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INDUSTRY REVIEW

Russian consumer market and FMCG retail chains rating

December 2016

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

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

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About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period (**December**[1] **2016**), operational, financial and investment activity, as well as **rating of major FMCG retail chains in Russia**.

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

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

Relevancy: as was forecasted by INFOLine's specialists, in 2015 the consumer market shifted to a new development paradigm. In 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%. In Q3, the situation gradually began to improve due to the restoration of consumer credit and adaptation of consumers to the stagnation of the economy, but in October 2016, food trade in rubles began to fall again. In the year 2016, the dynamics of retail turnover in physical terms remains negative; however, due to the increase in food prices, the capacity of the market of food products in ruble equivalent continues to grow. In November 2016, the Federal Antimonopoly Service of Russia has published a statement of clarification of some issues arising in application of the Federal Law No. 381-FZ On the Foundation of State Regulation of Trading Activities in the Russian Federation of 07/03/2016.

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

Time framework: Dynamics from 2007 (market capacity and dynamics). Operational and financial indicators of largest FMCG chains from 2011. Results of 2014-2015. Tendency of development in 2016 (retail market capacity and dynamics, consumer incomes, strategy and plans of the largest FMCG chains).

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

[1] In the December2016 industry survey, no information about operating results of the retail chains' operations is presented. Information following the results of 2016 and January 2017 will be presented in the January 2017 survey.

- **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.

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[2] performance

Over **November 2016**, the number of stores belonging to TOP-150 retailers FMCG (excluding X5 Retail Group) increased by * while during **January-November 2016** this number increased by *. In **November 2016** a total selling space increased by * thousand square meters while for the period **January-November 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 2011-2016 (at the beginning of the period)

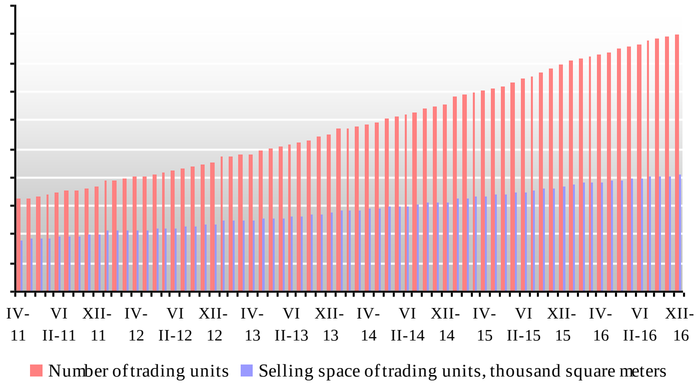
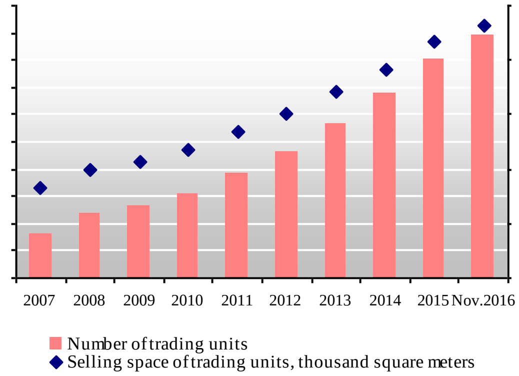


Figure 2. Dynamics of number of stores and their selling space of 150 largest retailers of Russia in 2007-2016 (to the end of the period)



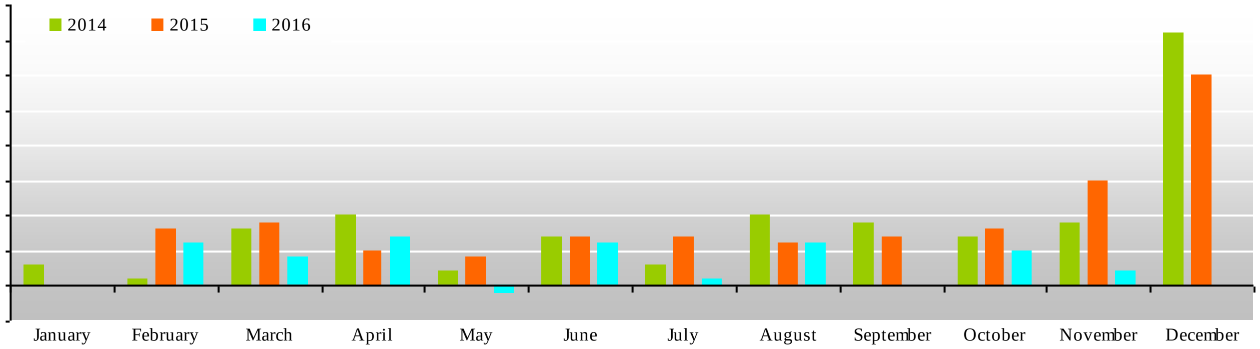
Data source: IA INFOLine

As of **December 1, 2016**, a total number of TOP -150 retailers FMCG stores was * while their total selling space was approximately * million square meters.

