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## Industry review

# Russian consumer market and FMCG retail chains rating

## November 2015

Demo-version

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

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

<b>About Russian consumer market and FMCG retail chains rating</b> .....	<b>3</b>
<b>Rating of FMCG retail chains of Russia</b> .....	<b>5</b>
<i>TOP 130 FMCG chains performance</i> .....	5
<i>Rating of FMCG retail chains by number of stores</i> .....	12
<i>Rating of FMCG retail chains by selling space</i> .....	14
<i>Rating of FMCG retail chains by net sales</i> .....	22
<b>Section I. Retail trends and development in Russia</b> .....	<b>25</b>
<i>Macroeconomic retail indicators</i> .....	25
<i>Main indicators of retail development</i> .....	27
<i>Government regulation of retailing</i> .....	30
<i>Structure of retail turnover by the category of products</i> .....	41
<i>Structure of retail turnover by the category of retailer</i> .....	44
<i>Regional structure of retail turnover</i> .....	47
<i>Food market inflation</i> .....	49
<i>Consumer incomes and expenditures</i> .....	52
<i>Consumer expectations and confidence index</i> .....	60
<b>Section II. Key events for FMCG retail in Russia</b> .....	<b>62</b>
<i>On Prolongation of Counter-Sanctions Restricting Food Product Supplies from the EU, the USA and Some Other Countries</i> .....	62
<i>Mutual relations with Turkey</i> .....	63
<i>Roskachestvo activities</i> .....	65
<i>IA INFOLine activities</i> .....	67
<b>Section III. Key events and plans of major FMCG chains</b> .....	<b>68</b>
<i>Magnit, PJSC / Magnit, Magnit Semeiniy, Magnit Cosmetic</i> .....	68
Magnit, PJSC / Magnit, Magnit Semeiniy, Magnit Cosmetic chains .....	68
Magnit, PJSC / Magnit Cosmetic .....	77
<i>X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Pyaterochka, Perekrestok, Karusel, Kopeika and Perekrestok Express, Perekrestok Hyper</i> .....	78
X5 Retail Group N. V. /Pyaterochka .....	85
X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Perekrestok .....	92
X5 Retail Group N. V." (Express-Retail, LLC) / Perekrestok Express, Citymag, Kopeika .....	96
X5 Retail Group N.V. V." (TH Perekrestok, CJSC) / Karusel, Perekrestok Hyper .....	97
X5 Retail Group N.V. V." (e5.ru , LLC) / E5.RU (doesn't work since January 1, 2015) .....	101
<i>Auchan Groupe / Auchan, Auchan-City, Nasha Radug, Kazhdy Den, Atac and V shage ot Vas</i> .....	102
Auchan LLC / Auchan, Auchan-City, Nasha Raduga, Kazhdy Den .....	102
Auchan, LLC / Nasha Raduga .....	111
Atac, LLC / Atac, V shage ot Vas .....	111
<i>Metro Group / METRO, METRO Punct, real,-</i> .....	113
METRO Cash&Carry, LLC / METRO, METRO Punct .....	113
METRO Cash&Carry, LLC / Fasol .....	118
<i>GC DIXY (DIXY Group, PC) / DIXY retail chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Victoria, Cash119</i> .....	119
GK DIXY (DIXY Group, PC) / DIXY, Megamart, Minimart .....	119
DIXY GC (Victoriya Baltiya, LLC) / Victoria, Kvartal, Deshevo .....	126
Albion-2000, Ltd. / Bristol .....	128
<i>Lenta, LLC / Lenta Cash&amp;Carry</i> .....	130
<i>O'KEY, LLC / O'KEY</i> .....	138
Fresh Market LLC / DA! chain .....	145
<i>Sedmoi Kontinent, JSC / Sedmoi Kontinent, NASH</i> .....	146
<b>About INFOLine IA products</b> .....	<b>147</b>

## About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period (**November 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 I half 2015 the retail turnover decreased by 8%, food sales, including beverages and tobacco fell by 7.7%. The forecast of the Ministry of Economic Development for 2015 is retail sales decrease by 8.2% and 2.1% in 2016. 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](http://www.infoline.spb.ru) and [www.advis.ru](http://www.advis.ru)



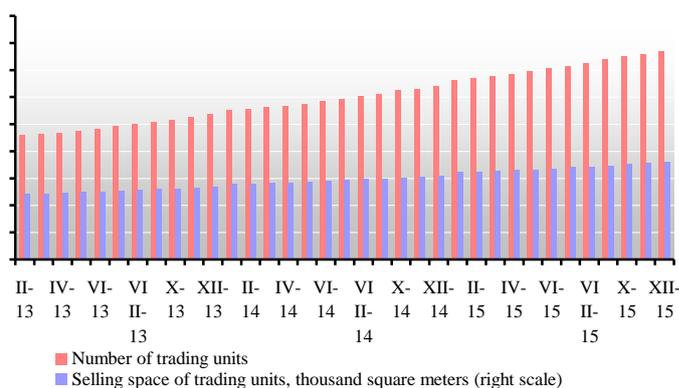
# Rating of FMCG retail chains of Russia

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

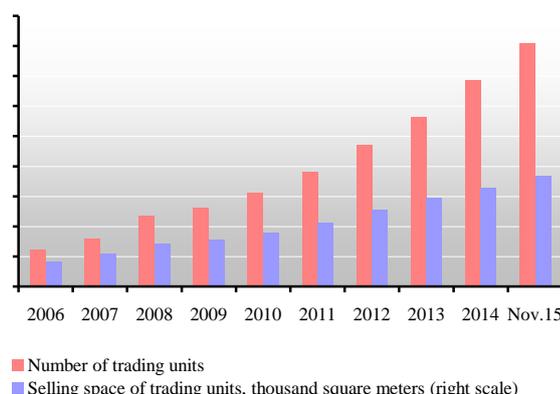
### TOP 130 FMCG chains in Russia

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



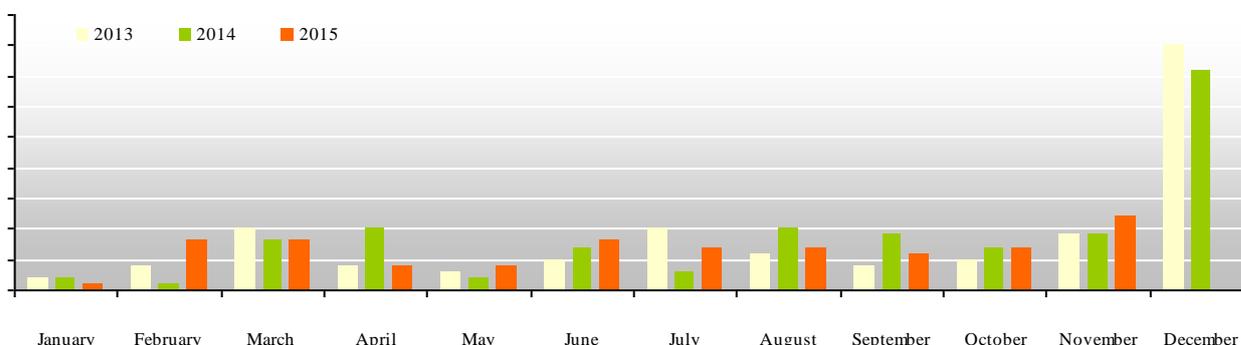
Data source: IA INFOLine

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

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

In **November 2015** the number of hypermarkets among TOP 130 FMCG retailers FMCG increased by \* stores. The selling space grew by \*thousand sq. m. During **January-November 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

