



1Q2016 Trading Update
Investor Presentation

27 April, 2016



1Q2016 Highlights

Total sales growth in 1Q2016 of 22.1%, reaching Rub 66.5bn

LFL sales growth in 1Q2016 of 5.6% (incl. 3.0% LFL traffic and 2.5% LFL average ticket growth)

*3 hypermarkets and 6 supermarkets opened in 1Q2016,
Total store count reaching 142¹ hypermarkets and 38 supermarkets*

Total selling space of 896,065 sqm as of 31 March 2016 (23.2% y-o-y growth)

Number of active cardholders increased to 8.9m (+25% y-o-y growth)

Continued expansion of supermarket format in St. Petersburg with 2 stores opened in 1Q2016

(1) The Company made a decision to close one standard rented hypermarket (7,700 sq.m.) in Novokuznetsk which will be replaced by an owned hypermarket

Guidance

To open at least 40 hypermarkets in 2016 and to maintain a similar or higher pace of expansion thereafter

The number of supermarket openings to increase in 2016

Expect to comfortably exceed the target to double selling space over 3 years to December 2016

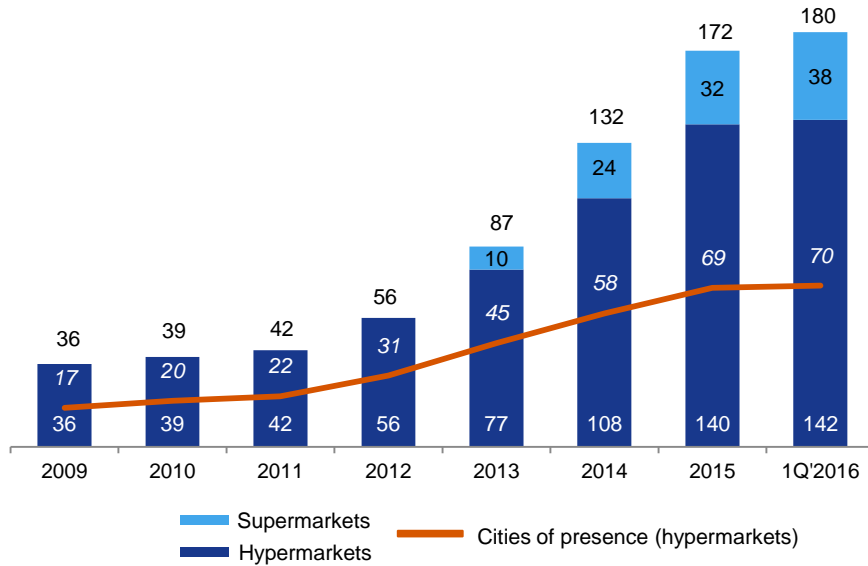
Capital expenditure of Rub 45-50bn in 2016

