

## EUROTOrg ANNOUNCES IFRS FINANCIAL RESULTS FOR 1H 2018

11 September 2018

Eurotorg (the “Company”), the largest food retailer in Belarus, today announces its reviewed condensed consolidated financial results under International Financial Reporting Standards (IFRS) for the six months ended 30 June 2018.

To optimise the Company’s shareholding structure, and to consolidate offline retail, e-commerce and drogerie under a single common holding company, the Company’s shareholders completed a reorganisation of the Company on 28 June 2018. Following the completion of this reorganisation, this and future financial and operating results disclosures by the Company will consolidate the above-mentioned business lines<sup>1</sup>.

The Company’s online business is comprised of two e-commerce projects: E-dostavka.by and Gipermall.by. E-dostavka was launched in 2014 and is the leading online grocery service in Belarus. It has a traditional hypermarket product range (excluding alcohol and tobacco) focused on high-quality service, such as fast deliveries, order accuracy and quality of goods. E-dostavka’s main service areas are Minsk and other large cities. Gipermall.by is a nationwide online hypermarket, which was launched in 2016. It offers a wide range of dry food, soft drinks and non-food goods and can deliver anywhere in the country through its own courier service or the national postal service.

Magia is a chain of drogerie stores launched in January 2018, focusing on non-food items such as detergents and cleaning goods, beauty and perfume, personal care and household goods. As of 30 June 2018, 38 Magia stores with total selling space of 6 ths. sqm were in operation, predominantly in rented premises adjacent to existing Euroopt and Brusnichka grocery stores, thereby leveraging the strength of the existing brand and access to customers.

### 1H 2018 financial highlights

- Revenue<sup>2</sup> increased by 14.9% year-on-year (“y-o-y”) and reached BYN 2.18 bn (revenue in USD terms increased by 9.6% y-o-y and amounted to USD 1.1 bn<sup>3</sup>). Net retail sales<sup>4</sup> increased by 11.5% y-o-y and reached BYN 1.95 bn (net retail sales in USD terms increased by 6.3% y-o-y and amounted to USD 0.98 bn) mainly driven by like-for-like (“LFL”) sales growth and new store openings.
- The gross margin decreased slightly by 0.8 pp, but remained strong at 25.8%. The slight decrease was due to higher transportation expenses, growth of the share of wholesale in revenue and the launch of Brusnichka stores.
- SG&A expenses (excluding D&A) increased as a share of revenue by 0.3 pp to 17.0% due to growth in the share of marketing and advertising expenses, as well as higher rental costs due to the higher EUR exchange rate and the Company’s accelerated programme of openings in leased premises. The increase in marketing and advertising expenses as a percentage of revenue was fully offset by higher earnings from marketing services provided to suppliers.
- EBITDA grew by 7.3% y-o-y to BYN 195.7 mn. The EBITDA margin remained strong at 9.0%, albeit slightly lower than the 9.6% in 1H 2017, primarily due to gross margin dynamics.
- Net profit improved by 16.6% y-o-y to BYN 68.7 mn (USD 34.5 mn), with the net profit margin ticking up slightly to 3.2%.

1. P&L figures in the IFRS accounts and in this financial release do not include the results of e-commerce and drogerie stores, as these businesses were consolidated at the end of the reporting period. The balance sheet figures presented in this release and the IFRS accounts do reflect the effects of the consolidation.

2. Revenue represents consolidated IFRS revenue, which includes proceeds from the retail business, wholesale, lease, and subsidiaries (StatusBank and others), and other revenue, net of VAT.

3. Average exchange rate for 1H 2018: 1.9887 BYN per 1 USD; 1H 2017: 1.8968 BYN per 1 USD. Exchange rate as of 30 June 2018: 1.9898 BYN per 1 USD; as of 30 June 2017: 1.9336 BYN per 1 USD. In this press release we use the above-mentioned exchange rates to convert the indicators from BYN to USD.

4. Total net retail sales of Eurotorg companies included in the IFRS perimeter. This number differs from net retail sales reported in the 2Q 2018 and 1H 2018 operating results press release, which represent sales of grocery stores operating under the Euroopt and Brusnichka banners, net of VAT. In 1H 2018 net retail sales of these grocery stores represented 99.2% of the Company’s IFRS net retail sales.

