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

ESOMAR WORLD RESEARCH ESOMAR MEMBER

Industry review

Russian consumer market and FMCG retail chains rating

February 2016

Demo-version

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

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

About Russian consumer market and FMCG retail chains rating

The industry review contains structured information about Russian retail market in the accounting period (**February 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 2015, retail turnover in the RF, in physical terms, decreased by 10%, food products sales (including beverages) and tobacco – by 9.2%. In 2016 retail turnover dynamics, in physical terms, will remain negative. However, due to food products prices growth the market capacity will continue to grow in rouble terms.

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

Time framework: Dynamics from 2007 (market capacity and dynamics). Operational and financial indicators of largest FMCG chains from 2011. Results of 2014-2015. Forecast for 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 130 largest FMCG chains by formats: stores number and selling space dynamics (hypermarket, supermarket, discounter, convenience store). The most significant stores opening and closing. Ratings by number, selling space, revenue of TOP 50 FMCG chains in Russia (with over RUB 6 bn in revenue), selling space growth structure and dynamics by chains and formats.
- **Section I. Retail trends and development in Russia.** Macroeconomic retail: turnover and money supply dynamics, turnover forecast. Leading indicator of retail development. Governmental regulation of retail. Structure of retail turnover by businesses types. Regional structure of retail turnover. Food market inflation. Incomes and expenditures of population. Monetary policy. Consumer expectations and confidence of population
- **Section II. Key events for FMCG retail in Russia.** Important events for FMCG retailers in Russia. Expert assessment of the Russian market by INFOLine's specialists. Case – operational and analytical information on vital questions.

- **Section III. Key events and plans of major FMCG chains.** Current information on largest FMCG retail chains in Russia: strategy and plans, results and forecasts, investments, stores opening and closing, stores opening in 2015, new formats development, A&M, resignations and appointments, logistics, private label , interaction with consumers and suppliers, 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), **producers** (Procter&Gamble, Coca-Cola, Pepsi, SABMiller, Fazer, Mars), **distributors** (Megapolis GC), **financial** (Uralsib FC, MDM-Bank) and **service** companies (GC Servis-plus, Wincor-Nixdorf).

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

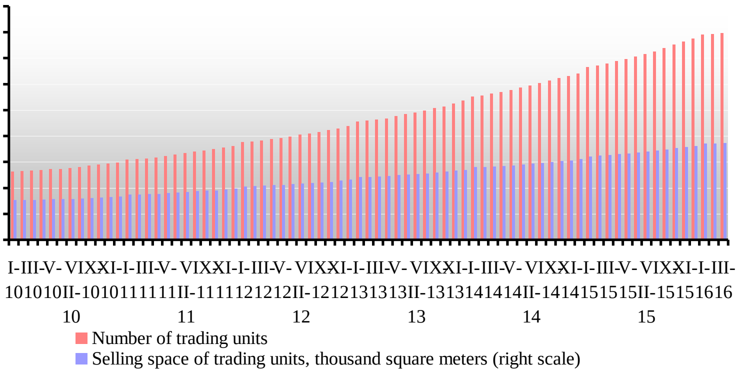
Rating of FMCG retail chains of Russia

TOP 150 FMCG chains performance [1]

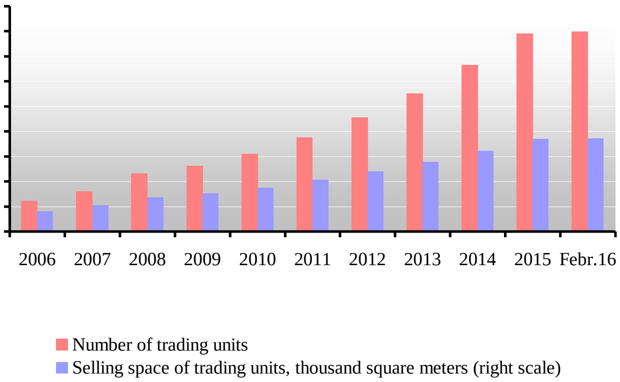
TOP 150 FMCG chains in Russia

In **February 2016** the number of selling points of TOP-150 FMCG retailers (excluding X5 Retail Group, GK DIXY) increased by * units, growth of the total selling space was about * thousand sq. m**.** In **January-February 2016** the number of selling points of TOP-150 FMCG retailers (excluding X5 Retail Group, GK DIXY) increased by * units, growth of the total selling space was about *thousand sq. m**.**

Picture 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)



Picture 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)



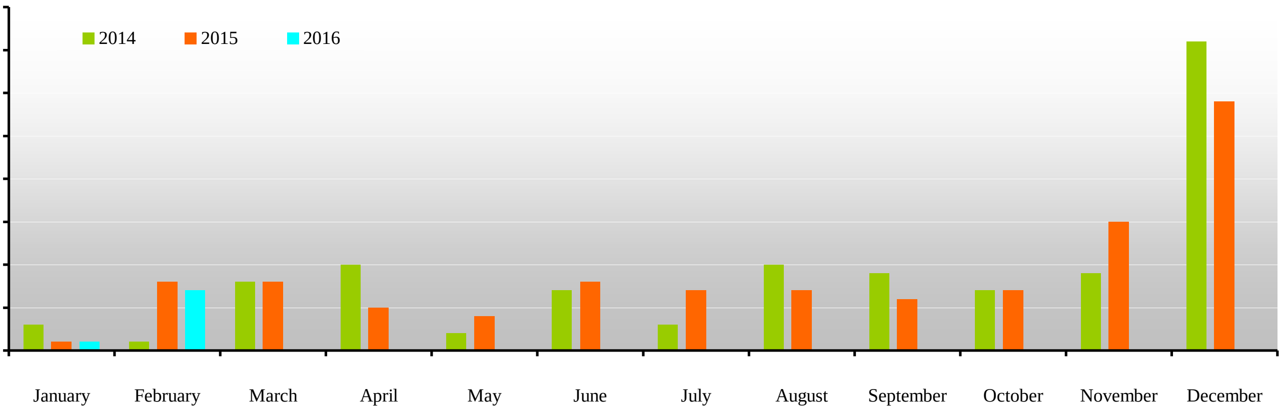
Data source: IA INFOLine

The total number of stores among TOP-150 FMCG retailers as of **01 March 2016** was *with total selling space of *million sq. m.

Hypermarket format[2]

In **February 2016** the number of hypermarkets among TOP 150 FMCG retailers FMCG increased by * the selling space grew by *thousand sq. m. In **January-February 2016** the number of hypermarkets among TOP 150 FMCG retailers FMCG increased by ***,** the selling space grew by *thousand sq. m.