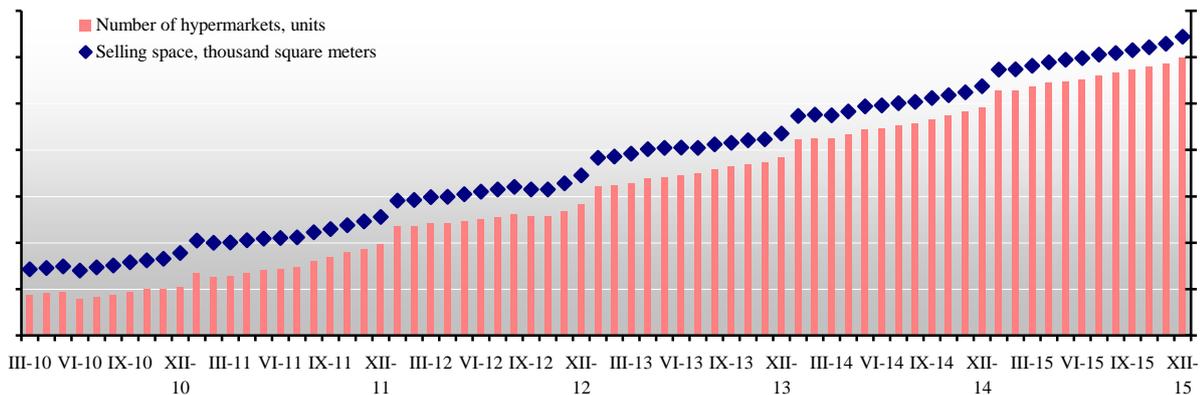
<sup>1</sup> Data was corrected according to the result November 2015. Hereinafter the data for X5 Retail Group, Magnit and DIXY is presented as it was available at the date of this survey's preparation: Magnit – November 2015, DIXY – October 2015, X5 Retail Group –September 2015. Drugstore chain "Magnet Cosmetic" is not included

<sup>2</sup> INFOLine-Analytics defines the hypermarket format as stores with more than 2.5 thousand sq. m. of selling space. Magnit Semeinyy is not included into the format, though Tander CJSC positions them as hypermarkets. We position them as supermarkets.

In **November 2015** the following hypermarkets were **opened**: 5 Magnit in Krasnodar, Tyumen region (Tyumen y Nizhnevartovsk), Yaroslavl region (Pereslavl-Zalessky) and Leningrad region (Gatchina), 2 TC METRO hypermarket in Rostov-on-Don and Tyumen region (Surgut), 3 Lenta in Tula, Chelyabinsk and Saransk, Gigant (TH Sibirsky Gigant) in Novosibirsk, Globus (Giperglobus, LLC) in Moscow region (Pushkino), BUM (VLD, LLC) in Moscow.

Also in **November 2015** was **closed** a Kashelka hypermarket in Primorsk region (Artem).

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

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

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

INFOLine IA **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 2014-2015 are presented in the table.

Table 1. Number of stores of the largest FMCG chains during in 2014-2015

Legal name	Brand	Main formats	Number of stores as of Stores number dynamics during the period period's end									
			2014	Nov. 14	Nov. 15	Nov. 2014	Nov. 2015	Jan-Nov. 2014	Jan-Nov. 2015			
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	H, C	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*

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

Legal name	Brand	Main formats	Number of stores as of Stores number dynamics during the period period's end										
			2014	Nov. 14	Nov. 15	Nov. 2014	Nov. 2015	Jan-Nov. 2014	Jan-Nov. 2015				
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct real,-	H	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*
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, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*
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	*	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*
Ritm -2000, LLC	Tverskoy Kupets, Volniy Kupets, Telezhka, Apelsin, Raznitsa, Ekonomika, 4 Sezona	S, H, C	*	*	*	*	*	*	*	*	*	*	*

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

## Rating of FMCG retail chains by selling space

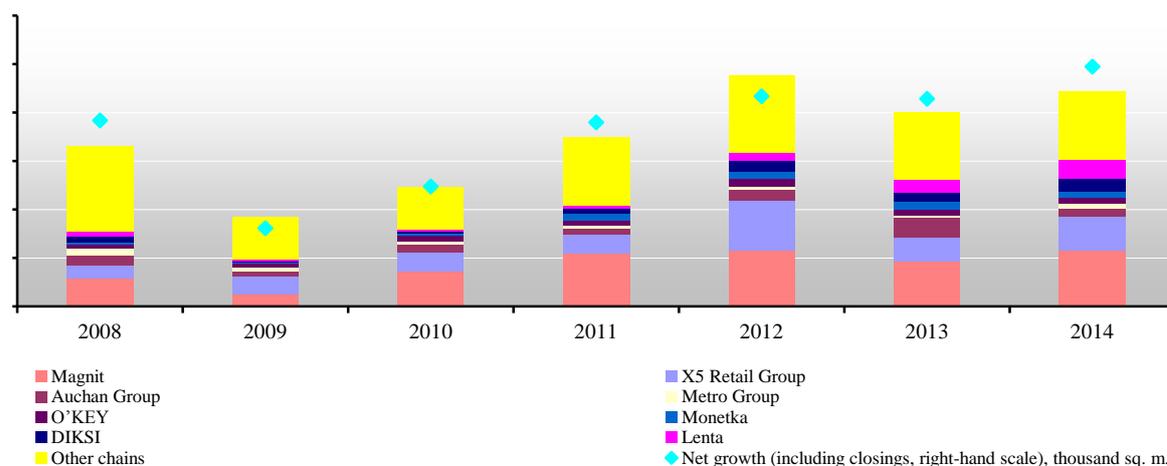
INFOLine IA **monthly** collects information about selling space dynamics for more than 130 major FMCG retailers of Russia.

### 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

<...>

## Selling space dynamics of major retailers

Selling space dynamics of major retailers in 2014-2015 are presented in the table.

Table 2. Total selling space of major FMCG chains of Russia in 2014-2015, thousand sq. m.

