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INDUSTRY REVIEW

Russian consumer market and FMCG retail chains rating

Demo-version

The results 2016-2017

- Retail business statistics in Russia and regions
- Retail indicators in Russia
- Review of retail market of Russia in 2016-2017
- Rating of FMCG retailers by stores number, selling space in 2015-2016, net sales in 2014-2016

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

INFOLine информационное агентство information agency

Contents

About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period (**the results of 2016-2017**), operational, financial and investment activity, as well as **rating of major FMCG retail chains in Russia**.

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

Key market figures: the retail market capacity in Russia in 2015 exceeded RUB 27.5 tn (inclusive of VAT). The food products sales reached RUB 13.4 tn (inclusive of VAT). 700 described FMCG retail chains (including specialized ones and stores at gas filling stations), account for 50% of food retail turnover in Russia. The share of 10 FMCG largest retail chains comes to more than 24% of food retail.

Relevancy: as was forecasted by INFOLine's specialists, in 2015 the consumer market shifted to a new development paradigm. In H1 2016, the turnover of the Russian retail market in kind was down 5.9%, food (including beverages) and tobacco sales slumped by 5.2%. Here, retail grocery sales in rubles hit an all-time low in May 2016, non-food sales – in March 2016. Later things slightly improved amidst the upswing in consumer borrowing and people's adjustment to the economic stagnation. The retail turnover in kind has remained negative in 2016; however rising food prices are increasing the ruble grocery market size.

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

Time framework: Dynamics from 2007 (market capacity and dynamics). Operational and financial indicators of largest FMCG chains from 2011. Results of 2016. Tendency of development in 2017 (retail market capacity and dynamics, consumer incomes, strategy and plans of the largest FMCG chains).

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

Research methods and data sources

- Monthly expert polling and interviews of more than 200 Russian retail FMCG chains
- Questionnaire survey of more than 100 FMCG retail chains, monitoring and analysis of Operational and financial results of more than **700 FMCG Retail Chains**
- Monthly update unique database **"1000 hypermarkets FMCG of Russia",** which is part of the preparation of the industry research **"FMCG Hypermarkets in Russia"**
- Monitoring in **commercial real estate** market, including **1800 Shopping Centres in 30 Largest Cities** base. Monitoring of investment projects and commercial real estate commissioning **"FMCG and DIY Shopping Centres and Hypermarkets in Moscow and Moscow Region**, **St. Petersburg and Leningrad region**. Comparative analysis **Shopping Centres Market in 27 Cities and Regions of the RF**
- Monitoring of over 2000 mass media. Exposure of key events on retail FMCG market since 2002 as part of **Industry News: Food Retail and FMCG Retail Chains of the RF**, **Industry News: Food Industry and Food Market of the RF** and **Industry News: Retail in th RF**.

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

- **Rating of FMCG retail chains of Russia.** Operational results of 150 largest FMCG chains by formats: stores number and selling space dynamics (hypermarket, supermarket, discounter, convenience store). The most significant stores opening and closing. Ratings by number, selling space, revenue of TOP 50 FMCG chains in Russia (with over RUB 10 bn in revenue), selling space growth structure and dynamics by chains and formats.
- **Section I. Retail trends and development in Russia.** Macroeconomic retail: turnover and money supply dynamics, turnover forecast. Leading indicator of retail development. Governmental regulation of retail. Structure of retail turnover by businesses types. Regional structure of retail turnover. Food market inflation. Incomes and expenditures of population. Monetary policy. Consumer expectations and confidence of population
- **Section II. Key events for FMCG retail in Russia.** Important events for FMCG retailers in Russia. Expert assessment of the Russian market by INFOLine's specialists. Case – operational and analytical information on vital questions.
- **Section III. Key events and plans of major FMCG chains.** Current information on largest FMCG retail chains in Russia: strategy and plans, results and forecasts, investments, stores opening and

closing, stores opening in 2016, new formats development, A&M, resignations and appointments, logistics, private label , interaction with consumers and suppliers, corporative events, top management and contact information.

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

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

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

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

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

Information about INFOLine agency

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

The research reports and surveys of INFOLine IA are used in their activities by the **largest FMCG retailers** (X5 Retail Group, Magnit, Auchan, Metro Cash&Carry, Lenta, O'Key DIXY, Globus, Azbuka vkusa), **producers** (Procter&Gamble, Coca-Cola, Pepsi, SABMiller, Fazer, Mars, KraftHeinz, Colgate-Palmolive,United Confectioners) , **distributors** (Megapolis GC), **financial** (Sberbank, VTB, etc.) and **service** companies (GC Servis-plus, Wincor-Nixdorf).

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

Rating of FMCG retail chains of Russia

TOP 150 FMCG chains[1] performance

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

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

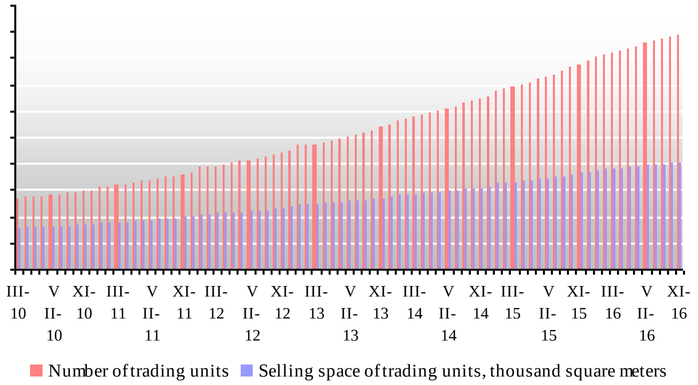
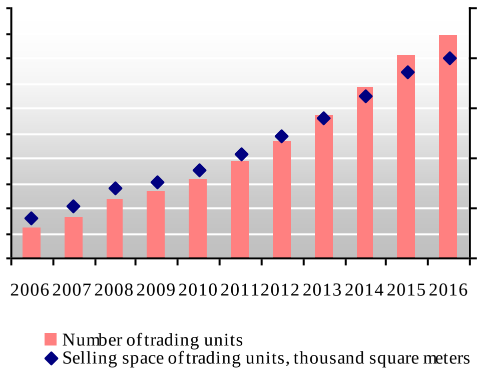


Figure 2. Dynamics of number of stores and their selling space of 150 largest retailers of Russia in 2006-2016 (to the end of the period)



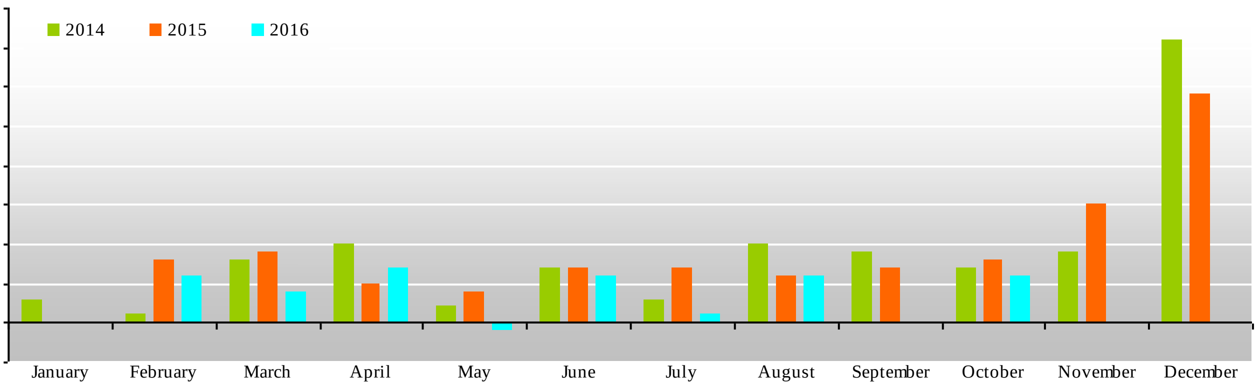
Data source: IA INFOLine

As of **January 1, 2017**, a total number of TOP -150 retailers FMCG stores was * while their total selling space was approximately * million square meters.

