



# ЛЕНТА

2Q2016 Trading Update  
Investor Presentation

*21 July, 2016*



## 2Q2016 Highlights

*Total sales growth in 2Q2016 of 21.8%, 2Q2016 total sales of Rub 73.6bn*

*LFL sales growth in 2Q2016 of 4.9% (incl. 1.4% LFL traffic and 3.4% LFL average ticket growth)*

*5 hypermarkets and 4 supermarkets opened in 2Q2016,  
Total store count reaching 147 hypermarkets and 42 supermarkets*

*Total selling space of 922,865 sqm as of 30 June 2016 (22.8% y-o-y growth)*

*Fitch Ratings has upgraded Lenta rating from 'BB-' to 'BB' with a stable outlook*

*Lenta continues expansion of supermarket format in St. Petersburg and Moscow.  
Dedicated supermarket DC in Moscow to be fully operational from 3Q2016*

*Number of active cardholders increased to 9.3m (+23% y-o-y growth)*

## 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 in 2016 to be at least double 2015*

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

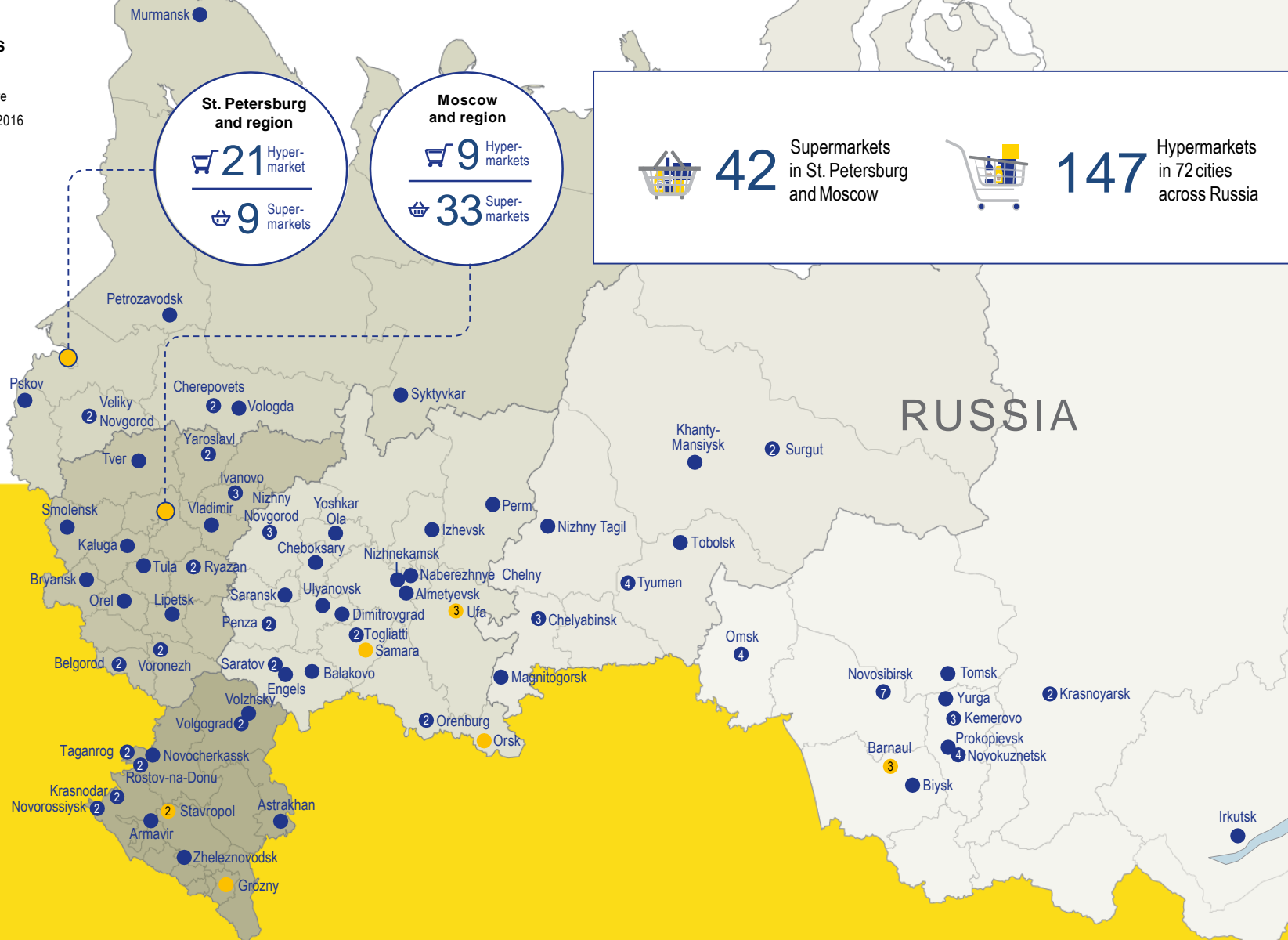
*Capital expenditure of Rub 45-50bn in 2016*

