информационное агентство information agency

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

Periodic review of industry

Rating of FMCG retailers in Russia

December 2012

Demo-version

- Statistical data on retail trade in Russia and regions
- Changing the main indicators of retail trade in Russia
- Review of developments in the retail market of Russia, took place in December 2012
- Rating of FMCG retailers by the number of stores, selling area in November 2012 and revenues in 2011, I half and 9-11 months 2012

Contents branch review "Rating retailers FMCG of Russia"

INFOLine IA wishes you Merry Christmas and Happy New Year!

Dear Friends and Esteemed Colleagues,

We wish to thank you for fruitful cooperation during the expiring year and congratulate your with the coming 2013!

New market environment is waiting for all of us in the coming year, and it means new possibilities and new ambitious challenges. We would like to wish to our partners a lot of energy and inspiration for conquest of new summits and achievement of even higher results. We will continue to grow and progress together!

We wish you and your close ones robust health in the coming 2013! Have lots of excellent recreation and good humor during the New Year holidays!

According to the approved time schedule of holidays for 2013, the team of INFOLine IA leaves for New Year holidays for the period of 30 December 2012 – 08 January 2013. 29 December 2012 is a shortened working day.

Also beginning from 01 January 2013 an additional option will be available for the subscribers of this periodical survey – a concise version of the rating in MS PowerPoint presentation format.

Burmistrov Mikhail
CEO "INFOLine-Analitic"

Fedyakov Ivan Vadimovich
CEO IA "INFOLine"

Introduction

The branch survey **The Rating of FMCG retail chain 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 this is December 2012), the information related to the results of operating, financial and investment activities of FMCG chains in Russia, as well as **the rating of 120 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 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, the specialist of marketing and sale department of companies that produce consumer goods;
- Top-managers, the specialist of marketing and retail chains development departments;
- The 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 The Rating of FMCG retail chains in Russia is to satisfy the demand for immediate, statistical and analytical information regarding the Russian retail trade market and FMCG chains for the specialists of the above-mentioned specializations. To be able to receive the forthcoming issues of the survey, please, **forward a request to** INFOLine IA, E-mail: mail@advis.ru or by fax + 7 495 772 76 40 (+7 812 322 68 48) and **conclude a contract for our information services**.

Rating of FMCG retailers in Russia

Performance results of TOP 120 FMCG chains[1]

Performance results of TOP 120 FMCG chains in Russia[2]

In **November** 2012 the number of trading units of TOP-120 FMCG retailers increased by * units**;** all in all, during **January-November 2012** - by * units**.** At the same time in **November** 2012 the growth in the total trading space was about * thousand sq. m. Altogether, during **January-November 2012** the total trading space increased by *thousand square sq. m.

Dynamics of number of trading units and their floorspace of 120 largest retailers of Russia in 2006-2012

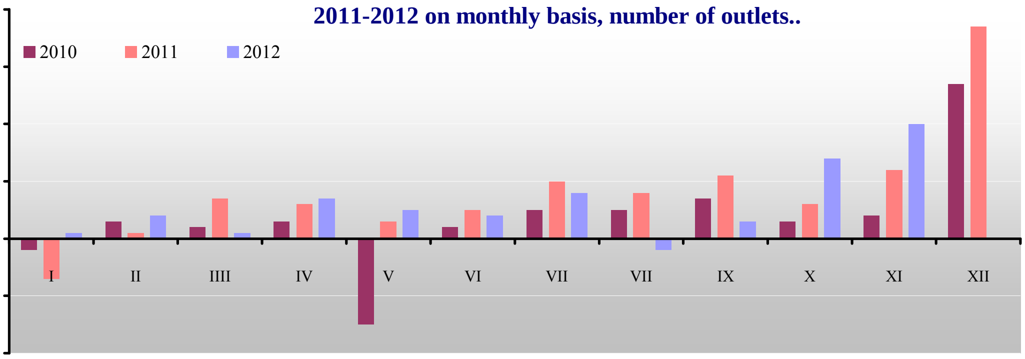
Dynamics of number of trading units and their floorspace of 120 largest retailers of Russia in 2006-2011

The total number of stores among TOP-120 FMCG retailers as of 01 **December** 2012 was *, with total trading floorspace of * thousand sq. m.

Development of hypermarket format[3]

In **November** 2012 the number of hypermarkets among TOP-120 FMCG retailers decreased by *, and the trading space decreased by * thousand sq. m. Altogether, during **January-November 2012**, the number of trading units increased by ***,** while the trading space increased by *thousand sq. m.

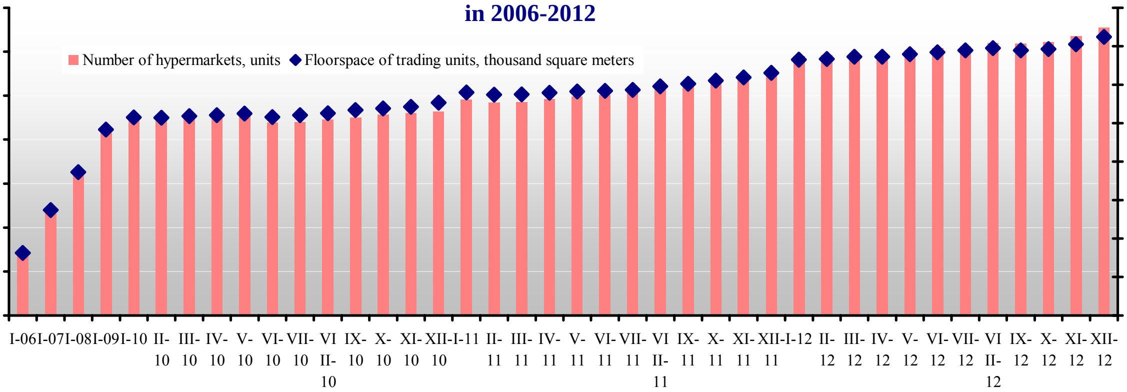
Dynamics of the net hypermarkets number increase (beginning with April 2012 the list was expanded from 110 to 120) among the largest retailers of Russia in 2011-2012 on monthly basis, number of outlets..



The following units were **commissioned** in **November** 2012: 3 Magnit Semeiniy hypermarkets in Nizhniy Novgorod, Arkhangelsk and Voronezh regions and 4 Magnit hypermarkets in Voronezh, Penza regions and Republic of Udmurtia, **<…>**

[1] Datas was corrected as a result of 9 months of 2012. Hereinafter the data for X5 Retail Group and Magnit is presented as it was available for the date of this survey's preparation.
[2] Datas was corrected as a result of 9 months of 2012. Hereinafter the data for X5 Retail Group and Magnit is presented as it was available for the date of this survey's preparation.
[3] Datas was corrected as a result of 9 months of 2012. Hereinafter the data for X5 Retail Group and Magnit is presented as it was available for the date of this survey's preparation.

Dynamics of number of hypermarkets and their floorspace of 120 largest retailers of Russia in 2006-2012



The total number of hypermarkets among TOP-120 FMCG retailers as of 01 **December** 2012 was *, with total trading floorspace of * thousand sq. m.

