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X5 Feels Consumer Pinch

By The Moscow Times

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X5 cut its full-year revenue growth forecast as worsening economic conditions began to have an impact at the till, an early sign that consumers are tightening their belts ahead of a possible downturn.

The company said full-year gross ruble sales growth would be closer to 35 percent than an earlier target of 40 percent. It also warned that its margins were likely to take a hit from a planned price-cutting campaign.

X5 and rival Magnit both embarked on expansion to take advantage of early-year signs of consumer spending growth. X5 said Monday that it had yet to pause the program, reiterating a target of 540 store openings in 2011. X5's third-

quarter sales grew 32 percent in ruble terms to 105 billion rubles ($3.3 billion), a slowdown from a 41 percent increase in the previous quarter.

(Reuters)

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