



ЛЕНТА

2Q 2015 Trading Update Investor Presentation

21 July, 2015



2Q and 1H 2015 Highlights

Total sales growth in 2Q 2015 – **30.4%**, reaching Rub **60.4bn**
(1H2015 sales growth of **33.8%**, reaching Rub **114.9bn**)

LFL sales growth in 2Q 2015 – **8.6%** (incl. 2.0% LFL traffic and 6.4% LFL average ticket growth)
(1H2015 LFL sales growth of **11.5%** (incl. 4.7% LFL traffic and 6.5% LFL ticket growth))

4 hypermarkets and 3 supermarkets opened in 2Q 2015,
total store count reaching **116 hypermarkets** and **27 supermarkets**

Total selling space of **751,447 sqm** as of 30 June 2015 (38.6% y-o-y growth)

Loan agreement with **VTB Bank** and amendment to loan agreement with **EBRD** signed reducing
cost of debt and extending maturity

Fitch Ratings assigns Lenta a '**BB-**' rating with a positive outlook

33% increase in the number of **active loyalty card holders**
to a total of **7.6mm** as of 30 June 2015

Guidance

*Store opening guidance for 2015 unchanged at **25** hypermarkets and **10-15** supermarkets*

Total sales growth guidance is under review and may be revised in 3Q 2015

*Capital expenditure of **~RUB 30bn in 2015***

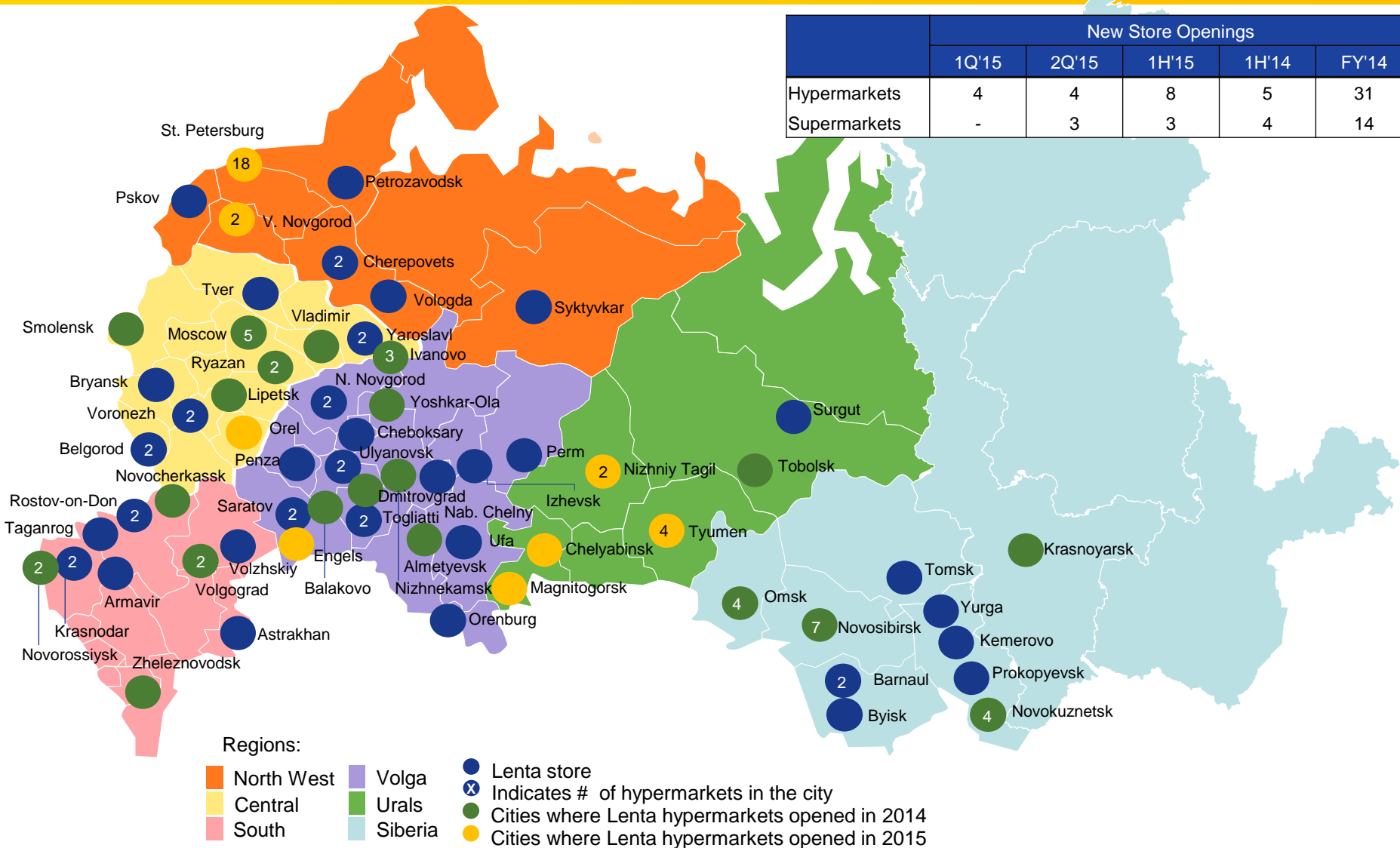
*1H2015 **Adjusted EBITDA** growth is expected at **~45%** with a margin of **~10.2%** (+70bps vs 1H 2014)*

