indicators (exclusive of VAT) of major FMCG chains during 2015-2016, bn RUB

Legal name	Brand	Main formats ¹²	Revenue in H1 2016	Q2 2016 vs Q2 2015, %	LfL in Q2 2016, %	Revenue in H1 2016	H1 2016 vs H1 2015, %	LfL in H1 2016, %	Revenue in June 2016	June 2016 vs June 2015, %	Revenue in July 2016	July 2016 vs July 2015, %	Revenue in Jan.-July 2016	Jan.-July 2016 vs Jan.-July 2015, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*
	Total for company ¹³	D, H	*	*	*	*	*	*	*	*	*	*	*	*

⁸ H – hypermarket, S – supermarket, D – discounter, C – convenience store

⁹ Due to the peculiarities of the information disclosure procedure applied by X5 Retail Group, the number of stores is presented as of the end of June 2016, the dynamics of a store number is presented for the period January-June 2015-2016

¹⁰ Due to the peculiarities of the information disclosure procedure applied by DIXY, the Group of Companies, the number of stores is presented as of the end of June 2016, the dynamics of a store number is presented for the period January-June 2015-2016.

¹¹ Taking into account subfranchising stores.

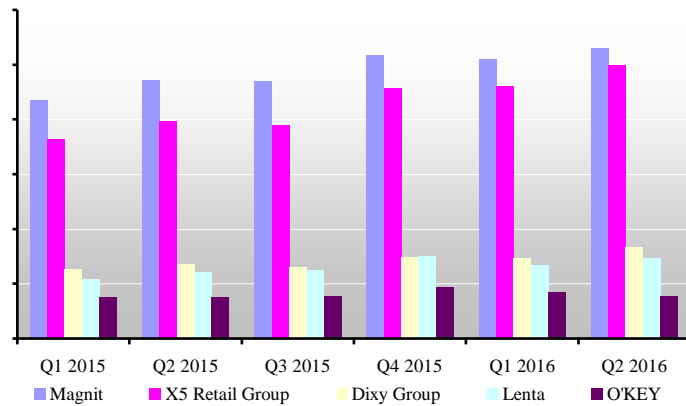
¹² Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

Legal name	Brand	Main formats ¹²	Revenue in H1 2016	Q2 2016 vs Q2 2015, %	LfL in Q2 2016, %	Revenue in H1 2016 vs H1 2015, %	LfL in H1 2016, %	Revenue in June 2016	June 2016 vs June 2015, %	Revenue in July 2016	July 2016 vs July 2015, %	Revenue in Jan.-July 2016	Jan.-July 2016 vs Jan.-July 2015, %
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	*	*	*	*
	Total for X5+ Kopeika ¹⁴	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*
Dixy Group, JSC	Dixy	C	*	*	*	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*	*	*	*
	Total for company ¹⁵	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta ¹⁶	H	*	*	*	*	*	*	*	*	*	*	*
		S	*	*	*	*	*	*	*	*	*	*	*
		S, H	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*	*	*	*
	DA! ¹⁷	D	*	*	*	*	*	*	*	*	*	*	*
	Total for company	D, S, H	*	*	*	*	*	*	*	*	*	*	*

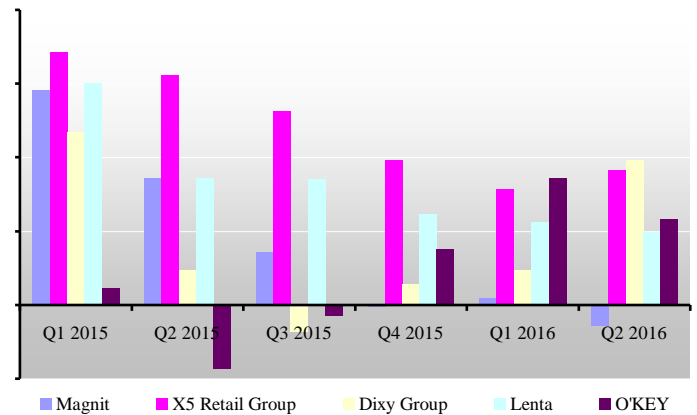
Data source: INFOline IA data

<...>

Picture 22. Quarterly dynamics of retail revenue among major FMCG chains in 2015-2016, RUB bln



Picture 23. Quarterly dynamics of LFL (revenue) among major FMCG chains in 2015-2016, %



<...>

TOP 50 retailers' revenue dynamics in 2013-2015 are presented in the table.

