



INVESTOR PRESENTATION

Magnit at a Glance

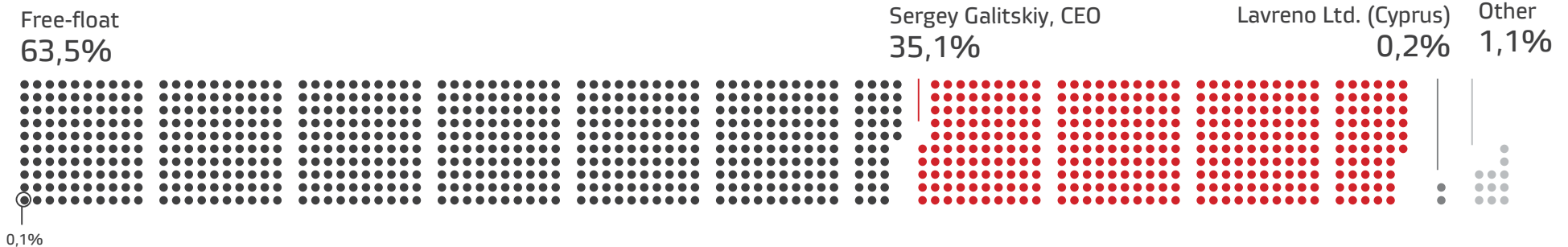
As of September 30, 2017



As of September 30, 2017



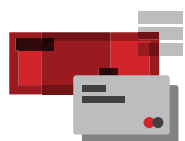
Shareholder Structure as of 1H 2017



Key Metrics

Figures for 9M 2017

Total Revenue 9M 2017



₽ 841 bn

Revenue Growth Y-o-Y

6,44 %

Net Margin

3,29%

EBITDA Margin

8,26%

Net Debt/
LTM EBITDA

1,3 as of
1H 2017

Guidance for FY 2017

New Convenience Stores(Gross)

 2 100

New Convenience Stores(Net)

 2 000+

New Hypermarkets(Gross)

 39

New Hypermarkets(Net)

 21

New Drogerie Stores(Gross)

 800

New Drogerie Stores(Net)

