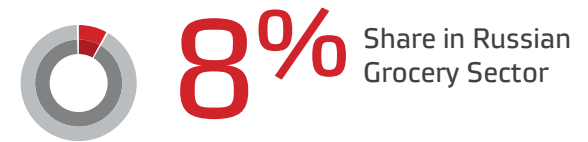
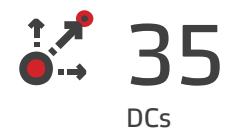




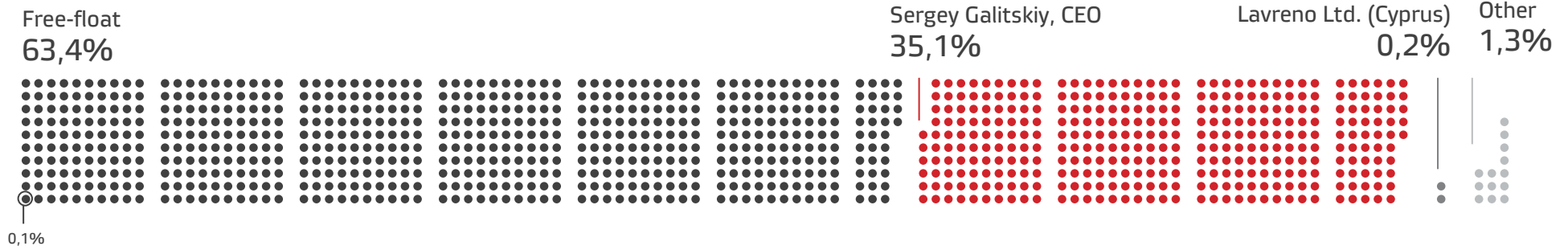
INVESTOR PRESENTATION

Magnit at a Glance

As of December 31, 2016

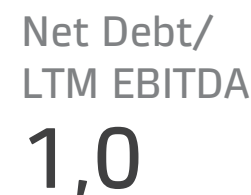
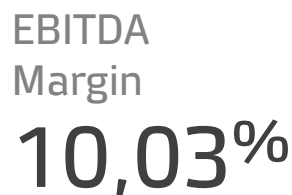
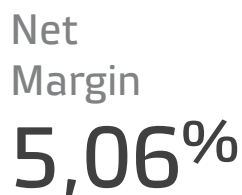
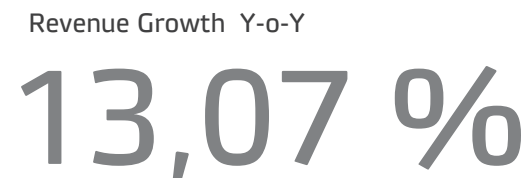
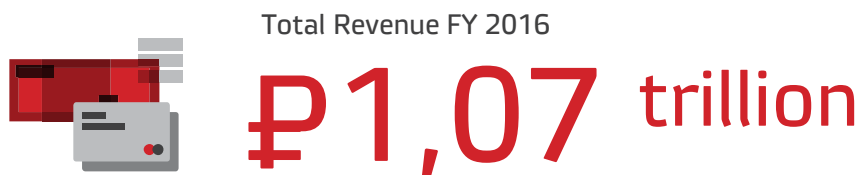