Hypermarket Format Development[2]

December 2016, the number of hypermarkets belonging to TOP-150 retailers FMCG increased by * store while selling space increased by * thousand square meters. Over the period of **January-December, 2016**, a number of hypermarkets of TOP-150 retailers FMCG increased by * stores while selling space expanded by * thousand square meters.

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



Data source: IA INFOLine

In **December 2016**, the following hypermarkets were **opened**: 10 hypermakerts «Lenta» in St. Petersburg and Leningrad region (K-RUOKA rebranding)...

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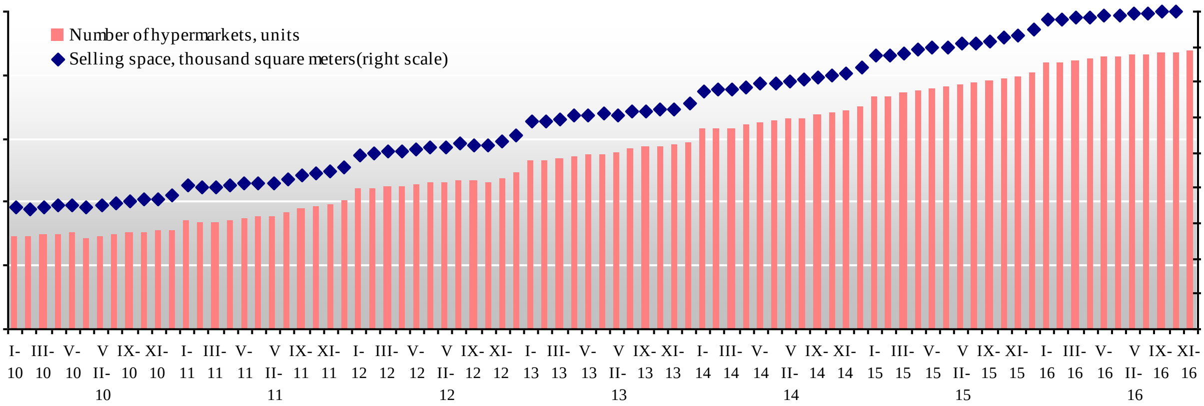
[1] Data was corrected according to the 2016. Hereinafter the data for X5 Retail Group, Magnit and DIXY is presented as it was available at the date of this survey's preparation: Magnit – November 2016, DIXY – November 2016, X5 Retail Group – September 2016. Drogerie store chain "Magnet Cosmetic" is not included

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

Meanwhile, in **December 2016** was **closed** a hypermarket …

Figure 4. Dynamics of number of hypermarkets and their floorspace of 150 largest retailers of Russia in 2010-2016 (to the end of the period)



Data source: IA INFOLine

The total number of hypermarkets among TOP-150 FMCG retailers as of **January 1, 2017** was *, with total selling space of *million sq. m.

Research (full version) also includes the description of development of supermarket format, discounter[3] format and convenience store format

Rating of FMCG retail chains by number of stores

INFOLine IA ***monthly*** *collects information regarding stores number among more than 150 major FMCG retailers*

Expansion dynamics by number of stores

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

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

Legal name	Brand	Main formats[4]	Number of stores as of period's end			Stores number dynamics during the period			
			2015	Dec. 15	Dec. 16	Dec.15	Dec.16	2015	2016
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
X5 Retail Group[5](TD Perekrestok, CLSC)	Pyaterochka	D	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*
	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
Auchan Retail Russia (Auchan, LLC, Atac, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den, Auchan Supermarket, Moy Auchan	H, S, C	*	*	*	*	*	*	*
	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
DIXY Ug, SC[6]	Dixy	D	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*
	Deshevo, Kvartal	C	*	*	*	*	*	*	*

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

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

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

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

Legal name	Brand	Main formats[4]	Number of stores as of period's end			Stores number dynamics during the period			
			2015	Dec. 15	Dec. 16	Dec.15	Dec.16	2015	2016
	Victoriya	S	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H, S	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H, S	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*
Fresh Market, LLC	DA!	D	*	*	*	*	*	*	*
O'KEY, GK	**All formats**	**All formats**	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*
Spar (all legal entities)[7]	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***H, S, C***	*	*	*	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	H, S, D	*	*	*	*	*	*	*
Hyperglobus, LLC	Globus	H	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising), Spar Express	H, S, C, D	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holiday, Planeta Holiday, Holdi, Sibiriada, Kora, Palata, Narodnaya Plata, Turne, Econom, Supermarket	H, S, C	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	H, S, C	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market, AV Market, Enoteka, Spar	H, S, C	*	*	*	*	*	*	*

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

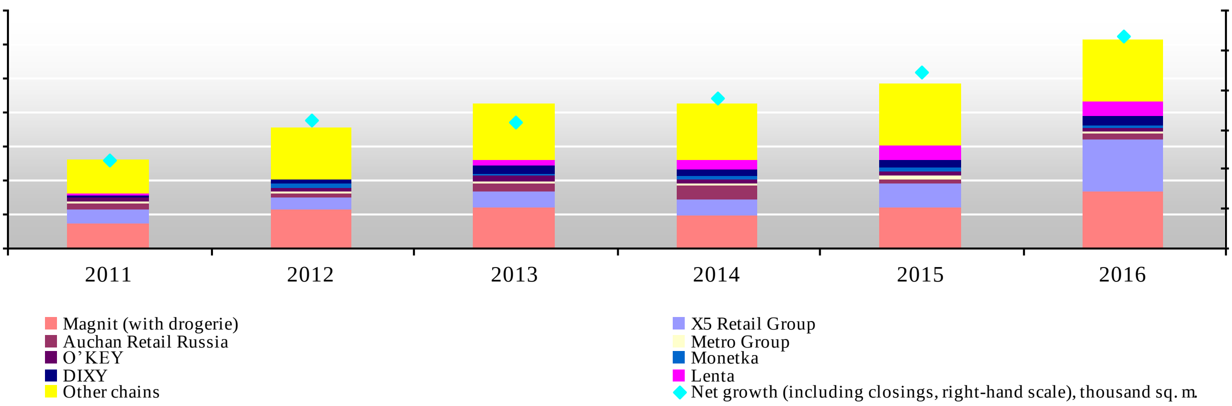
Rating of FMCG retail chains by selling space

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

Performance for 2011-2016 and forecast 2017

According to results of 2016 the increment of selling space among 150 major chains came to more than * thousand sq. m. (2015 - *thousand sq. m., 2014 – *thousand sq. m., in 2013 – *, in 2012 – *thousand sq. m., in 2011– *thousand sq. m.) or *% (in 2014 – *%, in 2013 – *%, in 2012 – *%, in 2011 – *%). Therefore, as of 01 January 2017 the aggregate selling space of TOP 150 FMCG retail chains was more than * million sq. m. <…>

Figure 11. 150 major retailers' selling space growth (exclusively of retailers with decreased space) in 2011-2016, thousand sq. m.



Data source: INFOLine IA

Selling space dynamics of major retailers

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

[7] Taking into account subfranchising stores.