*Expect 1H2016 Adjusted EBITDA margin of around 9.8% (vs. 10.2% in 1H2015)*

# BUSINESS GEOGRAPHY

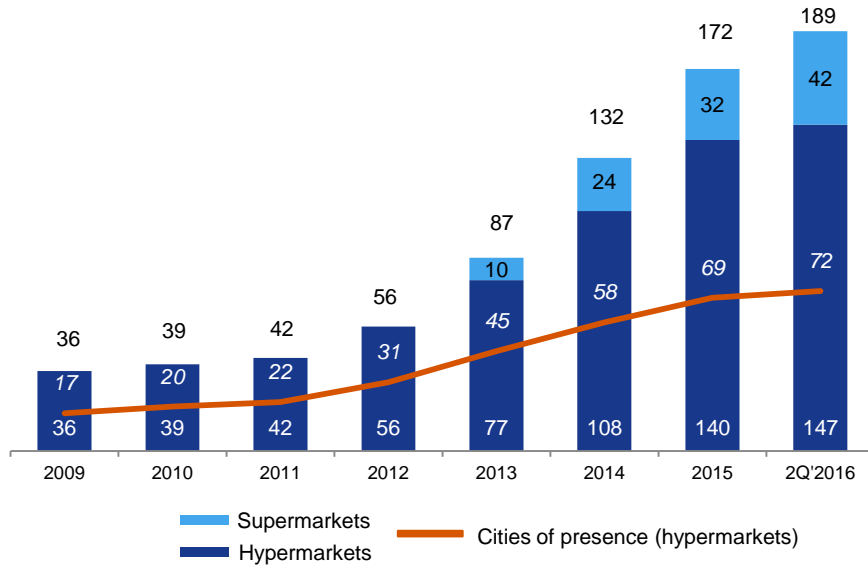
## NUMBER OF HYPERMARKETS

- One store
- ② More than one store
- Stores opened in 2016

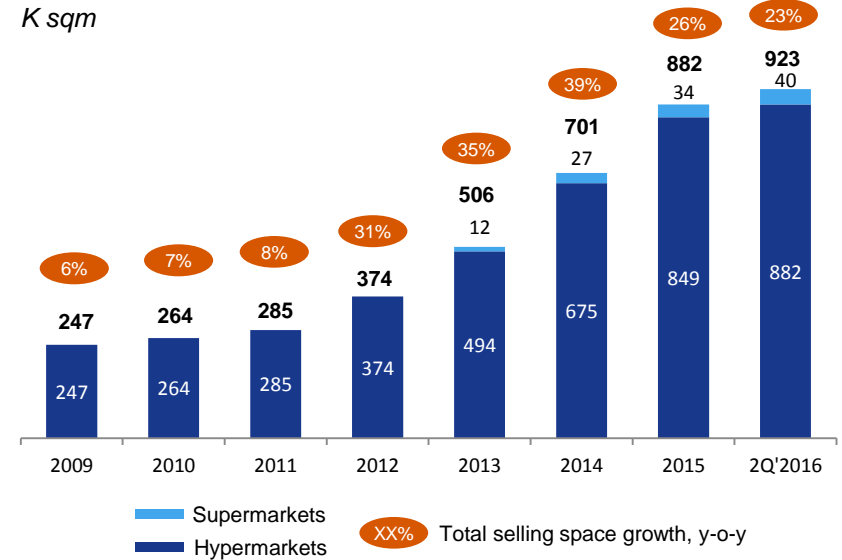


# 2Q2016 Store network development

## Store network development

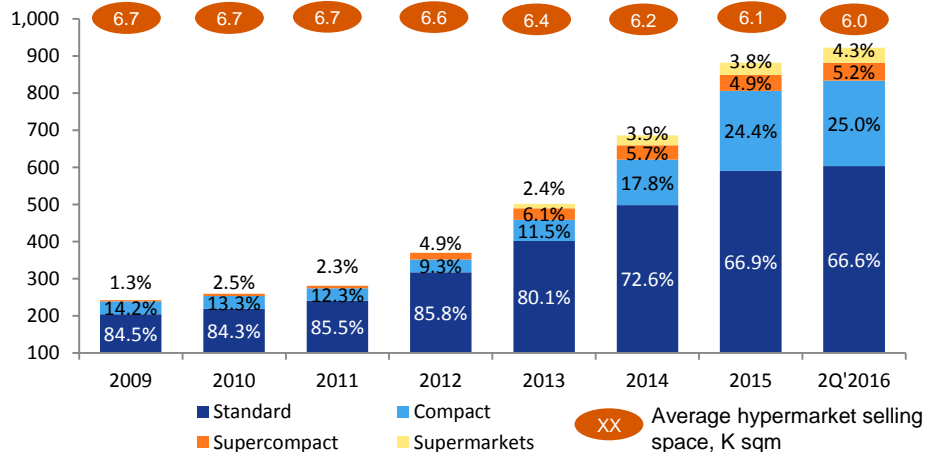