Research (full version) includes also the description of development of supermarket format, discounter[4] format and convenience store format

Key tendencies of 2012

The 2012 was marked by announcement of a number of possible important transactions at the M&A market. In February 2012 it became known that Sberbank-Capital put on sale 100% shares of Kaliningrad chain Vester, 51% of which are owned by the bank. Starting from March 2012 there was registered a trend towards slowing of net trading floorspace growth rates, which is mainly connected with decrease in number of Vester chain hypermarkets because of unstable financial situation of the company and the necessity to settle the debt liabilities to Sberbank JSC. As of 01 December 2012 the company owned 27 outlets in Kaliningrad region, the other facilities of the chain in regional areas of Russia were closed (Belgorod region, Voronezh region, Rostov region, Yaroslavl region and others) and sold over to Europe chain (1 hypermarket in Stariy Oskol in Belgorod region) and Lenta chain (4 outlets in Voronezh, Yaroslavl and Orenburg regions). Magnit retail chain is also considering acquisition of Vester's facilities in Voronezh and Belgorod regions.

Major M&A deals in FMCG retail trade of Russia in 2012-2013

Date	Deal's type	Subject and object of the deal	Owner of the object	Location of trading outlets	Buying company	Deal price[5], million dollars.	Description of the deal
March 2012	Transfer of leasehold rights	13 outlets of Vesta retail chain	Vesta Plus LLC	St. Petersburg	TD Intertorg LLC	-	In March 2012 TD Intertorg LLC rented 13 outlets of Vesta retail chain with floorspace of more than 400 quarter meters. As of December 2012 the majority of acquired stores were used for opening of Narodnaya 7Ya superstores, while part of stores were closed.
*	*	*	*	*	*	*	*

<…>

- **New projects**

In March 2012 Metro Cash&Carry Company announced the beginning of development of a new franchisee chain. A chain of convenience stores is to operate under the name of Fasol (Beans), its sign has been designed in green and orange; besides the chain's name it contains the product basket of the supermarket. As an experiment, 2-3 first outlets will be opened by Metro Cash&Carry. The trading floorspace is to reach from 50 to 100 square meters. It should be reminded that in 2012 Metro Group plans to open in Russia 2-3 its own convenience stores with floorspace of 40-100 square meters, and later on to

[4] 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 emphasize that in Russia the discounter format, as such, is non-existent. At the same time the specialists of INFOLine IA would like to distinguish two subformats of the convenience store format: soft discounters, for the formats of the number of the largest Russian players, such as Pyaterochka, Diksi, Magnit, Monetka, Kopeika, Maria-Ra and others, and convenience stores.

[5] Estimation of INFOLine IA specialists.

develop this format as a franchise. The first two franchisee Fasol stores are to be opened in St. Petersburg in June 2012. And in September 2012 another 5 stores of the chain were opened in Rostov-on-Don. As of November 2012 the number of Fasol franchisee outlets came up to 15: in St. Petersburg – 10 and in Rostov region – 5.

<…>

- **New foreign retailers in Russia**

In December 2012 the first hypermarket of K-RUOKA retail chain will be opened in St. Petersburg. Further on it is planned to open another 2 hypermarkets before the beginning of 2013. Besides, in 2013 it is planned to commission the first hypermarkets of this chain in Moscow. The new chain will be developed in Russia by the Finnish group Kesko (the brand of Kesko Food). Oleg Buyalskiy, a former board member of Auchan Russia and an operating director of Lenta, was appointed the head of Kesko food division in Russia (Kesko Food Rus LLC). In Finland the chain's hypermarkets operate under the sign of K-CITYMARKET, but for Russia it was decided to name the chain as K-RUOKA[6].

<…>

The rating of FMCG retail chains of Russia in terms of 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 120 largest FMCG retailers of Russia* ***(since April 2012 the number of monitored retailers increased fom 110 to 120)****.*

The dynamics of number of trading units among the largest retailers[7]

The dynamics of number of stores of the largest retailers for the period of 2011-2012 are represented in the table below.

Number of stores of the largest FMCG chains during 20011-2012 as of the end of the period, (units)

Name	Brand	Main formats[8]	2011	9m 12	Oct.12	Nov.12	Dynamics in November
X5 Retail Group N.V. (TH Prekrestok, JSC)	Pyaterochka	D	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*
	Karusel, Pyaterochka Maxi	H	*	*	*	*	*
	Perekrestok-Express, Pyaterochka- Express	C	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*
	Total Company		*	*	*	*	*
Magnit, JSC (Tander, JSC)	Magnit	D	*	*	*	*	*
	Magnit cosmetic	C	*	*	*	*	*
	Magnit Semeiny	H	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*
	Total Company		*	*	*	*	*
Auchan, LTD.	Auchan, Auchan-City, Raduga	H	*	*	*	*	*
Metro C&C, LTD.	Metro C&C, Metro Punct	S, H	*	*	*	*	*
Diksi group, JSC	Megamart, Minimart, Diksi	D, S, H	*	*	*	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H	*	*	*	*	*
	Total Company		*	*	*	*	*
O'Key, LTD.	O'Key, O'Key-express	S, H	*	*	*	*	*
Lenta, LTD.	Lenta	H	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*
	Mosmart, Maxi, Express	H, S	*	*	*	*	*
Element-Trade, LTD.	Monetka, Monetka Super	D, S, H	*	*	*	*	*
GK Holiday (GK Holiday, LTD., Company Holiday, LTD., Kora-TC, LTD.)	Holiday Classic, Holdy, Sibiriada, Kora, Palata	C, D, S, H	*	*	*	*	*
Maria-Ra, LTD. (Roznitsa-1, LTD.)	Maria-Ra	D, S, H	*	*	*	*	*
Real-Hypermarket, LTD.	Real	H	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*
Corporation Grinn, JSC	Liniya	S, H	*	*	*	*	*

[6] "K" is the first letter in the name "Kesko". "K", as the first letter, is present in the names of many chains that belong to Kesko Corporation. Probably, you are familiar with the chain of construction hypermarkets K-RAUTA. Finnish word "RUOKA" means "FOOD".

[7] The rating was updated according to results of the first half of 2012 regarding the revenue of chains in 2011. It presents chains with sales revenue of more than 3 billion roubles in 2011.

