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Russia's X5 Retail Group Seeks Higher Growth in 2015

By The Moscow Times

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Russia's second-biggest food retailer X5 Retail Group expects to deliver faster sales growth in 2015 and open more stores than last year, its chief executive said on Monday.

"We will grow more than we did last year at each of our formats but the range and potential of that growth is such that it would be meaningless to try and guide you today," Stephan DuCharme said on a conference call.

The company, which has small budget stores as well as higher-end supermarkets and hypermarkets, will not provide guidance for revenue growth or new stores at least until the second half of 2015 because of economic volatility, DuCharme added.

Russian retailers are grappling with a weak economy and rising inflation due Western sanctions against Moscow for its support of separatists in eastern Ukraine and a plunge in the value of the ruble.

X5 is planning more capital spending than last year, partly due to the impact of higher inflation. In 2014, it spent 34.4 billion rubles ($585 million) mainly on opening 907 stores and refurbishing 523 others.

Sales at X5, in which Russian billionaire Mikhail Fridman's Alfa-Group has a 48 percent stake, rose 18.6 percent last year to 634 billion rubles.

In January and February, sales grew 25.5 percent and 25.9 percent, year-on-year, respectively, with like-for-like sales rising by 16.8 percent in each of the months, X5 said on Monday.

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