Hypermarket Format Development[3]

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

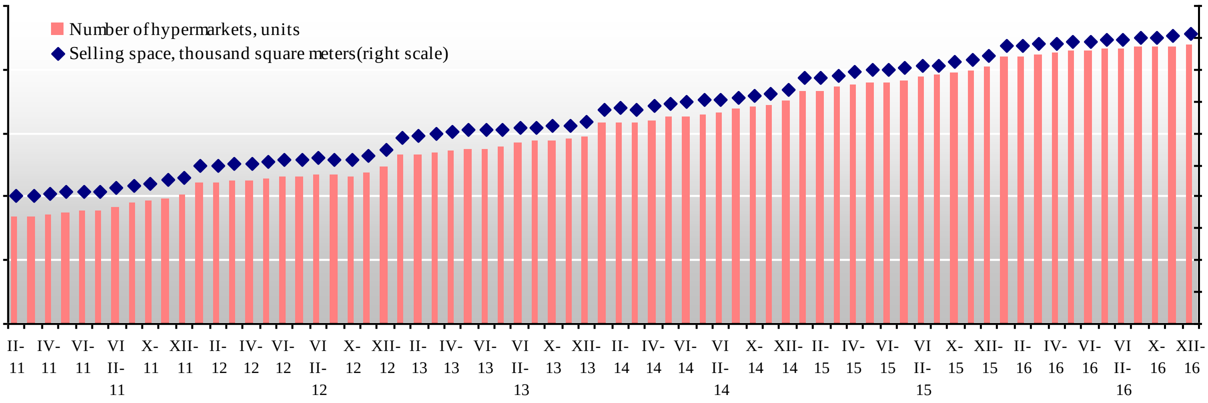
In **November 2016**, the following heyrmarkets were **opened**: 10 hypermakerts «Lenta» in Rostov region (Novoshakhtinsk and Rostov-on-Don), Yakaterinburg (2),

[2] Data was corrected according to the result January-November 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

[3] 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.

Chelyabinsk region (Magnitogorsk), Tomsk, Petrozavodsk, Yaroslavl, Ufa and Kostroma, a hypermarket «Auchan» in Barnaul, **<…>**

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 **December 1, 2016** was *****, with total selling space of *****million sq. m.

Research (full version) also includes the description of development of supermarket format, discounter[4] 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 2012-2016 are presented in the table.

Table 1. Number of stores of the largest FMCG chains during in 2012-2016

Legal name	Brand	Main formats[5]	Number of stores as of period's end						Stores number dynamics during the period			
			2012	2013	2014	2015	Nov. 15	Nov. 16	Nov.15	Nov.16	Jan.-Nov.15	Jan.-Nov.16
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*
X5 Retail Group[6] (TD Perekrestok, CLSC)	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*
	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*
Auchan Retail Russia (Auchan, LLC, Atak, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den, Auchan Supermarket, Moy Auchan	H, S, C	*	*	*	*	*	*	*	*	*	*
	Atak, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC[7]	Dixy	D	*	*	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*	*	*

[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 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.

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

[6] 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 September 2016, the dynamics of a store number is presented for the period January-September 2015-2016

[7] 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 October 2016, the dynamics of a store number is presented for the period January-October 2015-2016.

Legal name	Brand	Main formats[5]	Number of stores as of period's end						Stores number dynamics during the period			
			2012	2013	2014	2015	Nov. 15	Nov. 16	Nov.15	Nov.16	Jan.-Nov.15	Jan.-Nov.16
	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)*[8]**	***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

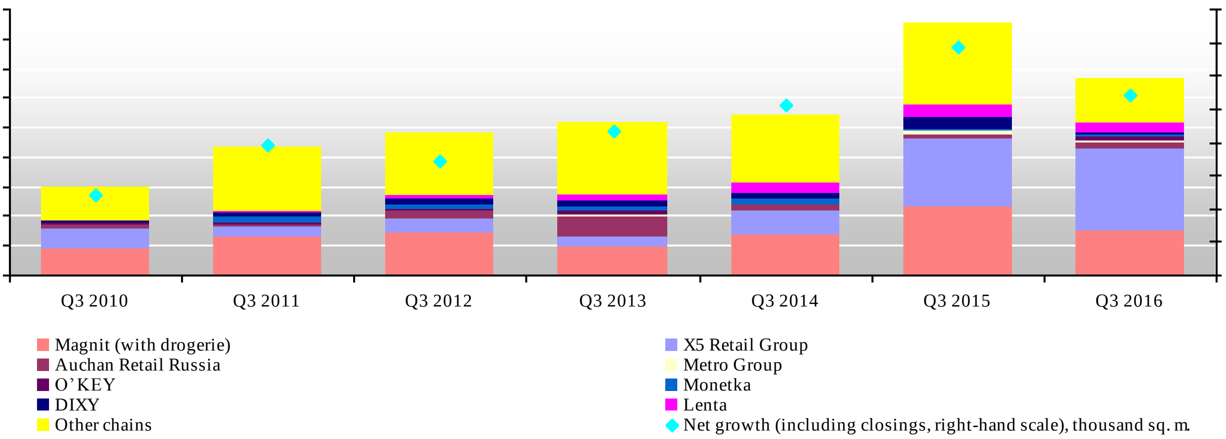
Rating of FMCG retail chains by selling space

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

Performance for 2011-2015 and 9 months 2016. Trends 2016

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

Figure 11. 150 major retailers' selling space growth (exclusively of retailers with decreased space)[9] in Q3 2010-2016, thousand sq. m



Data source: INFOLine IA

[8] Taking into account subfranchising stores.
[9] INFOLine does not include opening of Lenta stores and selling space as of the first day of the month, however, they are included in the official records of the chain.

Selling space dynamics of major retailers

Selling space dynamics of major retailers in 2012-2016 are presented in the table.

Table 2. Total selling space of major FMCG chains of Russia in 2012-2016, thousand sq. m.

