информационное агентство | information agency

Periodic review of industry

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

July 2014

Demo-version

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

Content of industry review "Conditions of consumer market of Russia and Rating of FMCG retail chains of Russia"

Introduction

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

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

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

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

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

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

Facts about INFOLine information agency

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

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

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

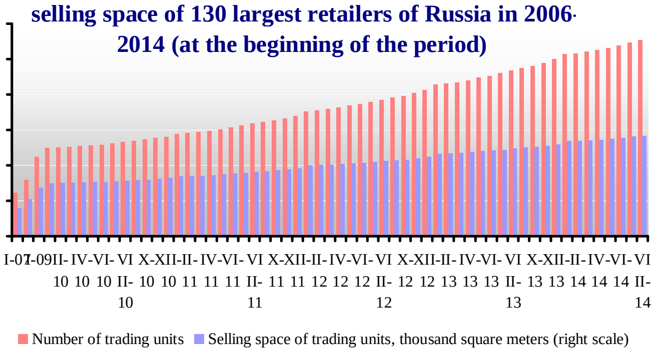
Rating of FMCG retailers in Russia

Performance results of TOP 130 FMCG chains[1]

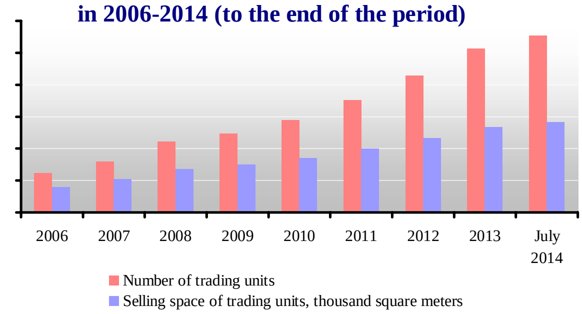
Performance results of TOP 130 FMCG chains in Russia

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

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



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

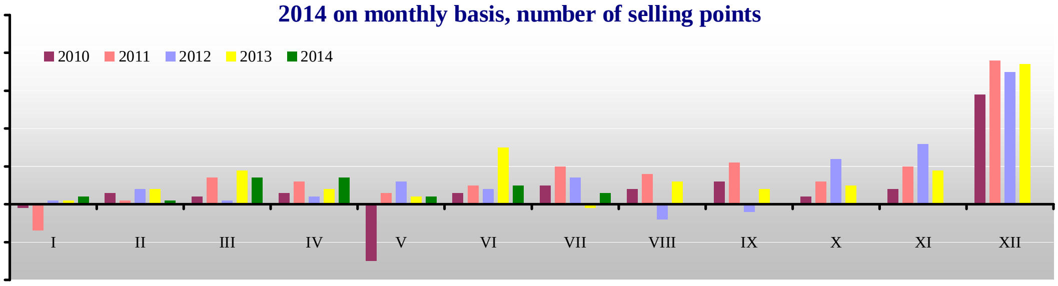


The total number of stores among TOP-130 FMCG retailers as of **01 August 2014** was *with total selling space of *million sq. m.

Development of hypermarket format[2]

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

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



In **July 2014** the following hypermarkets were commissioned: hypermarket "Lenta" in Medvedevo (Republic Mari El), hypermarket"Magnit" in Almetevsk (Tatarstan Republic) and hypermarket “ESSEN” in Yoshkar-Ola.

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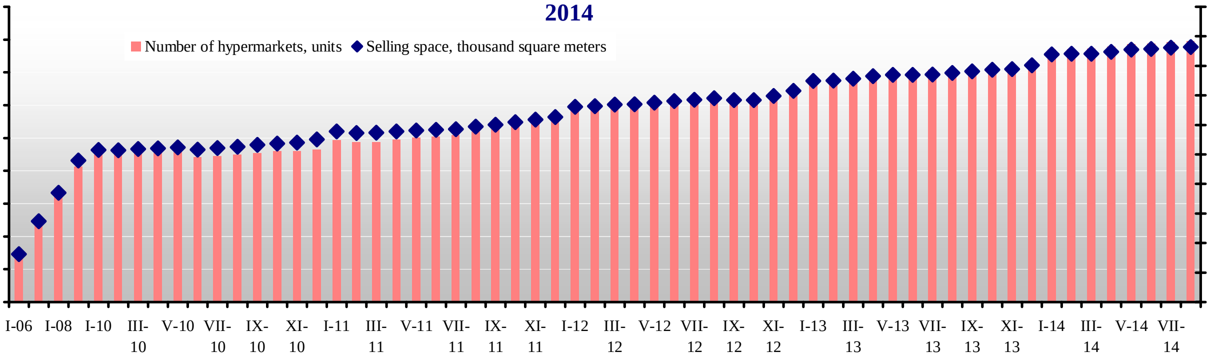
[1] Data was corrected according to the result June 2014. Hereinafter the data for X5 Retail Group, Magnit and Dixy is presented as it was available at the date of this survey’s preparation: Magnit – July 2014, Dixy - June 2014, X5 Retail Group – June 2014. Drugstore chain "Magnet Cosmetic" is not included

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

Dynamics of number of hypermarkets and their floorspace of 130 largest retailers of Russia in 2006-2014



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

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

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

Rating of FMCG retail chains of Russia by number of stores

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

Dynamics of changes of the number of trading units among the largest retailers[4]

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

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

Name	Brand	Main formats[5]	Number of stores by the end of the period						Dynamics of a number of stores							
			2010	2011	2012	2013	July2013	July 2014	July 2013		July 2014		Jan.-July 2013		Jan.-July 2014	
Magnit, JSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic, Rouge	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group[6]	Karusel	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
DIXY GK	Megamart, Minimart, Dixy	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Kvartal	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Investproekt, LTD.)	Monetka (franchise)	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GK	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	*	*	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata, Turne, Holdy Plus, Chervonec	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*