Table 6. Net sales dynamics (excluding VAT) of the major FMCG chains in 2010-2015, bn RUB

Legal name	Brand	Main formats ¹⁸	Data	2010	2011	2012	2013	2014	2015
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	IFRS	*	*	*	*	*	*
	Magnit	D		*	*	*	*	*	*
	Magnit Semeiniy	H		*	*	*	*	*	*
	Magnit-Cosmetic	C		*	*	*	*	*	*

¹³ IFRS-compliant retail profit of the company (1st quarter of 2016) and unaudited information (2nd quarter and 1st half of 2016).

¹⁴ IFRS-compliant retail profit of the company (1st quarter of 2016) and unaudited information (2nd quarter and 1st half of 2016).

¹⁵ IFRS-compliant retail profit of the company (1st quarter of 2016) and unaudited information (2nd quarter and 1st half of 2016).

¹⁶ IFRS-compliant retail profit of the company (1st quarter of 2016) and unaudited information (2nd quarter and 1st half of 2016).

¹⁷ IFRS-compliant retail profit of the company (1st quarter of 2016) and unaudited information (2nd quarter and 1st half of 2016).

¹⁸ Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

Legal name	Brand	Main formats ¹⁸	Data	2010	2011	2012	2013	2014	2015
	All formats	All formats		*	*	*	*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	IFRS	*	*	*	*	*	*
	Perekrestok	S		*	*	*	*	*	*
	Pyaterochka	D		*	*	*	*	*	*
	Perekrestok Express, Kopeika	C		*	*	*	*	*	*
	All formats	All formats		*	*	*	*	*	*
Auchan Retail Russia (Auchan, LLC; Atac, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS	*	*	*	*	*	*
	Atac	S		*	*	*	*	*	*
	All formats	All formats		*	*	*	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C, D	IFRS	*	*	*	*	*	*
Lenta, LLC	Lenta	H, S	IFRS	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H, S	IFRS, RAS, 2015 estimation	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	IFRS	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	management accounting	*	*	*	*	*	*
<i>Spar (all legal entities)¹⁹</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>S, H, C</i>	<i>management accounting</i>	*	*	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	H, S, D	management accounting	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	RAS, management accounting	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	C, D	management accounting	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	H, S, C, D	management accounting	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, D	RAS, management accounting, 2014-2015 estimation	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	H, S, C	IFRS, 2014-2015 estimation	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	H, S, C	RAS, management accounting	*	*	*	*	*	*

Data source: INFOLine IA data

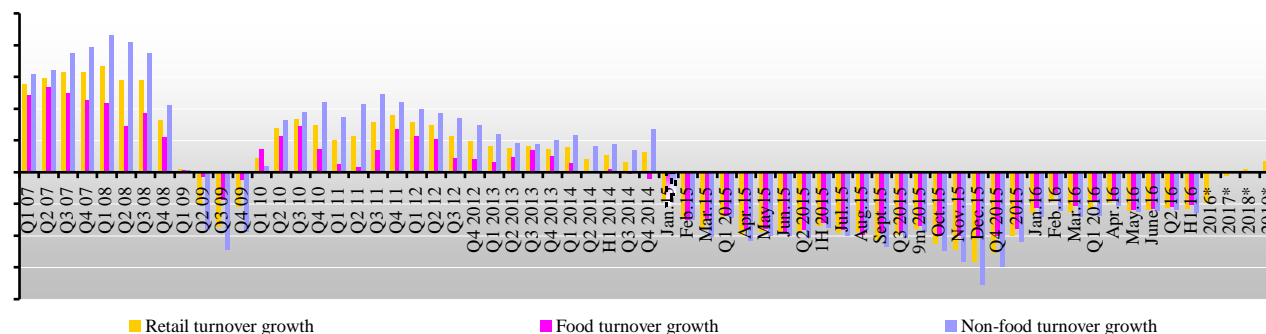
Full version also includes the description of the aggregated financial performance for 2015 and April 2016 for the largest chains with revenue of more than 10 billion rubles.