- Successful measures to reduce debt, combined with solid EBITDA growth, helped improve the net debt/EBITDA ratio to 3.0x as of 30 June 2018, compared to 3.2x at the end of 2017. The EBITDA/interest expenses LTM coverage ratio stood at 2.9x as of 30 June 2018, compared to 2.7x as of 31 December 2017.

#### 1H 2018 operating highlights

- In 1H 2018 Eurotorg continued to implement its growth strategy and accelerated its rollout programme. Store numbers increased by 25.4% to 627, while total selling space grew by 7.8% to 300.3 ths sqm, in line with the Company's medium-term strategy of developing smaller-format stores.
- The Company further expanded its regional presence in 1H 2018 and entered 82 new localities in Belarus (225 as of 30 June 2018 vs. 143 as of 31 December 2017).
- The Company began actively expanding in rural areas, with most new stores opened in such locations.
- Like-for-like sales grew by 5.9% in 1H 2018, driven primarily by a 5.5% increase in the LFL average ticket and moderate LFL traffic growth of 0.4%. The Company's strong LFL sales performance was supported by improving consumption dynamics, driven by an increase in real disposable incomes of 7.6% y-o-y in 1H 2018.
- Sales density increased by 4.6% y-o-y in BYN terms and reached BYN 1,115 per sqm per month (USD 561 per sqm per month, flat y-o-y).

Eurotorg CEO Andrei Zubkou said: *"Eurotorg has returned to active growth, with 127 new stores opened in 1H 2018, enabling us to deliver another set of strong results. Revenue increased by 14.9% due to an acceleration in the pace of store openings combined with a rise in LFL sales, while net sales per square metre also rose by 4.6% year-on-year. We are particularly pleased that we have maintained high quality growth, with revenue rising at a faster pace than selling space, and sales density continuing to increase. Eurotorg's profitability also remains impressive: the EBITDA margin in the first half of the year was a solid 9.0%.*

*"We have continued to follow our capex-light expansion strategy, which focuses on opening smaller-format stores in leased premises, and are targeting underserved rural areas in particular. Eurotorg's annualised return on invested capital in 1H 2018 reached 28.9%, which we believe indicates that our strategy is creating value. While we continue to grow the business, we are also concentrating on further deleveraging. The net debt/EBITDA ratio declined to 3.0x as of 30 June 2018, which represents a continuation of the positive trends of 2017.*

*"Looking at macro conditions in Belarus, the economic recovery that began in 2017 accelerated in the first half of 2018, with real GDP growth of 4.5%. We believe that the macroeconomic environment will support Eurotorg's performance going forward, as consumers benefit from growth in real wages and real disposable household income of 13.0% and 7.6%, respectively, in 1H 2018. Inflation has also declined to its lowest level in 10 years, hitting 4.1% in June 2018. We are hopeful that the Belarusian economy is on a path for growth, and that this will be reflected in the performance of retail market.*

*"Looking ahead, we remain committed to expanding our core offline grocery retail business in line with our strategy of opening smaller-format stores, including in rural areas of Belarus that currently have no or limited access to modern retail services. At the same time, our e-commerce and drogerie businesses, consolidated under a single common holding company in June 2018, represent significant opportunities to build on the solid retail marketplace and infrastructure we have already built."*

#### Key operating indicators<sup>5</sup>

	1H 2018	1H 2017	Change	FY 2017	Change
<b>Number of stores, end of period ("e-o-p")</b>	<b>627</b>	<b>460</b>	<b>36.3%</b>	<b>500</b>	<b>25.4%</b>
Store openings, net, over a period	127	7	18.1x		
<b>Selling space, ths sqm, e-o-p</b>	<b>300.3</b>	<b>273.0</b>	<b>10.0%</b>	<b>278.5</b>	<b>7.8%</b>
Selling space added, net, ths sqm, over a period	21.8	2.3	9.4x		

5. In this and other tables, and in the text of this press release, immaterial deviations in the calculation of % changes, subtotals and totals are due to rounding.