 670

Sales Growth Rate Rub

8-10%

Mid-term Strategy

Organic Space Growth



Multi-format Store Growth



Geographic Scope



Density of Store Coverage

Vertical Integration



Production Facilities



Agricultural



Private Label

Efficiency



Cost Management



New Technologies



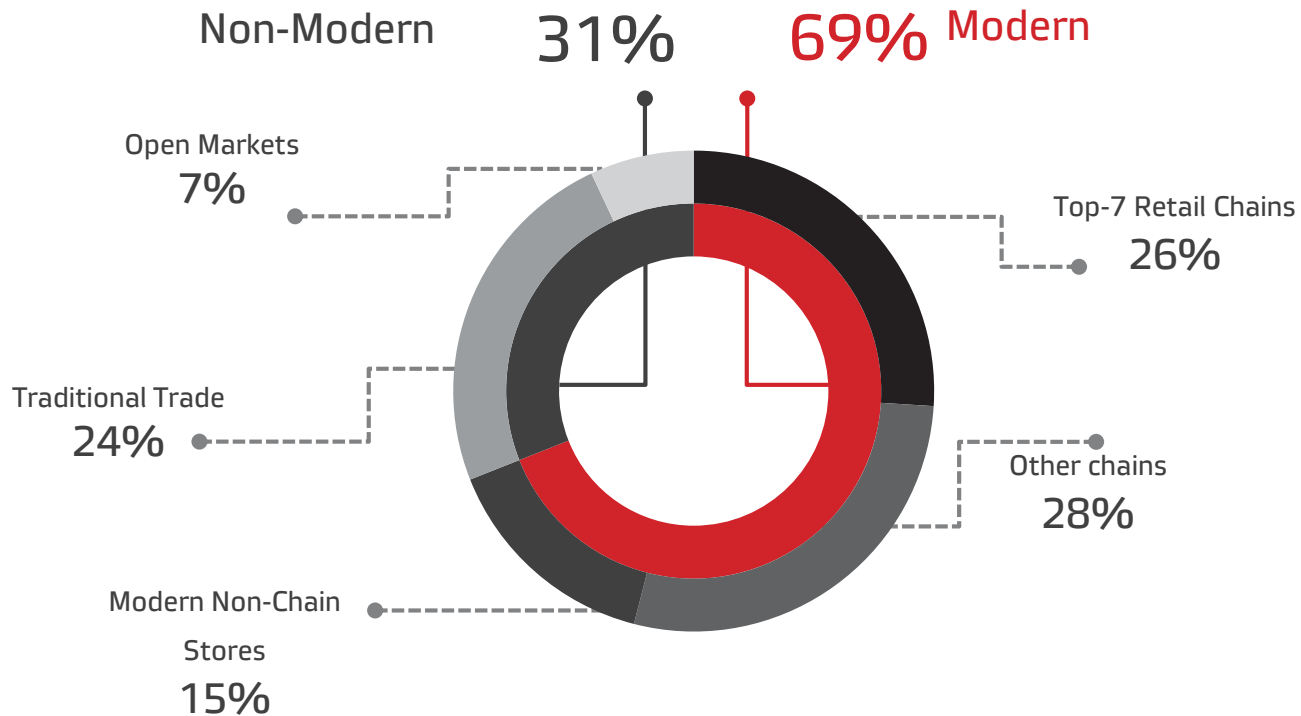
Centralization

Russian Food Retail Market

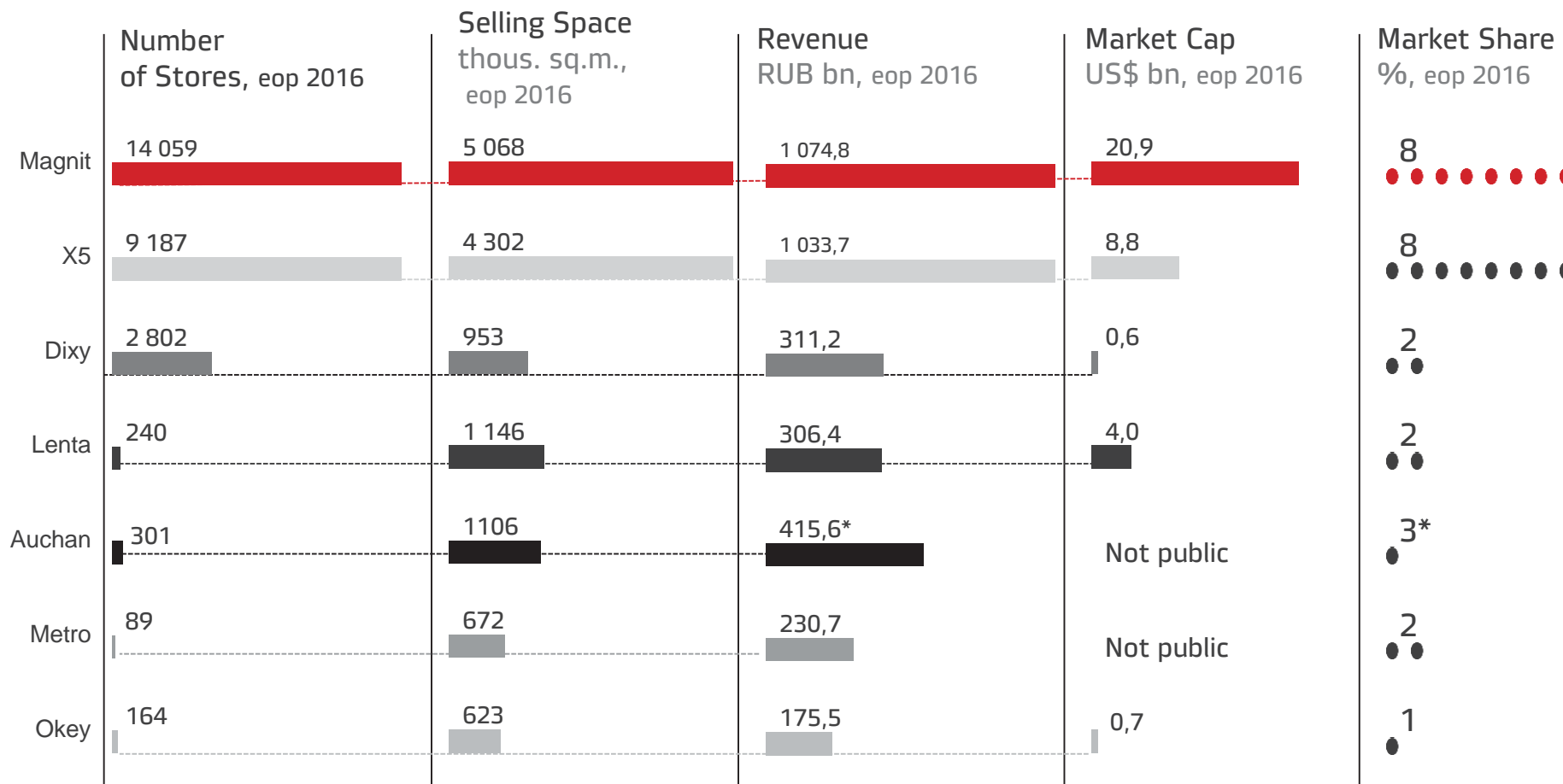
 **RUB 13,7trillion** Market Size FY 2016

 **69%** Modern Retail Penetration FY 2016

Market Composition by Format



Magnit vs Peers



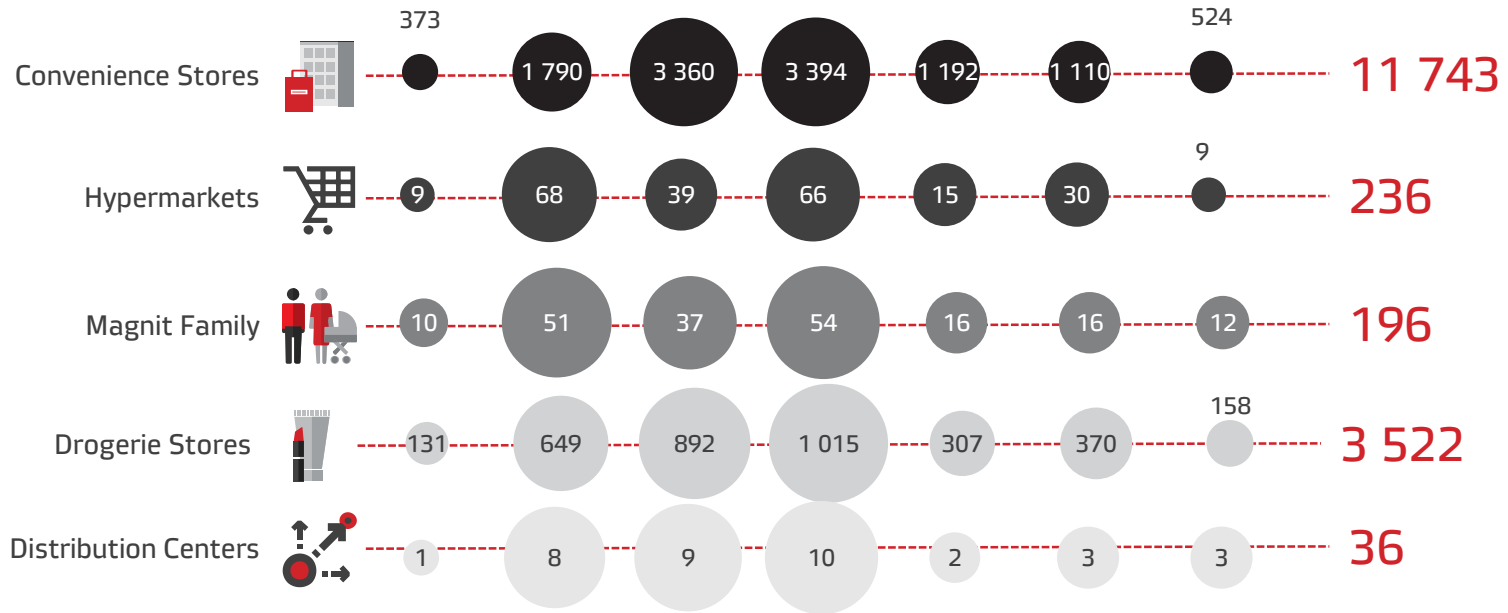
* As of FY 2015;