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

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

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

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

Rating of FMCG retail chains of Russia by selling space

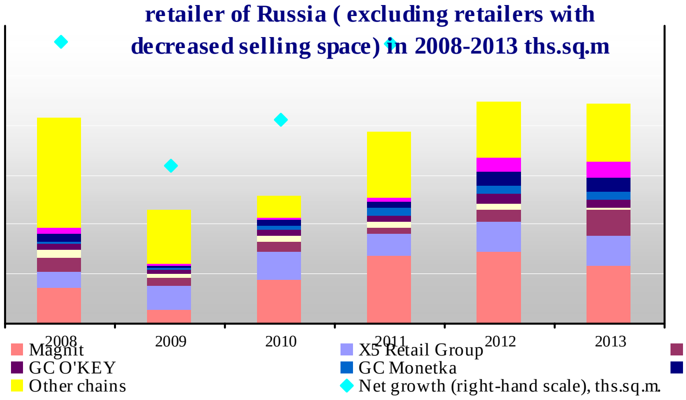
INFOLine IA monthly analyse the data regarding the changes in selling space for 130 largest FMCG retailers of Russia.

The results of 2008-2013

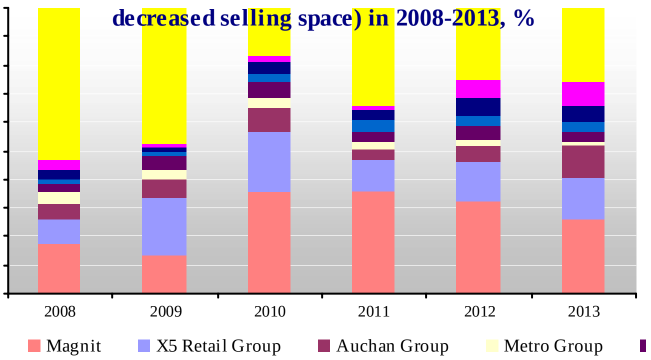
According to the results of 2013 the growth of selling space among 130 largest chain came up to more than * thousand square meters (in 2012 – * thousand square meters, in 2011 – * thousand square meters, in 2010 – * thousand square meters, in 2009 – * thousand square meters, in 2008 – * thousand square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

<…>

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



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



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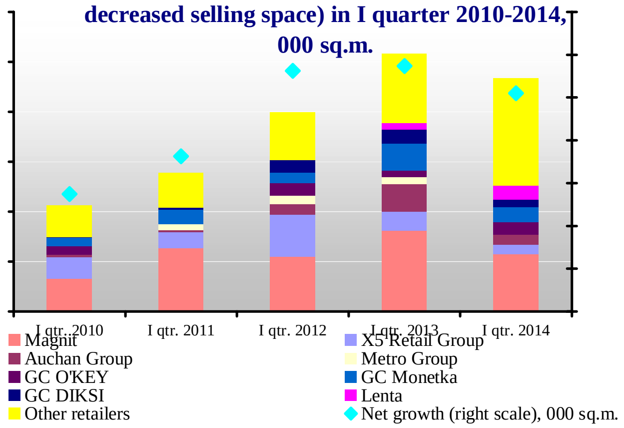
Results of the I half 2014

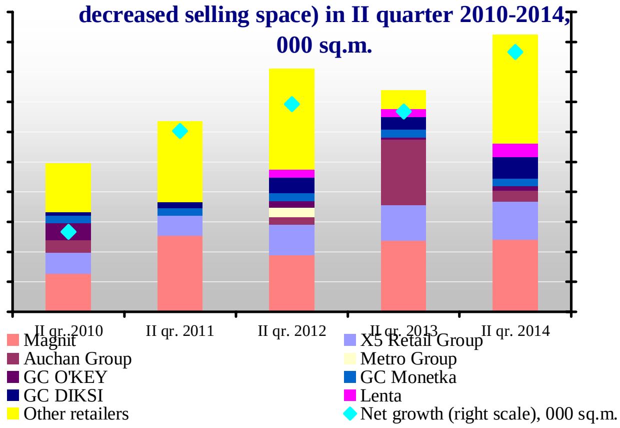
In the I quarter of 2014 the net growth of selling floorspace among TOP 130 largest retailers decreased in comparison with the I quarter of 2013 by *% or *thousand square meters. The share of the three largest retailers in the net growth of selling floorspace (without retailers that decreased their floorspace)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

<…>

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



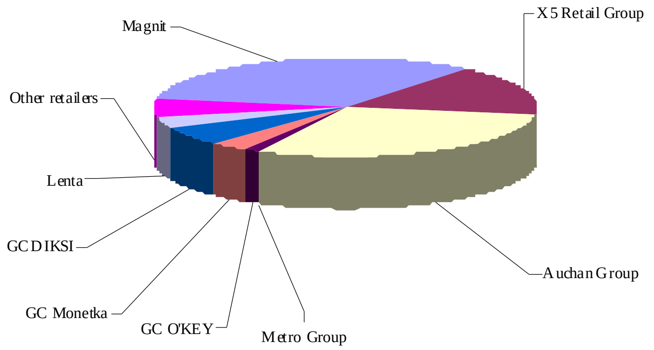
Structure of selling space growth of 130 major retailer of Russia (excluding retailers with decreased selling space) in II quarter 2010-2014, 000 sq.m.



