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Industry review

Russian consumer market and FMCG retail chains rating 2014-2015

Demo-version

- Retail business statistics
- Retail indicators
- Review of retail market in 2014-2015
- Rating of FMCG retailers by number of stores, selling space in 2014 and December 2014, net sales in 2013-2014

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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 (**February 2015**), 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: Russian retail market's capacity in 2014 exceeded RUB 26.1 trillion (incl. VAT). Food sales exceeded RUB 12.2 trillion (inclusive of VAT). The modern retail format's share was 62% in 2014. About 22% of it is TOP 10 largest FMCG retailers and about 24% – 700 other FMCG chains (including specialized chains and stores at gas filling stations).

Relevancy: As was predicted by INFOLine's specialists, the consumer market switched to a new development paradigm in 2015. In January 2015 the retail turnover decreased by 4.4%, food sales, including beverages and tobacco fell by 5.5%. The forecast of the Ministry of Economic Development for 2015 is retail sales decrease by 8.2%. The non-food sales may decrease by more than 10.2%. Decreasing purchasing power and aggressive competition will result in lower marginality in majority of retail chains. The profitless stores will be closed. Organic growth plans will be adjusted.

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 2015 (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 (corporate 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 **650 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 the 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, corporate 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.

INFOLine

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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

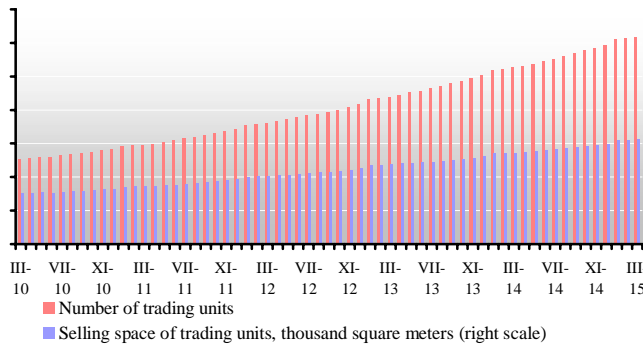
Rating of FMCG retail chains of Russia

TOP 130 FMCG chains performance¹

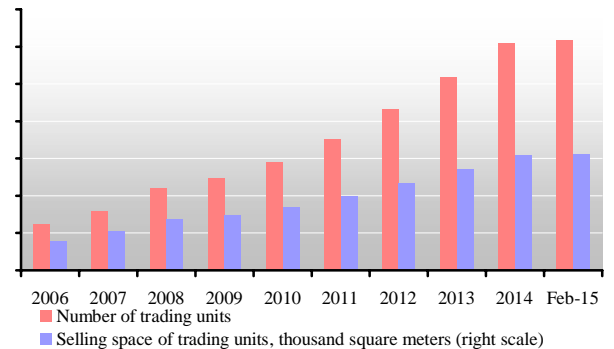
TOP 130 FMCG chains in Russia

In **February 2015** the number of selling points of TOP-130 FMCG (excluding X5 Retail Group, DIXY GK) retailers increased by * units; all in all, during **January-February 2015** – by * units. In **February 2015** the growth of the total selling space was about *thousand sq. m. Altogether during **January-February 2015** the total selling space increased by * thousand sq. m.

Picture 1. Dynamics of number of stores and their selling space of 130 largest retailers of Russia in 2010-2015 (at the beginning of the period)



Picture 2. Dynamics of number of stores and their selling space of 130 largest retailers of Russia in 2006-2014 (to the end of the period)



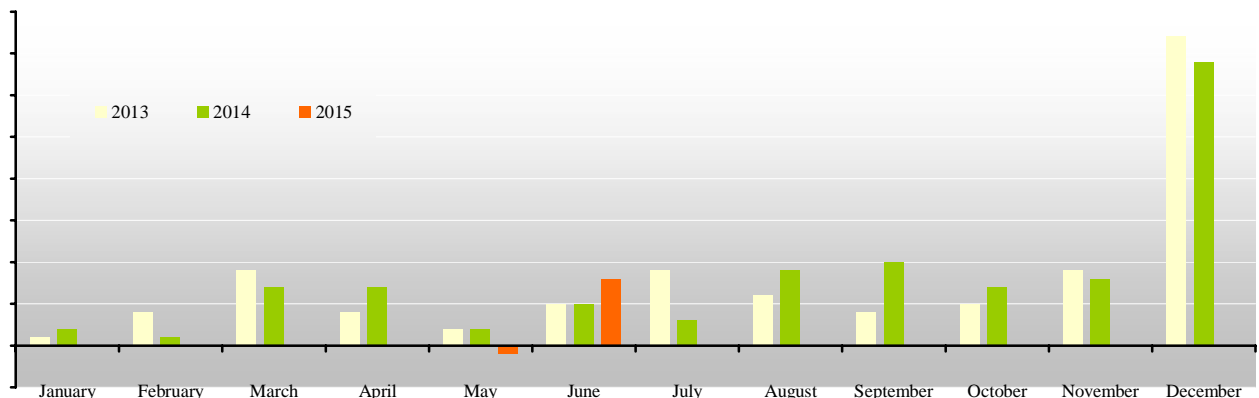
Data source: IA INFOLine

The total number of stores among TOP-130 FMCG retailers as of **01 March 2015** was *with total selling space of *million sq. m.

Hypermarket format²

In **February 2015** the number of hypermarkets among TOP 130 FMCG retailers FMCG (excluding X5 Retail Group, DIXY GK) increased by * stores. The selling space grew by * thousand sq. m. During **January-February 2015** their number increased by *stores, while selling space increased by * thousand sq. m.

Picture 3. Dynamics of the net hypermarkets number increase among the largest retailers of Russia in 2013-2015 on monthly basis, number of selling points



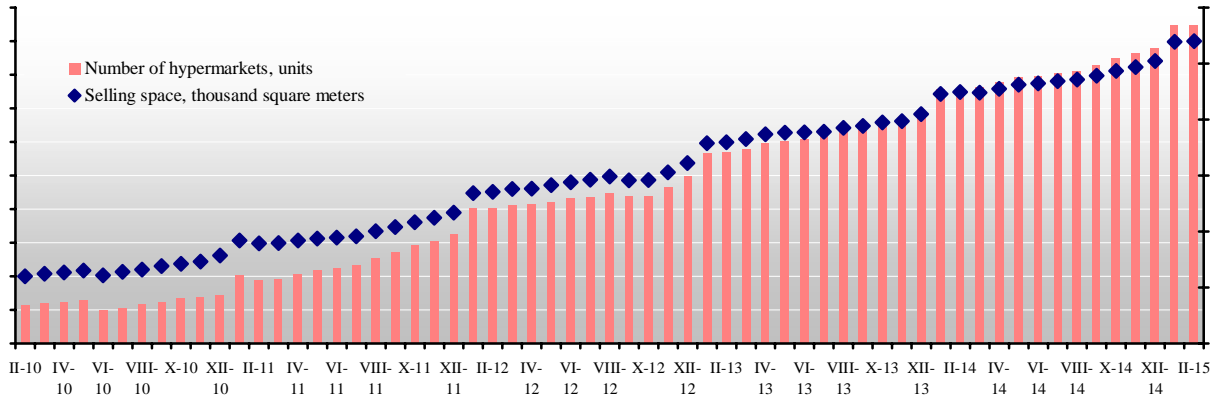
Data source: IA INFOLine

¹ Data was corrected according to the result January 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 – January 2015, DIXY – November 2014, X5 Retail Group – September 2014. Drugstore chain "Magnet Cosmetic" is not included

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

In February 2015 the following hypermarkets were commissioned: 3 Magnit hypermarkets in Moscow region (Putilkovo), Tumen region (Nefteugansk) and Izhevsk, O'KEY hypermarket in Moscow, 2 Lenta hypermarkets in Velikiy Novgorod and Chelyabinsk, Europa hypermarket (Europa Ltd. (Kursk)) in Ryazan, SPAR hypermarket (Holding Partner) in Tumen region (Noviy Urengoy). <....>

Picture 4. Dynamics of number of hypermarkets and their floorspace of 130 largest retailers of Russia in 2010-2015



Data source: IA INFOLine

The total number of hypermarkets among TOP-130 FMCG retailers as of 01 March 2015 was * with total selling space of *million sq. m.