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

Geographical Coverage

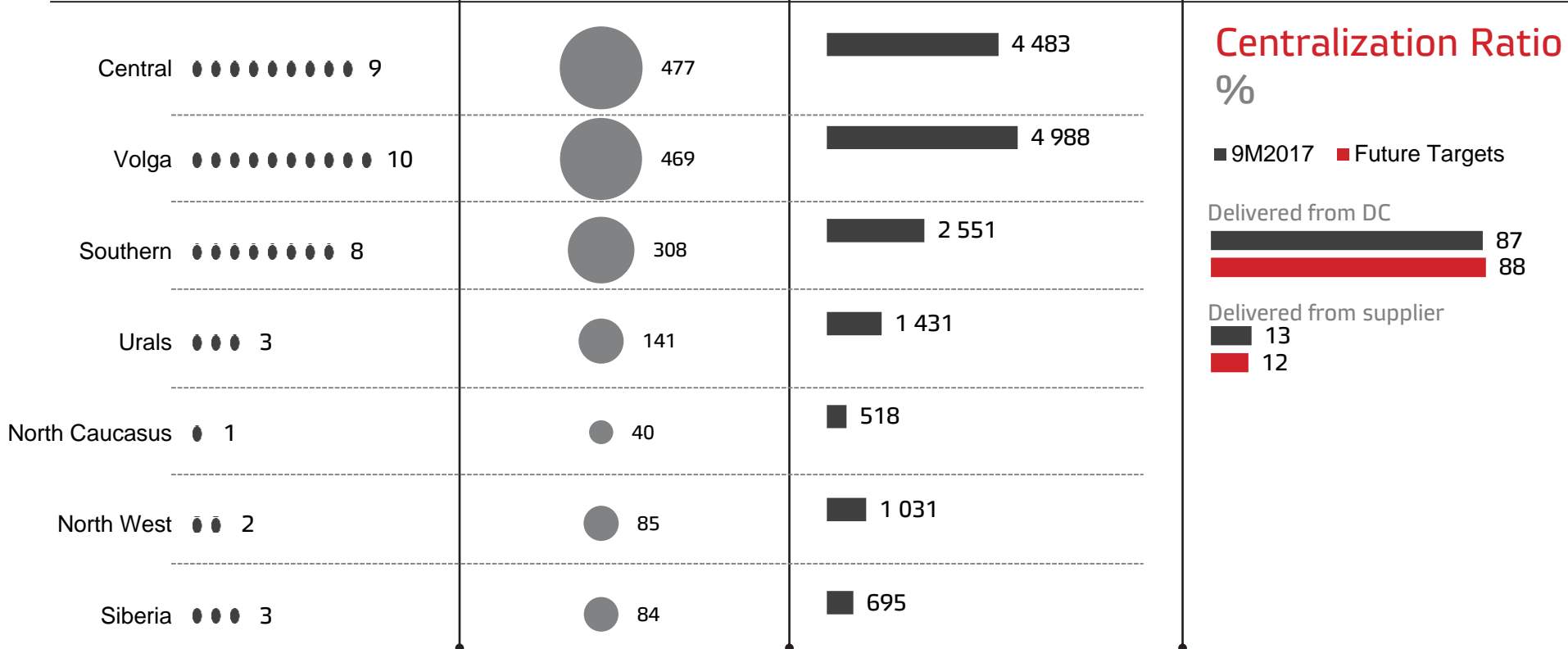
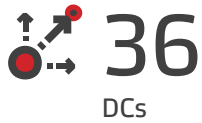
2 664 Cities & Towns