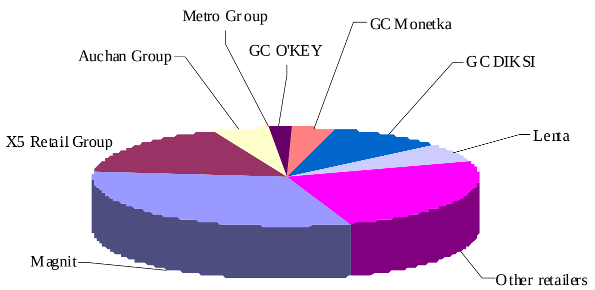
<…>

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

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



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



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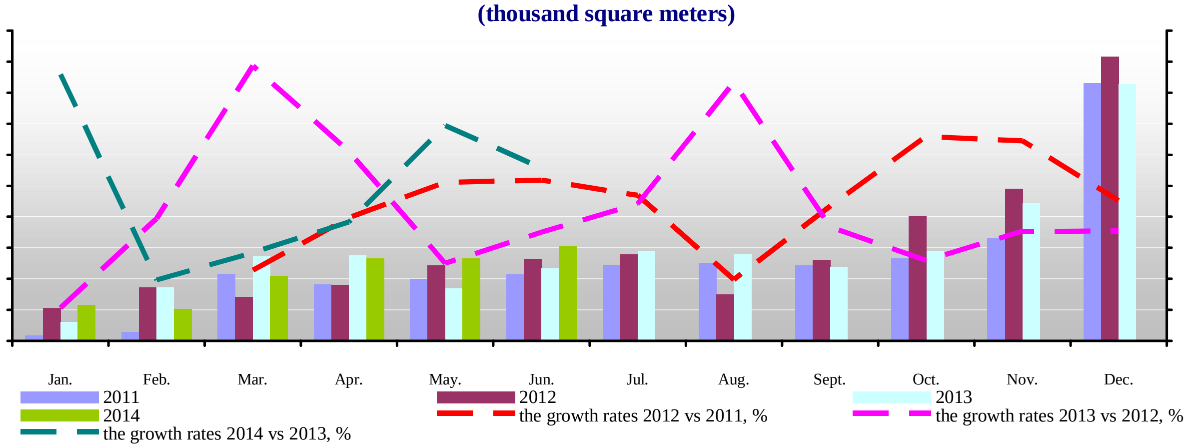
Full version also includes information about the dynamics of selling space growth and its structure in I and II quarter and I half 2014

Results of January-July 2014

In July 2014 selling space was increased by 17 largest chains by 68 thousand sq. m. (excluding GK Dixy, X5 Retail Group). The dynamics of monthly selling space growth of the major 130 chains is presented at the diagram below. The selling space growth was provided by commissioning of "Lenta", "Magnit", "ESSEN", supermarkets "Magnit Semeiny", "Atac", "Azbuka Vkusa", "Lenta", SPAR, "Komandor", "discounters" and "convenient stores": Magnit, "Pyaterochka", "Dixy", "Maria-Ra", "Monetka" and others.

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



Dynamics of selling space changes of the largest retailers[7]

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

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

Name	Brand	Main formats[8]	Total selling spaceof stores by the end of the period						Dynamics of a total selling space of stores							
			2010	2011	2012	2013	July2013	July 2014	July 2013		July 2014		Jan.-July 2013		Jan.-July 2014	
Magnit, JSC	Hypermarket Magnit	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Family	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Cosmetic, Rouge	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group[9]	Karusel	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok-Express, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
DIXY GK	Megamart, Minimart, Dixy	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Victoria, Cash, Kvartal	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LTD.	Lenta	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK (Investproekt, LTD.)	Monetka (franchise)	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GK	Total Company	Total formats	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GK	Maria-Ra	D, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Spar	Spar (total company)	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	*	*	*	*	*	*	*	*	*	*	*	*	*	*
GK Holiday	Holiday Classic, Holdy, Sibiriada, Kora, Palata, Turne, Holdy Plus, Chervonec	C, D, S, H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa LTD.)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Source: IA "INFOLine"

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

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

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

Rating of FMCG retail chains of Russia by net profit

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

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

Data source: INFOLine

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

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

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

Data source: INFOLine

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

Dynamics of net sales (excluding VAT) of the largest FMCG chains in 2012-2013, billion rubles[19]

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

[10] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store
[11] Data is presented according to the pro forma, includes "other income".
[12] Total revenues, including other income
[13] According to RAS
[14] Audited data according to ISFA
[15] Revenue of X5 Retail Group N.V according to ISFA
[16] Unaudited data with ISFA
[17] Adited data in accordance with ISFA
[18] Adited data in accordance with ISFA
[19] The rating presents chains with revenue of more than 6 billion rubles.
[20] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

Legal name	Brand	Main formats[20]	Data	2012	2013
	Magnit Family	H		*	*
	Total Company	Total formats		*	*
X5 Retail Group	Karusel	H	IFRS	*	*
	Perekrestok	S		*	*
	Perekrestok-Express, Kopeika	C		*	*
	Pyaterochka	D		*	*
	E5.RU	Internet-sales		*	*
	Total Company	Total formats		*	*
Auchan Groupe (Auchan, LTD.)	Auchan, Auchan-City, Raduga	H	RAS	*	*
Metro Group (Metro C&C, LTD.)	METRO, METRO Punct	H	IFRS	*	*
DIXY GK	Megamart, Minimart, Dixy	D, S, H	IFRS, 2011-IFRS pro-forma, 2012-IFRS (consolidate)	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H		*	*
	Total Company	Total formats	IFRS (retail revenue)	*	*
Lenta, LTD.	Lenta	S, H	MR	*	*
O'KEY GK	O'KEY, O'KEY-express	S, H	IFRS	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	IFRS	*	*
Monetka GK (Element-Trade, LTD.)	Monetka, Monetka Super, Rait	D, S, H	RAS, MR	*	*
Maria-Ra GK	Maria-Ra	D, S	MR	*	*
Spar[21]	Spar (total company)	C, S, H	MR	*	*
Auchan Groupe (Atack-Rossiya, LTD.)	Atack	S (D)	RAS	*	*
GK Holiday	Holiday Classic, Holly, Sibiriada, Kora, Palata, Holly Plus, Chervonec	H, S, C	RAS, MR	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	RAS, MR	*	*
HyperGlobus, LTD.	Globus	H	IFRS	*	*
REWE Group (Billa, LTD.)	Billa	S	MR	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa, AB Daily	S	IFRS, MR	*	*

Data source: INFOLine

Full version also includes the description of the aggregated financial performance results for the I and II quarter, and I half 2014 for the largest public retailers, dynamics of net sales by main formats of the largest retailers.