Shareholder Structure

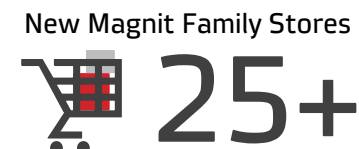


Key Metrics

Figures for FY 2016



Guidance for FY 2017

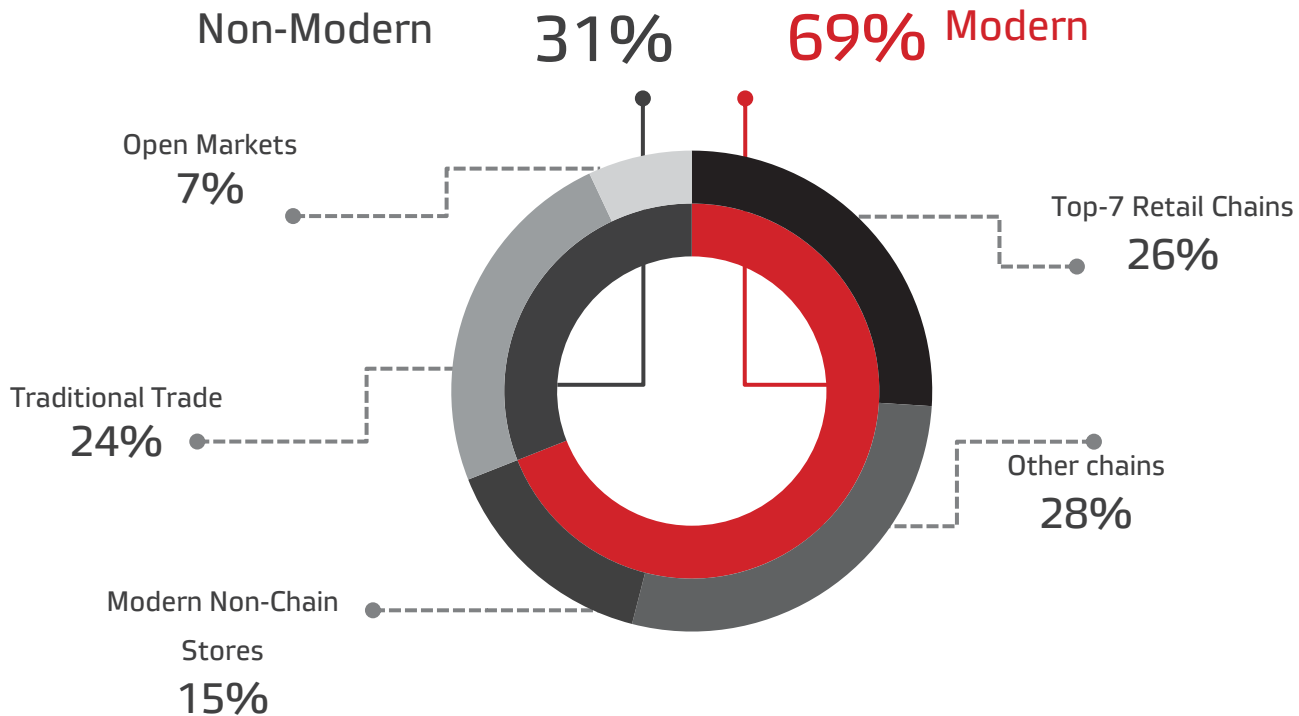


Russian Food Retail Market

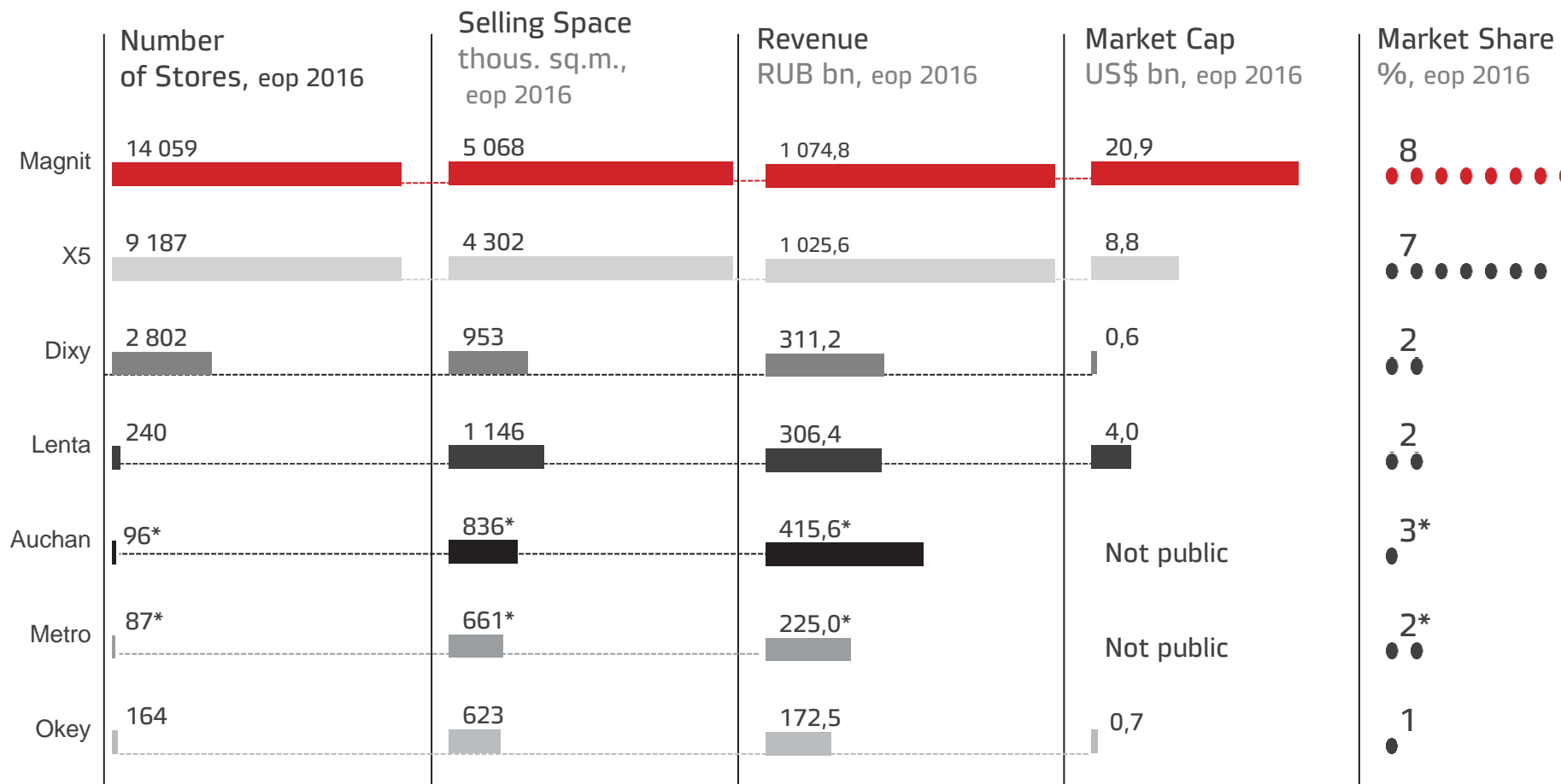
 **RUB 13,7trillion** Market Size FY 2016