	1H 2018	1H 2017	Change
<b>Sales per 1 sqm per month, net, BYN</b>	<b>1,115</b>	<b>1,066</b>	<b>4.6%</b>
Sales per 1 sqm per month, net, USD	561	562	-0.2%
Traffic per 1 sqm per day, tickets	3.21	3.16	1.5%
<b>LFL<sup>6</sup> sales growth</b>	<b>5.9%</b>	<b>0.7%</b>	
LFL traffic growth	0.4%	-9.5%	
LFL average ticket growth	5.5%	11.3%	

### Key operating highlights

- In 1H 2018 the number of stores increased substantially with 127 additions, compared to seven stores added in 1H 2017.
- Eurotorg continued to focus primarily on smaller formats during the period, with most of the net store additions being urban and rural convenience-format stores.
- Strong LFL sales growth of 5.9% in 1H 2018 was driven primarily by an increase in the average ticket and moderate LFL traffic growth, which was supported by improving consumption trends on the back of real disposable income growth of 7.6% y-o-y in 1H 2018.

### Key P&L indicators

BYN '000	1H 2018	1H 2017	Change
<b>Revenue, net</b>	<b>2,179,736</b>	<b>1,897,646</b>	<b>14.9%</b>
<i>of which net retail sales</i>	<i>1,952,886</i>	<i>1,751,987</i>	<i>11.5%</i>
<b>Gross profit</b>	<b>561,773</b>	<b>504,753</b>	<b>11.3%</b>
<i>Gross margin</i>	<i>25.8%</i>	<i>26.6%</i>	<i>-0.8 pp</i>
<b>EBITDA</b>	<b>195,656</b>	<b>182,346</b>	<b>7.3%</b>
<i>EBITDA margin</i>	<i>9.0%</i>	<i>9.6%</i>	<i>-0.6 pp</i>
<b>Operating profit (EBIT)</b>	<b>154,997</b>	<b>140,838</b>	<b>10.1%</b>
<i>Operating margin</i>	<i>7.1%</i>	<i>7.4%</i>	<i>-0.3 pp</i>
<b>Net profit</b>	<b>68,678</b>	<b>58,916</b>	<b>16.6%</b>
<i>Net profit margin</i>	<i>3.2%</i>	<i>3.1%</i>	<i>0.1 pp</i>
<b>Adj. net profit<sup>7</sup></b>	<b>69,598</b>	<b>55,659</b>	<b>25.0%</b>
<i>Adj. net profit margin</i>	<i>3.2%</i>	<i>2.9%</i>	<i>0.3 pp</i>

### Revenue and gross margin highlights

- Revenue increased by 14.9% y-o-y in 1H 2018 in BYN terms, driven by accelerated net retail sales, which contributed 11.5% to revenue growth, and an increase in other revenue, which contributed 3.4%.
- Net retail sales at companies within Eurotorg's IFRS perimeter saw double-digit growth of 11.5% in BYN y-o-y in 1H 2018, driven by both active expansion of the grocery retail chain and strong LFL sales performance (growth of 5.9%<sup>8</sup>).
- Other revenue rose by 55.7% y-o-y in 1H 2018, primarily due to y-o-y growth of 69.8% in wholesale sales and a 40.6% increase in revenue from marketing services.
- The slight decrease in the gross margin in 1H 2018 was due to higher transportation expenses on the back of an increase in market rates for third-party carrier services, growth of wholesale as a share of revenue and the launch of Brusnichka stores, which operate with the lower-margin EDLP model.

6. As of 30 June 2018, the LFL base included 452 stores.

7. Adjusted for FX losses.

8. LFL sales of stores operating under the Euroopt and Brusnichka banners.

Selling, general and administrative (SG&A) expenses (excl. D&A) highlights

BYN '000	1H 2018	1H 2017	Change
<b>SG&amp;A (excl. D&amp;A)</b>	<b>(371,542)</b>	<b>(317,340)</b>	<b>17.1%</b>
<i>% revenue</i>	<i>17.0%</i>	<i>16.7%</i>	<i>0.3 pp</i>
Marketing and advertising	(25,548)	(18,493)	38.1%
<i>% revenue</i>	<i>1.2%</i>	<i>1.0%</i>	<i>0.2 pp</i>
<b>SG&amp;A (excl. D&amp;A, marketing and advertising)</b>	<b>(345,994)</b>	<b>(298,847)</b>	<b>15.8%</b>
<i>% revenue</i>	<i>15.9%</i>	<i>15.7%</i>	<i>0.2 pp</i>
Employee costs	(188,942)	(165,480)	14.2%
<i>% revenue</i>	<i>8.7%</i>	<i>8.7%</i>	<i>0.0 pp</i>
Rent	(53,445)	(41,672)	28.3%
<i>% revenue</i>	<i>2.5%</i>	<i>2.2%</i>	<i>0.3 pp</i>
Utility costs	(42,824)	(38,555)	11.1%
<i>% revenue</i>	<i>2.0%</i>	<i>2.0%</i>	<i>0.0 pp</i>
Other expenses	(60,783)	(53,140)	14.4%
<i>% revenue</i>	<i>2.8%</i>	<i>2.8%</i>	<i>0.0 pp</i>