## Selling space development



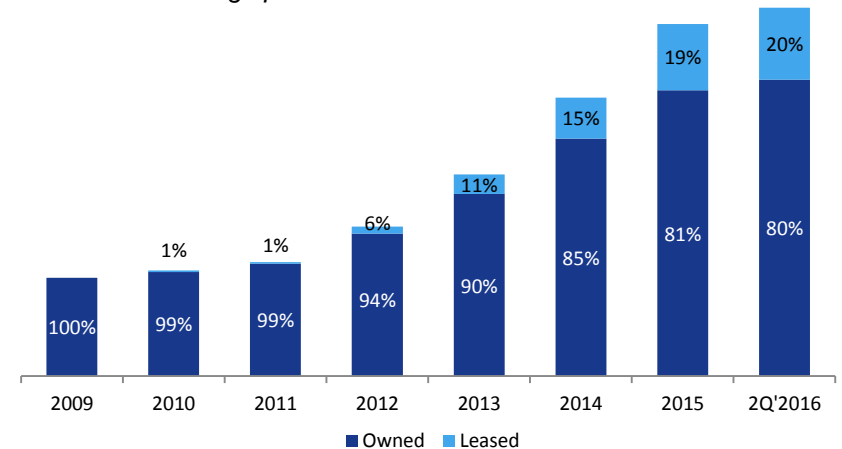
## Format development

as % of total selling space



## Selling space ownership

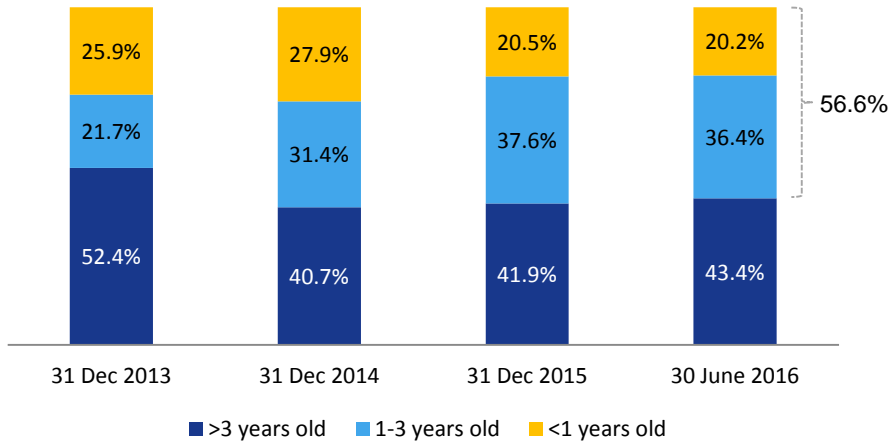
as % of total selling space



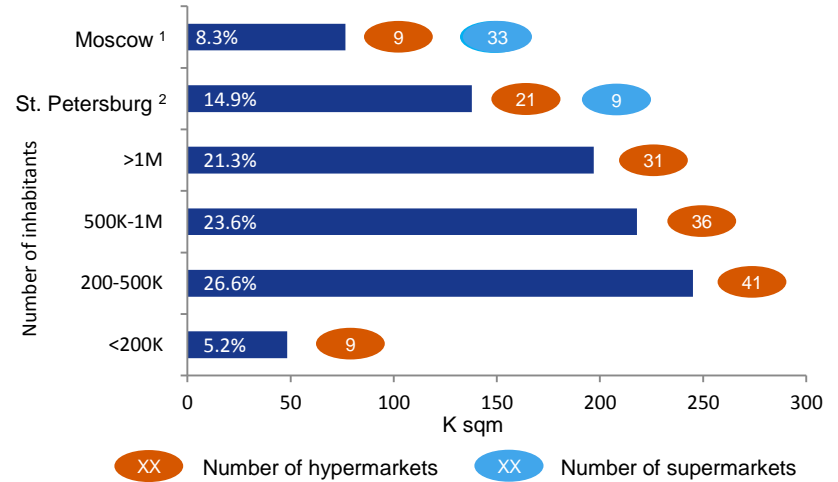
# 2Q2016 Selling space development

## Lenta selling space age split

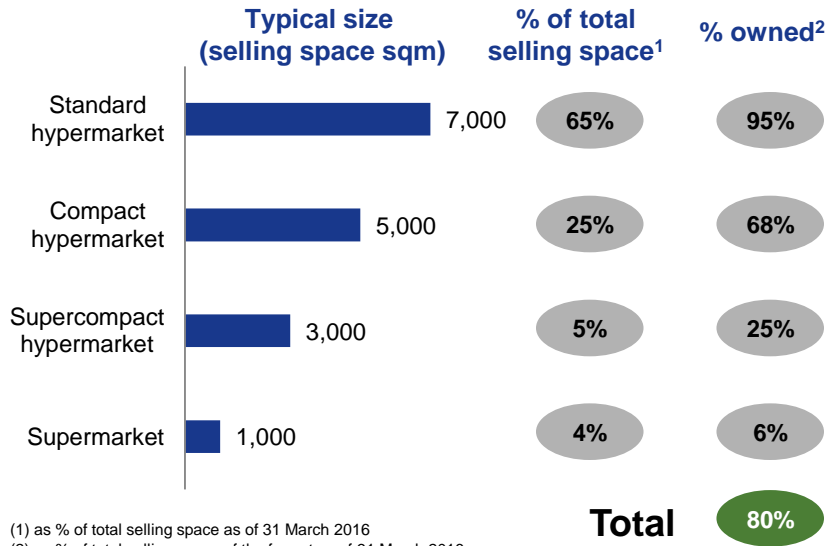