7 Federal Regions



Source: Company, as of September 30, 2017

Logistics System



Centralization Ratio %

■ 9M2017 ■ Future Targets

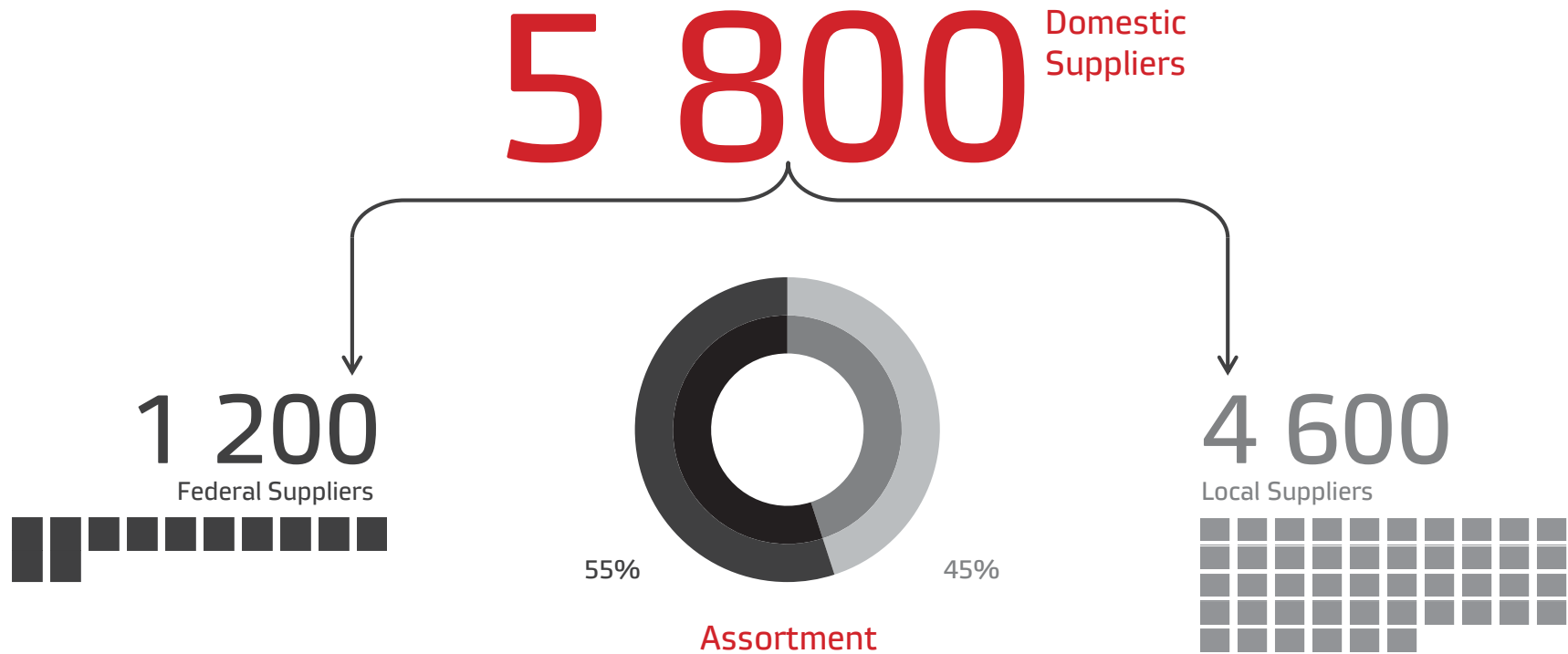
Delivered from DC



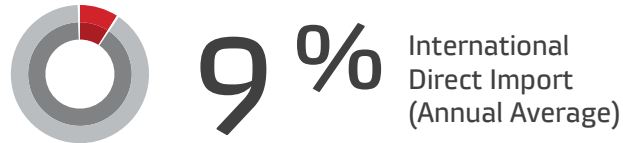
Delivered from supplier



Suppliers



Direct Import



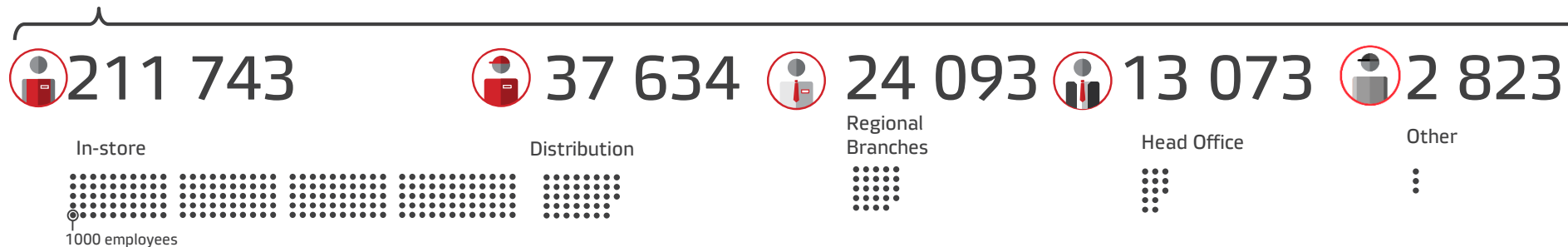
Private Label



Source: Company,
Direct Import – as of December 31, 2016;
Private Label – as of September 30, 2017

Employees

 **289 366** Employees



 **₽ 33 475** Average Monthly Salary *

Source: Company,
as of September 30, 2017
*as of June 30, 2017

Competitive Attributes



Location



Price



Quality



Assortment

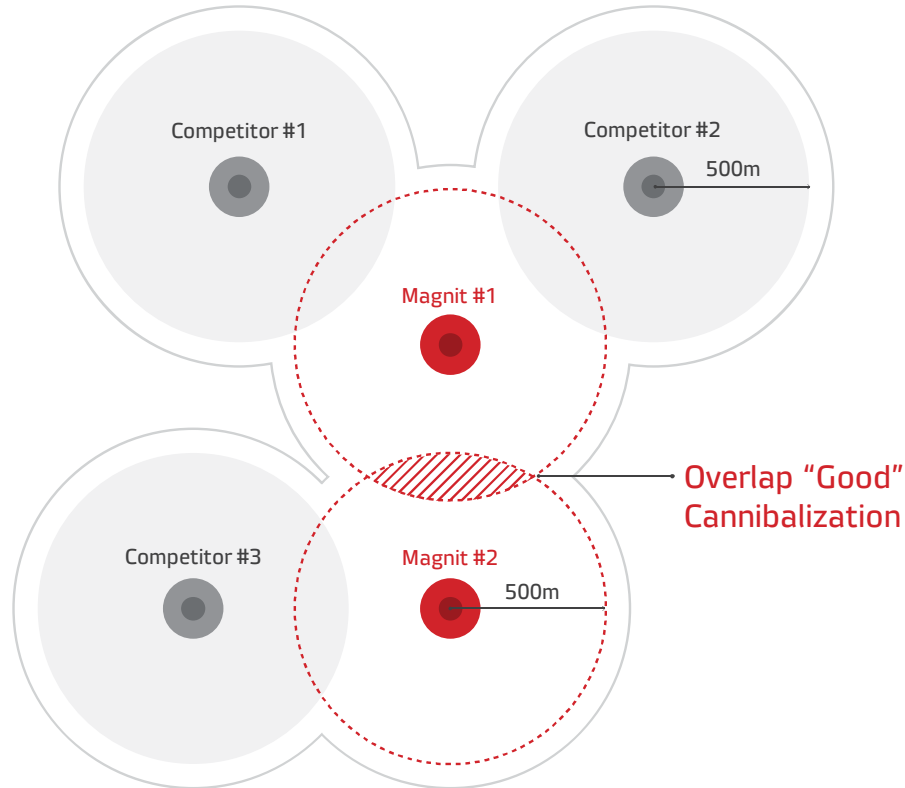


Reliability



Atmosphere

Sales Catchment Area



5 000
(1 500-1 600 Families)

People –
Minimum
Population



₹4 000-9 500

Monthly
Family Food
Budget

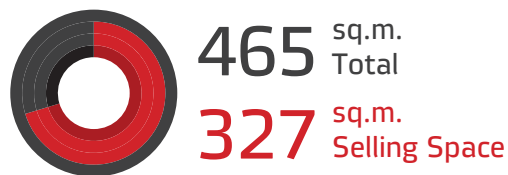


43-45 % of Family
Budget
Spent on Food

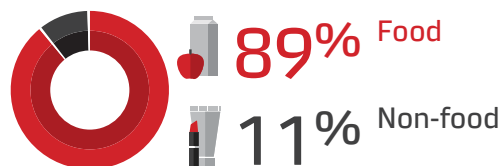
Convenience Store

Format Description

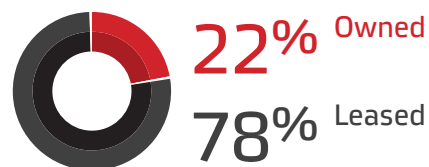
Size of the Store



Sales Mix



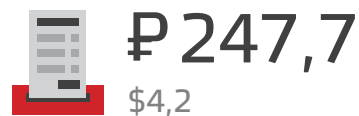
Store Ownership Structure



Source: Company,
as of September 30, 2017

Key Operational Statistics

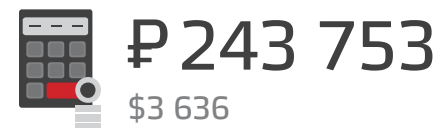
Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 9M2017 – 9M2016, %