 **69%** Modern Retail Penetration FY 2016

Market Composition by Format



Magnit vs Peers



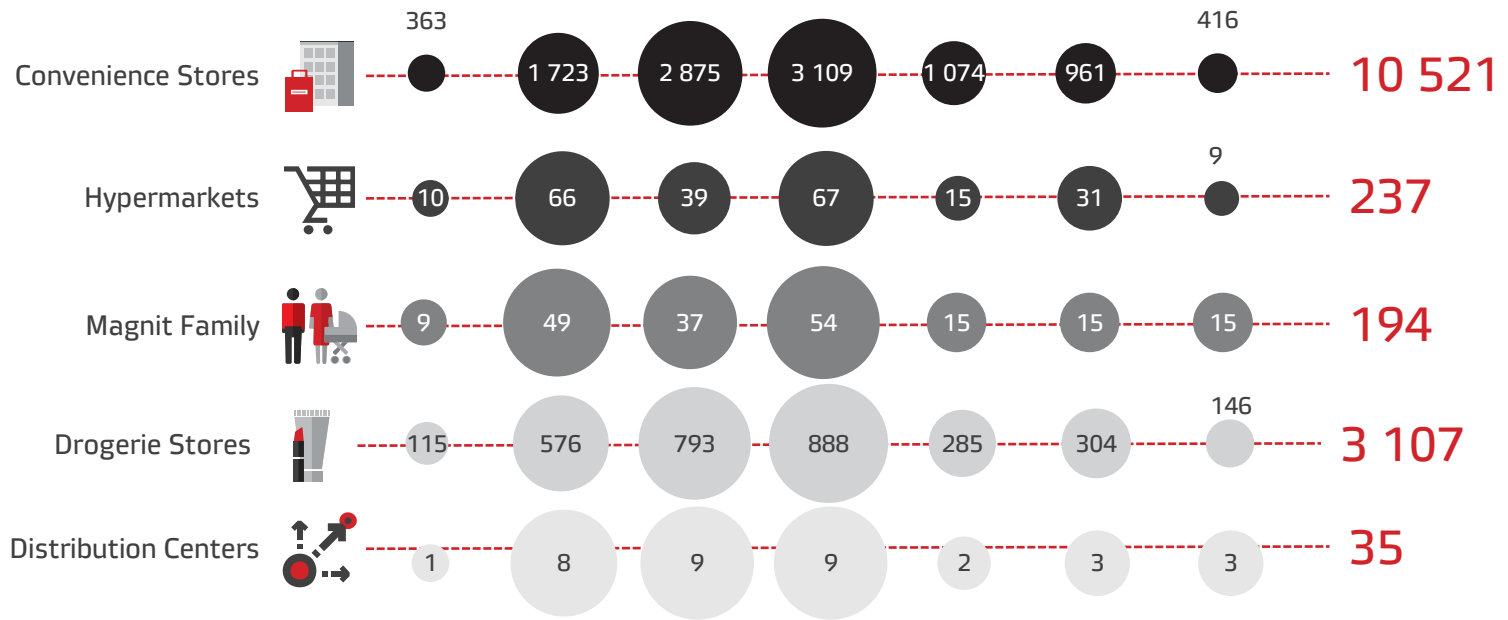
* As of FY 2015;

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

Geographical Coverage

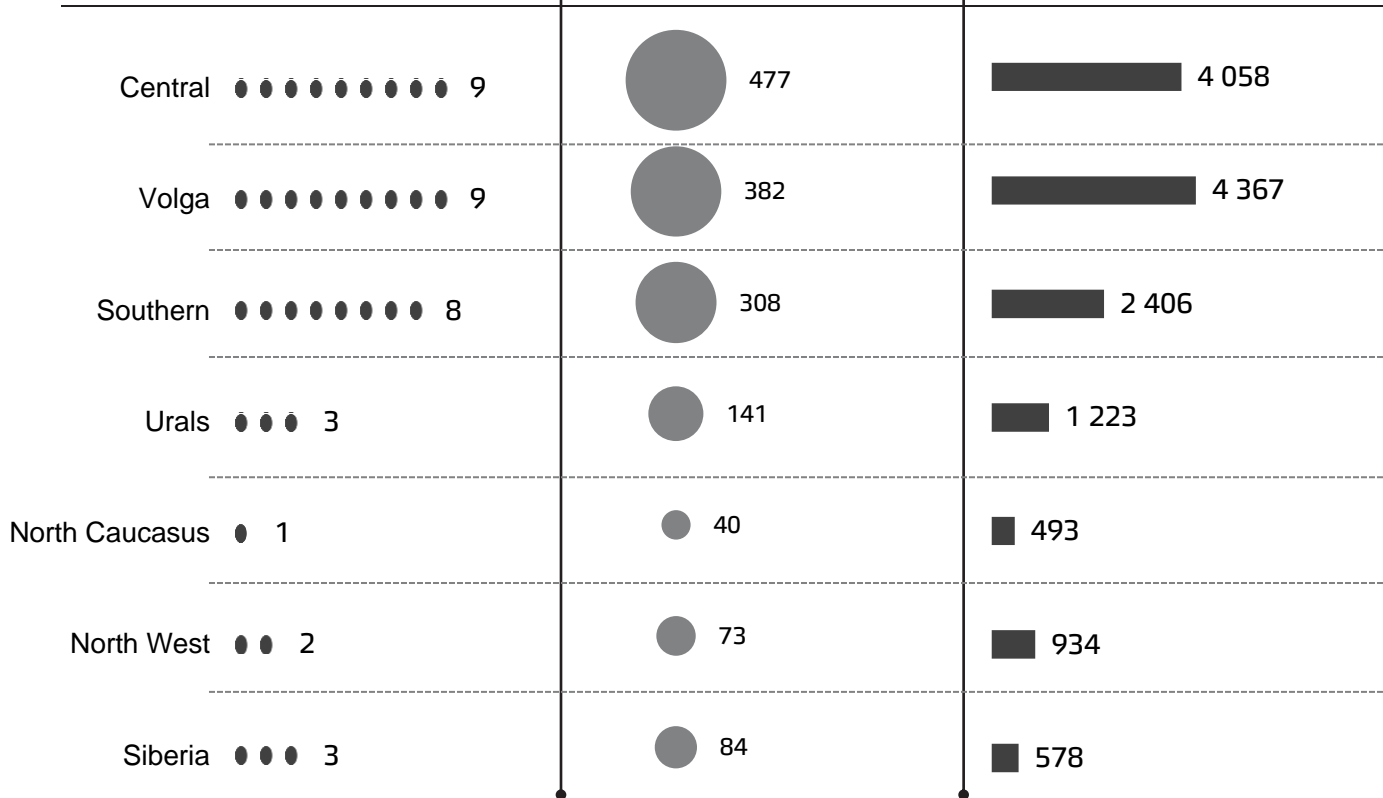
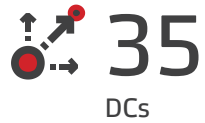
2 494 Cities & Towns

