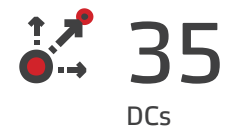




# INVESTOR PRESENTATION

# Magnit at a Glance

As of March 31, 2017

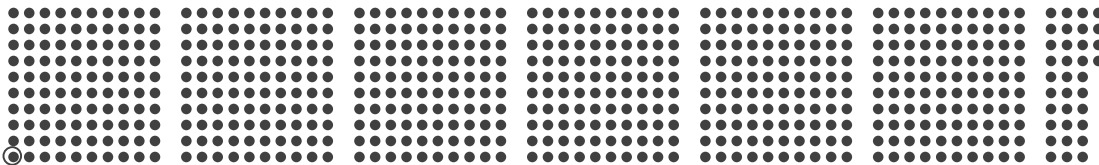


As of March 31, 2017



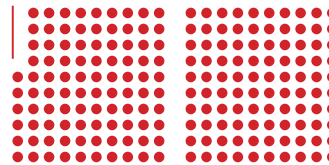
## Shareholder Structure as of FY 2016

Free-float  
63,4%

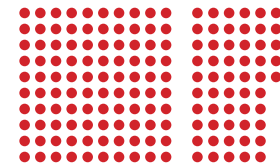


0,1%

Sergey Galitskiy, CEO  
35,1%



Lavreno Ltd. (Cyprus)  
0,2%

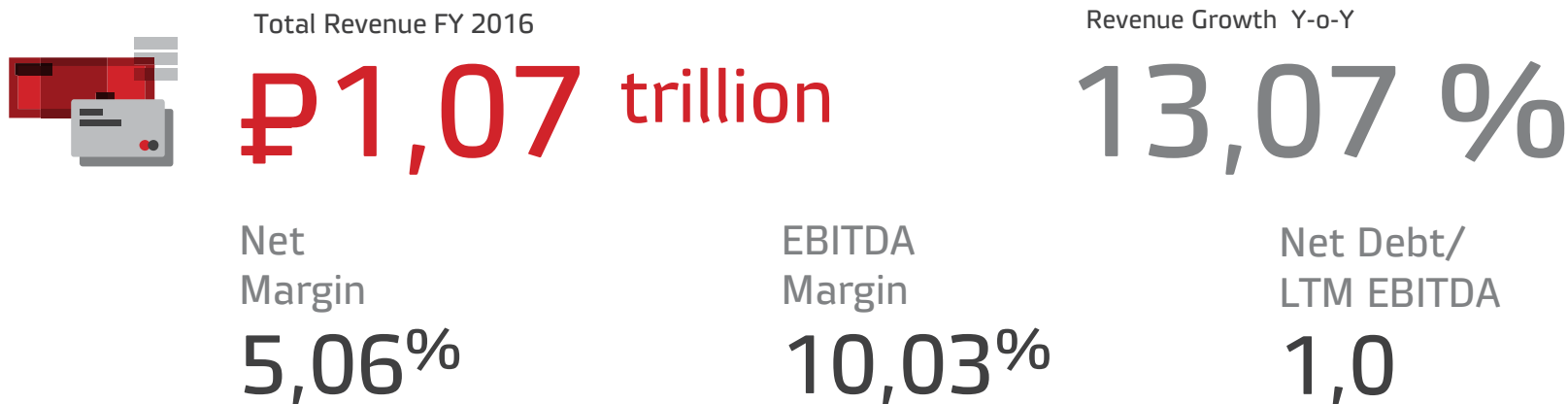