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

Legal name	Brand	Main formats[8]	Total selling floorspace as of period's end			Dynamics of aggregate sales space for the period			
			2015	Dec. 15	Dec. 16	Dec.15	Dec.16	2015	2016
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
X5 Retail Group[9](TD Perekrestok, CLSC)	Pyaterochka	D	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*
	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
Auchan Retail Russia (Auchan, LLC, Atac, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den, Auchan Supermarket, Moy Auchan	H, S, C	*	*	*	*	*	*	*
	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
DIXY Ug, SC[10]	Dixy	D	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*
	Deshevo, Kvartal	C	*	*	*	*	*	*	*
	Victoriya	S	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H, S	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H, S	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*
Fresh Market, LLC	DA!	D	*	*	*	*	*	*	*
O'KEY, GK	**All formats**	**All formats**	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*
Spar (all legal entities)[11]	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***H, S, C***	*	*	*	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	H, S, D	*	*	*	*	*	*	*
Hyperglobus, LLC	Globus	H	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising), Spar Express	H, S, C, D	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holiday, Planeta Holiday, Holdi, Sibiriada, Kora, Palata, Narodnaya Plata, Turne, Econom, Supermarket	H, S, C	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	H, S, C	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market, AV Market, Enoteka, Spar	H, S, C	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by net sales

Financial indicators of public companies, published as of January 2017 are presented in the table (negative indicators in brackets).

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

Legal name	Brand	Main formats[12]	Revenue in 2016	2016 vs 2015, %	LfL in 2016,%	Revenue in Q4 2016	Q4 2016 vs Q4 2015, %	LfL in Q4 2016,%	Revenue in Dec. 2016	Dec 2016 vs Dec 2015, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*
	Total for company	D, H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	*

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

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

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

[11] Taking into account subfranchising stores.

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

Legal name	Brand	Main formats [12]	Revenue in 2016	2016 vs 2015, %	LfL in 2016,%	Revenue in Q4 2016	Q4 2016 vs Q4 2015, %	LfL in Q4 2016,%	Revenue in Dec. 2016	Dec 2016 vs Dec 2015, %
	Total for X5+ Kopeika	C, D, S, H	*	*	*	*	*	*	*	*
Dixy Group, JSC	Dixy	C	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*
	Total for company	C, D, S, H	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*
		S	*	*	*	*	*	*	*	*
		S, H	*	*	*	*	*	*	*	*
O'KEY GK	O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*
	DA!	D	*	*	*	*	*	*	*	*
	Total for company	D, S, H	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

Business financial efficiency indicators of the largest public retailers upon the results of 2016 are given in the table.

Table 4. Financial indicators (exclusive of VAT) of major FMCG chains during 2016, bn RUB

Indicator	Magnit, PC[13]		X5 Retail Group N.V.[14]		Dixy Group, SC (IFRS)[15]		Lenta, LLC (IFRS)[16]		O'KEY, LLC[17]	
	2016	Q4 2016	2016	Q4 2016	2016	Q4 2016	2016	Q4 2016	2016	Q4 2016
Total revenue, bn RUB	*	*	*	*	*	*	*	*	*	*
Net retail revenue, bn RUB	*	*	*	*	*	*	*	*	*	*
Retail revenue growth, %	*	*	*	*	*	*	*	*	*	*
Gross profit, bn RUB	*	*	*	*	*	*	*	*	*	*
Gross margin, %	*	*	*	*	*	*	*	*	*	*
Net profit, bn RUB	*	*	*	*	*	*	*	*	*	*
Net profit margin, %	*	*	*	*	*	*	*	*	*	*
EbitDA, bn RUB	*	*	*	*	*	*	*	*	*	*
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*
LfL (revenue), %	*	*	*	*	*	*	*	*	*	*
LfL (average ticket),%	*	*	*	*	*	*	*	*	*	*
LFL (traffic), %	*	*	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

<…>

TOP 20 retailers' revenue dynamics in 2013-2016 are presented in the table.

Table 5. Net sales dynamics (excluding VAT) of the major FMCG chains in 2013-2016, bn RUB

Legal name	Brand	Main formats[18]	Data	2013	2014	2015	2016
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	IFRS	*	*	*	*
	Magnit	D		*	*	*	*
	Magnit Semeiniy	H		*	*	*	*
	Magnit-Cosmetic	C		*	*	*	*
	All formats	**All formats**		*	*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	IFRS	*	*	*	*
	Perekrestok	S		*	*	*	*
	Pyaterochka	D		*	*	*	*
	Perekrestok Expres, Kopeika	C		*	*	*	*
	All formats	**All formats**		*	*	*	*
Auchan Retail Russia (Auchan, LLC; Atac, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS	*	*	*	*
	Atac	S		*	*	*	*
	All formats	**All formats**		*	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C, D	IFRS	*	*	*	*
Lenta, LLC	Lenta	H, S	IFRS	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	H, S	IFRS, RAS, 2015 estimation	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	IFRS	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	management accounting	*	*	*	*

[13] Information according to IFRS
[14] Information according to IFRS
[15] Information according to IFRS in H1 and according to the management accounting.in Q3 and 9m.
[16] Information according to IFRS in H1 and according to the management accounting.in Q3 and 9m.
[17] Information according to IFRS in H1 and according to the management accounting.in Q3 and 9m. Including the format «discounter «DA!».
[18] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

Legal name	Brand	Main formats[18]	Data	2013	2014	2015	2016
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	***management accounting***	*	*	*	*
Monetka, GK (Element - Trade, LLC)	Monetka, Monetka Super, Rayt	H, S, D	management accounting	*	*	*	*
Giperglobus, LLC	Globus	H	RAS, management accounting	*	*	*	*
Maria-Ra GC	Maria-Ra	C, D	management accounting	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	H, S, C, D	management accounting	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, D	RAS, management accounting, 2014-2015 estimation	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	H, S, C	IFRS, 2014-2015 estimation	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	H, S, C	RAS, management accounting	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	2014-2015 estimation	*	*	*	*
GC Torgservis, LLC	Svetofor	S	estimation	*	*	*	*

Data source: INFOLine IA data

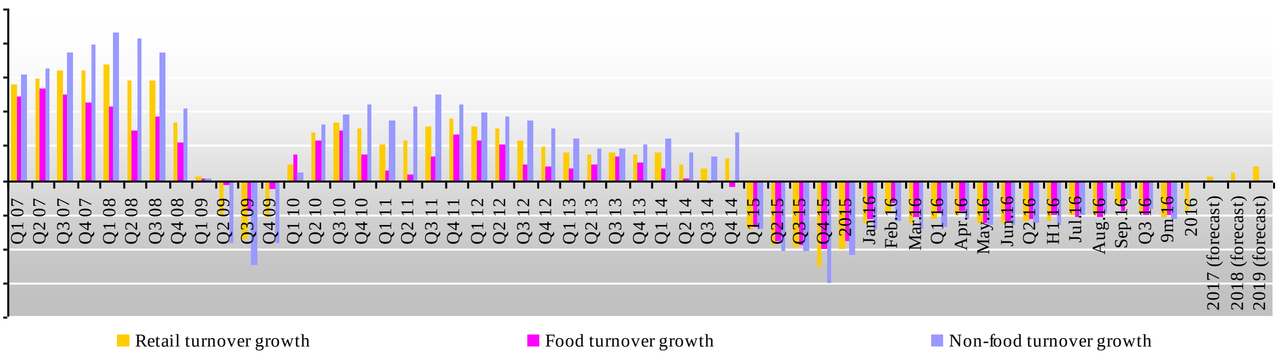
Full version also includes the description of the aggregated financial performance for the largest chains with revenue of more than 12 billion rubles.

