

Т О Р Г О В Ы Й   Д О М



# TRADING HOUSE “KOPEYKA”

**February 2006 results**

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## Key events in February 2006

- Management rights acquisition of 48 stores and a distribution centre in Nizhniy Novgorod previously worked under brand name Econta (NTA company). These assets were purchased by a foreign investment fund from Millhouse Capital and afterwards passed to Kopeyka under the terms of asset management agreement.
- Successful floating of 2nd RUR bonds issue in the amount of 4.0 billion rubles (“Kopeyka-2”) on MICEX with maturity date in 2012 and put-option in 2009. A coupon rate has been set of 8.70% p.a. for 1–12 bond coupons and turned out to be the lowest among the retail companies whose bonds had been floated in the market.
- The resumption of trading in “Kopeyka-1” RUR bonds on MICEX .

## Acquisition in Nizhniy Novgorog

- On 28th of February Kopeyka acquired management rights of 48 stores and a distribution centre in Nizhniy Novgorod. Acquired stores and DC previously worked under brand name Econta which was one of the leading retail chain in Nizhniy Novgorog region.
- These assets were purchased by a foreign investment fund from Millhouse Capital and afterwards passed to Kopeyka under the terms of asset management agreement. Trade house “Kopeyka” has been appointed executive organ in acquired company (NTA).
- Further business operations of the company will be based on agency agreement with Trade house “Kopeyka”. This scheme is similar to Kopeyka franchising agreement: Kopeyka owns all goods sold in managed stores and consolidates Sales, COGS and Gross profit on its PL statement. NTA receives an agency commission as a fixed percent of sales to finance its operating expenses.
- Kopeyka is considering an opportunity to buy out these assets in future

## 2<sup>nd</sup> RUR Bonds issue

### Commentary

- On 22<sup>nd</sup> of February 2006, Kopeyka has successfully floated its second bond issue in the amount of 4.0 billion rubles
- A coupon rate has been set of 8.70% p.a. for 1–12 bond coupons. The effective yield to be offered three years later amounted to 8.99% p.a.
- The coupon rate became 1.05 percentage points lower as compared with the first issue of Kopeyka bonds and turned out to be the lowest among the retail companies whose bonds had been floated in the market (Perekriostok, Pyaterochka, Tander, etc.).
- To manage the aggregate debt burden effectively, the Issuer purchased 2.1 billion rubles' worth of the issued bonds which will be placed in the secondary market, as the Group requires any raised funds.
- Upon completion of payments, the aggregate consolidated Group debt will not be in excess of \$150 million.

### Issue information

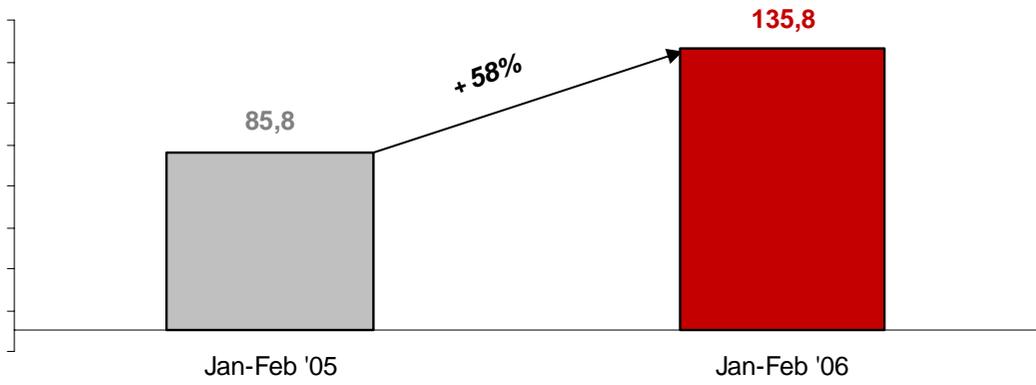
<b>Issuer, issue number:</b>	TD Kopeyka, 2
<b>Type of bond:</b>	Domestic bonds
<b>Placement type:</b>	public
<b>Par, currency of issue:</b>	RUR, 1000
<b>Amount:</b>	4 000 000 000
<b>Registration date:</b>	Jan 19, 2006
<b>Date of placement:</b>	Feb 22, 2006
<b>Issue price:</b>	100
<b>Coupon 1-12 Coupon 13-24</b>	8,70% to be set by issuer
<b>Coupon frequency:</b>	4 time(s) per year
<b>Maturity date:</b>	Feb 15 2012
<b>Early redemption terms:</b>	on the 14th day of the 13th coupon period at par
<b>Issue Managers:</b>	Lead: FK Uralsib
<b>Issues's Standard &amp; Poor's ratings:</b>	ruBBB, National Scale (Russia)