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

Rating of FMCG retail chains by number of stores

INFOLine IA *monthly* collects information regarding stores number among more than 130 major FMCG retailers

Expansion dynamics by number of stores

Major retailers' stores number dynamics in 2012-2015 are presented in the table.

Number of stores of the largest FMCG chains during in 2012-2015

Legal name	Brand	Main formats	Number of stores as of period's end					Stores number dynamics during the period						
			2012	2013	2014	Feb 14	Feb15	Feb14	Feb5	2013	2014			
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁴	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Expres, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct	H	*	*	*	*	*	*	*	*	*	*	*	*
	real-	H	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
DIXY GC ⁵	DIXY, Megamart, Minimart	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
	Kvartal, Victoriya, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*

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

⁴ In connection with information disclosure policy the company made available data for December 2013-2014.

⁵ In connection with information disclosure policy the company made available data for December 2013-2014.



Legal name	Brand	Main formats	Number of stores as of period's end					Stores number dynamics during the period						
			2012	2013	2014	Feb 14	Feb15	Feb14	Feb5	2013	2014			
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*
Element -Trade, LLC	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Investproekt, LLC	Monetka (franchising)	C	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GC	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*	*
<i>Spar (all legal entities)</i>	<i>SPAR, SPAR Express, EUROSPAR, INTERSPAR</i>	<i>S, H, C</i>	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Atac, LLC)	Atac	S	*	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, D, C	*	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AB Daily, AB Market	S, C	*	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by selling space

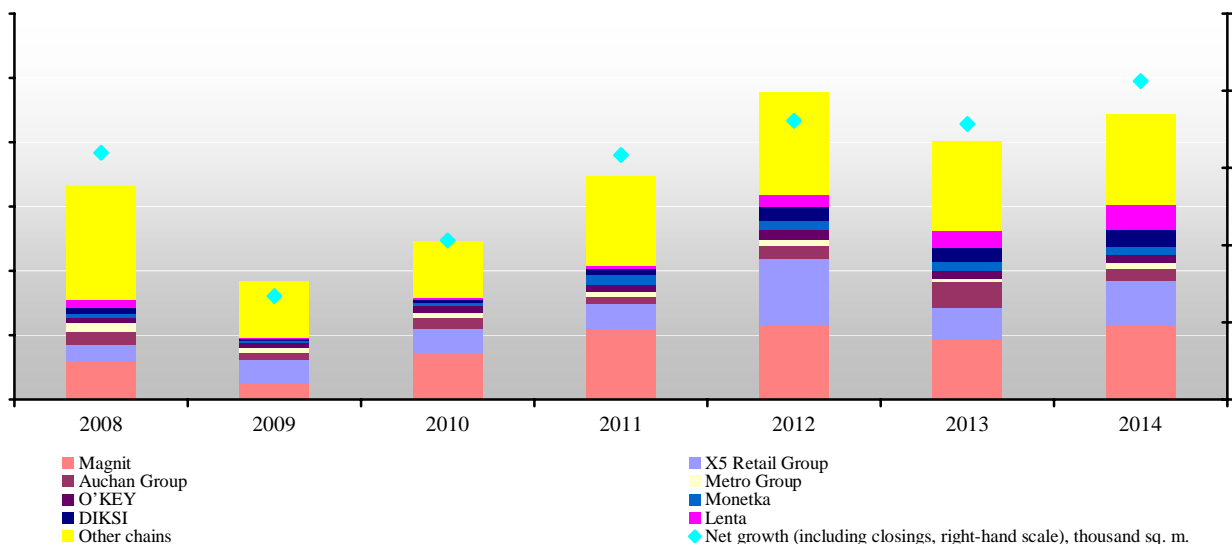
INFOLine IA **monthly** collects information about selling space dynamics for more than 130 major FMCG retailers of Russia.

Performance for 2008-2014

According to results of 2014 the increment of selling space among 130 major chains came to more than * thousand sq. m. (2013 – * thousand sq. m., in 2012 – * thousand sq. m., in 2011 – * thousand sq. m., in 2010 – * thousand sq. m.) or *% (in 2013 – *%, in 2012 – *%, in 2011 – *%, in 2010 – *%). Therefore, as of 01 January 2015 the aggregate selling space of TOP 130 FMCG retail chains was more than * m sq. m.

<...>

Picture 5. 130 major retailers' selling space growth (exclusively of retailers with decreased space) in 2008-2014, thousand sq. m.



Data source: INFOLine IA

<...>

Selling space dynamics of major retailers

Selling space dynamics of major retailers in 2011-2015 are presented in the table.

Total selling space of major FMCG chains of Russia in 2011-2015, thousand sq. m.

Legal name	Brand	Main formats	Total selling floorspace as of period's end					Dynamics of aggregate sales space for the period						
			2012	2013	2014	Feb 14	Feb 15	Feb 2014	Feb 2015	2013	2014			
Magnit, PC (Tander, CLSC)	Magnit hypermarket	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit	D	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
X5 Retail Group ⁶	Karusel, Perekrestok Hyper	H	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*	*	*	*	*
	Perekrestok Express, Kopeika	C	*	*	*	*	*	*	*	*	*	*	*	*
	Pyaterochka	D	*	*	*	*	*	*	*	*	*	*	*	*
	Kopeyka, Kopeyka Super	C, S	*	*	*	*	*	*	*	*	*	*	*	*
All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*	
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	*	*	*	*	*	*	*	*	*	*	*	*
Metro Group (METRO Cash and Carry LLC)	METRO, METRO Punct real,-	H	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
DIXY GC ⁷	DIXY, Megamart, Minimart	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
	Kvartal, Victoria, Cash	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	H	*	*	*	*	*	*	*	*	*	*	*	*
O'KEY GC	O'KEY, O'KEY-Express	H, S	*	*	*	*	*	*	*	*	*	*	*	*
Element -Trade, LLC	Monetka, Monetka Super, Rayt	C, S, H	*	*	*	*	*	*	*	*	*	*	*	*
Investproekt, LLC	Monetka (franchising)	C	*	*	*	*	*	*	*	*	*	*	*	*
Monetka GC	All formats	All formats	*	*	*	*	*	*	*	*	*	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, Nash Hypermarket	S, H, C	*	*	*	*	*	*	*	*	*	*	*	*
Maria-Ra GC	Maria-Ra	S, C	*	*	*	*	*	*	*	*	*	*	*	*
Spar (all legal entities)	SPAR, SPAR Express, EUROSPAR, INTERSPAR	S, H, C	*	*	*	*	*	*	*	*	*	*	*	*
Auchan Groupe (Auchan, LLC)	Atac	S	*	*	*	*	*	*	*	*	*	*	*	*
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plyus, Chervonets	H, S, C	*	*	*	*	*	*	*	*	*	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, C	*	*	*	*	*	*	*	*	*	*	*	*
Giperglobus, LLC	Globus	H	*	*	*	*	*	*	*	*	*	*	*	*
REWE Group (Billa, LLC)	Billa	S	*	*	*	*	*	*	*	*	*	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AB Daily, AB Market	S, C	*	*	*	*	*	*	*	*	*	*	*	*

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

Rating of FMCG retail chains by net sales

Financial indicators of public companies, published as of March 2015 are presented in the in the table (negative indicators in brackets).

