



# INVESTOR PRESENTATION

# Magnit at a Glance

As of March 31, 2018



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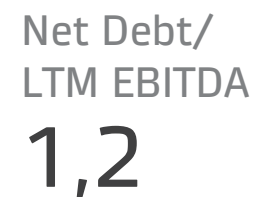
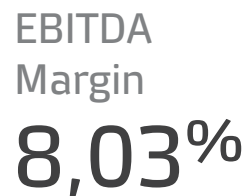
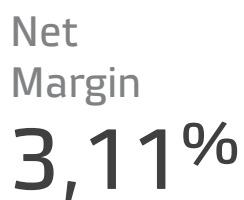
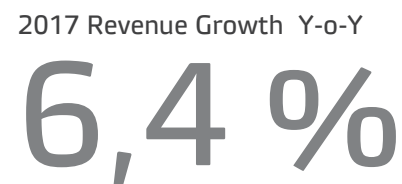


## Shareholder Structure As of December 31, 2017



# Key Metrics

Figures for FY 2017



# Guidance for FY 2018

New Convenience Stores (Gross)



Number of Refurbished Stores



New Hypermarkets & Magnit Family (Gross)



New Drogerie Stores (Gross)



Sales Growth Rate Rub




CAPEX, Rub bn

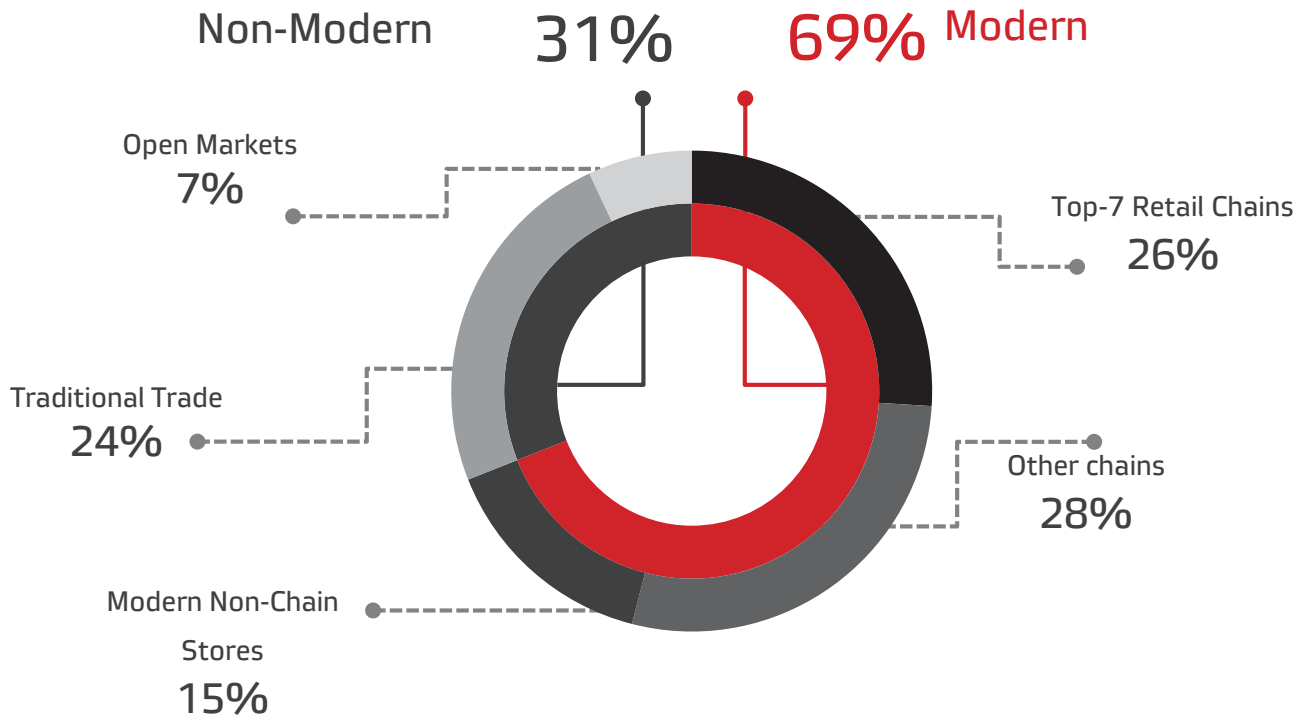


# Russian Food Retail Market

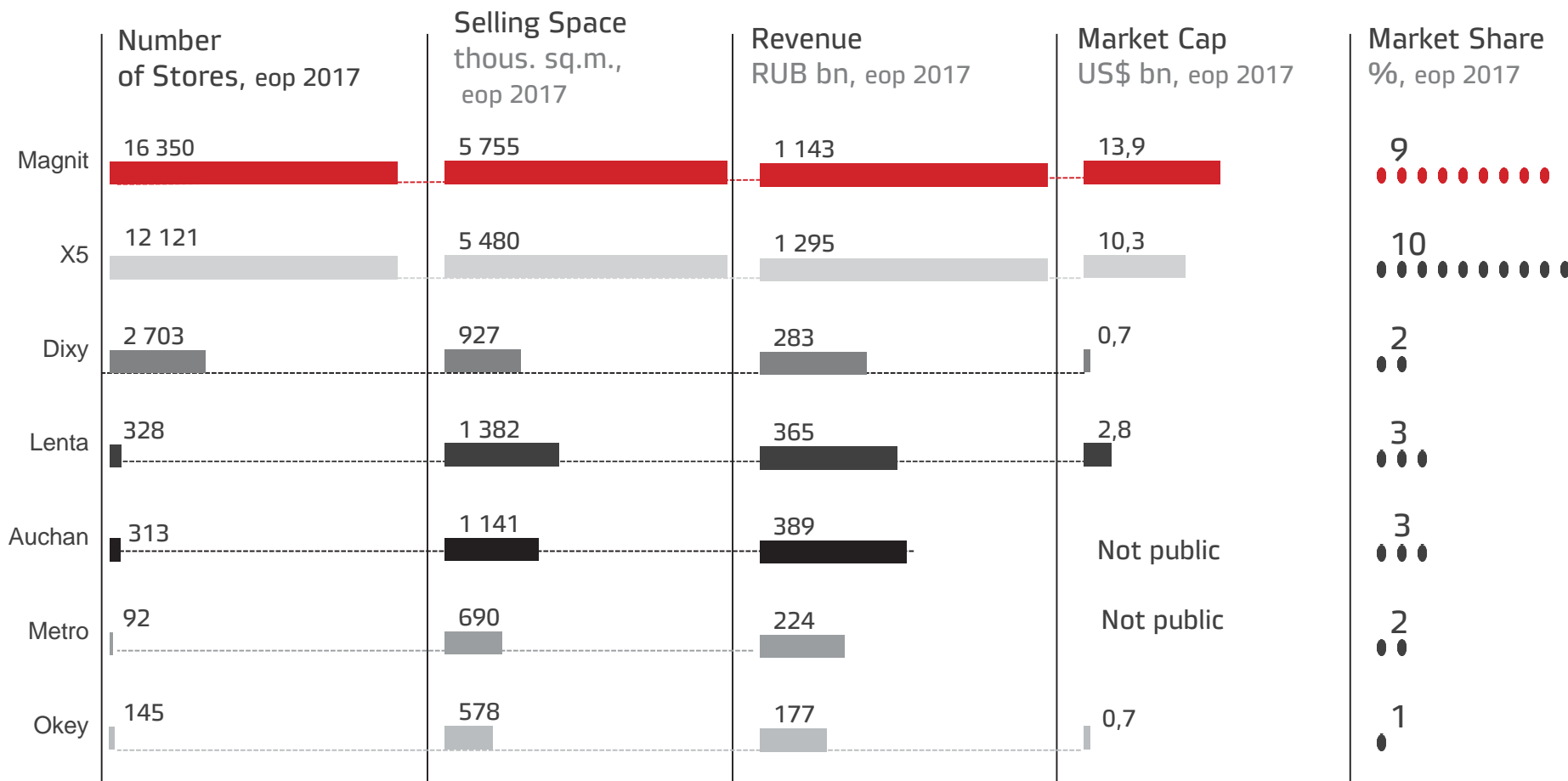
 **RUB 14,4 trillion** Market Size FY 2017