Legal name	Brand	Main formats[10]	Total selling floorspace as of period's end						Dynamics of aggregate sales space for the period							
			2012	2013	2014	2015	Nov. 15	Nov. 16	Nov.15		Nov.16		Jan.-Nov.15		Jan.-Nov.16	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group[11](TD Perekrestok, CLSC)	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Retail Russia (Auchan, LLC, Atak, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den, Auchan Supermarket, Moy Auchan	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Atak, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC	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)[12]	***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

Rating of FMCG retail chains by net sales

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

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

Legal name	Brand	Main formats[13]	Revenue in Q3 2016	Q3 2016 vs Q3 2015, %	LfL in Q3 2016,%	Revenue in 9M 2016	9M 2016 vs 9M 2015, %	LfL in 9M 2016,%	Revenue in Nov. 2016	Nov. 2016 vs Nov. 2015, %	Revenue in Jan.-Nov. 2016	Jan.-Nov. 2016 vs Jan.-Nov. 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	*	*	*	*	*	*	*	*	*	*

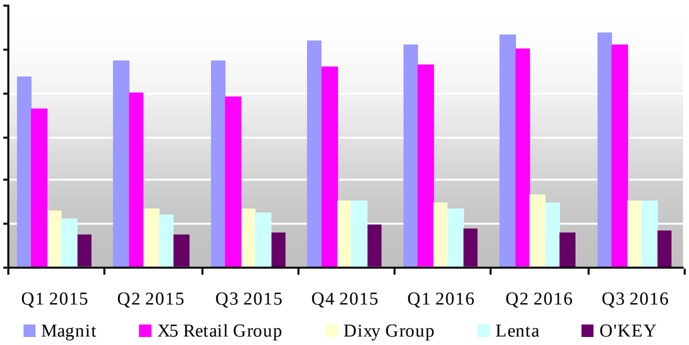
[10] H – hypermarket, S – supermarket, D – discounter, C – convenience store
[11] Due to the peculiarities of the information disclosure procedure applied by X5 Retail Group, the number of stores is presented as of the end of September 2016, the dynamics of a store number is presented for the period January-September 2015-2016
[12] Taking into account subfranchising stores.
[13] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store

Legal name	Brand	Main formats[13]	Revenue in Q3 2016	Q3 2016 vs Q3 2015, %	LfL in Q3 2016,%	Revenue in 9M 2016	9M 2016 vs 9M 2015, %	LfL in 9M 2016,%	Revenue in Nov. 2016	Nov. 2016 vs Nov. 2015, %	Revenue in Jan.-Nov. 2016	Jan.-Nov. 2016 vs Jan.-Nov. 2015, %
	Karusel	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	*	*	*
	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

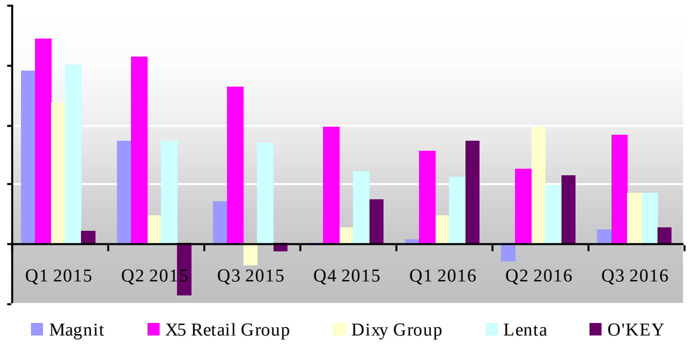
<…>

Figure 26. Quarterly dynamics of retail revenue among major FMCG chains in 2015-2016, RUB bn



Data source: FSSS data

Figure 27. Quarterly dynamics of LFL (revenue) among major FMCG chains in 2015-2016, %



Data source: FSSS data

<…>

TOP 20 retailers' revenue dynamics in 2013-2015 are presented in the table.

Table 4. Net sales dynamics (excluding VAT) of the major FMCG chains in 2013-2015, bn RUB

Legal name	Brand	Main formats[14]	Data	2013	2014	2015
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	IFRS	*	*	*
	Magnit	D		*	*	*
	Magnit Semeiniy	H		*	*	*
	Magnit-Cosmetic	C		*	*	*
	All formats	**All formats**		*	*	*
X5 Retail Group (TH Perekrestok, CJSC)	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Pyaterochka	D		*	*	*
	Perekrestok Expres, Kopeika	C		*	*	*
	All formats	**All formats**		*	*	*
Auchan Retail Russia (Auchan, LLC; Atak, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS	*	*	*
	Atak	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	*	*	*
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	*	*	*

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

Legal name	Brand	Main formats[14]	Data	2013	2014	2015
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

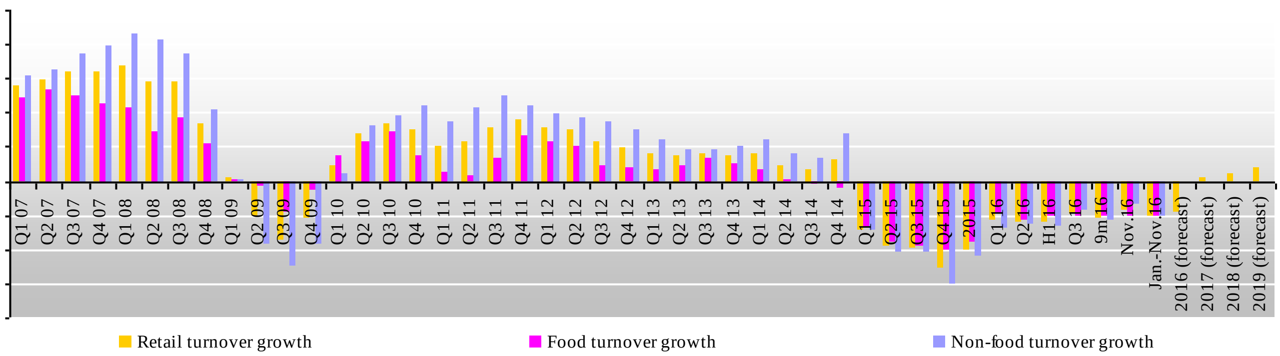
Full version also includes the description of the aggregated financial performance for 2015 and November 2016 for the largest chains with revenue of more than 10 billion rubles.