Expect to further increase hypermarket openings in 2016 and beyond to be broadly in line with the number of openings in 2014 and to maintain a similar or higher pace of expansion thereafter

The number of supermarket openings to increase in 2016

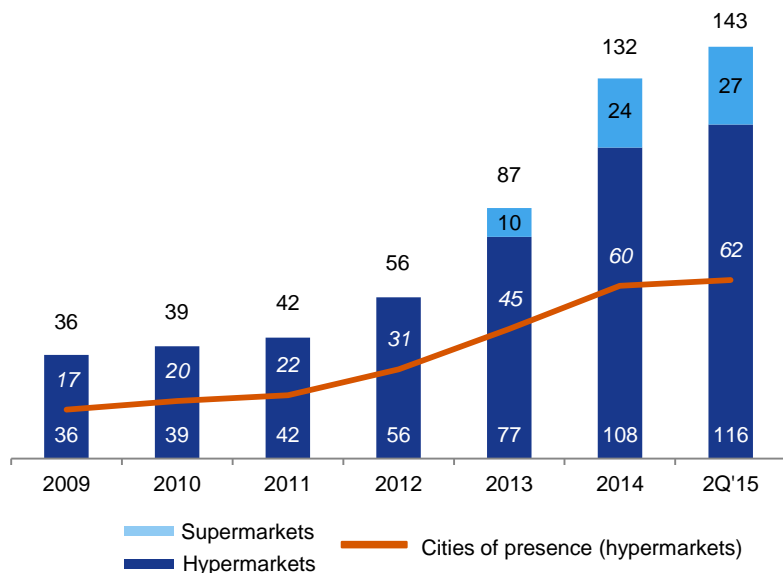
*Expect to comfortably exceed target to **double selling space over 3 years** to December 2016*