2,34 Average Ticket, RUB

-2,86 Traffic

-0,59 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

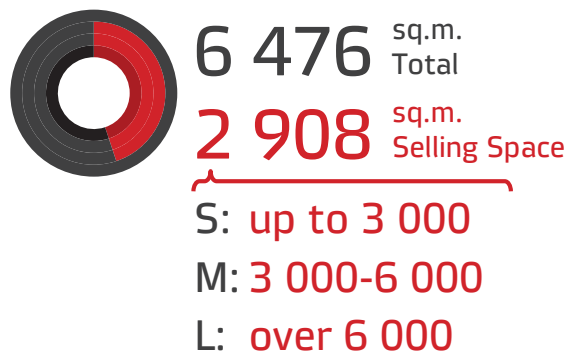
Time to Maturity

● ● ● ● ● ● ● ●
6 months

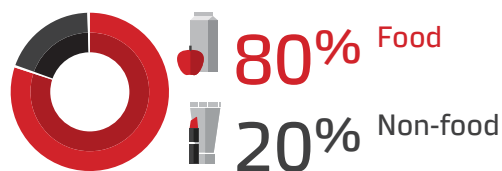
Hypermarket

Format Description

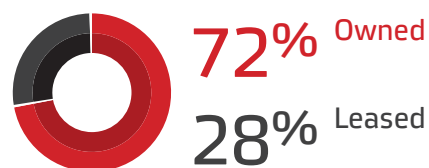
Size of the Store



Sales Mix



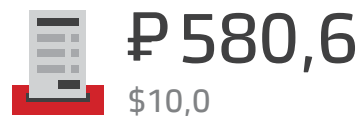
Store Ownership Structure



Source: Company, as of September 30, 2017

Key Operational Statistics

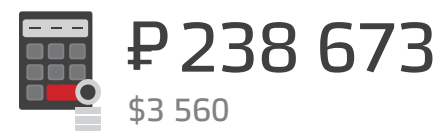
Average Ticket



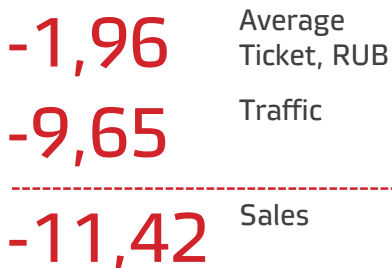
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 9M2017 – 9M2016,%



Opening

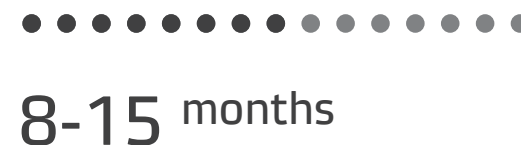
Payback



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

Owned 65-105
Leased 31-41

Time to Maturity



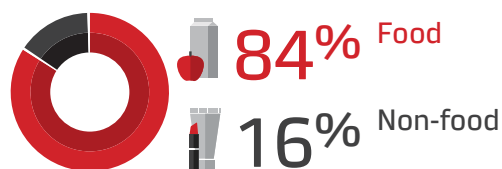
Magnit Family

Format Description

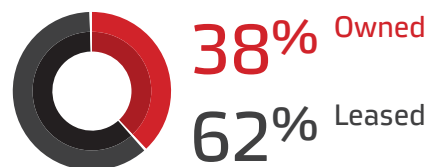
Size of the Store



Sales Mix



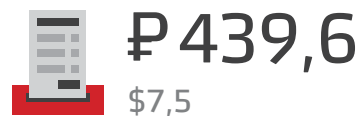
Store Ownership Structure



Source: Company, as of September 30, 2017

Key Operational Statistics

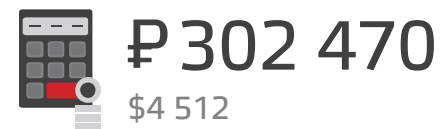
Average Ticket



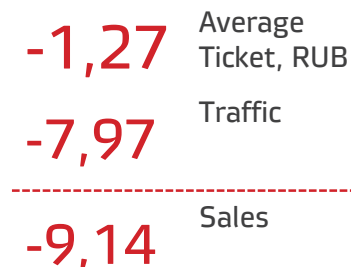
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 9M2017 – 9M2016, %