7 Federal Regions



Source: Company, as of December 31, 2016

Logistics System



Centralization Ratio %

■ FY2016 ■ Future Targets

Convenience Stores

Delivered from DC



Delivered from supplier



Hypermarkets

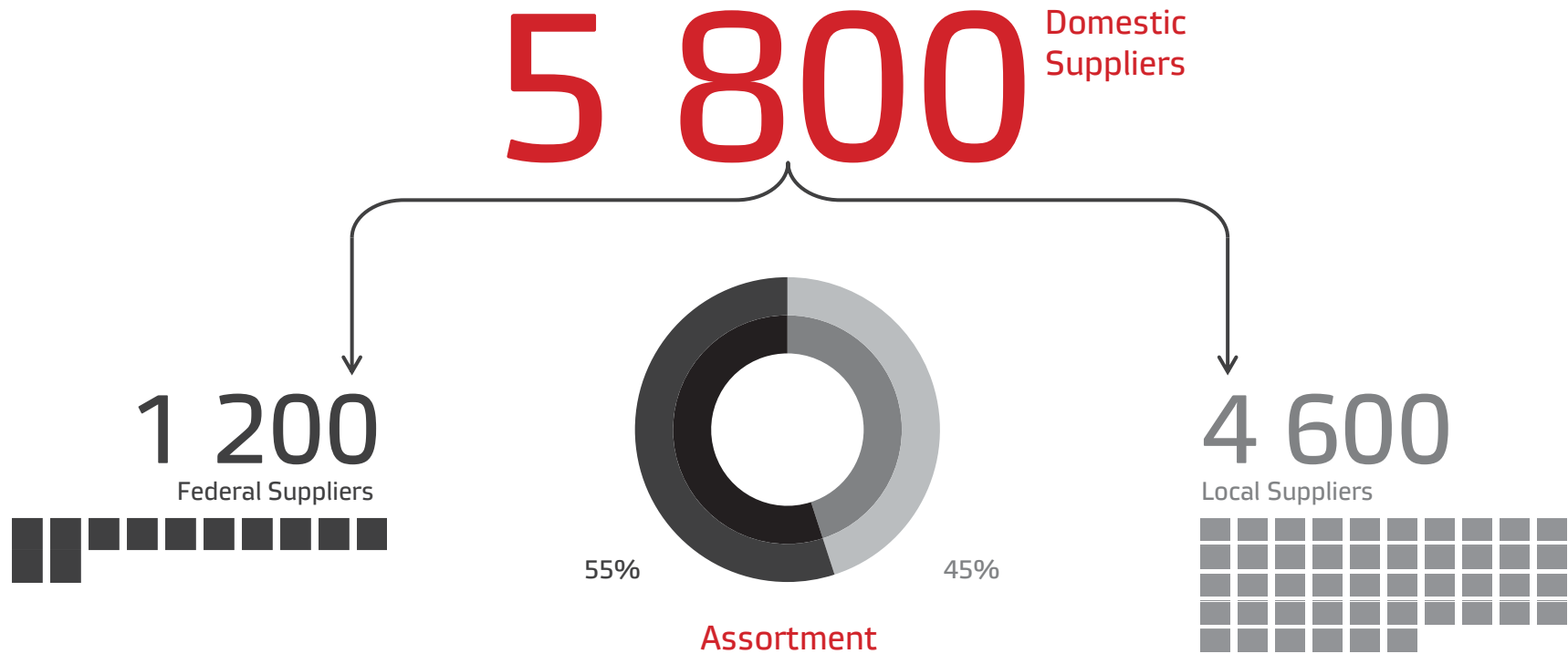
Delivered from DC



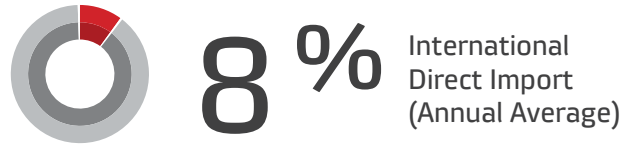
Delivered from supplier



Suppliers



Direct Import

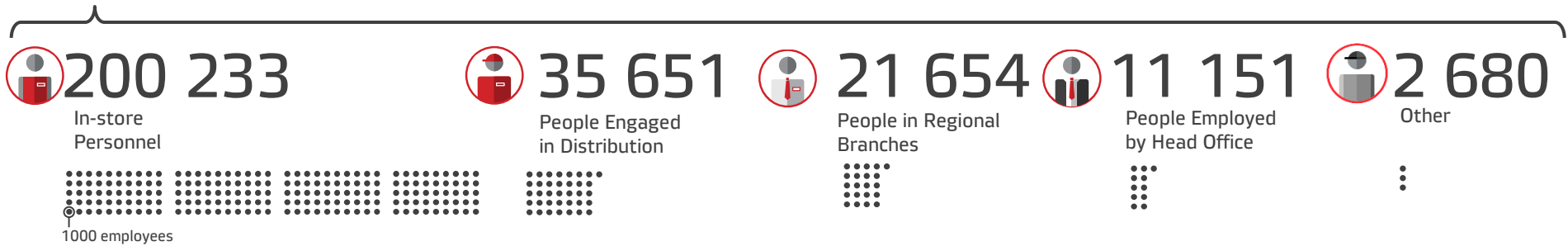


Private Label



Employees

 **271 369** Employees

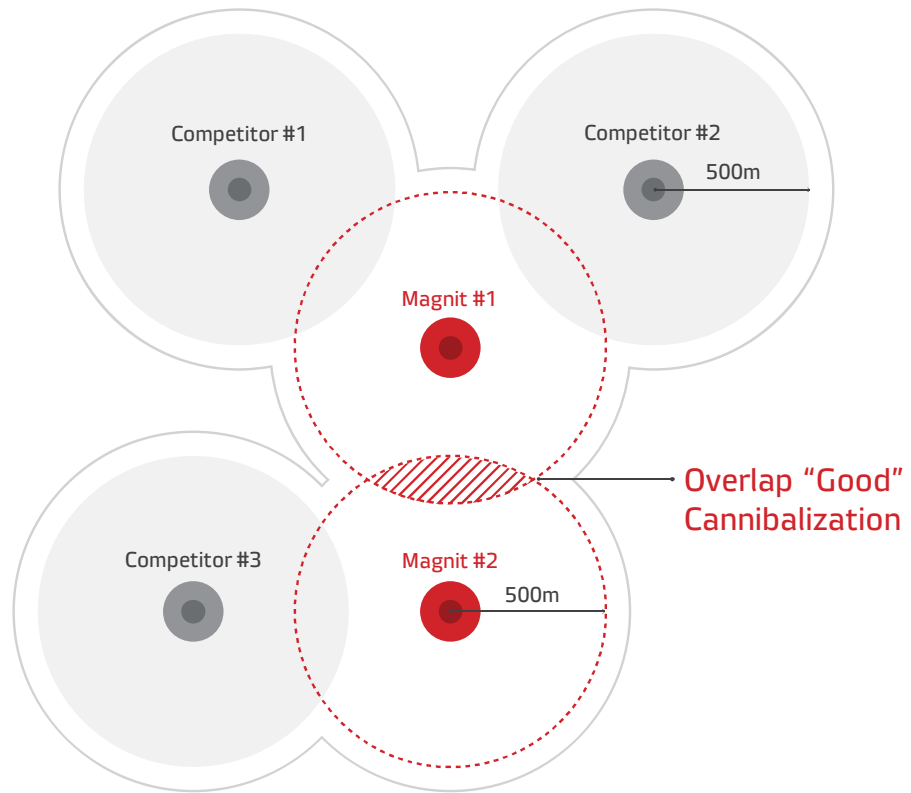


 **₽ 32 893** Average Monthly Salary

Competitive Attributes



Sales Catchment Area



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

₹ 4 000-9 500 Monthly
Family Food
Budget

43-45 % of Family
Budget
Spent on Food

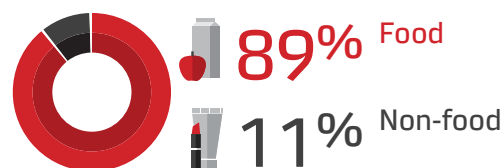
Convenience Store

Format Description

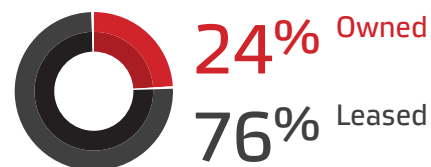
Size of the Store



Sales Mix

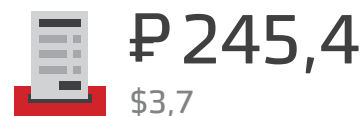


Store Ownership Structure



Key Operational Statistics

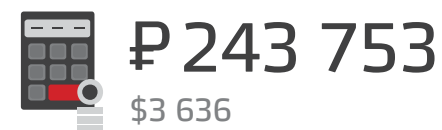
Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 12M2016 – 12M2015,%



Opening

Payback

If Leased



If Owned



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

Owned 35-105

Leased 10-19

