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Embattled Retailer X5 Sees Second-Quarter Profits Jump 71%

By The Moscow Times

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X5 Retail Group N.V. ("X5" or the "Company") is a leading Russian food retailer.

Russian supermarket operator X5 Retail Group reported on Thursday a 71 percent jump in second-quarter net income due to a one-off reduction in tax expenses and said its operating cash flow visibly improved.

X5, struggling to turn around its business after a strategy shift several years ago and a series of management changes, said net profit amounted to around 4 billion rubles ($111 million), up from 2.3 billion a year earlier.

The company eliminated a 749 million ruble tax provision in the first half of the year and its second-quarter income tax expenses halved to 376 million rubles, boosting net earnings.

Its earnings before interest, taxation, depreciation and amortization, or EBITDA, increased 24 percent to 11.4 billion rubles with an EBITDA margin at 7.3 percent compared with 6.9 percent

a year ago, X5 said in a statement.

It had earlier forecast full-year 2014 EBITDA margin in the 6.8-7.2 percent range, after 7.2 percent in 2013.

X5 also said that its operating cash flow grew eight-fold in the second quarter to around 13 billion rubles due to positive changes in working capital and lower income taxes paid.

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