Section I. Retail trends and development in Russia

Macroeconomic retail indicators

On October 28, 2016 Draft Law #15455-7 On Federal Budget for 2017 and the planning period of 2018 and 2019 was submitted to the State Duma. It contains the renewed forecast of the Ministry of Economic Development of the Russian Federation with three options: base, base+ and target. In 2016, all these three options consider the oil price of * USD per barrel, however, for the period of 2017 to 2019, the oil price is * USD per barrel in the base option and is gradually increasing up to * USD per barrel in base+ and target options. **<…>**

Figure 5. Main consumer market indicators 2007-2016 and forecast till 2017-2019, % against the same period of previos year.



Data source: FSSS

Experts of the Russian Ministry of Economic Development also predict that the retail sales volume increase in 2017 by 0.6% in 2017, 1.1% in 2018 and 1.8% in 2019.

Table 6. Retail turnover dynamics in Russia in 2007-2016 and forecast till 2017-2019 (basic forecast)

Period	Turnover, bn RUB	In % to corresponding period of previous year	
		In comparable prices, %	In current prices, %
2007	*	*	*
…	…	…	…
2012	*	*	*
…	…	…	…

Period	Turnover, bn RUB	In % to corresponding period of previous year	
		In comparable prices, %	In current prices, %
2013	*	*	*
Q1 2014	*	*	*
…	…	…	…
2014	*	*	*
…	…	…	…
Q1 2015	*	*	*
…	…	…	…
Q2 2015	*	*	*
H1 2015	*	*	*
…	…	…	…
Q3 2015	*	*	*
9 months 2015	*	*	*
…	…	…	…
Q4 2015	*	*	*
2015	*	*	*
…	…	…	…
Q2 2016	*	*	*
H1 2016	*	*	*
…	…	…	…
Q3 2016	*	*	*
9m 2016	*	*	*
…	…	…	…
Q4 2016			
2016	*	*	*
2017 (forecast)	*	*	*
2018 (forecast)	*	*	*
2019 (forecast)	*	*	*

Data source: FSSS and the Ministry of Economic Development

Main indicators of retail development[19]

Businessmen’s evaluations of the factual and expected economic situation give evidence of a serious destabilization. However, retail dynamics of recent years did not give grounds to expect such dramatic indicators’ decline. The business climate degraded accordingly. According to FSSS (the Federal State Statistics Service), in Q1 2016 the business confidence index came to * pp, decreasing by * pp vs. Q4 2015 and unchanged vs. Q1 2015. After the actual changes in economic situation evaluation came to * pp in Q2 2016, in Q3 2016 it increased by * pp to * pp.

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

Figure 34. Entrepreneur confidence index in Russia in 2007-2016

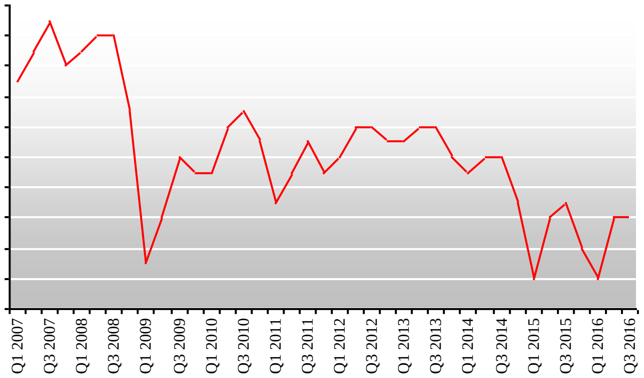
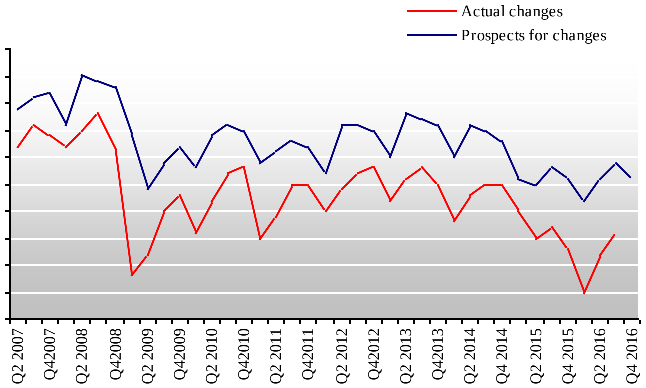


Figure 35. Assessment of economic situation in Russia in 2007-2016



Data source: FSSS

<…>

Government regulation of retailing

The Trade Act

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

Code of Good Practices (CGP)

On October 31, 2016 large food retailers started notifying manufacturers that the norms of Good Practices Code are no longer applicable to their business relationships. Retailers themselves say this is a temporary measure caused by the adoption of the Russian Trade Activity Law, and they keep sticking to the principles of the industry's self-regulation. Secretary of committee for implementation of Good Practices Code Mikhail Burmistrov noted that amendments to the Code are possible only after official interpretations and instructions of Federal Antimonopoly Service of the Russian Federation and Ministry of Industry and Trade of the Russian Federation. **<…>**

The Cash Registers Regulation

On July 3, 2016, President of the Russian Federation signed the Federal Law No. 290-FZ *On Amendment to the Federal Law On the Use of Cash Registers for Cash and (or) Card Payments as well as Amendments to Certain Legislative Acts of the Russian Federation*. The Law stipulates a phased transition to CRs that transfer cash and e-payment data via a fiscal data operator to tax authorities in soft copies. For a newly registered CR, this becomes mandatory from January 1, 2017; for CRs currently in use, from July 1, 2017; for persons the Law obliges to use CRs that have not been so obliged, from January 1, 2018. The Bill also stipulates that: **<…>**

USAIS

The Wholesale section appeared in the USAIS on January 1, 2016. Back then, virtually all the market agents faced system errors occurring. They recorded an hours-long hang, due to which the accounting of goods was 80% manual - and-time consuming. "The USAIS is now operating normally. No extra load on either the system itself or the support hotline. We should admit how nicely the alcohol retailers did their job. Most of such stores joined the system long in advance of the law-stipulated deadlines and are quite comfortable within it", the AMR Press Service says. **<…>**

Alcohol Beverage Market Regulation

Igor Chuyan, Head of the Federal Service for Alcohol Market Regulation, announced in September 2016 that the service contemplated creating a unified federal agency that would issue licenses for alcohol retail sales and transfer the said powers to the service. «As a pilot project, we may engage companies operating across the country», he says. Before that, retailers applied to VPM Alexander Khloponin asking to streamline the licensing procedure for key alcohol sellers. In particular, they proposed to establish a federal licensing agency and assign its powers to the Federal Service for Alcohol Market Regulation. **<…>**

Alcohol Market Regulation: Excise Duties

In October 2016, Russian Ministry of Finance lobbied for equaling excise tax rate for cider, mead and beer, including non-alcoholic. This measure, Ministry says, will help balance out regional budgets. It is said in the draft of Principal Directions of Tax Policy for the years 2017-2019 that 'excise tax rate for cider, poiré, mead and beer with less than 0.5% of ethyl alcohol should be equal to the excise tax rate for beer with ethyl alcohol content between 0.5% and 8.6%, which is 21 RUB per liter'. **<…>**

Tobacco Market Regulation

On October 6, 2016, State Duma Council assigned the State Duma Healthcare Committee to review the Draft Law #339287-6 On Amending Article 12 of the Federal Law On Protection of Health of Citizens from Tobacco Smoke and Consequences of Tobacco Consumption (insofar as it refers to the list of sites where smoking is allowed). We would like to remind you that the draft law was submitted to the State Duma on September 6, 2013. It suggests that the owners of railway stations and airports or other duly authorized persons will have an opportunity to organize special premises for smoking, equipped with ventilation systems. **<…>**