Picture 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

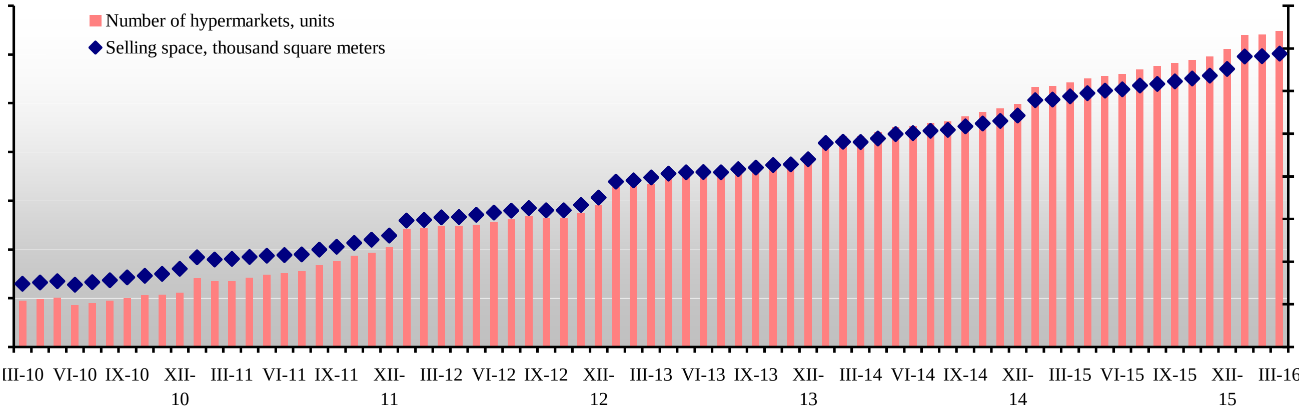
[1] Data was corrected according to the result November 2015. Hereinafter the data for X5 Retail Group, Magnit and DIXY is presented as it was available at the date of this survey's preparation: Magnit – February 2016, DIXY – January 2015, X5 Retail Group –December 2015. Drugstore chain "Magnet Cosmetic" 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.

In **February 2016** the following hypermarkets were **opened:** 4 Magnit in Orenburg, Kemerovo, Arkhangelsk region (Kotlas) and Republic of Bashkortostan (Sterlitamak). Karusel (X5 Retail Group) in Moscow, Sambery (Nevada, GK) in Khabarovsk Territory (Komsomolsk-on-Amur) and 2 Lenta in Grozny and Ufa.

In **February 2016** was closed Lenta hypermarket in Kemerovo region (Novokuznetsk).

Picture 4. Dynamics of number of hypermarkets and their floorspace of 150 largest retailers of Russia in 2010-2016



Data source: IA INFOLine

The total number of hypermarkets among TOP-130 FMCG retailers as of **01 March 2016** 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	Number of stores as of period's end			Stores number dynamics during the period							
			2015	Feb.15	Feb.16	Feb.15		Feb.16		Jan.-Feb.15		Jan.-Feb.16	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	H, C	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*

[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.

Legal name	Brand	Main formats	Number of stores as of period's end			Stores number dynamics during the period							
			2015	Feb.15	Feb.16	Feb.15		Feb.16		Jan.-Feb.15		Jan.-Feb.16	
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	*	*	*	*	*	*	*	*	*	*	*
Monetka, GK (Element -Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*
Korporatsiya Grinn, CJSC	Liniya	H, S, C	*	*	*	*	*	*	*	*	*	*	*
Nevada GC	Samberi	H	*	*	*	*	*	*	*	*	*	*	*
	Raz Dva	C	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
Ritm -2000, LLC	Tverskoy Kupets, Volniy Kupets, Telezhka, Apelsin, Raznitsa, Ekonomika, 4 Sezona	S, H, C	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by selling space

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

Performance for 2011-2015

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 * m sq. m.

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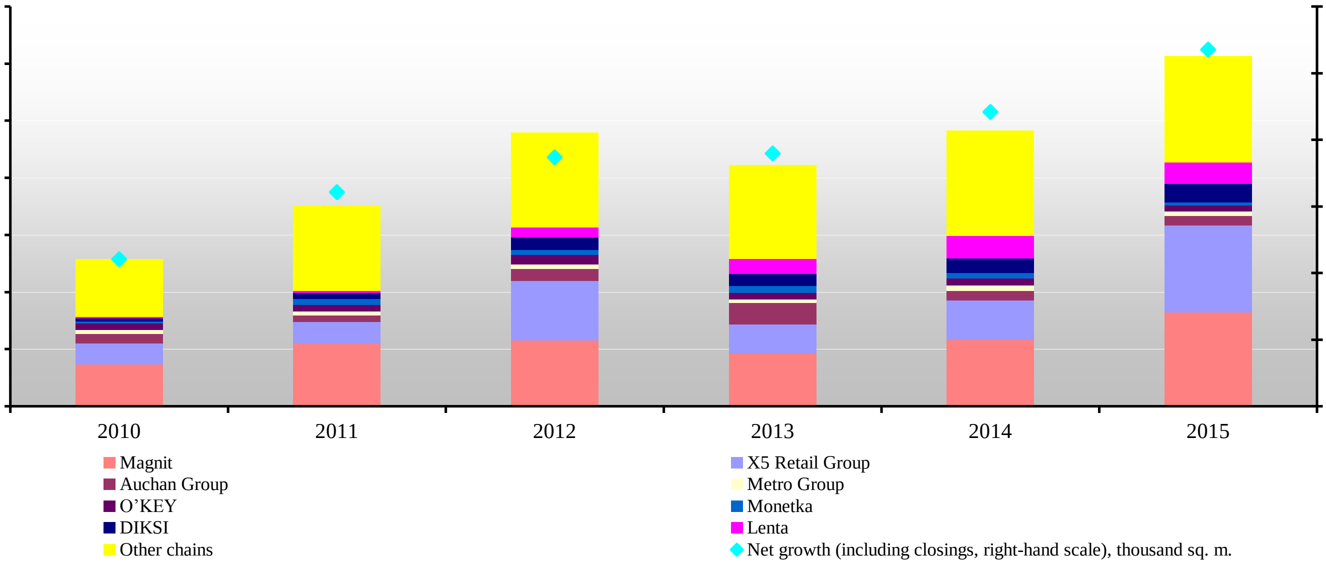
Picture 5. 150 major retailers' selling space growth (exclusively of retailers with decreased space) in 2010-2015, thousand sq. m.



Data source: INFOLine IA

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Selling space dynamics of major retailers

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

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

Legal name	**Brand**	**Main formats**	**Total selling floorspace as of period's end**			**Dynamics of aggregate sales space for the period**							
			2015	**Feb.15**	**Feb.16**	**Feb.15**		**Feb.16**		**Jan.-Feb.15**		**Jan.-Feb.16**	
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga, Kazhdy Den	H, C	*	*	*	*	*	*	*	*	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*
	real,-	H	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	*	*	*	*	*	*	*	*	*	*	*
Monetka, GK (Element -Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac, V shage ot Vas	S, C	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*
SPS Holding	Krasnoe&Beloe	C	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*
Korporatsiya Grinn, CJSC	Liniya	H, S, C	*	*	*	*	*	*	*	*	*	*	*
Nevada GC	Samberi	H	*	*	*	*	*	*	*	*	*	*	*
	Raz Dva	C	*	*	*	*	*	*	*	*	*	*	*
	All formats	**All formats**	*	*	*	*	*	*	*	*	*	*	*
Ritm -2000, LLC	Tverskoy Kupets, Volniy Kupets, Telezhka, Apelsin, Raznitsa, Ekonomika, 4 Sezona	S, H, C	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by net sales