Lenta store network as of 31st March 2016



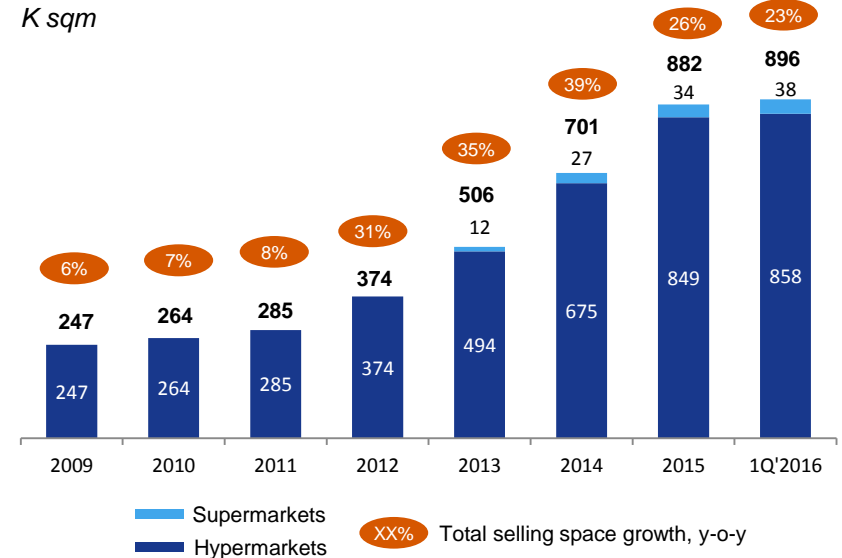
1Q2016 Store network development

Store network development



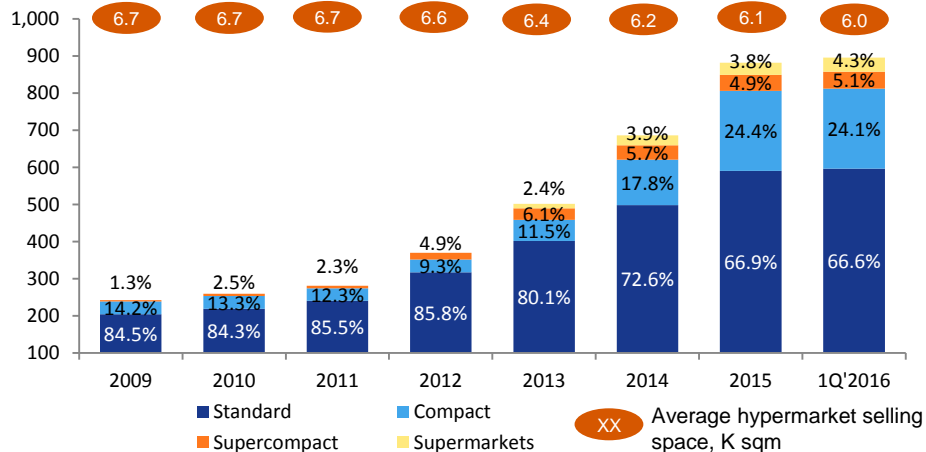
Selling space development

K sqm



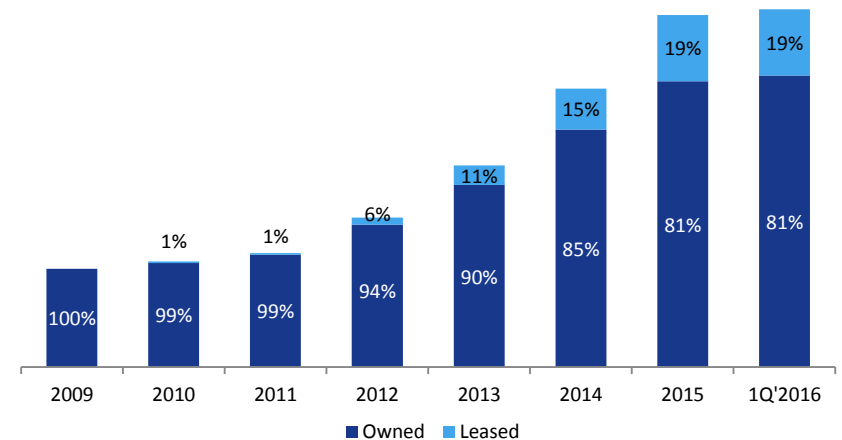
Format development

as % of total selling space



Selling space ownership

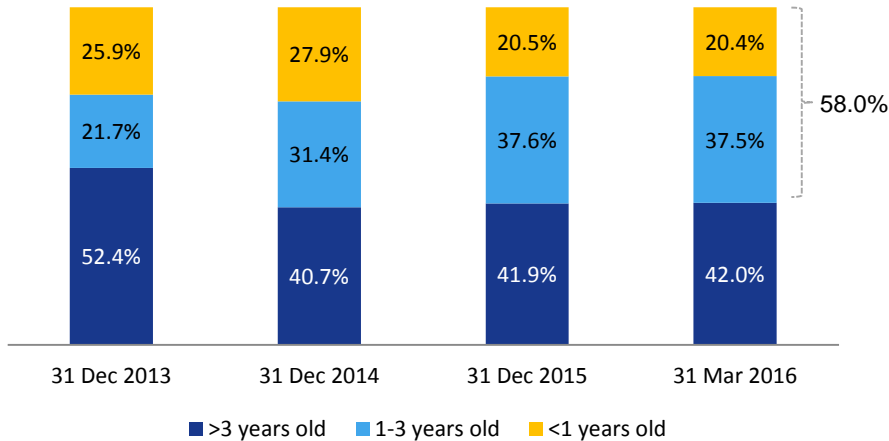
as % of total selling space