Section I. Retail trends and development in Russia

Macroeconomic retail indicators

On November 24, 2016 the Ministry of Economic Development of Russia issued a forecast of social and economic development of the Russian Federation for 2017 and plans for 2018 and 2019. 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 2016-2019, % against the same period of previos year.



Data source: FSSS

Main indicators of retail development[15]

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

[15] 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.

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.

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

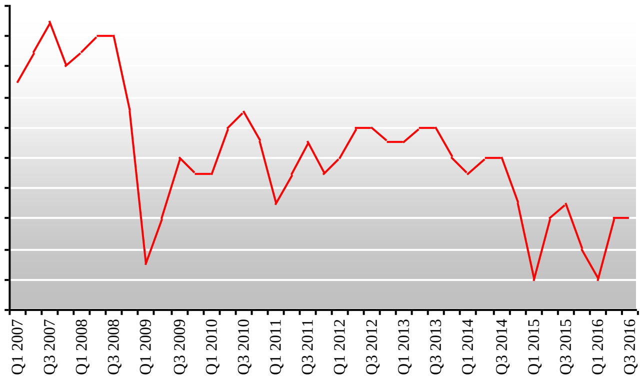
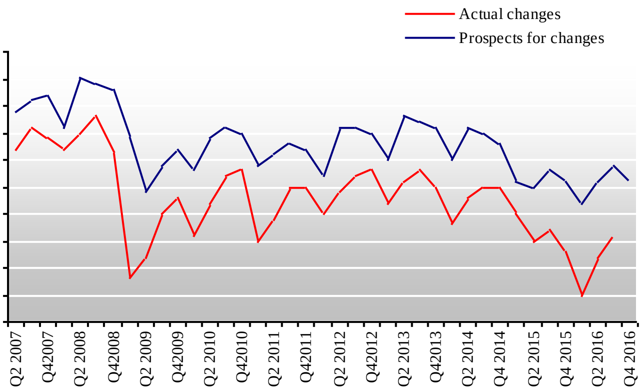


Figure 35. Assessment of economic situation in Russia in 2007-2016



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 Fair Practices

In December 2016, the Association of Russian Manufacturers and Suppliers of Foodstuffs Rusprodsoyuz urged its members to sign no new agreements with the retailers for 2017 if a chain refuses to observe the self-regulation norms as set forth in the Code of Fair Practices (CFP). **<…>**

Trade Development Strategy

December 25, 2014 the Minister of Trade and Industry of the Russian Federation, Denis Manturov, approved the Trade Development Strategy in the Russian Federation for the period of 2014-2016 yy. and the period up to 2020 as well. **<…>**

Regulation of Non-Stationary Trade (NSRF)

On September 6, 2016, the government of the Russian Federation signed the Resolution N 885 «Measures of Retail Food Market Support» approving rules and defining metrics for minimum selling space used for the retail sale of groceries. The metrics will be used to measure stalls in farm markets, farm cooperative markets, specialty grocery markets and 30% stalls in all-purpose markets. Many municipalities have only such markets where 30% of all stalls sell groceries. The adopted resolutions will help to keep market commerce that is vital for people due to affordability of food products. **<…>**

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

On December 6, 2016, after a meeting with Alexander Khloponin, the Minister of Finance Anton Siluanov announced that the Government has prepared a plan for alcohol market regulation in 2017. The plan prepared by the Ministry of Finance is primarily aimed at combating counterfeit production. For instance, it is suggested to equate production of alcohol with counterfeit excise labels with forgery. It is possible to create a mechanism for regulation of alcohol sales over the Internet. It is also planned to increase the penalties for selling counterfeit alcohol. **<…>**

Alcohol Market Regulation: Excise Duties

On November 30, 2016, the President of the Russian Federation signed Federal Law No. 401-FZ «Making changes in parts one and two of the Tax Code of the Russian Federation and individual legislative acts of the Russian Federation» dated 30.11.2016. The Law provides for raising the excise tax on sparkling wine 2017-2019. At the same time, the delegates voted to keep the current excise duty on still wines made from domestic raw material with protected geographical indications and protected designation of origin, 5 rubles per liter, in 2017. **<…>**

Regulation of the alcohol-containing non-food products market

On December 21, 2016, the President of the Russian Federation Vladimir Putin approved the list of assignments regarding the matters of government regulation in manufacture of and trade in alcohol-containing products. «Ensure that changes stipulating the tightening of regulations for manufacture of and trade in the food alcohol-containing products, perfumes and cosmetics, household chemicals and personal-care products with over 25% ethanol by volume, including introduction of licensing of the said activities, are prepared and inserted in the legislation of the Russian Federation,» – says the document. **<…>**

Tobacco Market Regulation

On March 30, 2016, Bill No. 1031817-6 On the State Monopoly on Tobacco Production and Trafficking was introduced in the State Duma. The bill introduces the state monopoly on production and distribution of tobacco on the territory of the Russian Federation starting from January 1, 2017. **<…>**

Road toll

платон
система взимания платы

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

On November 15, 2016, the head of the Ministry of agriculture of the Russian Federation Alexander Tkachev stated that about RUB 40 bn are required to implement the program, but that amount was not available. **<…>**

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. **<…>**

Food products quality regulation

Starting from January 1, 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. **<…>**

Internet Trading Regulation

In January-February 2017, MIT is planning to present a strategy for e-commerce development. This is what the deputy director of the department of domestic trade, consumer goods industry and consumer market development within MIT Nikita Kuznetsov declared. **<…>**

Other news in the sphere of consumer market regulation

On December 19, 2016, the major global operator of the tax-free system, Global Blue company, became a tax resident of Russia. The company registered a legal entity Global Blue LLC. **<…>**

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

Table 8. Structure of retail turnover in terms of product groups in 2011-2016[16]