Financial indicators of public companies, published as of March 2016 are presented in the 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[4]	Revenue in Q4 2015	Q4 2015 vs Q4 2014, %	LfL in Q3 2015,%	Revenue in 2015	2015 vs 2014, %	LfL in 2015,%	Revenue in Jan. 2016	Jan. 2016 vs Jan.. 2015, %	Revenue in Feb. 2016	Feb. 2016 vs Feb. 2015, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*
	Total for company[5]	D, H	*	*	*	*	*	*	*	*	*	*
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*	*	*
	Perekrestok	C	*	*	*	*	*	*	*	*	*	*

[4] Legend: D - discounter, H - hypermarket, S - supermarket, C – convenience store
[5] Retail revenue

Legal name	Brand	Main formats[4]	Revenue in Q4 2015	Q4 2015 vs Q4 2014, %	LfL in Q3 2015,%	Revenue in 2015	2015 vs 2014, %	LfL in 2015,%	Revenue in Jan. 2016	Jan. 2016 vs Jan.. 2015, %	Revenue in Feb. 2016	Feb. 2016 vs Feb. 2015, %
	Express,											
	Total for X5+ Kopeika[6]	C, D, S, H	*	*	*	*	*	*	*	*	*	*
Dixy Group, JSC	Dixy	C	*	*	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*	*	*
	Total for company[7]	C, D, S, H	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*
		S	*	*	*	*	*	*	*	*	*	*
		S, H	*	*	*	*	*	*	*	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*	*	*

Data source: INFOLine IA data

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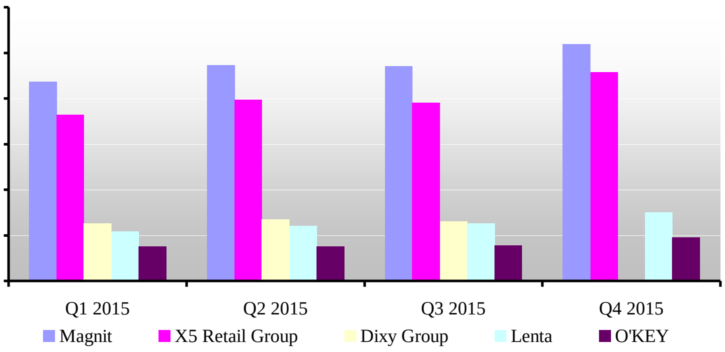
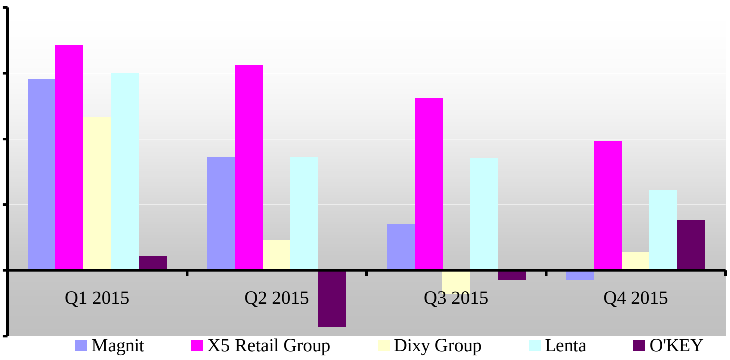
Picture 6. Quarterly dynamics of retail revenue among major FMCG chains in 2015, RUB bln



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



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TOP 50 retailers' revenue dynamics in 2013-2015 are presented in the table.

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

Legal name	**Brand**	**Main formats**	**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	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Pyaterochka	D		*	*	*
	Perekrestok Expres, Kopeika	C		*	*	*
	All formats	**All formats**		*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS, 2014 estimation	*	*	*
DIXY Ug, SC	Dixy, Megamart, Minimart, Kvartal, Victoriya, Cash	H, S, C	IFRS (retail sales)	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct, real,-	**H**	IFRS, 2014 estimation	*	*	*
Lenta, LLC	Lenta	H	management accounting, IFRS (common sales)	*	*	*
O'KEY LLC	O'KEY, O'KEY-Express	H, S	IFRS (common sales)	*	*	*
Spar (all legal entities)	***SPAR, SPAR Express, EUROSPAR, INTERSPAR***	***S, H, C***	management accounting	*	*	*
Monetka, GK (Element -Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	RAS, management accounting	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	RAS, management accounting	*	*	*

[6] Company's retail revenue.
[7] Company's retail revenue.

Legal name	Brand	Main formats	Data	2013	2014	2015
Auchan Groupe (Atac, LLC)	Atac	S	RAS, 2014-estimation	*	*	*
Maria-Ra GC	Maria-Ra	S, C	management accounting	*	*	*
Giperglobus, LLC	Globus	H	RAS, management accounting	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	IFRS	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	RAS, management accounting	*	*	*
SPS Holding	Krasnoe&Beloe	C	estimation	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AV Daily, AV Market	S, C	IFRS, management accounting	*	*	*
REWE Group (Billa, LLC)	Billa	S	management accounting	*	*	*
Korporatsiya Grinn, CJSC	Liniya	H, S, C	management accounting	*	*	*
Nevada GC	Samberi, Raz Dva	C, H	estimation	*	*	*

Data source: INFOLine IA data

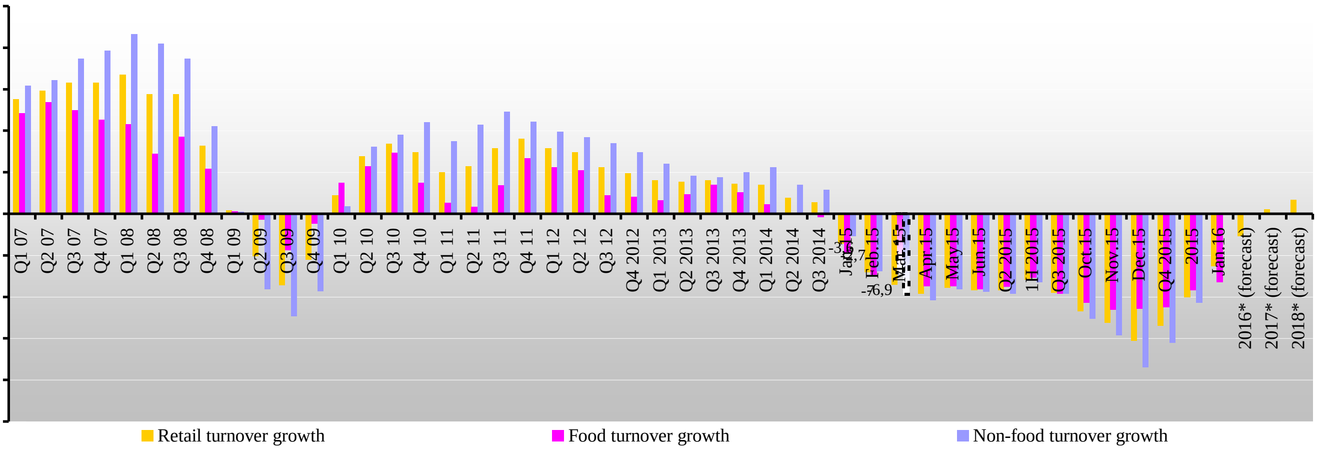
Full version also includes the description of the aggregated financial performance for 2015 and February 2016 for the largest chains with revenue of more than 10 billion rubles.