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

Name	Brand	Main formats8	2011	9m 12	Oct.12	Nov.12	Dynamics in November
Atak-Rossiya, LTD.	Atak	S (D)	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar	C, S	*	*	*	*	*
	Norma	S	*	*	*	*	*
Billa, LTD.	Billa (Citystore9)	S	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa	S	*	*	*	*	*
Supermarket Kirovskiy, CJSC (Lev, LTD.)	Kirovskiy	C, S	*	*	*	*	*
System RegionMart, LTD.	Chibis, Polyana, Bonus, Sputnik	D, S, H	*	*	*	*	*

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

Research (full version) includes the rating of TOP largest FMCG chains

The rating of FMCG retail chains of Russia in terms of trading floorspace

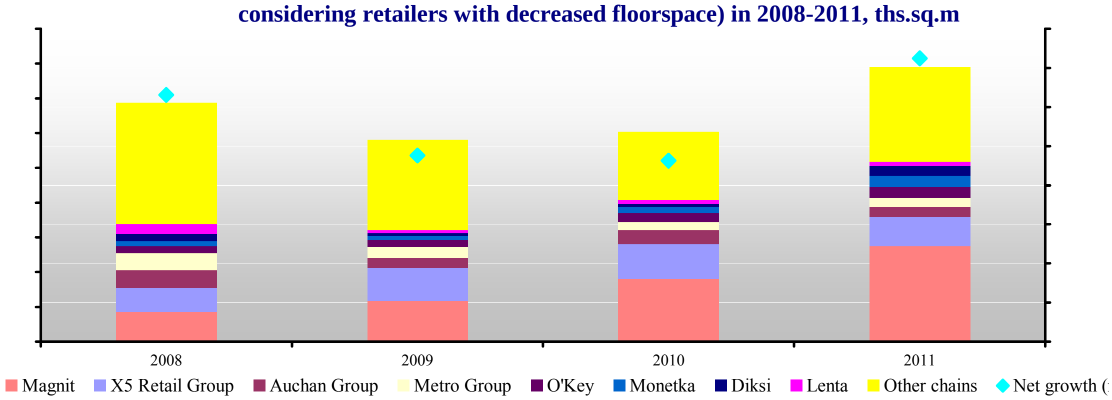
INFOLine IA has been monitoring the dynamics of trading floorspace in FMCG retail since 2006. At the present time we monthly analyze the data regarding the changes in trading space for 120 largest FMCG retailers of Russia ***(since April 2012 the number of monitored retailers increased from 110 to 120).***

The results of 2008-2011

<…>

The increase of concentration in retail sector became the key trend of 2011, determined by decreasing growth rates of the majority of the second echelon chains and higher development rates of the largest multiformat chains (Magnit and X5 Retail Group), the retailers, which develop large-format trading units (Auchan, Metro, O'Key), as well as federal retailers with their key format of the convenience store (Monetka). At the same time the two largest retail companies of Russia (Magnit and X5 Retail Group) occupy *% (in 2010– *%, in 2009 – *%, in 2008 - *%) of the total new trading floorspace (overall value of the floorspace growth among 110 largest retailers, which increased them according to results of 2011, not including chains, which decreased their trading floorspace).

Dynamics of trading floorspace growth of 110 major retailer of Russia (not considering retailers with decreased floorspace) in 2008-2011, ths.sq.m



The results of 2012

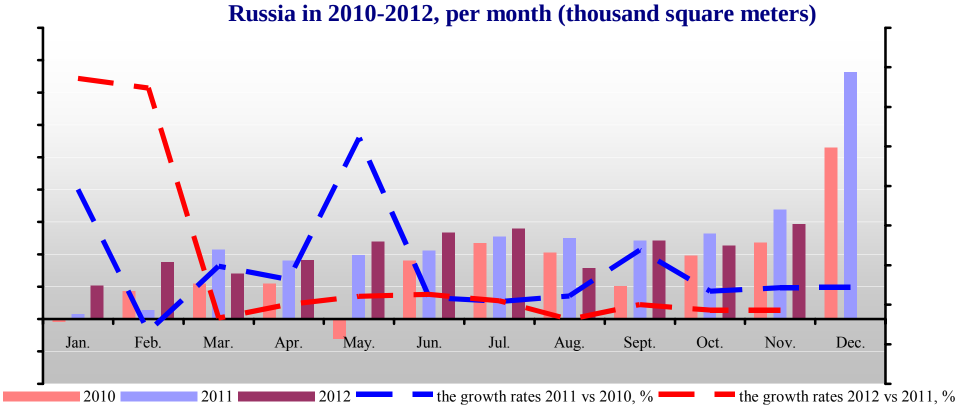
In **November** 2012 17 of the largest chains increased their trading floorspace by * thousand sq. m. The dynamics of monthly floorspace growth of the major 120[10] chains are represented at the diagram[11].The floorspace growth was provided by commissioning of Auchan, Lenta, Okey and Magnit hypermarkets, outlets in the formats of discounter and convenience store – by Magnit, Pyaterochka, Diksi, Monetka, Maria-Ra and Holiday GC (Sibiriada, Planeta Holiday, Holdi) and others.

[9] Don't include in common number of stores. They are in a rebranding stage

[10] The represented data include 120 chains of the monthly branch survey of INFOLine IA: TOP -92 chains with revenue over 3 billion roubles, as well as other FMCG chains, including the members of Union of Independent Chains of Russia and Sistema T3S.

[11] Floorspace growth information for the 1st quarter of 2012 related to public companies – X5 Retail Group, Magnit and Diksi is offered according to the schedule of reports' disclosure (for Diksi GC – third ten-day period of the month following the accounting month, Magnit – second ten-day period of the month following the accounting month, and for X5 – quarterly).

Dynamics of net trading floorspace growth of 120 largest retailers of Russia in 2010-2012, per month (thousand square meters)



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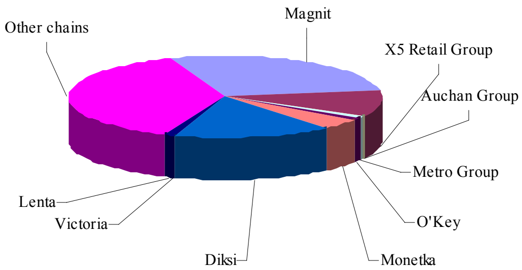
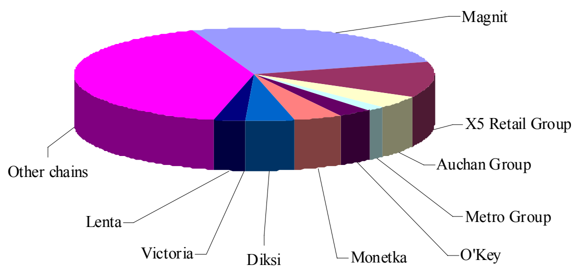
Structure of floorspace growth for 120 major retailers of Russia (without retailers with reduced floorspace) in the 9 months 2011, %



Structure of floorspace growth for 120 major retailers of Russia (without retailers with reduced floorspace) in the 9 months 2011, %



Research (full version) includes the rating of TOP largest FMCG chains

The dynamics of trading floorspace of the largest retailers[12]

The dynamics of trading floorspace of the major retailers for the period of 2011-2012 are represented in the table below (since April 2012 the list of retailers was expanded to 120).