Opening

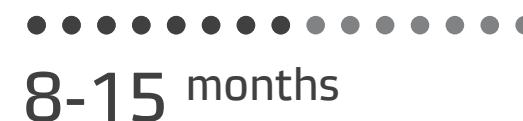
Payback



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

Owned 71-122
Leased 31-54

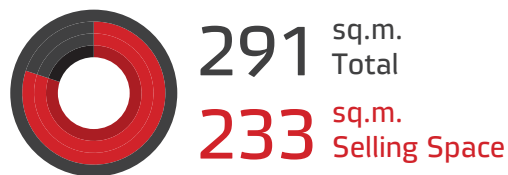
Time to Maturity



Drogerie Store

Format Description

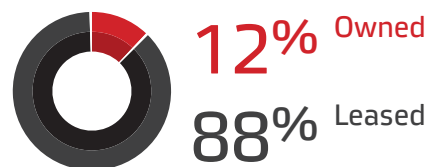
Size of the Store



Sales Mix



Store Ownership Structure



Source: Company,
as of September 30, 2017

Key Operational Statistics

Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 9M2017 – 9M2016, %

0,81 Average Ticket, RUB

0,27 Traffic

1,08 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

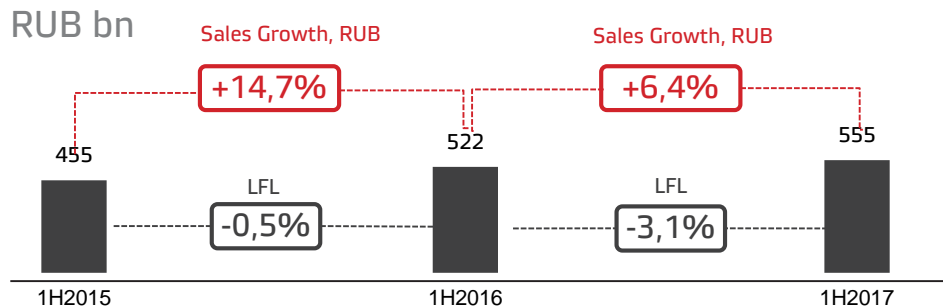
	Size of the Store sq.m.	Average Ticket	Traffic Tickets/sq.m./day	Density Sales/sq.m./year	Sales Mix	LFL 9M2017-9M2016 %	Store Ownership Structure	Payback Years	Cost of New Store per sq.m. of Total Space	Time to Maturity Months
	● Total ● Selling Space				● Food ● Non-food	● Av.ticket ● Traffic/ Sales	● Owned ● Leased			
 Convenience store	465 327	P.247,7 \$4,2	2,5	P.243 753 \$3 636	89% 11%	2,34 -2,86 -0,59	22% 78%	3 (if leased) 4-6 (if owned)	Owned RUB 35-105k Leased RUB 10-19k	6
 Hypermarket	6 476 2 908*	P.580,6 \$10,0	1,0	P.238 673 \$3 560	80% 20%	-1,96 -9,65 -11,42	72% 28%	6-9	Owned RUB 65-105k Leased RUB 31-41k	8-15
 Drogerie Store	291 233	P.305,9 \$5,2	0,9	P. 108 394 \$1 617	100%	0,81 0,27 1,08	12% 88%	3 (if leased) 4-6 (if owned)	Owned RUB 20-70k Leased RUB 9-16k	6
 Magnit Family	2 113 1 101	P.439,6 \$7,5	1,7	P.302 470 \$4 512	84% 16%	-1,27 -7,97 -9,14	38% 62%	6-9	Owned RUB 71-122k Leased RUB 31-54k	8-15

Summary P&L

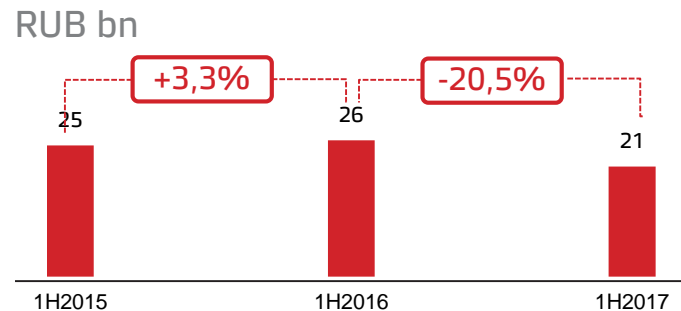
RUB MN	1H2016	1H2017	1H2016 / 1H2017 Y-o-Y Growth
Net sales	521,527.57	555,024.83	6.4%
Cost of sales	(379,464.58)	(402,478.35)	6.1%
Gross profit	142,062.99	152,546.49	7.4%
Gross margin, %	27.24%	27.48%	
SG&A	(92,661.97)	(106,643.26)	15.1%
Other income, net	2,138.69	2,783.77	30.2%
EBITDA	51,599.85	48,789.94	-5.4%
EBITDA margin,%	9.89%	8.79%	
Depreciation & Amortization	(12,101.38)	(16,447.62)	35.9%
EBIT	39,498.47	32,342.32	-18.1%
Net finance costs	(6,853.38)	(6,280.43)	-8.4%
Profit before tax	32,645.09	26,061.89	-20.2%
Taxes	(6,537.85)	(5,313.44)	-18.7%
Effective tax rate	20.03%	20.39%	
Net income	26,107.24	20,748.45	-20.5%
Net margin, %	5.01%	3.74%	