Road toll

On November 9, 2015, the Prime Minister Dmitry Medvedev signed the Resolution that reduces the passage fee down to 1.53 Rubles per 1 kilometer until February 29, 2016. From March 1, 2016, to December 31, 2018, 1 km of passage will cost 3.06 Rubles. Starting November 15, 2015, a paid passage over federal routes was introduced in Russia for heavyweight trucks whose mass exceeds 12 tons. The operator of the payment collection system is RT-Invest Transportation Systems (RTITS). **<…>**

National System of Targeted Food Assistance

In October 2016, the Russian Minister of Trade and Industry Denis Manturov said that the food assistance program for the underprivileged might be launched as early as 2018. Earlier, Deputy Minister of Trade and Industry Viktor Yevtukhov said that the food assistance program would not be launched in 2017 and was not likely to be launched in 2018 either. **<…>**

Sales tax in Moscow

In September 2016 it became known that the Moscow Government approved amendments to the statutory city acts regulating the procedure of sales tax administration. The proposals were made for the further improvement of work with tax payers. According to new rules, acts that are made in relation of non-payers of the sales tax and submitted to the FTS Directorate in Moscow, can be appealed during the Interagency Commission on Taxation at the Department of the Economic Policy and City Development. Besides, a similar simplified procedure was provisioned for the exclusion from the list of non-payers situated at the Department website. **<…>**

Food products quality regulation

Starting from January , 2017, a national standard GOST R 57022-2016 «Organic Production. The Procedure of Voluntary Certification of Organic Production» is introduced in the Russian Federation. Its objective is to establish the single regulations for voluntary certification of organic production. At the moment there are numerous labeling and certificates declaring that this product is made without use of food additives, synthetic fertilizers and GMO. **<…>**

Internet Trading Regulation

In October 2016, the Russian Minister of Trade and Industry Denis Manturov said that online medicines and alcohol sales would be more strictly controlled than the retail sales. Earlier on, at a meeting of the working group for promoting export via development of online trade, the Ministry of Trade and Industry suggested to lift all restrictions on online sales of commodities like jewelry, alcohol, tobacco products, pharmaceuticals, medical products and some food products. **<…>**

Other news in the sphere of consumer market regulation

In October 2016, it was announced that the Ministry of Industry and Trade in its motion to the Ministry of Finance proposed to include food products in the tax free system. The document states that "the Ministry of Industry and Trade sees no rationale in any restrictions on the list of goods with VAT refund, and defines food and non-food products made in Russia and abroad that circulate freely in the EEU area. The experiment with tax free introduction in Russia will begin on January 1, 2017, according to the letter of the Ministry of Industry and Trade. **<…>**

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

Structure of retail turnover by the category of products

<…>

In December 2016 the share of food products in the structure of the retail turnover increased by *****p.p. comparing to December 2015. **<…>**

Table 8. Structure of retail turnover in terms of product groups in 2011-2016[20]

Indicator	2011	2012	2013	2014	2015	2016	Q4 2015	Q4 2016	Dec. 15	Dec. 16
Retail turnover	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

<…>

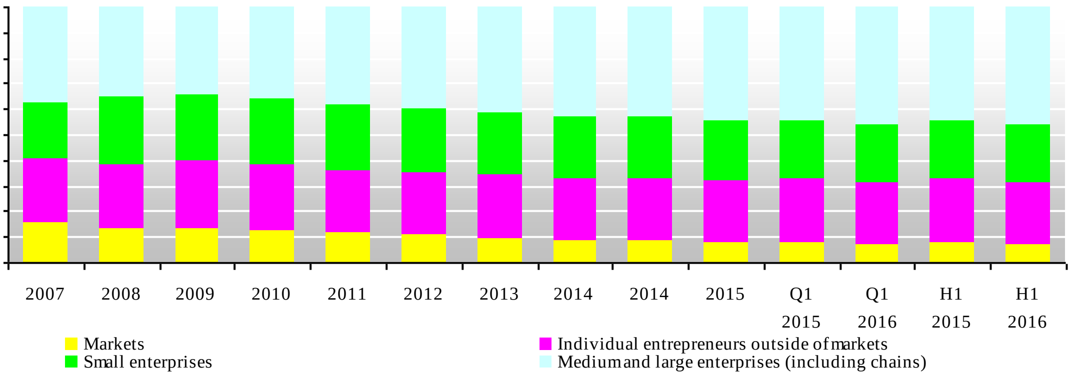
Research (full version) also includes sales dynamics of the major food and non-food retailers

Structure of retail turnover by the category of retailer

The share of markets in the retail structure continued to decrease in H1 2016 (0.9 pp vs. H1 2015). The share of small enterprises is also decreasing – by *****pp vs. H1 2015 and of individual entrepreneurs increased by ***** pp vs. H1 2015. The share of medium-size businesses increased by *****pp vs. H1 2015 and micro enterprises unchanged. The share of large businesses (largely, retail chains) increased by *****pp vs. H1 2015.

[20] For comparison with 2009-2015 the turnover and food share in it are provided for 2002-2008, taking into account tobacco products.

Figure 6. Retail turnover structure by business types in 2007-2016, %



Data source: FSSS

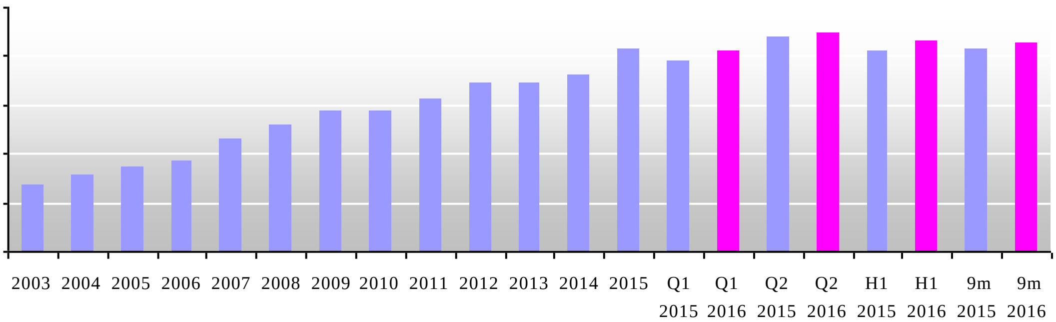
<…>

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

Regional structure of retail turnover

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

Figure 7. Retail turnover share of 69 regions of Russia (except the largest 11 regions) in 2003-2016, %

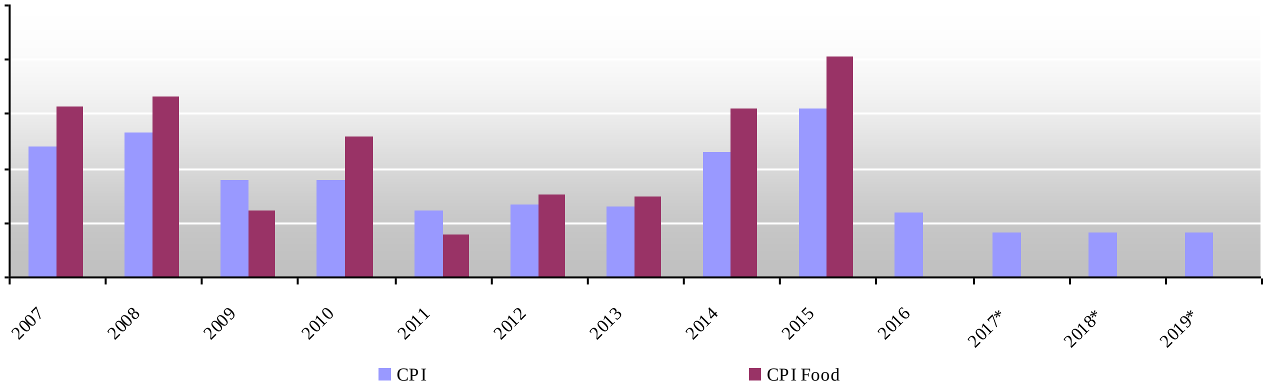


Data source: FSSS

Food market inflation

According to the updated base projection by the Ministry of Economic Development of Russia for 2017-2019, the inflation rate at the end of 2017 will be *****%, and in the next three years it will be stable and amount to *****%. **<…>**