Financial indicators (exclusive of VAT) of major FMCG chains during 2014-2015, bn RUB

Legal name	Brand	Main formats ⁸	Revenue in 2014	2014 vs. 2013, %	LfL in 2014, %	Revenue in Q4	Q4 2014 vs Q4 2013, %	LfL in Q4 2014, %	Revenue in January 2015	January 2015 vs January 2014, %
Magnit, PC (Tander, CLSC)	Magnit	D	*	*	*	*	*	*	*	*
	Magnit Hypermarket	H	*	*	*	*	*	*	*	*
	Magnit Semeiniy	H	*	*	*	*	*	*	*	*
	Magnit-Cosmetic	C	*	*	*	*	*	*	*	*
	Total for company ⁹	D, H	*	*	*	*	*	*	*	*
X5 Retail Group N.V. TH Perekrestok, CJSC	Pyaterochka	D	*	*	*	*	*	*	*	*
	Perekrestok	S	*	*	*	*	*	*	*	*
	Karusel	H	*	*	*	*	*	*	*	*
	Perekrestok Express,	C	*	*	*	*	*	*	*	*
	Online store	-	*	*	*	*	*	*	*	*
Total for X5+ Kopeika ¹⁰	C, D, S, H	*	*	*	*	*	*	*	*	

⁶ In connection with information disclosure policy the company made available data for December 2013-2014.

⁷ In connection with information disclosure policy the company made available data for December 2013-2014.

⁸ Legend: D - discounter, H - hypermarket, S - supermarket, C - convenience store

⁹ Retail revenue

¹⁰ Company's retail revenue.



Legal name	Brand	Main formats ⁸	Revenue in 2014	2014 vs. 2013, %	LfL in 2014, %	Revenue in Q4	Q4 2014 vs Q4 2013, %	LfL in Q4 2014, %	Revenue in January 2015	January 2015 vs January 2014, %
DIXY Group, JSC	DIXY	C	*	*	*	*	*	*	*	*
	Kvartal / Deshevo	C	*	*	*	*	*	*	*	*
	Victoria	S	*	*	*	*	*	*	*	*
	Cash	H	*	*	*	*	*	*	*	*
	Megamart	H	*	*	*	*	*	*	*	*
	Minimart	S	*	*	*	*	*	*	*	*
	Total for company ¹¹	C, D, S, H	*	*	*	*	*	*	*	*
Lenta, LLC	Lenta	S, H	*	*	*	*	*	*	*	*
O'KEY LLC ¹²	O'KEY, O'KEY-Express	S, H	*	*	*	*	*	*	*	*

Data source: INFOline IA data

Financial indicators of major public retailers according to results of Q4 2014 and 2014 in total are presented in the table.

Financial indicators (exclusive of VAT) of major FMCG chains during 2014, bn RUB

Indicator	Magnit, PC ¹³		X5 Retail Group N.V. ¹⁴		DIXY Group, JSC ¹⁵		Lenta, LLC ¹⁶		O'KEY, LLC ¹⁷	
	Q4 2014	2014	Q4 2014	2014	Q4 2014	2014	Q4 2014	2014	Q4 2014	2014
Net revenue, bn RUB	*	*	*	*	*	*	*	*	*	*
Net revenue growth, %	*	*	*	*	*	*	*	*	*	*
Gross profit, bn RUB	*	*	*	*	*	*	*	*	*	*
Gross margin, %	*	*	*	*	*	*	*	*	*	*
Net profit, bn RUB	*	*	*	*	*	*	*	*	*	*
Net profit margin, %	*	*	*	*	*	*	*	*	*	*
EbitDA, bn RUB	*	*	*	*	*	*	*	*	*	*
EbitDA profit margin, %	*	*	*	*	*	*	*	*	*	*
LfL (revenue), %	*	*	*	*	*	*	*	*	*	*
LfL (average ticket), %	*	*	*	*	*	*	*	*	*	*
LfL (traffic), %	*	*	*	*	*	*	*	*	*	*

Data source: INFOline IA data

TOP 50 retailers' revenue dynamics in 2012-2014 are presented in the table.

Net sales dynamics (excluding VAT) of the major FMCG chains in 2012-2014, bn RUB¹⁸

Legal name	Brand	Main formats	Data	2012	2013	2014
Magnit, PC	Hypermarket Magnit	H	IFRS	*	*	*
	Magnit	D		*	*	*
	Magnit-Cosmetic	C		*	*	*
	Magnit Semeiny	H		*	*	*
	All formats	All formats		*	*	*
X5 Retail Group	Karusel, Perekrestok Hyper	H	IFRS	*	*	*
	Perekrestok	S		*	*	*
	Perekrestok Express, Kopeika	C		*	*	*
	Pyaterochka	D		*	*	*
	E5.RU	Online store		*	*	*
	All formats	All formats	*	*	*	
Auchan Groupe (Auchan, LLC)	Auchan, Auchan-City, Nasha Raduga	H	RAS, estimation	*	*	*
Metro Group	METRO, METRO Punct	H	IFRS	*	*	*
DIXY GC	Megamart, Minimart, DIXY	D, S, H	IFRS, Victoria GC consolidated from 15 June 2011	*	*	*
	Viktoriya, Cash, Deshevo, Kvartal	C, D, S, H		*	*	*
	All formats	All formats		*	*	*
Lenta, LLC	Lenta	H	management accounting, estimation, IFRS	*	*	*
O'KEY GC	O'KEY, O'KEY-Express	H, S	IFRS	*	*	*
Sedmoi Kontinent JSC	Sedmoi Kontinent, NASH Hypermarket	S, H, C	IFRS	*	*	*
Monetka GC (Element -Trade, LLC)	Monetka, Monetka Super, Rayt	C, S, H	RAS, management accounting	*	*	*
Maria-Ra GC	Maria-Ra	S, C	management accounting	*	*	*
Spar (all legal entities) ¹⁹	SPAR, SPAR Express, EUROSPAR, INTERSPAR	S, H, C	management accounting, 2009 – estimation by gross turnover	*	*	*
Auchan Groupe (Atac, LLC)	Atac	S	RAS	*	*	*

¹¹ Company's retail revenue.

¹² For 2014 and Q4 2014 – estimation of INFOline on basis of O'KEY's data on revenue growth.

¹³ Company's retail revenue.

¹⁴ Management accounting data, company's retail revenue.

¹⁵ Management accounting data, company's retail revenue.

¹⁶ Management accounting data

¹⁷ Estimation of INFOline on basis of O'KEY's data on revenue growth.

¹⁸ Includes chains with revenue of over RUB 6 bn in 2013.

¹⁹ Revenue includes subfranchising stores

Legal name	Brand	Main formats	Data	2012	2013	2014
Holiday GC	Holiday Classic, Holdi, Sibiriada, Kora, Palata, Turne, Holdi Plyus, Chervonets	H, S, C	RAS, management accounting	*	*	*
Intertorg TH, LLC	Narodnaya 7Ya, Ideya, Norma, SPAR (franchising)	S, C	RAS, management accounting	*	*	*
Giperglobus, LLC	Globus	H	RAS, management accounting	*	*	*
REWE Group (Billa, LLC)	Billa	S	management accounting	*	*	*
Gorodskoy Supermarket, LLC	Azbuka Vkusa, AB Daily, AB Market	S, C	IFRS, management accounting	*	*	*

Data source: INFOline IA data

Full version also includes the description of the aggregated financial performance for 2014 and December 2014 for the largest chains with revenue of more than 6 billion rubles.