Legal name	Brand	Main formats	Total selling floorspace as of period's end		Dynamics of aggregate sales space for the period							
			2014	Nov. 14	Nov. 15	Nov. 2014	Nov. 2015	Jan.-Nov. 2014	Jan.-Nov. 2015			
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*
<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	H, C	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*
<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*	*
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 7 Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*
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	*	*	*	*	*	*	*	*	*	*
	<b>All formats</b>	<b>All formats</b>	*	*	*	*	*	*	*	*	*	*
Ritm -2000, LLC	Tverskoy Kupets, Volniy Kupets, Telezhka, Apelsin, Raznitsa, Ekonomika, 4 Sezona	S, H, C	*	*	*	*	*	*	*	*	*	*

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 December 2015 are presented in the in the table (negative indicators in brackets).

Table 3. Financial indicators (exclusive of VAT) of major FMCG chains during 2014-2015, bn RUB

Legal name	Brand	Main formats <sup>4</sup>	Revenue in Q3 2015 vs Q3 2014, %	LfL in Q3 2015, %	Revenue in 9m 2015 vs 9m 2014, %	LfL in 9m 2015, %	Revenue in Nov. 2015 vs Nov. 2014, %	Revenue in Jan.-Nov. 2015 vs Jan.-Nov. 2014, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*
	Total for company <sup>5</sup>	D, H	*	*	*	*	*	*
X5 Retail Group	Pyaterochka	D	*	*	*	*	*	*
N.V. TH	Perekrestok	S	*	*	*	*	*	*
Perekrestok,	Karusel	H	*	*	*	*	*	*

<sup>4</sup> Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

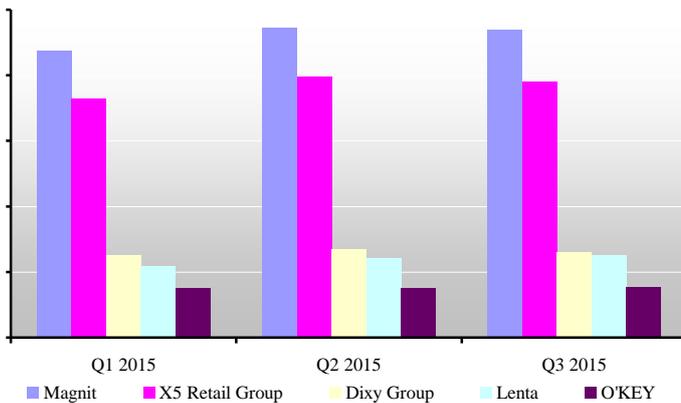
<sup>5</sup> Retail revenue

Legal name	Brand	Main formats <sup>4</sup>	Revenue in Q3 2015	Q3 2015 vs Q3 2014, %	LfL in Q3 2015, %	Revenue in 9m 2015	9m 2015 vs 9m 2014, %	LfL in 9m 2015, %	Revenue in Nov. 2015	Nov. 2015 vs Nov. 2014, %	Revenue in Jan.-Nov. 2015	Jan.-Nov. 2015 vs Jan.-Nov. 2014, %
CJSC	Perekrestok Express,	C	*	*	*	*	*	*	*	*	*	*
	Total for X5+ Kopeika <sup>6</sup>	C, D, S, H	*	*	*	*	*	*	*	*	*	*
Dixy Group, JSC	Dixy	C	*	*	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*	*	*
	Total for company <sup>7</sup>	C, D, S, H	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*
		S	*	*	*	*	*	*	*	*	*	*
		S, H	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*	*	

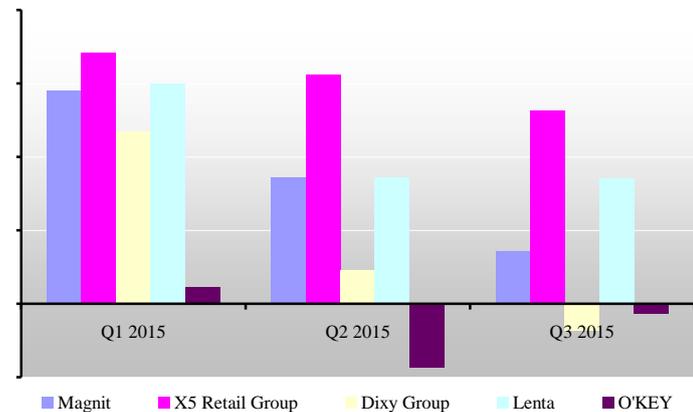
Data source: INFOline IA data

<...>

Picture 6. Quarterly dynamics of retail revenue among major FMCG chains in 2015, RUB bln



Picture 7. Quarterly dynamics of LFL (revenue) among major FMCG chains in 2015, %



<...>

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		*	*	*
	<b>All formats</b>	<b>All formats</b>		*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Pyaterochka	D		*	*	*
	Perekrestok Expres. Kopeika	C		*	*	*
	<b>All formats</b>	<b>All formats</b>		*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS, 2014 estimation	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	IFRS (retail sales)	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H	IFRS, 2014 estimation	*	*	*
Lenta, LLC	Lenta	H	management accounting, IFRS (common sales)	*	*	*
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	*	*	*

<sup>6</sup> Company's retail revenue.

<sup>7</sup> Company's retail revenue.

Legal name	Brand	Main formats	Data	2012	2013	2014
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	*	*	*
Giperglobus, LLC	Globus	H	RAS, management accounting	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	IFRS	*	*	*
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: INFO Line IA data

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

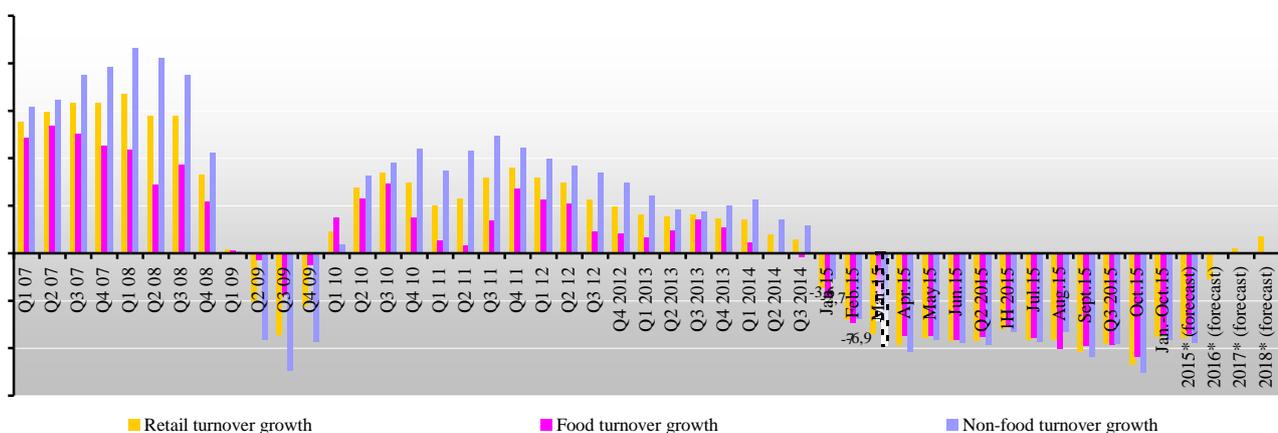
## Section I. Retail trends and development in Russia

### Macroeconomic retail indicators

In Q3 2015 retail turnover was RUB \*bn rub. Commodities mass decreased by \*% to Q3 2014 (it grew by \*% in Q3 2014). The food retail turnover decreased by \*% in Q3 2015. The non-food retail turnover decreased by \*% vs. Q3 2014.