Name	Brand	Main formats*13*	2011	9 m 12	Oct.12	Nov.12	Dynamics in November
X5 Retail Group N.V. (TH Prekrestok, JSC)	Pyaterochka	D	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*
	Karusel, Pyaterochka Maxi	H	*	*	*	*	*
	Perekrestok-Express, Pyaterochka- Express	C	*	*	*	*	*
	Kopeika, Kopeika Super	C, S	*	*	*	*	*
	Total Company	C, S, D, H	*	*	*	*	*
Magnit, JSC (Tander, JSC)	Magnit	D	*	*	*	*	*
	Magnit cosmetic	C	*	*	*	*	*
	Magnit Semeiny	H	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*
	Total Company	D, C,H	*	*	*	*	*
Auchan, LTD.	Auchan, Auchan-City, Raduga	H	*	*	*	*	*
Metro C&C, LTD.	Metro C&C, Metro Punct	S, H	*	*	*	*	*
Diksi group, JSC	Megamart, Minimart, Diksi	D, S, H	*	*	*	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H	*	*	*	*	*
	Total Company		*	*	*	*	*

[12] The rating was updated according to results of the first half of 2012 regarding the revenue of chains in 2011. It presents chains with sales revenue of more than 3 billion roubles in 2011.

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

Name	Brand	Main formats*13*	2011	9 m 12	Oct.12	Nov.12	Dynamics in November
O'Key, LTD.	O'Key, O'Key-express	S, H	*	*	*	*	*
Lenta, LTD.	Lenta	H	*	*	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	*	*	*	*	*
	Mosmart, Maxi, Express	H, S	*	*	*	*	*
Element-Trade, LTD.	Monetka, Monetka Super	D, S, H	*	*	*	*	*
GK Holiday (GK Holiday, LTD., Company Holiday, LTD., Kora-TC, LTD.)	Holiday Classic, Holdy, Sibiriada, Kora, Palata	C, D, S, H	*	*	*	*	*
Maria-Ra, LTD. (Roznitsa-1, LTD.)	Maria-Ra	D, S, H	*	*	*	*	*
Real-Hypermarket, LTD.	Real	H	*	*	*	*	*
HyperGlobus, LTD.	Globus	H	*	*	*	*	*
Corporation Grinn, JSC	Liniya	S, H	*	*	*	*	*
Atak-Rossiya, LTD.	Atak	S (D)	*	*	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar	C, S	*	*	*	*	*
	Norma	S	*	*	*	*	*
Billa, LTD.	Billa (Citystore14)	S	*	*	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa	S	*	*	*	*	*
Supermarket Kirovskiy, CJSC (Lev, LTD.)	Kirovskiy	C, S	*	*	*	*	*
System RegionMart, LTD.	Chibis, Polyana, Bonus, Sputnik	D, S, H	*	*	*	*	*

Data source: INFOLine IA

The rating of FMCG retail chains of Russia in terms of net sales[15]

Financial performance results III quarter and 9 and 11 months 2012 for public companies are represented in the table below.

Financial performance (without VAT) of the largest FMCG chains during 2011-11 months 2012, billion roubles.

Legal name	**Brand**	**Main format[16]**	**Sales during III q 12**	**III q 2012 vs III q 2011, %**	**LFL III q 2012 , %**	**Sales during 9 m 12**	**9m 2012 vs 9m 2011, %**	**LFL 9m 2012 , %**	**Sales during 11 m 12**	**11m 2012 vs 11m 2011, %**
X5 Retail Group N.V.	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel, Pyaterochka Maxi	H	*	*	*	*	*	*	*	*
	Perekrestok-Express, Pyaterochka-Express, Kopeika	M	*	*	*	*	*	*	*	*
	On-line retail	-	*	*	*	*	*	*	*	*
	Total Company	D, S, H, M	*	*	*	*	*	*	*	*
Magnit. JSC	Magnit	D	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*
	Magnit Seminy	S	*	*	*	*	*	*	*	*
	Hypermarket Magnit	H	*	*	*	*	*	*	*	*
	Total Company	D, H	*	*	*	*	*	*	*	*
Diksi group. JSC	Diksi	C	*	*	*	*	*	*	*	*
	Kvartal, Deshevo	C, D	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*
	Victorya	S	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Kesh	H	*	*	*	*	*	*	*	*
	Total company	C, D, S, H	*	*	*	*	*	*	*	*
O'Key, LTD.	O'Key, O'Key-express	S, H	*	*	*	*	*	*	*	*

Data source: INFOLine IA

Dynamics of net sales (without VAT) of the largest FMCG chains in 2011-2012, billion roubles

Legal name	**Brand**	**Main formats[17]**	**Data**	**2011**	**I half 2012**	**9m 2012**
X5 Retail Group N.V. (TH Prekrestok, JSC)	Karusel, Pyaterochka Maxi	H	IFS	*	*	*
	Perekrestok	S	IFS	*	*	*
	Perekrestok-Express, Pyaterochka-Express	C	IFS	*	*	*

[14] Don't include in common number of stores. They are in a rebranding stage

[15] The rating was updated according to results of the first half of 2012 regarding the revenue of chains in 2011. It presents chains with sales revenue of more than 6 billion roubles in 2011.

[16] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

[17] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

Legal name	Brand	Main formats[17]	Data	2011	I half 2012	9m 2012
	Pyaterochka	D	IFS	*	*	*
	Kopeika, Kopeika Super	C, S	IFS	*	*	*
	Total company	C, S, D, H	IFS	*	*	*
Magnit, JSC (Tander, JSC)	Magnit	D	IFS, 9m 2012 - MR	*	*	*
	Magnit cosmetic	C	IFS, 9m 2012 - MR	*	*	*
	Magnit Semeiny	H	IFS, 9m 2012 - MR	*	*	*
	Hypermarket Magnit	H	IFS, 9m 2012 - MR	*	*	*
	Total company	C, D, H	IFS, 9m 2012 - MR	*	*	*
Auchan, LTD.	Auchan, Auchan-City, Raduga	H	RAS	*	*	*
Metro C&C, LTD.	Metro C&C, Metro Punct	S, H	IFS	*	*	*
Diksi group, JSC	Megamart, Minimart, Diksi	D, S, H	IFS, 2011- IFS pro-forma, I half -9m 2012 (consolidate)	*	*	*
	Victoria, Cash, Deshevo, Kvartal, Semeinaya kopilka	C, S, H		*	*	*
	Total company	C, D, S, H	IFS, 2011 and I half-9m 2012 - IFS (consolidate)	*	*	*
O'Key, LTD.	O'Key, O'Key-express	S, H	IFS, 9m 2012 - MR	*	*	*
Lenta, LTD.	Lenta	H	MR, estimate by RAS	*	*	*
Sedmoi Kontinent, JSC	Sedmoi Kontinent, Nash hypermarket	C, S, H	IFS, RAS, 2011 and I half 2012 - MR	*	*	*
Spar (all companies)	Spar, EUROSPAR, Spar-express	C, S, H	MR, 2009 - estimate	*	*	*
Element-Trade, LTD.	Monetka, Monetka Super	D, S, H	RAS, MR	*	*	*
Maria-Ra, LTD. (Roznitsa-1, LTD.)	Maria-Ra	D, S, H	MR, 2011- RAS	*	*	*
Real-Hypermarket, LTD.	Real	H	MR	*	*	*
GK Holiday (GK Holiday, LTD., Company Holiday, LTD., Kora-TC, LTD.)	Holiday Classic, Holdy, Sibiriada, Kora, Palata	C, D, S, H	IFS	*	*	*
HyperGlobus, LTD.	Globus	H	RAS	*	*	*
Corporation Grinn, JSC	Liniya	S, H	MR	*	*	*
Atak-Rossiya, LTD.	Atak	S (D)	RAS	*	*	*
TD Intertorg, LTD.	Norodnaya 7Ya, Idea, Spar, Norma	C, S	RAS, MR	*	*	*
Gorodskoy supermarket, LTD.	Azbuka Vkusa	S	IFS, RAS, MR	*	*	*
Billa, LTD.	Billa (Citystore18)	S	RAS, MR	*	*	*
Supermarket Kirovskiy, CJSC (Lev, LTD.)	Kirovskiy	C, S	MR	*	*	*
System RegionMart, LTD.	Chibis, Polyana, Bonus, Sputnik	D, S, H	MR, 2009-2011 – estimate on total turnover	*	*	*