Section I. Retail trends and development in Russia

Macroeconomic retail indicators

In 2015, the retail turnover was *billion Rubles and declined by *% compared to 2014 in the merchandise mass (in 2014, a *% growth was noted). The foodstuffs retail turnover has declined by *% in 2015 vs. 2014. The non-food goods retail turnover went down by *% in 2015. In Q4 2015 retail turnover was RUB *bn rub. Commodities mass decreased by *% to Q4 2014 (it grew by *% in Q4 2014). The food retail turnover decreased by *% in Q4 2015. The non-food retail turnover decreased by *% vs. Q4 2014. **<…>**

Picture 88. Main consumer market indicators 2007-2016 and forecast till 2016-2018, % against the same period of previos year.

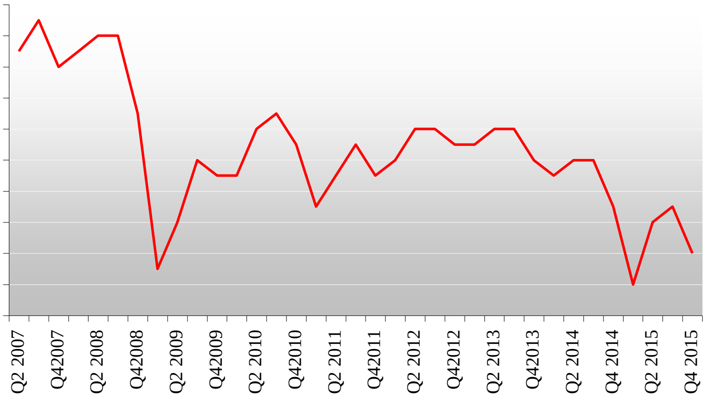


Data source: FSSS

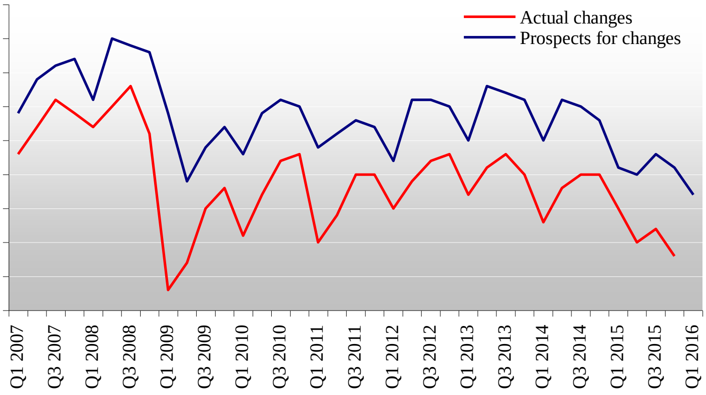
Main indicators of retail development[8]

Businessmen's evaluations of the factual and expected economic situation give evidence of a serious destabilization. As early as in Q3 2014 chief executives of 51 retail companies gave pessimistic forecasts. However, retail dynamics of recent years did not give grounds to expect such dramatic indicators' decline. The business climate degraded accordingly. According to FSSS (the Federal State Statistics Service), in Q4 2015 the business confidence index came to 0 pp, decreasing by 3 pp vs. Q3 2015 and decreasing by 3 pp. vs. Q4 2014. The evaluation of the overall economic situation, according to results of Q4 2015, is by 5 pp better than in the recessional Q1 2009. **<…>**

Picture32. Entrepreneur confidence index in Russia in 2007-2015



Picture 33. Assessment of economic situation in Russia in 2007-2015



Data source: FSSS

<…>

Government regulation of retail

The Trade Act

ПРАВИТЕЛЬСТВО
РОССИЙСКОЙ
ФЕДЕРАЦИИ

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

<…>

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

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

Structure of retail turnover by the category of products

<…>

In January 2016 the food sales share sharply increased by *pp vs. January 2015.

Table 4. Structure of retail turnover in terms of product groups in 2008-2016[9]

Indicator	2008	2009	2010	2011	2012	2013	2014	2015	Q4 2014	Q4 2015	Jan.15	Jan.16
Retail turnover	*	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

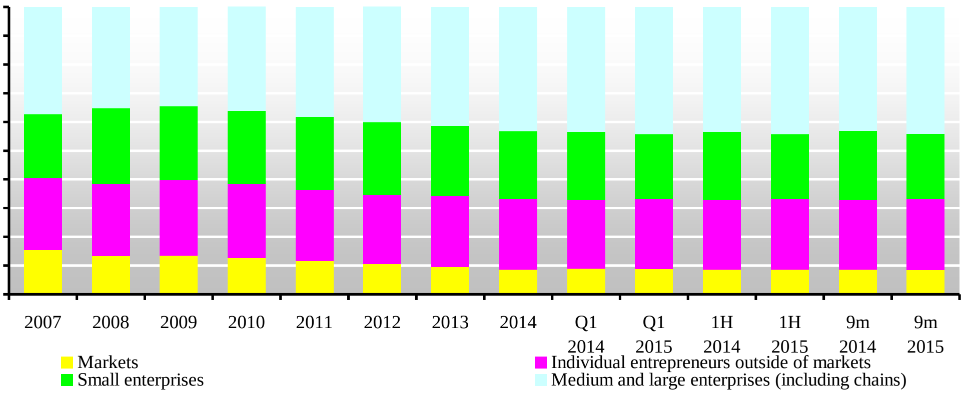
<…>

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 9m 2015 (*pp vs. 9m 2014). The share of small enterprises is also decreasing – by * pp vs. 9m 2014 and the share of medium-size businesses decreased by *pp vs. 9m 2014. The share of large businesses (largely, retail chains) increased by * pp vs. 9m 2014. The share of individual entrepreneurs increased by * pp vs. 9m 2014 and came to *%.

Picture 9. Retail turnover structure by business types in 2007-2015, %



Data source: FSSS

<…>

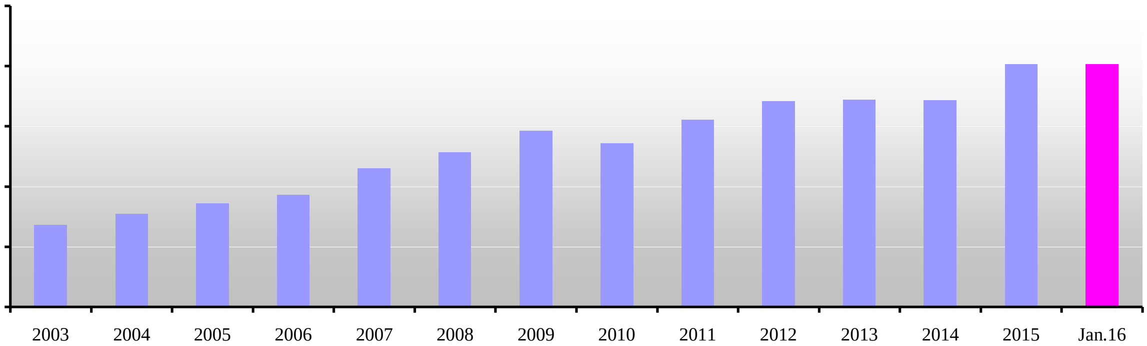
Research (full version) also contains information on structure of sales in the markets and at fairs, detailed information on unorganized trade: number of markets, trading places, market structure and the managing subjects and other.

