

LENТА SALES AND OPERATING HIGHLIGHTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

St-Petersburg, Russia; 27 April, 2016 – Lenta Ltd, (LSE, MOEX: LNTA / “Lenta” or the “Company”) one of the largest retail chains in Russia, is pleased to announce the Company’s consolidated sales and operating results for the first quarter ended 31 March 2016.

1Q 2016 Operating Highlights:

- Total sales grew 22.1% in 1Q 2016 to Rub 66.5bn (1Q 2015: Rub 54.5bn);
- Like-for-like (“LFL”)¹ sales growth of 5.6% vs. 1Q 2015;
- LFL traffic growth of 3.0% combined with a 2.5% increase in LFL ticket;
- Three hypermarkets and six supermarkets opened during the first quarter of 2016;
- Total store count reached 180 stores as at 31 March 2016, comprising 142 hypermarkets and 38 supermarkets;
- Total selling space increased to 896,065 sq.m. as at 31 March 2016 (+23.2% vs. 31 March 2015); and
- Number of active loyalty cardholders² increased to 8.9m (+25% y-o-y) with approximately 93% of transactions in the first quarter made using the loyalty card.

Material events in 1Q 2016 and after the reported period:

- Lenta signed a Rub 7bn three-year unsecured loan facility with Rosbank at a fixed rate. The full amount was drawn;
- Lenta has successfully completed a secondary offering of 01 and 03 series bonds (with a total amount of Rub 7bn) with a coupon reset at 11.75% and a maturity of 2.5 years³, while the Company repurchased 02 series bonds with a total amount of Rub 3bn; and
- Lenta has opened one hypermarket in April 2016.

Lenta’s Chief Executive Officer, Jan Dunning commented:

“We are pleased with the results of the first quarter of 2016 – 22.1% sales growth with 5.6% LFL sales growth despite the rapid fall in food inflation since the beginning of the year and the high base for comparison of the first quarter of 2015 when we grew sales by 38%. We successfully continued expansion of our hypermarket format and accelerated rolling-out of our supermarket format in Moscow and Saint-Petersburg. The new store pipeline for 2016 is progressing well and we are confident in reaching our goal to open at least 40 hypermarkets this year. Our pipeline for 2017 looks very strong, allowing us to continue to be selective in choosing the best investment opportunities.”

While the environment continues to be tough for consumers, we have noticed a moderate stabilization of trading down. Compared with the previous quarters lower inflation was partly offset by improving trends in product mix and number of articles in the basket. The share of sales made with our loyalty card reached a record 93% and we continue adapt our offering with a deeper use of customer insight from our loyalty program.”

Lenta Store Developments

In the first quarter of 2016, Lenta opened three hypermarkets: two owned standard stores in Grozny and Saint-Petersburg and one leased supercompact store in Ufa. In March 2016 the Company made a decision to close one leased standard hypermarket with selling space of 7,700 sq.m., which was

¹ Lenta’s stores are included in the LFL store base starting 12 months after the end of the month in which they are opened

² Cardholders who made at least 2 purchases at Lenta during the 12 months to 31 March, 2016 are considered active

³ Maturity is shown on the date of the put option

located in a shopping mall in Novokuznetsk – it will be replaced by a new owned hypermarket later this year. In the same period the Company opened four leased supermarkets in Moscow and two leased supermarkets in Saint-Petersburg, taking the total number of stores to 180 (142 hypermarkets and 38 supermarkets).

The Company entered one new city in the first quarter of 2016 and is now present in 70⁴ cities. Lenta added 21,382 sq.m. of new selling space in the reported quarter. Total selling space as at 31 March 2016 increased to 896,065 sq.m., up 23.2% year-on-year.

Since the end of the first quarter Lenta opened one leased supercompact hypermarket in Barnaul, bringing the total number of stores to 181 (143 hypermarkets and 38 supermarkets). Total selling space as at 27 April 2016 increased to 899,057 sq.m.