Other  
1,3%



# Key Metrics

Figures for FY 2016



# Guidance for FY 2017

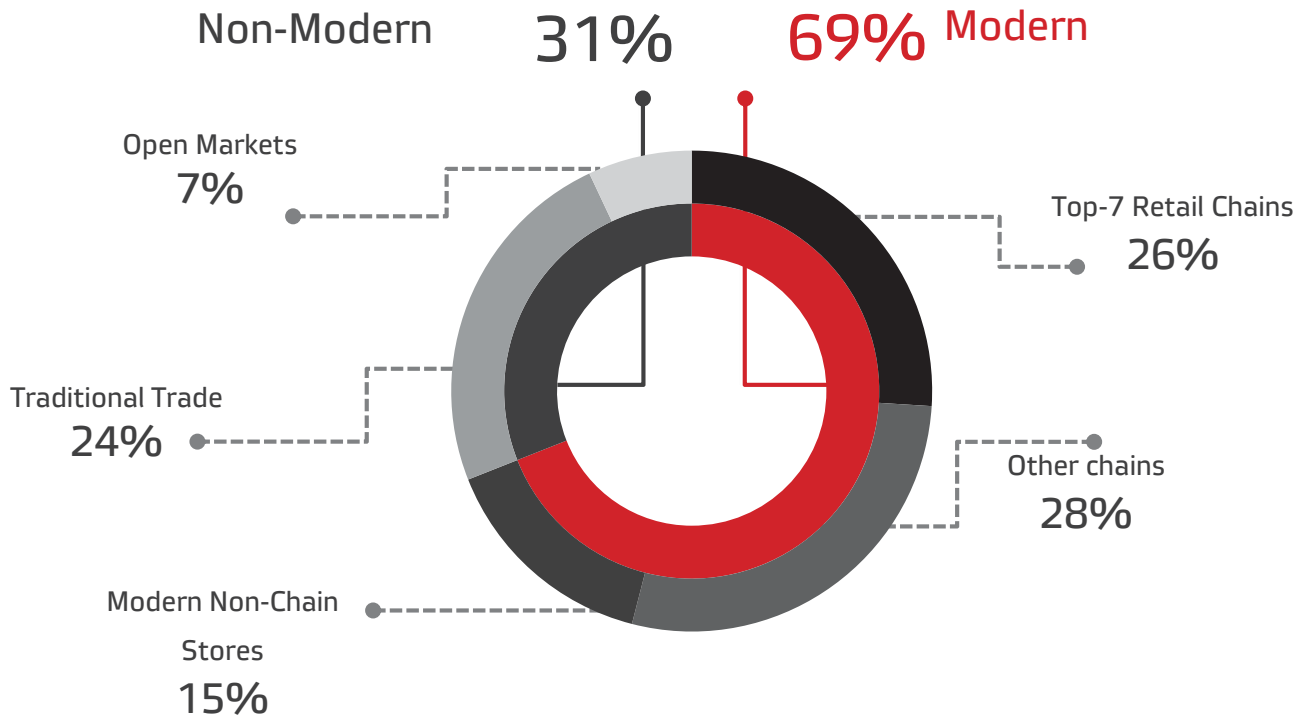


# Russian Food Retail Market

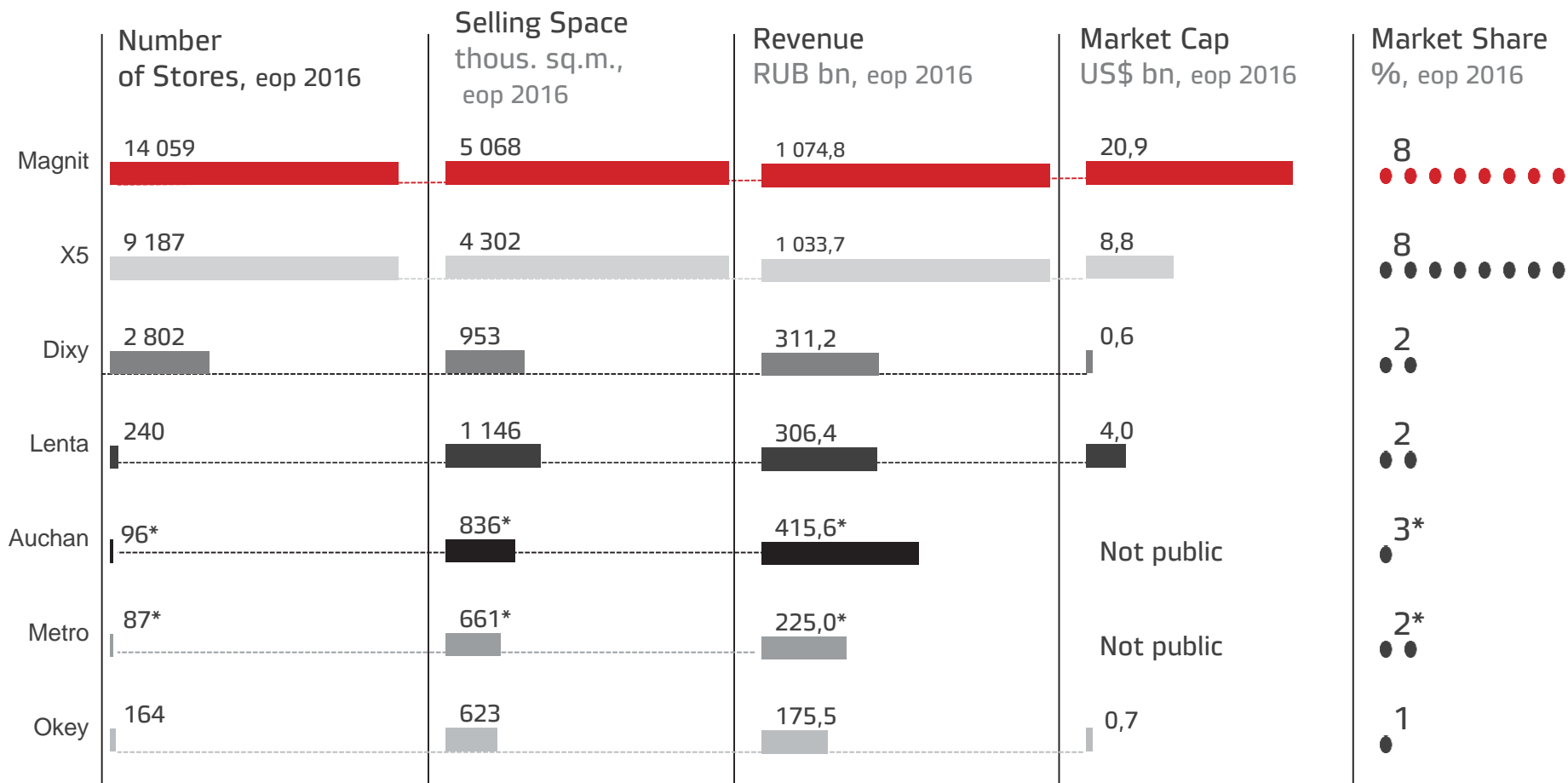
 **RUB 13,7trillion** Market Size FY 2016

 **69%** Modern Retail Penetration FY 2016

## Market Composition by Format



# Magnit vs Peers



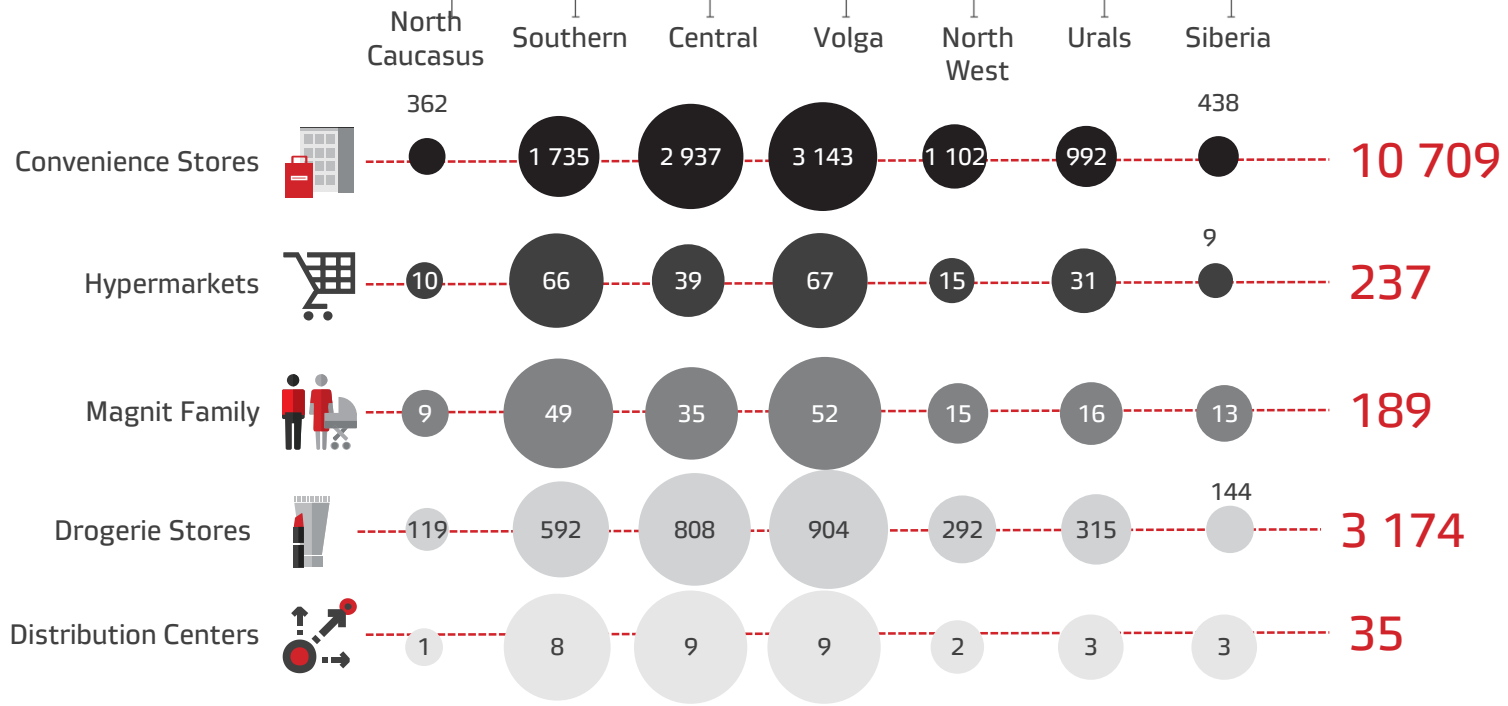
\* As of FY 2015;