Section I. Retail trends and development in Russia

Macroeconomic retail indicators

In 2015, the retail turnover was *billion Rubles and declined by *% compared to 2014 in the merchandise mass (in 2014, a *% growth was noted). The foodstuffs retail turnover has declined by *% in 2015 vs. 2014. The non-food goods retail turnover went down by *% in 2015. <...>

Picture 30. Main consumer market indicators 2007-2016 and forecast till 2016-2019, % against the same period of previous year.



Data source: FSSS

¹⁹ Taking into account subfranchising stores.



Government regulation of retail

The Trade Act

On July 3, 2016, the President signed the Federal Law No. 273-FZ dd. 07/03/2016 On Amendments to the Federal Law on the Fundamentals of State Regulation of Trade Activities in the Russian Federation and Amendments to the Code of Administrative Offenses. The Federal Law was passed by the State Duma on June 24, 2016, and was approved by the Council of the Federation on June 29, 2016. The law came into effect on July 15, 2016. ... The Federal Law is aimed to improve the state regulation of trade activities as well as preventing unfair competition between economic agents involved in food sales. <...>

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 2016, a dynamics of retail turnover expressed in physical terms demonstrated decrease by *percentage points comparing to June 2015 including indicators for food products - by * percentage points, for non-food products - by * percentage points while for alcoholic products this reduction was * percentage points.<...>

Table 4. Structure of retail turnover in terms of product groups in 2010-2016²⁰

Indicator	2010	2011	2012	2013	2014	2015	Jun.15	Jun.16	Q2. 2015	Q2 2016	H1 2015	H1 2016
Retail turnover	*	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*	*

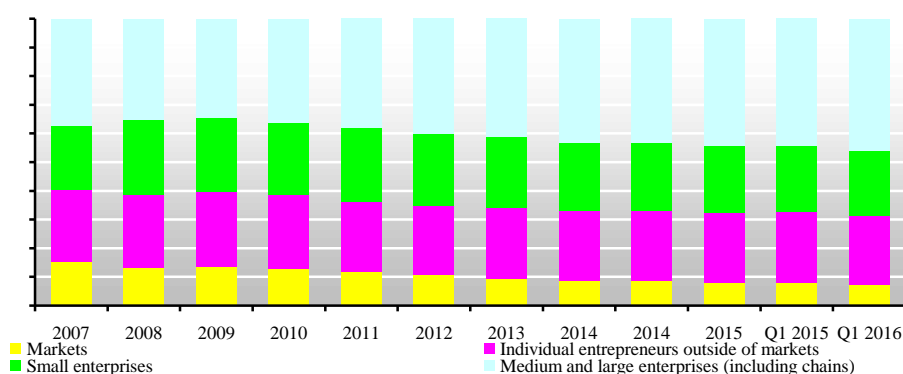
Data source: FSSS

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 retailer

The share of markets in the retail structure continued to decrease in Q1 2016 (1 pp vs. Q1 2015). The share of small enterprises is also decreasing – by *pp vs. Q1 2015 and of individual entrepreneurs increased by * pp vs. Q1 2015. The share of medium-size businesses increased by * pp vs. Q1 2015 and micro enterprises by *pp. The share of large businesses (largely, retail chains) increased by * pp vs. Q1 2015.