In October 2015, the retail turnover was \* billion Rubles and declined by \*% compared to October 2014 in the merchandise mass (in October 2014, \*% growth was noted), which is the worst result within the past 20 years. The foodstuffs retail turnover has been demonstrating a reduction throughout the past 17 months and has declined by \*% in October 2015 vs. October 2014. The non-food goods retail turnover went down by \*% in October 2015. <...>

Picture 88. Main consumer market indicators 2007-2015 and forecast till 2015-2018, % against the same period of previous year.



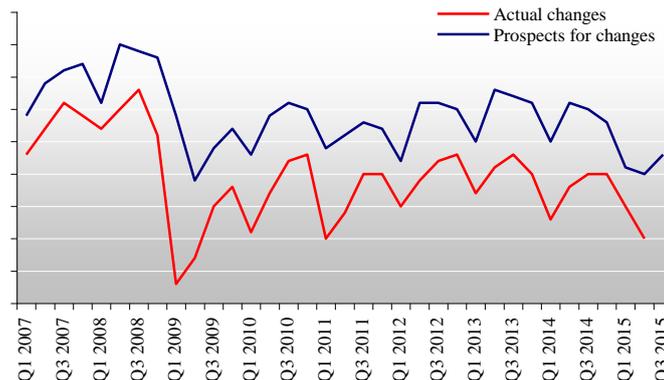
Data source: FSSS



## Main indicators of retail development<sup>8</sup>

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 9. Entrepreneur confidence index in Russia in 2007-2015    Picture 10. Assessment of economic situation in Russia in 2007-2015



Data source: FSSS

<...>

## Government regulation of retail

### The Trade Act



On October 1, 2015, vice Prime Minister Arkadiy Dvorkovich has held a meeting where a necessity to revise the timelines for legislative changes' consideration in the lower chamber of the parliament was discussed. The controversy was examined at the meeting; following the discussion, an assignment was given to develop amendments within a week's time taking into consideration the said discussion. Before the document is accepted in the second reading, retail chains and suppliers should find a compromise as to the bonus scope rendered by the manufacturers to the chains and supplied goods payment deadlines. Moreover, the government stall has not presented its amendments to the project. Remember, in April 2015 The RF Government prepared amendments to the Trade Act and circulated them among all interested parties. The draft does not contain items regarding lowering of suppliers' payments to retailers from 10% to 3% of supplied goods cost. It also does not exclude VAT and indirect taxes from calculation bases for such bonuses. The payment period for supplied goods was not reduced. We would like to remind that such items are prescribed in the draft law **No. 704631-6 On Amending Individual Acts of the RF Dealing with Antimonopoly Regulation and Food Security.**

<...>

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

<sup>8</sup> The index of entrepreneurial confidence in retail is calculated as the arithmetic mean value of evaluation balances for the level of storage stock (with the opposite sign), changes in economic situation during the current quarter as compared with the previous one and expected changes in economic situation during the coming quarter (in percentage points). The seasonal component in time series of the index is not excluded.

Balance of indicators changes estimations (actual turnover changes; actual employees number changes; stock reserves actual changes of product mix; selling prices; average margin level; actual changes of investments into business expansion, repair and modernization; prospective changes in storage space; actual changes in provision with own financial resources; profit), which is determined as difference between respondents' share with "positive" and "negative" assessments of changes in comparison with the previous quarter (%). The seasonal component in time series of the index is not excluded.

## Structure of retail turnover by the category of products

<...>

In October 2015 the food sales share sharply increased by \*pp vs. October 2014.

Table 4. Structure of retail turnover in terms of product groups in 2008-2015<sup>9</sup>

Indicator	2008	2009	2010	2011	2012	2013	2014	Oct.14	Oct.15	Jan.-Oct.14	Jan.-Oct.15
Retail turnover	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

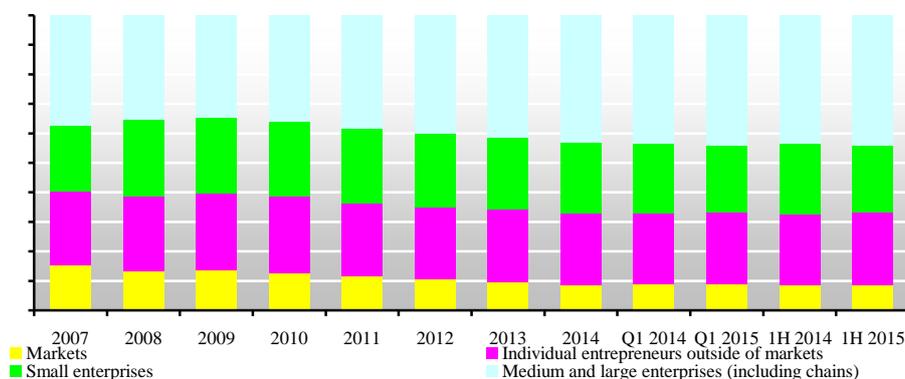
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## Research (full version) also includes sales dynamics of the major food and non-food retailers

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

The share of markets in the retail structure continued to decrease in 1H 2015 (\*pp vs. 1H 2014). The share of small enterprises is also decreasing – by \*pp vs. 1H 2014 and the share of medium-size businesses decreased by \*pp vs. 1H 2014. The share of large businesses (largely, retail chains) increased by \* pp vs. 1H 2014. The share of individual entrepreneurs increased by \*pp vs. 1H 2014 and came to \*%.

Picture 11. Retail turnover structure by business types in 2007-2015, %



Data source: FSSS

<...>

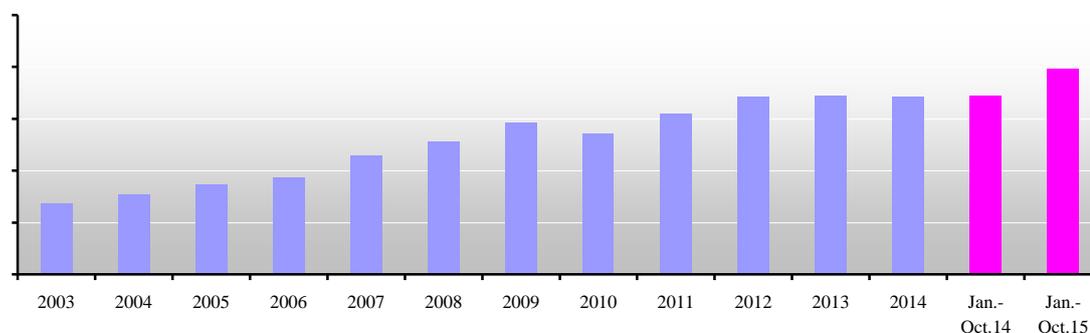
**Research (full version) also contains information on structure of sales in the markets and at fairs, detailed information on unorganized trade: number of markets, trading places, market structure and the managing subjects and other.**

<sup>9</sup> For comparison with 2009-2011 the turnover and food share in it are provided for 2002-2008, taking into account tobacco products.