Indicator	2011	2012	2013	2014	2015	9m 2015	9m 2016	Q3 2015	Q3 2016	Nov. 15	Nov. 16	Jan.-Nov.15	Jan.-Nov.16
Retail turnover	*	*	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

<…>

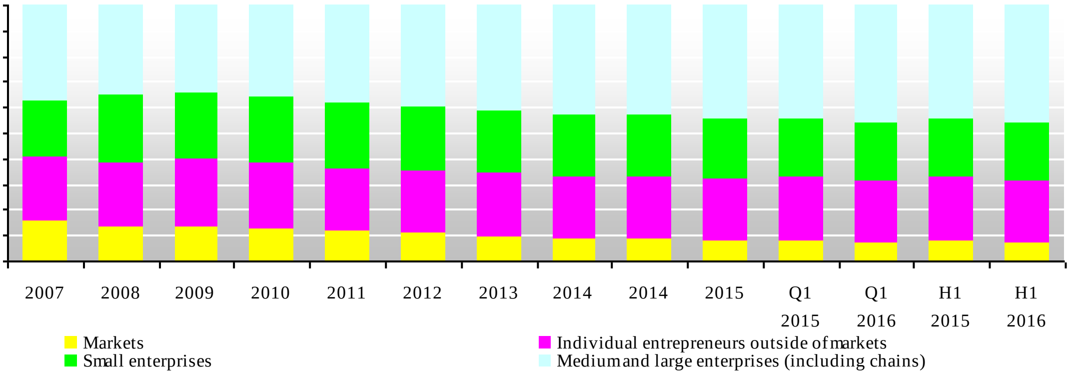
Research (full version) also includes sales dynamics of the major food and non-food retailers

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.

[16] 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

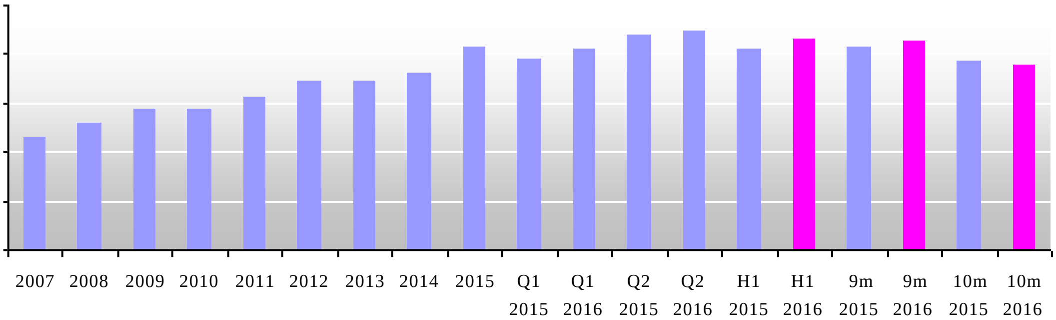
<…>

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 January-October 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 56. Retail turnover share of 69 regions of Russia (except the largest 11 regions) in 2007-2016, %



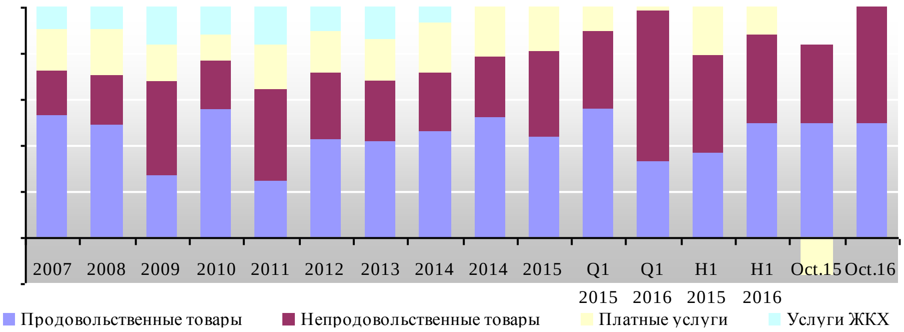
Data source: FSSS

Food market inflation

<…>

In November 2016, the Consumer Price Index amounted to *% year-on-year (*% in November 2015), the Food Price Index was *% (*% in November 2015), non-food – *% (*% a year before), services – *% (*% a year before). **<…>**

Figure 64. Contribution to inflation in 2007-2016, pp



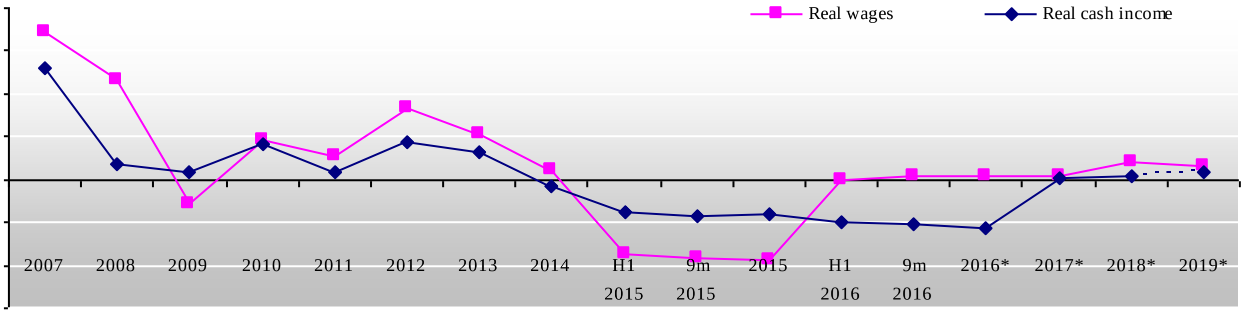
Data source: FSSS

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

Consumer incomes and expenditures

During January-November 2016, population's real income has decreased by *% (compared to *% last year), and real wages have increased by *%, compared to the decrease of *% in January-November 2015. According to basic forecast of the Ministry of Economic Development of Russia from November 24, 2016 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 65. Real salary and real income dynamics in 2007-2015, forecast for 2016-2019 (basic forecast), %