Sources: Companies, INFOline, Thomson Reuters, Magnit's Estimates

# Geographical Coverage

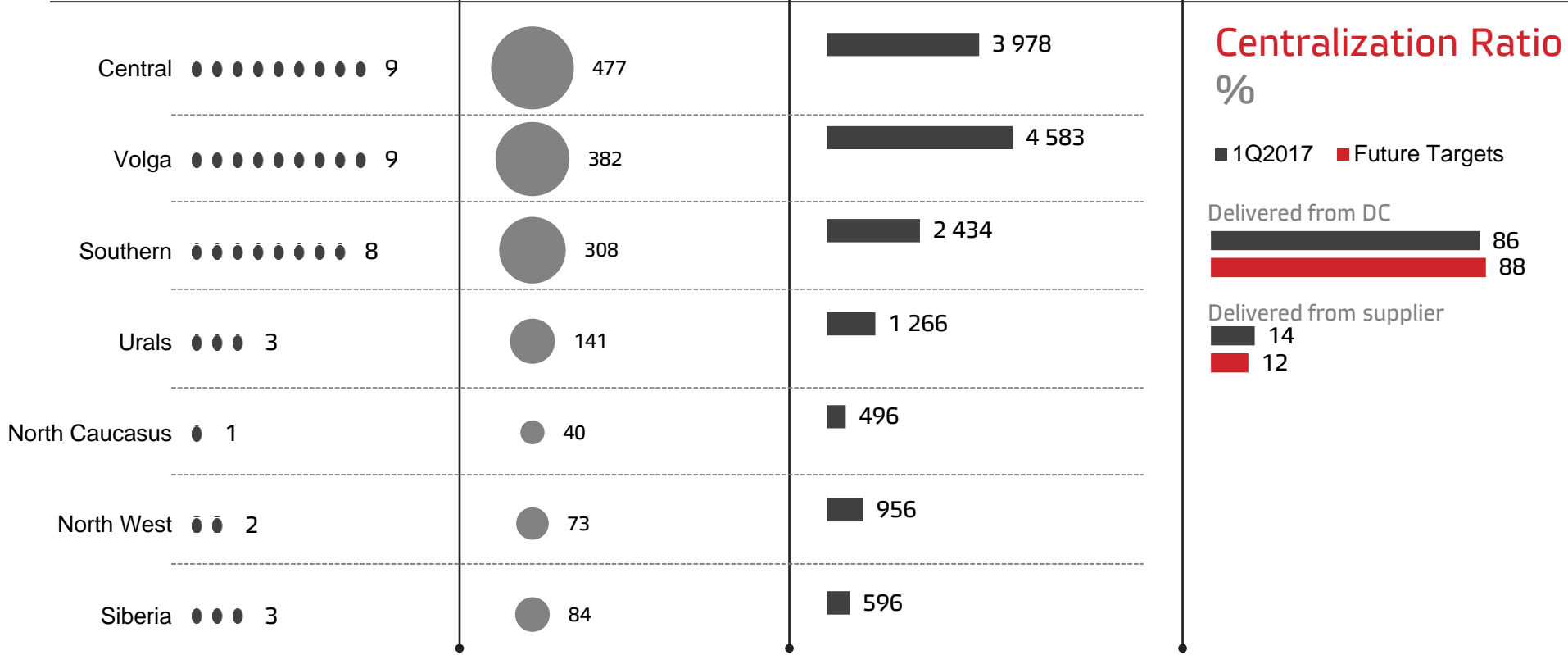
**2 522** Cities & Towns

**7** Federal Regions



Source: Company, as of March 31, 2017

# Logistics System



## Centralization Ratio %

■ 1Q2017 ■ Future Targets

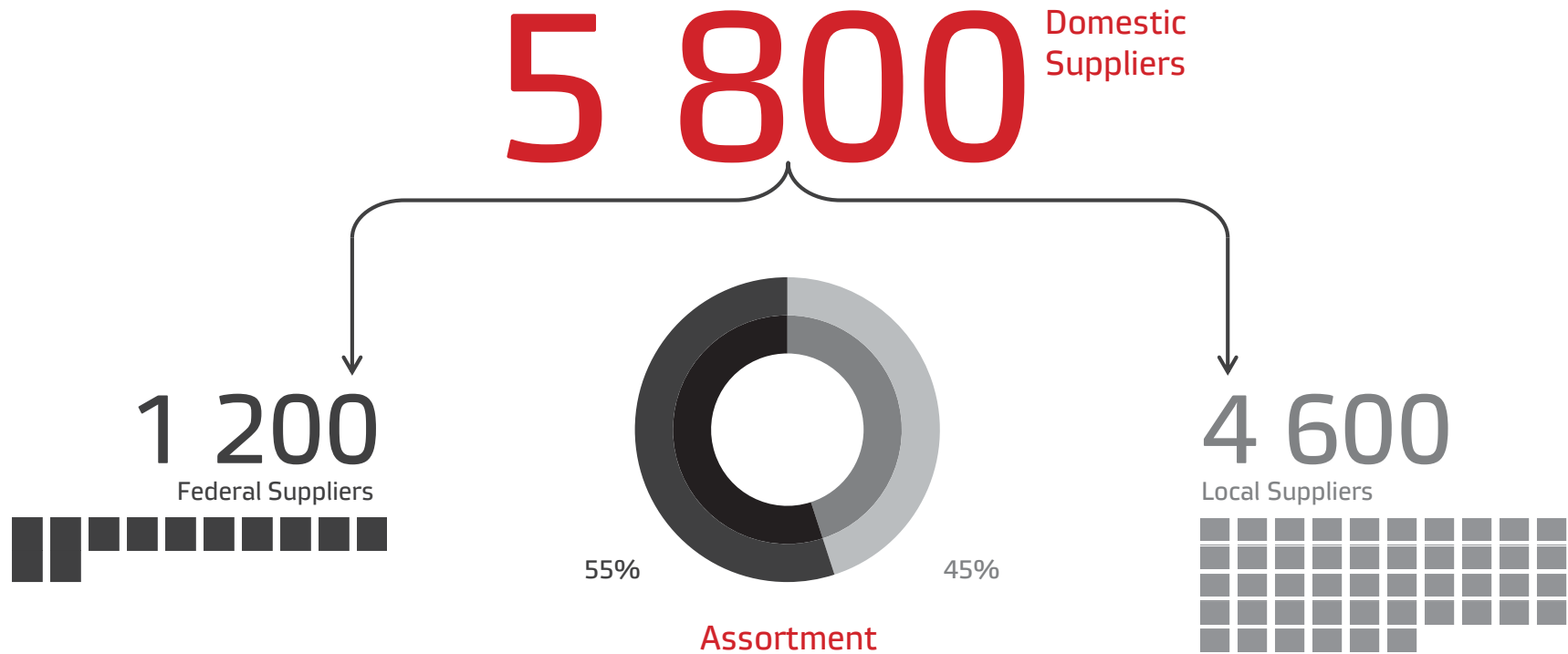
Delivered from DC



Delivered from supplier

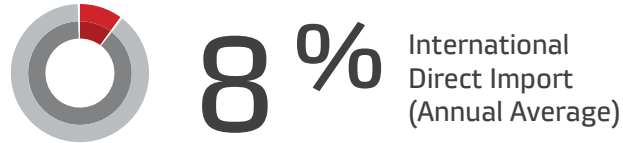


# Suppliers





# Direct Import



---

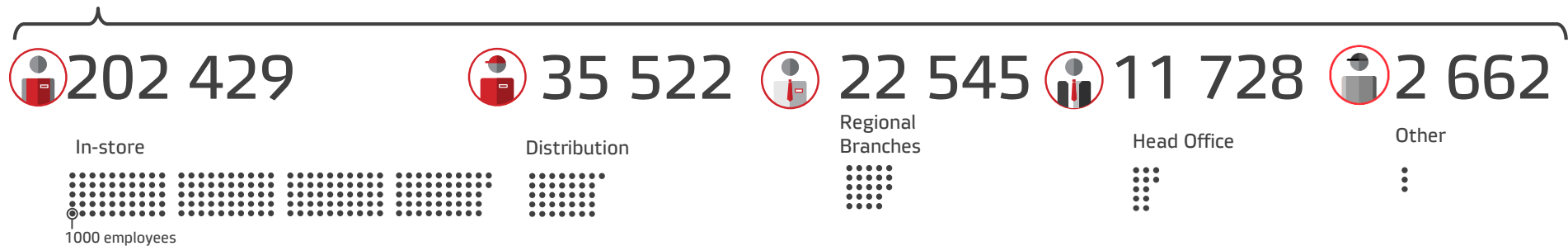
# Private Label



Source: Company,  
Direct Import – as of December 31, 2016;  
Private Label – as of March 31, 2017