# Sales dynamics

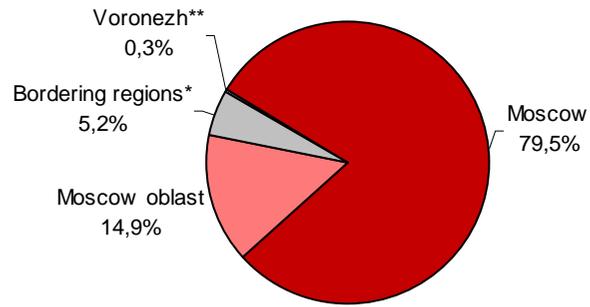
## Commentary

- Kopeyka Jan-Feb 2006 revenue has increased by 58% as comparison with the same period of 2005.
- We see the following reasons as key drivers of such growth:
  - Continued Kopeyka retail chain expansion;
  - Same stores sales increase.
- Regional expansion started in 2004 continues to affect sales structure: Moscow share in company revenue decreased from 95% in January 2005 to 80% in February 2006.

## Monthly Sales changes, mln. \$US, gross



## Sales breakdown by regions

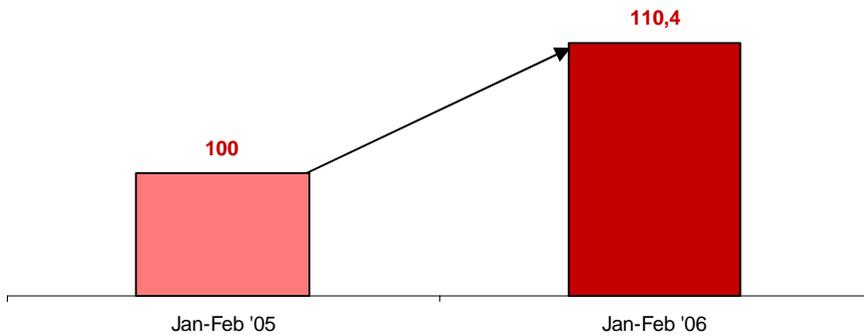


\* - < 300 km from Moscow: Yaroslavl, Tula, Vladimir, Tver, Ryazan, Bryansk, Smolensk, Kaluga

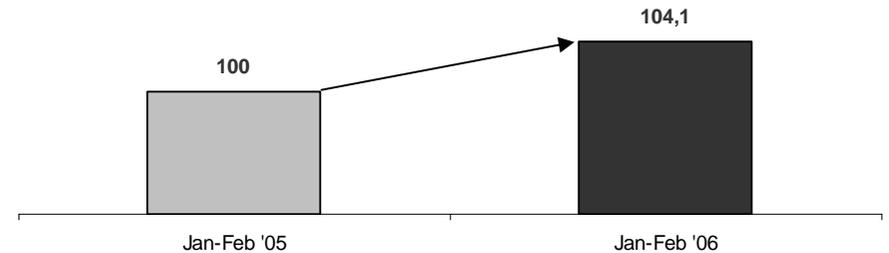
\*\* - Voronezh is a center of newly opened Voronezh division