Picture 52. Retail turnover structure by business types in 2007-2016, %



Data source: FSSS

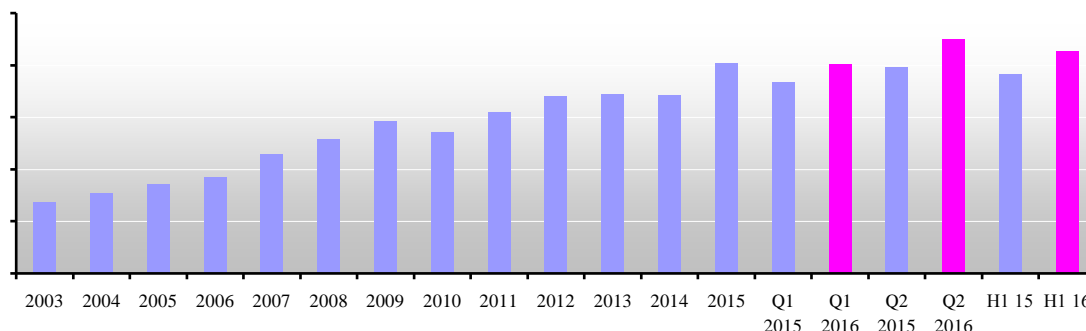
²⁰ For comparison with 2009-2011 the turnover and food share in it are provided for 2002-2008, taking into account tobacco products.

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

The regional structure of the retail turnover of Russia is characterized by its inhomogeneity: in the 1st half of 2016 *% of the turnover accounted for 11 territorial entities (Moscow, the Moscow region, Saint-Petersburg, the Sverdlovsk region, the Krasnodar Krai, the Samara region, the Republic of Tatarstan and Bashkortostan, the Tyumen region, the Chelyabinsk and Rostov regions).

Picture 566. Retail turnover share of 69 regions of Russia (except the largest 11 regions) in 2003-2016



Data source: FSSS

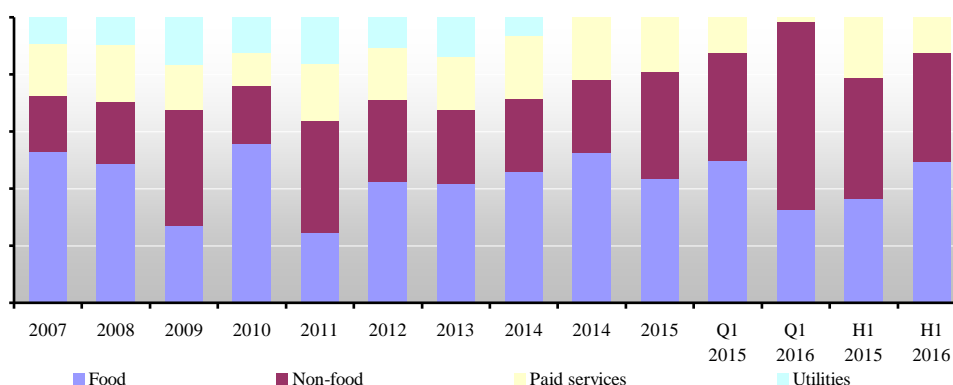
Food market inflation

<...>

In July 2016 the index of consumer prices was *% comparing to June 2016 (July 2015 - *%). The price index for food products was * % against June 2016 (July 2015 - *%), for non-food products - *% (July 2015 - *%), for services - *% (July 2015 - *%).

.<...>

Picture 64. Contribution to inflation in 2007-2016, 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



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

On June 30, 2016, Dmitry Medvedev signed the Decree No. 608 On the Implementation of the Presidential Decree On the Continuation of Certain Economic Measures for Security of the Russian Federation. That Decree amends the Government Decree No. 778 dd. August 7, 2014 On the Implementation of Presidential Decrees No. 650 dd. August 6, 2014, and No. 320 dd. June 24, 2015. The ban on import of certain agricultural products, raw materials and foods was extended from August 6, 2016 to and including December 31, 2017. The ban applies to such products, materials, and foods originating in the U.S., the EU, Canada, Australia, the Kingdom of Norway, Ukraine, the Republic of Albania, Montenegro, the Republic of Iceland and the Principality of Liechtenstein. The lists of goods and countries under these sanctions were not amended. Speaking at a Government meeting, Mr. Medvedev explained that the decision to extend the embargo for a year and a half was made to ensure the most favourable and predictable working conditions for domestic agricultural producers.