## Regional structure of retail turnover

Regional retail turnover structure in Russia is not uniform: \*% of the turnover in January-October 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 12. Retail turnover share of 69 regions of Russia (except the largest 11 regions) in 2003-2015



Data source: FSSS

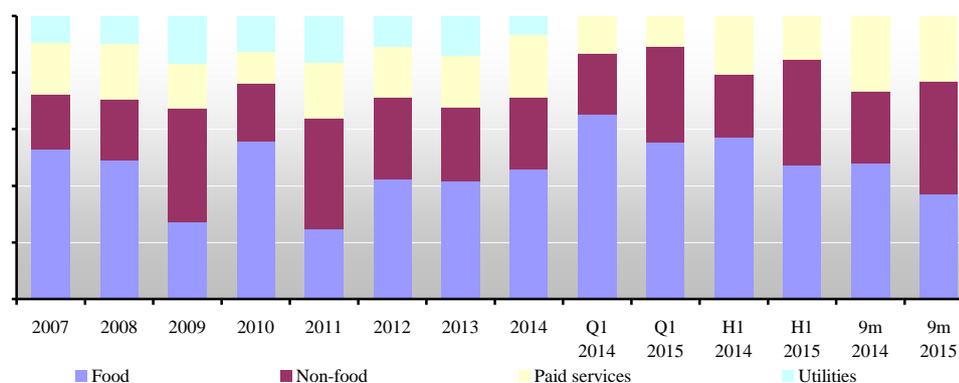
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## Food market inflation

<...>

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

Picture 59. Contribution to inflation in 2007-2015, pp



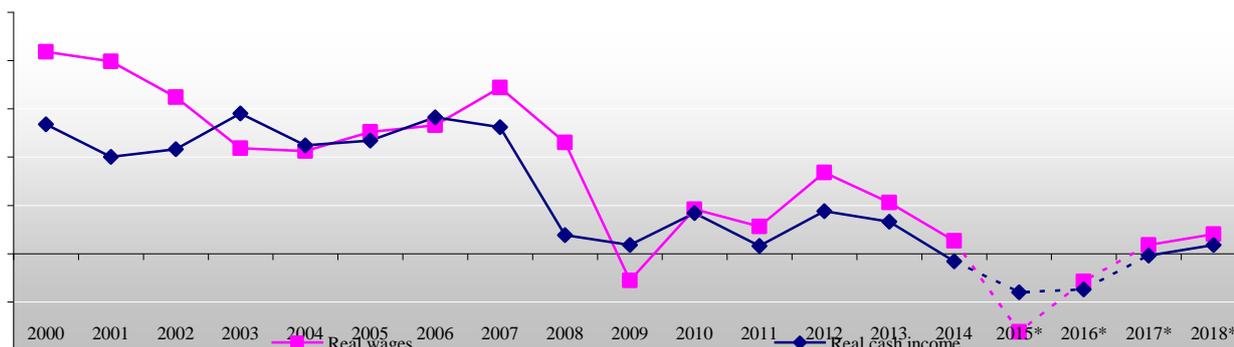
Data source: FSSS

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



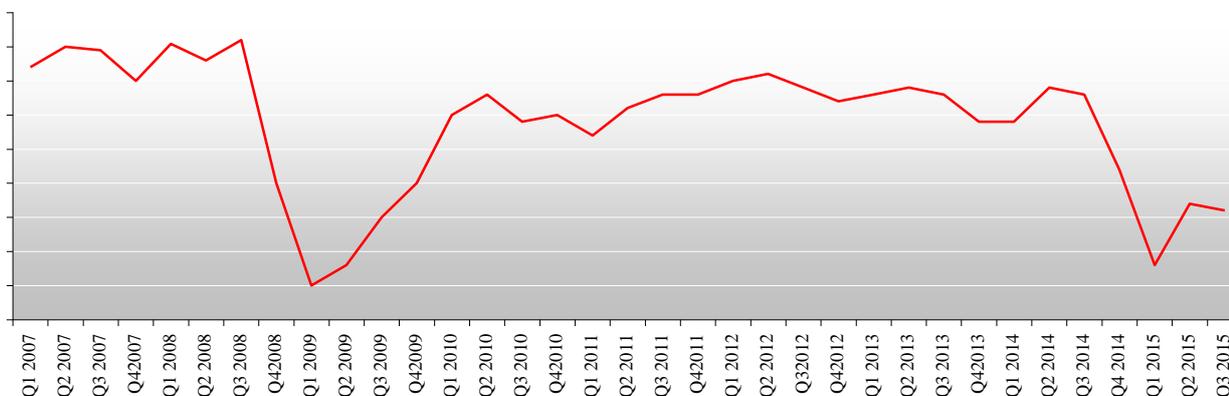
Data source: FSSS

In 2015, there is negative dynamics of consumer demand. According to the conservative forecast of the Ministry of Economic Development as of 26 October 2015, the decrease in real wages of the population is expected to reach \*% (the previous forecast predicted decrease by \*%), in real disposable income — \*% (\*% according to the previous forecast). <...>

### Consumer expectations and confidence index

The results of the polls conducted by the Federal State Statistics Service among 5000 people at the age of 16 and older, residing in all RF territorial subjects, during after-crisis period starting from the II quarter of 2009 and till the II quarter of 2010, the index reflecting collective consumer expectations of the population<sup>10</sup> demonstrated growth and according to the results of the III quarter came up to (\*%). <...>