Lenta store network as of 21 July 2015

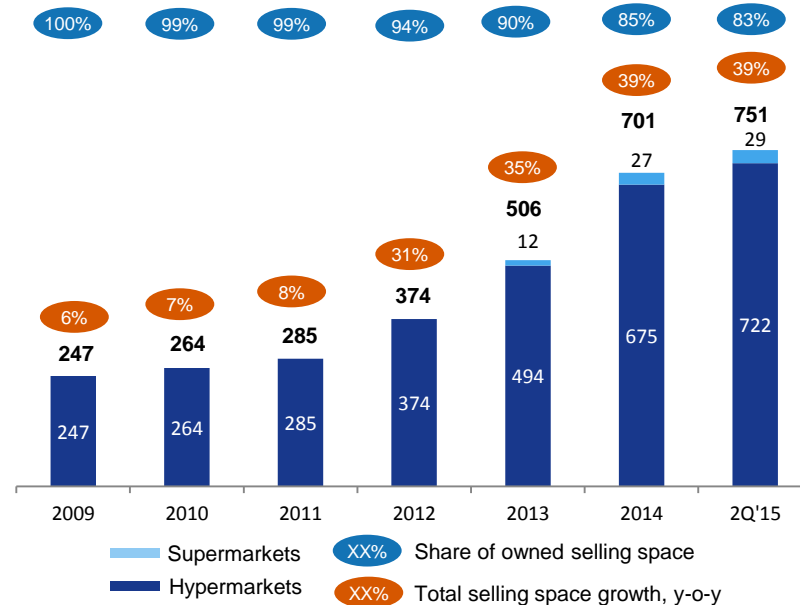


2Q 2015 Store network development

Store network development



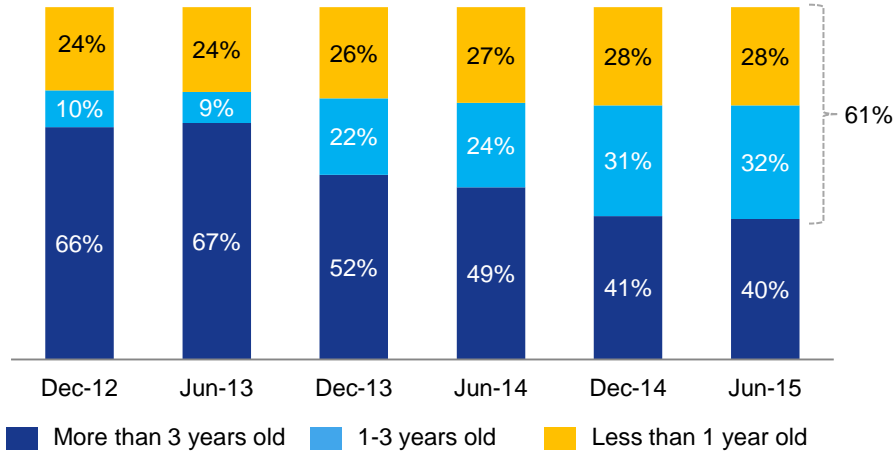
Selling space development ('000 sqm)



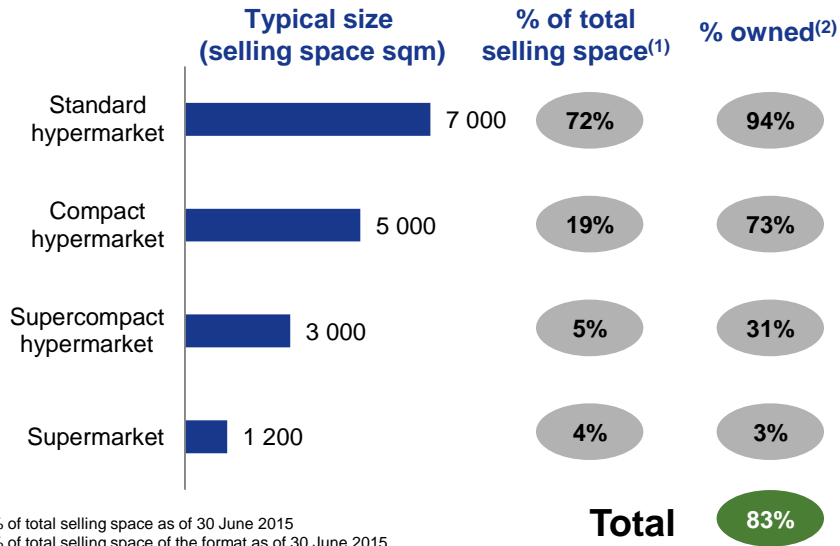
City	Opening date	Federal district	Format	Selling space, sqm	Ownership
Tyumen	29.04.2015	Urals	Compact	6,414	leased
Magnitigorsk	07.05.2015	Urals	Compact	3,987	leased
Nizhniy Tagil	04.06.2015	Urals	Standard	6,695	leased
St. Petersburg	29.06.2015	St. Petersburg	Compact	3,976	owned
Moscow Region, Krasnogorsk	28.04.2015	Moscow	Supermarket	1,104	leased
Moscow	01.06.2015	Moscow	Supermarket	918	leased
Moscow	29.06.2015	Moscow	Supermarket	744	leased