Research (full version) includes the rating of TOP largest FMCG chains

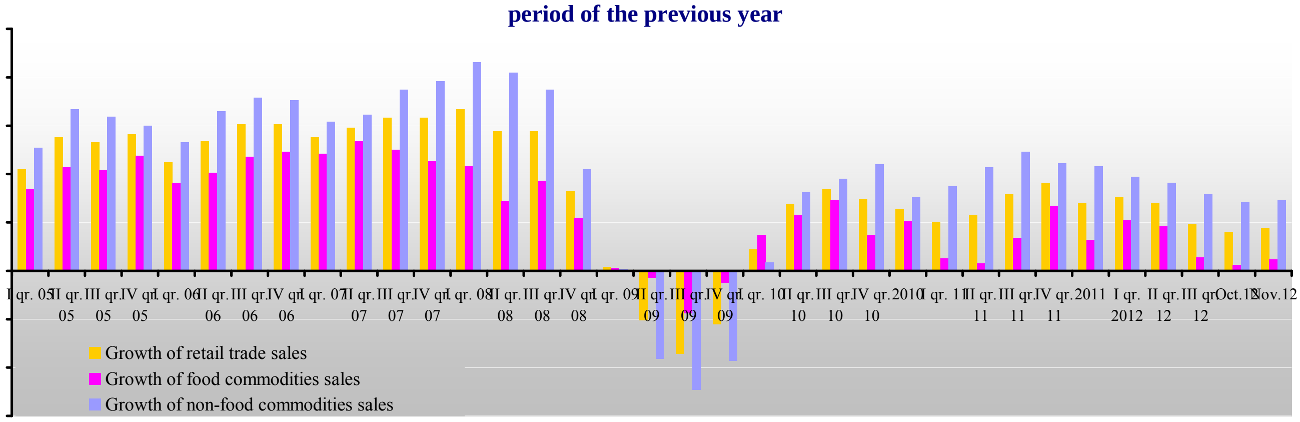
18 Don't include in common number of stores. They are in a rebranding stage

Section I. Development of retail trade in Russia

Macroeconomical figures of the retail trade

In January-November 2012 the retail trade turnover came up to *billion roubles, in terms of commodities mass that was *% vs. January-November 2011. In November 2012 the turnover came up to *billion roubles, in terms of commodities mass that was *% vs. November 2011.

Dynamics of the main figures of the consumer market in 2005-2012, in % as to the corresponding period of the previous year



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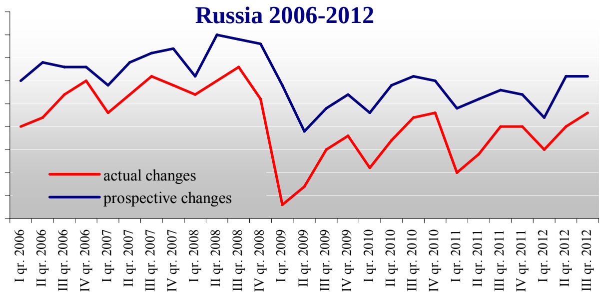
Leading indicator of retail trade development

According to results of the polls conducted by FSGS (Federal Service of Government Statistics) the Index of Business Confidence[19] decreased by 10 pp in the first half of 2009 (initial period of the recession in 2009), upon which it began to recover and according to results of the third quarter of 2012 the index increased by 9 pp against the first quarter of 2009. However, the index has not yet reached the pre-crisis level of confidence and it is unlikely to reach the level of 2006-2008 in the near future because of worsening of the overall macroeconomic situation. As for the evaluation of the economic situation in Russia as a whole, the economic situation[20] in Russia, according to FSGS data, by 20 pp exceeded the first quarter of the recessionary 2009, when actual changes of economic situation came up to -12 pp.

The Index of Business Confidence in Russia 2006-2012

The evaluation of the economic situation in Russia 2006-2012



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[19] 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.
[20] The balance of the index changes evaluation, determined as the difference between respondents' shares which distinguished "improvement" and "decline" of the index in comparison with the previous quarter (in percentage points).

State regulation of retail trade

Trade Act

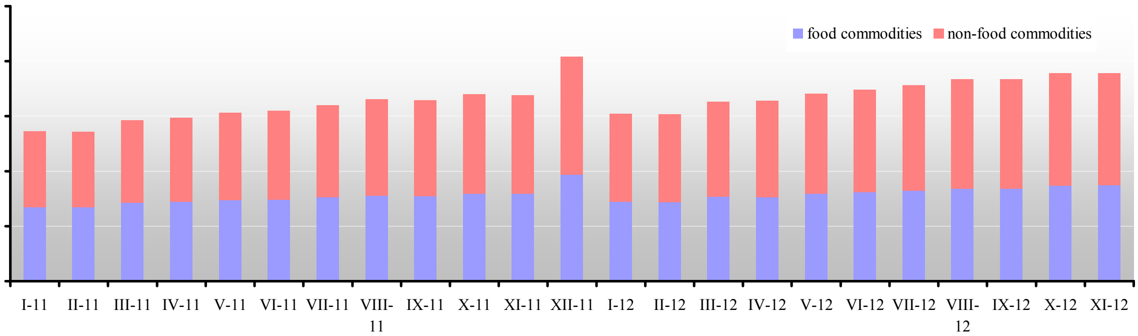
In December 2012 it became known that FAS (Federal Antimonopoly Service) might permit the retailers a one-time exceedance of the 25% market share limit within a municipality boundaries, provided it referred to a construction of a new outlet, not acquisition of a competitor' one. On 14 December 2012 the first vice-premier of RF Igor Shuvalov spoke about such possibility – the Government of RF was considering a possible liberalization of the Trade Act in relation to giving retail chains permission to build new retail facilities or to convert existing ones after reaching the 25% market share limit. The chief of FAS Igor Artemyev informed: **<…>**

Research (full version) includes information on key events in the state regulation of retail trade of Russia

The structure of retail sales by the categories of goods

<…>

Structure of retail trade turnover by commodity groups in 2011-2012 (by months), billion roubles



In November 2012 the share of food commodities came up to *%, and share of non-food commodities in retail trade turnover of in Russia came up to *% (in November 2011 – *% and *% accordingly).