- SG&A expenses (excluding D&A) as a percentage of revenue increased by 0.3 pp to 17.0% in 1H 2018, compared to 16.7% in 1H 2017. This was due primarily to higher marketing and advertising expenses, as well as rental costs.
- Marketing and advertising expenses grew as a share of revenue by 0.2 pp due to the Company's more aggressive marketing strategy in 1H 2018 vs 1H 2017. In 2018 the Company continued to run its one-of-a-kind nationwide lottery, "Udacha v pridachu", increasing the frequency of drawings from fortnight to weekly, and also launched new marketing campaigns (e.g., "Brand Week", "Black Friday") to further strengthen customer loyalty and brand awareness.
- Growth in marketing and advertising expenses as a percentage of revenue was fully offset by higher earnings from marketing services provided to suppliers (revenue from marketing services as a percentage of revenue rose from 1.5% in 1H 2017 to 1.9% in 1H 2018).
- The increase in rental costs was due the weaker average BYN/EUR exchange rate as most rental costs are linked to EUR, and due to the Company's accelerated programme of openings in leased premises (94% of all net added stores between 1H 2018 and 1H 2017 were leased).
- Employee costs and utility costs as a percentage of revenue remained stable compared to 1H 2017.

Operating profit and net profit highlights

BYN '000	1H 2018	1H 2017	Change
<b>Gross profit</b>	<b>561,773</b>	<b>504,753</b>	<b>11.3%</b>
<i>Gross margin</i>	<i>25.8%</i>	<i>26.6%</i>	<i>-0.8 pp</i>
SG&A (excl. D&A)	(371,542)	(317,340)	17.1%
<i>% revenue</i>	<i>17.0%</i>	<i>16.7%</i>	<i>0.3 pp</i>
D&A	(37,005)	(39,011)	-5.1%
<i>% revenue</i>	<i>1.7%</i>	<i>2.1%</i>	<i>-0.4 pp</i>
Other income and expenses	1,771	(7,564)	n.a.
<i>% revenue</i>	<i>-0.1%</i>	<i>0.4%</i>	<i>-0.5 pp</i>
<b>Operating profit (EBIT)</b>	<b>154,997</b>	<b>140,838</b>	<b>10.1%</b>
<i>Operating margin</i>	<i>7.1%</i>	<i>7.4%</i>	<i>-0.3 pp</i>
Net finance costs, incl.:	(68,930)	(74,855)	-7.9%
<i>% revenue</i>	<i>3.2%</i>	<i>3.9%</i>	<i>-0.8 pp</i>
Net interest expenses and financial lease costs	(64,589)	(66,078)	-2.3%
<i>% revenue</i>	<i>3.0%</i>	<i>3.5%</i>	<i>-0.5 pp</i>

BYN '000	1H 2018	1H 2017	Change
FX losses	(920)	3,257	n.a.
<i>% revenue</i>	<i>0.0%</i>	<i>-0.2%</i>	<i>0.2 pp</i>
Other net finance costs	(3,421)	(12,034)	-71.6%
<i>% revenue</i>	<i>0.2%</i>	<i>0.6%</i>	<i>-0.4 pp</i>
<b>Profit before tax</b>	<b>86,067</b>	<b>65,983</b>	<b>30.4%</b>
<i>% revenue</i>	<i>3.9%</i>	<i>3.5%</i>	<i>0.4 pp</i>
Income tax expenses / gain	(17,389)	(7,067)	146.1%
<b>Net profit</b>	<b>68,678</b>	<b>58,916</b>	<b>16.6%</b>
<i>Net profit margin</i>	<i>3.2%</i>	<i>3.1%</i>	<i>0.1 pp</i>
<b>Net profit adj. for FX losses</b>	<b>69,598</b>	<b>55,659</b>	<b>25.0%</b>
<i>% revenue</i>	<i>3.2%</i>	<i>2.9%</i>	<i>0.3 pp</i>