2Q 2015 Selling space development

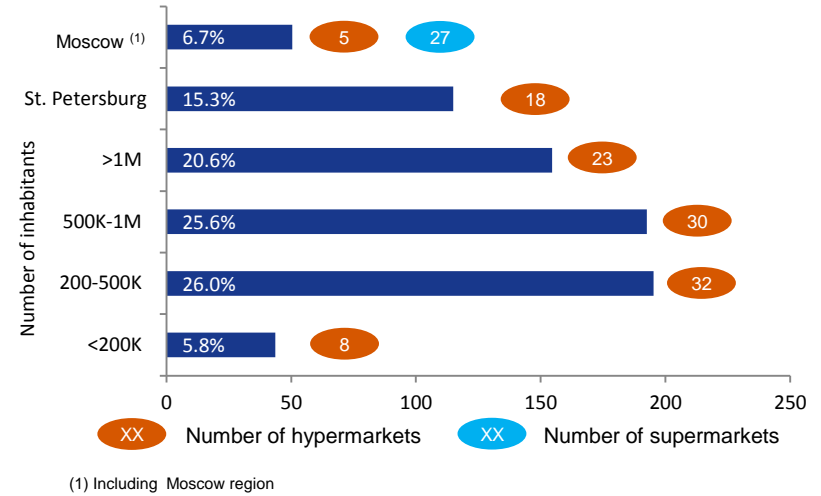
Lenta stores age split



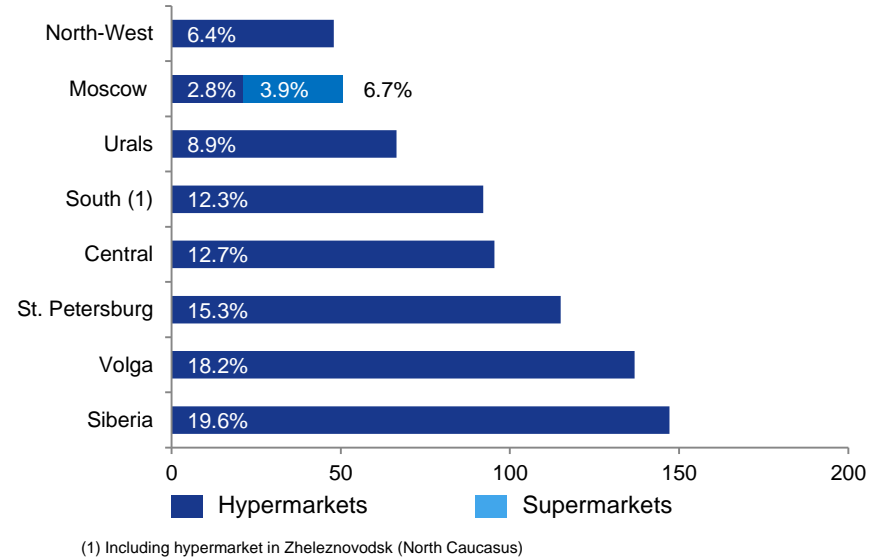
Lenta formats



Selling space by city population



Selling space by region



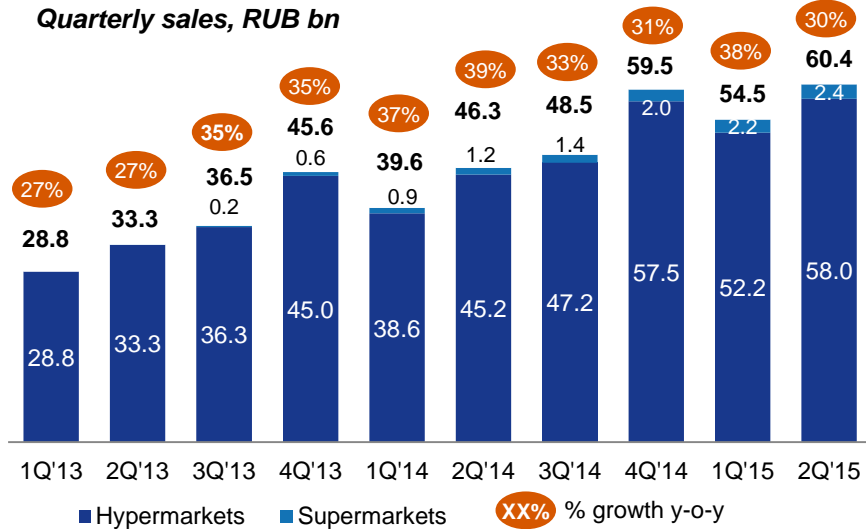
Sales growth

Sales growth in 1H 2015

	Sales	Traffic	Ticket
Total	+ 33.8%	+ 30.6%	+ 2.4%