 **69%** Modern Retail Penetration FY 2016

## Market Composition by Format



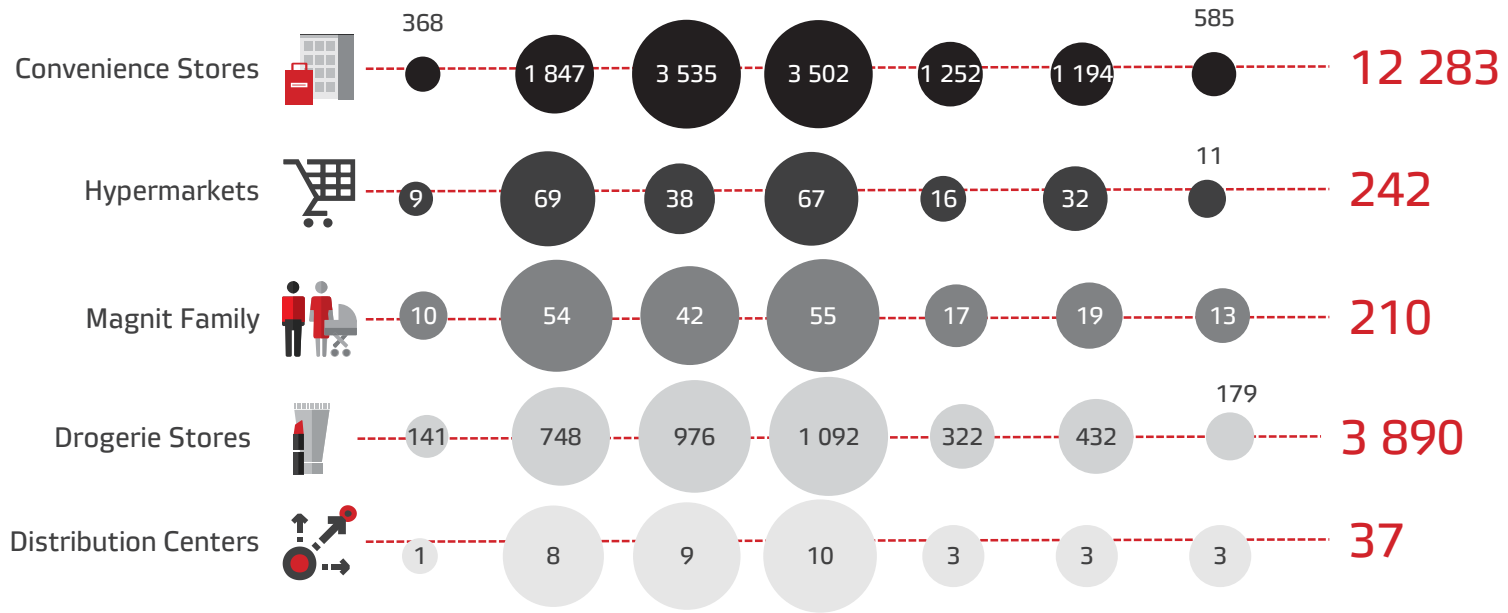
# Magnit vs Peers



# Geographical Coverage

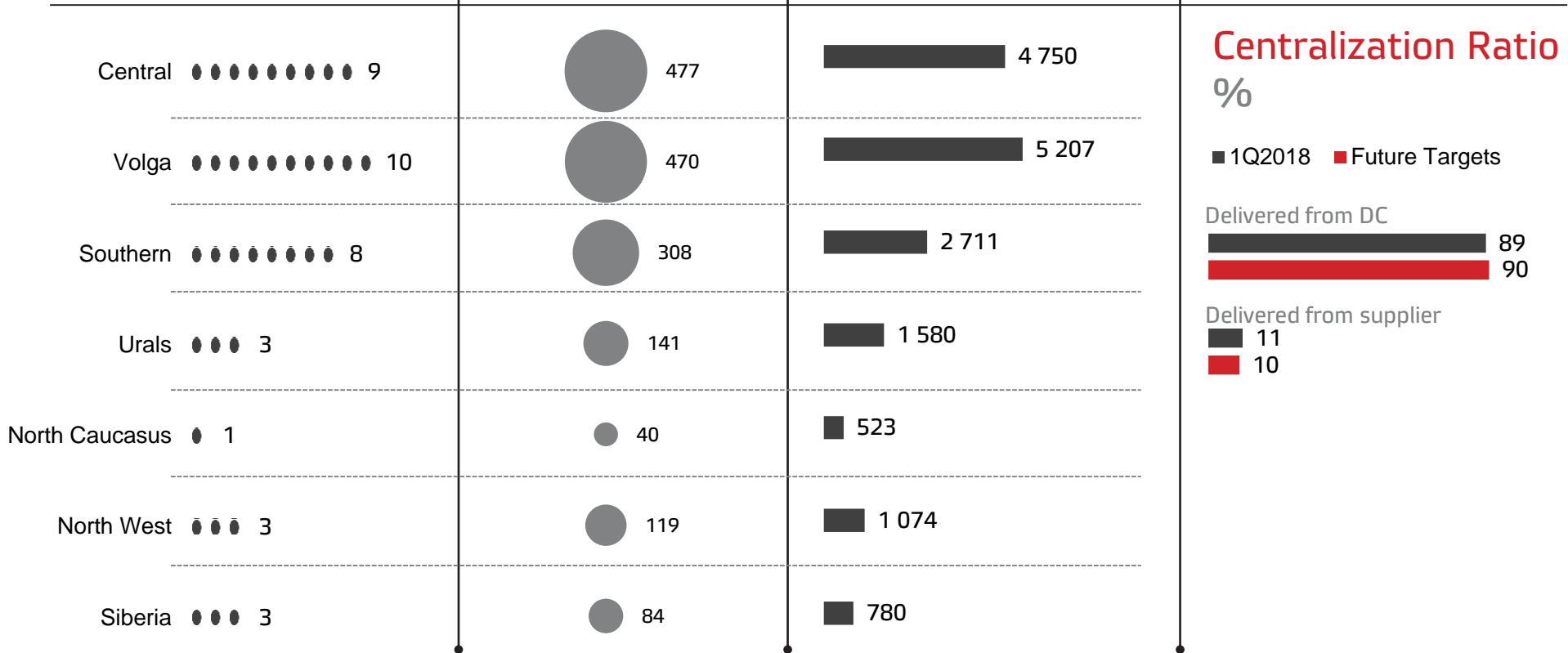
**2 764** Cities & Towns

**7** Federal Regions



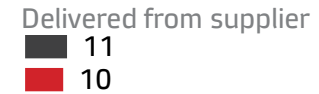
Source: Company, as of March 31, 2018