as % of total selling space



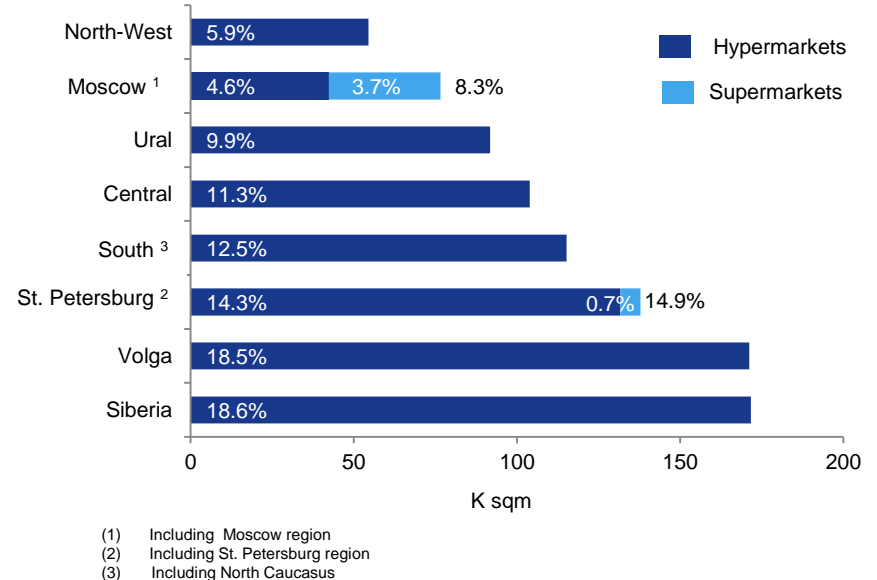
## Selling space by city population



## Lenta formats



## Selling space by region



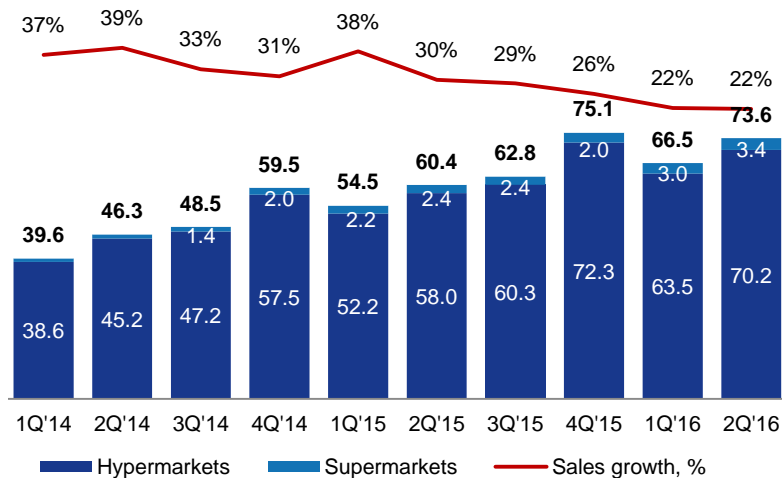
# 2Q and 1H2016 Sales growth

## Sales growth in 1H2016

	Sales	Traffic	Ticket
<b>Total</b>	<b>+ 21.9%</b>	<b>+ 20.5%</b>	<b>+ 1.2%</b>
