



# FY 2022 Investor Presentation

January 2023

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This presentation includes statements that are, or may be deemed to be, "forward-looking statements." These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate," "target," "expect," "estimate," "intend," "expected," "plan," "goal," "believe," or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond Lenta's control. As a result, actual future results may differ materially from the plans, goals, and expectations set out in these forward-looking statements. Any forward-looking statements made by or on behalf of Lenta speak only as of the date of this announcement. Except as required by any applicable laws or regulations, Lenta undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.



# LENTA'S STRENGTHS TODAY

"LENTA IS PERFECTLY POSITIONED TO BE A GROWTH LEADER IN THE NEXT STAGE OF RUSSIAN FOOD RETAIL"



**Largest**  
hypermarket  
chain in Russia<sup>1</sup>



Nationwide  
coverage in  
**200+** localities



**26+** million  
loyal customers



**98%** of Sales  
are made with  
Lenta's loyalty  
card



**109%**  
explosive growth  
of online sales  
(in 2022)



**600+** stores  
serve as online  
fulfillment centers



**11.6** million  
Lenta.App  
users<sup>2</sup>



**15**  
Online Partners



# BUSINESS GEOGRAPHY

**St. Petersburg and region**

 **40** Hypermarkets

 **122** Small Formats

**Moscow and region**

 **27** Hypermarkets

 **274** Small Formats

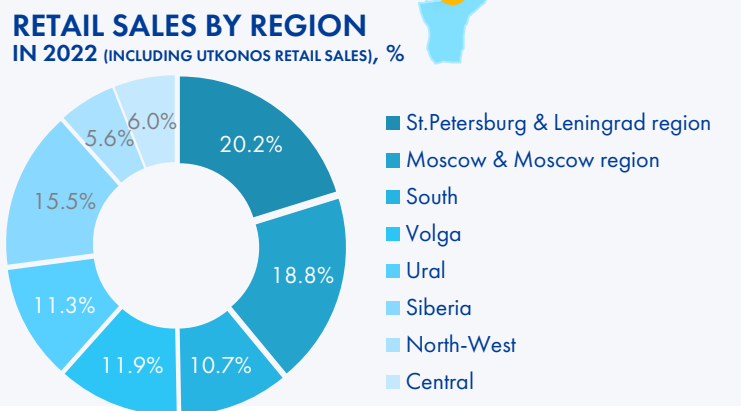
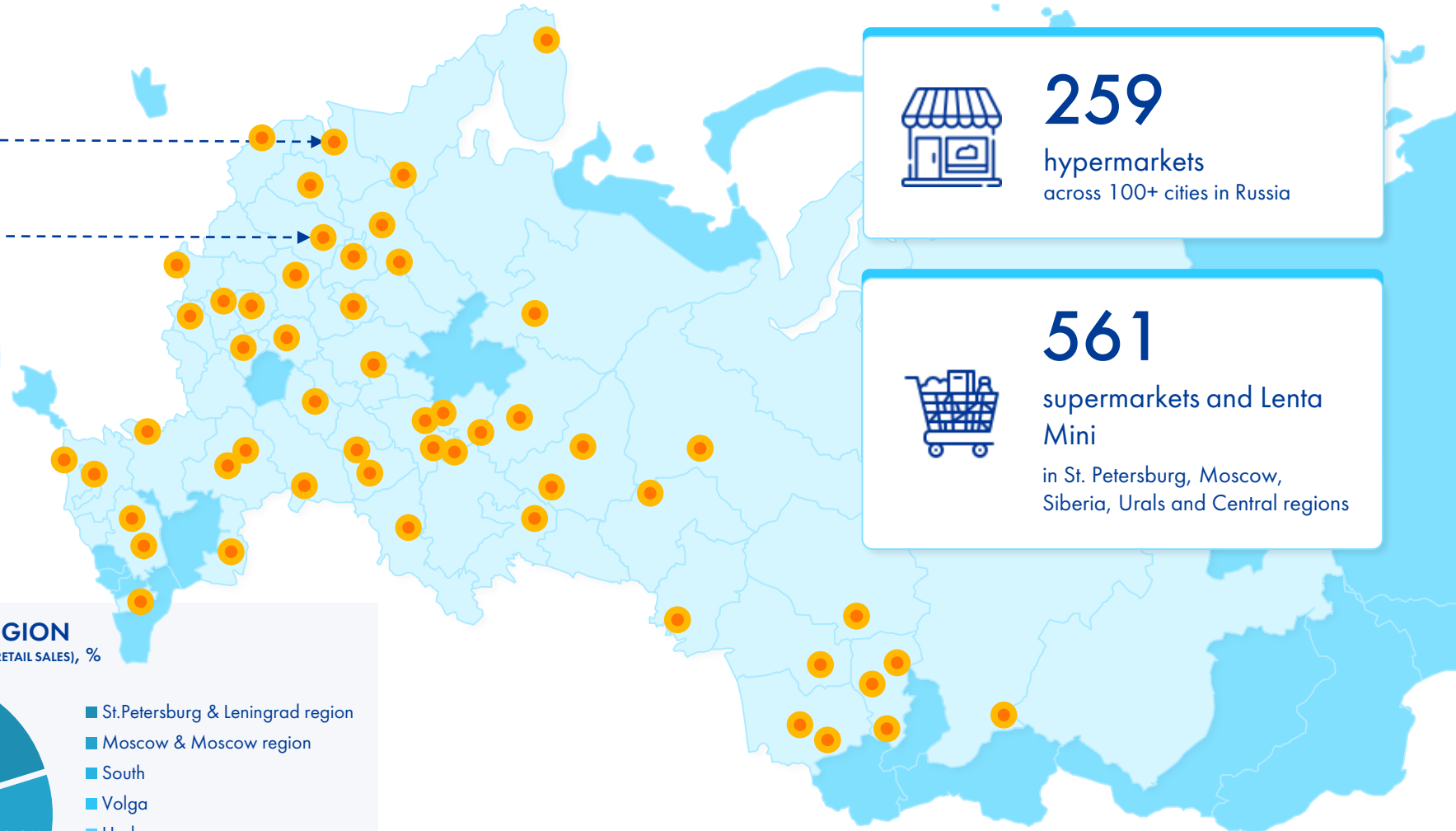
**Regions**

