

# МАГНИТ



## 9M 2009 IFRS Results



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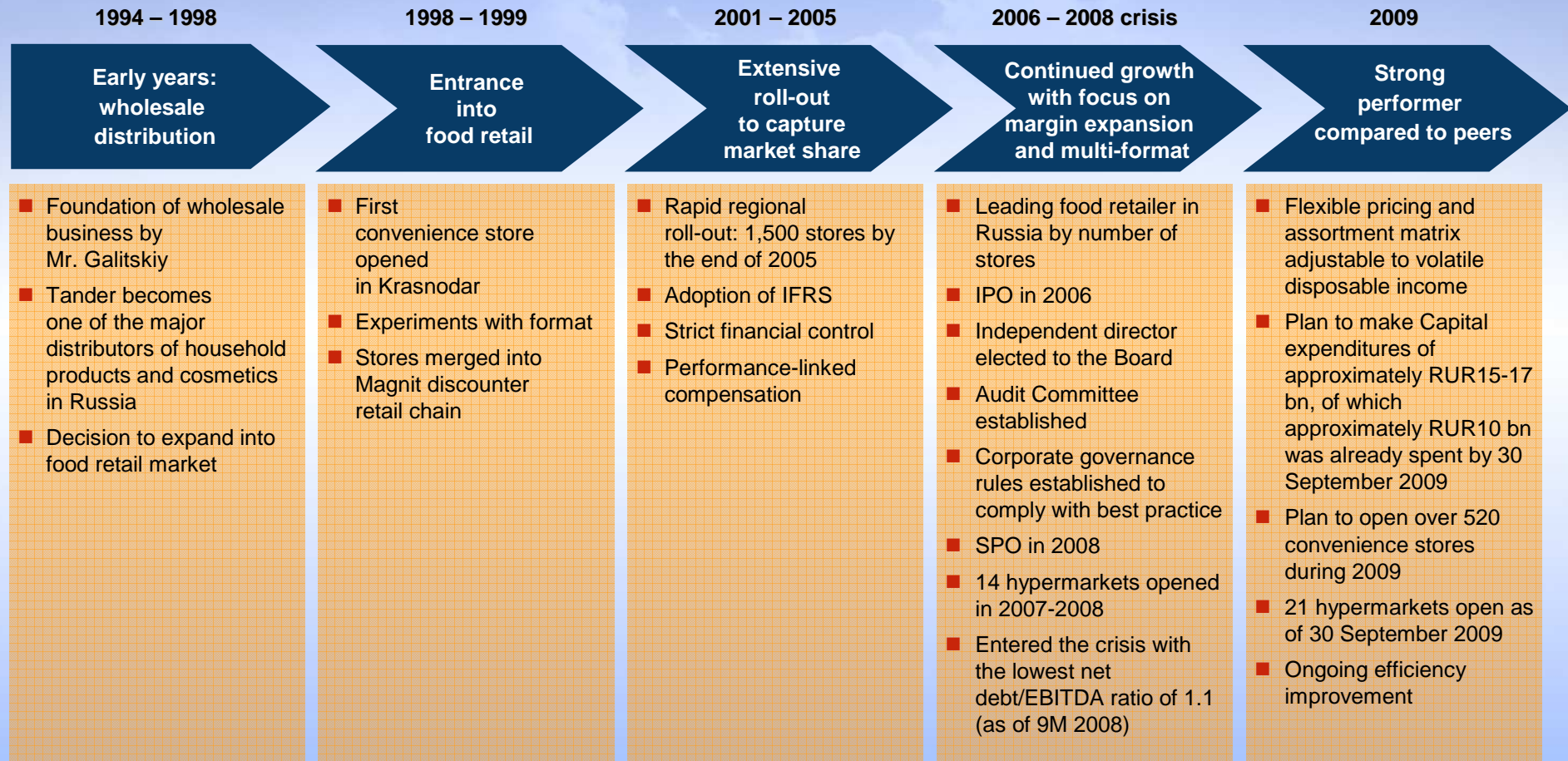
- Convenience Format
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- General Overview

