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Russian Supermarket Lenta Says Sales Growth Slowed in Q4

By The Moscow Times

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Lenta said in a statement sales reached 59.5 billion rubles ($869.4 million), driven primarily by the opening of new stores which resulted in a 38.7 percent rise in selling space.

Like-for-like sales grew 7.6 percent as its average bill rose 5.6 percent due to inflation while customer traffic was up 1.9 percent, year-on-year.

Other Russian retailers have also cited inflation as the main driver for sales growth in the final

quarter of 2014 which soared following a sharp fall in the ruble.

But as real wages and incomes falter, inflation is expected to become a headwind for grocery chains which will find it increasingly hard to pass on higher purchasing costs onto consumers, analysts say.

"It is clear that the economy will face further challenges in 2015," said Jan Dunning, Lenta Chief Executive Officer.

He added that the company would optimize its store opening program "as appropriate to maintain high returns in combination with a healthy balance sheet."

Lenta, which raised about $1 billion for investors including U.S. private equity firm TPG and Russian bank VTB in a London share sale in February last year, said its full-year 2014 sales rose 34.5 percent to 194 billion rubles.

It had earlier forecast 2014 sales growth within a 34-38 percent range. The company has not provided a 2015 outlook.

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