 **192** Hypermarkets

 **165** Small Formats

 **259** hypermarkets across 100+ cities in Russia

 **561** supermarkets and Lenta Mini in St. Petersburg, Moscow, Siberia, Urals and Central regions



# OUR STRATEGY



# OUR 2025 STRATEGY IS SIMPLE: X2 GROWTH WITH HIGHEST PROFITABILITY ON THE MARKET

X2 2020 REVENUE BY 2025 BY BECOMING CLOSER TO OUR CUSTOMERS

01



## Core business - HM

- LFL above the inflation via improving offering, experience and personalization
- Growing market share
- Potential conversion of some HMs into hybrid / dark stores

02



## Expansion

- ~1.5 mln sq.m primarily in SMs and proximity

## How?

- Organic expansion in regions with high market share & brand loyalty
- Sizeable consolidation deals in other regions

03



## Online

- >10% market share in 2025
- Federal presence
- Cover all customer missions
- Consider partnerships with marketplace

04



## EBITDA

- We defined a plan for constant improvement of operational efficiency

**+ RUB 550 BN to FY 2020 SALES**

**>8%**



# LENTA 2025 VISION



Improve our current offer  
in core business



Become closer to  
customer



CHAMPION  
OFFER



GREAT  
EXPERIENCE



BEST  
INDIVIDUALIZATION



EXPANSION IN LENTA  
SM & LENTA MINI



ONLINE DEVELOPMENT

CONTINUOUS IMPROVEMENT



# LENTA'S STRATEGIC GOALS THROUGH 2025

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## Growth



Double Sales  
to RUB 1 trillion

## Profitability



Remain the most  
profitable Russian  
food retailer

## Competitiveness



#1-2 player in  
the arenas where  
we choose to compete

## Returns



Total Shareholder Return  
amongst  
industry leaders



# STRATEGIC UPDATE



# VIA EXPANSION IN PROXIMITY & ONLINE WE GET HIGHER SHARE IN CUSTOMER WALLETS

Shopping missions									
	Big planned purchase for a short time	Small purchases: Dry & Fresh	Purchase of fresh to eat right after (snack)	Purchase of missing fresh in nearby store	Big planned purchase for a long time	Quick/spontaneous purchase of dry (bring home)	Quick/spontaneous purchase of dry (eat right after)	Planned non-food purchase (durables)	Planned non-food purchase (near food)

HM	✓	✓	✓	✓	✓	✓	✓	✓	✓
SM	✓	✓	✓	✓	✓	✓	✓	✓	✓
Proximity	✓	✓	✓	✓	✓	✓	✓	✓	✓
Online	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ Primary focus mission

✓ Secondary focus mission



# HYPERMARKET

Number of Stores	259
<b>Key Parameters<sup>1</sup></b>	
Average selling space, sqm	5,500
Number of SKUs	15k – 30k
Owned selling space	77.5%
Share of Non-food in Sales	22.2%
Share of Private Label	17.5%

## Focus Missions

Big planned purchase for a short time

Big planned purchase for a long time

Planned non-food purchase (durables)

Planned non-food purchase (near food)

- Small purchase: dry & fresh
- Purchase of fresh to eat right after (snack)
- Purchase of missing fresh in nearby store
- Quick/spontaneous purchase of dry (bring home)
- Quick/spontaneous purchase of dry (eat right after)

Primary focus mission
  Secondary focus mission

# SUPERMARKET

Number of Stores	341
<b>Key Parameters<sup>1</sup></b>	
Average selling space, sqm	850
Number of SKUs	4.6k – 12k
Owned selling space <sup>2</sup>	20.8%
Share of Non-food in Sales <sup>2</sup>	9.0%
Share of Private Label <sup>2</sup>	13.1%

## Focus Missions



Small purchases:  
Dry & Fresh



Big planned  
purchase for a short  
time



Big planned  
purchase for a long  
time

- Purchase of fresh to eat right after (snack)
- Purchase of missing fresh in nearby store
- Quick/spontaneous purchase of dry (bring home)
- Quick/spontaneous purchase of dry (eat right after)
- Planned non-food purchase (durables)

 Primary focus mission

 Secondary focus mission

Number of Stores	220
<b>Key Parameters<sup>1</sup></b>	
Average selling space, sqm	450
Number of SKUs	3.5k – 6.8k
Owned selling space <sup>2</sup>	4.9 %
Share of Non-food in Sales <sup>2</sup>	10.6%
Share of Private Label <sup>2</sup>	18.6%

## Focus Missions

 <p>Small purchases: Dry &amp; Fresh</p>	 <p>Purchase of fresh to eat right after (snack)</p>	 <p>Purchase of missing fresh in nearby store</p>
 <p>Quick/spontaneous purchase of dry (bring home)</p>	 <p>Quick/spontaneous purchase of dry (eat right after)</p>	 <p>Big planned purchase for a short time</p>

Primary focus mission
  Secondary focus mission

# FY 2022 RESULTS



# FY 2022 HIGHLIGHTS



**105**

Stores added  
(gross)