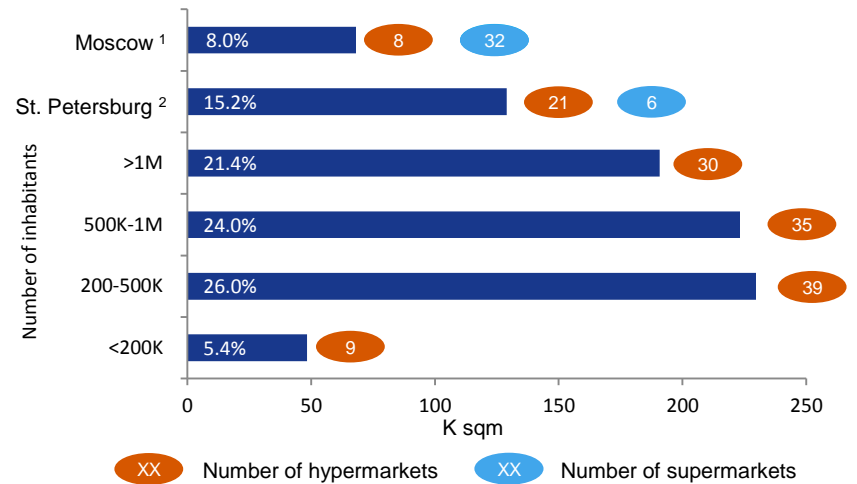
1Q2016 Selling space development

Lenta selling space age split

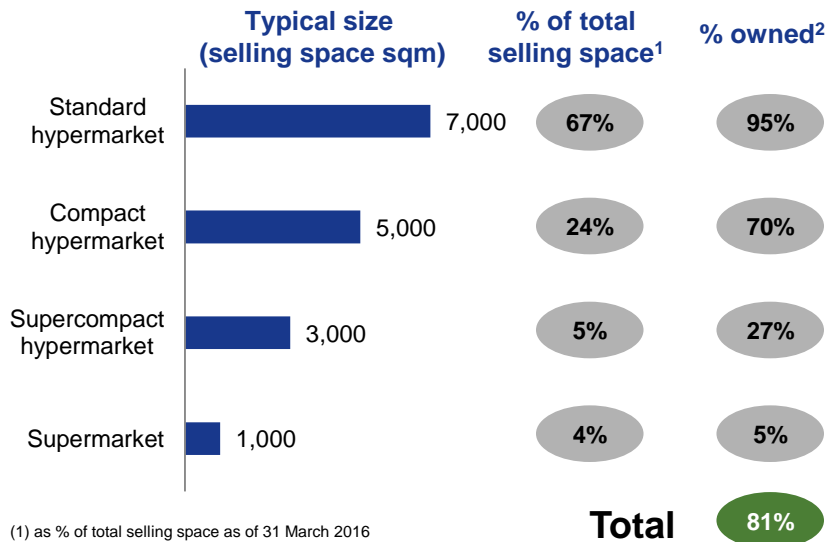
as % of total selling space



Selling space by city population

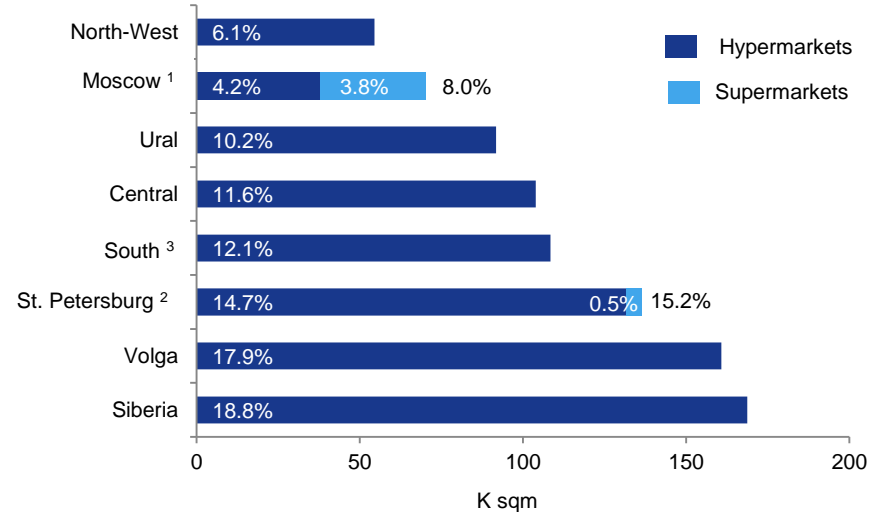


Lenta formats



(1) as % of total selling space as of 31 March 2016
 (2) as % of total selling space of the format as of 31 March 2016