# Logistics System

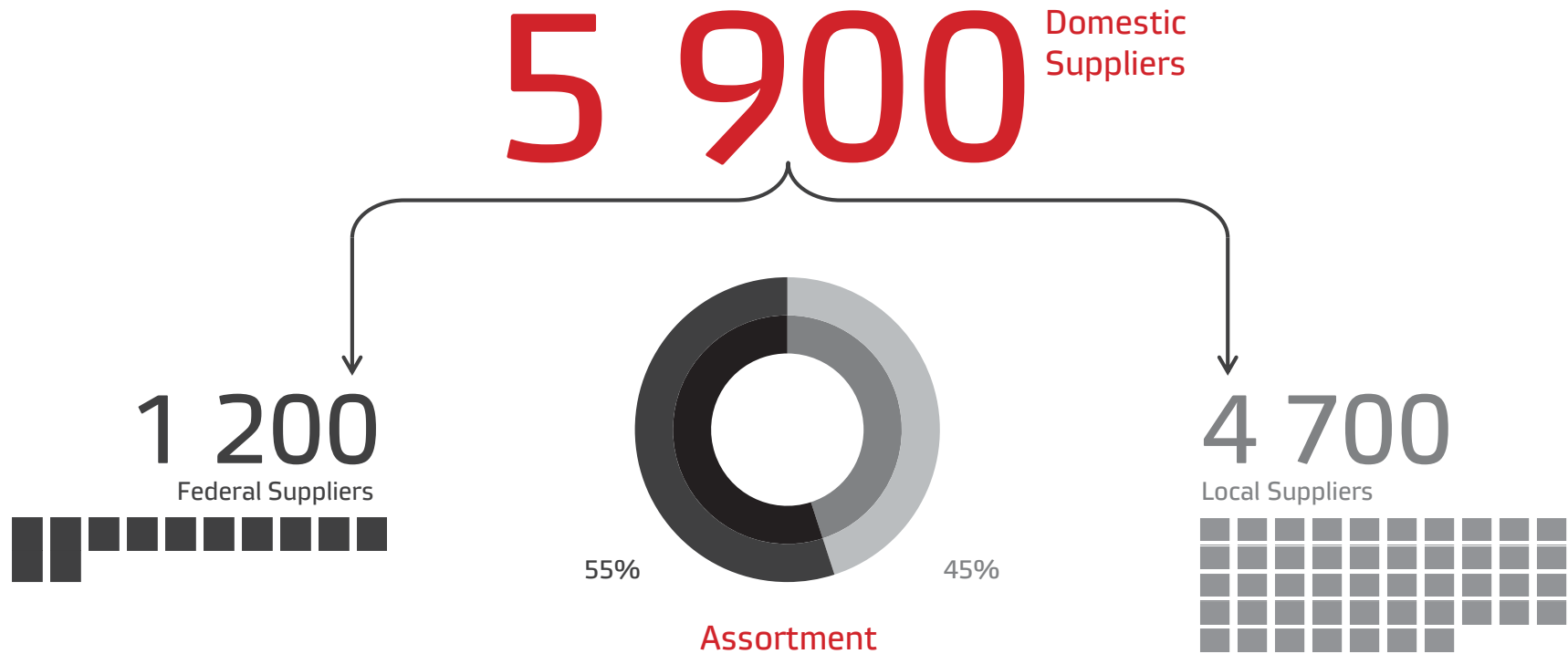


## Centralization Ratio %

■ 1Q2018 ■ Future Targets

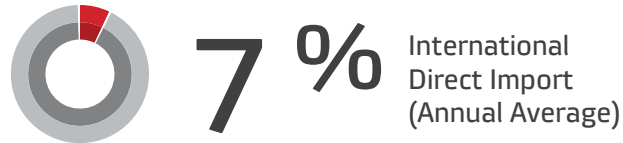


# Suppliers





# Direct Import



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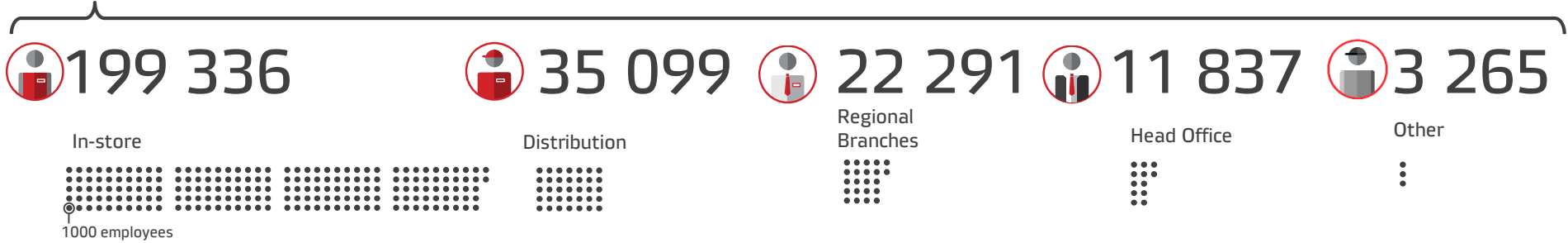
# Private Label



