

Russian Food Retailer X5 Plans at Least One More Acquisition This Year, Says CEO

By [The Moscow Times](#)

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Russia's No. 2 food retailer X5 said it plans to make at least one more acquisition this year, taking advantage of attractively priced assets in a difficult environment to expand its market share.

Russia's economic crisis and a slide in the ruble have increased financing costs and squeezed disposable incomes, forcing small grocery chains out of business as consumer spending tumbled.

X5 Retail Group, part of billionaire Mikhail Fridman's Alfa-Group, has made three small acquisitions this year, adding a total of around 150 stores in various regions, including

Moscow.

"These transactions are the result of regional players deciding to exit the food retail industry. [They] are bolt-on opportunities to create critical mass in individual regions," X5 CEO, Stephan DuCharme, said Thursday.

"We are under no pressure to do any transactions on this front but I'm confident that we will do at least one more transaction of this type during H2 2015," he told a conference call.

After several poor years following the exit of a long-serving CEO, X5 started to pick up last year and its recovery has been more noticeable this year. Whereas previously it bought up big rivals, since 2011 it has focused on expanding its own businesses and making smaller acquisitions where it sees a good opportunity.

Sales rose 28 percent in the second quarter from a year earlier, helped by more stores and more shoppers at its budget Pyatyorochka stores. That was better than last year when quarterly sales growth was in the range of 13.9-18.6 percent.

On Thursday, it reported a 26 percent rise in second-quarter earnings before interest, taxation, depreciation and amortization (EBITDA) with an EBITDA margin of 7.2 percent against 7.3 percent in Q2 2014.

The company did not provide full-year guidance, citing persistent market uncertainty. It said in March it expected to deliver faster sales growth in 2015 and open more stores than last year.

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