Selling space by region



(1) Including Moscow region
 (2) Including St. Petersburg region
 (3) Including North Caucasus

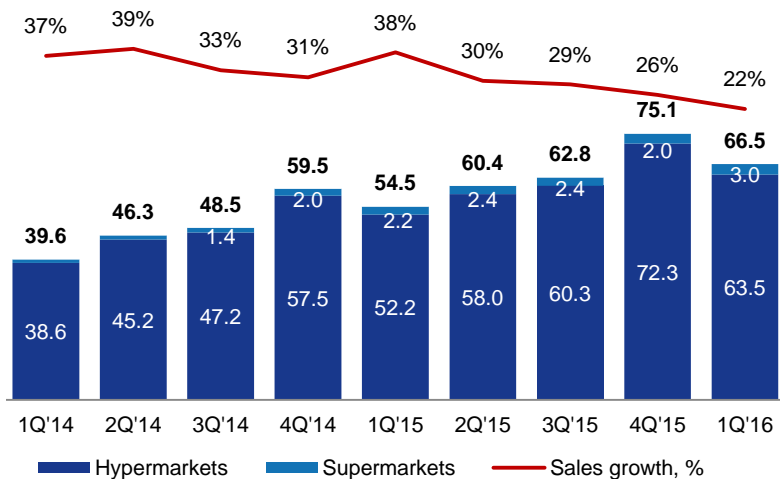
1Q2016 Sales growth

Sales growth in 1Q2016

	Sales	Traffic	Ticket
Total	+ 22.1%	+ 21.0%	+ 0.9%
Hypermarket	+ 21.5%	+ 19.8%	+1.4%
Supermarket	+34.8%	+ 35.2%	- 0.3%
LFL	+ 5.6%	+ 3.0%	+ 2.5%
Hypermarket	+5.5%	+ 2.8%	+ 2.6%
Supermarket	+7.9%	+ 5.2%	+ 2.5%