**1.9%**

Selling space  
growth y-o-y\*



**11.1%**

Sales growth  
y-o-y\*\*



**11.4%**

Retail Sales  
growth  
y-o-y\*\*



**56.7%**

Small-format stores  
Sales growth  
y-o-y



**2.3%**

LFL Total Retail  
Sales growth  
y-o-y\*



**109%**

Total Online  
Sales growth  
y-o-y\*\*



**72%**

Total Online  
Orders growth  
y-o-y\*\*



\* LFL results include the results of Billa stores starting from September 2022 and the results of Semya stores starting from October 2022  
\*\* Including Utikonos results from the date of consolidation (1 February 2022)

# FY 2022 OPERATING RESULTS

Number of Stores

**259**

Hypermarkets  
(1 HM opened in 2022)

**561**

Small-format stores  
(62 stores added,  
net in 2022)

Selling Space

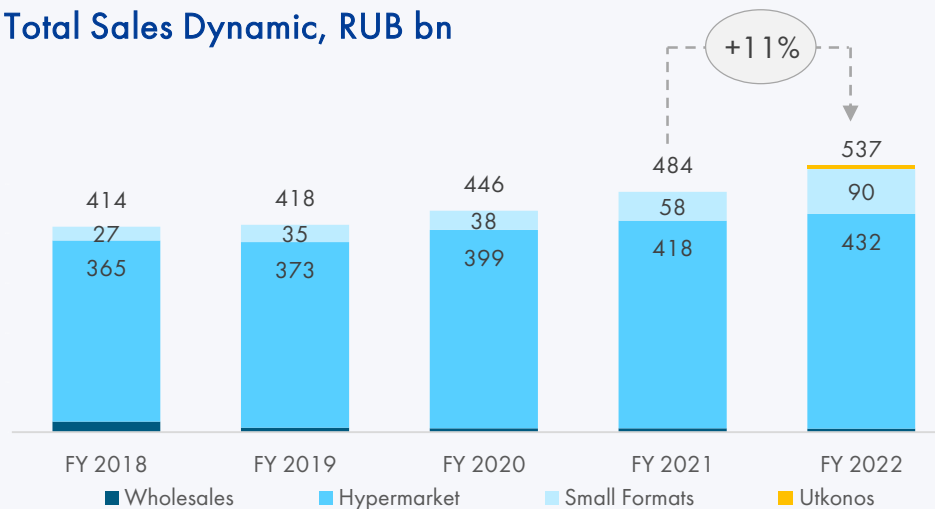
**1,416** k sqm

Hypermarkets  
(0,4% growth y-o-y)

**372** k sqm

Small-format stores  
(8.1% growth y-o-y)