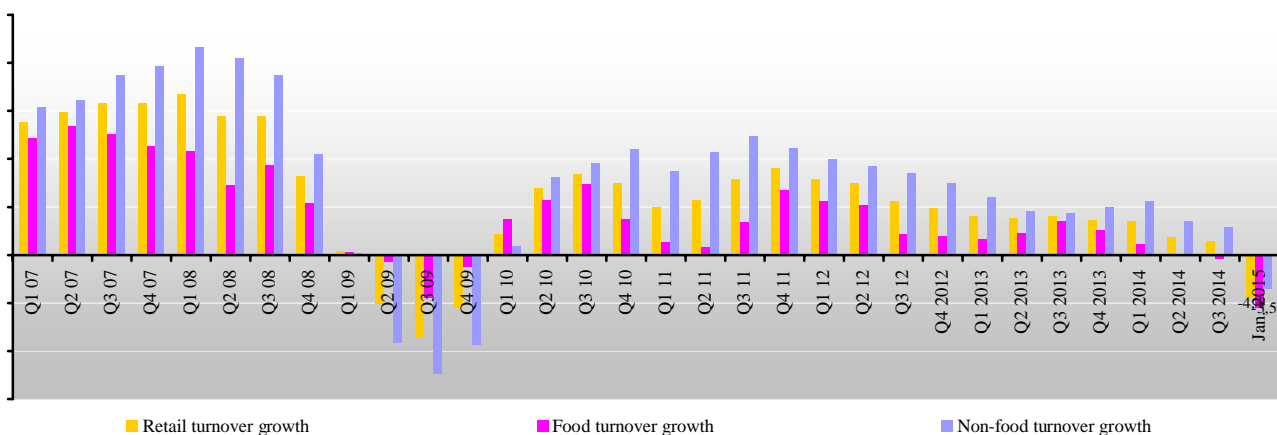
Section I. Retail trends and development in Russia

Macroeconomic retail indicators

In 2014 retail turnover was RUB * bn. Commodities mass grew by *%, which is lower than in 2013 (*%). The food retail turnover decreased by *% in 2014 (it grew by *% in 2013). The non-food retail turnover increased by *% (*% in 2013). In Q4 2014 retail turnover increased by *% to RUB * bn. However, the food turnover lowered by *% (2.5% of growth in Q4 2013), while the non-food turnover increased by *% (*% of growth in Q4 2013).

In January 2015 the retail turnover came to RUB 2051.7 bn. In terms of commodity mass it decreased by *% vs. January 2014 (in January 2014 the growth was *%). The food retail turnover demonstrated decrease for the ninth month in succession (for the least time it was observed in November 2009 – *% vs. November 2008). In January 2015 it decreased by *% vs. January 2014. The non-food retail turnover, in contrast to “consumer boom” in December 2014, decreased by *% in January 2015 in comparison with January 2014, and by *% vs. December 2014. The quarterly retail turnover dynamics in Russia in 2007-2014 are presented in the diagram.

Picture 6. Main consumer market indicators 2007-2015, % against the same period of previous year.



Data source: FSSS

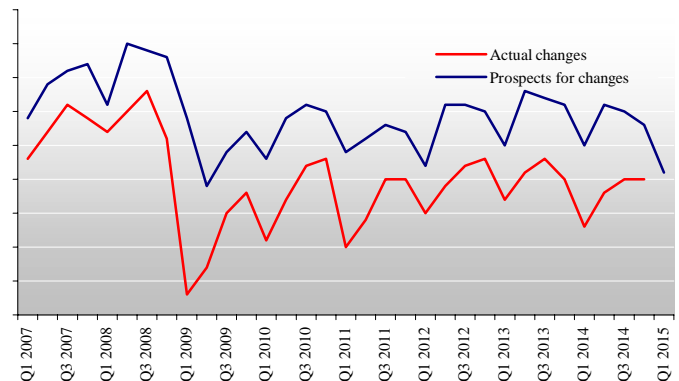
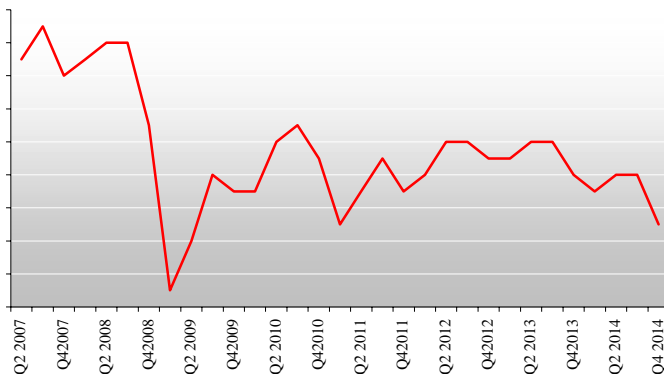
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Main indicators of retail development²⁰

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 2014 the business confidence index lowered to the level of Q1 2011 and came to 3 pp, decreasing by 3 pp vs. Q3 2014 and Q4 2013. <...>

Picture 7. Entrepreneur confidence index in Russia in 2007-2014 Picture 8. Assessment of economic situation in Russia in 2007-2015



Data source: FSSS

<...>

Government regulation of retailing

Alcohol market regulation

On 25 February 2015 the State Duma approved in the first reading the draft law **No. 686588-6 "On Amending the Federal Act On Governmental Regulation of Ethanol Production and Turnover, Alcohol and Ethanol-containing Products and Restrictions on Alcohol Consumption (Drinking) with Regards to Improvement of Alcohol Turnover Accounting.** Producers of beer, beer based drinks, cider, pear cider and mead with volumes over 300 thousand decalitres annually will have to present information to the Unified State Automated Information System (USAIS). This also applies to organizations that purchase, store, supply and retail alcohol-containing products. It is proposed to establish a transition period for the innovation:

from 01 July 2015 – for beer, beer based drinks, cider, pear cider and meads

from 1 November 2015 – for purchase, store, supply and retail alcohol-containing products

<...>

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

²⁰ 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 2015 the food sales share sharply increased by * pp vs. January 2014 in connection with abnormally high non-food sales growth (in the first place, long-lived goods).

Table 1. Structure of retail turnover in terms of product groups in 2006-2015²¹

Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014	Jan.14	Jan.15
Retail turnover	*	*	*	*	*	*	*	*	*	*	*
Food	*	*	*	*	*	*	*	*	*	*	*
Non-food	*	*	*	*	*	*	*	*	*	*	*
Food share, %	*	*	*	*	*	*	*	*	*	*	*
Non-food share, %	*	*	*	*	*	*	*	*	*	*	*

Data source: FSSS

<...>

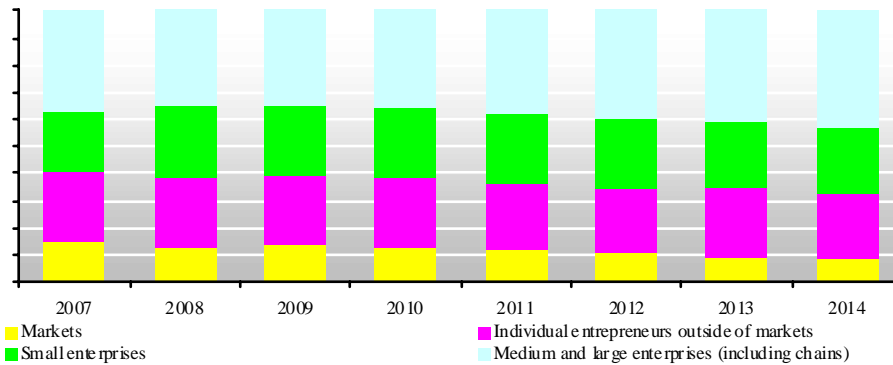
In January 2015 the share of food was *% of retail turnover. The share of non-food came to *% (in January 2014 – *% and *% correspondingly).

