

Retailer X5 Boosts Sales by 12% in 2013

By [The Moscow Times](#)

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The country's No. 2 food retailer X5 Retail Group said promotions, better product selection and marketing drove sales growth at the end of last year, boosting its shares Thursday on hopes it can sustain the turnaround.

Magnit became sectoral market leader by sales last year after X5 changed its strategy in 2011 to focus on opening new stores, rather than buying existing store chains, and then suffered operational problems as well as increased competition from aggressively expanding rivals.

In October, X5 cut its 2013 sales growth forecast to about 8 percent from 11 percent after growth slowed to 6.6 percent in the third quarter.

In a statement on Thursday, X5 said sales jumped by nearly 12 percent year-on-year in the final quarter of 2013 and rose by 8.7 percent to 532.7 billion rubles (\$15.7 billion) in the year overall.

Like-for-like sales rose 3.9 percent year-on-year in the fourth quarter and 0.7 percent in 2013

as a whole.

X5 said it will continue to open new stores and go ahead with a significant refurbishment program for existing ones in 2014 to speed up recovery. It plans to release 2014 guidance on Feb. 14.

Its London-traded shares rose 5 percent Thursday morning.

"The fourth quarter provides momentum going into 2014, however with signs that consumer confidence may be ebbing we need to continue executing on many fronts to complete the turnaround in our operations," X5 CEO Stephan DuCharme said.

Magnit, which increased revenue by 29 percent last year to 579.5 billion rubles, said earlier that its sales growth slowed in December as customers chose to buy cheaper products. The sector's No. 4, O'Key, said its own growth may slow this year and that sales had been declining since last month.

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