Revenue & Costs

Revenue Dynamics

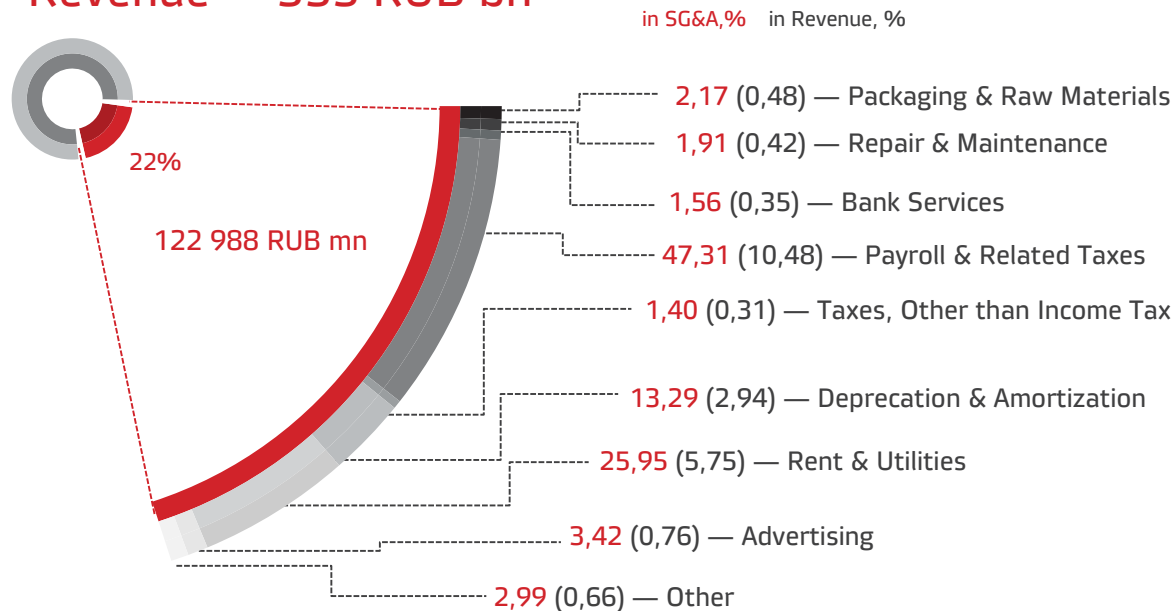


Net Income Dynamics

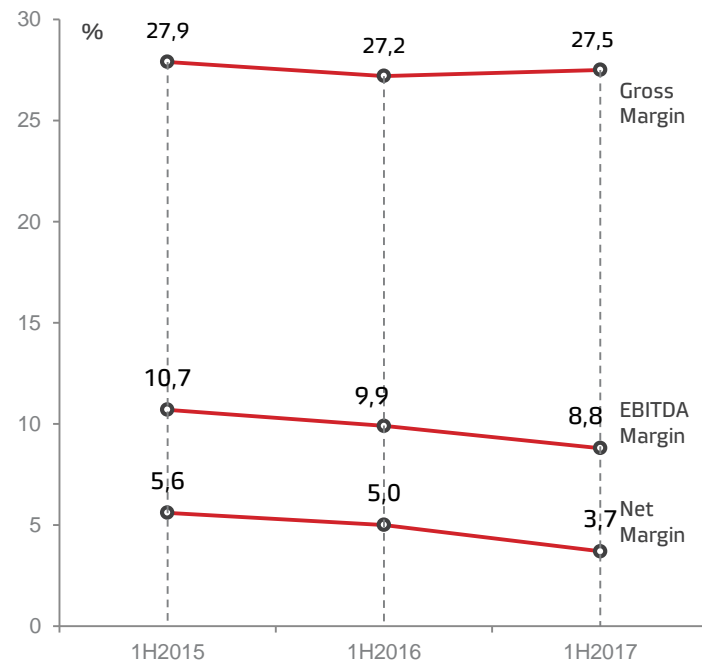


SG&A Expense Structure 1H 2017

Revenue — 555 RUB bn

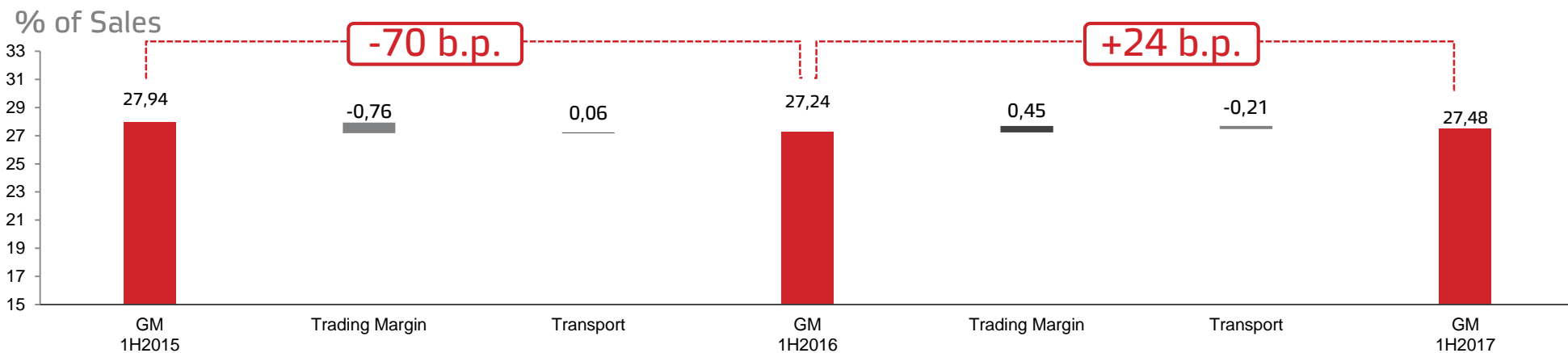


Margin Dynamics

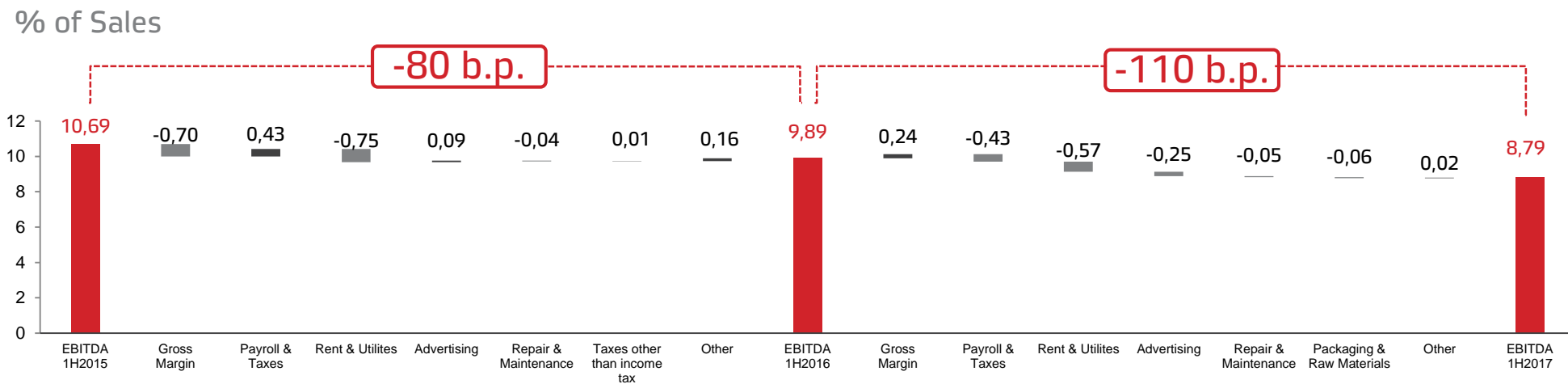


Source: Company's calculations based on IFRS accounts for 1H2015-1H2017

Gross Margin Bridge

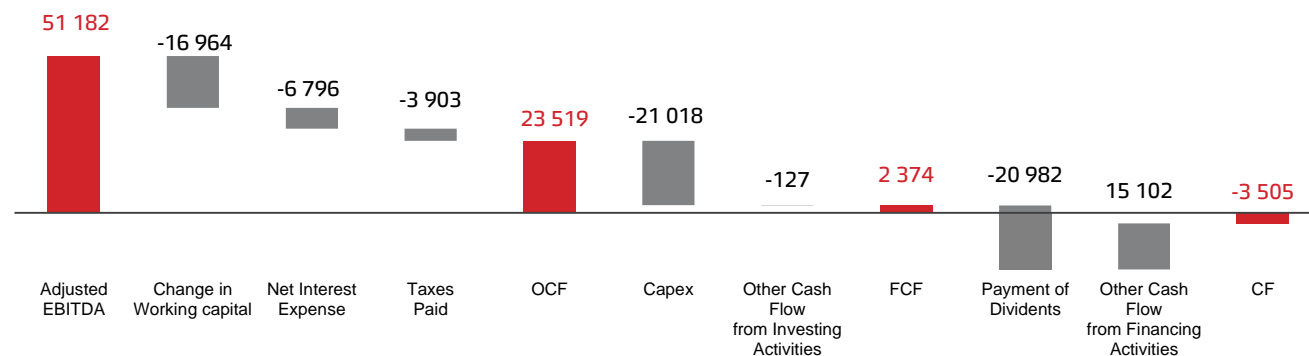


EBITDA Margin Bridge

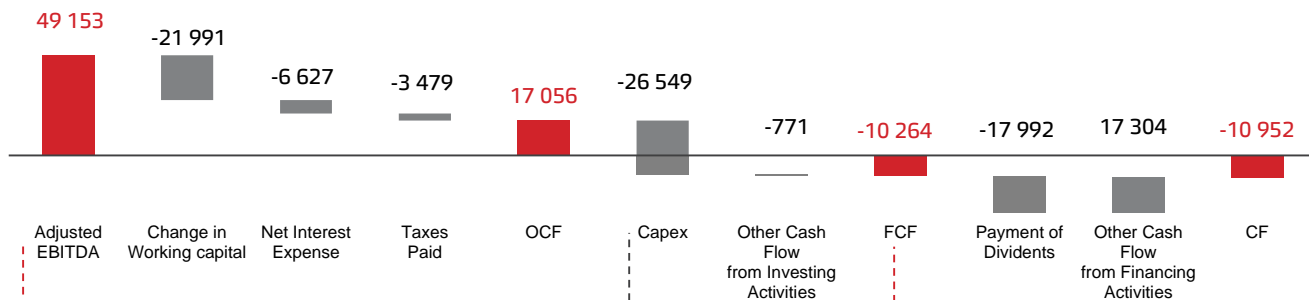


Free Cash Flow

RUB mn
1H 2016



1H 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 35 Days.

Inventory Management Days is 64 Days

Working Capital: RUB 61 424 mn as of 30.06.2017









Balance Sheet

RUB MN	2015	2016	1H2017
ASSETS			
Property plant and equipment	265,995.94	289,945.35	300,106.95
Other non-current assets	6,380.79	6,080.58	6,346.18
Cash and cash equivalents	8,390.90	16,559.27	5,607.38
Inventories	116,471.59	134,915.71	150,360.84
Trade and other receivables	993.67	844.12	971.62
Advances paid	5,295.73	5,208.27	5,175.78
Taxes receivable	96.67	447.81	644.15
Short-term financial assets	246.78	215.88	261.54
Prepaid expenses	320.91	458.77	552.33
Income tax receivable	-	239.73	1 223.60