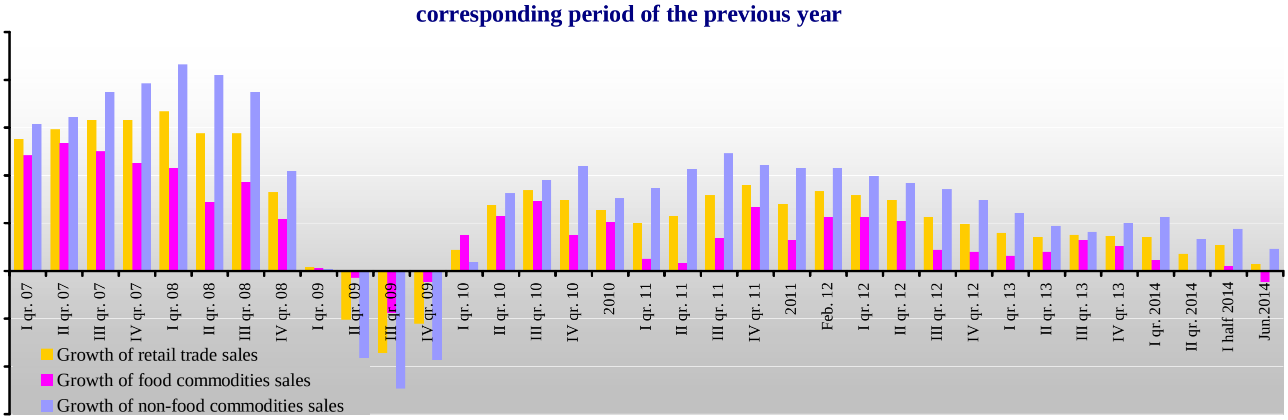
[21] Including sub-franchising

Section I. Development of retailing in Russia

Macroeconomical figures of the retail trade

In June 2014 the retail turnover came to * billion rubles. In terms of commodity weight it comes to *% vs. June 2013 (*% in June 2013 vs. June 2012). In June 2014 the food retail turnover was *% vs. June 2013 and *% vs. May 2014. In June 2014 non-food retail turnover came up to *% against June 2013 and *% – against May 2014. In II quarter 2014 the retail turnover came to *billion rubles. In terms of commodity weight it comes to *% vs. II quarter of 2013 (*% II quarter 2013 vs. II quarter 2012) and *% vs. I quarter of 2014 (*% II quarter 2013 vs. I quarter 2013). In II quarter 2014 the food retail turnover came to *% as compared to II quarter 2013 (*% in II quarter 2013 vs. II quarter 2012) and to *% as compared to I quarter 2014 (*% in II quarter 2013 vs. I quarter 2013). The non-food retail turnover in II quarter 2014 came up to *as compared to II quarter 2013 (*% in II quarter 2013 vs. II quarter 2012) and to *% as compared to I quarter 2014 (*% in II quarter 2013 vs. I quarter 2013).

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



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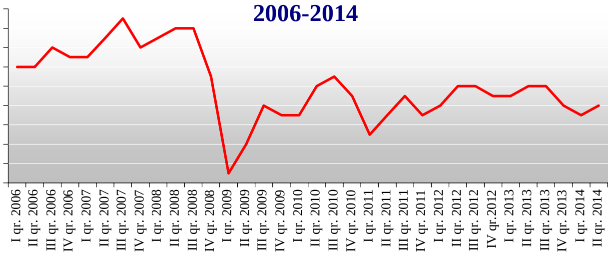
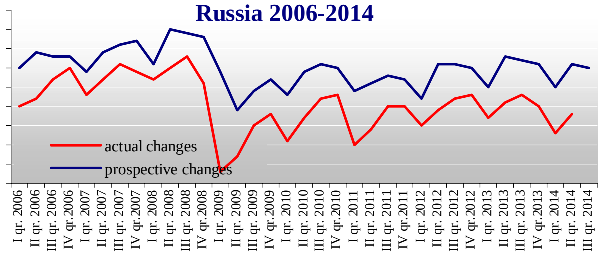
Leading indicators of retailing development

According to the results of the polls conducted by FSSS (Federal State Statistics Service) the Index of Business Confidence[22] in the II quarter of 2014 Index of Business Confidence decreased to the level of IV quarter 2011 and amount to 6 pp, increasing by 1pp from I quarter 2014 and decreasing by 2 pp vs. II quarter 2013. The economic environment assessment indicator lowered to (-2) pp in the first quarter of 2014 and grew by 5 pp in the second quarter of 2014, reaching the level of the fourth quarter of 2009 (3pp).

The Index of Business Confidence in Russia 2006-2014



The evaluation of the economic situation in Russia 2006-2014



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

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

Government regulation of the retailing industry

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Alcohol Market Regulation

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

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Retail sector regulation

In July 2014 it was reported that the Government of the RF was discussing the increase of VAT to 20% by 2019. The Personal Income Tax may also increase from 13% to 15%. The regional administration may be given the authority to introduce sales tax rates (maximum 3%). According to preliminary assessments of the Ministry of Finance, the regional budgets will get 195 billion roubles additionally in 2015, 211 billion roubles – in 2016 and 230 billion roubles – in 2017. It should be noted that the President of the RF V. Putin has not yet approved the decision to introduce the sales tax.