	As at 31 Mar / 1Q 2016	As at 31 Mar / 1Q 2015	Net change	Change (%)
Number of stores	180	136	44	32.4%
<i>Hypermarkets</i>	142	112	30	26.8%
<i>Supermarkets</i>	38	24	14	58.3%
Number of new stores⁵	9	4	5	125.0%
<i>Hypermarkets</i>	3	4	-1	-25.0%
<i>Supermarkets</i>	6	-	6	-
Total selling space (sq.m.)	896,065	727,609	168,456	23.2%
<i>Hypermarkets</i>	857,802	701,046	156,756	22.4%
<i>Supermarkets</i>	38,263	26,562	11,107	44.0%
Total selling space added (sq.m.)⁴	21,382	26,459	-5,077	-19.2%
<i>Hypermarkets</i>	16,630	26,459	-9,829	-37.1%
<i>Supermarkets</i>	4,752	-	4,752	-

Lenta's Operating Performance

Continuing selling space additions and LFL growth supported overall sales growth of 22.1% for the first quarter of 2016. Total sales amounted to Rub 66.5bn in the first quarter, compared to Rub 54.5bn for the same period last year.

In the first quarter of the year Lenta continued to implement digital marketing activities to reach customers, with special offers tailored on an individual basis to enhance traffic. The number of active loyalty cardholders increased to 8.9 million as at 31 March, 2016 (+25% y-o-y) and the share of transactions made with the loyalty card has increased to a record high level of 93%.

LFL sales growth of 5.6% in the first quarter was supported by LFL traffic growth of 3.0% and average LFL ticket increase of 2.5%. In addition to the trading down effect, sales in the first quarter were also affected by the high base of the same period last year (37.7% sales growth with 15.0% LFL sales growth in 1Q 2015). LFL food sales increased by 6.3%; LFL non-food sales growth remained slightly negative, a marked improvement in the trend compared to recent quarters.

LFL average basket improved from the level of the previous quarter despite significantly lower on-shelf inflation (6.2% of on-shelf inflation in 1Q 2016 vs 14.1% in 4Q 2015, which still remains lower

⁴ According to Lenta's methodology for calculating number of cities of presence, since 1 May 2015 all cities located in Moscow City and the Moscow region are shown as Moscow, and all cities located in the Leningrad region and St. Petersburg are shown as St. Petersburg.

⁵ Within the reported period

than official food inflation in Russia – 6.9% in the reported period). Trading down stabilized and eased since the beginning of the year. While the average number of items per basket and changes in the product mix (change of average price per article) still remained negative y-o-y, the declines were significantly smaller than the levels of the previous quarter.

During the first quarter of 2016, 19 hypermarkets and six supermarkets entered the LFL panel.

	LFL sales growth 1Q 2016	LFL average ticket growth 1Q 2016	LFL traffic growth 1Q 2016
Lenta total (%)	5.6%	2.5%	3.0%
<i>hypermarkets</i>	5.5%	2.6%	2.8%
<i>supermarkets</i>	7.9%	2.5%	5.2%

The average hypermarket ticket in the first quarter increased to Rub 1,148 (+1.4% compared to the first quarter of 2015), lower than the 2.6% increase in the LFL average hypermarket ticket reflecting the high proportion of young stores in the ramp-up phase with lower average tickets. The average ticket in the supermarket format in the first quarter remained almost flat at Rub 590 compared to 2.5% increase in the LFL average ticket.

Total customer traffic increased by 21.0% in the first quarter of 2016 compared with the same period of the previous year, comprising 19.8% growth in hypermarket traffic and a 35.2% increase in traffic at Lenta's supermarket format.

The supermarket format demonstrated an improvement of LFL sales growth to 7.9% for the first quarter of 2016 and its share of Lenta's total sales increased to 4.6% in the reported quarter, up from 4.1% in the first quarter of 2015. Lenta's supermarkets in combination with eight hypermarkets operating in Moscow and the Moscow region continue to demonstrate very strong sales ramp-up dynamics – the share of this region in the Company's total sales increased to 9.6% in 1Q 2016.