Picture 80. Consumer confidence index in Russia 2007-2015



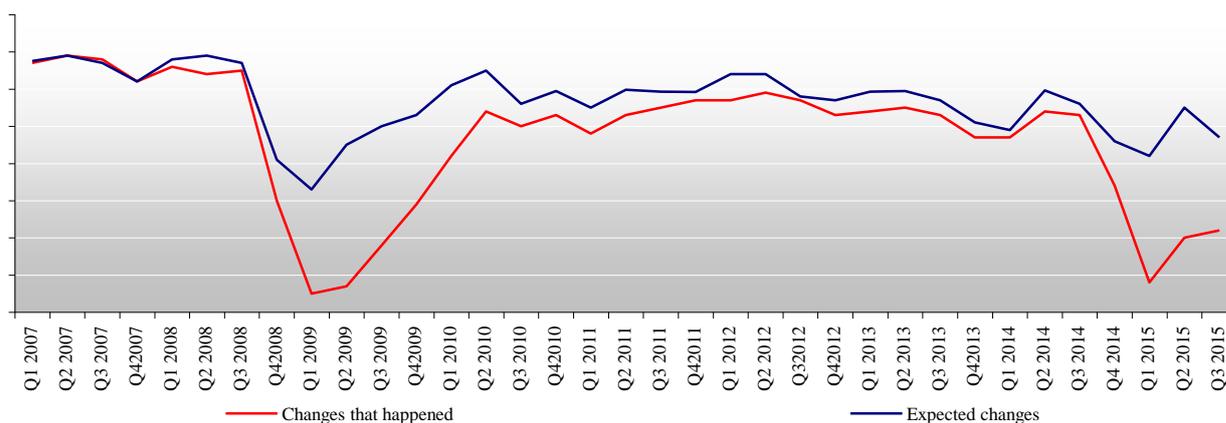
Data source: FSSS

The index of expected changes in short-term decreased by \* pp in Q3 2015 in comparison with Q2 2015 and came to \*%. \*% of responds expect positive economic changes during next 12 months (in Q2 2015 – \*%). Share of negative responses increased to \*% (in Q2 2015 – \*%). \*% of respondents do not think the situation will change (in Q2 2015 – \*%). <...>

<sup>10</sup> Index of consumer confidence is calculated as the arithmetic average of 5 individual indexes: expected and actual changes in individual financial conditions, expected and actual changes in economic conditions of Russia, favorability of conditions for major purchases. The balance of estimations represents the difference between the sum of definitely positive and more likely positive than not answers and the some of definitely negative and more likely negative than not answers. Neutral answers are disregarded.



Picture 81. Consumers' assessment of economic situation in Russia in 2007-2015



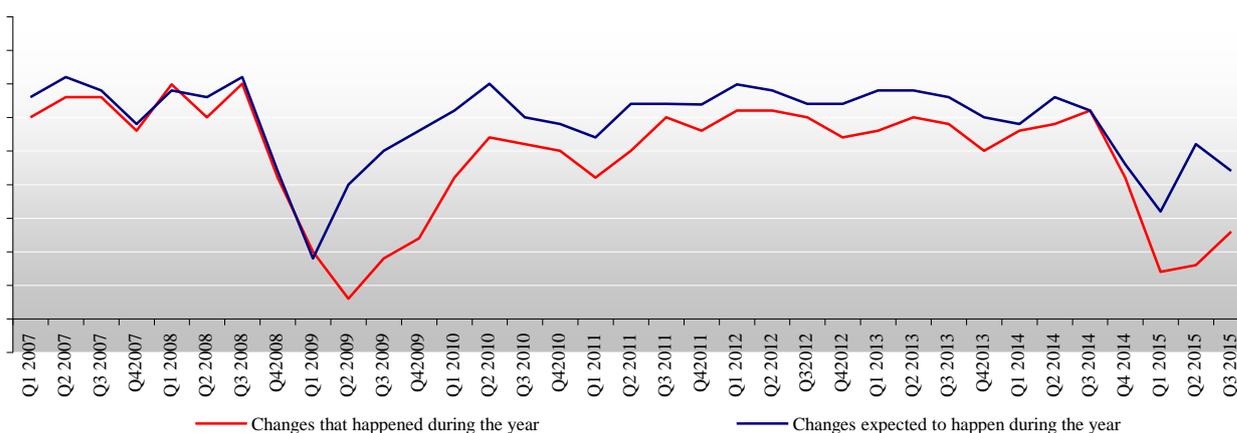
Data source: FSSS

<...>

Index of actual changes in the economics of Russia increased by \* pp and came to (%) against (%) in Q2 2015. The share of respondents which positively appraise the changes decreased to % (in Q2 2015 – %). Furthermore, the share of negative assessments increased to % vs % in Q2 2015.

<...>

Picture 82. 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.

<...>

### *Mutual relations with Turkey*

On November 28, 2015, the President of Russia Vladimir Putin signed a Decree on the national security protection measures and on the application of special economic measures regarding Turkey. The Decree imposes a prohibition or restrictions on the activities of organizations that operate in Russia under Turkish jurisdiction. These refer to a prohibition for them to perform particular works and services, whose list the government is yet to determine. Vladimir Putin has also forbade employers to hire workforce from among Turkish citizens and this restriction shall come into force starting January 1, 2016. Judging from the decree text, this restriction will not apply to the citizens of Turkey whose labor relations will have been executed as of December 31, 2015.

<...>

### *Roskachestvo activities*



June 4, 2015, the first organizational meeting of the Autonomous Non-Commercial Organization Russian Quality System (Roskachestvo) ([www.rskrf.ru](http://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 autonomous 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*



On November 6 and 17, 2015, business meetings in the retail sphere organized by the Department of New technologies, innovations and services of the Representative office of commerce and investments of the Embassy of France in the Russian Federation in a partnership with **IA INFOLine** proceeded successfully for the fourth time. This year, 6 French companies that deliver solutions and services for online and offline retail trade participated in the meetings, namely: Altavia — a retail and marketing agency; DSIA and Savoye — logistics software; Kameleoon — an A/B testing solution, SES — electronic price tags, and Target2sell — personal recommendations for online stores' customers. The first day of the event was opened by a round-table conference "Optimization and automation of the retail trade: Russia and France sharing experience" held in the House of French entrepreneurs.

<...>

## 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 December 2015 the total number of Magnit's stores came up to 11 925 (9 525 convenience stores, 217 Magnit hypermarkets, 138 Magnit Semeiniy supermarkets and 2 045 Magnit-Cosmetic). The chain's total selling space is 4 345.09 thousand sq. m. In 9 months 2015 the net increment of company's stores came to 1 677 stores (902 convenience stores, 18 Magnit hypermarkets, 30 Magnit Semeiniy, 727 Magnit Cosmetic). The selling space increased by 564.35 thousand sq. m. In Q3 2015 the net increment of company's stores came to 660 stores (356 convenience stores, 7 Magnit hypermarkets, 17 Magnit Semeiniy, 280 Magnit Cosmetic). The selling space increased by 226.99 thousand sq. m. In January-November 2015 the net increment of company's stores came to 2 214 stores (1 181 convenience stores, 27 Magnit hypermarkets, 41 Magnit Semeiniy, 965 Magnit Cosmetic). The selling space increased by 754.45 thousand sq. m. In November 2015 the net increment of company's stores came to 334 stores (176 convenience stores, 5 Magnit hypermarkets, 5 Magnit Semeiniy, 148 Magnit Cosmetic). The selling space increased by 117.3 thousand sq. m.

<...>

#### Results and expectations

<...>

Magnit's key financial indicators (by formats), as of Q1-Q3, 1H, 9 months, January-November and November 2014-2015 (managerial accounting) are presented in the table (negative results – in brackets).