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

Regional structure of retail turnover

Regional retail turnover structure in Russia is not uniform: *% of the turnover in January 2016 fell on 11 subjects (Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen region, Chelyabinsk and Rostov regions).

Picture 10. Retail turnover share of 69 regions of Russia (except the largest 11 regions) in 2003-2016



Data source: FSSS

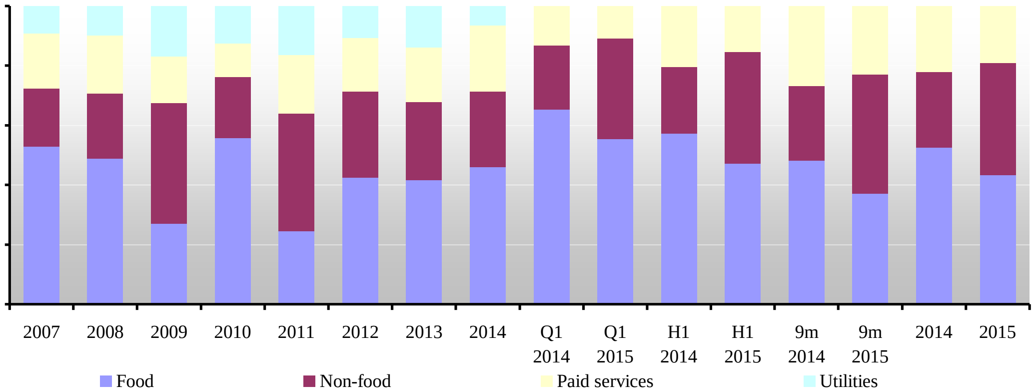
<…>

Food market inflation

<…>

However, in 2015 the consumer prices index came to *% (in 2014 – *%), the food prices index – *% (in 2014 – *%), for non-food – to *% (in 2014 – *%), for services – *% (in 2014 – *%). <…>

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



Data source: FSSS

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

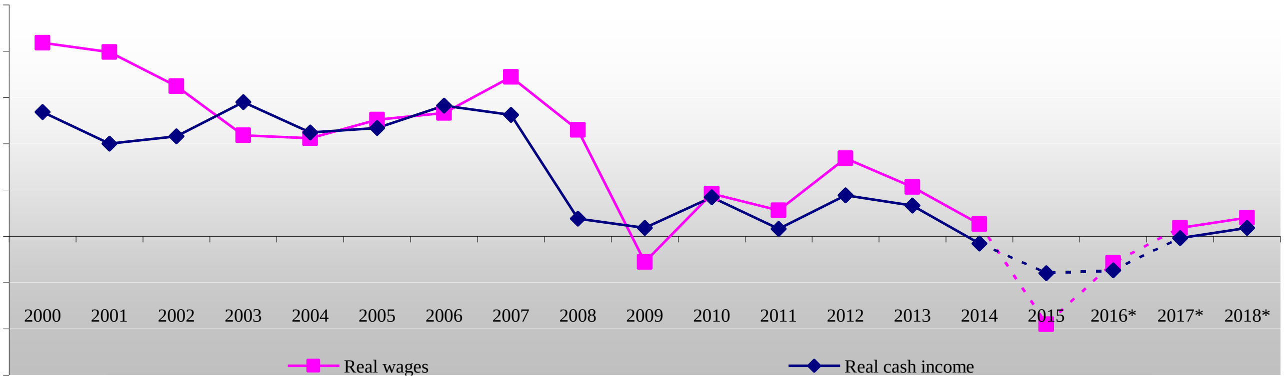
Consumer incomes and expenditures

In 2015 the population's real incomes growth happened to be negative and came to *%). The real wages decreased by *% vs. the growth by *% in 2014. It needs to be reminded that according to the forecast of the Ministry of Economic Development the observed consumer dynamics was negative in 2015. The population's real wages were to decrease by *% and real disposable income – by *%.

On December 14, 2015, the President of the Russian Federation signed Federal Law No. 376-FZ on Amending Art. 1 of the Federal Law on Minimum Wage Size.

According to this law, since January 1, 2016 the minimum wage shall amount to RUR *per month (while in 2015, it amounted to RUR *per month).

Picture 11. Real salary and real income dynamics in 2000-2015, forecast for 2016-2018, %



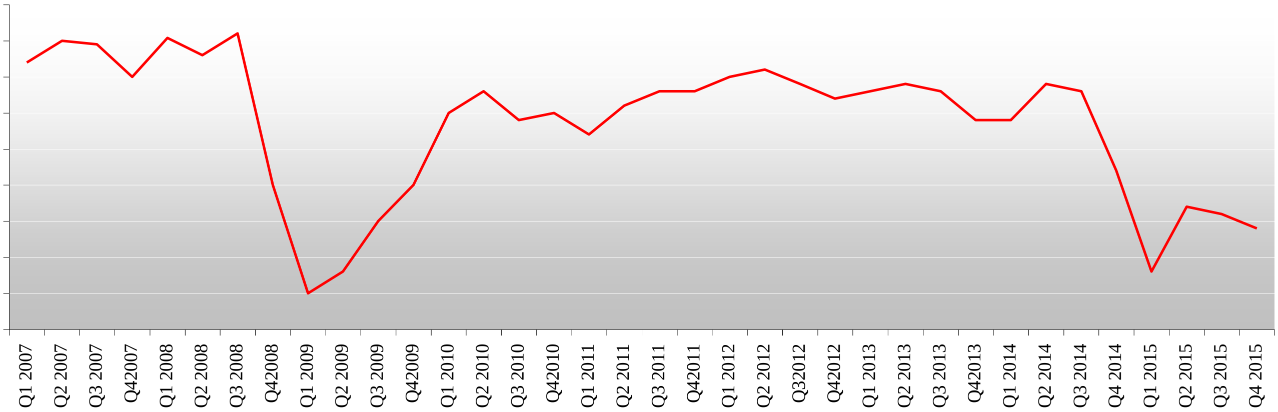
Data source: FSSS

In accordance with the forecast of the Ministry of Economic Development for 2016—2018, the real income of the population will decrease by *% in 2016, and by * in 2017 and increased by *% in 2018. According to the forecast, the unemployment rate can reach 5.8% of the economically active population in 2015 (the previous forecast predicted 6%). **<…>**