Hypermarket	+ 21.2%	+ 18.7%	+2.1%
Supermarket	+37.9%	+ 42.0%	- 2.9%
<b>LFL</b>	<b>+ 5.2%</b>	<b>+ 2.1%</b>	<b>+ 3.0%</b>
Hypermarket	+5.2%	+ 2.0%	+ 3.1%
Supermarket	+5.6%	+ 3.9%	+ 1.6%

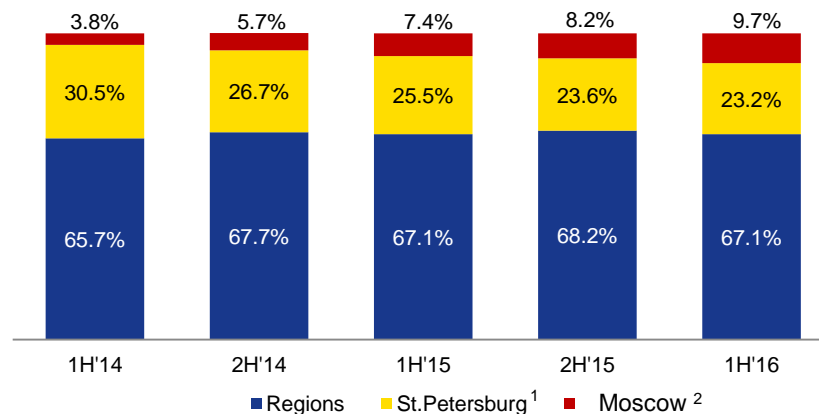
## Total Sales growth

Quarterly sales, RUB bn



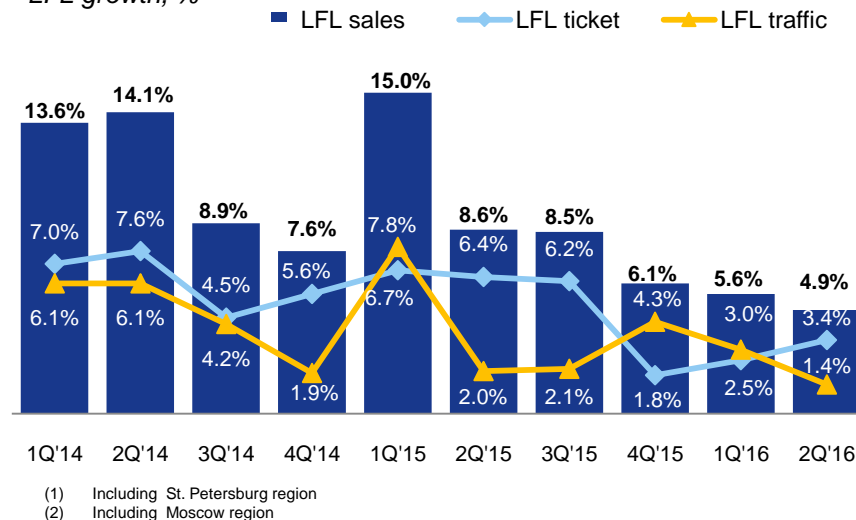
## Sales split – St. Petersburg and Moscow vs regions