Research (full version) also consists the dynamics of sales of the main food and non-foods

The structure of retail sales by the categories of trading units

The structure of retail trade sales according to the categories of trading units according to results of 9 months 2012 continues to demonstrate the decrease of the share of the marketplaces (by 0.9 percentage points) and individual entrepreneurs (by 0.7 percentage points).

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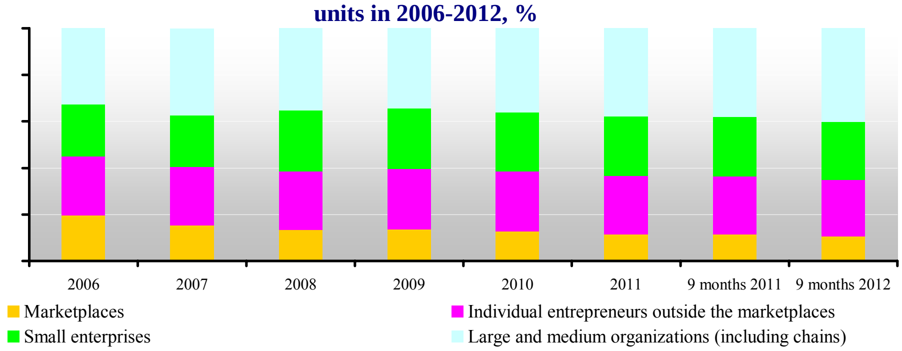
The structure of retail trade sales according to the categories of trading units in 2006-2012, %



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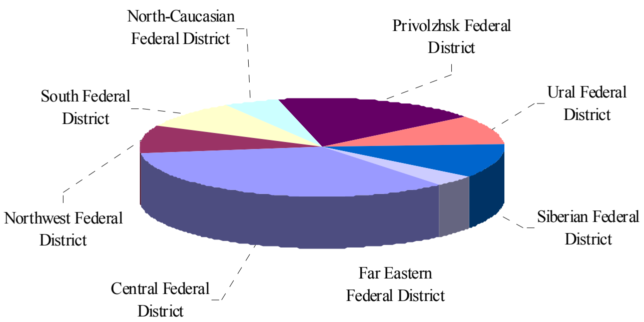
Research (full version) also consists information on structure of sale of the goods in the retail markets and fairs, detailed information on unorganized trade: number of the markets, trading places on them, structure of the markets and the managing subjects presented on them and other.

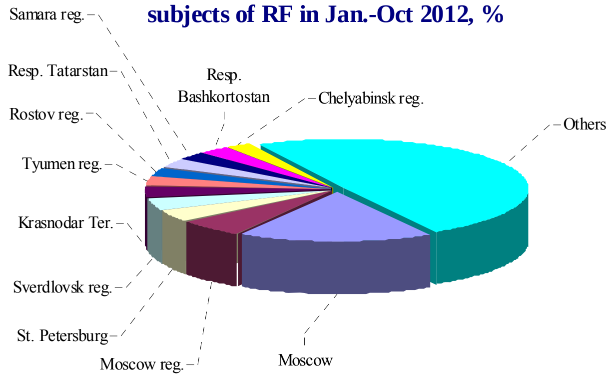
Regional structure of retail sales

Regional structure of retail trade sales in Russia features irregularity: *% retail trade sales in January-October 2012 falls on 11 territorial subjects of RF (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodarskiy Territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk and Rostov regions).

Structure of retail sales according to federal districts of RF in Jan.-Oct 2012, %



Structure of retail sales according to territorial subjects of RF in Jan.-Oct 2012, %



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Inflation at the food market

Dynamics of the prices for articles of food

In November 2012 the majority of monitored vegetables and fruit registered lowering of consumer prices. For instance, during the month bananas became cheaper by *%, lemons – by *%, oranges – by *%, white fresh cabbage, carrots and garlic – by *-*%. Alongside with that grapes prices increased by *%, prices for pears – by *%, for potatoes – by *%.

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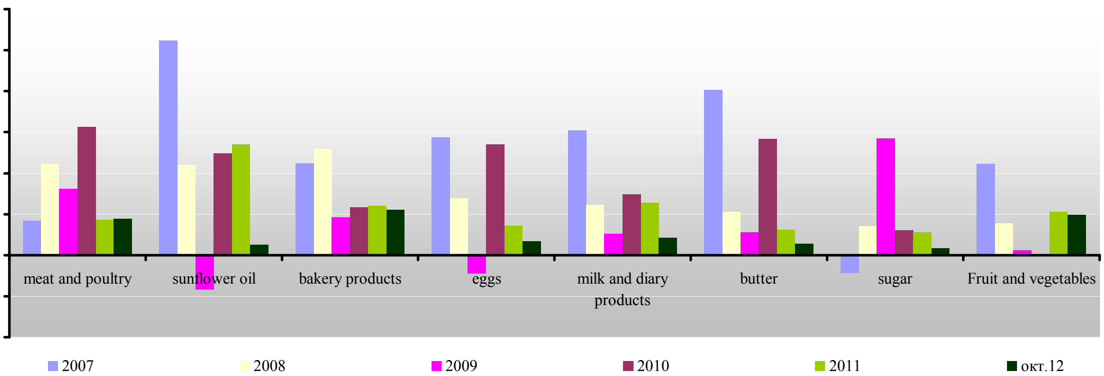
Rates of food commodities prices variations in 2007-2012, in % vs. previous year



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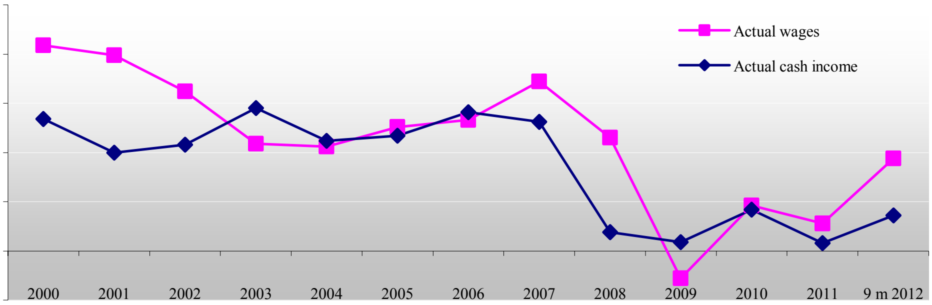
Research (full version) also consists the information on dynamics of cost on key consumer products on Russia and 8 regions of Russia

Incomes and expenditures of the population

According to results of 2010 the growth of actual cash earnings was at the level of actual wages, then according to results of 2011 it considerably slowed down. Dynamics of labor wages and per capita incomes of the population from 2000 to 2011 are represented in the diagrams below.