Consumer expectations and confidence index

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

Picture 80. Consumer confidence index in Russia 2007-2015

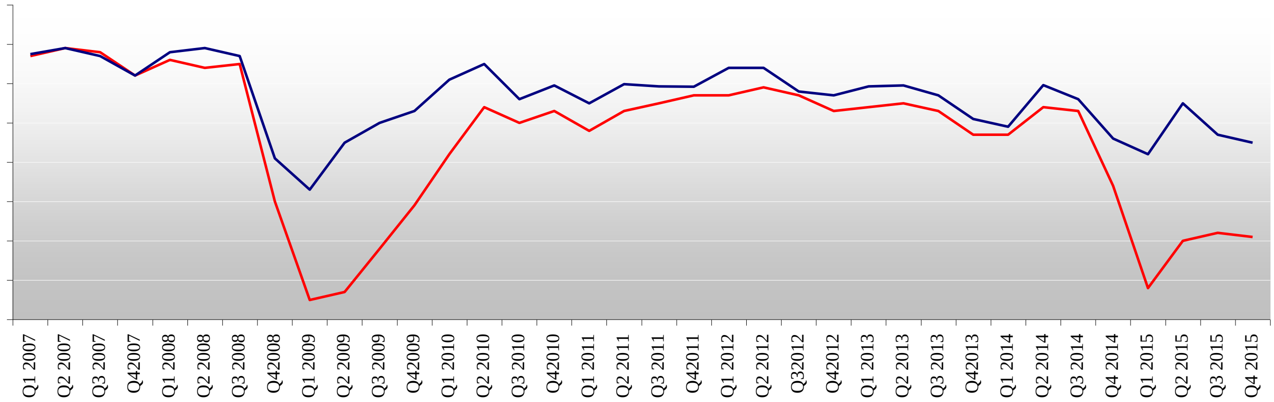


Data source: FSSS

The index of expected changes in short-term decreased by * pp in Q4 2015 in comparison with Q3 2015 and came to *%). *% of responds expect positive economic changes during next 12 months (in Q3 2015 – *%). Share of negative responses increased to *% (in Q3 2015 – *%). *% of respondents do not think the situation will change (in Q3 2015 – *%).**<…>**

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

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

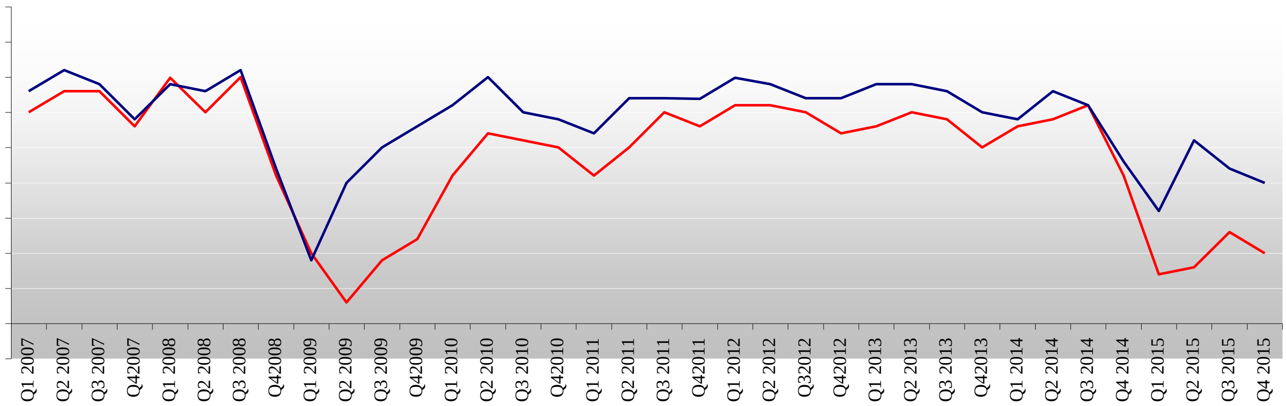


Data source: FSSS

<…>

Index of actual changes in the economics of Russia decreased by * pp and came to (*%) against *%) in Q3 2015. The share of respondents which positively appraise the changes decreased to *% (in Q3 2015 – *%). Furthermore, the share of negative assessments increased to *% vs. *% in Q3 2015. **<…>**

Picture 82. Consumers' assessment of personal financial situation in Russia 2007-2015



Data source: FSSS

<…>

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

Section II. Key events for FMCG retail in Russia

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

June 25, 2015, Vladimir Putin signed the **Decree No. 320** on prolongation of counter-sanctions imposed by the Russian Federation until August 5, 2016. He commissioned the Prime-Minister Dmitriy Medvedev to timely prepare necessary documents for implementation of this decree. He specified that in line with the suggestion made by the Head of the Government, Dmitriy Medvedev, "we prolong our counter-sanctions for the next year starting as of today". Vladimir Putin expressed his certitude that counter-sanctions being taken will become a good guideline for national manufacturers of agricultural commodities.

<…>

Mutual relations with Turkey

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

<…>

Roskachestvo activities

June 4, 2015, the first organizational meeting of the Autonomous Non-Commercial Organization Russian Quality System (Roskachestvo) (www.rskrf.ru) was held where Maksim Protasov was appointed as the Head of the Organization. He declared that first products having the Russian Quality Mark could appear in stores before the end of 2015. Let us remind that on April 30, 2015, the Government of the Russian Federation signed the **order on the establishment of the autonomus non-commercial organization ANO Russian Quality System**. The organization was established to ensure the quality of Russian commodities, increase their competitiveness and resolve import substitution tasks.

<…>

Section III. Events and plans of FMCG chains

Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic

Magnit, PC / Magnit, Magnit Semeiniy, Magnit Cosmetic chains

Company's name: *Magnit, PC (Tander, CJSC/ Magnit, Magnit Semeiniy retail chains)* Address: *350072, g. Krasnodar, ul. Solnechnaya, 15 / 5* Phones: *+7 861 2109810* Hot line: *+7 880 02009002* Fax: *+7 861 2109810. E-Mail: info@gw.tander.ru Web: www.magnit-info.ru.* Executive: *Sergey Galitskiy, CEO, Hachatur Pombuhchan, chairman of board of directors;*

Chain development

As of 01 March 2016 the total number of Magnit's stores came up to 12 302 (9 663 convenience stores, 223 Magnit hypermarkets, 156 Magnit Semeiniy supermarkets and 2 260 Magnit-Cosmetic). The chain's total selling space is 4 484.81 thousand sq. m. In 2015 the net increment of company's stores came to 2 378 stores (1 250 convenience stores, 29 Magnit hypermarkets, 58 Magnit Semeiniy, 1 041 Magnit Cosmetic). The selling space increased by 823.08 thousand sq. m. Magnit company forecast for 2015 was: to open 1350 convenience stores, 90 hypermarkets and Magnit Semeiniy stores, 950 drogerie stores. In Q4 2015 the net increment of company's stores came to 701 stores (348 convenience stores, 11 Magnit hypermarkets, 28 Magnit Semeiniy, 314 Magnit Cosmetic). The selling space increased by 258.73 thousand sq. m. In December 2015 the net increment of company's stores came to 164 stores (69 convenience stores, 2 Magnit hypermarkets, 17 Magnit Semeiniy, 76 Magnit Cosmetic). The selling space increased by 68.63 thousand sq. m. In January-February 2016 the net increment of company's stores came to 213 stores (69 convenience stores, 4 Magnit hypermarket, 1 Magnit Cosmetic, 139 Magnit Cosmetic).The selling space increased by 71.09 housand sq. m. In February 2016 the net increment of company's stores came to 149 stores (57 convenience stores, 4 Magnit hypermarket, 2 Magnit Cosmetic, 86 Magnit Cosmetic).The selling space increased by 54.39 housand sq. m.