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 2014 (*pp vs. 2013). The share of small enterprises is also decreasing – by *pp vs. 2013. The share of medium-size businesses decreased by *pp vs. 2013. The share of large businesses (largely, retail chains) increased by *pp vs. 2013 and came to *%.

Picture 9. Retail turnover structure by business types in 2007-2014, %



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.

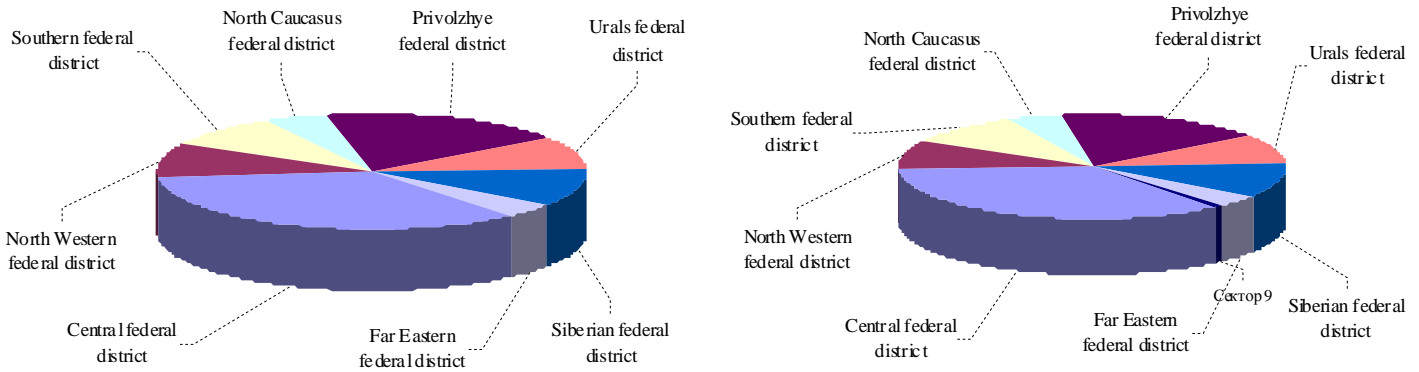
²¹ For comparison with 2009-2011 the turnover and food share in it are provided for 2002-2008, taking into account tobacco products.



Regional structure of retail turnover

Regional retail turnover structure in Russia is not uniform: *% of the turnover in January 2015 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 structure by federal districts of Russia in January 2014, % Picture 11. Retail turnover structure by federal districts of Russia in January 2015, %



Data source: FSSS



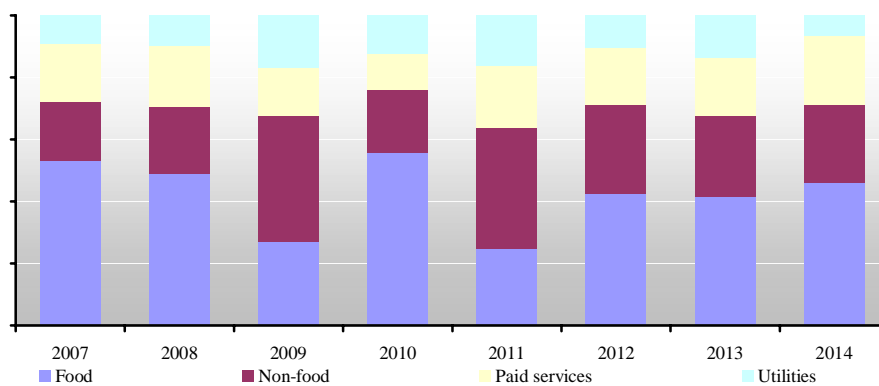
Food market inflation

In 2014 the consumer prices index came to *% (2013 – *%), the food prices index – *% (2013 – *%), for non-food – *% (2013 – *%), for services – *% (2013 – *%).

In February 2015 the consumer prices index came to *% (February 2014 – *%), the food prices index – *% (February 2014 – *%), for non-food – to *% (February 2014 – *%), for services – *% (February 2014 – *%).



Picture 12. Contribution to inflation in 2007-2014, 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 2014 population's real income growth turned out to be negative (*%). However, real wages increased by *% vs. *% in 2013.

Picture 13. Real salary and real income dynamics in 2000-2014, forecast for 2015, %



Data source: FSSS

In 2015 the Ministry of Economic Development expects negative consumer demand dynamics. As explained by the head of the Ministry of Economic Developments, Aleksey Ulyukaev, the decline of real wages is expected as more than *% (previous forecast – decline by *%), for real disposable income – more than *% (previous forecast – decline by *%). The Ministry of Economic Development also expects certain unemployment growth.

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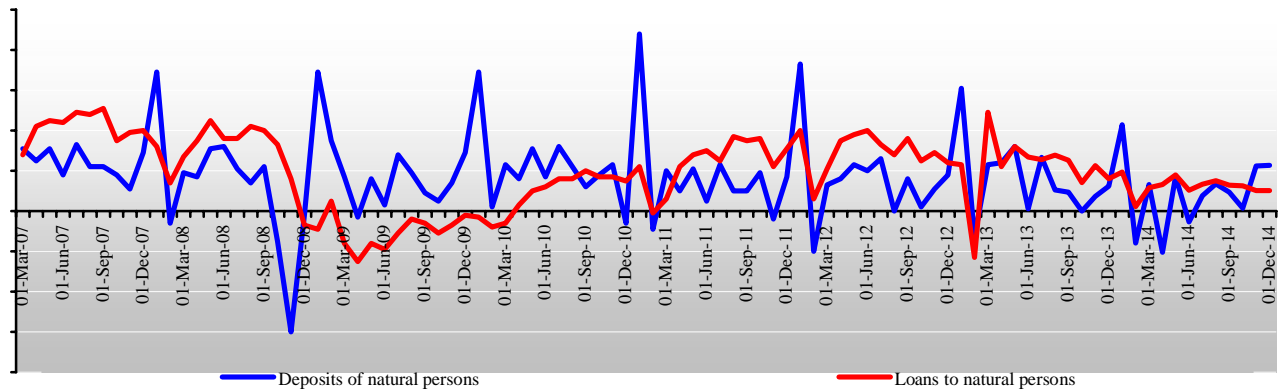
Monetary policy

In February 2015 the Bank of Russia published banks dynamics data for January 2015. In January 2015 the assets increased by 4.0% (decreased by 2.6%²² with currency revaluation adjustment) to RUB 80.8 tn. Loans to non-financial organizations increased by 7.0% (-0.5%) and came to RUB 31.6 tn. Loans to physical persons (RUB 11.3 tn) decreased by 0.7% (-1.3%). The aggregate credits volume for non-financial organizations and retail credits increased by 4.9% (-0.7 %) during the month to RUB 42.9 tn. During 12 months (01.02.2014 – 01.02.2015) the growth came to: assets – 38.2% (14.7%), loans to non-financial organizations – 36.6% (11.3%), loans to physical persons – 12.8% (11.0%). The aggregate volume of non-financial organizations' credits and retail credits increased by 29.5% (11.2%). The corporative portfolio arrears volume increased by 14.4% in January, the retail arrears – by 6.0% (to RUB 1.4 tn and RUB 0.7 tn correspondingly). The arrears' specific weight of non-financial organizations increased from 4.2 to 4.5%, for retail credits – from 5.9 to 6.3%. Demands of credit organizations to the Bank of Russia (deposits and correspondent accounts) decreased by 31.0% during January and came to RUB 1.9 tn. As a result their share in banks' assets significantly decreased - from 3.6 to 2.4%. In January 2015 banks' operations were lossmaking. Credit organizations lost RUB 24 bn (in January 2014 profit came to RUB 93 bn). Reserves for possible losses increased from the year's beginning by 7.0% or RUB 284 bn (monthly average growth was 100 bn RUB in 2014). According to players, the key rate's sharp increase made them stop crediting for some time. The crediting interest rate was not clear under conditions of the funding cost uncertainty. Furthermore, all banks faced considerable outflow of deposits. The crediting decline was also connected with liquidity deficit. Banks had to even further stiffen scoring models because of high arrears risks under conditions of unfavourable economic situation. All players agree that despite retail crediting decline the credit servicing quality did not improve. The regulator noted that arrears decreased, but banks consider such decrease just nominal. The players think this formal improvement in December is connected with banks' wish to "clean out reporting" in the year's end. It was done either by selling problem debts portfolio or by writing off arrears. Furthermore, arrears could decrease due to massive retail

²² Hereinafter, the italics in brackets are indicators calculated with adjustment for currency revaluation.

credits restructuring. The Bank of Russia loosened its policy in December regarding restructured loans servicing. This could also influence the process.