<...>

Mutual relations with Turkey

On June 27, 2016, President of Russia V. Putin received a letter of apology from President of Turkey Recep Erdogan, who also asked forgiveness from the family of the down pilot. Mr. Erdogan said Ankara had had no intention to jeopardize its relationships with Moscow. The letter also mentioned a judicial investigation concerning the Turkish citizen who had downed the Russian pilot. On June 30, 2016, V. Putin signed the Decree on Amendments to the Presidential Decree No. 583 dd. November 28, 2015 On Measures for the National Security of the Russian Federation and the Protection of Russian Citizens Against Criminal and Other Illegal Actions as well as On Special Economic Measures Against the Turkish Republic. The new Decree lifted the restrictions on Russian tourists' trips to the Turkish resorts and voided the ban on charter flights. "We are lifting the administrative restrictions. <...>

Roskachestvo activities



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. <...>

IA INFOLine activities

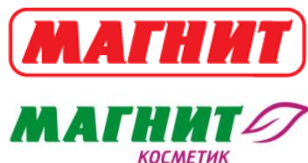


In June 2016 specialists of the *information agency INFOline* finished preparation of a new Review "TOP-350 Projects of Construction of Agricultural Complexes and Food Facilities of the Russian Federation. Projects 2016-2020". In the course of preparation of this Review, specialists of the *information agency INFOline* identified that at the moment Russia has more than 240 large agricultural complexes and more than 110 food facilities under construction and design with their total investment volume exceeding 28 billion dollars. According to the *information agency INFOline*, the TOP-5 largest projects of agricultural complexes in Russia are provided with the investment volume exceeding 5 billion dollars.. <...>

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 August 1, 2016, the total number of Magnit stores was 13,021 (9955 neighbourhood stores; 230 Magnit hypermarkets, 174 Magnit Family supermarkets; 2662 Magnit Cosmetic stores). The total shopping floor space amounted to 4722.33 thousand sq. m. In the first half of 2016, net gain of the company facilities amounted to 799 stores (308 neighbourhood stores, 9 Magnit hypermarkets, 15 Magnit Family supermarkets, 467 Magnit Cosmetic stores). The shopping floor space was increased by 263.48 thousand sq. m. In the second half of 2016, net gain of the company facilities amounted to 454 stores (187 neighbourhood stores, 3 Magnit hypermarkets, 13 Magnit Family supermarkets, 251 Magnit Cosmetic stores), and the shopping floor space was increased by 153.57 thousand sq. m. From January to July 2016, net gain of the company facilities amounted to 932 stores (361 neighbourhood stores, 11 Magnit hypermarkets, 19 Magnit Family supermarkets, 541 Magnit Cosmetic stores), and the shopping floor space was increased by 308.61 thousand sq. m. In July 2016, net gain of the company facilities amounted to 133 stores (53 neighbourhood stores, 2 Magnit hypermarkets, 4 Magnit Family supermarkets, 74 Magnit Cosmetic stores), and the shopping floor space was increased by 45.13 thousand sq. m.

<...>

Results and expectations

<...>

Magnit's key financial indicators (according to the formats) as of 2014-2015 and the 1st quarter of 2015-2016 according to IFRS, and as of the 2nd quarter, 1st half and July 2015-2016 for the managing company are summarized in the table below (with negative indicators given in brackets).