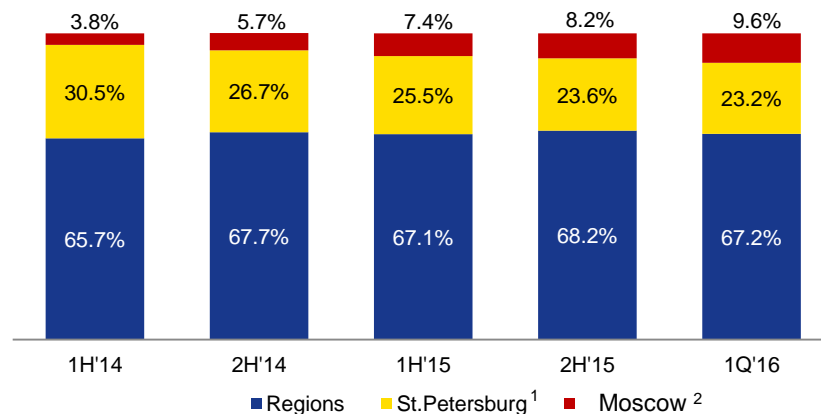
Total Sales growth

Quarterly sales, RUB bn



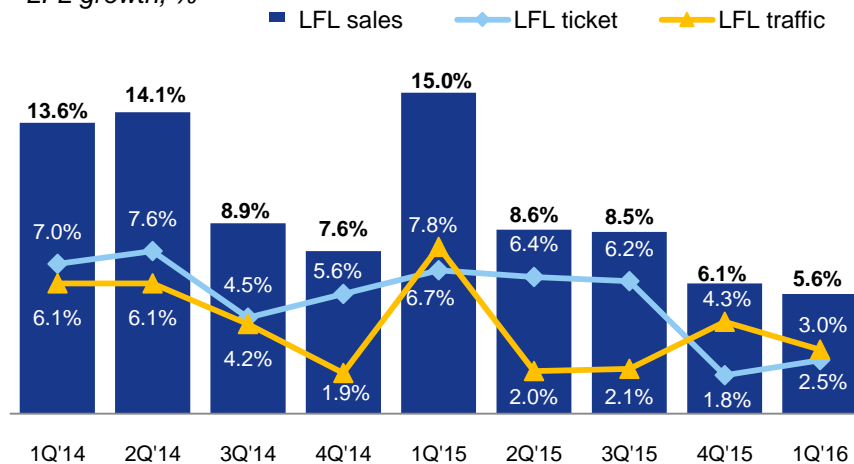
Sales split – St. Petersburg and Moscow vs regions