Source: Company,  
Direct Import – as of December 31, 2017;  
Private Label – as of March 31, 2018

# Employees

 **271 828** Employees



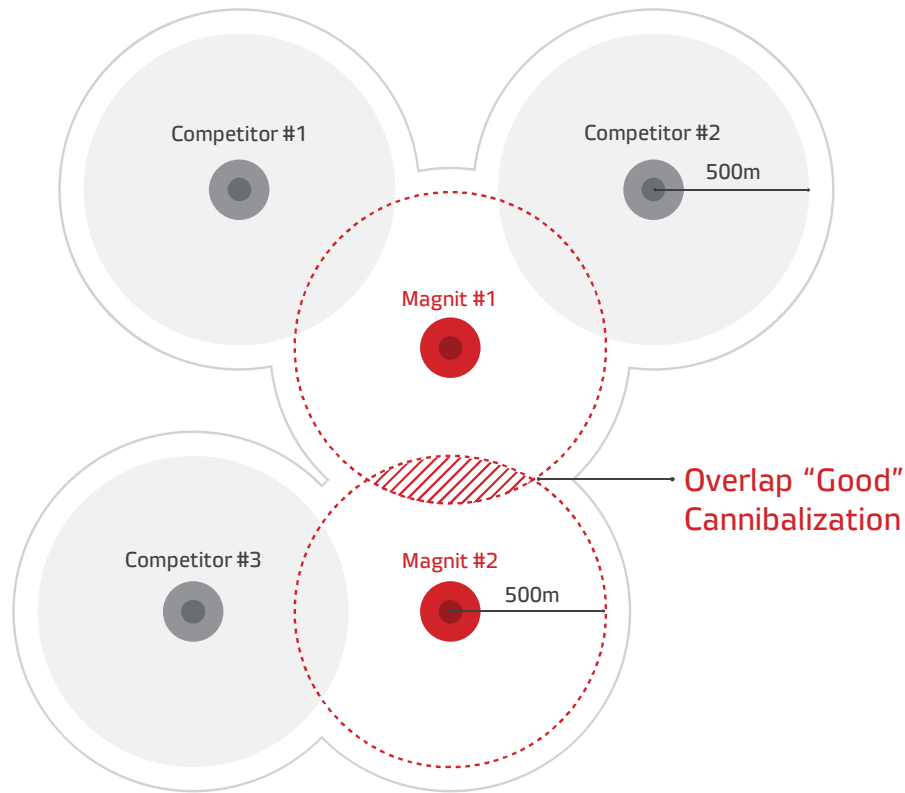
 **₽ 33 695** Average Monthly Salary \*

Source: Company, as of March 31, 2018  
\* as of December 31, 2017

# Competitive Attributes



# Sales Catchment Area



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

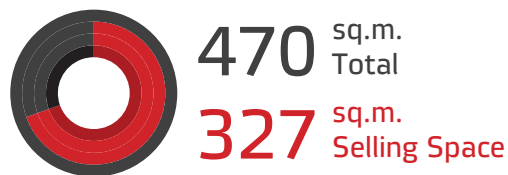
**₹ 8 000-12 000** Monthly Family Food Budget