Picture 14. Deposits and loans of individuals 2007-2014, in roubles and foreign currency, % on previous month



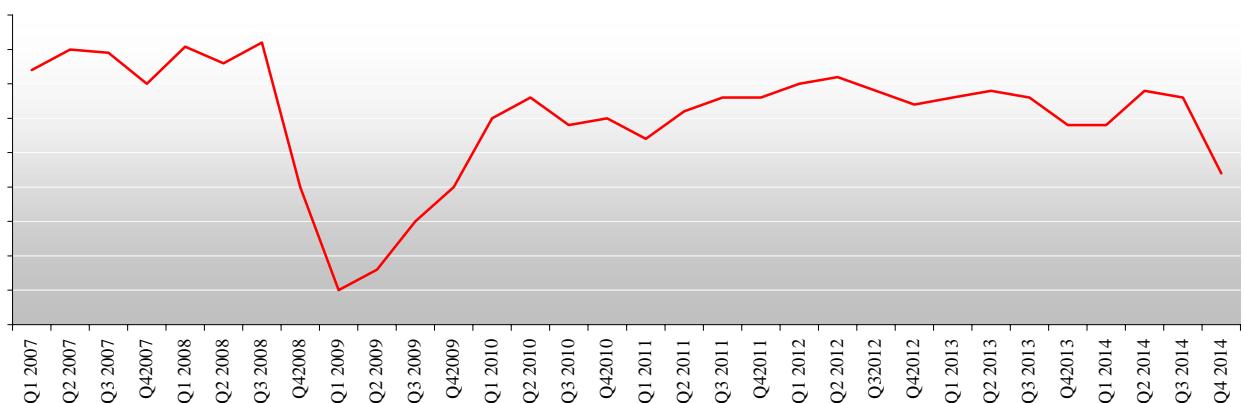
Data source: the Central Bank of the Russian Federation

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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 population²³ demonstrated growth and according to the results of the III quarter came up to (*%). <...>

Picture 15. Consumer confidence index in Russia 2007-2014



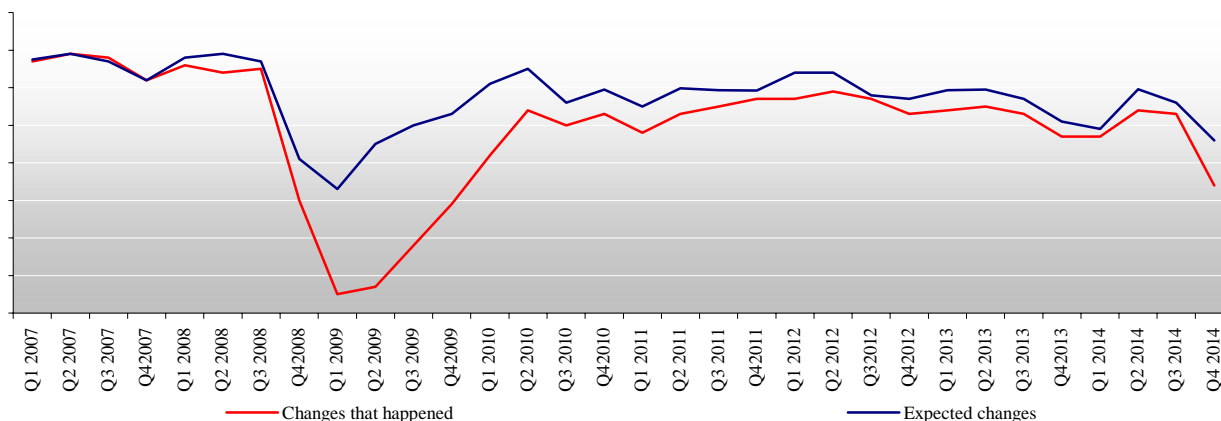
Data source: FSSS

The index of expected changes in personal financial situation in the third quarter of 2014 decline by 2 pp and came to (*%) vs. (*%) in the second quarter of 2014. The share of respondents expecting positive changes of their financial conditions during next 12 months remained the same in comparison with the previous quarter and came to *%. The share of negative assessments increased to * (in the first quarter of 2014 – 20%).

<...>

²³ 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 16. Consumers' assessment of economic situation in Russia in 2007-2014

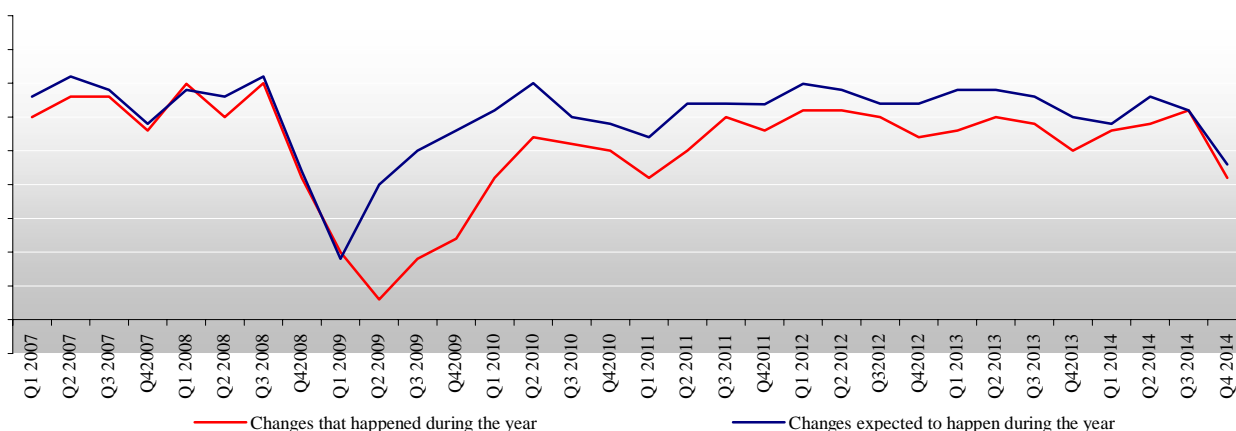


Data source: FSSS

The geopolitical tension continues. People fear possible negative consequences of sanctions and countersanctions. They suspend buying certain goods and services or limit their usage. This creates uncertainty of future. Households conventionally react to possibly approaching social and economic crisis. The model has been changed from consumption to saving. The consumer demand shrinks, retail turnover and paid services growth slows down. Obviously, sound consumer demand experiences the growth sources shortage. Slowing cash income growth is aggravated by increasing credit debt load and national currency devaluation.



Picture 17. Consumers' assessment of personal financial situation in Russia 2007-2014



Data source: FSSS



The consumer confidence index by age groups decreased in all groups in Q4 2014 in comparison with Q3 2014. With young people (16 – 29) it decreased by 12 pp, among middle-aged persons (30 – 49) – by 11 pp, among senior persons (50 and older) – by 10 pp.