<…>

Results and expectations

<…>

Magnit's key financial indicators (by formats), as of Q1-Q4, 1H, 9 months, December 2014-2015 and January 2015-2016 (managerial accounting) are presented in the table (negative results – in brackets).

Table 5. Magnit's key financial indicators (by formats) in 2014-2016

Indicator	Format	1H 2014	1H 2015	Q3 2014	Q3 2015	9m 2014	9m 2015	Q4 2014	Q4 2015	2014	2015	Feb.15	Feb.16	Jan.-Feb.15	Jan.-Feb.16
15Net revenue, bn RUB	Magnit	266.982	338.434	147.39	173.912	414.373	512.346	163.403	188.929	577.776	701.275	52.225	61.641	104.768	121.142
	Hypermarket Magnit	64.008	79.371	34.341	38.897	98.35	118.268	41.305	43.311	139.655	161.579	12.496	13.044	24.715	25.594
	Magnit Semeiniy	10.082	20.337	6.429	10.979	16.511	31.316	9.023	13.509	25.534	44.825	3.116	4.509	6.152	8.78
	Magnit-Cosmetic	7.832	15.556	5.223	11.162	13.055	26.718	6.702	13.404	19.757	40.122	2.481	4.808	4.602	8.955
	Retail revenue	**348.904**	**453.698**	**193.385**	**234.95**	**542.288**	**688.648**	**220.433**	**259.153**	**762.721**	**947.8**	**70.318**	**80.002**	**140.237**	**164.471**
	Wholesale sales	0.143	1.111	0.243	0.639	0.387	1.794	0.419	1.018	0.806	2.812	-	-		
	Total revenue	**349.047**	**454.809**	**193.628**	**235.63**	**542.675**	**690.443**	**220.852**	**260.171**	**763.517**	**950.613**	-	-		
Net revenue growth, %	Magnit	24.03%	26.76%	31.9%	17.99%	26.72%	23.64%	31.99%	15.62%	28.17%	21.37%	29.65%	18.03%	30.36%	15.63%
	Hypermarket Magnit	32.36%	24.00%	28.92%	13.27%	31.14%	20.25%	32.47%	4.85%	31.53%	15.7%	31.97%	4.39%	33.27%	3.56%
	Magnit Semeiniy	139.84%	101.72%	131.332%	70.78%	136.45%	89.67%	144.17%	49.72%	139.12%	75.55%	121.48%	44.69%	123.75%	42.72%
	Magnit-Cosmetic	57.33%	98.63%	68.41%	113.7%	61.58%	104.66%	76.64%	100.0%	66.4%	103.08%	88.6%	93.78%	85.65%	94.57%
	Retail revenue	**27.9%**	**30.0%**	**34.05%**	**21.49%**	**30.03%**	**26.99%**	**35.68%**	**17.57%**	**31.61%**	**24.27%**	**34.01%**	**19.46%**	**34.66%**	**17.28%**
	Wholesale sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Indicator	Format	1H 2014	1H 2015	Q3 2014	Q3 2015	9m 2014	9m 2015	Q4 2014	Q4 2015	2014	2015	Feb.15	Feb.16	Jan.-Feb.15	Jan.-Feb.16
	Total revenue	**27.93%**	**30.3%**	**34.15%**	**21.69%**	**30.08%**	**27.23%**	35.9%	17.8%	31.71%	24.5%	-	-	-	-
LfL (revenue), %	Magnit	9.26%	11.89%	17.21%	4.16%	12.27%	9.24%	17.07%	1.83%	13.85%	7.29%	-	-	-	-
	Hypermarket Magnit	12.28%	8.66%	14.49%	(0.81%)	12.97%	5.38%	16.43%	(7.63%)	14.05%	1.51%	-	-	-	-
	Magnit Semeiniy	18.22%	8.82%	19.93%	(1.53%)	18.88%	4.78%	19.53%	(7.44%)	18.97%	0.62%	-	-	-	-
	Magnit-Cosmetic	49.54%	24.92%	40.25%	21.88%	46.03%	23.54%	29.84%	11.86%	40.79%	19.61%	-	-	-	-
	Company in total	**10.63%**	**11.47%**	**17.21%**	**3.54%**	**13.12%**	**8.69%**	**17.28%**	**(0.07%)**	**14.47%**	**6.21%**	-	-	-	-
LfL (average ticket),%	Magnit	7.23%	12.06%	10.86%	6.4%	8.56%	10.06%	12.82%	3.33%	9.81%	8.14%	-	-	-	-
	Hypermarket Magnit	6.37%	10.16%	7.63%	4.01%	6.78%	8.04%	10.83%	(0.28%)	7.98%	5.53%	-	-	-	-
	Magnit Semeiniy	7.51%	9.82%	9.12%	2.98%	8.14%	7.18%	11.96%	(0.97%)	9.28%	4.33%	-	-	-	-
	Magnit-Cosmetic	3.05%	12.21%	3.44%	15.2%	3.4%	13.35%	5.49%	13.72%	3.76%	13.24%	-	-	-	-
	Company in total	**7.46%**	**11.49%**	10.13%	5.8%	8.42%	9.44%	**12.41%**	**2.07%**	**9.58%**	**7.23%**	-	-	-	-
LfL (traffic), %	Magnit	1.9%	(0.15%)	5.74%	(2.1%)	3.42%	(0.74%)	3.77%	(1.45%)	3.68%	(0.79%)	-	-	-	-
	Hypermarket Magnit	5.55%	(1.36%)	6.38%	(4.63%)	5.8%	(2.46%)	5.06%	(7.36%)	5.63%	(3.8%)	-	-	-	-
	Magnit Semeiniy	9.96%	(0.91%)	9.9%	(4.38%)	9.94%	(2.24%)	6.76%	(6.53%)	8.87%	(3.55%)	-	-	-	-
	Magnit-Cosmetic	45.11%	11.32%	35.59%	5.79%	41.22%	8.99%	23.08%	(1.63%)	35.69%	5.62%	-	-	-	-
	Company in total	**2.95%**	**(0.02%)**	6.43%	(2.14%)	4.33%	(0.69%)	**4.33%**	**(2.09%)**	**4.47%**	**(0.96%)**	-	-	-	-
Gross profit, bn RUB	Company in total	97.135	127.06	58.342	68.316	155.476	195.376	**65.044**	**75.446**	**220.521**	**270.822**	-	-	-	-
Gross margin, %	Company in total	27.83%	27.93%	30.13%	28.99%	28.65%	28.3%	29.45%	29.0%	28.88%	28.49%	-	-	-	-
Net profit, bn RUB	Company in total	19.588	25.266	14.305	17.988	33.893	43.254	**13.793**	**15.593**	**47.686**	**58.847**	-	-	-	-
Net profit margin, %	Company in total	5.61%	5.56%	7.39%	7.63%	6.25%	6.26%	6.25%	5.99%	6.25%	6.19%	-	-	-	-
EbitDA, bn RUB	Company in total	36.55	48.628	24.058	26.485	60.608	75.113	**25.302**	**28.798**	**85.91**	**103.911**	-	-	-	-
EbitDA profitability, %	Company in total	10.47%	10.69%	12.42%	11.24%	11.17%	10.88%	11.46%	11.07%	11.25%	10.93%	-	-	-	-