Table 5. Magnit's key financial indicators (by formats) in 2014-2015

Indicator	Format	Q1 2014	Q1 2015	Q2 2014	Q2 2015	1H 2014	1H 2015	Q3 2014	Q3 2015	9m 2014	9m 2015	Jan.-Nov. 2014	Jan.-Nov. 2015	Nov.14	Nov.15
15Net revenue, bn RUB	Magnit	126.02	162.596	140.962	175.838	266.982	338.434	147.39	173.912	414.373	512.346	515.091	629.366	50.281	58.232
	Hypermarket Magnit	29.59	38.731	34.418	40.64	64.008	79.371	34.341	38.897	98.35	118.268	122.034	143.073	12.094	12.286
	Magnit Semeiniy	4.454	9.602	5.628	10.735	10.082	20.337	6.429	10.979	16.511	31.316	21.514	38.981	2.588	3.834
	Magnit-Cosmetic	3.888	7.303	3.944	8.253	7.832	15.556	5.223	11.162	13.055	26.718	16.726	34.458	1.891	3.836
	<b>Retail revenue</b>	<b>163.952</b>	<b>218.232</b>	<b>184.952</b>	<b>235.446</b>	<b>348.904</b>	<b>453.698</b>	<b>193.385</b>	<b>234.95</b>	<b>542.288</b>	<b>688.648</b>	<b>675.365</b>	<b>845.878</b>	<b>66.854</b>	<b>78.189</b>
	Wholesale sales	0.038	0.524	0.105	0.586	0.143	1.111	0.243	0.639	0.387	1.794	-	-	-	-
	<b>Total revenue</b>	<b>163.990</b>	<b>218.756</b>	<b>185.057</b>	<b>236.052</b>	<b>349.047</b>	<b>454.809</b>	<b>193.628</b>	<b>235.63</b>	<b>542.675</b>	<b>690.443</b>	-	-	-	-
Net revenue growth, %	Magnit	21.0%	29.02%	26.86%	24.74%	24.03%	26.76%	31.9%	17.99%	26.72%	23.64%	27.6%	22.19%	29.46%	15.81%
	Hypermarket Magnit	30.52%	30.89%	33.99%	18.08%	32.36%	24.00%	28.92%	13.27%	31.14%	20.25%	31.28%	17.24%	31.15%	1.51%
	Magnit Semeiniy	130.06%	115.6%	148.19%	90.74%	139.84%	101.72%	131.332%	70.78%	136.45%	89.67%	138.05%	81.19%	145.35%	48.14%
	Magnit-Cosmetic	57.67%	87.83%	57.0%	109.29%	57.33%	98.63%	68.41%	113.7%	61.58%	104.66%	63.28%	106.02%	74.17%	102.09%
	<b>Retail revenue</b>	<b>24.95%</b>	<b>33.11%</b>	<b>30.63%</b>	<b>27.3%</b>	<b>27.9%</b>	<b>30.0%</b>	<b>34.05%</b>	<b>21.49%</b>	<b>30.03%</b>	<b>26.99%</b>	<b>30.91%</b>	<b>25.25%</b>	<b>33.17%</b>	<b>16.95%</b>
	Wholesale sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total revenue</b>	-	-	<b>30.69%</b>	<b>27.56%</b>	<b>27.93%</b>	<b>30.3%</b>	<b>34.15%</b>	<b>21.69%</b>	<b>30.08%</b>	<b>27.23%</b>	-	-	-	-
LfL	Magnit	5.96%	14.06%	12.2%	9.74%	9.26%	11.89%	17.21%	4.16%	12.27%	9.24%	-	-	-	-

Indicator	Format	Q1 2014	Q1 2015	Q2 2014	Q2 2015	1H 2014	1H 2015	Q3 2014	Q3 2015	9m 2014	9m 2015	Jan.-Nov. 2014	Jan.-Nov. 2015	Nov.14	Nov.15
(revenue), %	Hypermarket Magnit	9.17%	14.91%	15.02%	3.27%	12.28%	8.66%	14.49%	(0.81%)	12.97%	5.38%	-	-	-	-
	Magnit Semeiniy	15.73%	17.29%	20.4%	2.16%	18.22%	8.82%	19.93%	(1.53%)	18.88%	4.78%	-	-	-	-
	Magnit-Cosmetic	50.5%	23.86%	45.65%	25.99%	49.54%	24.92%	40.25%	21.88%	46.03%	23.54%	-	-	-	-
	<b>Company in total</b>	<b>7.49%</b>	<b>14.53%</b>	<b>13.43%</b>	<b>8.61%</b>	<b>10.63%</b>	<b>11.47%</b>	<b>17.21%</b>	<b>3.54%</b>	<b>13.12%</b>	<b>8.69%</b>	-	-	-	-
LfL (average ticket), %	Magnit	5.32%	13.87%	9.0%	10.38%	7.23%	12.06%	10.86%	6.4%	8.56%	10.06%	-	-	-	-
	Hypermarket Magnit	4.34%	14.38%	8.13%	6.49%	6.37%	10.16%	7.63%	4.01%	6.78%	8.04%	-	-	-	-
	Magnit Semeiniy	5.27%	15.23%	9.47%	5.43%	7.51%	9.82%	9.12%	2.98%	8.14%	7.18%	-	-	-	-
	Magnit-Cosmetic	1.97%	9.97%	3.61%	14.35%	3.05%	12.21%	3.44%	15.2%	3.4%	13.35%	-	-	-	-
LfL (traffic), %	<b>Company in total</b>	<b>5.6%</b>	<b>13.97%</b>	<b>9.16%</b>	<b>9.26%</b>	<b>7.46%</b>	<b>11.49%</b>	10.13%	5.8%	8.42%	9.44%	-	-	-	-
	Magnit	0.61%	0.17%	2.93%	(0.59%)	1.9%	(0.15%)	5.74%	(2.1%)	3.42%	(0.74%)	-	-	-	-
	Hypermarket Magnit	4.62%	0.47%	6.37%	(3.02%)	5.55%	(1.36%)	6.38%	(4.63%)	5.8%	(2.46%)	-	-	-	-
	Magnit Semeiniy	9.93%	1.79%	9.99%	(3.1%)	9.96%	(0.91%)	9.9%	(4.38%)	9.94%	(2.24%)	-	-	-	-
Magnit-Cosmetic	50.54%	12.63%	40.58%	(10.18%)	45.11%	11.32%	35.59%	5.79%	41.22%	8.99%	-	-	-	-	
	<b>Company in total</b>	<b>1.79%</b>	<b>0.49%</b>	<b>3.91%</b>	<b>(0.6%)</b>	<b>2.95%</b>	<b>(0.02%)</b>	6.43%	(2.14%)	4.33%	(0.69%)	-	-	-	-
Gross profit, bn RUB	Company in total	44.666	59.116	52.469	67.944	97.135	127.06	58.342	68.316	155.476	195.376	-	-	-	-
Gross margin, %	Company in total	27.24%	27.02%	28.35%	28.78%	27.83%	27.93%	30.13%	28.99%	28.65%	28.3%	-	-	-	-
Net profit, bn RUB	Company in total	6.988	9.478	12.6	15.788	19.588	25.266	14.305	17.988	33.893	43.254	-	-	-	-
Net profit margin, %	Company in total	4.26%	4.33%	6.81%	6.69%	5.61%	5.56%	7.39%	7.63%	6.25%	6.26%	-	-	-	-
EbitDA, bn RUB	Company in total	14.88	20.395	21.67	28.232	36.55	48.628	24.058	26.485	60.608	75.113	-	-	-	-
EbitDA profitability, %	Company in total	9.07%	9.32%	11.71%	11.96%	10.47%	10.69%	12.42%	11.24%	11.17%	10.88%	-	-	-	-