Hypermarket	+ 31.6%	+ 26.8%	+3.8%
Supermarket	+120.3%	+104.2%	+7.8%
LFL	+ 11.5%	+ 4.7%	+ 6.5%
Hypermarket	+11.3%	+ 4.4%	+ 6.6%
Supermarket	+22.0%	+10.9%	+10.0%

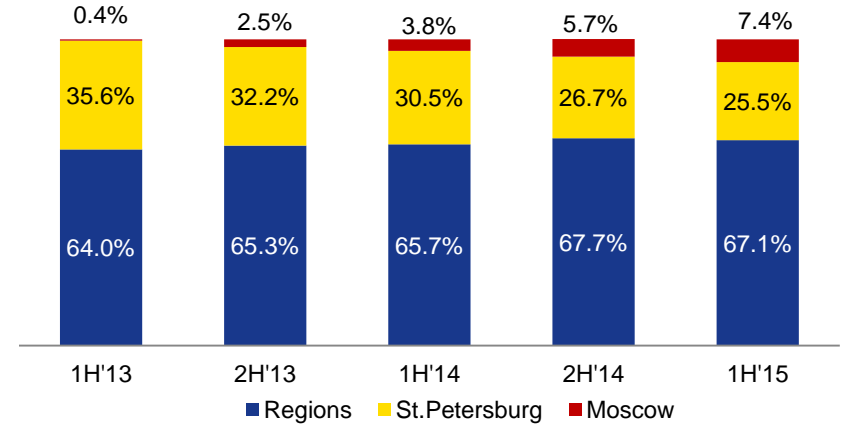
Total Sales growth

Quarterly sales, RUB bn



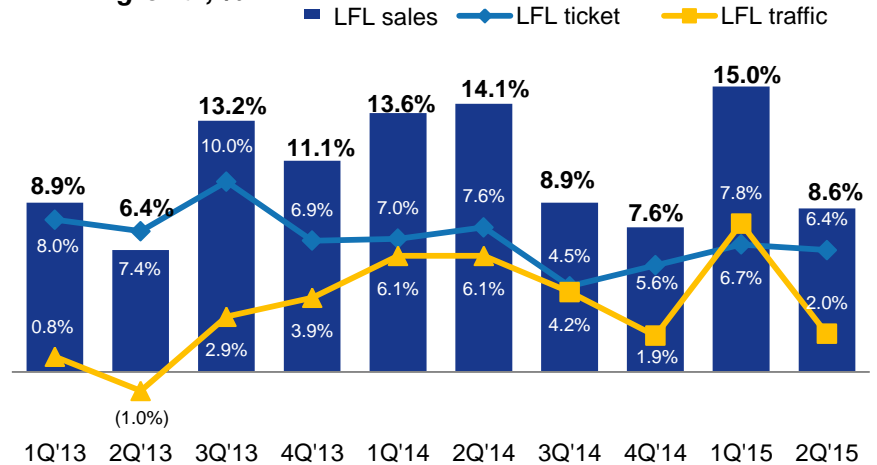
Sales split – St. Petersburg and Moscow vs regions