RUB sales breakdown



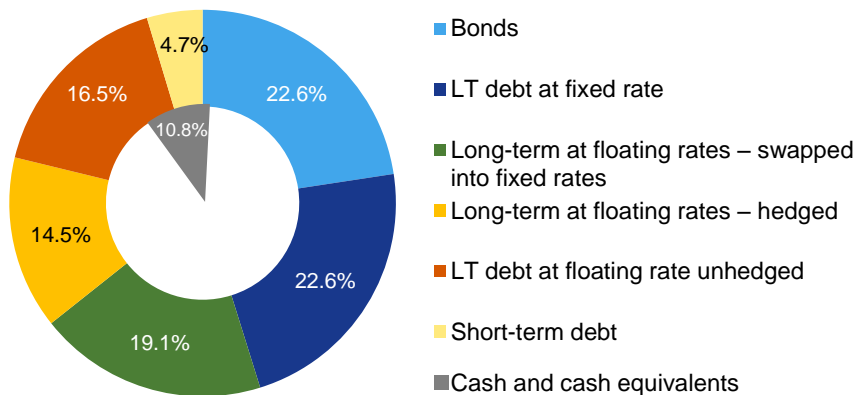
## LFL Sales growth

LFL growth, %



# Debt portfolio as of 30<sup>th</sup> of June 2016

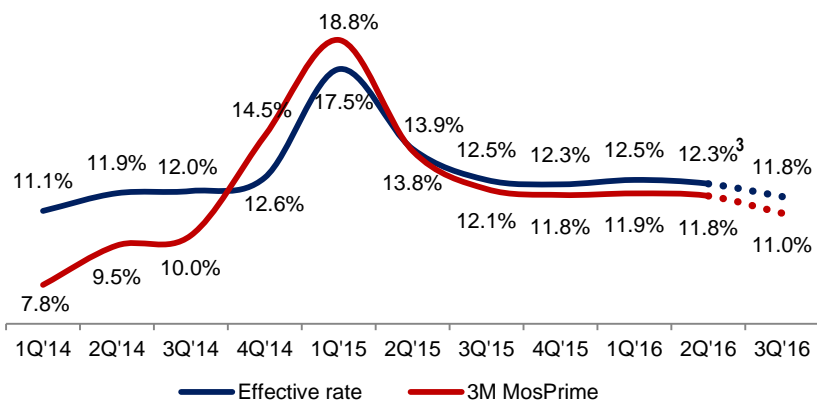
## Debt mix



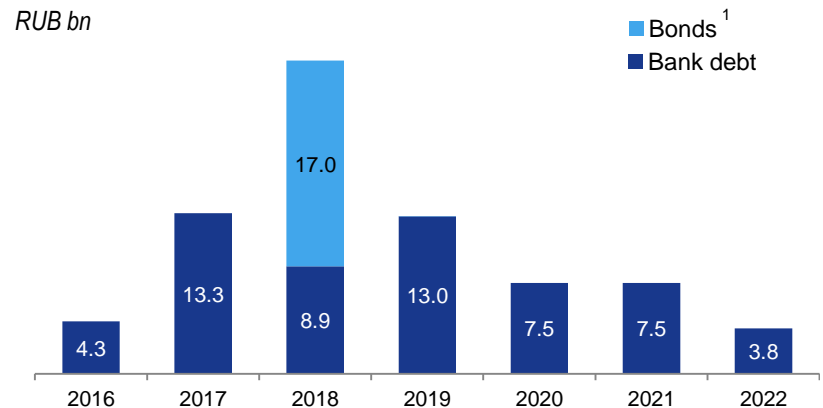
## Comments

- Net debt of Rub 67.1bn;
- 95.3% of debt is long-term;
- 82.6% of long-term debt is at fixed rate or hedged with only 17.4% of long-term debt exposed to increase in MosPrime (but as a result of hedging structure, 32.5% of long-term debt would benefit from any reduction in MosPrime);
- Portfolio is fully unsecured following the repayment of EBRD loan;
- Credit limit of Rub 53bn approved by Sberbank;
- Registered bond program of up to Rub 100bn;
- Average debt maturity of 31.1 months;
- Average effective cost of debt in 2Q2016 of 12.33%;
- Average effective cost of debt in 3Q2016 is projected at 11.75%;
- Total debt of Rub 75.2bn with Rub 48.3bn of undrawn facilities and Rub 8.1bn cash on hand.