Figure 8. Consumer prices index as of the period's end in 2007-2016 and forecast for 2017-2019 (basic forecast), % to December of previous year



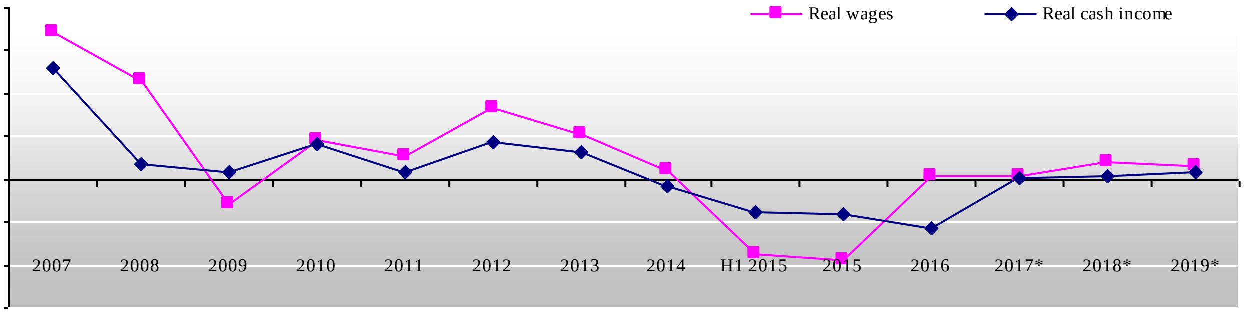
Data source: FSSS

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

Consumer incomes and expenditures

During 2016, population's real income has decreased by *% (compared to *% in 2015), and real wages have increased by *%, compared to the decrease of *% in 2015. On November 24, 2016 the Ministry of Economic Development of Russia publicated forecast for 2017-2019, in which they predicted the decrease of real wages by *% in 2016 (this according to the base option). At the same time, real incomes are expected to grow by *% in 2017, by *% in 2018 and by *% in 2019, and real wages are expected to increase by *% in 2016, by *% in 2017, by *% in 2018 and by *% in 2019.

Figure 9. Real salary and real income dynamics in 2007-2016, forecast for 2017-2019 (basic forecast), %



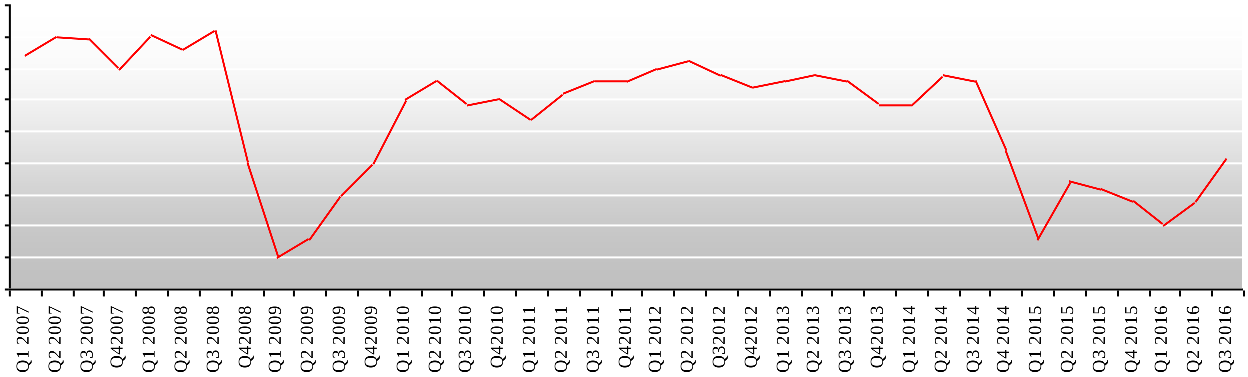
Data source: FSSS

<…>

Consumer expectations and confidence index

Despite the economic situation remaining complicated, the population demonstrates demand recovery. In August the Central Bank of Russia mentioned that recovery of demand on a group of goods with a high price flexibility increases inflation risks already in 2017. Besides, the situation of an increased level of loan burden on the population continues to aggravate.

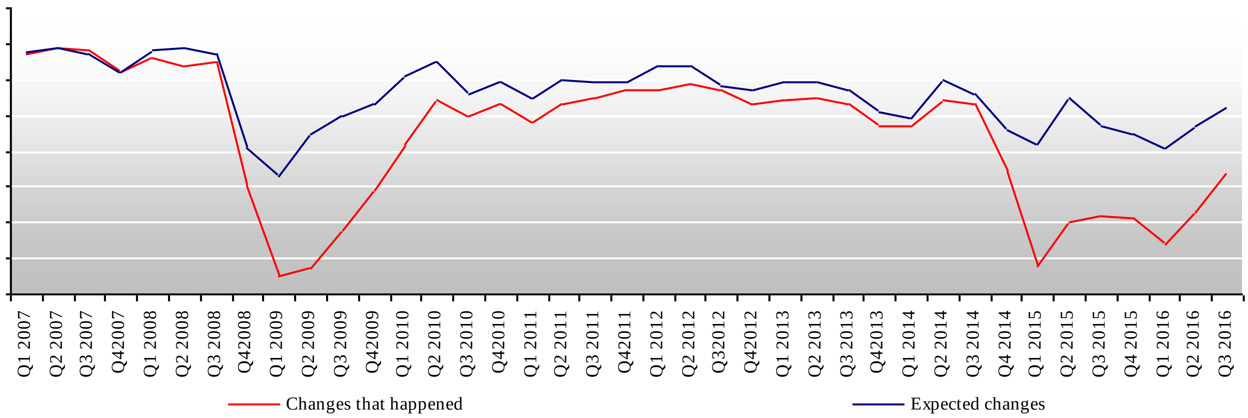
Figure 83. Consumer confidence index in Russia 2007-2016



Data source: FSSS

According to surveys conducted by the Federal State Statistics Service (FSSS), 5,000 people aged 16+ and living in all territorial entities of the Russian Federation in Q3 2016, the index of consumer confidence reflecting general consumer expectations, increased by * pp against Q2 2016 and was *%. **<…>**

Figure 84. Consumers' assessment of economic situation in Russia in 2007-2016



Data source: FSSS

<…>

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

Section II. Key events for FMCG retail in Russia

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

<…>

On September 16, 2016, the government of the Russian Federation signed the Resolution N 925 «Priority of Russian Commodities, Works, and Services». According to the resolution, priority will be given to commodities originating in Russia, works and services provided by Russian people, in the procurement of commodities, works and services by means of tender, auction and other ways of purchase, over commodities originating in foreign countries, works and services performed by citizens of other countries. The procedure and terms of priority have also been defined. The resolution takes effect on January 1, 2017. Its purpose is to drive growth in all industries of the Russian economy. A priority to domestic goods, works and services was discussed between Dmitry Medvedev and SMEs in Ulan-Ude, on September 7, 2016. **<…>**

Mutual relations with Turkey

<…>

In early November of 2016, Rosselkhoznadzor announced that the decision regarding renewal of supplies of citrus products from Turkey will be made based on the results of the inspection. For now, there has not been any official authorization from Russian authorities. However, earlier Ministry of Agriculture of Turkey has announced that the supplies of citrus products to Russia were renewed in October 2016. **<…>**

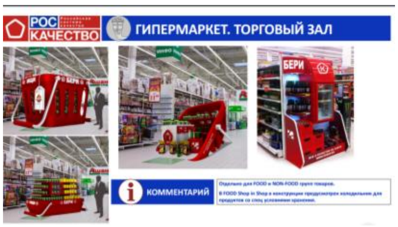
Milestones of 2016

<…>

Online projects of Russian companies in FMCG retail

<…> On November 3, 2016 Mail.Ru Group purchased Delivery Club food delivery company from Foodpanda holding. The value of the deal is 100 mln USD. Dmitry Grishin, Chairman of the Board, said that ‘the entire sum will be paid cash; 90 mln will be paid in November 2016, and the other 10 mln will be paid in 2017. Mail.Ru Group will consolidate Delivery Club’s financial statements, starting from the conclusion of the deal, and will be revealing financial performance on a comparable basis’. Foodpanda, former owner of Delivery Club, will now focus on developing markets of Asia, Middle East in Eastern Europe.