Data source: Magnit

<...>

### Investment activities

In October 2015 it became known that Magnit was planning to open about 170 stores of different formats in Krasnoyarsk Territory. The first Magnit Semeiniy hypermarket was opened in Krasnoyarsk on 12 October 2015. Opening of another 2-3 hypermarkets in Krasnoyarsk is being negotiated.

### Plan for hypermarket openings

In Q1 2016 a Magnit hypermarket is to be opened in Barnaul: Industrialniy district. <...>

### Plan for supermarket openings

In Q1 2016 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 hypermarket openings

On 03 November 2015 a Magnit hypermarket was opened in Krasnodar at the following address: ul. Aleksandra Pokrishkina, 3. The product mix includes about 25.9 thousand items, the food products share comes to about 69%. The selling floor is equipped with 38 POS-terminals. The retail facility is owned by the company. <...>

### **New supermarkets<sup>11</sup> openings**

On 10 November 2015 was opened a supermarket Magnit Family in Moscow region at the following address: g. Voskresensk, ul. Sovetskaya, 3B. The product mix includes about 8.8 thousand items, the food products share comes to about 91%. The selling floor is equipped with 15 POS-terminals. The retail facility is under lease. <...>

### **Resignation and appointments**

In September 2015, the management of the public company Magnit decided to unite all three trading formats and the marketing department under one CEO. A position of a deputy director general of sales was created within the company's organization structure and Alexander Barsukov, formerly the head of the Hypermarket format, was appointed there. Mikhail Tantzerev was moved from the position of a director of non-food goods procurements and made a director of the Hypermarket format. Sergey Rubtzov remains the head of the Proximity stores format and Sergey Goncharov still heads the Drugstores format. Directors of all formats pass under the control of the deputy director general of sales.



### **New formats**

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. <...>

### **Logistics: data**

As of December 4, 2015, Magnit company (CJSC Tander) controlled 32 distribution centers with aggregate floor area of 1 255 thousand sq. m. The supply centralization level over the 1<sup>st</sup> 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 the beginning 2016 Magnit plans to open DC in Orenburg region in Sakmarskiy district. The land lot's space comes to 25 ha. Investments into construction come to 1.5 bln RUB. <...>

### **Private label**

By early October 2015, the House Brand (HB) share in the company's sales went down from 11.2% to 11% in the middle of the year, after having grown in the first half of 2015. Magnit House Brand still comprises 585 commodity items, 85% of which are food products. "It should be noted that, as the number of hypermarkets increases, the share of HB goods represented by 585 commodities in all formats might dwindle," — the company said. A hypermarket's overall product range includes 18.2 thousand items in average, while the product range of a neighborhood store comprises about 3.7 thousand items. <...>

### **Corporate events**

On November 5, 2015, exchange-traded bonds (ETBs) of the public company Magnit were added to the "Third level" section of securities admitted to trading in ZAO MICEX Stock Exchange. ETBs were not included in the quotation list. The release of exchange-trade bonds series BO-001R-01 was assigned identification number 4V02-01-60525-R-001R dated 11/05/2015. ETBs were placed in the framework of the Program of exchange-traded bonds with identification number 4-60525-R-001R-02E dated 10/23/2015. The bonds' maturity term is 546 days from the placement date. The number of bonds is 10 million pieces 1 thousand Rubles each. Their placement was that by means of public subscription and ended on November 11, 2015.

On November 6, 2015, a session of the Board of Directors of the public company Magnit took place. The session's agenda included a determination of the auditor service fee. The following decision was made regarding this agenda item: "To approve the amount of the auditor (Ernst&Young LLC) service fee for the performed audit of 2015 consolidated financial statements compiled in compliance with IFRS (including the consolidated

<sup>11</sup> INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

financial statements) as 1,376,563 US Dollars (VAT included) at the exchange rate of the Central Bank of the Russian Federation on the payment date”.

On November 13, 2015, the public company Magnit announced the payout of the first coupon on the 02 and 03 series bonds amounting to 301,650,000 Rubles and 301,650,000 Rubles respectively. The coupon is paid out for the first coupon period (05/15/2015-11/13/2015). Amount of the interest to be paid on one issuer's bond was 60.33 Rubles and 60.33 Rubles respectively. The total number of bonds of a specific series was 5,000,000 items and 5,000,000 items respectively. <...>

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## **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.).
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## 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
<b>HIT of SALES!</b> Analytical Database of <b>700 FMCG retail chains of the RF</b>	It contains the following sections: Conditions of the FMCG retail market in Russia; Business reference data on TOP 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
<b>FMCG Hypermarkets in Russia, Results of 2014 and Forecast for 2017</b>	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.
<b>NEW! DIY Market, Results of 2013 and Forecast for 2017</b>	Rating of the largest retail and wholesale-retail DIY chains by their financial efficiency (gross margin and net profit margin) and the average purchase size; by selling/gross floorspace, number of stores (as of 01.01.2014), revenue per one square meter of selling/gross floorspace Development of online retailing on the DIY market; regional development of the largest	March 2014	50 000 roubles

Title	Contents	Publication date	Price, roubles
	DIY operators; business reference data on TOP 50 DIY operators; prospects for development of the largest players on the DIY market <b>NEW!</b> <i>Description of TOP 50 players on the DIY market; debt load; development strategy; preferences of DIY consumers in Russia; description of the largest players among "specialized chains".</i>		
<b>NEW! Analytical Database of DIY chains</b>	Database contains operational and financial indicators, contact information on TOP management of 250 DIY chains of Russia: legal name; chain's brand; chain's management <b>NEW!</b> <i>Development director, marketing director;</i> Factual address; phone; fax; e-mail; Web-site; developed formats; total number of stores as of 01 January 2014; selling/gross floor space; revenue (excluding VAT) in 2011-2013, billion roubles; regional presence; number of DCs as of 01.01.2014.	March 2014	35 000 roubles

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

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

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



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

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