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

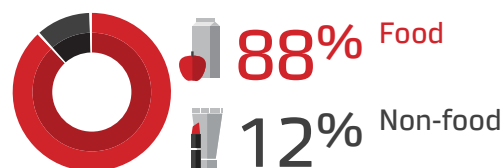
# Convenience Store

## Format Description

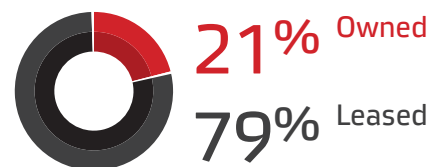
### Size of the Store



### Sales Mix

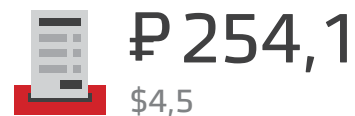


### Store Ownership Structure



## Key Operational Statistics

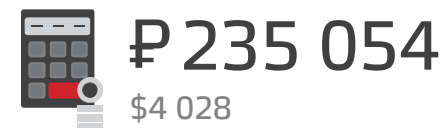
### Average Ticket



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



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



### LFL 1Q2018 – 1Q2017,%

**-0,07** Average Ticket, RUB

**-3,76** Traffic

**-3,83** 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 35-105**

**Leased 10-19**

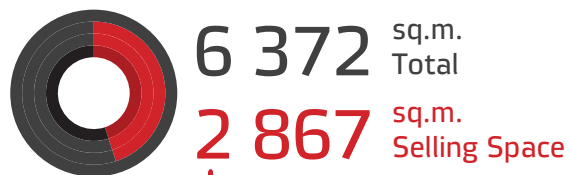
### Time to Maturity

● ● ● ● ● ● ● ●  
**6** months

# Hypermarket

## Format Description

### Size of the Store

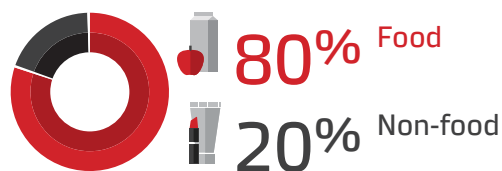


S: up to 3 000

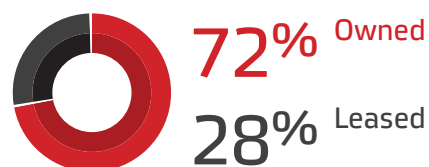
M: 3 000-6 000

L: over 6 000

### Sales Mix



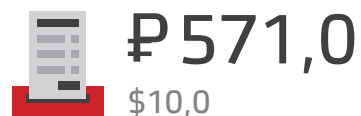
### Store Ownership Structure



Source: Company,  
as of March 31, 2018

## Key Operational Statistics

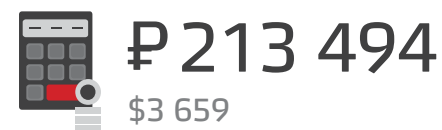
### Average Ticket



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



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



### LFL 1Q2018 – 1Q2017,%

-2,96 Average Ticket, RUB

-1,96 Traffic

-4,86 Sales

## Opening

### Payback



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

Owned 65-105  
Leased 31-41

### Time to Maturity

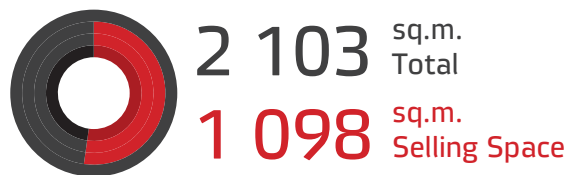


8-15 months

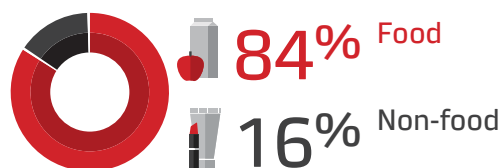
# Magnit Family

## Format Description

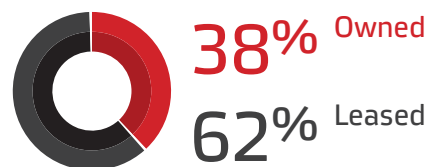
### Size of the Store



### Sales Mix



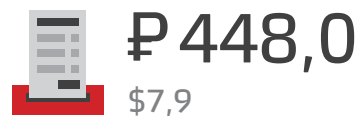
### Store Ownership Structure



Source: Company,  
as of March 31, 2018

## Key Operational Statistics

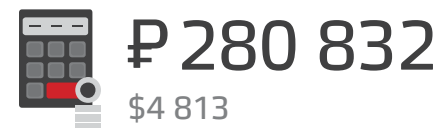
### Average Ticket



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



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



### LFL 1Q2018 – 1Q2017,%

**-0,35** Average Ticket, RUB

**-2,81** Traffic

**-3,15** Sales

## Opening

### Payback



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

Owned 71-122  
Leased 31-54

### Time to Maturity



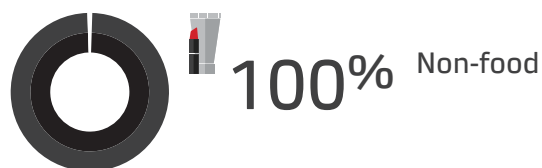
# Drogerie Store

## Format Description

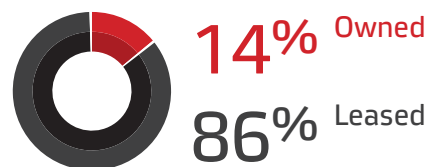
### Size of the Store



### Sales Mix



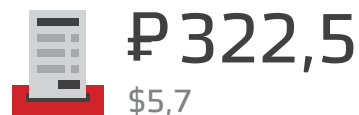
### Store Ownership Structure



Source: Company,  
as of March 31, 2018

## Key Operational Statistics

### Average Ticket



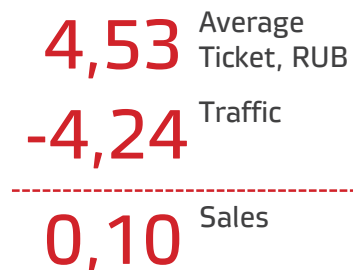
### Traffic tickets/sq.m./day



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



### LFL 1Q2018 – 1Q2017,%



## Opening

### Payback

#### If Leased



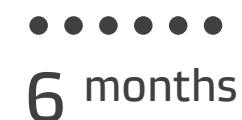
#### If Owned



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

Owned 20-70  
Leased 9-16

### Time to Maturity



# Format Summary

	Size of the Store sq.m.	Average Ticket	Traffic Tickets/sq.m./day	Density Sales/sq.m./year	Sales Mix	LFL 1Q2018-1Q2017 %	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			
 Convenience store	470 327	P.254,1 \$4,5	2,4	P.235 054 \$4 028	88% 12%	-0,07 -3,76 -3,83	21% 79%	3 (if leased) 4-6 (if owned)	Owned RUB 35-105k Leased RUB 10-19k	6
 Hypermarket	6 372 2 867*	P.571,0 \$10,0	0,9	P.213 494 \$3 659	80% 20%	-2,96 -1,96 -4,86	72% 28%	6-9	Owned RUB 65-105k Leased RUB 31-41k	8-15
 Drogerie Store	287 230	P.322,5 \$5,7	0,8	P. 101 999 \$1 748	100%	4,53 -4,24 0,10	14% 86%	3 (if leased) 4-6 (if owned)	Owned RUB 20-70k Leased RUB 9-16k	6
 Magnit Family	2 103 1 098	P.448,0 \$7,9	1,6	P.280 832 \$4 813	84% 16%	-0,35 -2,81 -3,15	38% 62%	6-9	Owned RUB 71-122k Leased RUB 31-54k	8-15