Table 5. Magnit's key financial indicators (by formats) in 2015-2016

Indicator	Format	Q1 2015	Q1 2016	Q2 2015	Q2 2016	H1 2015	H1 2016	Jun. 15	Jun. 16	Jul. 15	Jul. 16	Jan.- Jul.15	Jan.- Jul.16
Net revenue, bn RUB	Magnit	218,756	255,303	235,467	265,024	453,698	519,459	78,520	89,122	81,67	92,916	535,368	612,375
	Hypermarket Magnit	0,524	0,868	0,586	1,201	1,111	2,069	-	-	-	-	-	-
	Magnit Semeiniy	219,28	256,171	236,052	266,225	454,809	521,528	-	-	-	-	-	-
	Magnit-Cosmetic	29,02%	15,32%	24,74%	12,33%	26,76%	13,77%	22,12%	13,33%	20,59%	13,78%	25,79%	13,77%
	Retail revenue	30,89%	1,92%	18,08%	(2,85%)	24,00%	(0,52%)	14,4%	(2,1%)	17,27%	(1,88%)	22,96%	(0,72%)
	Wholesale sales	115,6%	40,75%	90,74%	30,21%	101,72%	35,19%	82,46%	31,18%	115,69%	33,22%	101,65%	34,88%
Net revenue growth, %	Total revenue	87,83%	90,84%	109,29%	70,17%	98,63%	79,87%	106,86%	63,51%	79,13%	53,03%	97,84%	74,8%
	Magnit	33,4%	16,71%	27,31%	12,55%	30,04%	14,49%	24,57%	13,5%	24,29%	13,77%	29,12%	14,38%
	Hypermarket Magnit	-	10,01%	-	104,93%	-	86,28%	-	-	-	-	-	-
	Magnit Semeiniy	33,7%	16,82%	27,56%	12,78%	30,3%	14,67%	-	-	-	-	-	-
	Magnit-Cosmetic	14,06%	2,67%	9,74%	1,02%	12,06%	1,85%	-	-	-	-	-	-
	Retail revenue	14,91%	(9,07%)	3,27%	(11,12%)	10,16%	(10,15%)	-	-	-	-	-	-
LfL (revenue), %	Wholesale sales	17,29%	(4,76%)	2,16%	(7,57%)	9,82%	(6,25%)	-	-	-	-	-	-
	Total revenue	23,86%	8,66%	25,99%	4,3%	12,21%	6,42%	-	-	-	-	-	-
	Magnit	14,53%	0,44%	8,61%	(1,41%)	11,49%	(0,52%)	-	-	-	-	-	-
	Hypermarket Magnit	13,87%	0,32%	10,38%	(1,0%)	12,06%	(0,36%)	-	-	-	-	-	-
	Magnit Semeiniy	14,38%	(3,9%)	6,49%	(1,17%)	10,16%	(2,48%)	-	-	-	-	-	-
	Magnit-Cosmetic	15,23%	(3,79%)	5,43%	(1,04%)	9,82%	(2,31%)	-	-	-	-	-	-
LfL (average ticket), %	Company in total	9,97%	11,51%	14,35%	10,17%	12,21%	10,86%	-	-	-	-	-	-
	Magnit	13,97%	(1,01%)	9,26%	(1,95%)	11,49%	(1,51%)	-	-	-	-	-	-
	Hypermarket Magnit	0,17%	2,34%	(0,59%)	2,05%	(0,15%)	2,21%	-	-	-	-	-	-
	Magnit Semeiniy	0,47%	(5,32%)	(3,02%)	(10,08%)	(1,36%)	(7,86%)	-	-	-	-	-	-
	Magnit-Cosmetic	1,79%	(1,0%)	(3,1%)	(6,6%)	(0,91%)	(4,03%)	-	-	-	-	-	-
	Company in total	12,63%	(2,56%)	10,18%	(5,33%)	11,32%	(4,0%)	-	-	-	-	-	-
LfL (traffic), %	Magnit	0,49%	1,46%	(0,6%)	0,55%	(0,02%)	1,0%	-	-	-	-	-	-
	Hypermarket Magnit	59,116	65,036	67,944	77,027	127,06	142,063	-	-	-	-	-	-
	Magnit Semeiniy	27,02%	25,47%	28,78%	28,93%	27,94%	27,24%	-	-	-	-	-	-



Indicator	Format	Q1 2015	Q1 2016	Q2 2015	Q2 2016	H1 2015	H1 2016	Jun. 15	Jun. 16	Jul. 15	Jul. 16	Jan.- Jul.15	Jan.- Jul.16
	Magnit-Cosmetic	9,478	8,243	15,788	17,862	25,266	26,105	-	-	-	-	-	-
	Company in total	4,33%	3,23%	6,69%	6,71%	5,56%	5,01%	-	-	-	-	-	-
Gross profit, bn RUB	Company in total	20,395	19,789	28,232	31,81	48,628	51,599	-	-	-	-	-	-
Gross margin, %	Company in total	9,32%	7,75%	11,96%	11,95%	10,69%	9,89%	-	-	-	-	-	-
Net profit, bn RUB	Company in total	218,756	255,303	235,467	265,024	453,698	519,459	78,520	89,122	81,67	92,916	535,368	612,375
Net profit margin, %	Company in total	0,524	0,868	0,586	1,201	1,111	2,069	-	-	-	-	-	-
EbitDA, bn RUB	Company in total	219,28	256,171	236,052	266,225	454,809	521,528	-	-	-	-	-	-
EbitDA profitability, %	Company in total	29,02%	15,32%	24,74%	12,33%	26,76%	13,77%	22,12%	13,33%	20,59%	13,78%	25,79%	13,77%