RUB sales breakdown



LFL Sales growth

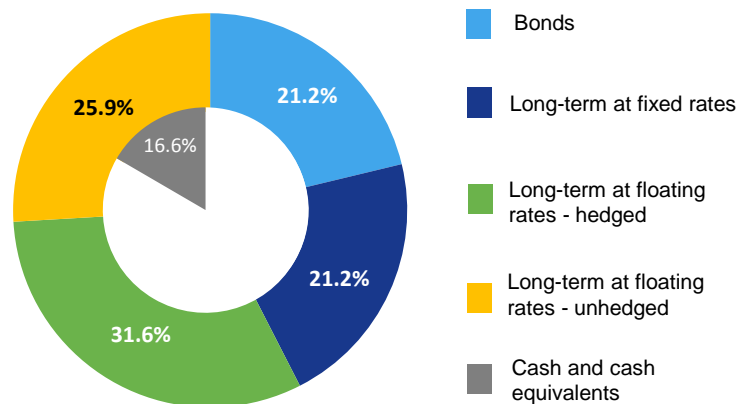
LFL growth, %



(1) Including St. Petersburg region
(2) Including Moscow region

Debt portfolio as of 31st March 2016

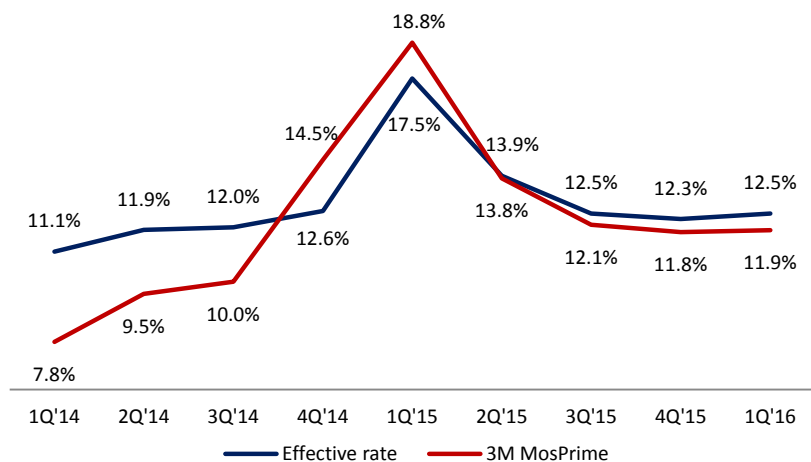
Debt mix



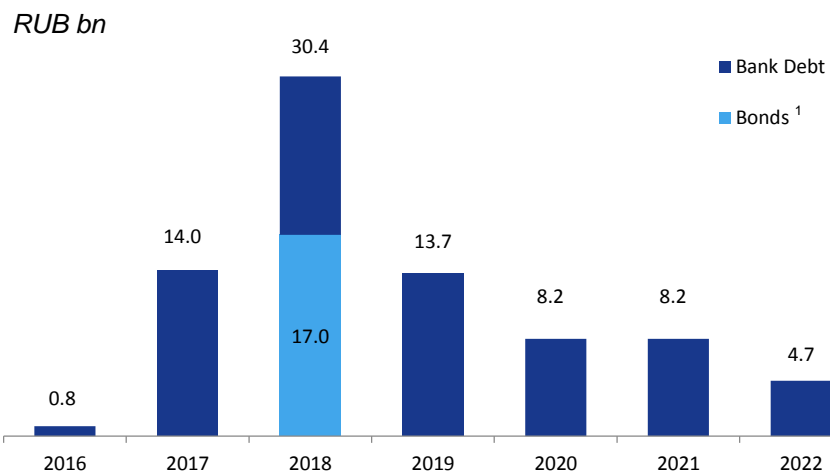
Comments

- ◆ 100% of debt is long-term;
- ◆ Net debt of Rub 66.8bn;
- ◆ 74.1% of long-term debt is at fixed rate or hedged with only 25.9% of long-term debt exposed to MosPrime;
- ◆ Average debt maturity of 35 months;
- ◆ Average effective cost of debt in 1Q2016 of 12.5%;
- ◆ Average effective cost of debt in 2Q2016 is projected to decrease to 12.4% based on the current MosPrime;
- ◆ Total debt of Rub 80.1bn with Rub 45.3bn of undrawn facilities and Rub 13.3bn cash on hand.

Average effective cost of debt¹ vs 3M MosPrime rate²



Maturity profile



(1) Average effective cost of debt is calculated based on interest expenses paid in the reported period, not taking into account interest income received in the respective periods on excess cash the Company is holding
 (2) Average for the period; interest rate under VTB loan is fixed at the end of the last month of each quarter

(1) Bond issues of Rub 10bn (10 year maturity and 2.5 year and 3.0 year put option) and of Rub 7bn (7 year maturity and 2.5 year put option) shown with maturity on date of put option; bond issue of Rub 3bn with 7 year maturity held by the company and not reflected in total debt and repayment schedule.

Loyalty card program

Lenta has made a strong commitment to become the most customer focused retailer in Russia

Video on Lenta's loyalty card programme can be viewed [here](#)

Lenta loyalty card value

- ◆ ~5% discount of shelf price;
- ◆ Access to promo discounts;
- ◆ One card for all stores, regions and formats;
- ◆ Record high penetration of 93%;
- ◆ 8.9m active¹ cardholders;
- ◆ Customer base growth in 1Q2016 of ~25% y-o-y.

Category management

- ◆ Understand customers needs;
- ◆ Customer segmentation;
- ◆ Taking into consideration regional and local features;
- ◆ Access to customer based analytics.

Customer centric tactics

- ◆ Tailored assortment to customer needs;
- ◆ Stores and shelves optimized according to how customers shop.