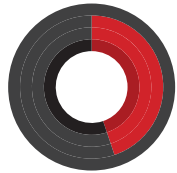
Time to Maturity



Hypermarket

Format Description

Size of the Store



6 435 sq.m. Total

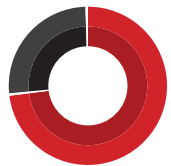
2 885 sq.m. Selling Space

S: up to 3 000

M: 3 000-6 000

L: over 6 000

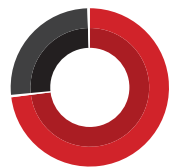
Sales Mix



80% Food

20% Non-food

Store Ownership Structure



73% Owned

27% Leased

Source: Company, as of December 31, 2016

Key Operational Statistics

Average Ticket



₹ 601,6

\$9,0

Traffic tickets/sq.m./day



1,1

Sales Density sales/sq.m./year



₹ 238 673

\$3 560

LFL 12M2016 – 12M2015,%

-0,85 Average Ticket, RUB

-9,32 Traffic

-10,09 Sales

Opening

Payback



6-9 years

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

Owned 56-98

Leased 31-41

Time to Maturity

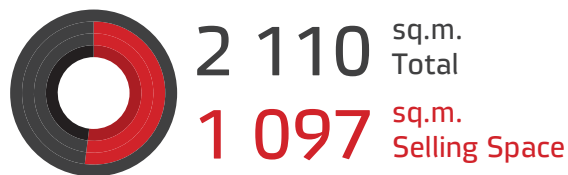


8-15 months

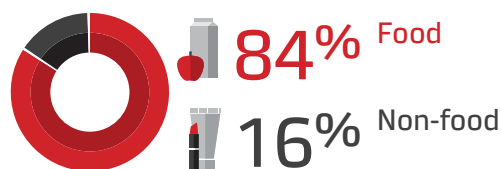
Magnit Family

Format Description

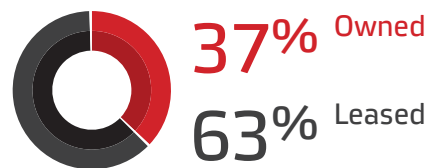
Size of the Store



Sales Mix



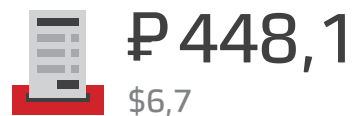
Store Ownership Structure



Source: Company, as of December 31, 2016

Key Operational Statistics

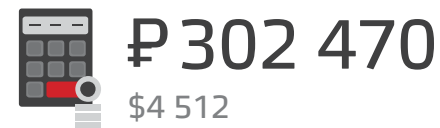
Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 12M2016 – 12M2015,%