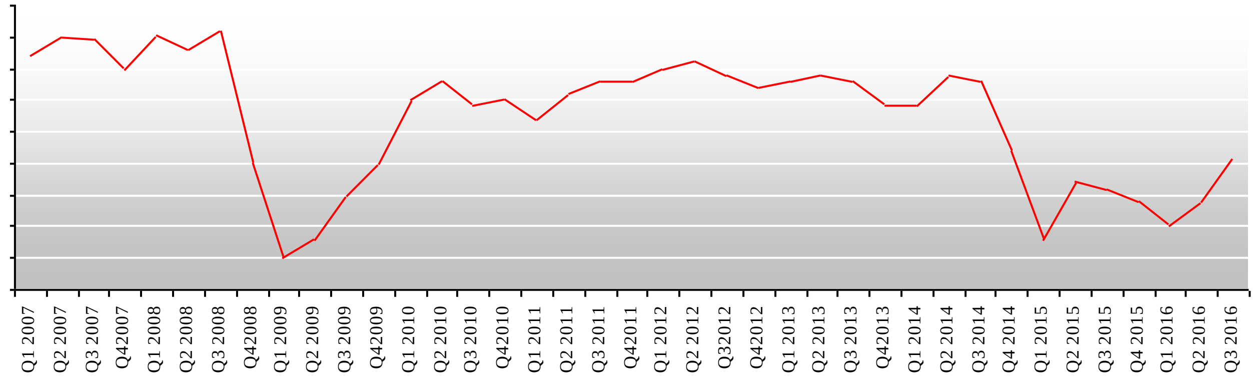
Data source: FSSS

<…>

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 76. Consumer confidence index in Russia 2007-2016

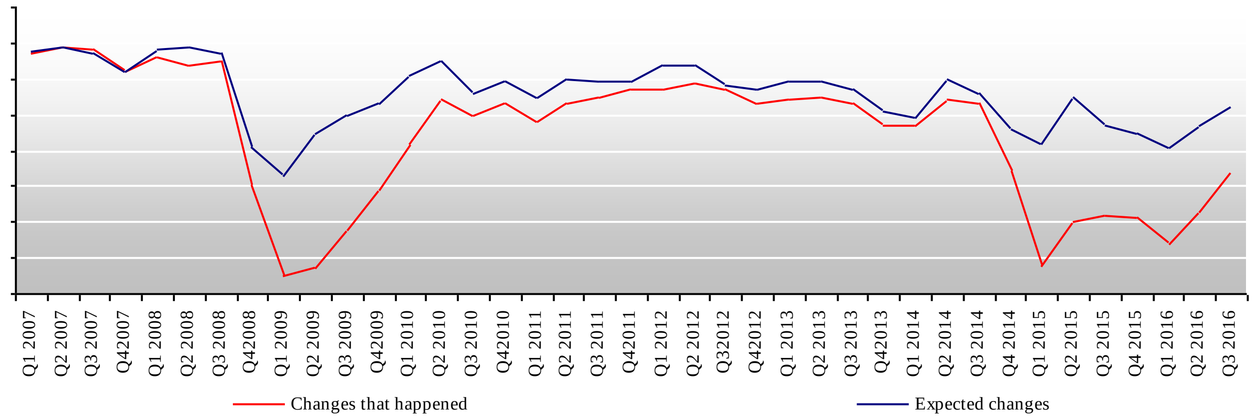


Data source: FSSS

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 *%.

The index of anticipated changes in the economic situation of Russia for a short term in Q3 2016 increased by * pp against Q2 2016 and was *%.

Figure 77. Consumers’ assessment of economic situation in Russia in 2007-2016



Data source: FSSS

Positive changes in the country's economics during the next 12 months are anticipated by *% of surveyed (in Q2 2016 – *%). The share of negative evaluations reduced to *% (in Q2 2016 it was equal to *%) while *% of surveyed believe the economic situation will not changem (in Q2 2016 this number was equal to *%). The index of changes occurring in the Russian economy increased by * p.p. and amounted to *% against *% in Q2 2016. The share of respondents that positively assess occurred economic changes increased to *% against Q2 2016 (this indicator was equal to *% in Q2 2016). At the same time, the share of negative assessments reduced to *% against *% in Q2 2016.

<…>

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 December 19, 2016, the European Council officially prolonged sanctions against companies from a number of Russian economy sectors from January 31 to July 31, 2017. Formally, the agreement on the sanction prolongation was achieved on December 15, 2016, in the course of the summit of the European Council. If the state of things in the east part of Ukraine does not improve, the next resolution on the sanction prolongation can be expected at the summit of the European Council on June 22-23, 2017, its last meeting before their expiration date. Moreover, there are still valid personal sanctions against individuals and enterprises related to the Ukrainian crisis (in force until March 15, 2017) and a separate package of restrictive measures regarding Crimea (in force until June 23, 2017). **<…>**

Mutual relations with Turkey

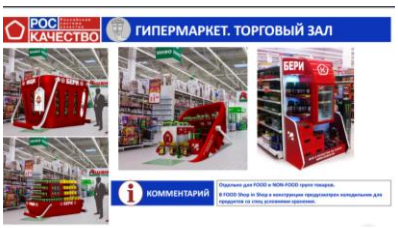
On December 19, 2016, at an arts exhibition in Turkey, Russian ambassador Andrey Karlov was murdered. The President of the Russian Federation Vladimir Putin stated that the assault was a «provocation» that would not affect the thaw in relations between Moscow and Ankara. In his turn, president Erdogan said that, during the telephone conversation with Putin, they «agreed on the further strengthening of cooperation, particularly in the international combat against terrorism, in the nearest days to come».**<…>**