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

The structure of retail sales by the categories of goods

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

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In total according to the results of I half 2014, the share of food didn't changed against I half 2013. According to the results of June 2014, the share of food commodities increased by *pp against June 2013.

The structure of retailers' sales by groups of commodities in 2002-2014[23]

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

Data source: FSSS data

<…>

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

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

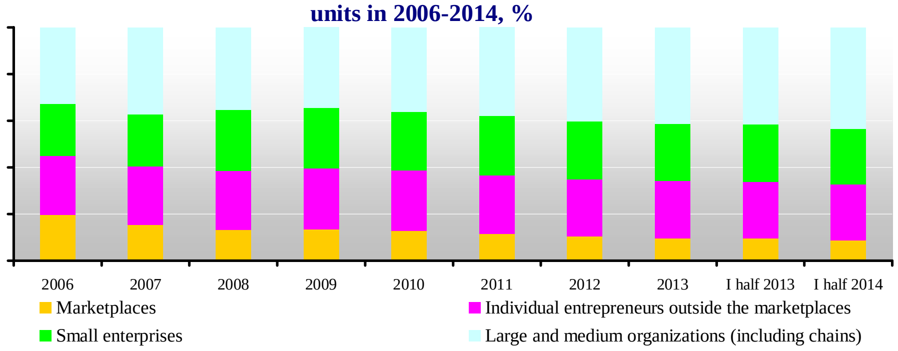
Research (full version) also includes the dynamics of sales of the main food and non-food retailers

Structure of sales by categories of retailers

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

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

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



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

Regional structure of retailers' sales

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

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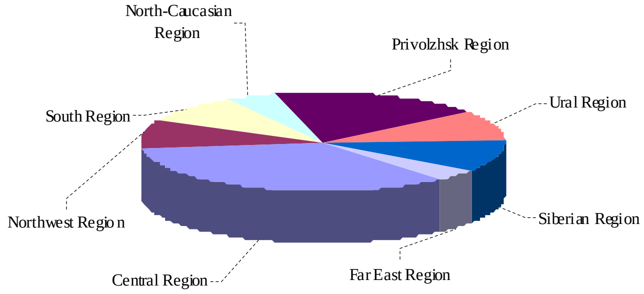
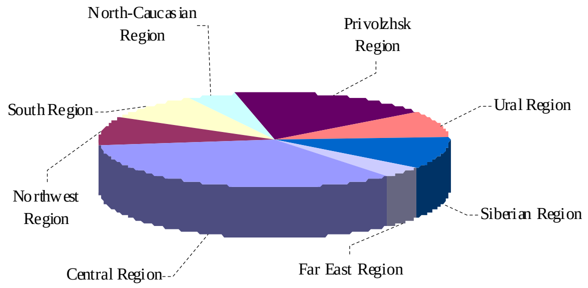
Structure of retail sales by federal districts of the RF in January-June 2013, %



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



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Inflation on food commodities market

Inflation dynamic

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

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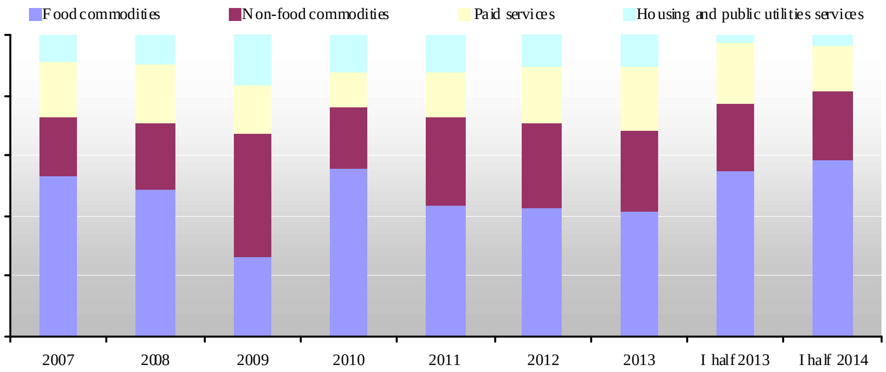
Structure of contribution to inflation in 2007-2014, percent points

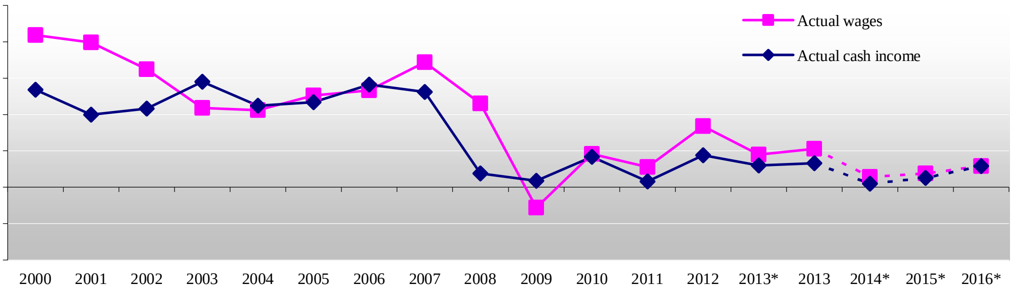


Research (full version) also contans the information on dynamics of cost on key consumer products in Russia and 8 regions of Russia