RUB sales breakdown



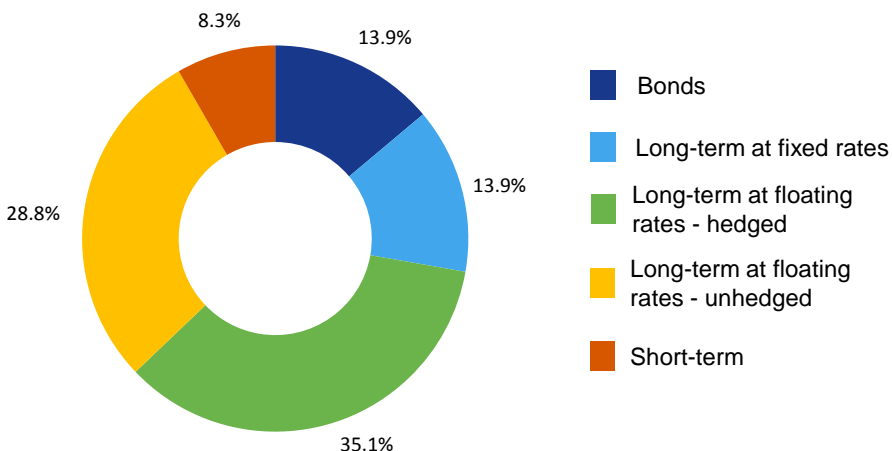
LFL Sales growth

LFL growth, %



Debt portfolio as of 30th June 2015

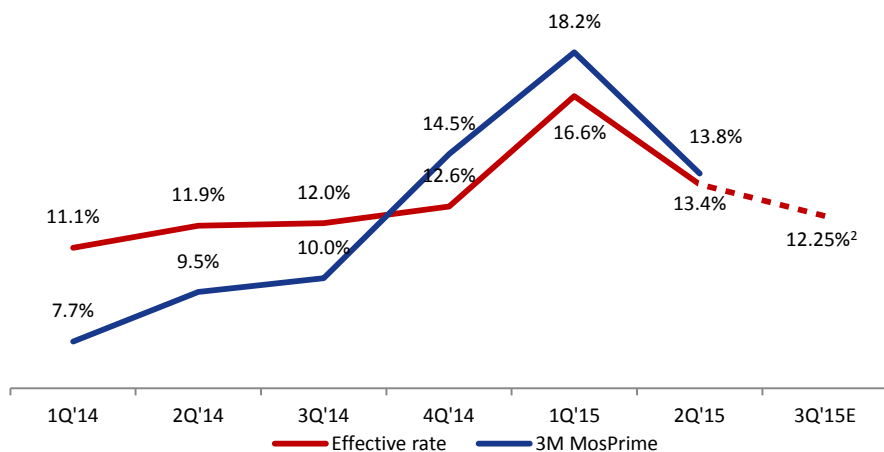
Debt mix



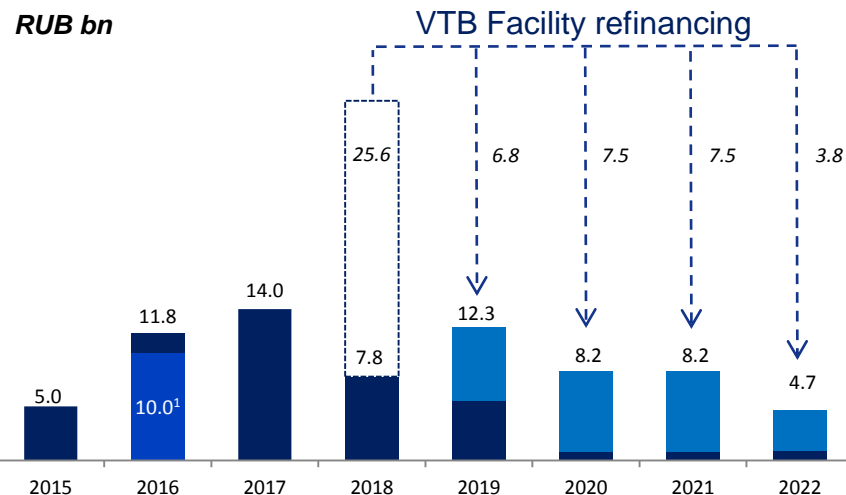
Comments

- ◆ 63.9% of long-term debt is at fixed rate or hedged with only c.35.1% of total debt exposed to MosPrime
- ◆ Only 8.3% of debt is short-term
- ◆ Average effective interest rate reduced from 16.6% in 1Q 2015 to 13.4% in 2Q 2015
- ◆ Expect average effective interest rate to decrease in 3Q 2015 to 12.25% (based on the current MosPrime)
- ◆ Average debt maturity extended from 30 months to 42 months with relatively flat maturity profile following the refinancing of VTB loan facility
- ◆ Rub 12.1bn cash on hand and Rub 33.8bn of undrawn facilities

Average effective cost of debt vs 3M Mosprime rate¹



Maturity profile



(1) Average for the period; Interest rate under VTB loan is fixed at the end of the last month of each quarter
 (2) Projected 3Q15 effective interest rate based on current Mosprime

(1) Bond issue with 7 year maturity and 3 year put option shown with maturity on date of put option

Appendix – Quarterly operational data

	1Q'13	2Q'13	3Q'13	4Q'13	FY'13	1Q'14	2Q'14	3Q'14	4Q'14	FY'14	1Q'15	2Q'15
Sales total, Rub bn	28.8	33.3	36.5	45.6	144.3	39.6	46.3	48.5	59.5	194.0	54.5	60.4