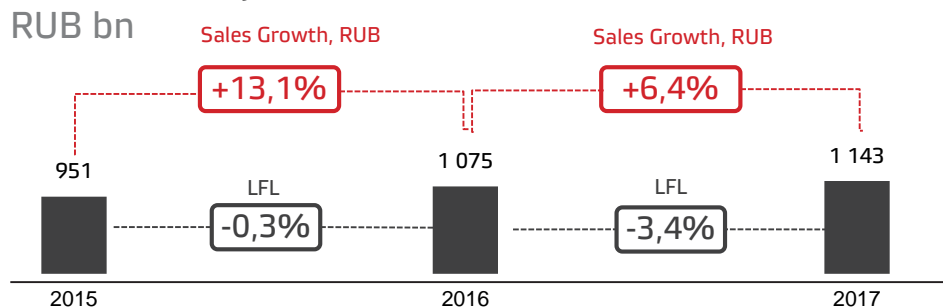


# Summary P&L

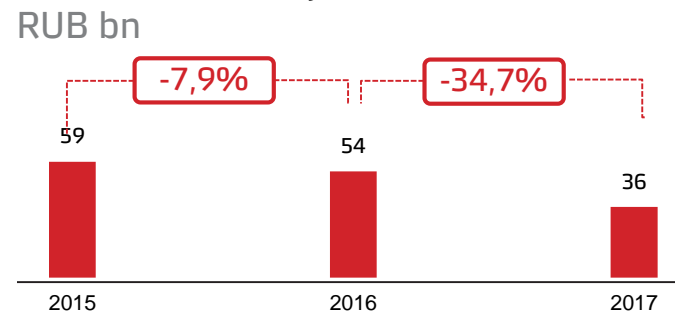
RUB MN	2016	2017	Y-o-Y Growth
<b>Net sales</b>	<b>1,074,811.55</b>	<b>1,143,314.41</b>	6.4%
Cost of sales	(779,052.55)	(838,671.51)	7.7%
<b>Gross profit</b>	<b>295,759.01</b>	<b>304,642.89</b>	3.0%
Gross margin, %	27.52%	26.65%	
SG&A	(192,390.19)	(220,245.12)	14.5%
Other income, net	4,286.24	7,157.47	67.0%
<b>EBITDA</b>	<b>107,793.02</b>	<b>91,777.64</b>	(14.9%)
EBITDA margin,%	10.03%	8.03%	
Depreciation & Amortization	(25,825.63)	(33,715.70)	30.6%
<b>EBIT</b>	<b>81,967.38</b>	<b>58,061.94</b>	(29.2%)
Net finance costs	(13,187.42)	(12,638.17)	(4.2%)
Profit before tax	68,779.96	45,423.77	(34.0%)
Taxes	(14,370.97)	(9,884.80)	(31.2%)
Effective tax rate	20.89%	21.76%	
<b>Net income</b>	<b>54,408.99</b>	<b>35,538.97</b>	(34.7%)
Net margin, %	5.06%	3.11%	