-1,08 Average Ticket, RUB

-6,04 Traffic

-7,05 Sales

Opening

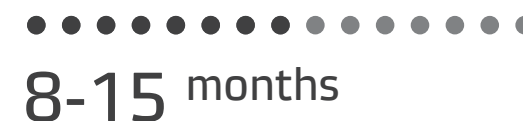
Payback



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

Owned 71-122
Leased 31-54

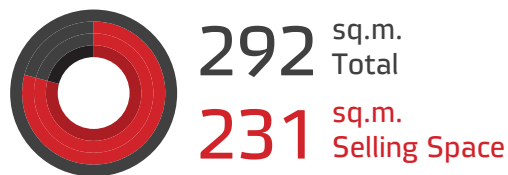
Time to Maturity



Drogerie Store

Format Description

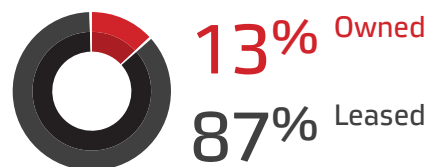
Size of the Store



Sales Mix



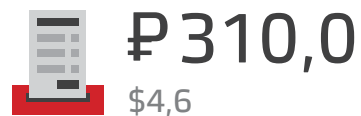
Store Ownership Structure



Source:
Company, as of December 31, 2016

Key Operational Statistics

Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 12M2016 – 12M2015,%

7,55 Average Ticket, RUB

-2,50 Traffic

4,87 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 12M2016-12M2015 %	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	 459 328	 P.245,4 \$3,7	 2,7	 P.243 753 \$3 636	 89% 11%	 0,32 2,05 2,38	 24% 76%	 3 (if leased) 4-6 (if owned)	Owned RUB 35-105k Leased RUB 10-19k	 6
 Hypermarket	 6 435 2 885*	 P.601,6 \$9,0	 1,1	 P.238 673 \$3 560	 80% 20%	 -0,85 -9,32 -10,09	 73% 27%	 6-9	Owned RUB 56-98k Leased RUB 31-41k	 8-15
 Drogerie Store	 292 231	 P.310,0 \$4,6	 0,9	 P. 108 394 \$1 617	 100%	 7,55 -2,50 4,87	 13% 87%	 3 (if leased) 4-6 (if owned)	Owned RUB 20-70k Leased RUB 9-16k	 6
 Magnit Family	 2 110 1 097	 P.448,1 \$6,7	 1,8	 P.302 470 \$4 512	 84% 16%	 -1,08 -6,04 -7,05	 37% 63%	 6-9	Owned RUB 71-122k Leased RUB 31-54k	 8-15

Summary P&L

RUB MN	2015	2016	Y-o-Y Growth
Net sales	950,613.34	1,074,811.55	13.1%
Cost of sales	(679,792.53)	(779,052.55)	14.6%
Gross profit	270,820.81	295,759.01	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%
EBITDA	103,972.93	107,793.02	3.7%
EBITDA margin,%	10.94%	10.03%	
Depreciation & Amortization	(21,116.73)	(25,825.63)	22.3%
EBIT	82,856.21	81,967.38	-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%	
Net income	59,061.20	54,408.99	-7.9%
Net margin, %	6.21%	5.06%	

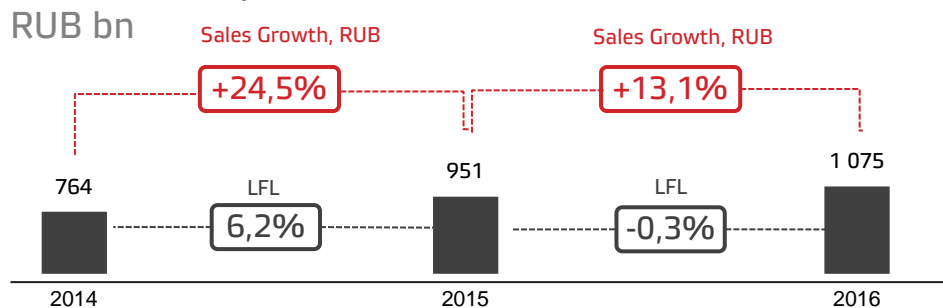
SG&A is presented net of Depreciation & Amortization (except for Depreciation of production fixed assets which was included in the Cost of sales)

Source: Company's calculations based on IFRS accounts for 2015-2016

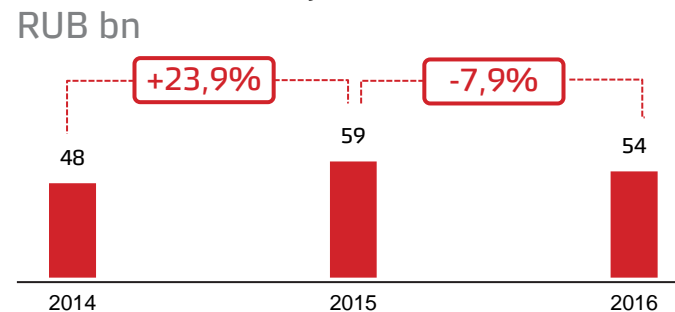
Please note: there may be small variations in calculation of totals, subtotals, and/or percentage change due to rounding of decimals