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

Important events for FMCG retailers

Food industry and food market

On 01 February 2015 it became known that Government approved the draft law on prohibition to grow and breed genetically modified plants and animals. The draft introduces a procedure for GMO release into the environment. GMO's influence on humans and environment is to be monitored. Importers of GMO containing products will have to be registered.

On 03 February 2015 it became known that the Ministry of Agriculture plans to assign RUB 12 bn on selection-genetic centres for cattle breeding till 2020. The Ministry of Agriculture expects to set up minimum three new such centres for dairy cattle husbandry, four - for poultry husbandry, five - for pig husbandry. The Decree of the Federation Council on measures to be taken by the Government and the Bank of Russia to provide credits for production sector, small and medium business and agriculture. To read the Decree, please, follow [link](#).



Activities of INFOLine IA specialists



On 29 January 2015 the Agency of Strategic Initiatives for New Projects Promotion arranged a session devoted to stability of investment activities in St. Petersburg. **The CEO of INFOLine IA Ivan Fedyakov** took part in the session. He presented his suggestions aimed at entrepreneurial business activation. In his address Ivan Fedyakov emphasized the acute need to work out the St. Petersburg' Economic Strategy for 2015-2018. Currently it is important to concentrate on competitive industries. They will be able to continue active development, stimulating less protected industries. The next step should be thorough monitoring of investment projects in industrial, civil and infrastructure construction. Further these branches should be worked with individually. Ivan Fedyakov distinguished the innovative technologies, materials and support of their producers as one of the measures to ensure stable investment activity. On commission of the Committee for Industrial Policy and Innovations of the St. Petersburg Government, **INFOLine IA** analysed the composite materials market. The turned out to have a great potential. Speaking about producers support, Ivan Fedyakov noted importance to transfer governmental contracts to the lifecycle's cost estimation. He explained that such approach is greatly beneficial for producers placing stake on products' quality and durability. Furthermore, this measure does not require principal legislative alterations. Commercial customers, seeing successful experience of governmental contracts, should also switch to this method.

In January 2015 **INFOLine IA** summarized the preliminary results of TOP 10 FMCG retailers in 2014 in its **Consumer Market Condition of the RF and Rating of FMCG Retail Chains of the RF: Results of 2014-2015**. Magnit chain became the leader. It still demonstrates confident revenue growth – 31.6% (762. bn RUB according to results of 2014) vs.18.6% (RUB 631.9 bn) of its closest competitor, X5 Retail Group. DIXY GC for the first time managed to outpace its closest competitor, Metro Group, and god to the 4th line in the Rating. The company's retail revenue came to 227.1 bn RUB, increasing by 27% vs. 2013. In INFOLine's assessment, Metro Group's revenue came to RUB 207 bn in 2014, demonstrating growth by 13%. However, in 2015 Metro Group may be forced out of the first five largest players by Lenta. Currently Petersburg chain is in the 6th position. It is already hot on the heels of the German company. Its revenue increased by 34.5% to RUB 194 bn in 2014. More details about other TOP 10 FMCG chains, their financial indicators and plans for 2015, you will find in **Consumer Market Condition of the RF and Rating of FMCG Retail Chains of the RF: Results of 2014-2015**. To get the trial version by e-mail, please, click [here](#).

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 2015 the total number of Magnit's stores came up to 9933 (8479 convenience stores, 193 Magnit hypermarkets, 98 Magnit Semeiniy supermarkets and 1163 Magnit-Cosmetic). The chain's total selling space is 3666.17, thousand sq. m.

In 2014 the net increment of company's stores came to 1618 stores (1144 convenience stores, 29 Magnit hypermarkets, 51 Magnit Semeiniy supermarkets, 394 Magnit Cosmetic stores). The selling space increased by 579.26 thousand sq. m. Furthermore, in 2014 the company planned to open 80 hypermarkets and supermarkets, about 1100 convenience stores, as well as 300-350 cosmetics stores. Therefore, Magnit fulfilled the plan for opening hypermarkets and over-fulfilled it in the drogerie and convenience store formats. In Q4 2014 the net increment of stores came to 691 stores (453 convenience stores, 15 Magnit hypermarkets, 29 Magnit Semeiniy supermarkets, 194 Magnit Cosmetic). The selling space increased by 263.64 thousand sq. m. In January-February 2015 the net increment of company's stores came to 222 stores (135 convenience stores, 3 Magnit hypermarkets, 1 Magnit Semeiniy, 83 Magnit Cosmetic). In February 2015 the net increment of company's stores came to 145 stores (91 convenience stores, 3 Magnit hypermarkets, 1 Magnit Semeiniy, 50 Magnit Cosmetic). The selling space increased by 55.21 thousand sq. m.

<...>

Results and expectations

<...>

Magnit's key financial indicators (by formats), as of Q4 2013-2014, 2013 and 2014 (IFRS), December 2013-2014 and February 2014-2015 (managerial accounting) are presented in the table (negative results – in brackets).

Table 2. Magnit's key financial indicators (by formats) in 2013-2015

Indicator	Format	2013	2014	Q4 2013	Q4 2014	February 2014	February 2015
Net revenue, bn RUB	Magnit	450.801	577.776	123.797	163.403	40.281	52.225
	Hypermarket Magnit	106.176	139.655	31.181	41.305	9.469	12.496
	Magnit Semeiniy	10.678	25.534	3.695	9.023	1.407	3.116
	Magnit-Cosmetic	11.873	19.757	3.794	6.702	1.316	2.481
	Retail revenue	579.528	762.721	162.467	220.433	52.473	70.318
	Wholesale sales	0.166	0.806	0.048	0.419	-	-
	Total revenue	579.695	763.527	162.515	220.852	-	-
Net revenue growth, %	Magnit	23.77%	28.17%	20.80%	31.99%	21.5%	29.65%
	Hypermarket Magnit	40.78%	34.53%	36.27%	32.47%	30.06%	31.97%
	Magnit Semeiniy	244.61%	139.12%	133.32%	144.17%	122.83%	121.48%
	Magnit-Cosmetic	107.12%	66.40%	71.86%	76.64%	56.72%	88.6%
	Retail revenue	29.22%	31.61%	25.79%	35.68%	25.22%	34.01%
	Wholesale sales	(4.88%)	384.34%	116.75%	769.55%	-	-
	Total revenue	29.21%	31.71%	25.81%	35.90%	-	-
LfL (revenue), %	Magnit	6.62%	13.85%	3.63%	17.07%	-	-
	Hypermarket Magnit	9.39%	14.05%	6.22%	16.43%	-	-
	Magnit Semeiniy	17.23%	18.97%	17.59%	19.53%	-	-
	Magnit-Cosmetic	28.53%	40.79%	42.43%	29.84%	-	-
	Company in total	7.47%	14.47%	4.85%	17.28%	-	-
LfL (average ticket), %	Magnit	5.82%	9.81%	4.33%	12.82%	-	-
	Hypermarket Magnit	3.07%	7.98%	2.24%	10.83%	-	-
	Magnit Semeiniy	4.2%	9.28%	4.8%	11.96%	-	-
	Magnit-Cosmetic	0.32%	3.76%	0.41%	5.49%	-	-
	Company in total	5.89%	9.58%	4.51%	12.41%	-	-

Indicator	Format	2013	2014	Q4 2013	Q4 2014	February 2014	February 2015
LfL (traffic), %	Magnit	0.76%	3.68%	(0.68%)	3.77%	-	-
	Hypermarket Magnit	6.13%	5.63%	3.89%	5.06%	-	-
	Magnit Semeiniy	12.5%	8.87%	12.21%	6.76%	-	-
	Magnit-Cosmetic	28.12%	35.69%	41.84%	23.08%	-	-
	Company in total	1.5%	4.47%	0.33%	4.33%	-	-
Gross profit, bn RUB	Company in total	165.263	220.512	48.603	65.035	-	-
Gross margin, %	Company in total	28.51%	28.88%	29.91%	29.45%	-	-
Net profit, bn RUB	Company in total	35.62	47.375	11.791	13.483	-	-
Net profit margin, %	Company in total	6.14%	6.2%	7.25%	6.1%	-	-
EbitDA, bn RUB	Company in total	64.721	85.522	20.316	24.915	-	-
EbitDA profitability, %	Company in total	11.16%	11.2%	12.5%	11.28%	-	-

Data source: Magnit

<...>

Investing activities

10 February 2015 town-planning counsel examined the project of two-storey shopping office of Magnit in Velikiy Novgorod at the following address: ul. Bolshaya Sankt-Peterburgskaya, 108. Tander CJSC rented a 2 ha land lot for three years. A store will be located on the first floor. Magnit office will occupy the second floor. The total space of the shopping centre comes to 1450 sq. m., the selling space – 500 sq. m. As of February 2015 Magnit's office in Novgorod was renting its office.