Personal income and expenditures

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

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



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Credit and monetary policy

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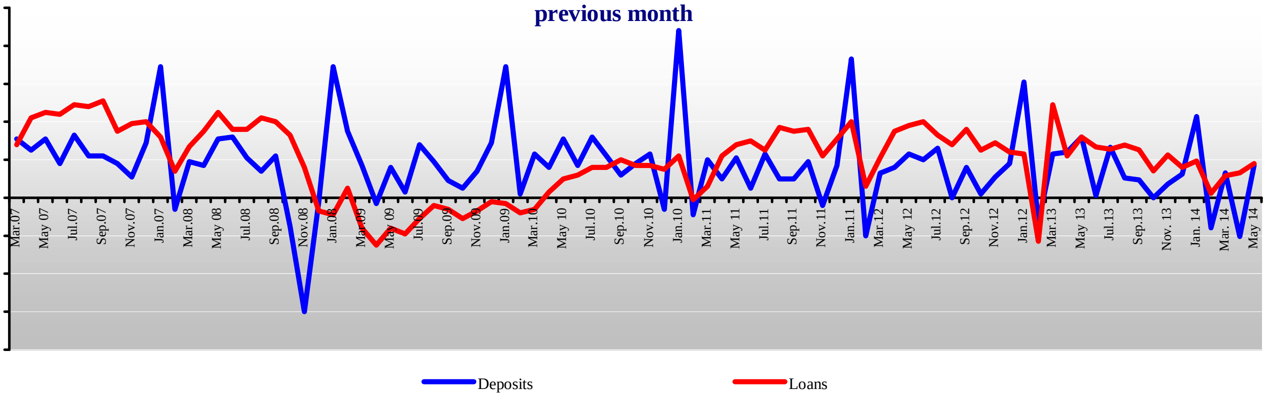
Deposits of natural persons, generally, decreased *% (to * trillion roubles) from the year's beginning. In January-June 2013 this indicator, on the contrary, increased *%. During 2013 banks increased their retail deposits by *%. The most significant outflow of natural persons' deposits was observed in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

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



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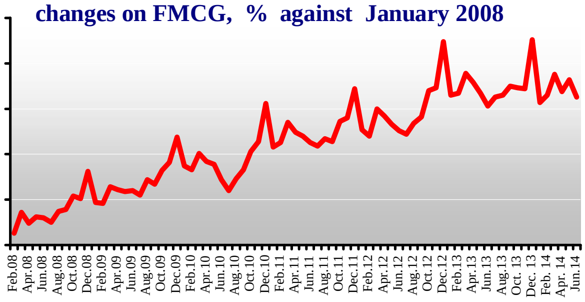
Household expenditures

According to scan-panel of households24, the Russians' everyday consumer expenditures increased *% in nominal terms in April 2014 in comparison with April 2013. They nominally increased *% in comparison with May 2013. Growth of expenditures in yearly terms happened for the first time since October 2013.

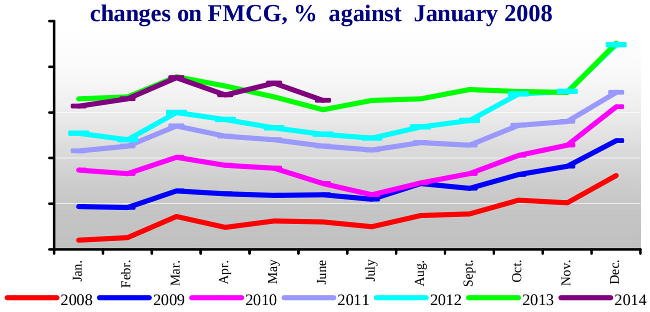
[24] The Romir research scan-panel of households is based on consumption data collected from 10 000 consumers, representing consumer behavior of residents in Russian cities with population over 100 thousand people. The participants of the panel scan bar codes of all purchased goods, which they bring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

According to scan-panel of households[25], the Russians' everyday consumer expenditures in June 2014 nominally increased *% in comparison with May and *% in comparison with April. In 2013 this indicator was *%. In 2011 and 2012 the decline in June vs. April was within *%. However, in 2010 it reached record *%. Therefore, the current seasonal decrease can be considered insignificant. The everyday expenditures of population in June 2014 nominally increased *% in comparison with June 2013. **<...>**

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



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



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

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

Section II. Main events of the FMCG sector

Food industry and food commodities market

On 02 July 2014 the Government of the RF approved The Concept of Complex Transfer of Documentation Regarding Assessment (Confirmation) of Food Products Compliance with Technical Regulations into Electronic Format and The Plant for Implementation of the Concept. The paper documents circulation should be abandoned due to the implementation of the concept in the mid-term (2015 – 2020). To download the report (zip archive), please, click **here.**

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IA "INFOLine" activity

INFOLine Released Data Base of 650 FMCG Retail Chains of Russia

In July INFOLine completed its research report Database **of 650 FMCG Retail Chains of Russia.**

According the results of 2013, the share of modern formats in the retail turnover structure in Russia exceeded 58% (TOP 10 FMCG retailers account for almost 20%). It continues to grow dynamically due to expansion of federal and regional chains into small cities and settlements. The alcohol retail regulations were stiffened on 01 January 2013. Regulations for tobacco retailing were altered on 01 June 2014. As a result the share of traditional retail formats began to decrease massively. The Russian retail market is mature and competitive. It is critically important to choose the right retail partner to develop strategic relations. Information is the key factor to ensure the efficiency of sales.

650 FMCG chains account for almost 45% of retail food turnover. These retailers (without considering cooperative shops, post offices and small stores at filling stations) operate 48.5 thousand stores with total selling floorspace of more than 17.5 million square meters. 75 retailers, developing the hypermarket format, account for more than 820 hypermarkets. 255 retailers developing the supermarket format manage about 4 thousand supermarkets. 500 retailers develop the formats of convenience store and discounter and they operate more than 37 thousand facilities. Furthermore, ТОП 40 that develop the format of the gas station store, manage more than 6.5 thousand stores with total floorspace of about 535 thousand square meters. Retailers make use of more than 530 distribution centres. TOP 8 largest chains FMCG manage 90 such centres. The total revenue of chains exceeded 4.1 trillion roubles (exclusive of VAT).