# Revenue & Costs

## Revenue Dynamics

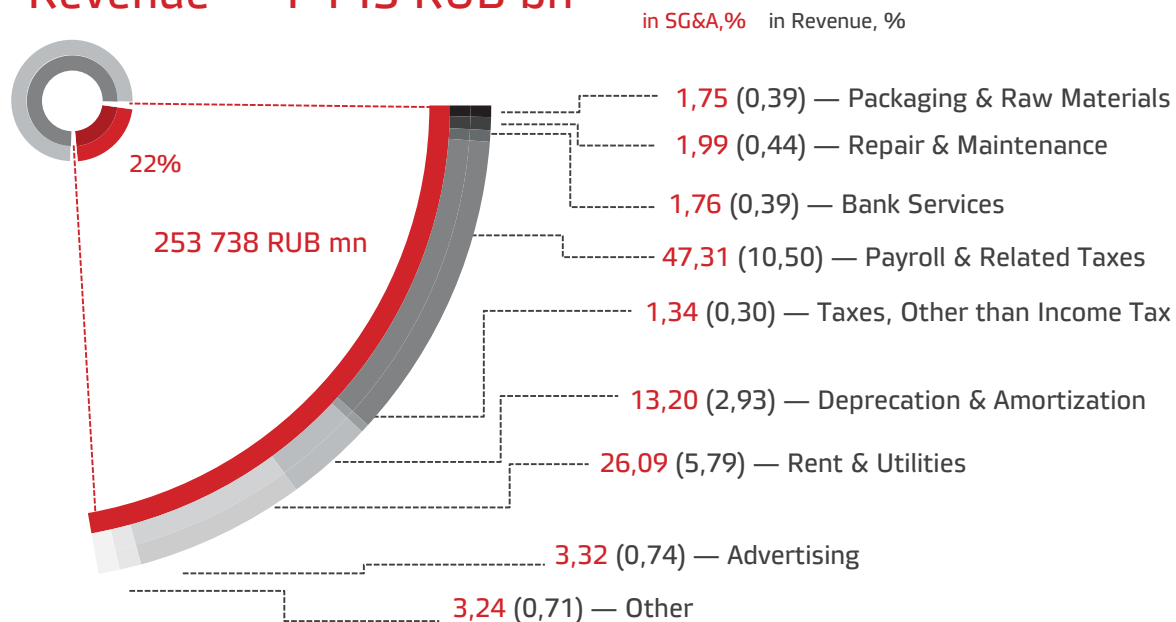


## Net Income Dynamics

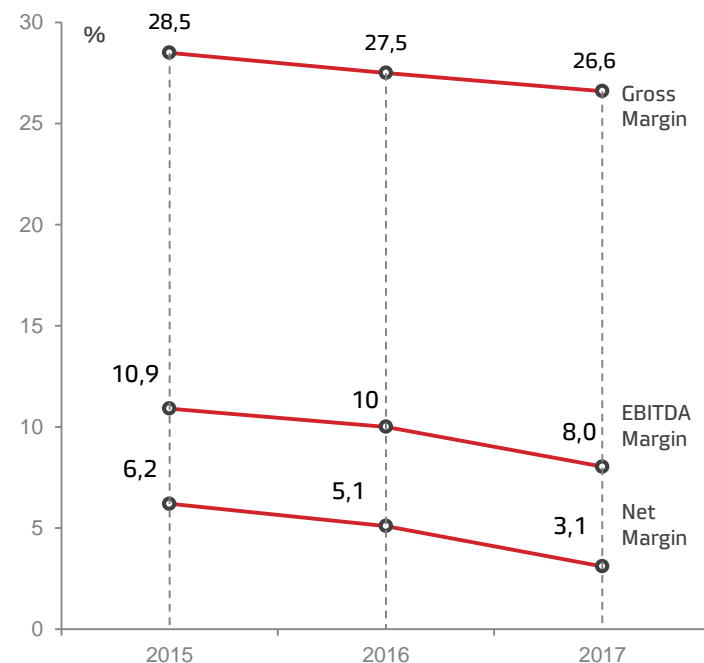


## SG&A Expense Structure 2017

Revenue — 1 143 RUB bn

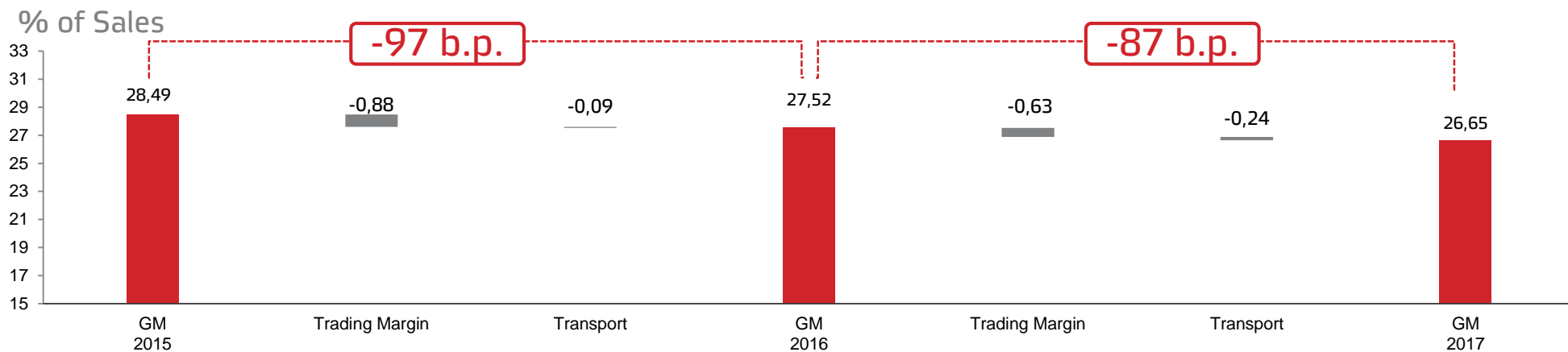


## Margin Dynamics

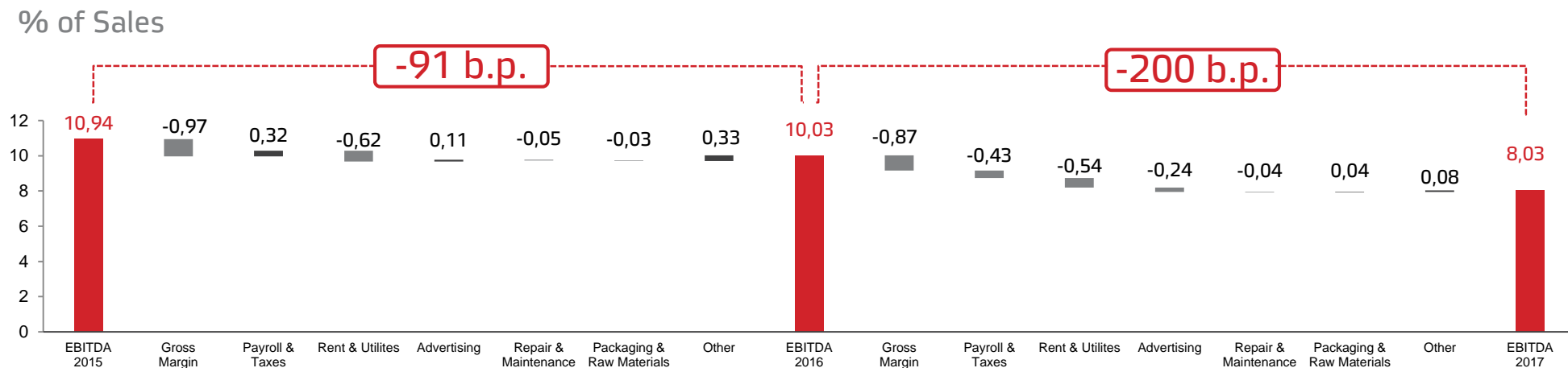


Source: Company's calculations based on IFRS accounts for 2015-2017

# Gross Margin Bridge

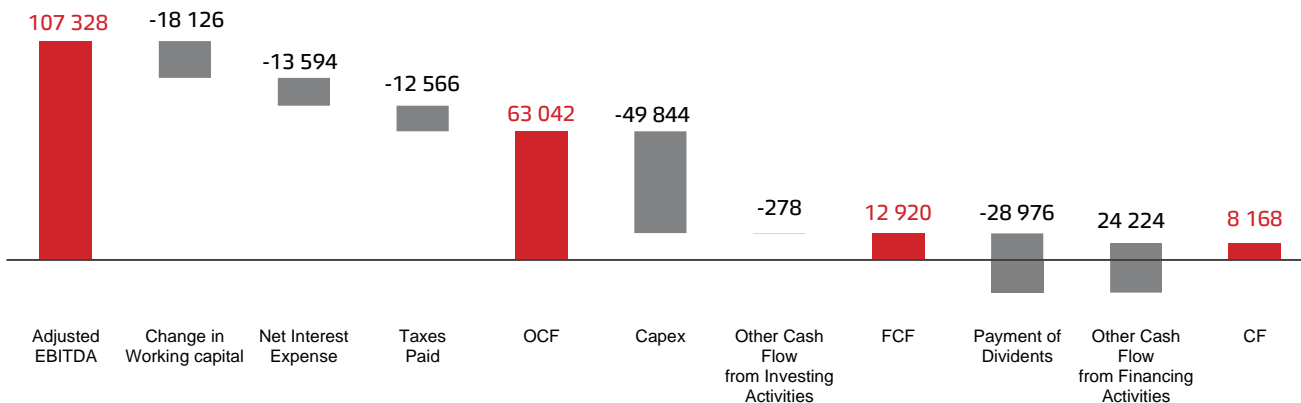


# EBITDA Margin Bridge

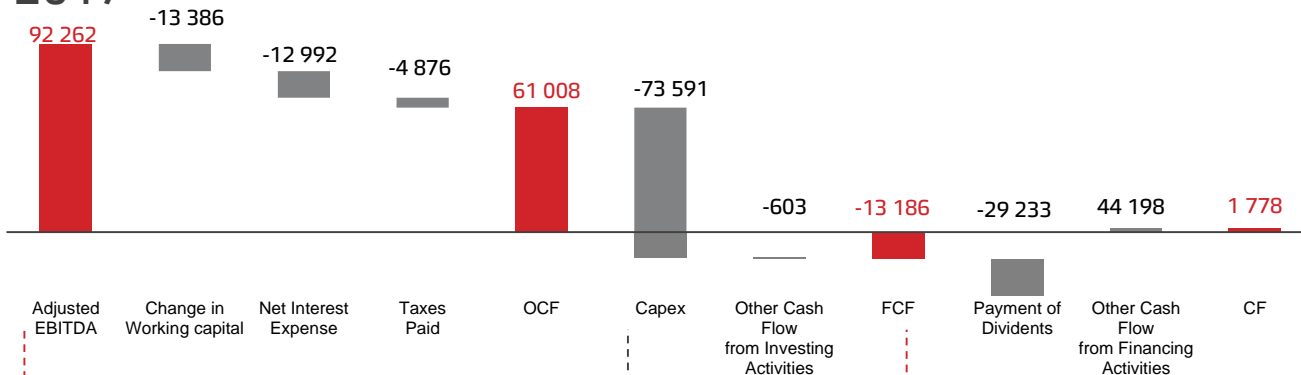


# Free Cash Flow

RUB mn  
2016



2017



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 38 Days.