# Employees

 **274 886** Employees



 **₽ 32 893** Average Monthly Salary \*

Source: Company,  
as of March 31, 2017  
\* as of December 31, 2016

# Competitive Attributes



Location



Price



Quality



Assortment

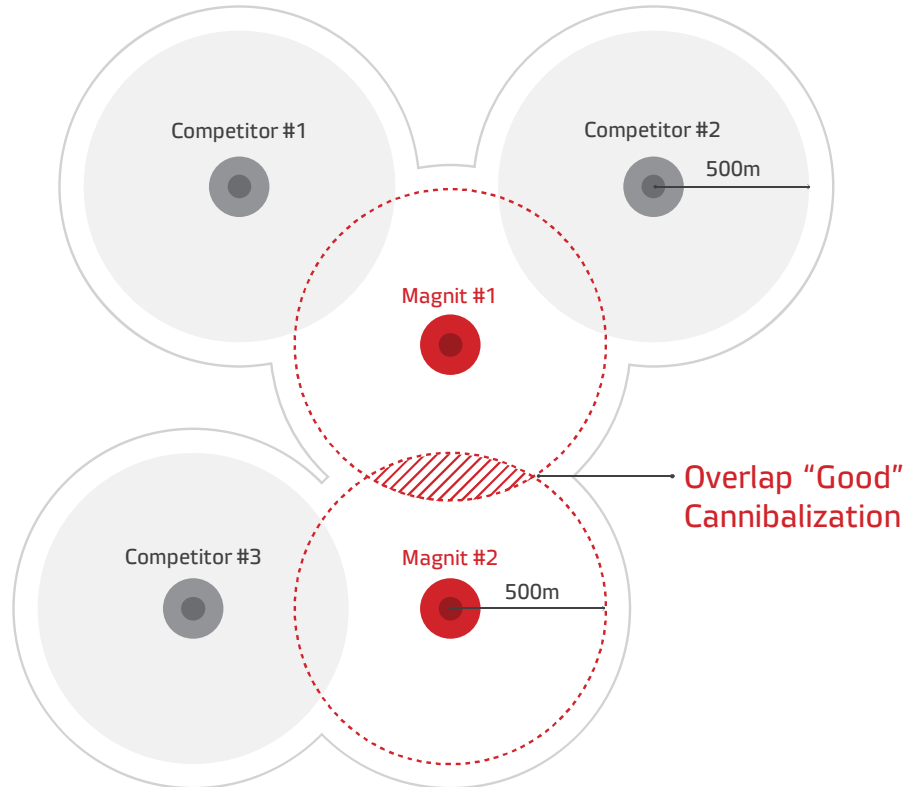


Reliability



Atmosphere

# Sales Catchment Area



**5 000**  
People –  
Minimum  
Population  
(1 500–1 600 Families)

People –  
Minimum  
Population



**₽4 000-9 500**

Monthly  
Family Food  
Budget

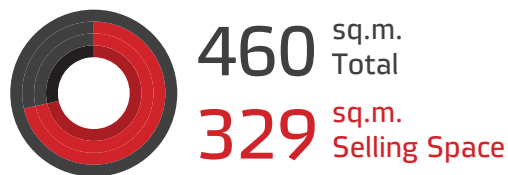


**43-45 %** of Family  
Budget  
Spent on Food

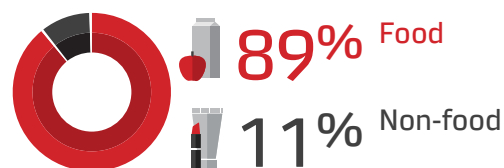
# Convenience Store

## Format Description

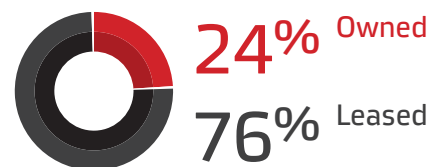
### Size of the Store



### Sales Mix

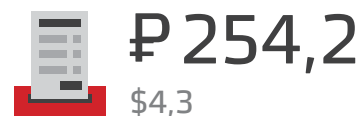


### Store Ownership Structure



## Key Operational Statistics

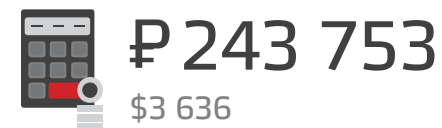
### Average Ticket



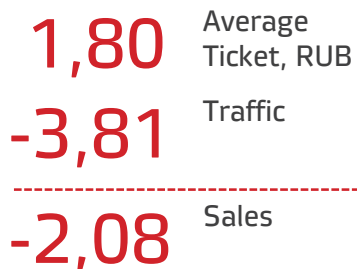
### Traffic tickets/sq.m./day



### Sales Density sales/sq.m./year



### LFL 1Q2017 – 1Q2016,%



## Opening

### Payback

#### If Leased



#### If Owned



### Cost of New Store per sq.m. of Total Space, thousand RUB

Owned 35-105

Leased 10-19

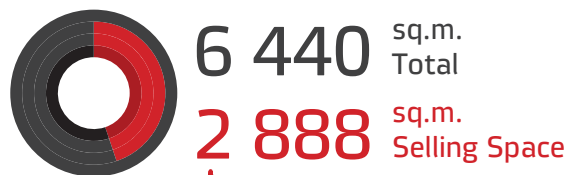
### Time to Maturity



# Hypermarket

## Format Description

### Size of the Store

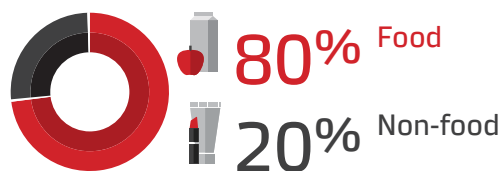


S: up to 3 000

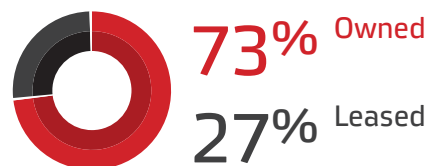
M: 3 000-6 000

L: over 6 000

### Sales Mix



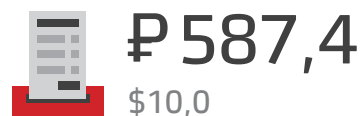
### Store Ownership Structure



Source: Company,  
as of March 31, 2017

## Key Operational Statistics

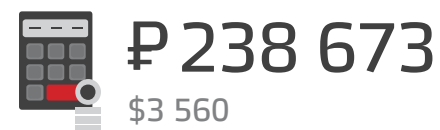
### Average Ticket



### Traffic tickets/sq.m./day



### Sales Density sales/sq.m./year



### LFL 1Q2017 – 1Q2016,%

**-2,18** Average Ticket, RUB

**-13,61** Traffic

**-15,49** Sales

## Opening

### Payback



### Cost of New Store per sq.m. of Total Space, thousand RUB

**Owned 56-98**  
**Leased 31-41**

### Time to Maturity

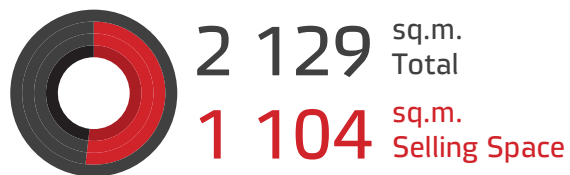


**8-15** months

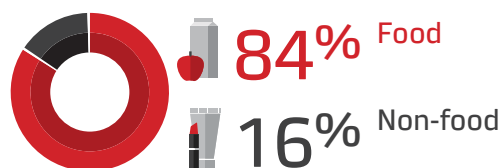
# Magnit Family

## Format Description

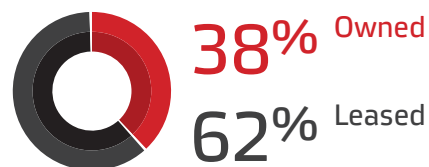
### Size of the Store



### Sales Mix



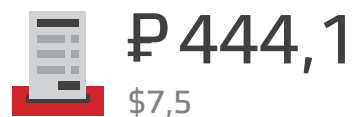
### Store Ownership Structure



Source: Company,  
as of March 31, 2017

## Key Operational Statistics

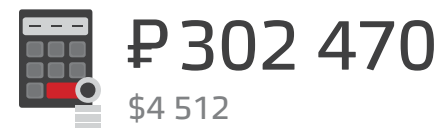
### Average Ticket



### Traffic tickets/sq.m./day



### Sales Density sales/sq.m./year

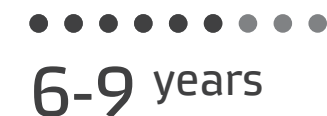


### LFL 1Q2017 – 1Q2016,%



## Opening

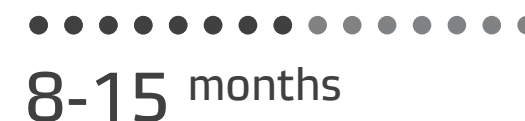
### Payback



### Cost of New Store per sq.m. of Total Space, thousand RUB

Owned 71-122  
Leased 31-54

### Time to Maturity



# Drogerie Store

## Format Description

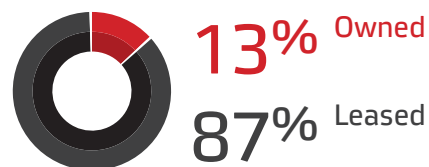
### Size of the Store



### Sales Mix



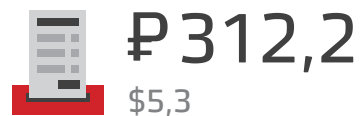