Dynamics of actual wages and actual income of population in 2000-2012, % as to the previous period



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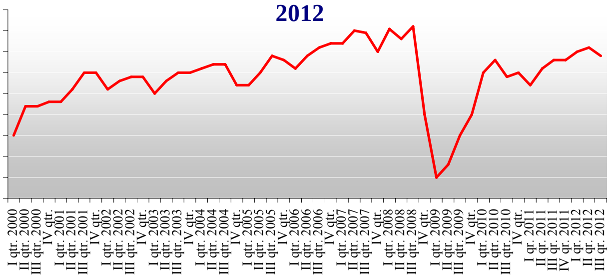
Research (full version) also consists the structure of the monetary income of the population and structure of their use, results of the skan-panel of households following the results of the complete period, Average receipt dynamics in household spendings, etc.

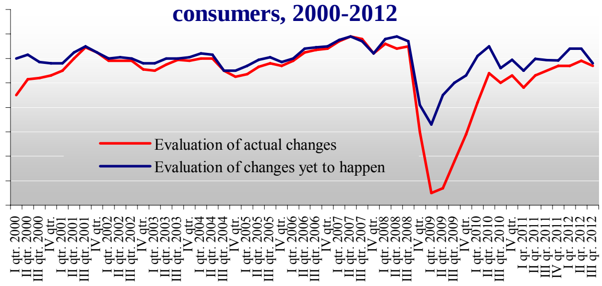
Consumer expectations and confidence of population

The results of the polls conducted by the Federal State Statistics Service among 5 000 people at the age of 16 and older, residing in all RF territorial subjects, during after-crisis period starting from the second quarter of 2009 and till the second quarter of 2010, the index reflecting collective consumer expectations of the population21 demonstrated growth and according to results of third quarter came up to (*%). However, in the fourth quarter of 2010 and the first quarter of 2011 the dynamics of the consumer expectations index were negative and just in the second quarter of 2011 the index grew up by 4 pp to (-9%), and in the third quarter of 2011 – for another 2 pp to (*%), in the fourth quarter of 2011 it remained at the same level (*%), but in the first quarter of 2012 somewhat improved, growing by 2 pp (*%), also continuing its growth in the second quarter of 2012 (*%) and in 3rd quarter 2012 demonstrated decrease by 2pp (*) again.

Consumer confidence index for Russia, 2000-2012



Evaluation of economics conditions in Russia by consumers, 2000-2012



[21] 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.

Section II. Other events of the retail trade

Activities of INFOLine IA specialists

Code of Good Practice for interaction between retail chains and suppliers of consumer commodities

On 14 December 2012 at 11:00 a meeting was held in the Government House of RF under the chairmanship of the first deputy of the Chairman of the Government of RF Igor Shuvalov and the Code of Good Practice for interaction between retail chains and suppliers of consumer commodities was signed. The Code was signed by the branch associations and other unions of retail chains (ACRT) and suppliers (RusBrand, Rusprodsoyuz, Soyuzmoloko, Maslozhirovoy Soyuz, National Meat Association, Fish Union), and also the committee of the Chamber of Commerce and Industry of Russian Federation for development of consumer market and the Consumers Union of Russian Federation. The Code of Good Practice was developed under the guidance of Mikhail Burmistrov, the CEO of INFOLine-Analytics and a board member of Rusprodsoyuz Association, who in December 2011 took charge of the working group of the Interindustry Expert Council for Development of Consumer Market, which was to prepare the Code of Good Practice.

<…>

The Trade Register of St.Petersburg

In October 2012 the St. Petersburg administration and INFOLine IA concluded a contract for rendering services of data collection regarding the business entities engaged in trade activities at the territory of St. Petersburg, for entering the data into the Trade Register. Articles 5 and 20 of the Federal Act of RF of 28 December 2009 No.381- FZ On Principles of State Regulation of Trade in RF and article 3 of the St. Petersburg Act of 27 October 2010 No. 582-139 On State Regulation of Trade in St. Petersburg provide for establishing of the Trade Register. <…>

The first stage of the project, for which it was planned to collect more than 100 applications from the largest retail business entities about their inclusion into the city's Trade Registry, was successfully completed in December 2012. <…>

As stated by the CEO of INFOLine Ivan Fedyakov, the purpose of the Trade Register of St. Petersburg formation is to make the city's market more transparent and understandable for all participants of the commercial process; it should contribute to more efficient interaction between business entities, better satisfaction of consumers' demand for quality goods at affordable prices. Ivan Fedyakov commented: "We have been researching the retail trade and for 10 years we have been hearing the same thing all over again: retailers complain of shortage of producers and suppliers of food products and suppliers complain of shortage of retail companies. The Trading Register is exactly the instrument that should settle such problems. This is an efficient marketing instrument, which can make the industry more transparent for its participants, for economic constituent entities. According to Federal Act No. 381, which was passed in the end of 2009, the Register should be implemented, but so far it remains just words on paper. Trading register exists in many countries of Europe, in USA, and in many cases such documents are hundreds of years old, and in our neighboring countries, such as, say, Belarus, this document already exists. <…>

The retail trade development monitoring, conducted by INFOLine in St. Petersburg, revealed that a significant volume of new stores commissioning results in cannibalization of chains traffic, which happens in the majority of large cities of Russia, and in lowering of retailers operational efficiency. All this is happening against the background of the decreasing buying capacity. Taking this into consideration, INFOLine specialists believe that record braking growth of the floorspace during last year can be the last one in the coming years. According to analysts, after 2012 this indicator should, most probably, decrease.

Section III. Events and development plans of FMCG retail chains

X5 Retail Group N.V. / Pyaterochka, Perekrestok, Karusel and Perekrestok-express trading chain

Company name: *X5 Retail Group N.V. V.* Address: *28, str.4, Srednyaya Kalitnikovskaya, Moscow, 109029.* Phones: *+7 495 6628888 +7 495 7899595* Fax: *+7 495 6628888, +7 495 7899595* E-Mail: *info@x5.ru* Web: *www.x5.ru* Chief executive: *Stephan Ducharme, CEO ad interim.*

Chain development

As of 01 October 2012 X5 Retail Group manages 3472 stores, with trading floorspace of 1865.4 thousand square meters. The chain includes 2936 Pyaterochka soft discounters[22], Perekrestok-Express 110 convenience stores, 350 Perekrestok supermarkets, 76 Karusel hypermarkets. The number of franchisee stores in Russia came up to 404 outlets by 01 October 2012. During 9 months of 2012 X5 Retail Group increased its trading floorspace by 138.1 thousand square meters, and the number of stores – by 470, including 411 Pyaterochka soft discounters, 40 Perekrestok-Express convenience stores, 20 Perekrestok supermarkets and decreased it by one Karusel hypermarket (besides, all 6 Pyaterochka Maxi hypermarkets were rebranded into Karusel).

As of 01 October 2012 the stock capital of X5 Retail Group was distributed as follows: Alfa Group – 47.86%, founders of Pyaterochka chain – 19.85%, management of X5 – 0.13%, treasury stock – 0.11%, in free floating – 32.05%.