Milestones of January-December 2016

Online projects of Russian companies in FMCG retail

In December 2016, Mail.Ru Group, together with the ex-president of DIXY group of companies Ilya Yakubson and other funders, invested RUB 100 M into Instamart service of foodstuffs delivery from outlets. Raised funds will be primarily used for the product development, IT infrastructure, project upscaling and, in particular, for promotion of Instamart mobile applications based on iOS (already available in AppStore) and Android (will be released in January 2017). The co-founder and CEO of Instamart Pyotr Fedchenkov is confident that the company will manage to succeed: "we realized initially that it would make no sense to compete against retailers by investing into our own distribution centers and stocks of perishables. No need to do badly something the retailers do well and at an incomparably larger scale. Therefore, we are doing well what the retailers historically either don't do or do worse than us – that's the online presence, online catalogue, the «last mile» to the customer and delivery on the order date. DNA of Instamart's business model is the partnership with retailers. **<…>**

Roskachestvo activities



<…> In December 2016, the deputy head of Roskachestvo Maria Sapuntsova announced that, after a detailed study of the industry sector, Roskachestvo would initiate changes in the mandatory norms, as they obviously were not compliant to the industry's current state anymore. For instance, Roskachestvo studies the products not according to GOSTs (national standards), but rather checking whether they are compliant to the mandatory requirements that are regulated by the Technical Regulation of the Customs Union and whether the products are consistent with their markings – these are the mandatory requirements applied to all products present in the Russian market. **<…>**

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 December 1, 2016, the total number of stores owned by DIXY Group PC was 2 788 (2 634 Dixy stores, 26 Megamart stores, 14 Minimart stores, 47 Kvartal/Deshevo stores, 66 Victoria stores и 1 CASH H store), their selling space reached 948.124 thousand sq. m. 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 January-November 2016 the company opened 116 DIXY stores, 6 Victoriya supermarkets, 1 Kvartal/Deshevo, 2 Minimart supermarket and 2 Megamart hypermarket, also were closed 44 DIXY stores and 1 Kvartal/Deshevo. In November 2016, the company opened 10 Dixy stores, 1 Megamart hypermarket, were closed 1 DIXY store and 1 Victoriya supermarket. <…>

Results and expectations

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

Table 35. The key financial indicators of DIXY GC (by formats) in 2015-2016

Indicator	Format	H1 2015 IFRS	H1 2016 IFRS	Q3 2015	Q3 2016	9m 2015	9m 2016	Nov.15	Nov.16	Jan.-Nov.15	Jan.-Nov.16
Net revenue, bn RUB	**DIXY division**	**105.383**	**129.37**	**53.296**	**60.697**	**158.679**	**190.068**	**19.243**	**20.055**	**196.8**	**230.471**
	DIXY	105.383	129.37	53.296	60.697	158.679	190.068	19.243	20.055	196.8	230.471
	Victoria division	**16.297**	**18.532**	**7.731**	**8.975**	**24.028**	**27.506**	**2.785**	**3.063**	**29.618**	**33.714**
	Victoria	13.121	15.206	6.177	7.304	19.298	22.51	2.297	2.53	23.91	27.641
	Kvartal, Deshevo	2.636	2.726	1.289	1.356	3.927	4.083	0.406	0.44	4.745	4.972
	CASH	0.54	0.6	0.264	0.314	0.803	0.913	0.081	0.092	0.963	1.101
	Megamart division	**8.974**	**9.253**	**4.313**	**4.768**	**13.287**	**14.021**	**1.463**	**1.622**	**16.242**	**17.294**
	Megamart	7.079	7.276	3.4	3.756	10.478	11.032	1.167	1.28	12.83	13.61
	Minimart	1.896	1.978	0.913	1.012	2.809	2.989	0.296	0.342	3.412	3.685
	Retail revenue	**130.654**	**157.156**	**65.34**	**74.44**	**195.994**	**231.595**	**23.491**	**24.741**	**242.66**	**281.479**
	Other income	0.965	1.017	0.46	0.567	1.425	1.584	-	-	-	-
	Total income	**131.619**	**158.173**	**65.799**	**75.006**	**197.418**	**233.179**	-	-	-	-
Net revenue growth, %	**DIXY division**	**26.1%**	**22.8%**	-	**13.9%**	**22.3%**	**19.8%**	**21.0%**	**4.2%**	**22.1%**	**17.1%**
	DIXY	26.1%	22.8%	-	13.9%	22.3%	19.8%	21.0%	4.2%	22.1%	17.1%
	Victoria division	**13.5%**	**13.7%**	-	**16.1%**	**11.4%**	**14.5%**	**9.8%**	**10.0%**	**11.3%**	**13.8%**
	Victoria	13.7%	15.9%	-	18.2%	11.5%	16.6%	11.1%	10.2%	11.5%	15.6%
	Kvartal, Deshevo	11.7%	3.4%	-	5.2%	10.5%	4.0%	6.3%	8.4%	10.1%	4.8%
	CASH	20.2%	11.1%	-	18.9%	15.6%	13.6%	(5.0)%	13.6%	11.7%	14.4%
	Megamart division	**10.5%**	**3.1%**	-	**10.5%**	**9.1%**	**5.5%**	**(0.6)%**	**10.9%**	**7.9%**	**6.5%**
	Megamart	9.2%	2.8%	-	10.5%	8.1%	5.3%	(0.6)%	9.6%	7.1%	6.1%
	Minimart	15.5%	4.3%	-	10.8%	13.2%	6.4%	(0.4)%	15.7%	11.1%	8.0%
	Retail revenue	**23.2%**	**20.3%**	-	**13.9%**	**19.9%**	**18.2%**	**17.9%**	**5.3%**	**19.6%**	**16.0%**
	Other income	8.6%	5.4%	-	23.3%	4.8%	11.2%	-	-	-	-
	Total revenue	**23.1%**	**20.2%**	-	**14.0%**	**19.8%**	**18.1%**	-	-	-	-
Gross profit, bn RUB	Company in total	38.311	43.149	18.854	19.111	57.165	61.135	-	-	-	-
Gross margin, %	Company in total	29.1%	27.3%	27.7%	26.6%	29.0%	26.7%	-	-	-	-
Net profit, bn RUB	Company in total	0.807	(0.441)	(0.843)	(1.59)	(0.036)	(2.03)	-	-	-	-
Net profit margin, %	Company in total	0.6%	(0.3%)[17]	(1.3%)	(2.1%)	0.0%	(0.9%)	-	-	-	-