Inventory Management Days is 64 Days

Working Capital: RUB 53 296 mn as of 31.12.2017

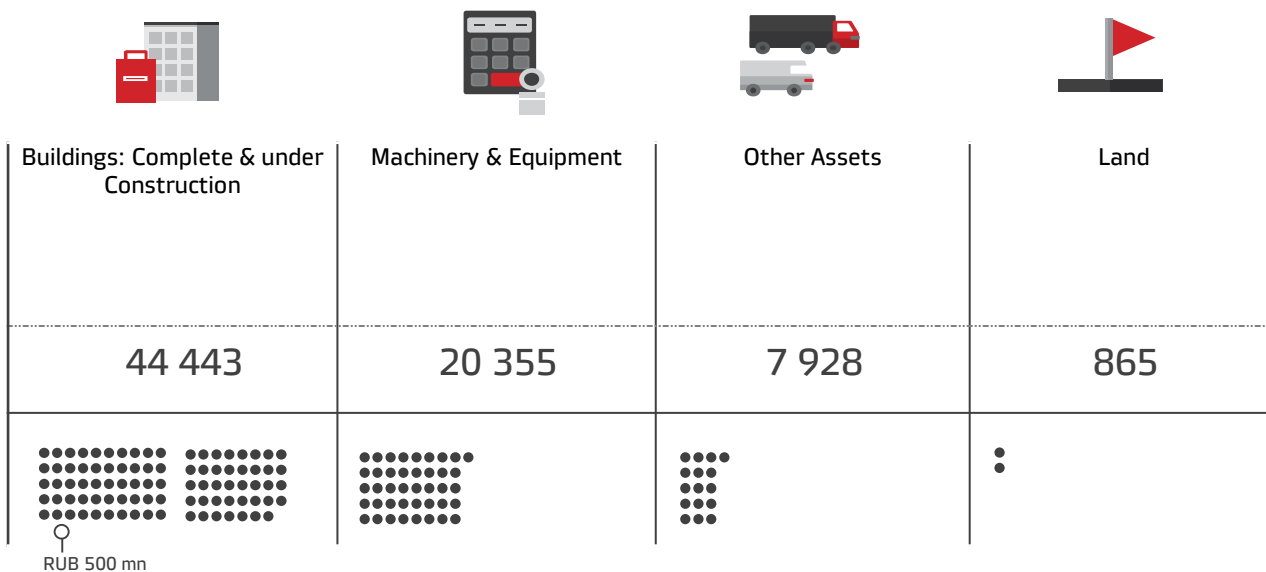
# Balance Sheet

RUB MN	2016	2017
<b>ASSETS</b>		
Property plant and equipment	289,945.35	329,826.90
Other non-current assets	6,080.58	6,959.12
Cash and cash equivalents	16,559.27	18,337.42
Inventories	134,915.71	162,204.50
Trade and other receivables	844.12	1,399.19
Advances paid	5,208.27	4,990.44
Taxes receivable	447.81	598.27
Short-term financial assets	215.88	215.31
Prepaid expenses	458.77	640.44
Income tax receivable	239.73	1,153.66
<b>TOTAL ASSETS</b>	<b>454,915.49</b>	<b>526,325.25</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	196,076.97	259,307.44
Long-term debt	77,499.90	86,338.13
Other long-term liabilities	15,625.65	22,622.29
Trade and other payables	83,923.32	99,142.15
Short-term debt	50,105.88	40,121.93
Dividends payable	11,936.87	0.83
Other current liabilities	19,746.90	18,792.48
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>454,915.49</b>	<b>526,325.25</b>

Source: Company's calculations based on IFRS accounts for 2016 – 2017

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

# Capex Figures

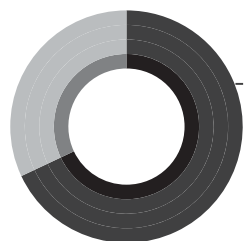
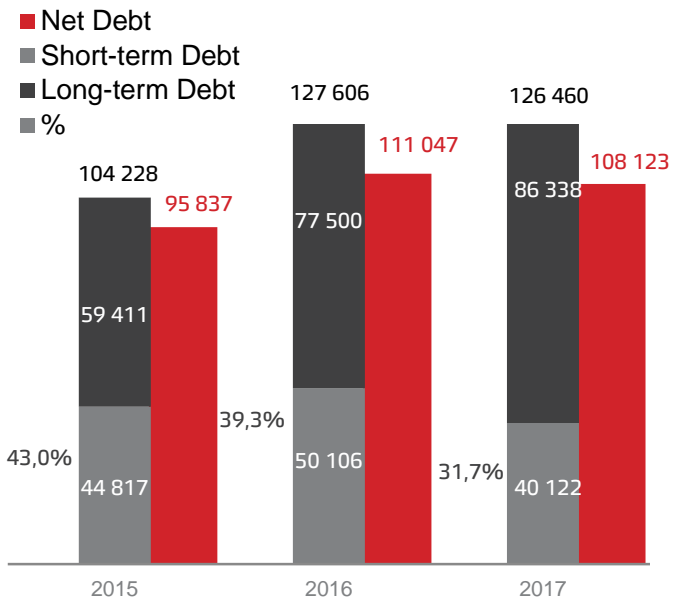


FY 2017  
**RUB 74 bn**

# Debt Burden

## Debt Level Dynamics

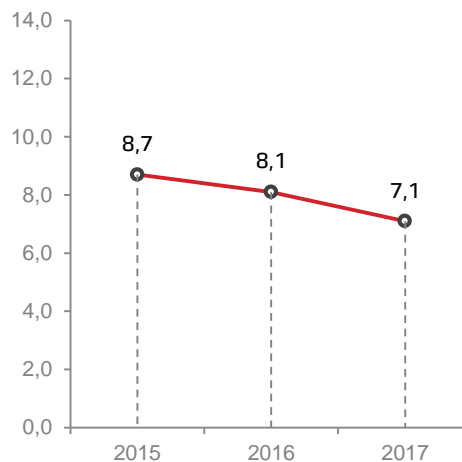
RUB mn



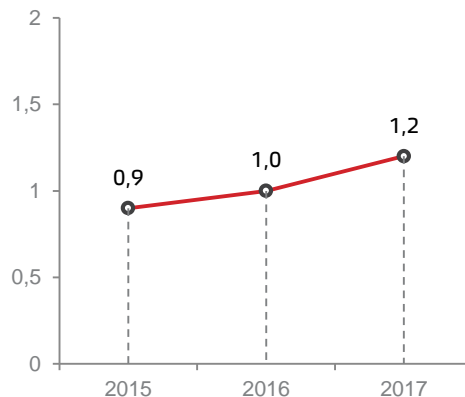
68% of Debt is Long-term

## 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 1,2



**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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