Revenue & Costs

Revenue Dynamics

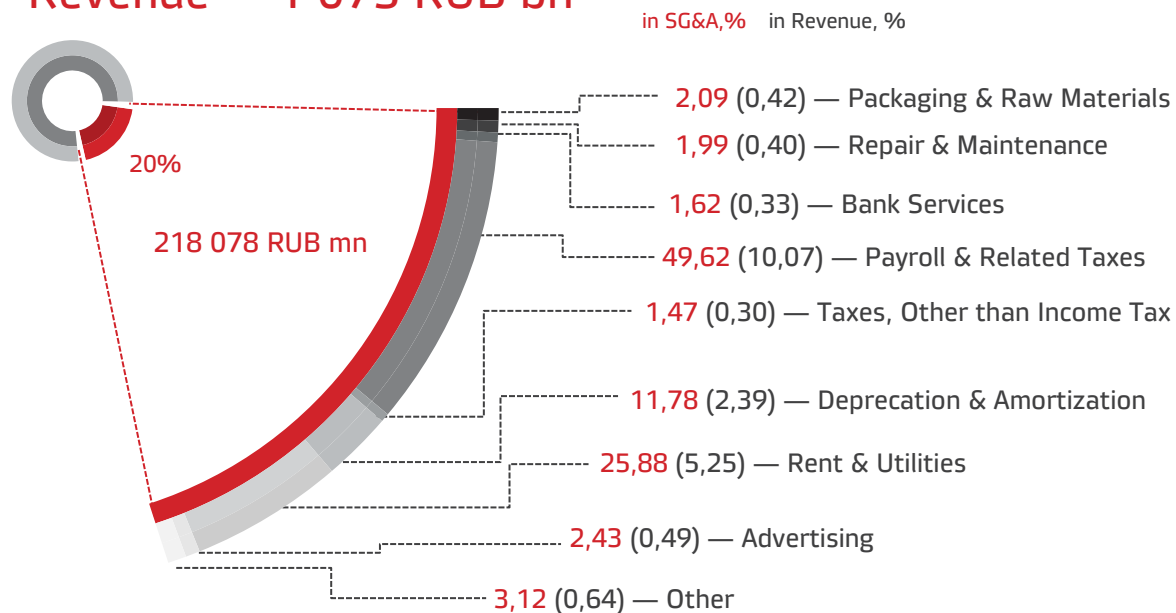


Net Income Dynamics

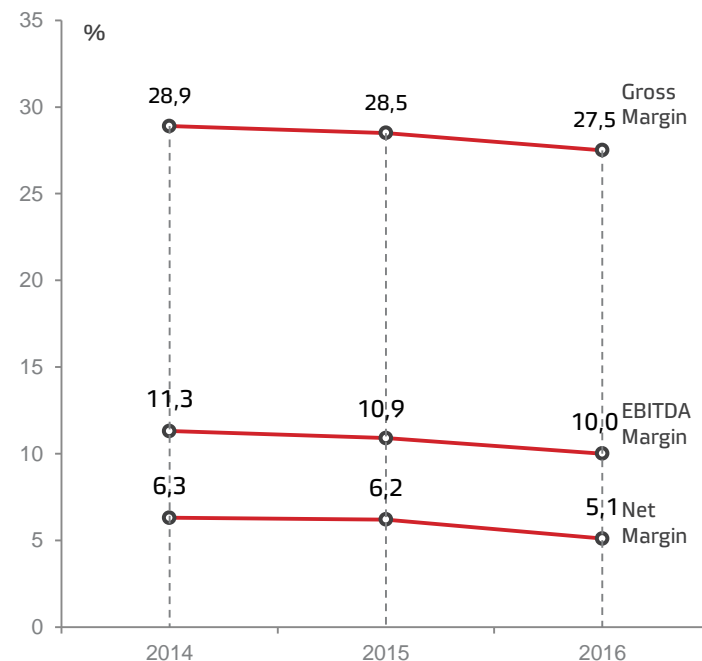


SG&A Expense Structure

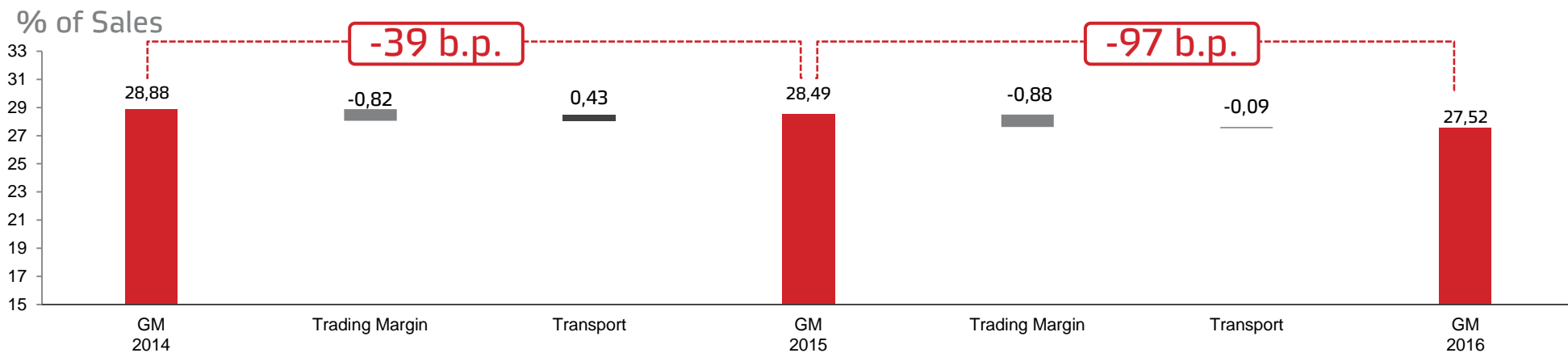
Revenue — 1 075 RUB bn



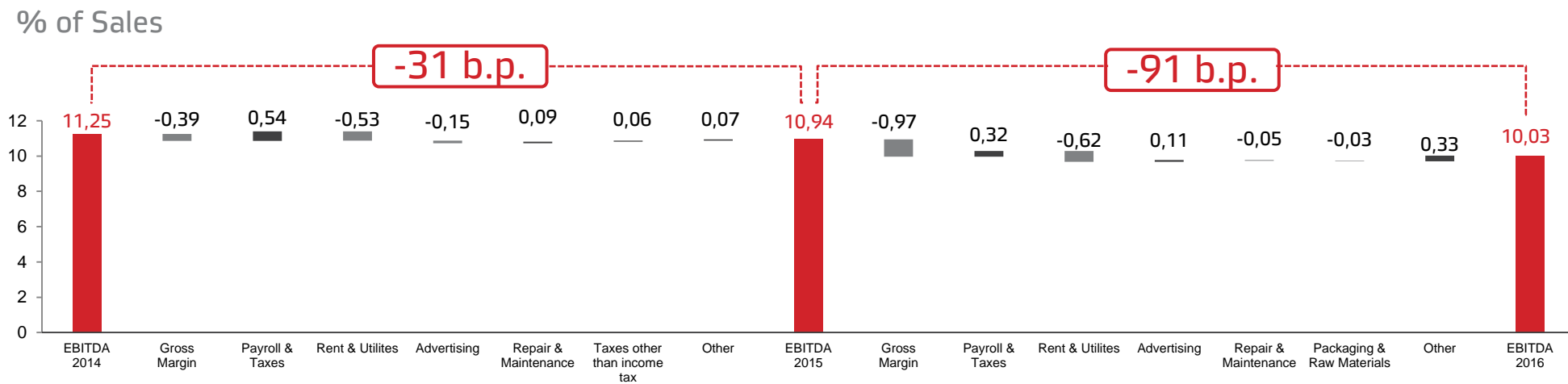
Margin Dynamics



Gross Margin Bridge



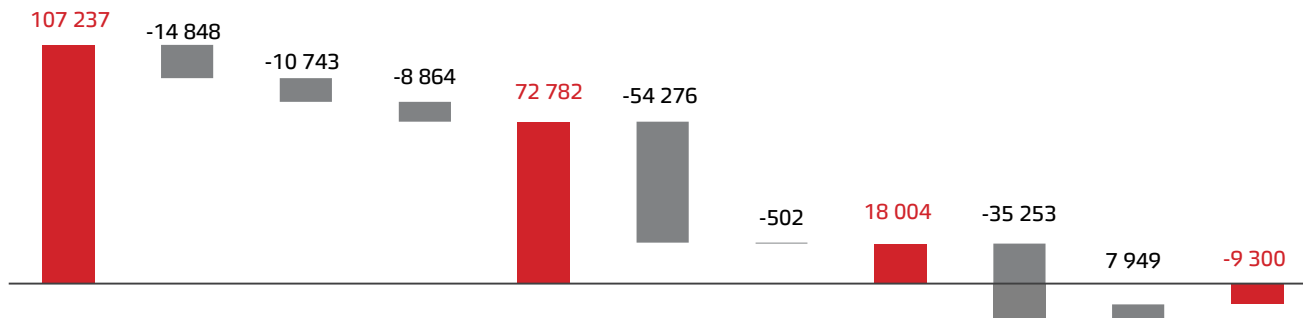
EBITDA Margin Bridge



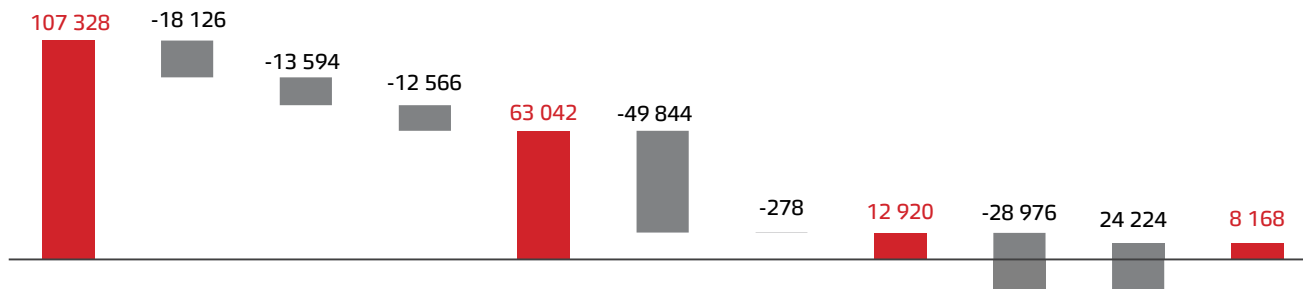
Free Cash Flow

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

The 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

RUB MN	2015	2016
ASSETS		
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
TOTAL ASSETS	404,192.98	454,915.49
EQUITY AND LIABILITIES		
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