Data source: Magnit

<…>

Plan for hypermarket openings

In March-April 2016 a Magnit hypermarket is to be opened in Barnaul: Industrialniy district. **<…>**

Plan for supermarket openings

In March-April 2016 a Magnit Semeiniy supermarket is to be opened in Chelyabinsk regions at the following address: g. Magnitogorsk, r-n Ordzhonikidzevskiy, shopping centre. Its space will come to 2.048 thousand sq. m. **<…>**

New hypermarket openings

On 16 February 2016 a Magnit hypermarket was opened in Orenburg at the following address: ul. Dzerzhinskogo, 4. The product mix includes about 14.6 thousand items, the food products share comes to about 78%. The selling floor is equipped with 15 POS-terminals. The retail facility is under lease. **<…>**

New supermarkets[11] openings

On 09 February 2016 was opened a supermarket Magnit Family in Saransk at the following address: proap. 60 let Oktyabrya, 2V. The product mix includes about 6.9

[11] INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

thousand items, the food products share comes to about 83%. The selling floor is equipped with 9 POS-terminals. The retail facility is under lease. <…>

Resignation and appointments

In December 2015, it became known that the First Deputy General Director of Russian Post, Vyacheslav Bocharov, had left the company, and since the beginning of December 2015, at the request of Sergey Galitsky, returned to Magnit where will be responsible for marketing in the capacity of Deputy Director General. As Bocharov explains, the management of Magnit set an "interesting challenge," but doesn't clarify the content of this challenge. Vyacheslav Bocharov got a post with Russian Post at the beginning of July 2015 after resigning from Magnit where he had worked for 12 years and at the time of his departure was the Head of the neighbourhood shop format. According to Director General of Russian Post, Dmitry Strashnov, Bocharov's experience "in building the most efficient retail chain in the country will be very appreciated in restructuring of the postal operator.' In Russian Post Bocharov was responsible for operational management and increase of effectiveness of the network. In November 2015, Magnit recorded a significant slowdown in sales growth (down to 16.95% YOY against 19.36% in October). This is the slowest growth ever for Magnit. "The increase in sales growth is the main priority of the company since December. We already witness some positive results," said Galitsky after publication of the November results. <…>

On-line

In July 2014 it became known that Magnit is working on its own online store. In Q3 2015 an online store was launched in the test mode on the basis of a hypermarket in Krasnodar Territory. About 100 employees of Magnit are trying to place orders. A decision as to the project's future will be made in mid-2016 at the earliest.

New formats

In May 2015 Magnit and NCR started co-operation in the context of self-checkout terminals. NCR, in partnership with Shtrih Company, builds fiscal solutions into terminals. New Vision supports integration with existing Magnit's infrastructure. The first stage is to last till the end of 2015. Terminals are to be installed in 40 Magnit hypermarkets. On the pilot stage NCR demonstrated successful installation of terminals in two different Magnit hypermarkets: in Krasnodar (more than 800 thousand residents) and in Tuapse (less than 100 thousand residents).

Logistics: data

As of 25 January 2016, Magnit (Tander JSC) managed 34 distribution centres with aggregate floor space of 1350 ths sq m. The centralization level of supplying to convenience stores came to 90% in 2015, and to hypermarkets – to 73%. In the long-term it is planned to bring it to 92% for convenience stores and to 80% for hypermarkets. The truck fleet, as of 31 December 2015, included 5882 vehicles. <…>

Logistics: plans

In Q1 2016 Magnit plans to open DC in Orenburg region in Sakmarskiy district. The land lot's space comes to 25 ha. Investments into construction come to 1.5 bln RUB. <…>

Private label

PL sales share decreased to 11% from 11.2% in the middle of 2015 after its growth in the 1st half of 2015. Magnit's PL still includes 596 commodity items, 84% of them are food products.

<…>

Co-operation with consumers

On December 16, 2015, the Board of Directors of Magnit PJSC approved the corporate Code of Conduct. The code primarily describes the principles of cooperation with the suppliers. "First of all, the document regulates our relationships with our partners," states a representative of Magnit PJSC.

Corporate events

On 04 February 2016, Magnit PC held a directors board meeting. The agenda included:

1. Consideration of candidates to the board of directors of Magnit PC to be elected at the general stockholders meeting of Magnit PC. Decisions made: include the following candidates to the board into the voting list: Alexander Alexandrov, Alexander Zayonts, Aleksey Pshenichniy, Aslan Shhachemukov, Vladimir Gordeychuk, Hachatur Pombuhchan, Sergey Galitskiy.

2. Consideration of candidates to audit Magnit PC. Decisions made:

2.1. Include the following candidate to audit Magnit PC according to results of 2015 and RAS into the voting list: Auditorskaya Firma Faber Leks LLC, OGRN 1022301213197, INN 2308052975, 350049, Krasnodarskiy kray, g.Krasnodap, ul.Krasnyh partizan, 144/2, +7 861 220-03-20, 226-41-41.

2.2. Include the following candidate to audit Magnit PC according to results of 2015 and IFRS into the voting list: Ernst&Young LLC, OGRN 1027739707203, INN 7709383532, 115035, Moscow, Sadovnicheskaya nab., dom 77, str. 1, +7 495 7559700, (495) 7559701.

3. Definition of priority activities of Magnit PC. Decisions made: define priority activities of Magnit PC by approving Financial Business Plans for 2016 and Q1 2016. **<…>**

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

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

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

- **Chain development (operational results, plans of further development);**
- **Performance and expectations (key financial 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 2005-2014 is the best on the market. This was acknowledged by many of our customers and partners.

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

Russian consumer market and FMCG retail chains rating, Industry review

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

Russian consumer market and FMCG retail chains rating contains:

TOP 130 FMCG chains performance

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

Section I. Development of retailing in Russia

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

Section II. Key events for FMCG retail in Russia

- Important events for FMCG retailers
- Activities of INFOLine IA specialists
- Case –The effects of price increases on consumer behavior

Section III. Key events and plans of major FMCG retailers

Supplement 1. Structure of retail turnover by subjects of Russia in 2003-2014

Complete research reports on retail

Title	Contents	Publication date	Price, roubles
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	June 2015/refresh Q2 2016	60 000 roubles
FMCG Hypermarkets in Russia, Results of 2014 and Forecast for 2017	The standard version of the industry review presents analysis of FMCG and Non-Food retail market (macroeconomic indicators, structure and dynamics of retail turnover, number, selling space, net sales of stores by sales channels); TOP-50 ratings and business reports on 30 largest retailers developing hypermarkets; history and key features of hypermarket format; forecast for hypermarkets for 2015-2017. Extended version of the industry review contains also analysis of hypermarket segment in 30 largest regions by food retail turnover by 7 federal districts of Russia (exc. Crimean) and data on 1000 operating hypermarkets.	December 2015	40 000/70 000 roubles
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	50 000 roubles

Title	Contents	Publication date	Price, roubles
	"specialized chains".		
NEW! Analytical Database of DIY chains	Database contains operational and financial indicators, contact information on TOP management of 300 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 as of 01 January 2015; selling/gross floor space; revenue (excluding VAT) in 2011-2013, billion roubles; regional presence; number of DCs as of 01.01.2015.	June 2015/refresh Q2 2016	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.

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