In 2014, for the first time, the specialists of INFOLine IA presented the rating of the largest retail chains working in the format of the filling station store.

The Database of 650 FMCG retail chains of Russia does not include chains with narrow specialization, as well as small companies developing the convenience store format if the number of facilities is below 5 and the total selling floorspace – below 1 thousand square meters.

Analytical Database of 650 FMCG retail chains of Russia contains:

Part 1. Condition of the FMCG retail market and ratings of FMCG retail chains

Main macroeconomic indicators of the retail in Russia and indicators of the largest retail chains
History of development, current condition and development prospects for FMCG chain retail

- Ratings of FMCG chains in terms of operational, financial indicators, logistics and formats
- Rating of FMCG chains by number of stores
- Rating of FMCG chains by total selling floorspace
- Rating of FMCG chains by net revenue
- Rating of FMCG chains by efficiency of sales
- Rating of FMCG chains by number and floorspace of distribution centres

Development of FMCG chains by formats

- Development of FMCG chains in the hypermarket format
- Development of FMCG chains in the supermarket format
- Development of FMCG chains in the discounter format
- Development of FMCG chains in the convenience store format

Part 2. Database of 650 FMCG Chains and 530 Distribution Centres

- Federal and international chains
- Chains of Central FD
- Chains of North-western FD
- Chains of Southern FD
- Chains of North-Caucasian FD
- Chains of Privolzhye FD
- Chains of Urals FD
- Chains of Siberian FD
- Chains of Far Eastern FD

- Chain of Filling station stores

The purpose of **650 FMCG Retail Chains of Russia** is optimization of relations between suppliers and retail chains, as well as analysis of competition. It includes the following entries:

- Chain's brand
- Legal name
- Management of the chain
  - Chief Executive Officer
  - Chief Financial Officer
  - Chief Procurement Officer
  - Chief Information Officer
- Actual address
- Phone:
- Fax:
- E-mail
- Web site
- Online store
- Total number of the chain's stores as of 01 April 2014
- Number of stores as of 01 April 2014 by in terms of formats (hypermarkets, supermarkets, convenience stores)
- Total selling floorspace as of 01 April 2014
- Net revenue (exclusive of VAT) of the chain in 2012-2013, billion roubles
- Regional presence (regions and cities in which the stores are situated, including the number of stores)
- Number of distribution centres as of 01 April 2014 (this empty entry means the chain does not use distribution centres)
- Total floor space of DCs as of 01 April 2014
- Regions of DCs presence as of 01 April 2014

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

With the kindest regards,

Mikhail Burmistrov
Mikhail Burmistrov,
INFOLine-Analytics, CEO

Ivan Fedyakov
INFOLine IA, CEO

8/Case: Russian sanctions against import of agricultural products, raw materials and food from countries of EU, USA, Canada, Australia and Norway

On 06 August 2014 the President of the RF V.V. Putin signed the Decree **On Special Individual Economic Measures for Provision of Safety of the RF**. It imposes total or partial ban on import of certain categories of agricultural production, raw materials and food originating from the countries that decided to introduce economic sanctions against Russian legal or natural persons or which associated with such decision. The Government of the RF was commissioned to put together a list of goods forbidden for import to the territory of the RF.

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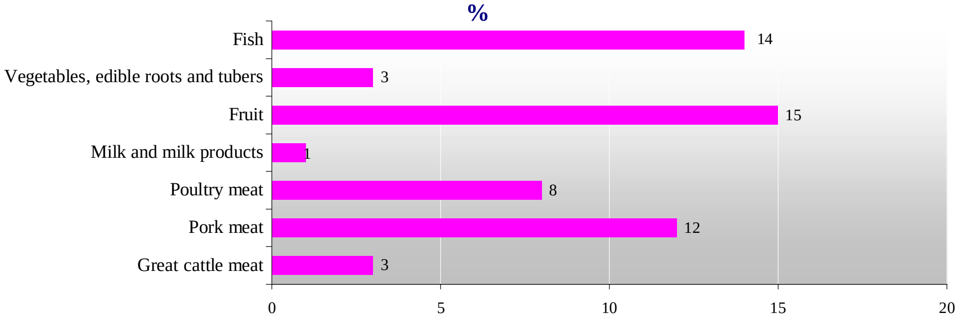
The share of banned for import food commodities in Russian consumption, %



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Section III. Events and development plans of FMCG retail chains

Magnit, JSC / Magnit, Magnit Family, Magnit-Cosmetic, Rouge retail chains

Magnit, JSC / Magnit, Magnit Family retail chains

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

Chain development

As of 01 August 2014 the total number of Magnit chain's stores came up to 8 733 (7 686 convenience stores, 170 hypermarkets, 61 Magnit Family hypermarkets, 816 Magnit Cosmetic). The aggregated selling space of the chain reached 3 227.4 thousand square meters. In the I half 2014 the company increased the number of shops by 525: 414 convenience stores, 8 Magnit hypermarkets, 11 Magnit Family hypermarkets, 92 "Magnit Cosmetics"). Selling space increased by 177.83 thousand square m. In January-July 2014 the company increased the number of shops by 640: 486 convenience stores, 9 Magnit hypermarkets, 15 Magnit Family hypermarkets, 130 "Magnit Cosmetics"). Selling space increased by 216.02 thousand square m. In July 2014 the company increased the number of shops by 115: 72 convenience stores, 1 Magnit hypermarkets, 4 Magnit Family hypermarkets, 38 "Magnit Cosmetics").