# Same stores data dynamics

## Sales per sqm dynamics



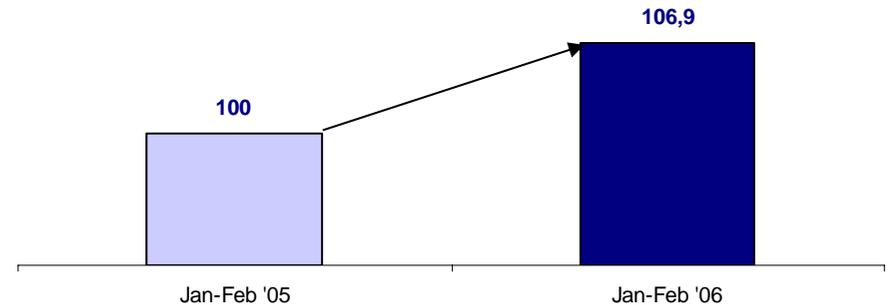
## Average basket size dynamics



## Important notifications

- Calculations are based on:
  - data received from Discounter stores with more than 13 months in operation (on 01.01.2005);
  - company management accounts.
- There are 51 of such stores; all of them are located in Moscow
- All data are presented in nominal term
- Average \$US rates of exchange for each period were used

## Customers traffic per sqm dynamics

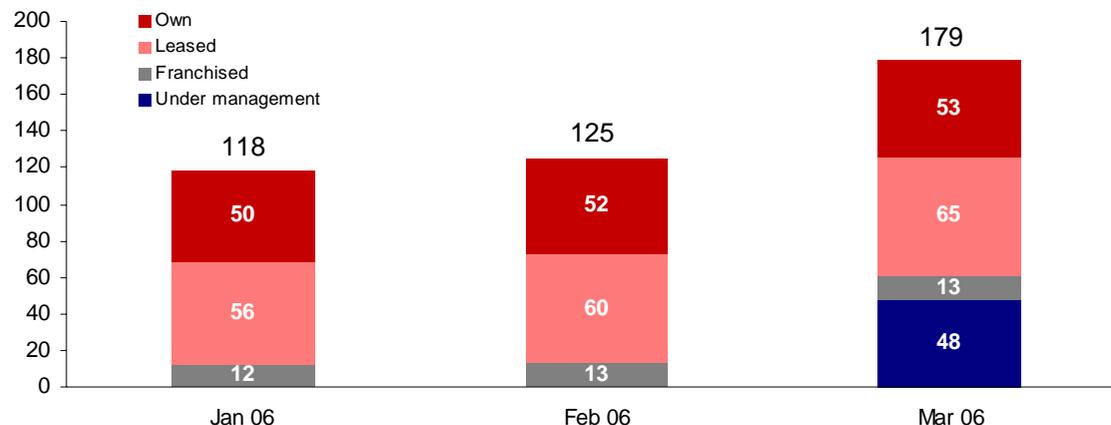


# Retail chain development

## Commentary

- From the beginning of 2006 Company succeeded to add 61 new stores:
  - 5 stores in Moscow;
  - 2 store in Moscow oblast;
  - 1 store in Tver\*;
  - 2 store in Ryazan\*
  - 3 stores in Yaroslavl.
  - 48 stores in Nizhniy Novgorod
- Current ration between own and leased stores in operation is 45/55.
- Average lease period according to current agreements is 6,5 years.
- In the beginning of February Kopeyka has 79 stores under refurbishment to be launched over next 6 months.

## Number of Stores in operation, BoP



## Company stores portfolio, Mar 06, BoP

	Number of stores	Selling space, '000 sqm
<b>Stores in operation</b>	<b>179</b>	<b>108,7</b>
Own retail chain	118	76,1
Own stores	53	38,7
Leased stores	65	37,4
Franchised stores	13	7,2
Under management	48	25,4
<b>Stores under refurbishment</b>	<b>79</b>	<b>43,0</b>
Own retail chain	77	42,3
Own stores	25	13,6
Leased stores	52	28,7
Franchised stores	2	0,8
<b>TOTAL</b>	<b>258</b>	<b>151,7</b>

\* - Bordering regions (< 300 km from Moscow)

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