Data source: Magnit

<...>

Plan for hypermarket openings

In Q3 2016 2 Magnit hypermarkets are to be opened Altai Territory at the following addresses: in Barnaul, Industrialniy district and in Kamen-na-Obi (the hypermarket's space will come to 2.5 thousand sq. m.). <...>

Plan for supermarket openings

In Q3 2016 a Magnit Semeiniy supermarket is to be opened in the Kemerovo region at the following address: Novokuznetsk, Kirova str., 20. <...>

New hypermarkets openings

On July 25, 2016, a Magnit hypermarket was opened in Ufa at 137 Mendeleeva Str. The supermarket assortment consists of approximately 14.2 thousand titles, of which foods make up about 74%. The retail floor is equipped with 19 POS terminals. The commercial property is leased. <...>

New supermarkets²¹ openings

On July 11, 2016, a Magnit Family supermarket was opened in the Krasnodar Krai at: 1A Pushkina Str., Gulkevichi. The supermarket assortment consists of approximately 7.8 thousand titles, of which foods make up about 81%. The retail floor is equipped with 10 POS terminals. The commercial property is owned by the company. <...>

New hypermarkets²² closings

On 15 July 2016 was closed a hypermarket Magnit in Barnaul at the following address: Pavlovsky highway, 188, Arena shopping center.

Resignation and appointments

On July 5, 2016, Magnit PJSC stated it was finishing the process of structuring its sales management. Yuri Pavlovich Semyonov was appointed the Head of the Hypermarket Format. The Heads of all formats²³ are now reporting to Deputy Director General Ilya Karimovich Sattarov. In late 2015, Magnit consolidated its format management.



Mr. Ilya Sattarov has been working at Magnit since 2010. Before coming to the retail sector, he had previously worked as a banker for 13 years; for three of those years, he was the Head of the Societe General Vostok Krasnodar branch. At Magnit, he first was the Asset Acquisition and Management Director; in 2011, he became the Transport, Logistics and HR Director. Ilya Sattarov has also been the Deputy Head of Tander JSC for the last five years. Besides, he was also a member of the Magnit PJSC Board but his membership became void two weeks ago. Ilya Sattarov owns 0.001862% of the company's stock. <...>

Online

In July 2014 it became known that Magnit is working on its own online store. In Q3 2015 an online store was launched in the test mode on the basis of a hypermarket in Krasnodar Territory. About 100 employees of Magnit are trying to place orders. A decision as to the project's future will be made in mid-2016 at the earliest.

²¹ INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

²² INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

²³ The Hypermarket Format is headed by Yuri Pavlovich Semyonov; the Neighborhood Store Format is headed by Konstantin Valeryevich Ilyin; the Drogerie Format is headed by Sergey Vladimirovich Goncharov.

Logistics: data

As of June 30, 2016, Magnit (Tander JSC) was managing 34 distribution centers with the total area of 1351 thousand sq. m. As of the end of the first half of 2016, supply was 90% centralized in the neighbourhood stores and 73% in hypermarkets. In the long term, it is planned to bring this figure up to 92% for neighbourhood stores and up to 80% for hypermarkets. As of June 30, 2016, the lorry fleet was 5836 lorries.

Logistics: plans

By 2018, Magnit is planning to open 8 DCs in Russia. Project investments equal about RUR 16 billion.

Till the end of 2016 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.