## Average effective cost of debt<sup>1</sup> vs 3M MosPrime rate<sup>2</sup>



## 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  
 (3) Does not include one-off items: IFRS adjustment on amortized transaction costs and prepayment fee under partial repayment of VTB Bank loan

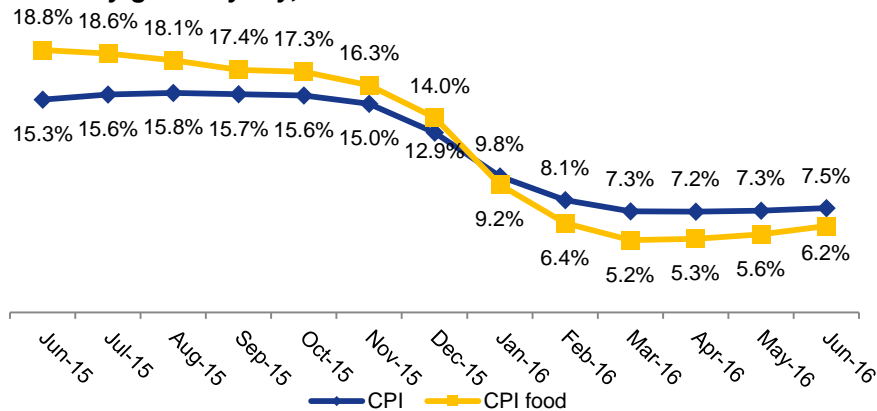
(1) Bond issues of Rub 10bn (10 year maturity and 2.5 year and 3.0 year put option) and of Rub 7bn (7 year maturity and 2.5 year put option) shown with maturity on date of put option; bond issue of Rub 3bn with 7 year maturity held by the company and not reflected in total debt and repayment schedule.



# Market – inflation and income trends

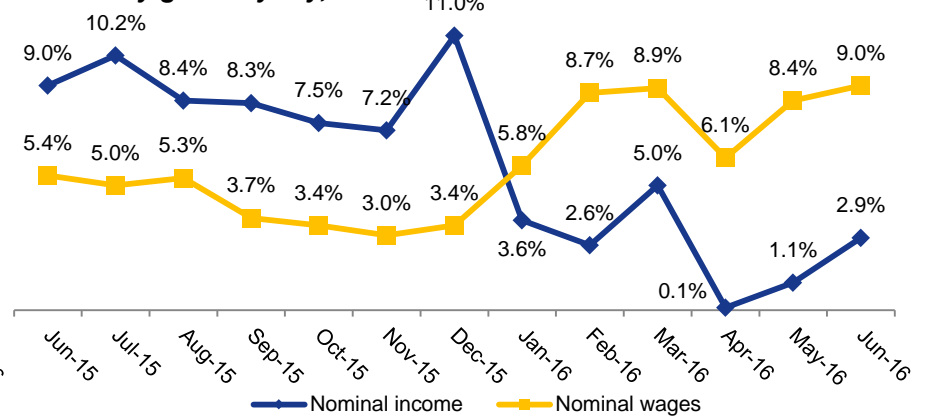
## CPI dynamics in 2015-2016

### Monthly growth y-o-y, %



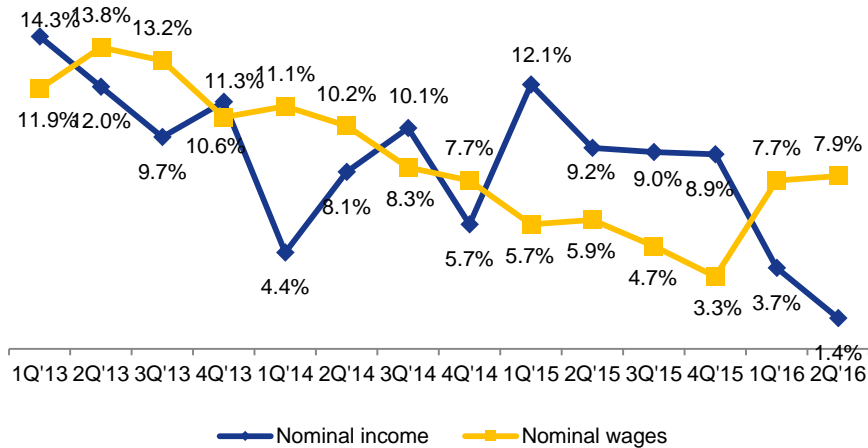
## Households nominal income and wages in 2015-2016