Total Sales Dynamic, RUB bn



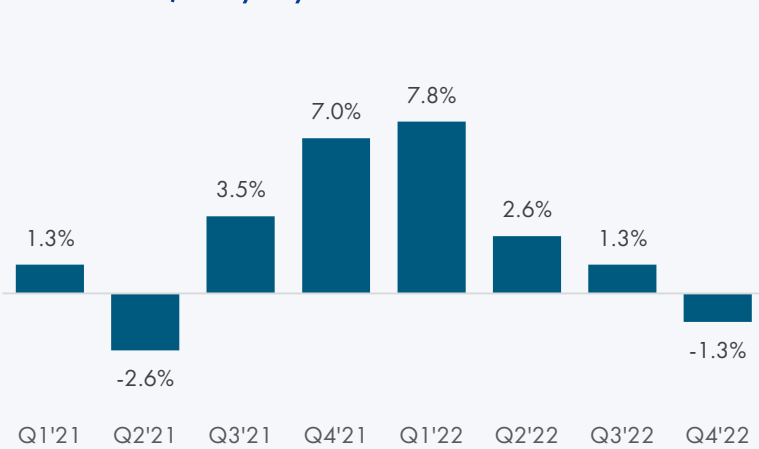
**-3.8%**

Average Ticket  
decrease  
y-o-y

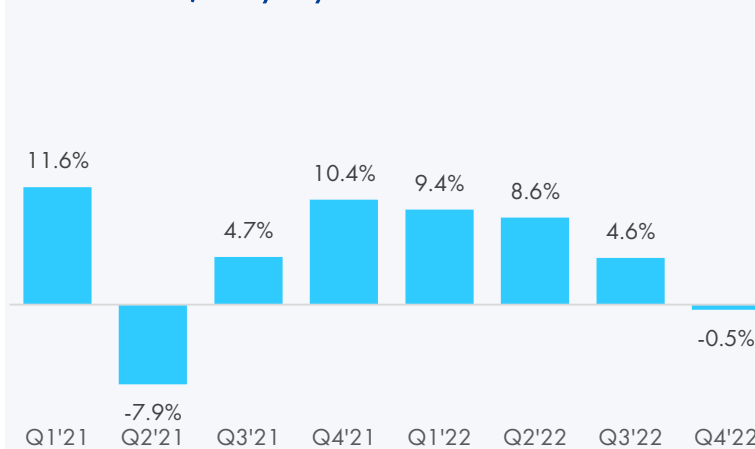
**15.8%**

Number of Tickets  
growth  
y-o-y

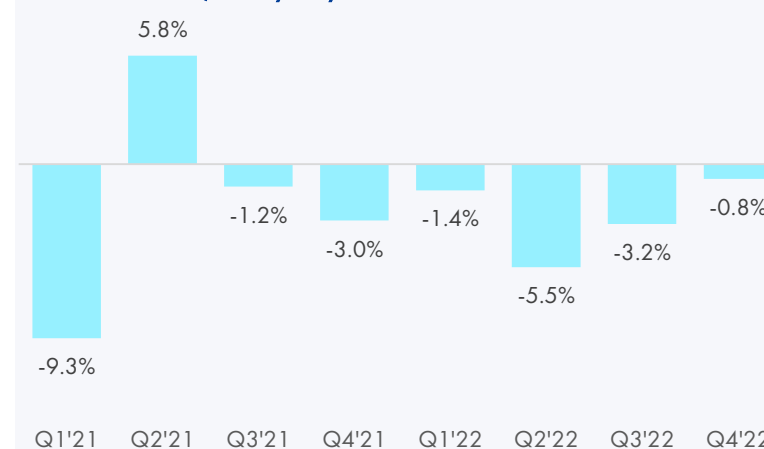
LFL sales\*, Δ% y-o-y



LFL Ticket\*, Δ% y-o-y










LFL Traffic\*, Δ% y-o-y



\* Billa stores' results are included partially in LFL sales (only September results). Semya stores are not included in LFL



# 9M 2022: FORMAT DETAILS

	Hypermarkets	Small formats
 Number of stores	259	561 <sup>**</sup>
 Selling space, sq.m.	1,415,820	372,396
 Owned selling space, %	77.5%	17.1%
 Sales density, k RUB/sq.m <sup>*</sup>	305.6	252.4
 Retail sales split <sup>***</sup>	81.5%	18.5%
 Average ticket, RUB	1,351	494
 Average # of SKU	27,171	6,280

# LOGISTIC CAPABILITIES



14

Distribution Centers (DC)