### Store Ownership Structure



Source:  
Company, as of March 31, 2017

## Key Operational Statistics

### Average Ticket



### Traffic tickets/sq.m./day



### Sales Density sales/sq.m./year



### LFL 1Q2017 – 1Q2016, %

0,14 Average Ticket, RUB

-0,21 Traffic

-0,07 Sales

## Opening

### Payback

#### If Leased

● ● ●  
3 years

#### If Owned

● ● ● ● ● ● ● ●  
4-6 years

Cost of New Store  
per sq.m. of Total Space, thousand RUB

Owned 20-70

Leased 9-16

### Time to Maturity

● ● ● ● ● ● ● ●  
6 months

# Format Summary

	Size of the Store sq.m.	Average Ticket	Traffic Tickets/sq.m./day	Density Sales/sq.m./year	Sales Mix	LFL 1Q2017-1Q2016 %	Store Ownership Structure	Payback Years	Cost of New Store per sq.m. of Total Space	Time to Maturity Months
	● Total ● Selling Space				● Food ● Non-food	● Av.ticket ● Traffic/ Sales	● Owned ● Leased			
<p>Convenience store</p>	<p>460</p> <p>329</p>	<p>P.254,2</p> <p>\$4,3</p>	<p>2,5</p>	<p>P.243 753</p> <p>\$3 636</p>	<p>89%</p> <p>11%</p>	<p>1,80</p> <p>-3,81</p> <p>-2,08</p>	<p>24%</p> <p>76%</p>	<p>3 (if leased)</p> <p>4-6 (if owned)</p>	<p>Owned RUB 35-105k</p> <p>Leased RUB 10-19k</p>	<p>6</p>
<p>Hypermarket</p>	<p>6 440</p> <p>2 888*</p>	<p>P.587,4</p> <p>\$10,0</p>	<p>1,0</p>	<p>P.238 673</p> <p>\$3 560</p>	<p>80%</p> <p>20%</p>	<p>-2,18</p> <p>-13,61</p> <p>-15,49</p>	<p>73%</p> <p>27%</p>	<p>6-9</p>	<p>Owned RUB 56-98k</p> <p>Leased RUB 31-41k</p>	<p>8-15</p>
<p>Drogerie Store</p>	<p>293</p> <p>232</p>	<p>P.312,2</p> <p>\$5,3</p>	<p>0,9</p>	<p>P. 108 394</p> <p>\$1 617</p>	<p>100%</p>	<p>0,14</p> <p>-0,21</p> <p>-0,07</p>	<p>13%</p> <p>87%</p>	<p>3 (if leased)</p> <p>4-6 (if owned)</p>	<p>Owned RUB 20-70k</p> <p>Leased RUB 9-16k</p>	<p>6</p>
<p>Magnit Family</p>	<p>2 129</p> <p>1 104</p>	<p>P.444,1</p> <p>\$7,5</p>	<p>1,6</p>	<p>P.302 470</p> <p>\$4 512</p>	<p>84%</p> <p>16%</p>	<p>-2,40</p> <p>-11,09</p> <p>-13,22</p>	<p>38%</p> <p>62%</p>	<p>6-9</p>	<p>Owned RUB 71-122k</p> <p>Leased RUB 31-54k</p>	<p>8-15</p>

Source: Company, as of March 31, 2017; \* Excludes selling space designated for leases



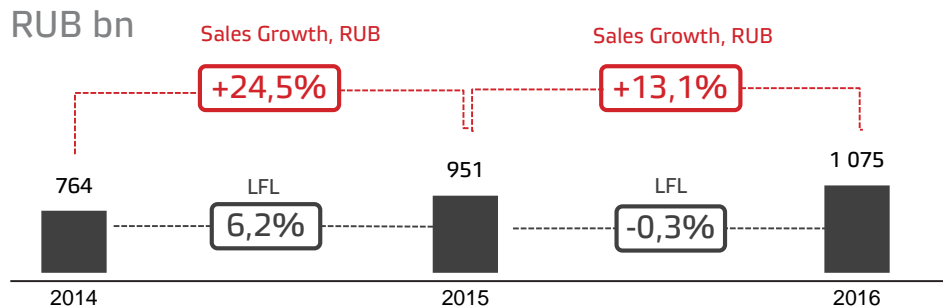
# Summary P&L

## Annual

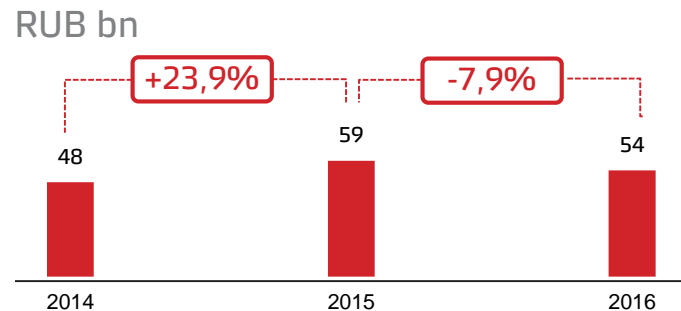
RUB MN	2015	2016	Y-o-Y Growth
<b>Net sales</b>	<b>950,613.34</b>	<b>1,074,811.55</b>	13.1%
Cost of sales	(679,792.53)	(779,052.55)	14.6%
<b>Gross profit</b>	<b>270,820.81</b>	<b>295,759.01</b>	9.2%
Gross margin, %	28.49%	27.52%	
SG&A	(167,420.12)	(192,390.19)	14.9%
Other income, net	483.77	4,286.24	786.0%
<b>EBITDA</b>	<b>103,972.93</b>	<b>107,793.02</b>	3.7%
EBITDA margin,%	10.94%	10.03%	
Depreciation & Amortization	(21,116.73)	(25,825.63)	22.3%
<b>EBIT</b>	<b>82,856.21</b>	<b>81,967.38</b>	-1.1%
Net finance costs	(11,660.29)	(13,187.42)	13.1%
Profit before tax	71,195.92	68,779.96	-3.4%
Taxes	(12,134.72)	(14,370.97)	18.4%
Effective tax rate	17.04%	20.89%	
<b>Net income</b>	<b>59,061.20</b>	<b>54,408.99</b>	-7.9%
Net margin, %	6.21%	5.06%	