- The slight decrease of 0.3 pp in the operating margin to 7.1% in 1H 2018 was due to the lower gross margin and the y-o-y increase in the share of SG&A (excluding D&A). This was partly offset by the y-o-y reduction in the share of D&A and the positive result from other income and expenses.
- D&A accounted for a smaller share of revenue in 1H 2018 (1.7% vs. 2.1% in 1H 2017), due to the Company's active capex-light expansion using leased space and the increased share of leased property in the Company's property profile.
- Net finance costs as a percentage of revenue decreased substantially by 0.8 pp to 3.2% in 1H 2018, as net interest expenses and financial lease costs fell as a share of revenue by 0.5 pp and other net finance costs also declined. This was partly offset by the absence of FX income in 1H 2018.
- Net interest expenses and financial lease costs decreased in 1H 2018 y-o-y, as the average interest rate of the Company's debt portfolio fell by 0.2 pp vs. 31 December 2017.
- The net profit margin increased by 0.1 pp in 1H 2018, due to the y-o-y decline in net finance costs as a percentage of revenue, partly offset by the decrease in the operating margin.

#### EBITDA highlights

BYN '000	1H 2018	1H 2017	Change
<b>Operating profit (EBIT)</b>	<b>154,997</b>	<b>140,838</b>	<b>10.1%</b>
<i>Operating margin</i>	<i>7.1%</i>	<i>7.4%</i>	<i>-0.3 pp</i>
D&A	(37,005)	(39,011)	-5.1%
<i>% revenue</i>	<i>1.7%</i>	<i>2.1%</i>	<i>-0.4 pp</i>
D&A (included in CoGS) <sup>9</sup>	(3,654)	(2,497)	46.3%
<i>% revenue</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1 pp</i>
<b>EBITDA</b>	<b>195,656</b>	<b>182,346</b>	<b>7.3%</b>
<i>EBITDA margin</i>	<i>9.0%</i>	<i>9.6%</i>	<i>-0.6 pp</i>

- The decrease in the EBITDA margin by 0.6 pp to 9.0% in 1H 2018 was due to the reduction in the gross margin.

#### Leverage ratio

BYN '000	As of 30 June 2018	%	As of 31 Dec 2017	%
<b>Net Debt</b>	<b>1,146,191</b>		<b>1,192,468</b>	
<b>Total Debt</b>	<b>1,276,593</b>	<i>100.0%</i>	<b>1,366,487</b>	<i>100.0%</i>
Short-term debt	12,490	<i>1.0%</i>	31,674	<i>2.3%</i>
Long-term debt	1,264,103	<i>99.0%</i>	1,334,813	<i>97.7%</i>

9. The D&A of Eurotorg's transport and food processing companies is included in CoGS in the P&L. Total D&A reflected in the Company's Cash Flow Statement is used to calculate EBITDA.

BYN '000	As of 30 June 2018	%	As of 31 Dec 2017	%
<b>Cash and cash equivalents</b>	<b>130,402</b>		<b>174,019</b>	
EBITDA LTM	384,994		371,684	
<b>Net Debt / EBITDA LTM</b>	<b>3.0x</b>		<b>3.2x</b>	
Interest and financial lease expenses LTM	(134,280)		(135,769)	
<b>EBITDA LTM / Interest expenses LTM</b>	<b>2.9x</b>		<b>2.7x</b>	

- In 1H 2018 the Company continued to strengthen its financial position based on its targeted deleveraging strategy following the successful Eurobond placement in October 2017.
- The Company reduced its net debt by 3.9% in 1H 2018 and further improved its debt portfolio by increasing the share of local-currency funding (from 18% as of 31 December 2017 to 23% as of 30 June 2018) and reducing borrowing costs (the average interest rate decreased by 0.2 pp vs. 31 December 2017).
- The share of short-term loans in the Company's debt split fell to 1%.
- As the result of its prudent financial strategy, the Company's net debt/EBITDA LTM ratio decreased to 3.0x as of 30 June 2018 (vs 3.2 as of 31 December 2017), driven by both solid growth of EBITDA LTM and reduction of the debt burden.
- The Company's EBITDA/interest expenses LTM coverage ratio improved to 2.9x in 1H 2018, also due to y-o-y EBITDA growth and supported by a decrease in interest and financial lease expenses.