453k sq m

Distribution Centers space



81%

Own DC's space



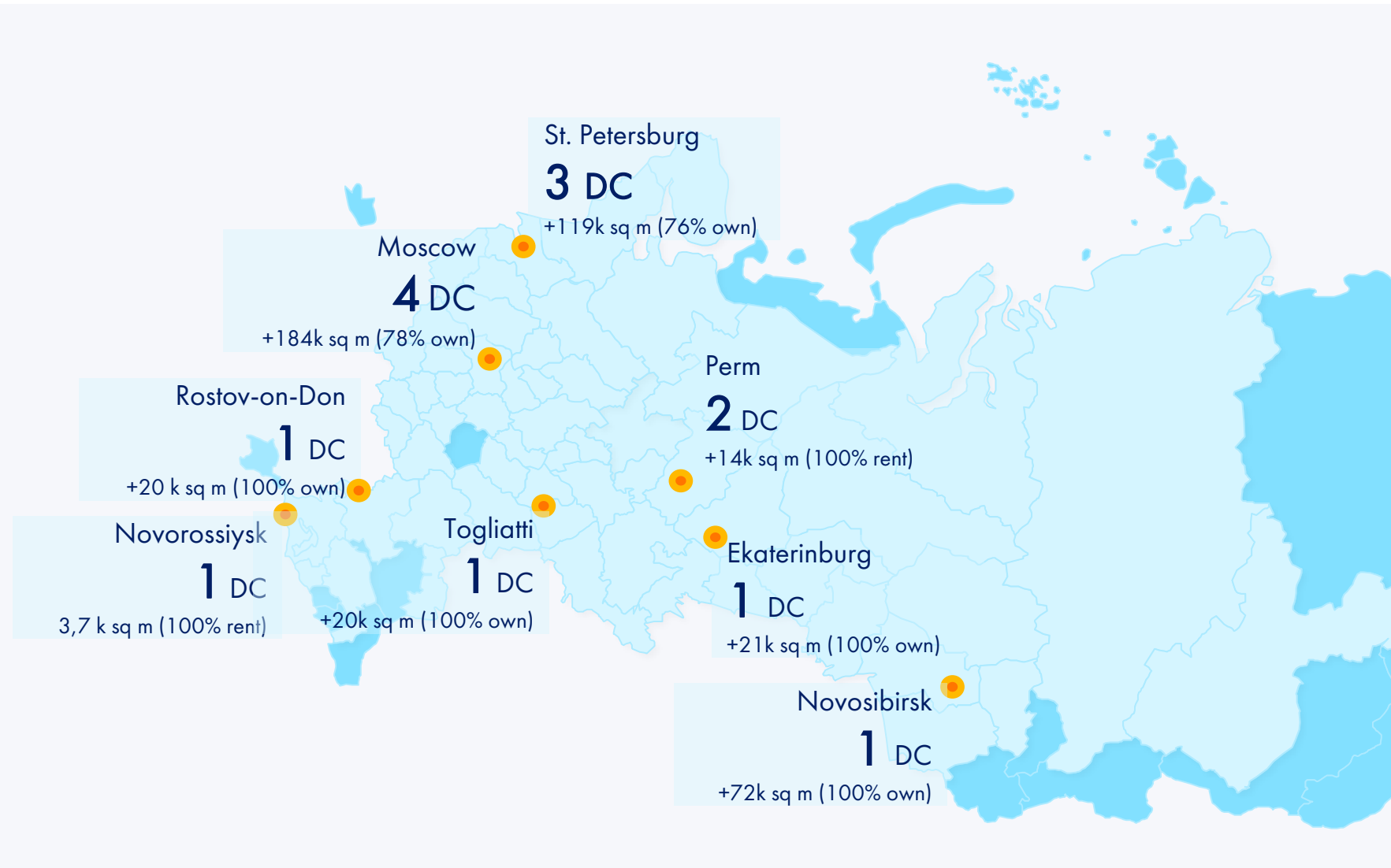
415

Own Trucks



71.4%

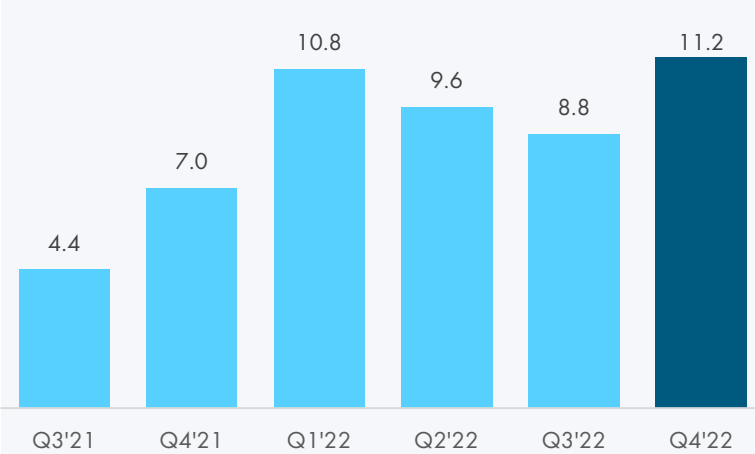
Centralization ratio



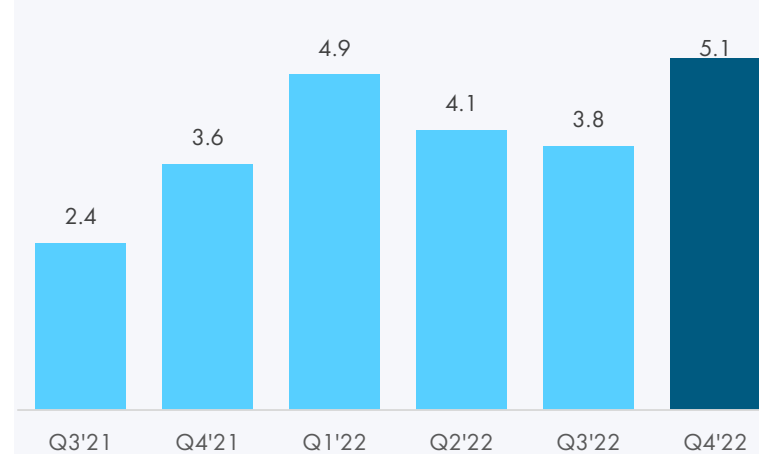
\* Excluding trucks which are used by Utkonos service

# ONLINE OPERATING RESULTS<sup>1</sup>

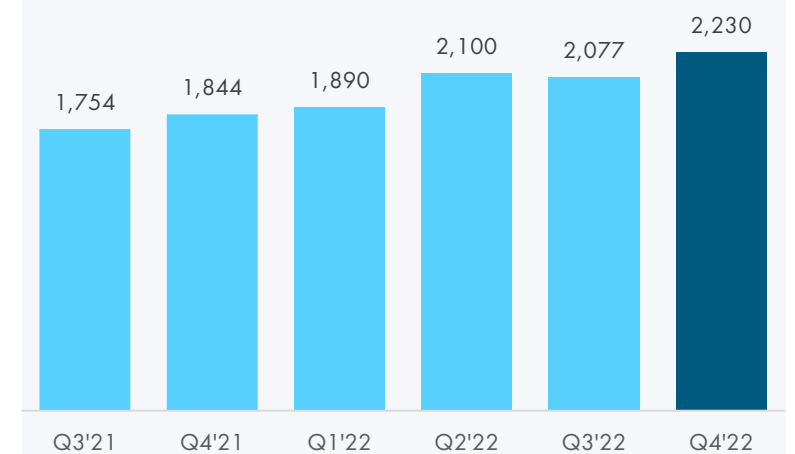
Total Online Sales, RUB bn



Total Online Orders, mn



Lenta Online Average Ticket, RUB



## Online Sales Split<sup>2</sup>

**30%**

Share of **Online Partners** in Total Online Sales

**51%**

Share of **Lenta Online and C&C** in Total Online Sales

**19%**

Share of **Utikonos** in Total Online Sales

## Unique Set of Assets to Become a Champion in Online



Wide Geographical Coverage of HM

**259 HMs**

Convertible to hybrid / darkstores



Strong Commercial Terms

- Wide range with strong purchase power
- Great choice of 35+ SKUs
- Unique offer of best-in-class PL



Significant Online Customer Traffic<sup>3</sup>

- 64 mn citizens in catchment area
- 26 mn loyalty card holders



1. Including Utikonos results from the date of consolidation (1 February 2022)  
 2. Based on FY 2022 sales  
 3. As of December 31, 2022