# Revenue & Costs Annual

## Revenue Dynamics

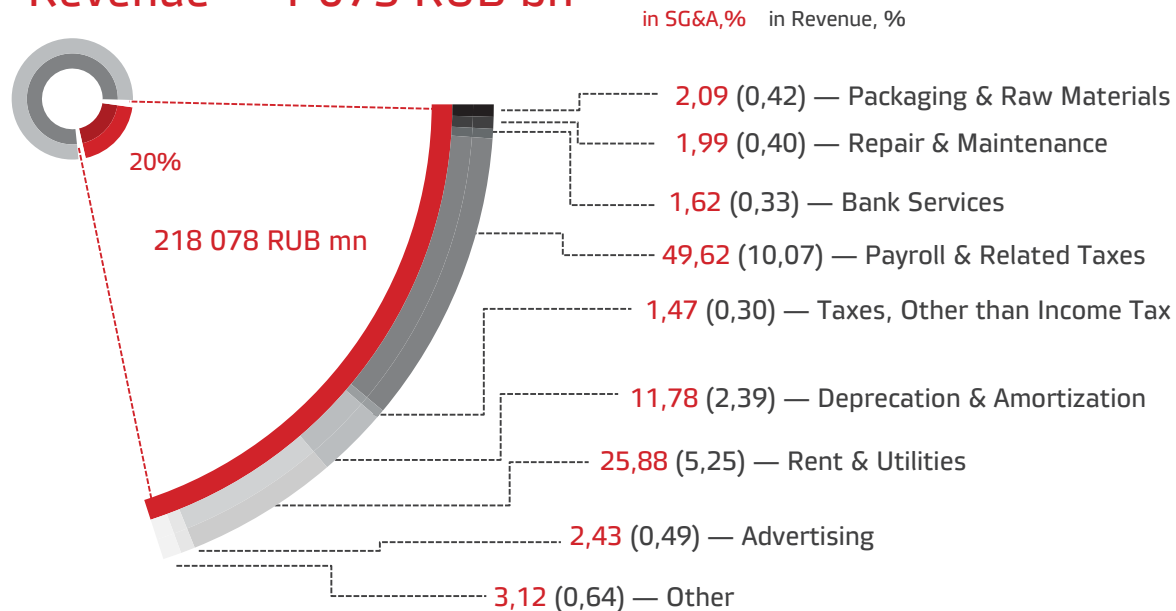


## Net Income Dynamics

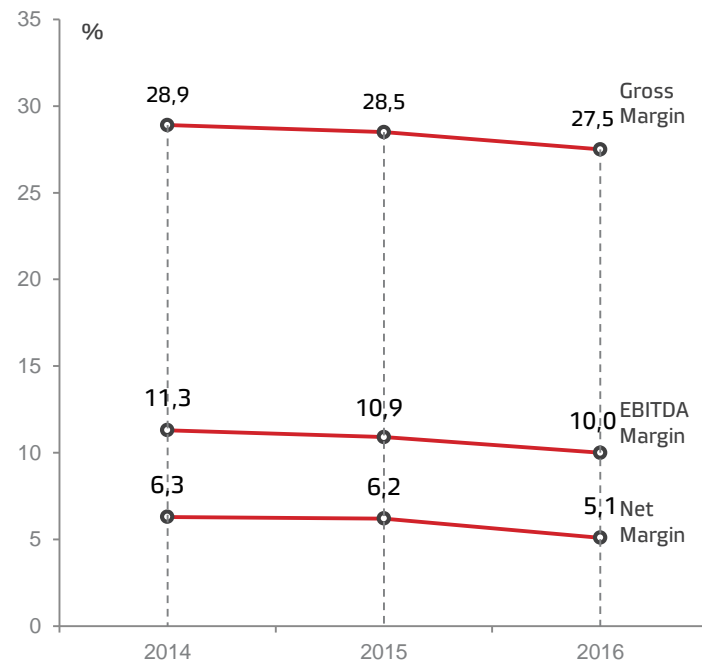


## SG&A Expense Structure 2016

Revenue — 1 075 RUB bn

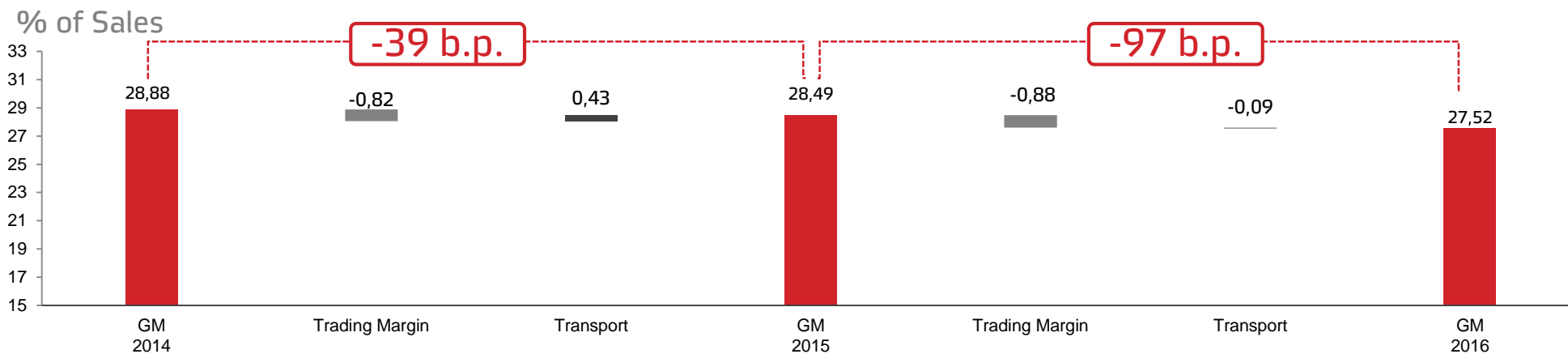


## Margin Dynamics

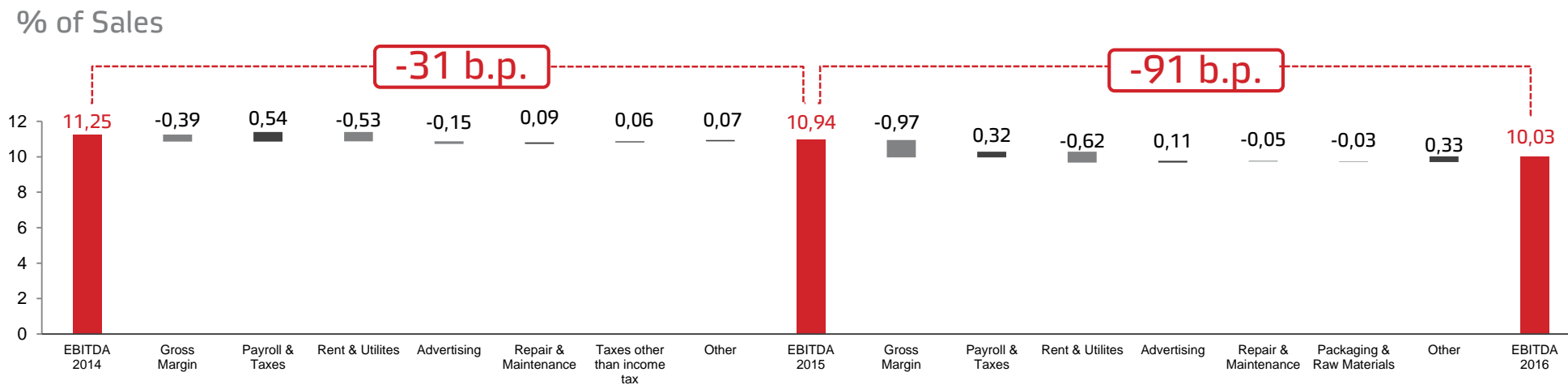


Source: Company's calculations based on IFRS accounts for 2014-2016

# Gross Margin Bridge Annual



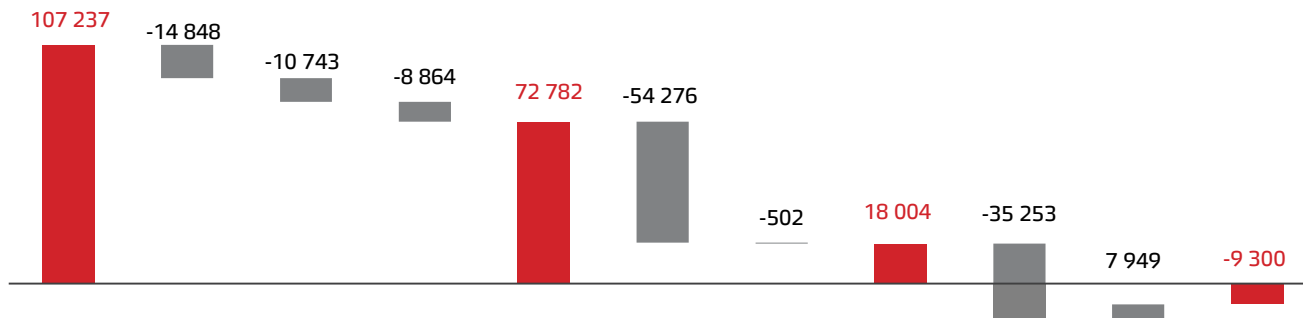
# EBITDA Margin Bridge Annual



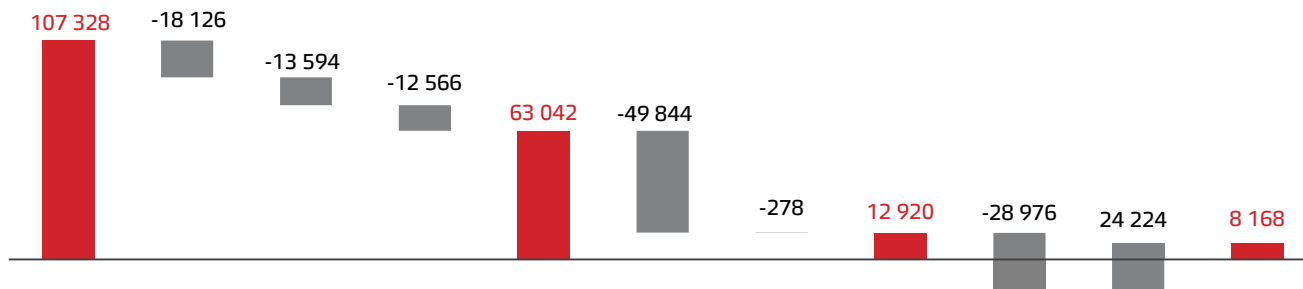
# Free Cash Flow Annual

RUB mn

2015



2016



Adjusted EBITDA    Change in Working capital    Net Interest Expense    Taxes Paid    OCF    Capex    Other Cash Flow from Investing Activities    FCF    Payment of Dividends    Other Cash Flow from Financing Activities    CF

Adjusted for loss from disposal of PPE, provision for doubtful receivables, foreign exchange loss, gain on disposal of subsidiary

Calculated as additions + transfers of PP&E during the respective period

Does not include cash flow from financing activities

## Working Capital Analysis

Average Days Payable to Suppliers is 39 Days.

Inventory Management Days is 58 Days