New hypermarket openings

On 12 February 2015 a Magnit hypermarket was opened in Moscow region at the following address: der.Putilkovo, 71-km MKAD, 16A, TC Vey Park. The product mix includes 25.3 thousand items; the food share comes to 68%. The selling floor is equipped with 23 POS-terminals. The store is rented.

<...>

New supermarket²⁴ openings

On 04 February 2015 a Magnit Semeiniy supermarket was opened in Tyumen region at the following address: g. Langepas, ul. Solnechnaya, 21, Arbat shopping centre. The product mix includes 10 thousand items; the food share comes to 86%. The selling floor is equipped with 13 POS-terminals. The store is rented.

<...>

Closing supermarkets

In February 2015 a Magnit Semeiniy supermarket was closed in Orenburg region at the following address: g. Orsk, ul. Mira, TRC Evropeiskiy. At the closing supermarket place was opened Magnit store and it is planned to open Magnit Cosmetics until 12 February 2015.

Closing stores

In February 2015 a Magnit store was closed in St. Petersburg at the following address: Kronshtadt, ul. Shirokaya, 2/5. It was a result of inspection by prosecutor's office. The inspection revealed numerous violations. The prosecutor's office explained that the materials had not been submitted to Rosпотребнадзор yet. The decision about the store had not been made yet. Probably, Magnit administration took the decision independently.

Plan for hypermarket openings

In I quarter 2015 a Magnit hypermarket is to be opened in Barnaul: Industrialniy district.

In 2015 4 Magnit hypermarket are to be opened in Murmansk region at the following addresses: g.Murmansk, g. Apatiti, ul. Fersmana. 29, g.Olenegorsk and g. Monchegorsk, ul. Proletarskaya.

<...>

²⁴ INFOLine IA considers Magnit Semeiniy closer to the supermarket format.

Plan for supermarket opening

In November 2014 it became known that a Magnit Semeiniy supermarket is to be opened in Novosibirsk at the following address: ul. Krasnaya Sibir, in vicinity of building 130.

<...>

Plan for stores openings

In the 1st half 2015 Magnit plans to open stores in Yamalo-Nenets Autonomous District at the following addresses: Noyabrskoe, Respubliki, 51 (Yunost shopping centre) and Muravlenko.

New formats

In July 2014 it became known that Magnit is working on its own online store. Furthermore, the chain's founder, Sergey Galitskiy, does not believe in efficiency of online food retail. He began this project "not to be late in case of great sales". He explained it is still too early to speak about anything definite.

M&A

In February 2015 it became known that Magnit may acquire stores of AQUAGroup in Kemerovo (Aquamarket, LLC). AQUAGroup includes a Nograd store, Ekonomka convenience stores, Aquatorium supermarkets and Znak Kachestva supermarkets. Furthermore, AQUAGroup develops a public catering network and produces its own goods. The company's credit debts reach RUB 2.5 bn. Furthermore, the sum of 399 suppliers' claims against the company exceeds RUB 1 bn. In 2013 Aquamarket LLC got 4 RUB.5 bn of revenue and RUB 14.4 m of net loss. Problems with payments for supplied goods began in summer 2014. The number of employees decreased from 2000 people in 2014 to less than 500 people in 2015. As of 01 January 2015 AQUAGroup managed 66 stores in Kemerovo region: 11 Aquatorium stores and supermarkets, 5 Znak Kachestva stores, 49 Ekonomka stores and 1 Nograd supermarket.

Logistics

As of 02 March 2015 Magnit (Tander CJSC) managed 28 distribution centres (950 thousand sq. m). In 2014 the supply centralization level for convenience stores came to 90%, for hypermarkets – to 71%, This indicator is to reach 92% in the long-term for convenience stores and 80% – for hypermarkets. As of 01 January 2015 the company's truck fleet included 5938 trucks.

<...>

Private label

As of 01 January 2015 Magnit's PL included 605 commodity items. PL's share in revenue came to 11% in 2014. About 88% of PLs are food. The non-the food share is expected to grow.

<...>

Interaction with suppliers

As of 01 January 2015, Magnit worked with 5000 suppliers. 1000 of them are federal suppliers, providing for 55-60% of Magnit's product mix. Remaining 4000 are local suppliers, they provide for 40-45% of the product mix.

Corporate events

On 04 February 2014 the Board of Directors of Magnit PC held a meeting at which the following decisions were made:

1. To include the following persons into the candidates list for voting for the Board of Directors at the annual shareholders meeting: Alexander Aleksandrov, Alexander Zayonts, Aleksey Pshenichniy, Aslan Shhachemukov, Hachatur Pombuhchan, Andrey Arutyunyan and Sergey Galitskiy.

<...>

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 indicators 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:



for

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
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 70 retailers; Data base of 700 chains and 550 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	1 st quarter 2015	50 000 roubles
NEW! FMCG Hypermarkets in Russia, Results of 2013 and Forecast for 2016	The Report presents analysis of the macroeconomic conditions of the FMCG retail market of Russia, business reference data on 70 retailers, overall analysis of the hypermarkets segment in 27 cities and regions of Russia. It also includes analysis of the hypermarkets segment in more than 240 cities (with population above 50 ths people) in 6 federal districts of the RF (excluding the Far East FD) and 27 regions of the Report, description of more than 730 operating hypermarkets.	1 half of 2015 2015	Starting from 40 000 roubles s.
NEW! INFOLine Retail Russia TOP 100, Trends of 2014	The Report contains statistics and analytical data on development of retail chains in Russia. It also presents: dynamics of the key performance indicators of retail in RF, dynamics of key indexes for TOP 100 in general, market surveys of FMCG, home appliances and electronics, DIY and Household, mobile devices, perfumery and cosmetics, fashion and children's products	4 th quarter 2014	100 000 roubles
NEW! DIY Market, Results of 2013 and	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 (as of 01.01.2014), revenue per one square meter of selling/gross floorspace	March 2014	50 000 roubles



Title	Contents	Publication date	Price, roubles
Forecast for 2017	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! <i>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 "specialized chains".</i>		
NEW! Analytical Database of DIY chains	Database contains operational and financial indicators, contact information on TOP management of 250 DIY chains of Russia: legal name; chain's brand; chain's management NEW! <i>Development director, marketing director</i> ; Factual address; phone; fax; e-mail; Web-site; developed formats; total number of stores as of 01 January 2014; selling/gross floor space; revenue (excluding VAT) in 2011-2013, billion roubles; regional presence; number of DCs as of 01.01.2014.	March 2014	35 000 roubles

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

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

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



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

We are always glad to be of assistance to you! To obtain demo-versions and presentations of Reports or if you have any questions do not hesitate to contact our manager, Christina Savelyeva! +7 (812) 322 68 48, +7 (495) 772 76 40 ext. 143 or retail@infoline.spb.ru