# LENTA DIVIDENDS

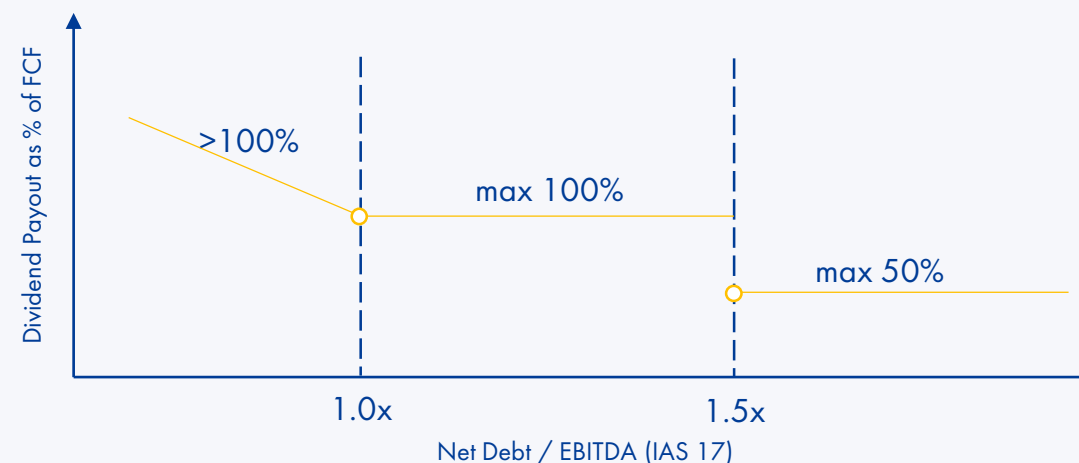
## Dividend Policy

- Dividend Policy was approved by the Board in November 2021.
- Key Dividend Policy principals:
  - the Company intends to pay dividends on an annual basis. However, the Company may also pay interim dividends, provided that its current financial position is sustainable;
  - the dividend payout shall depend on the performance of the Company and its subsidiaries;
  - the average amount of dividends for a calendar year should not exceed 100% of FCF of the Company for the respective reporting period, provided that the Net Debt/EBITDA ratio based on figures in the Consolidated Financial Statements (IAS 17) is lower than 1.5x, and the Company is allowed to make an adjustment for seasonal fluctuations in working capital;
  - if the Net Debt/EBITDA ratio is lower than 1.0x, the amount of paid dividends can exceed 100% of FCF of the Company;
  - if the Net Debt/EBITDA ratio is higher than 1.5x, the Company may move to a policy, whereby an average annual amount of dividends shall not exceed 50% of FCF for the respective reporting period, until the Net Debt/EBITDA ratio returns to 1.5x or below.

## Lenta's Strategic Priorities in Capital Allocation

- 01.** Maintain healthy Leverage: long-term target of 1.5x
- 02.** Invest into profitable growth of sales in existing stores, organic and inorganic growth
  - Existing stores renovation
  - New stores opening and online channel development
  - Industry consolidation
- 03.** Distribute dividends

## Dividend Payout Determination Principle



# Appendices



# BALANCE SHEET (IFRS 16)

Assets, RUB mn	30 Jun 2022	31 Dec 2021	31 Dec 2020	Equity and Liabilities RUB mn	30 Jun 2022	31 Dec 2021	31 Dec 2020
<b>Non-current assets</b>				<b>Total Equity</b>	<b>130,191</b>	<b>106,961</b>	<b>94 481</b>
PP&E	176,346	170,370	163 901	<b>Non-current liabilities</b>			
Right-of-use assets	55,718	59,720	33 771	Long-term borrowings	25,975	66,912	45 941
Intangible assets	5,977	3,064	2 581	Long-term lease liabilities	50,712	54,150	31 327
Other non-current assets	17,922	9,126	1 003	Other non-current liabilities	8,101	7,989	6 523
<b>Total non-current assets</b>	<b>255,964</b>	<b>242,281</b>	<b>201 256</b>	<b>Total non-current liabilities</b>	<b>84,788</b>	<b>129,051</b>	<b>83 791</b>
<b>Current assets</b>				<b>Current liabilities</b>			
Inventories	53,849	51,353	42 072	Trade and other payables	53,211	74,031	61 466
Trade and other receivables	6,668	13,125	10 903	Short-term borrowings and short-term portion of long-term borrowings	57,154	21,502	33 011
Advanced paid	4,912	2,903	1 754	Short-term lease liabilities	6,148	6,398	3 114
Cash and cash equivalents	13,228	33,326	21 809	Other non-current assets	5,464	5,345	2 598
Other current assets	2,336	300	668	<b>Total current liabilities</b>	<b>121,977</b>	<b>107,276</b>	<b>100 189</b>
<b>Total current assets</b>	<b>80,993</b>	<b>101,007</b>	<b>77 205</b>	<b>Total liabilities</b>	<b>206,766</b>	<b>236,327</b>	<b>183 980</b>
<b>Total assets</b>	<b>336,957</b>	<b>343,288</b>	<b>278 461</b>	<b>Total equity and liabilities</b>	<b>336,957</b>	<b>343,288</b>	<b>278 461</b>



# FY 2021 KEY FINANCIAL HIGHLIGHTS

RUB mn	IFRS 16			IAS 17		
	FY 2021	FY 2020	Change	FY 2021	FY 2020	Change
Total Sales	483,641	445,544	8.6%	483,641	445,544	8.6%
Gross Profit	111,361	101,816	9.4%	111,107	101,494	9.5%
<i>Gross Margin (%)</i>	<i>23.0%</i>	<i>22.9%</i>	<i>17 bps</i>	<i>23.0%</i>	<i>22.8%</i>	<i>19 bps</i>
SG&A	(91,447)	(80,114)	14.1%	(93,066)	(81,538)	14.1%
<i>SG&amp;A as % of Total Sales</i>	<i>-18.9%</i>	<i>-18.0%</i>	<i>-93 bps</i>	<i>-19.2%</i>	<i>-18.3%</i>	<i>-94 bps</i>
<b>EBITDA</b>	<b>46,885</b>	<b>44,919</b>	<b>4.4%</b>	<b>39,242</b>	<b>39,315</b>	<b>-0.2%</b>
<i>EBITDA Margin</i>	<i>9.7%</i>	<i>10.1%</i>	<i>-39 bps</i>	<i>8.1%</i>	<i>8.8%</i>	<i>-71 bps</i>
Operating Profit	25,422	29,286	-13.2%	23,348	27,595	-15.4%
<i>Operating Profit Margin</i>	<i>5.26%</i>	<i>6.6%</i>	<i>-132 bps</i>	<i>4.8%</i>	<i>6.2%</i>	<i>-137 bps</i>
Net Interest Expenses	(8,428)	(8,902)	-5.3%	(4,923)	(6,217)	-20.8%
(Net FX Loss)	(524)	(386)	35.8%	(497)	(247)	101.2%
Profit Before Income Tax	16,470	19,998	-17.6%	17,928	21,131	-15.2%
<b>Net Income</b>	<b>12,480</b>	<b>16,541</b>	<b>-24.6%</b>	<b>13,646</b>	<b>17,447</b>	<b>-21.8%</b>
<i>Net Income Margin</i>	<i>2.6%</i>	<i>3.7%</i>	<i>-113 bps</i>	<i>2.8%</i>	<i>3.9%</i>	<i>-109 bps</i>



