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Top 2 Grocery Operators Post Strong Sales for Q3

By The Moscow Times

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Two top Russian food retailers, X5 and Magnit, reported on Monday a sharp improvement in third-quarter sales, benefiting from drought-sparked price rises and continuing economic recovery.

Like-for-like sales at X5 Retail Group rose 6 percent, accelerating from 4 percent in the second quarter, while Magnit said same-store sales growth sped up to 12.4 percent from 7.6 percent.

The strong performance came even as official data showed that consumer confidence pulled back from a two-year peak in the third quarter as a drought-driven surge in food prices fanned concerns about future financial security.

Although the crop-killing heat wave prompted a rise in the cost of everyday foods, Russian consumers — still mindful of late Soviet Union-era shortages — appeared to be saving on

everything but food.

"We are encouraged that ticket growth is improving, suggesting that food price inflation is increasingly being translated into higher sales," Alfa Bank analyst Yelena Mills said in a comment on Magnit results.

X5, part of billionaire Mikhail Fridman's business empire Alfa Group, said its like-for-like sales were driven by a 4 percent rise in traffic, with the biggest contribution coming from low-price Pyatyorochka stores.

The average bill was up 2 percent — lagging behind the official food price inflation rate of about 2.6 percent in the July to September period, according to calculations based on the State Statistics Service's monthly data.

Magnit's customer traffic increased 6.2 percent, while the average bill was 5.8 percent higher than a year ago.

Magnit also saw net retail sales grow 44.1 percent in September alone to 19.9 billion rubles ($665.3 million) compared with a 40.6 percent rate in August as it opened 79 new stores last month.

X5 did not provide separate September figures but said third-quarter net retail sales rose 21 percent to 79.8 billion rubles versus 18 percent growth in the preceding period.

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