Total sales growth	26.8%	26.6%	35.0%	35.0%	31.3%	37.3%	39.1%	32.9%	30.6%	34.5%	37.7%	30.4%
<i>Hypermarkets</i>	28.8	33.3	36.3	45.0	143.3	38.6	45.2	47.2	57.5	188.5	52.2	58.0
<i>Supermarkets</i>	-	0.0	0.2	0.6	0.9	0.9	1.2	1.4	2.0	5.5	2.2	2.4
Number of stores	57	61	68	87	87	89	96	103	132	132	136	143
<i>Hypermarkets</i>	57	60	63	77	77	79	82	87	108	108	112	116
<i>Supermarkets</i>	-	1	5	10	10	10	14	16	24	24	24	27
Selling space, K sqm	382.8	396.4	416.0	507.8	507.8	519.7	542.3	569.8	701.2	701.2	727.6	751.4
<i>Hypermarkets</i>	382.8	395.4	411.6	495.4	495.4	507.8	525.8	550.9	674.6	674.6	701.0	722.1
<i>Supermarkets</i>	0.0	1.0	4.4	12.4	12.4	11.8	16.5	18.9	26.6	26.6	26.6	29.3
LFL Sales growth	8.9%	6.4%	13.2%	11.1%	10.0%	13.6%	14.1%	8.9%	7.6%	10.6%	15.0%	8.6%
<i>Hypermarkets</i>	8.9%	6.4%	13.2%	11.1%	10.0%	13.6%	14.0%	8.9%	7.6%	10.6%	14.7%	8.3%
<i>Supermarkets</i>	-	-	-	-	-	-	71.3%	13.6%	14.5%	17.2%	28.0%	17.1%
LFL Traffic growth	0.8%	-1.0%	2.9%	3.9%	1.8%	6.1%	6.1%	4.2%	1.9%	4.4%	7.8%	2.0%
<i>Hypermarkets</i>	0.8%	-1.0%	2.9%	3.9%	1.8%	6.1%	5.9%	4.0%	1.8%	4.3%	7.5%	1.7%
<i>Supermarkets</i>	-	-	-	-	-	-	62.9%	13.4%	4.7%	11.0%	14.1%	8.4%
LFL Ticket growth	8.0%	7.4%	10.0%	6.9%	9.6%	7.0%	7.6%	4.5%	5.6%	6.0%	6.7%	6.4%
<i>Hypermarkets</i>	8.0%	7.4%	10.0%	6.9%	9.6%	7.0%	7.7%	4.6%	5.6%	6.0%	6.7%	6.6%
<i>Supermarkets</i>	-	-	-	-	-	-	5.1%	0.1%	9.4%	5.6%	12.2%	8.0%

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