# 1H 2022 KEY FINANCIAL HIGHLIGHTS

RUB mn	IFRS 16			IAS 17		
	H1 2022	H1 2021	Change	H1 2022	H1 2021	Change
<b>Total Sales</b>	<b>262,459</b>	<b>218,088</b>	<b>20.3%</b>	<b>262,459</b>	<b>218,088</b>	<b>20.3%</b>
Gross Profit	63,102	49,722	26.7%	62,839	49,807	26.4%
<i>Gross Margin (%)</i>	<i>24.0%</i>	<i>22.8%</i>	<i>120 bps</i>	<i>23.9%</i>	<i>22.8%</i>	<i>144 bps</i>
SG&A	-59,299	-42,103	43.5%	-60,504	-41,325	43.7%
<i>SG&amp;A as % of Total Sales</i>	<i>-22.6%</i>	<i>19.3%</i>	<i>364 bps</i>	<i>-23.1%</i>	<i>18.9%</i>	<i>375 bps</i>
<b>EBITDA</b>	<b>20,686</b>	<b>17,472</b>	<b>0.2%</b>	<b>15,409</b>	<b>20,647</b>	<b>-11.8%</b>
<i>EBITDA Margin</i>	<i>7.9%</i>	<i>8.0%</i>	<i>-159 bps</i>	<i>5.9%</i>	<i>9.5%</i>	<i>-214 bps</i>
Operating Profit	7,991	9,847	-26.6%	6,593	10,884	-33.0%
<i>Operating Profit Margin</i>	<i>3.0%</i>	<i>4.52%</i>	<i>-195 bps</i>	<i>2.5%</i>	<i>4.99%</i>	<i>-200 bps</i>
Net Interest Expenses	-4,910	-2,331	32.3%	-2,455	-3,711	5.3%
(Net FX Loss)	1,253	-610	-312.7%	357	-589	-158.5%
Profit Before Income Tax	<b>4,334</b>	<b>6,906</b>	<b>-34.2%</b>	<b>4,495</b>	<b>6,584</b>	<b>-34.9%</b>
<b>Net Income</b>	<b>3,230</b>	<b>5,363</b>	<b>-36.7%</b>	<b>3,358</b>	<b>5,105</b>	<b>-37.4%</b>
<i>Net Income Margin</i>	<i>1.2%</i>	<i>2.5%</i>	<i>-111 bps</i>	<i>1.3%</i>	<i>2.3%</i>	<i>-118 bps</i>





# FY 2021 CASH FLOW STATEMENT

RUB mn	IFRS 16			IAS 17		
	FY 2021	FY 2020	Change	FY 2021	FY 2020	Change
<b>Profit before Income Tax</b>	<b>17,928</b>	<b>21,131</b>	<b>-15.2%</b>	<b>16,470</b>	<b>19,998</b>	<b>-17.6%</b>
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	21,572	19,493	10.7%	30,650	26,190	17.0%
Movement in Working Capital	2,076	(2,370)	-	2,319	(2,437)	-
<b>Cash Generated from Operating Activities</b>	<b>41,576</b>	<b>38,254</b>	<b>8.7%</b>	<b>49,439</b>	<b>43,751</b>	<b>13.0%</b>
Net Interest & Income Tax Paid	(7,991)	(11,046)	27.7%	(11,560)	(13,763)	16.0%
<b>Net Cash from Operating Activities</b>	<b>33,585</b>	<b>27,208</b>	<b>23.4%</b>	<b>37,879</b>	<b>29,988</b>	<b>26.3%</b>
Net Cash Used in Investing Activities	(30,815)	(7,409)	-315.9%	(30,779)	(7,374)	317.4%
Net Cash generated from / (used in) Financing Activities	9,218	(71,447)	-	4,888	(74,262)	-
Effect of exchange rate on cash and cash equivalents	(471)	52	-	(471)	52	-
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>11,517</b>	<b>(51,596)</b>	<b>-</b>	<b>11,517</b>	<b>(51,596)</b>	<b>-</b>



# 1H 2022 CASH FLOW STATEMENT

RUB mn	IFRS 16			IAS 17		
	H1 2022	H1 2021	Change	H1 2022	H1 2021	Change
<b>Profit before Income Tax</b>	4,334	6,584	-34.2%	4,495	6,906	-34.9%
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	16,834	14,216	18.4%	11,328	10,740	5.5%
Movement in Working Capital	-17,929	-10,353	-73.2%	-17,897	-10,216	-75.2%
<b>Cash (used in)/generated from operating activities</b>	3,239	10,447	-69.0%	-2,074	7,430	-
Net Interest & Income Tax Paid	-7,946	-4,704	68.9%	-5,477	-3,323	64.8%
<b>Net Cash generated from/(used in) Operating Activities</b>	-4,707	5,743	-	-7,551	4,107	-
Net Cash Used in Investing Activities	-7,340	-4,851	51.3%	-7,359	-4,868	51.2%
Net Cash generated from / (used in) Financing Activities	-7,914	7,774	-	-5,051	9,427	-
Effect of exchange rate on cash and cash equivalents	-138	-615	-77.6%	-138	-615	-77.6%
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	-20,099	8,051	-	-20,099	8,051	-