[17] Расчет ИА INFOline

Indicator	Format	H1 2015 IFRS	H1 2016 IFRS	Q3 2015	Q3 2016	9m 2015	9m 2016	Nov.15	Nov.16	Jan.-Nov.15	Jan.-Nov.16
EbitDA, bn RUB	Company in total	6.81	6.254	2.547	1.14	9.357	7.394	-	-	-	-
EbitDA profitability, %	Company in total	5.2%	4.0%	3.9%	1.5%	4.7%	3.2%	-	-	-	-
Net debt, bn RUB	Company in total	30.957	31.193	-	-	35.558	29.598	-	-	-	-

Data source: DIXY GC

<…>

M&A deals

On December 13, 2016, DIXY group of companies bought out 12 property items with a total area of about 30 Thousand sq. m from MCapital group that owns Sedmoy Continent and NASH chains in Kaliningrad. <…>

Investment activities

In Q3 2016, capital expenditures of DIXY group of companies amounted to 889 M RUB with a decrease of 70.8% as compared to the 3.045 bn RUB in Q3 2015. <…>

Plan for new supermarkets opening

In December 2016 – the beginning 2017, Minimart supermarket to be opened in Sverdlovsk region (Pervouralsk).

Online

In December 2016, the operating officer of DIXY group of companies Julio Duarte stated that DIXY group of companies is studying the e-commerce development area. «Without doubt, it will become one of the key challenges for the group of companies. For instance, on the website of Viktoria S, a personal account is implemented and one can make an online order of dishes cooked in-house, such as starters, canapes, main courses, cakes and a variety of desserts. The customer can chose a required number of portions and then collect the completed order from the nearest supermarket on a specified date and time,» – he explained.

Logistics: data

In December 2016, the operating officer of DIXY group of companies Julio Duarte stated: «DIXY group of companies manages an advanced logistics infrastructure. Currently it comprises 8 DCs with a total area of about 220 Thousand sq. m located in key regions and over 1,000 units of its own vehicles equipped with isothermal vans and refrigerator plants enabling the group to optimize shipping costs and ensure timely delivery of foodstuffs in the stores.»

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

<…> In December 2016, the operating officer of DIXY group of companies Julio Duarte stated: «The share of PL in DIXY constituted up to 20% of the goods turnover. It is a strategic course for us and we develop it actively, expand current product lines and generate new ones. For instance, in 2016, new business areas were presented: ice-cream under Vivante brand and baby hygiene products under Baby Boom brand.»

New projects

In November 2016, DIXY group of companies became known to have finished the pilot project on installing the LED fixtures. The new fixtures allowed to reduce the use of electricity by 27% (around 11,000 kW/hour in one store per year) As well as significantly reduce the costs of maintenance and disposal of fluorescent lamps. The project is considered successful: the new fixtures are included into the standard. As of November 2016, the chain equipped more than 60 stores in Moscow and Ryazan; all the new and reconstructed facilities comply with this standard. <…>

Consumers communications

In December 2016, the operating officer of DIXY group of companies Julio Duarte stated: «At the current development stage, the loyalty program is not a priority line for DIXY, because we believe that we can give the best offer to our customers. Currently our efforts are focused on short-term loyalty programs that demonstrated excellent results in the past. Successful examples of such campaigns are «STIKEEZ» with funny stick-on figurines, «Farmer's yard» campaign where we gave out soft toys, a ceramic knives campaign, and others. **<…>**

Interraction with suppliers

As of the beginning of December 2016, within the framework of the program for the development of active cooperation with local enterprises, DIXY neighborhood store chain increased the share of the Russian fruit and vegetables in its sales. During the year, the share of local cucumbers increased 1.5 times and reached 89%, tomatoes 73%, the overall share the fresh vegetables category 65%. Share of Russian fruit in the assortment of neighborhood stores is about 10%. **<…>**

Corporate events

As of the beginning of December 2016, within the framework of the program for the development of active cooperation with local enterprises, DIXY neighborhood store chain increased the share of the Russian fruit and vegetables in its sales. During the year, the share of local cucumbers increased 1.5 times and reached 89%, tomatoes 73%, the overall share the fresh vegetables category 65%. Share of Russian fruit in the assortment of neighborhood stores is about 10%. **<…>**

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

Section III. Key events and plans of major FMCG retailers

Publication date:	**monthly**
Thhe number of pages:	**From 150**
Method:	**Elictronic**
Price, rub./month	**20 000**
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, Results of 2015 and Forecast for 2018	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-15 ratings and business reports on 30 largest retailers developing hypermarkets; history and key features of hypermarket format; forecast for hypermarkets for 2015-2017.	November 2016	50 000 or 75 000
NEW! DIY Market, Results of 2015 and Forecast for 2018	Development of online retailing on the DIY market; regional development of the largest DIY operators; business reference data on TOP 100 DIY operators; prospects for development of the largest players on the DIY market	Q2 2016	From 50 000
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	Q2 2016	From 50 000

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

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

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

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

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