Roskachestvo activities



<…> On October 19, 2016 Russian Quality System launched a project of promotion of items marked with quality stamp in retail chains. Metro Cash&Carry was the first retail chain that supported this initiative. Unique promotional activities will help single out the best products in each of the categories studied by the Russian Quality System. In order to implement the communication strategy to promote the Russian Quality Stamp, the so-called K-pack was developed, which is a set of promotional materials intended for different trade formats. Promo activities are based on several communication modes of cooperation with the consumer, including additional points of sale (shop-in-shop), marking of items with Quality Stamp on the shelves, indoor advertising, banners, POS advertising etc. Pilot promo activities as part of this project will take place in Q4 of 2016 and Q1 2017. Based on their results, Russian Quality System will select the most efficient tools of promotion of domestically produced goods which will then be regularly used to carry out promotional activities of commodities under the Quality Stamp.

<…>

Section III. Key events and plans of major FMCG chains

<...>

GC DIXY (DIXY Group, PC) / DIXY retail chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Victoria, Cash

GK DIXY (DIXY Group, PC) / DIXY, Megamart, Minimart

Company's name: DIXY Yug, PC (DIXY, Megamart, Minimart retail chain) Address: *119361, Moscow, B. Ochakovskaya str., 47a* Phones: *+7 495 9331450* Hot line: *+7 88003330201.* Fax: *+7 495 9330259.* E-Mail: *info@dixy.ru* Web: *www.dixy.ru, www.megamart.ru* Executive officer: *Sergey Belyakov, the President and the CEO (since 08 February 2016)*

Chain development

As of October 1, 2016, the total number of stores owned by DIXY Group PAO was 2 774 (2 621 Dixy stores, 25 Megamart stores, 14 Minimart stores, 47 Kvartal/Deshevo stores, 66 Victoria stores и 1 CASH H store), their selling space reached 941.339 thousand sq. m. As of June 30, 2016, 79% total area and 83% selling space of DIXY Group were leased. In 9m 2016 the company opened 102 DIXY stores, 5 Victoriya supermarkets, 1 Kvartal/Deshevo, 2 Minimart supermarket and 1 Megamart hypermarket, also were closed 44 DIXY stores and 1 Kvartal/Deshevo. In September 2016, the company opened 12 DIXY stores and a Minimart supermarket and a DIXY store. **<...>**

Results and expectations

<...>

The DIXY GC's key financial indicators (according to the formats) as of Q1, Q2, Q3, H1 and 9m 2015-2016 according to IFRS, and managing company are summarized in the table below (with negative indicators given in brackets).

Table 7. The key financial indicators of DIXY GC (by formats) in 2015-2016

Indicator	Format	Q2 2015 IFRS	Q2 2016 IFRS	H1 2015 IFRS	H1 2016 IFRS	Q3 2015	Q3 2016	9m 2015	9m 2016	Sep.15	Sep.16
Net revenue, bn RUB	**DIXY division**	**54.754**	**69.384**	**105.383**	**129.37**	**53.296**	**60.697**	**158.679**	**190.068**	**17.491**	**18.904**
	DIXY	54.754	69.384	105.383	129.37	53.296	60.697	158.679	190.068	17.491	18.904
	Victoria division	**8.143**	**9.234**	**16.297**	**18.532**	**7.731**	**8.975**	**24.028**	**27.506**	**2.539**	**2.948**
	Victoria	6.531	7.539	13.121	15.206	6.177	7.304	19.298	22.51	2.064	2.428
	Kvartal, Deshevo	1.34	1.378	2.636	2.726	1.289	1.356	3.927	4.083	0.397	0.427
	CASH	0.272	0.317	0.54	0.6	0.264	0.314	0.803	0.913	0.077	0.093
	Megamart division	**4.613**	**4.894**	**8.974**	**9.253**	**4.313**	**4.768**	**13.287**	**14.021**	**1.377**	**1.554**
	Megamart	3.626	3.853	7.079	7.276	3.4	3.756	10.478	11.032	1.083	1.218
	Minimart	0.987	1.041	1.896	1.978	0.913	1.012	2.809	2.989	0.294	0.335
	Retail revenue	**67.51**	**83.511**	**130.654**	**157.156**	**65.34**	**74.44**	**195.994**	**231.595**	**21.406**	**23.406**
	Other income	0.478	0.542	0.965	1.017	0.46	0.567	1.425	1.584	0.157	0.192
	Total income	**67.988**	**84.053**	**131.619**	**158.173**	**65.799**	**75.006**	**197.418**	**233.179**	**21.563**	**23.598**
Net revenue growth, %	**DIXY division**	**21.6%**	**26.7%**	**26.1%**	**22.8%**	**-**	**13.9%**	**22.3%**	**19.8%**	**19.5%**	**8.1%**
	DIXY	21.6%	26.7%	26.1%	22.8%	-	13.9%	22.3%	19.8%	19.5%	8.1%
	Victoria division	**10.1%**	**13.4%**	**13.5%**	**13.7%**	**-**	**16.1%**	**11.4%**	**14.5%**	**8.4%**	**16.1%**
	Victoria	10.3%	15.4%	13.7%	15.9%	-	18.2%	11.5%	16.6%	8.5%	17.6%
	Kvartal, Deshevo	9.1%	2.9%	11.7%	3.4%	-	5.2%	10.5%	4.0%	8.9%	7.6%
	CASH	10.9%	16.4%	20.2%	11.1%	-	18.9%	15.6%	13.6%	4.4%	20.2%
	Megamart division	**9.2%**	**6.1%**	**10.5%**	**3.1%**	**-**	**10.5%**	**9.1%**	**5.5%**	**5.3%**	**12.9%**
	Megamart	7.9%	6.3%	9.2%	2.8%	-	10.5%	8.1%	5.3%	5.0%	12.5%
	Minimart	14.3%	5.4%	15.5%	4.3%	-	10.8%	13.2%	6.4%	6.5%	14.2%
	Retail revenue	**19.2%**	**23.7%**	**23.2%**	**20.3%**	**-**	**13.9%**	**19.9%**	**18.2%**	**17.1%**	**9.3%**
	Other income	5.3%	13.4%	8.6%	5.4%	-	23.3%	4.8%	11.2%	1.9%	22.3%
	Total revenue	**19.0%**	**23.6%**	**23.1%**	**20.2%**	**-**	**14.0%**	**19.8%**	**18.1%**	**17.0%**	**9.4%**
Gross profit, bn RUB	Company in total	20.126	23.424	38.311	43.149	-	-	-	-	-	-
Gross margin, %	Company in total	29.6%	27.9%	29.1%	27.3%	-	-	-	-	-	-
Net profit, bn RUB	Company in total	0.947	1.071	0.807	(0.441)	-	-	-	-	-	-
Net profit margin, %	Company in total	1.4%	1.3%	0.6%	-	-	-	-	-	-	-
EbitDA, bn RUB	Company in total	4.001	4.732	6.81	6.254	-	-	-	-	-	-
EbitDA profitability, %	Company in total	5.9%	5.6%	5.2%	4.0%	-	-	-	-	-	-
Net debt, bn RUB	Company in total	-	-	30.957	31.193	-	-	-	-	-	-

Data source: DIXY GC

<…>

Investment activities

In Q2 2016, DIXY Group's capital expenditures were RUB 2.387bn, down by 18.7% if compared with RUB 2.936bn in Q2 2015. <…>

Plan for new supermarkets opening

In November-December 2016, Minimart supermarket to be opened in Sverdlovsk region (Pervouralsk).