Private label

The house brand share in the company's sales in the first half of 2016 has been decreased to 11% from 11.2% in the first half of 2015. Magnit's house brand offers 611 commodity items about 84% of which are food. <...>

Co-operation with suppliers

In July 2016, KORUS Consulting CIS and Tander JSC started the implement of the Russia's largest B2B Electronic Data Interchange (EDI) project. The goal of the project is to reduce non-productive losses in the retail chain by rapid exchange of documents accompanying the dispatch and acceptance of goods as well as by excluding the risks arising from order errors, misgrading and other problems related to manual data input at retail outlets, warehouses and carriers. The project is scheduled for completion in the 3rd quarter of 2016; within its framework, all the Magnit neighborhood stores in all the regions of Russia should be connected to the electronic supplier-to-store document exchange. <...>

Corporate events

<...> On July 5, 2016, Magnit PJSC announced the completion of the placement of БО-001P-04 listed bonds. Previously, on June 30, 2016 listed bonds of Magnit PJSC in the amount of 10 million pcs 1 thousand rubles each were included in the "third level" section of the list of securities admitted for trading on the MICEX Stock Exchange CJSC. <...>

<...> On August 1, 2016, Magnit PJSC held a meeting of the Board of Directors with the following agenda:

1. Convention of an extraordinary general meeting of Magnit PJSC shareholders. It was decided to convene an extraordinary general meeting of Magnit PJSC shareholders.

2. Determination of the form of the extraordinary general meeting of Magnit PJSC shareholders. It was decided to hold the extraordinary general meeting of Magnit PJSC shareholders in the form of an absentee voting.

3. Determination of the voting ballots acceptance deadline. It was decided to determine the voting ballot acceptance deadline as September 8, 2016.

5. Setting the date of the determination (recording) of the persons entitled to participate in the extraordinary general meeting of Magnit PJSC shareholders. It was decided to set the following date for the definition (recording) of the persons entitled to participate in the extraordinary general meeting of Magnit PJSC shareholders: August 15, 2016.

6. Defining the agenda of the extraordinary general meeting of Magnit PJSC shareholders. It was decided to adopt the following agenda for the extraordinary general meeting of Magnit PJSC shareholders:

a. Payment of dividends on the shares of Magnit PJSC as of the first half of the 2016 reporting year.

b. Approval of major transactions, which are interesting for the company.

c. Approval of the new edition of the Charter of Magnit PJSC

<...>

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); Giperglobus LLC (Globus retail chain)

The description of each chain 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 centralization, etc.);
 - Store openings (during the last month);
 - Store closures (during the last month);
 - Co-operation with consumers (actions, loyalty programs, etc.);
 - Co-operation with suppliers (working conditions with suppliers, new partners, etc.);
 - Corporate events (other news by the chain (judicial proceedings, labor relations, etc.)).
-

About INFOLine IA products

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



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

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



Publication date: **monthly**
 The number of pages: **From 150**
 Method: **Electronic**
 Price when subscribing for a year, rub. **Special offer!**
IN FORMATE Power Point **From 20 000**
rub./mes.

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	Q2 2016	50 000 70 000 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.	December 2015	40 000/70 000 roubles
NEW! DIY Market, Results of 2015 and Forecast for 2017	Rating of the largest retail and wholesale-retail DIY chains by their financial efficiency (gross margin and net profit margin) and the average purchase size; by selling/gross floorspace, number of stores, revenue per one square meter of selling/gross floorspace 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! 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".	May 2015/refresh Q2 2016	From 30 000 roubles



Title	Contents	Publication date	Price, roubles
NEW! Analytical Database of DIY chains	Database contains operational and financial indicators, contact information on TOP management of 300 DIY chains of Russia: legal name; chain's brand; chain's management NEW! Development director, marketing director ; Factual address; phone; fax; e-mail; Web-site; developed formats; total number of stores as of 01 January 2015; selling/gross floor space; revenue (excluding VAT) in 2011-2013, billion roubles; regional presence; number of DCs as of 01.01.2015.	June 2015/refresh Q2 2016	From 22 500 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 , +7 (812) 322 68 48, +7 (495) 772 76 40 or e-mail: retail@infoline.spb.ru