	1Q 2016	1Q 2015	Net change	Change (%)
Sales (Rub, million)	66,525	54,492	12,033	22.1%
<i>hypermarkets</i>	63,497	52,247	11,251	21.5%
<i>supermarkets</i>	3,027	2,245	782	34.8%
Average ticket (Rub)	1,101	1,091	10	0.9%
<i>hypermarkets</i>	1,148	1,132	16	1.4%
<i>supermarkets</i>	590	592	-2	-0.3%
Customer traffic (million)	60.4	49.9	10.5	21.0%
<i>hypermarkets</i>	55.3	46.2	9.2	19.8%
<i>supermarkets</i>	5.1	3.8	1.3	35.2%

Debt update

In March 2016 the coupon rate on Lenta's 01 and 03 series bonds with a principal value of Rub 7bn was reset at 11.75% for a 2.5 years tenor - the full Rub 7bn remains outstanding following a successful secondary offering of a portion of the 03 series bonds. Lenta bought back its 02 series bonds for an amount of Rub 3bn. During the reported period, the Company signed and drew down in full a Rub 7bn three-year fixed rate unsecured loan facility with Rosbank, which increased the share of long-term fixed rate debt in the portfolio. All of Lenta's debt is denominated in Russian Roubles and 100% of it is long-term with an average maturity of around 3 years. In addition to its total drawn debt of RUB 80.1bn, Lenta had RUB 45.3bn of undrawn short- and long-term facilities and a cash balance of

RUB 13.3bn as of 31 March 2016. The average effective interest rate on Lenta's drawn debt in 1Q 2016 was 12.5%. Based on the current MosPrime level, the average effective cost of debt is projected to slightly decrease to 12.4% in 2Q 2016. The Company is monitoring additional opportunities to reduce the average cost of debt in the current year.

Guidance

Lenta confirms its 2016 expansion target to open at least 40 new hypermarkets, significantly more hypermarkets than it has ever opened in a single calendar year. The number of supermarket openings is also expected to increase in 2016. Looking ahead, Lenta expects to maintain a similar or higher rate of growth in 2017 and beyond.

Lenta expects that as a result of its successful expansion in 2014-2015 and further acceleration of growth in 2016, the Company will significantly exceed its previously communicated goal of doubling selling space over the three years to December 2016.

The Company expects capital expenditure of RUB 45-50bn in 2016.

About Lenta

Lenta is the largest hypermarket chain in Russia (in terms of selling space) and the country's fifth largest retail chain (in terms of 2015 sales). The Company was founded in 1993 in St. Petersburg. Lenta operates 143 hypermarkets in 70 cities across Russia and 38 supermarkets in Moscow and St. Petersburg, with a total of approximately 899,057 sq.m of selling space. The average Lenta hypermarket store has selling space of approximately 6,000 sq.m. The average Lenta supermarket store has selling space of approximately 1,000 sq.m. The Company operates six owned hypermarket distribution centres.

The Company's price-led hypermarket formats are differentiated in terms of their promotion and pricing strategies as well as their local product assortment. The Company employed approximately 38,414 people as of 31 December 2015⁶.

The Company's management team combines a mix of local knowledge and international expertise coupled with extensive operational experience in Russia. Lenta's largest shareholders include TPG Capital and the European Bank for Reconstruction and Development, both of which are committed to maintaining high standards of corporate governance. Lenta is listed on the London Stock Exchange and on the Moscow Exchange and trades under the ticker: 'LNTA'.

A brief video summary on Lenta's business and its Big Data initiative can be seen [here](#).

For further information please visit <http://www.lentainvestor.com/en/> or contact:

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Forward looking statements:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal", "believe", or other words of similar meaning.

⁶ FTE (full-time equivalent). Average FTE for 2015 was 31,307 employees.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond Lenta's control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of Lenta speak only as at the date of this announcement. Save as required by any applicable laws or regulations, Lenta undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.