New supermarkets opening

In September 2016, Minimart supermarket was opened in Sverdlovsk region: Aramil, 1 May ul. 24. Its total area is 2.052 Thousand sq. m, where the selling space is 1.15 Thousand sq. m. The range exceeds 11.7 Thousand SKUs.

Logistics: data

As of June 30, 2016, DIXY Group operated 8 DCs and over 1,000 trucks. The centralization of its supply chain operations exceeded 91% in H2 2016.

Logistics: plans

<…>

In 2017, DIXY Group is looking forward to build a RUB2.5 bn-worth DC in the south of St. Petersburg with approximately 50,000 sq. m area. The probable partners of the company are Adamant Holding Company or A Plus Development. The project should be rolled out in build-to-suit format.

Private label

Since September 30, 2016, DIXY Group has used a new "stamp of quality" on private labels: a logo consisting of D letter that brought together brand colors and graphics of DIXY, Victoria and Megamart brands.

<…>

Consumers communications

In October 2016, DIXY concluded a partnership agreement with Edadil, a discount aggregator company. This promotional tool will help the retail chain to inform customers about discounts in stores located in every region of presence using data reflecting popularity of this or that product among customers. DIXY now has access to online analytics that illustrates customer interest towards DIXY’s promotional activities, and this cooperation helps to garner data concerning consumer preferences and plan promotional activities in a more accurate manner. Each week, retail chain offers more than 100 discounted products, and one does not have to look through leaflets to get to know about them – special apps can be accessed remotely, and customers can evaluate their advantages compared to the competition’. This was what Yekaterina Kumanina, Director for Corporate and External Affairs of DIXY group of companies, had to say regarding the discounts.

<…>

Co-operatiopn with suppliers

In October 2016, DIXY group of companies completed the first stage of implementation of paperless legal documents workflow with suppliers. Currently, about 50% partners receive electronic legal documents. Implementation of paperless workflow allows for cutting document workflow costs and express delivery costs, which is more than 1 mln RUB a month) as well as for substantial decrease of accounts receivable. DIXY has been using EDI for five years, and during this time the exchange of e-docs for optimization of logistics and merchandise distribution has been established. Monthly document turnover exceeds 2 million documents. <…>

Corporate events

In October 2016, more than 2600 DIXY stores were equipped with biometric equipment that ensures dactylographic identification of store employees. Introduction of this system helped increase workplace discipline and automate work time logging process. Work time keeping terminals are installed in passage areas of any DIXY store. By scanning their fingerprints, store employees register at their workplace. Biometric data is then processed and transferred to the central office where payment is made, taking into account actual working time. **<…>**

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

X5 Retail Group N.V. (Pyaterochka, Perekrestok, Karusel and Perekrestok-express); Magnit, PJSC (Magnit, Magnit Semeiny, Magnit-Cosmetic retail chains); Auchan Groupe (Auchan, Auchan-City, Nasha Raduga, real,- and Atak retail chains); Metro Group (METRO, METRO Punct and real- retail chains); GC DIXY JSC (Dixy trading chain, Megamart, Minimart, Viktoria-kvartal, Deshevo, Semeynaya Kopilka, Viktoria, Kesh) ; Lenta, LTD. (Lenta retail chain); Kesko Food Rus, LLC (K-RUOKA retail chain); O'KEY, LTD. (O'KEY, O'KEY-Express retail chain); Hyperglobus, LLC (Globus retail chain)

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

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

About INFOLine IA products

Currently the most topical issue for the companies is monitoring and analysis of industry and general business events in Russia and the world. It is impossible to solve this problem without a professional and highly efficient information department. INFOLine IA is exactly such department. It will work for the benefit of your business. All your colleague and employees are welcome to make use of our services. INFOLine IA is an independent company. It has been working on the industry research market of Russia since 2001. The retail industry study conducted by INFOLine during 2005-2016 is the best on the market. This was acknowledged by many of our customers and partners.

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

Russian consumer market and FMCG retail chains rating, Industry review

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

Russian consumer market and FMCG retail chains rating contains:

TOP 130 FMCG chains performance
- Rating of FMCG chains by number of stores
- Rating of FMCG chains by selling space
- Rating of FMCG chains by net sales

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

Section II. Key events for FMCG retail in Russia
- Important events for FMCG retailers
- Activities of INFOLine IA specialists
- Case –The effects of price increases on consumer behavior

Section III. Key events and plans of major FMCG retailers

Supplement 1. Structure of retail turnover by subjects of Russia in 2009-2016

Publication date:	**monthly**
Thhe number of pages:	**From 150**
Method:	**Elictronic**
Price, rub./month	**20 0000**
Price when subscribing for a year, rub.	**90 000**

Complete research reports on retail

Title	Contents	Publication date	Price, roubles
HIT of SALES! Analytical Database of **700 FMCG retail chains of the RF**	It contains the following sections: Conditions of the FMCG retail market in Russia; Business reference data on TOP 50 retailers; Data base of 700 chains and 530 DCs that includes the following entries: the Retail chain's operator, Brands, Contacts, Management (CEO, procurement director, financial director, IT director), total number of stores, total selling space, revenue, presence in regions, number of distribution centres	Q2 2016	50 000 or 70 000
FMCG Hypermarkets in Russia, The database 1000 FMCG hypermarkets in Russia	The standard version of the industry review presents analysis of FMCG and Non-Food retail market (macroeconomic indicators, structure and dynamics of retail turnover, number, selling space, net sales of stores by sales channels); TOP-50 ratings and business reports on 12 largest retailers developing hypermarkets; history and key features of hypermarket format; forecast for hypermarkets for 2016-2019. Extended version of the industry review contains also analysis of hypermarket segment in 8 federal districts of Russia and data on 1100 operating hypermarkets.	November 2016	50 000 or 75 000
NEW! DIY Market, Results of 2015 and Forecast for 2017	Rating of the largest retail and wholesale-retail DIY chains by their financial efficiency (gross margin and net profit margin) and the average purchase size; by selling/gross floorspace, number of stores, revenue per one square meter of selling/gross floorspace Development of online retailing on the DIY market; regional development of the largest DIY operators; business reference data on TOP 50 DIY operators; prospects for development of the largest players on the DIY market NEW! *Description of TOP 50 players on the DIY market; debt load; development strategy; preferences of DIY consumers in Russia; description of the largest players among*	May 2015/refresh Q2 2016	From 30 000

Title	Contents	Publication date	Price, roubles
	"specialized chains".		
NEW! Analytical Database of 600 DIY chains	Database contains operational and financial indicators, contact information on TOP management of 600 DIY chains of Russia: legal name; chain's brand; chain's management **NEW!** *Development director, marketing director*; Factual address; phone; fax; e-mail; Web-site; developed formats; total number of stores; selling/gross floor space; revenue (excluding VAT); regional presence; number of DCs.	June 2015/refresh Q2 2016	From 50 000 roubles

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

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

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

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

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