The performance results and expectations

The net revenue of X5 Retail Group in the third quarter of 2012 according to IFRS came up to 116.085 billion roubles, increasing by 10.2% in roubles. The net revenue of X5 Retail Group in the third quarter of 2012 according to IFRS came up to 3.616 billion dollars, decreasing by 0.2% in dollars against 3.623 billion dollars in the third quarter of 2011. EBITDA for the third quarter of 2012 came up to 219.9, cost effectiveness according to EBITDA – 6.1%, and cost effectiveness according to net profit came up to 0.3%.

<…>

Investment activities

In September 2012 it became known that X5 Retail Group and the Government of Tula region concluded an Agreement on cooperation, under which it was planned to implement an investment projects for development of trading infrastructure in this regional area. The Agreement was signed by the director for corporative relations of X5 Retail Group Mikhail Susov and the governor of Tula region Vladimir Gruzdev. The agreement provides for opening of minimum 45 stores at the territory of Tula region during 2012-2014 and investment of up to one billion roubles.

Resignations and appointments

In November 2012 it became known that Leonid Terentyev, director of assets management, was leaving X5 Retail Group. Leonid Terentyev, responsible for acquisition of real estate and maintenance of stores, will hand over his responsibilities to Valentin Ponomar, the CEO of TD Perekrestok CJSC, before the end of 2012. We would like to remind that Leonid Terentyev has been with X5 Retail Group since 2006, when X5 Retail Group appeared as the result of Pyaterochka and Perekrestok chains merger, and since 2007 he has held the office of the assets management and maintenance director of the group. Before 2010 his successor, Valentin Ponomar, was the administrative director of X5 Retail Group, and before that – the director for legal problems.

In November 2012 it became known that Yuri Kobaladze, the CEO's counselor for questions of interaction with government agencies, was leaving X5 Retail Group. We would like to remind that Yuri Kobaladze has been with the company since 2007.

[22] As it has come to be generally accepted by the international retailers the format of discounter should meet the "one commodity - one demand" rule. But it is important to emphasize that in Russia the discounter format, as such, is non-existent. At the same time the specialists of INFOLine IA would like to distinguish two subformats of the convenience store format: soft discounters, for the formats of the number of the largest Russian players, such as Pyaterochka, Diksi, Magnit, Monetka, Kopeika, Maria-Ra and others, and convenience stores. In this section we are using the term of a convenience store meaning a soft discount store.

Logistics

In November 2012 it became known that X5 Retail Group set up a single dispatch center for monitoring of its vehicle fleet, which monitors over 1 200 cars. The vehicles that deliver commodities to the stores of Perekrestok, Pyaterochka, Karusel and others had been equipped with AutoTracker on-board modules, back door open/close operation and temperature sensors, also connected to a CAN bus. The open/close operation sensors enables control over the unloading time, an unscheduled response of the sensor can be a security threat warning. We would like to remind that in 2009 X5 Retail Group decided to streamline operations of their vehicle fleet, equipping it with a monitoring GPS system.

In December 2012 X5 Retail Group plans to launch into operation the dry block, and in February 2013 – the refrigerator block that were rented in October 2012 at the additional warehouse complex of class A, situated in Kstovskiy district of Nizhniy Novgorod, with total floorspace of 16 thousand square meters. The first stage of the park includes already operating distribution center of the company with the total floorspace of more than 16 thousand square meters. The company decided to consolidate all its stocks in Nizhniy Novgorod region in the context of one projects and concluded a 10-year rental agreement for those premises.

New formats

In December 2012 X5 Retail Group launched, in pilot mode, its first supermarket Perekrestok Store of Future in the territory of X5 Retail Group office with floorspace 234 square meters, the product mix includes 5300 items. The innovative technology is introduced in the context of the project of the Store of Future LLC[23] by X5 Retail Group, Rosnano JSC [24] and RTI JSC[25]. The main feature of the project is the completely new system of purchasing, which excludes presence of cashiers and sales persons: all commodities in the Store of Future are marked with RFID chips, the technology provides for tracking of goods from the storage to the trading floor and then to the buyers: it can offer perfect control over the shelf life terms, immediate information about quantity and assortment of the goods on the shelf, as well as prevents the instance3s of infringement goods sales. The RFID-marking makes it possible to scan the goods in the consumer basket due to RFID scanners, which immediately produce an electronic receipt. Such arrangement is also efficient against theft. The technique of purchasing goods is as follows: a shopper selects goods in the trading hall, stores them in the basket and proceeds to the automatic cashier terminal (scanner). Putting the basket with the goods into the special scanner module, the buyer can see information about the selected commodities and their total prices at the display. The goods in the basket are scanned simultaneously, which highly reduces the processing time. Afterward the goods are paid for at a special terminal. The Store of the Future accepts cash, credit cards and no-touch payments, including mobile phones with NFC.

Corporative events

On 7 December 2012 in the Hague (Netherlands) there took place Extraordinary General Meeting of Shareholders. The sole agenda item, the proposal to amend the Articles of Association of the Company, was passed by the holders of X5's global depository receipts at the EGM.

[23] Magazin Budushchego (Store of Future) LLC was created in June 2011 by designing company X5 RETAIL GROUP (33.34%), ROSNANO JSC (33.33%, financial co-investor) and Sitronics (33.33%, technology partner). The primary activity: Introduction of RFID into retail trade.

[24] ROSNANO JSC contributes to the government policy for development of nanoindustry, acting as a co-investor in nanotechnological projects of considerable economic and social potential. The tasks of the Russian Corporation of Nanotechnologies Government Corporation regarding the creation of nanotechnological infrastructure and implementation of education programs are fulfilled by the Fund of Infrastructure and Education Programs, also created as a result of government corporation reorganization.

[25] RTI JSC is the largest Russian industrial holding, enterprises of RTI JSC posses their own R&D-infrastructure and implement projects, unique in their complexity and scale, in the field of radio- and space technologies, navigation and microelectronics. Food portfolio of RTI JSC consists of ready solutions in the field of integrated communication and security systems, systems integration, microelectronics, telecommunications, geoinformatics and radionavigation, as well as major defense projects of government significance.

Research (full version) consists description by 10 largest FMCG chains in Russia:

X5 Retail Group N.V. (Pyaterochka, Perekrestok, Karusel and Perekrestok-express); Magnit, JSC (Magnit retail chain); Auchan Group (Auchan, NASHA raduga and Atac retail chains); Metro Group (Metro Cash&Carry and real- retail chains); O'Key, LTD. (O'Key retail chain); Lenta, LTD. (Lenta Cash&Carry retail chain); DiksiGroup, JSC (Diksi trading chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Semeynaya Kopilka, Viktoria, Kesh); Sedmoi Kontinent, JSC (Sedmoi Kontinent, Nash)

The description of each network includes news according to sections:

- **Chain development (operation results, plans of further development);**
- **The performance results and expectations (key financial results 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 centralization, etc.);**
- **Commissioning of the stores (during last month);**
- **Closing the stores (during 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.).**