### Monthly growth y-o-y, %



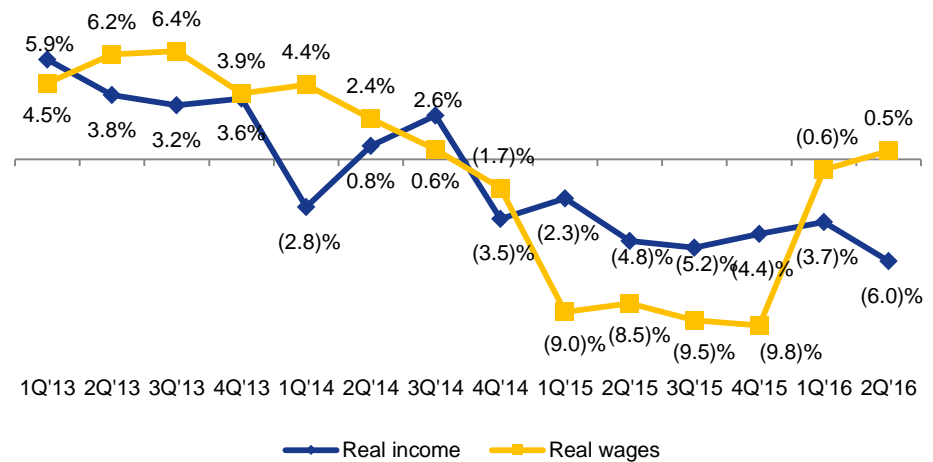
## Households nominal income and wages in 2013-2016

### Quarterly growth y-o-y, %



## Households real disposable income and wages in 2013-2016

### Quarterly growth y-o-y, %



Source: Rosstat. Preliminary data for 2016.

## 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	2Q'16
<b>Sales total, Rub bn</b>	<b>39.6</b>	<b>46.3</b>	<b>48.5</b>	<b>59.5</b>	<b>194.0</b>	<b>54.5</b>	<b>60.4</b>	<b>62.8</b>	<b>75.1</b>	<b>252.8</b>	<b>66.5</b>	<b>73.6</b>
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%	21.8%
<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	70.2
<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	3.4
<b>Number of stores</b>	<b>89</b>	<b>96</b>	<b>103</b>	<b>132</b>	<b>132</b>	<b>136</b>	<b>143</b>	<b>149</b>	<b>172</b>	<b>172</b>	<b>180</b>	<b>189</b>
<i>Hypermarkets</i>	79	82	87	108	108	112	116	122	140	140	142	147
<i>Supermarkets</i>	10	14	16	24	24	24	27	27	32	32	38	42
<b>Selling space, K sqm</b>	<b>519.7</b>	<b>542.3</b>	<b>569.8</b>	<b>701.2</b>	<b>701.2</b>	<b>727.6</b>	<b>751.4</b>	<b>787.8</b>	<b>882.4</b>	<b>882.4</b>	<b>896.1</b>	<b>922.9</b>
<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	882.4
<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	40.4
<b>LFL Sales growth</b>	<b>13.6%</b>	<b>14.1%</b>	<b>8.9%</b>	<b>7.6%</b>	<b>10.6%</b>	<b>15.0%</b>	<b>8.6%</b>	<b>8.5%</b>	<b>6.1%</b>	<b>9.1%</b>	<b>5.6%</b>	<b>4.9%</b>
<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%	4.9%
<i>Supermarkets</i>	-	71.3%	13.6%	14.5%	17.2%	28.0%	17.1%	14.7%	7.7%	15.1%	7.9%	3.5%
<b>LFL Traffic growth</b>	<b>6.1%</b>	<b>6.1%</b>	<b>4.2%</b>	<b>1.9%</b>	<b>4.4%</b>	<b>7.8%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>4.3%</b>	<b>3.9%</b>	<b>3.0%</b>	<b>1.4%</b>
<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%	1.3%
<i>Supermarkets</i>	-	62.9%	13.4%	4.7%	11.0%	14.1%	8.4%	5.2%	5.9%	7.7%	5.2%	2.7%
<b>LFL Ticket growth</b>	<b>7.0%</b>	<b>7.6%</b>	<b>4.5%</b>	<b>5.6%</b>	<b>6.0%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.2%</b>	<b>1.8%</b>	<b>5.0%</b>	<b>2.5%</b>	<b>3.4%</b>
<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%	3.6%
<i>Supermarkets</i>	-	5.1%	0.1%	9.4%	5.6%	12.2%	8.0%	9.0%	1.7%	6.8%	2.5%	0.8%



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