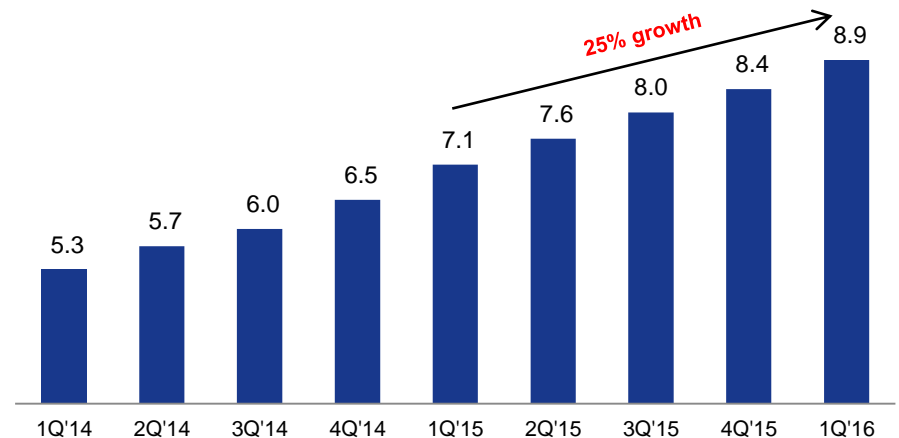
Targeted direct marketing

- ◆ Sophisticated algorithms create highly relevant customer offers;
- ◆ Competitor differentiation;
- ◆ Track changes in customer behavior;
- ◆ 4.5m text messages every week;
- ◆ 7m targeted coupon every quarter;
- ◆ "Thank you mailing" redemption of ~8%;
- ◆ "Coupon-at-Till" redemption of ~10%.



Number of active¹ of cardholders

m of active cardholders



Source: Company information

¹ Cardholders who made at least 2 visits to Lenta using the card during the last 12 months are considered active

Appendix – Quarterly operational data

	1Q'14	2Q'14	3Q'14	4Q'14	FY'14	1Q'15	2Q'15	3Q'15	4Q'15	FY'15	1Q'16
Sales total, Rub bn	39.6	46.3	48.5	59.5	194.0	54.5	60.4	62.8	75.1	252.8	66.5
Total sales growth	37.3%	39.1%	32.9%	30.6%	34.5%	37.7%	30.4%	29.3%	26.2%	30.3%	22.1%
<i>Hypermarkets</i>	38.6	45.2	47.2	57.5	188.5	52.2	58.0	60.3	72.3	242.9	63.5
<i>Supermarkets</i>	0.9	1.2	1.4	2.0	5.5	2.2	2.4	2.4	2.8	9.8	3.0
Number of stores	89	96	103	132	132	136	143	149	172	172	180
<i>Hypermarkets</i>	79	82	87	108	108	112	116	122	140	140	142
<i>Supermarkets</i>	10	14	16	24	24	24	27	27	32	32	38
Selling space, K sqm	519.7	542.3	569.8	701.2	701.2	727.6	751.4	787.8	882.4	882.4	896.1
<i>Hypermarkets</i>	507.8	525.8	550.9	674.6	674.6	701.0	722.1	758.5	848.9	848.9	857.8
<i>Supermarkets</i>	11.8	16.5	18.9	26.6	26.6	26.6	29.3	29.3	33.5	33.5	38.3
LFL Sales growth	13.6%	14.1%	8.9%	7.6%	10.6%	15.0%	8.6%	8.5%	6.1%	9.1%	5.6%
<i>Hypermarkets</i>	13.6%	14.0%	8.9%	7.6%	10.6%	14.7%	8.3%	8.3%	6.1%	9.0%	5.5%
<i>Supermarkets</i>	-	71.3%	13.6%	14.5%	17.2%	28.0%	17.1%	14.7%	7.7%	15.1%	7.9%
LFL Traffic growth	6.1%	6.1%	4.2%	1.9%	4.4%	7.8%	2.0%	2.1%	4.3%	3.9%	3.0%
<i>Hypermarkets</i>	6.1%	5.9%	4.0%	1.8%	4.3%	7.5%	1.7%	1.9%	4.2%	3.7%	2.8%
<i>Supermarkets</i>	-	62.9%	13.4%	4.7%	11.0%	14.1%	8.4%	5.2%	5.9%	7.7%	5.2%
LFL Ticket growth	7.0%	7.6%	4.5%	5.6%	6.0%	6.7%	6.4%	6.2%	1.8%	5.0%	2.5%
<i>Hypermarkets</i>	7.0%	7.7%	4.6%	5.6%	6.0%	6.7%	6.6%	6.3%	1.9%	5.1%	2.6%
<i>Supermarkets</i>	-	5.1%	0.1%	9.4%	5.6%	12.2%	8.0%	9.0%	1.7%	6.8%	2.5%

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