TOTAL ASSETS	404,192.98	454,915.49	471,250.36
EQUITY AND LIABILITIES			
Equity	165,140.60	196,076.97	210,451.03
Long-term debt	59,411.19	77,499.90	32,975.88
Other long-term liabilities	12,998.59	15,625.65	18,417.11
Trade and other payables	88,372.22	83,923.32	77,348.72
Short-term debt	44,817.12	50,105.88	111,582.61
Dividends payable	16,993.86	11,936.87	319.59
Other current liabilities	16,459.40	19,746.90	20,155.42
TOTAL EQUITY AND LIABILITIES	404,192.98	454,915.49	471,250.36

Source: Company's calculations based on IFRS accounts for 2015 – 1H2017

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

Capex Figures

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

FY 2016¹

RUB 50 bn

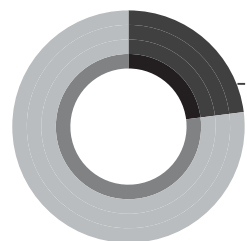
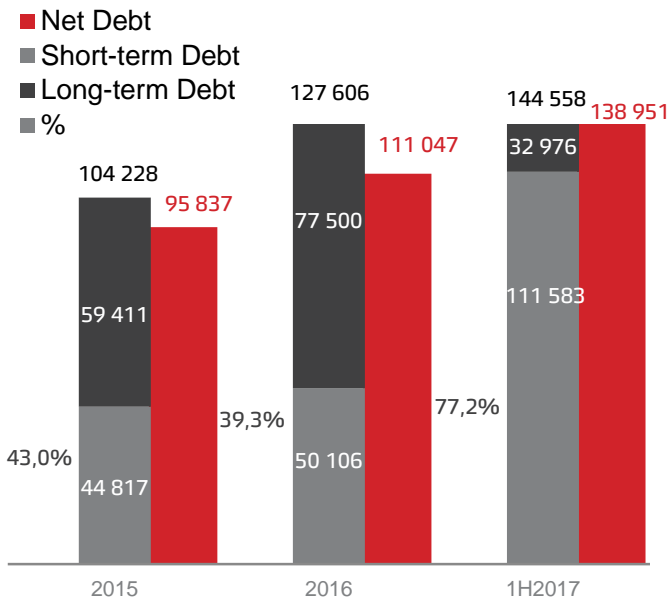
¹CAPEX for 1H2017 amounts to RUB 26,549 mn

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

Debt Burden

Debt Level Dynamics

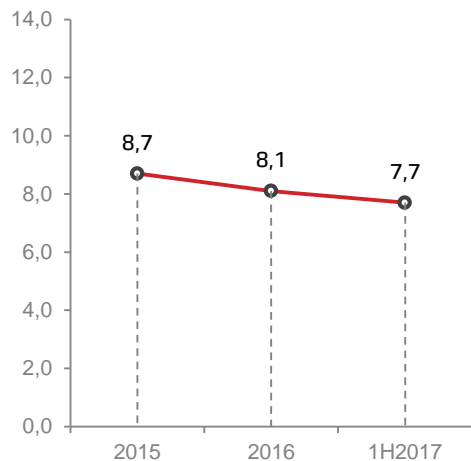
RUB mn



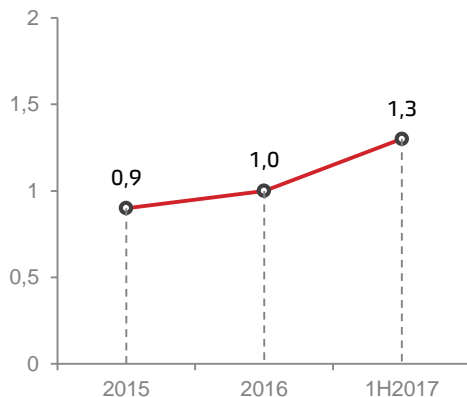
23% of Debt is Long-term

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 1,3



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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