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

The performance results and expectations

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

Key financial indicators of Magnit company in 2013-2014

Indicator	**Format**	2013	I qtr 2014	II qr. 2013	II qr. 2014	I haf 2013	I half 2014	Jan.-Jul.2013	Jan.-Jul.2014	July 2013	July 2014
Net revenue, billion rubles	Magnit	450.801	126.020	111.116	140.962	215.261	266.982	253.535	317.142	38.274	50.16
	Magnit-Cosmetic	106.176	29.59	25.687	34.419	48.358	64.008	57.348	75.782	8.99	11.774
	Magnit Family	10.678	4.454	2.268	5.628	4.204	10.081	5.119	12.173	0.916	2.092
	Magnit (hypermarket)	11.873	3.888	2.512	3.943	4.978	7.832	5.954	9.515	0.976	1.683
	Total company	**579.695**	**163.99**	**141.598**	**185.056**	**272.838**	**349.047**	**321.956**	**414.612**	**49.155**	**65.709**
Net revenue growth, %	Magnit (discounter)	23.77%	21.0%	26.54%	26.86%	25.54%	24.03%	25.41%	25.09%	24.71%	31.06%
	Magnit-Cosmetic	40.78%	30.52%	46.61%	33.99%	45.65%	32.36%	44.25%	32.15%	37.18%	30.97
	Magnit Family	244.61%	130.06%	-	148.19%	-	139.84%	-	137.8%	-	128.44%
	Magnit (hypermarket)	107.12%	57.67%	-	57.0%	-	57.33%	-	59.81%	-	72.42%
	Total company	**29.21%**	**24.95%**	**32.48%**	**30.69%**	**31.49%**	**27.93%**	**31.21%**	**28.78%**	**29.67%**	**33.68%**
LFL (revenue), %	Magnit (discounter)	6.62%	5.96%	8.33%	12.2%	7.99%	9.26%	-	-	-	-
	Magnit-Cosmetic	9.39%	9.17%	11.99%	15.02%	12.52%	12.28%	-	-	-	-
	Magnit Family	17.23%	15.73%	17.0%	20.4%	15.48%	18.22%	-	-	-	-
	Magnit (hypermarket)	28.53%	53.5%	15.28%	45.65%	10.09%	49.54%	-	-	-	-
	Total company	**4.47%**	**7.49%**	**9.07%**	**13.43%**	**8.82%**	**10.63%**	-	-	-	-
LFL (average receipt), %	Magnit (discounter)	5.82%	5.32%	6.55%	9.0%	6.21%	7.23%	-	-	-	-
	Magnit-Cosmetic	3.07%	4.34%	3.69%	8.13%	4.27%	6.37%	-	-	-	-
	Magnit Family	4.2%	5.27%	2.67%	9.47%	3.98%	7.51%	-	-	-	-
	Magnit (hypermarket)	0.32%	1.97%	(0.17%)	3.61%	2.28%	3.05%	-	-	-	-
	Total company	**5.89%**	**5.6%**	**6.66%**	**9.16%**	**6.5%**	**7.46%**	-	-	-	-
LFL (traffic), %	Magnit (discounter)	0.76%	0.61%	1.66%	2.93%	1.67%	1.9%	-	-	-	-
	Magnit-Cosmetic	6.13%	4.62%	8.01%	6.37%	7.91%	5.55%	-	-	-	-
	Magnit Family	12.5%	9.93%	13.95%	9.99%	11.06%	9.96%	-	-	-	-
	Magnit (hypermarket)	28.12%	5.54%	15.48%	40.58%	7.63%	45.11%	-	-	-	-
	Total company	**1.59%**	**1.79%**	**2.25%**	**3.91%**	**2.18%**	**2.95%**	-	-	-	-
Gross profit, billion rubles,	Total company	165.263	44.666	39.307	52.466	74.377	97.132	-	-	-	-

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

Data source: company's data.

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

<…>

Commissioning of hypermarkets

On 29 July 2014 a Magnit hypermarket was opened in Republic of Tatarstan at the following address: g. Almetyevsk, ul. Neftiannikov, 18. The product mix includes about 15.1 thousand items; the share of food comes to about 71%. The selling floor is equipped with 23 checkout counters. The facility is the company's property.

Commissioning of supermarkets

On 18 July 2014 a Magnit Semeiniy supermarket was opened in Moscow region at the following address: g. Krasnogorsk, ul. Spasskaia, 1 A. The product mix includes 8.1 thousand items; the share of food comes to about 88%. The selling floor is equipped with 13 checkout counters. The facility is rented.

<…>

Planned commissioning of hypermarkets

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

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

<…>

The planned opening of the "small" formats

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

<…>

New formats

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

M&A deals

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

Logistics

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

<…>

Private label

As of 01 July 2014 the total number of company's PL reached 627 items. In the I half 2014 the share of PL in the revenue structure was to 12%. About 86% of PLs are food commodities. The share of non-food commodities is expected to increase with time.

Co-operation with suppliers

In July 2014 the company "Magnit" has signed a contract with Kamensky canning plant for the supply of 2 million cans of green peas. When the order will be implemented has not been reported.

Corporative events

<…>

On 31 July 2014 the board of directors of Magnit JSC held a meeting at which the following decisions were made:

1. *Approve the recommendations given to the general shareholders' meeting of the Company regarding distribution of profits and losses of the Company according to results of 2014 fiscal year. This includes the size of dividends on Magnit JSC stock, their payment procedure and the date as of which the persons entitled to dividends are to be determined. Pay the dividends on shares of Magnit JSC, according to results of the second half 2014 at the amount of 7 404 154.50 roubles or 78.3 roubles per one ordinary share Establish 10 October 2014 as the date to establish persons entitles to dividends*

<…>

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

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

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

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