Working Capital: RUB 38 418 mn as of 31.12.2016

# Balance Sheet









## Annual

RUB MN	2015	2016
<b>ASSETS</b>		
Property plant and equipment	265,995.94	289,945.35
Other non-current assets	6,380.79	6,080.58
Cash and cash equivalents	8,390.90	16,559.27
Inventories	116,471.59	134,915.71
Trade and other receivables	993.67	844.12
Advances paid	5,295.73	5,208.27
Taxes receivable	96.67	447.81
Short-term financial assets	246.78	215.88
Prepaid expenses	320.91	458.77
Income tax receivable	-	239.73
<b>TOTAL ASSETS</b>	<b>404,192.98</b>	<b>454,915.49</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	165,140.60	196,076.97
Long-term debt	59,411.19	77,499.90
Other long-term liabilities	12,998.59	15,625.65
Trade and other payables	88,372.22	83,923.32
Short-term debt	44,817.12	50,105.88
Dividends payable	16,993.86	11,936.87
Other current liabilities	16,459.40	19,746.90
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>404,192.98</b>	<b>454,915.49</b>

Source: Company's calculations based on IFRS accounts for 2014 - 2016

Please note: there may be small variations in calculation of totals, subtotals, and/or percentage change due to rounding of decimals

# Capex Figures Annual

			
Buildings: Complete & under Construction	Machinery & Equipment	Other Assets	Land
31 691	16 326	373	1 455
 <p>RUB 500 mn</p>			

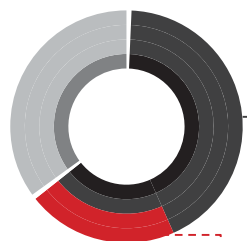
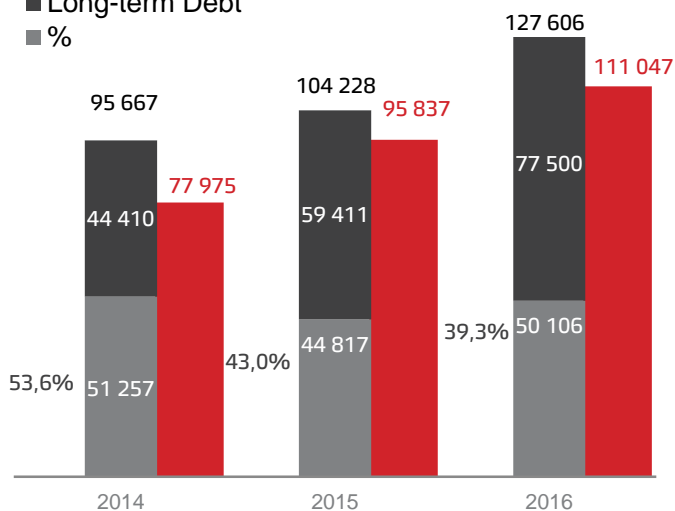
FY 2016  
**RUB 50 bn**

# Debt Burden Annual

## Debt Level Dynamics

RUB mn

- Net Debt
- Short-term Debt
- Long-term Debt
- %

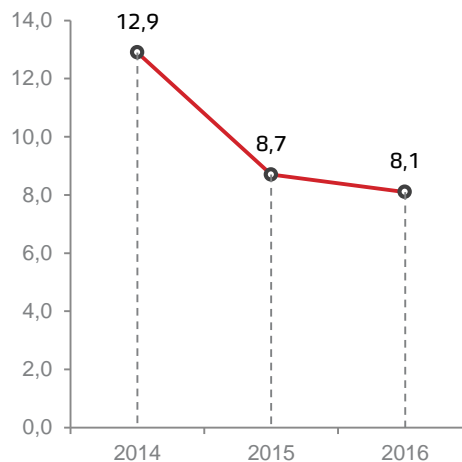


61% of Debt is Long-term

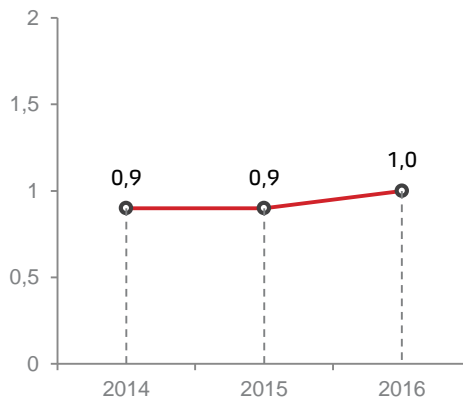
Approximately 27% of LT Debt is Rub Bonds

## Credit Metrics

EBITDA / Finance Expenses



Net Debt / LTM EBITDA



## Credit Profile



The Company has an Impeccable Credit History  
 Collaboration with the Largest Banks  
 Low Debt Burden: Net Debt / LTM EBITDA Ratio of 1,0



**No Currency Risk:** 100% of Debt is Rub Denominated  
 Matching Revenue Structure  
**Insignificant Interest Rate Risk:** Interest Payments are Made at Fixed Rates Primarily

## Contact Information

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Head of Investor Relations

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<http://ir.magnit.com>

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Russian Federation