# MARKET – INFLATION AND INCOME TRENDS

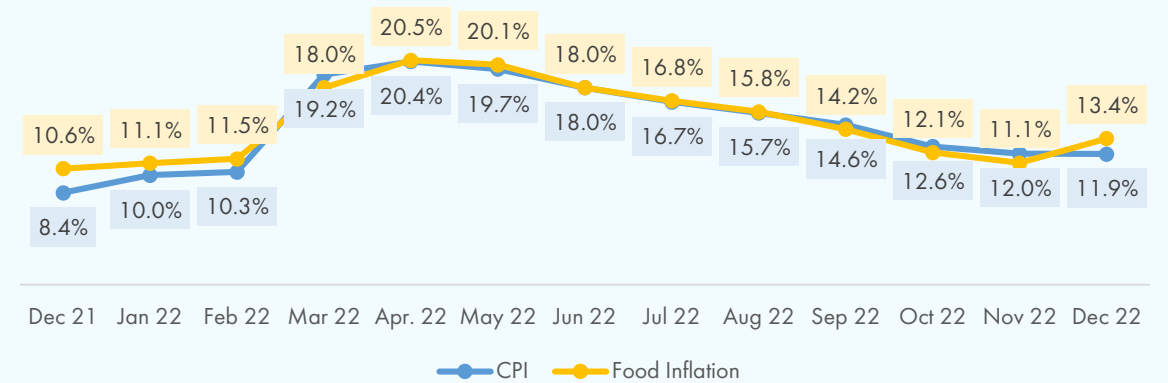
## REAL GDP<sup>1</sup>

Quarterly dynamics YoY, %



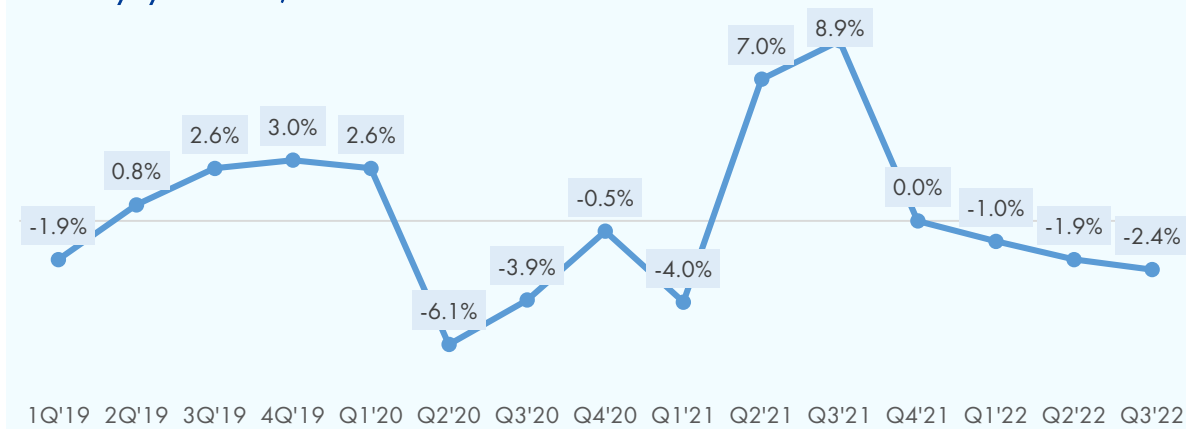
## CPI AND FOOD INFLATION

Monthly dynamics YoY, %



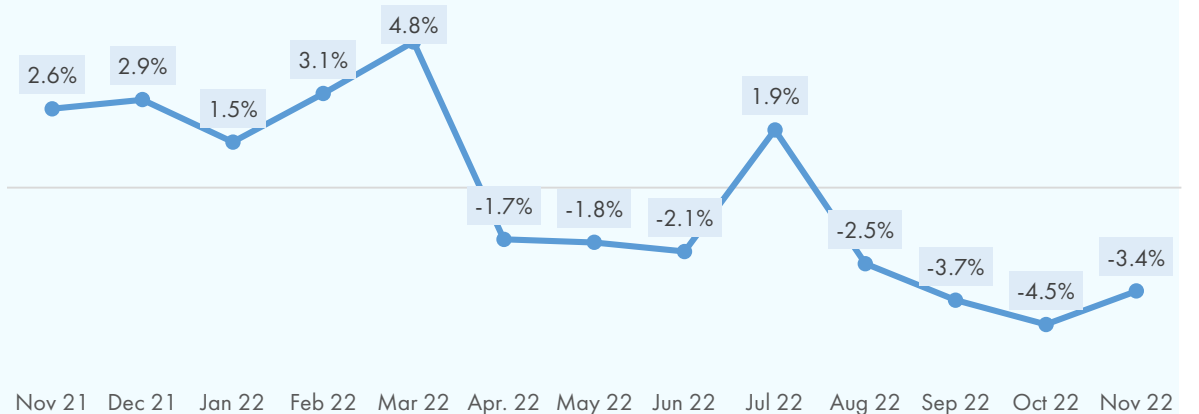
## REAL DISPOSABLE INCOME

Quarterly dynamics YoY, %



## FOOD RETAIL SALES (in the mass of commodities)

Monthly dynamics YoY, %





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