

Dixy Sees Sales, Margins Up in 2011

By [The Moscow Times](#)

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Retail chain Dixy expects sales growth to accelerate in 2011, anticipating high food price inflation and betting on promotional campaigns to lure still price-conscious customers to its stores. ☒

Dixy, which generated 54 billion rubles (\$1.72 billion) in 2009 sales, sees revenues growing 25 percent next year, compared with an expected 19 percent in 2010, chief executive Ilya Yakubson said Wednesday.

☒ "The situation [with consumer spending] is getting better, but I don't think it is a great trend. It is just a bit better than it was," Yakubson said on a conference call with analysts.

☒ Consumer sentiment has been on the rise on the back of a broader economic recovery, despite the latter having been slowed by the summer heatwave. Official data have already shown retail sales grew 2.9 percent in October compared with the previous month, although they came in below expectations.

✘Dixy forecast 2011 like-for-like sales growth at 7-8 percent because of rising average ticket, and the margin on the basis of earnings before interest, taxation, depreciation and amortization of 6.5 percent. The increase in profitability from 5.6-5.7 percent expected for this year should come through shrinkage control and improvements in logistics, the company said.✘

The company on Wednesday reported an EBITDA margin of 5.0 percent for the nine months to the end of September, down from 5.4 percent in January through September 2009. Nine-month EBITDA rose 8.3 percent to 2.3 billion rubles on a 17 percent increase in sales to 46.4 billion.✘

The company also narrowed its nine-month net loss to 37 million rubles from a year-earlier loss of 102 million rubles as it improved cost control measures.✘

Dixy, controlled by Igor Kesayev through his Mercury holding company, plans to open 150 stores in 2011 compared with 109 this year, and spend about 3 billion rubles on capital expenditures, compared with no more than 2.5 billion in 2010.

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