TOTAL EQUITY AND LIABILITIES	404,192.98	454,915.49

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

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

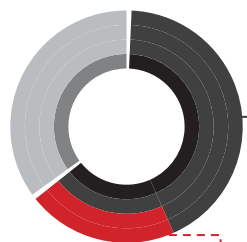
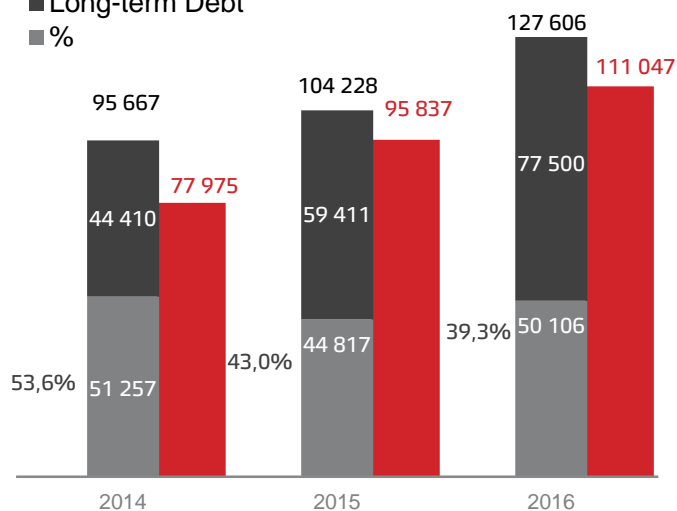
FY 2016
RUB 50 bn

Debt Burden

Debt Level Dynamics

RUB mn

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

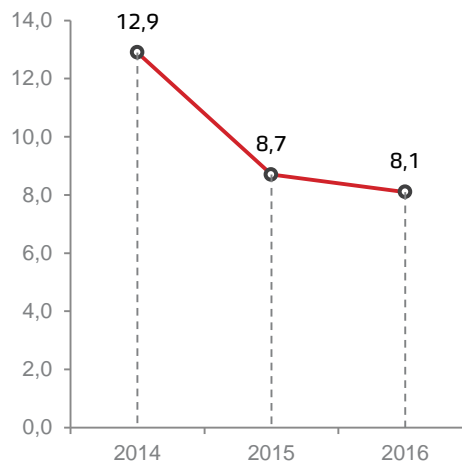


61% of Debt is Long-term

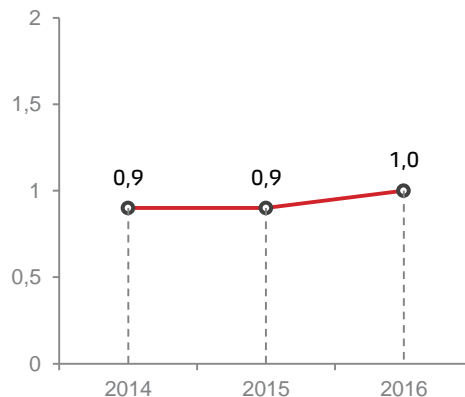
Approximately 27% of LT Debt is Rub Bonds

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

Timothy Post
Head of Investor Relations

post@ir.magnit.com
<http://ir.magnit.com>

15/2 Solnechnaya Street
Krasnodar, 350072
Russian Federation