#### Cash flow highlights

BYN '000	1H 2018	1H 2017	Change
<b>Net cash from operating activities before changes in working capital</b>	<b>193,507</b>	<b>185,267</b>	<b>4.4%</b>
Change in working capital, incl.	(47,886)	(101,564)	-52.9%
change in trade working capital <sup>10</sup>	(10,949)	(121,359)	-91.0%
Income tax paid	(4,425)	(1,888)	134.4%
<b>Net cash from operating activities</b>	<b>141,196</b>	<b>81,815</b>	<b>72.6%</b>
Net cash used in investing activities	(3,658)	(27,789)	-86.8%
Net cash used in financial activities	(180,984)	(85,515)	111.6%
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(43,446)</b>	<b>(31,489)</b>	<b>38.0%</b>
Cash and cash equivalents as at the beginning of the period	174,019	74,511	133.5%
Effect of translation to presentation currency	(171)	(170)	0.6%
<b>Cash and cash equivalents as at the end of the period</b>	<b>130,402</b>	<b>42,852</b>	<b>204.3%</b>

- The negative change in net working capital in 1H 2018 was affected by the one-off effect of transactions carried out by StatusBank, and an increase in prepaid rent and tax liabilities.
- The change in trade net working capital was moderate at BYN 11 mn in 1H 2018.

10. Net trade working capital for Eurotorg LLC (inventories + trade receivables - trade payables) for FY 2016: (BYN 242,945); 1H 2017: (BYN 121,586); FY 2017: (BYN 121,603); 1H 2018 (BYN 110,654). Change in trade working capital does not include the effect on inventories, trade payables and trade receivables related to the drogerie and eCommerce businesses acquisitions.

### Capex highlights

	BYN '000	FY 2017	FY 2016	Change
<b>Capex<sup>11</sup></b>		<b>(28,905)</b>	<b>(11,981)</b>	<b>141.3%</b>
Capex of revenue		1.3%	0.6%	0.7 pp

- In 1H 2018 the Company continued to implement its low-cost expansion strategy focusing on development of smaller-format stores in leased premises. As a result, capex accounted for just 1.3% of revenue, which was higher than in 1H 2017 due to an acceleration of the store roll-out rate.

### Free Cash Flow (FCF) highlights

	BYN '000	1H 2018	1H 2017	% Change
<b>Net cash from operating activities</b>		<b>141,196</b>	<b>81,815</b>	<b>72.6%</b>
Capex		(28,905)	(11,981)	141.3%
Proceeds from sale of property and equipment		7,422	5,070	46.4%
<b>Free cash flow generation</b>		<b>119,713</b>	<b>74,904</b>	<b>59.8%</b>
Cash conversion (Free cash flow / EBITDA)		61.2%	41.1%	20.1 pp

- In 1H 2018 Eurotorg delivered strong positive free cash flow of more than 60% of EBITDA, supported by its efficient expansion strategy based on capex-light opening of smaller-format stores.

### For further details, please contact:

#### Investor relations

Andrei Matsiavin  
Eurotorg  
Chief Strategy and Investment Officer  
[ir@eurotorg.by](mailto:ir@eurotorg.by)  
+375 44 500 65 45

Katerina Sheleg  
Eurotorg  
IR manager  
[ir@eurotorg.by](mailto:ir@eurotorg.by)  
+375 44 500 94 95

#### International Media

Denis Denisov  
EM  
[denisov@em-comms.com](mailto:denisov@em-comms.com)  
+7 985 410 3544

Peter Morley  
EM  
[morley@em-comms.com](mailto:morley@em-comms.com)  
+44 7927 186 645

### About Eurotorg

Eurotorg is the largest grocery retail chain in Belarus, with a market share of 19% in food retail sales (2017). The Company's business was established in 1993 in Minsk. As of 30 June 2018, Eurotorg operated 627 stores under the Euroopt and Brusnichka banners in different formats (hypermarkets, supermarkets and convenience stores).

The Company's strategy, based on offering a focused assortment of high turnover products at market-leading prices, delivers a value proposition that is well-tuned to the needs of Belarusian consumers. Every day about 930,000 customers make purchases at Eurotorg stores across 225 localities in Belarus.

In 2017, the Company reported revenue of BYN 3.93 bn under IFRS (USD 2.04 bn based on the average National Bank of Belarus exchange rate for 2017). In 2017, net retail sales of the grocery stores accounted for BYN 3.57 bn (USD 1.85 bn) with the share of 91.0% in total revenue under IFRS.

A brief video about Eurotorg's business can be viewed [here](#).

11. Capex is calculated as acquisition of PP&E (maintenance costs included) plus acquisition of intangible assets.