## 3. Financial Overview

## 4. Summary Conclusions



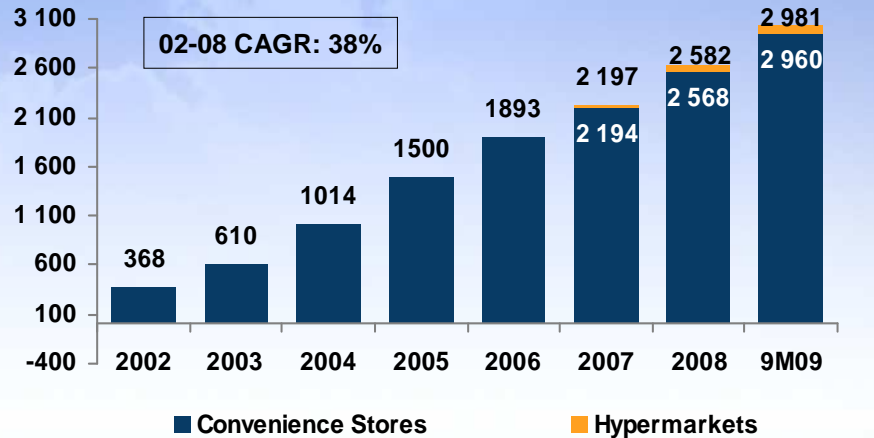
# Our History



# Magnit Today

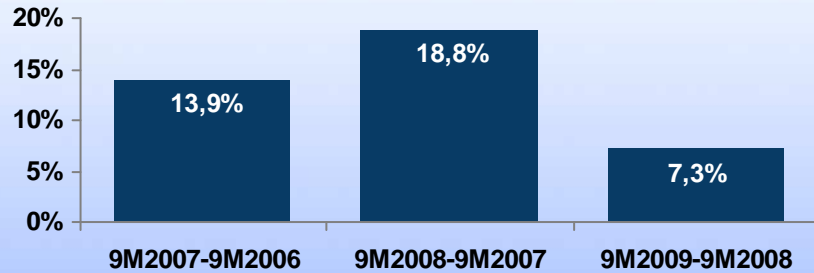
- Leading market position with broad geographic coverage
- Focus on cities and towns with population under 500,000 people
- Strong platform for rapid hypermarket operations expansion
- Efficient logistics system
- Sophisticated IT systems
- Experienced management team
- Strong financial performance

Number of Stores, eop



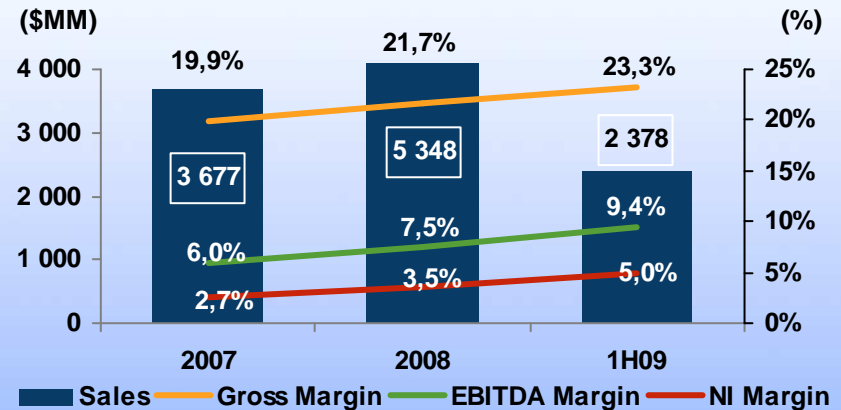
Source: Company

Sales, Lfl Growth, Rub terms



Source: Company

Financial Performance



Source: Company, IFRS accounts





# Strategy



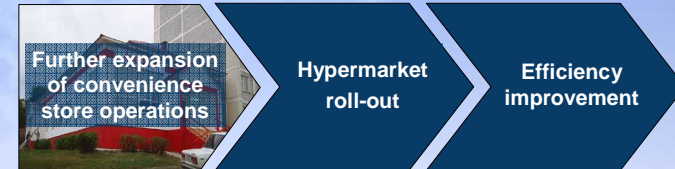
Further expansion  
of convenience  
store operations

Hypermarket  
roll-out

Efficiency and  
profitability  
improvements



# Further Expansion of Convenience Store Operations



## Further penetration in existing regions

- Areas with low modern format penetration
- Expansion into towns with population as low as 5,000 people
- Expansion into new locations within regions where Magnit is already present

## Adjusting format to customers' needs

- Flexible SKU matrix adjustable to consumer disposable income
- Gradual shift to larger convenience store size to improve store attractiveness
- Promotion of one-stop shopping concept for everyday needs

## Store opening decision factors

- Proximity to existing distribution centres
- Ability to find suitable retail space
- Level of modern format penetration and consumer disposable income

## Medium term plans

- High level growth of convenience store operations
- Plan to add 250 – 520 convenience stores annually
- Acquisition of land plots to secure pipeline for future stores



# Hypermarkets Roll-Out



## Roll-out plan

- Locations are chosen on the basis of competition from other hypermarkets in the area, the strongest growth of disposable income of the population and minimum negative impact on existing convenience stores
- In small towns hypermarkets will be located in central locations which will give advantage of targeting consumers who do not own cars
- Hypermarkets total selling space <sup>(1)</sup> will vary from 2,000 to 12,500 sq. m. depending on availability of land plots

## Target locations

- Low or limited competition from other hypermarkets or modern retail formats
- Relatively low prices of land plots for hypermarket construction in towns with population of 50,000 to 500,000 people
- Benefiting from strong growth of disposable income and consumer spendings in the Russian regions

## Strong operational platform

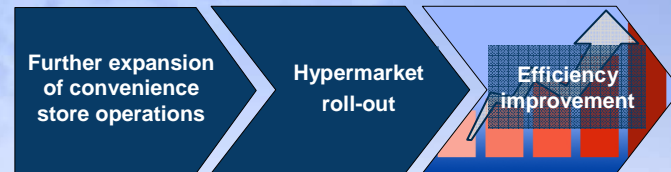
- Strong brand name recognition and customer awareness generated by a large regional network of convenience stores
- Economies of scale in purchasing and efficient logistics system capable of supporting both formats in existing and new locations
- Existing retail expertise strengthened by a team of hypermarket specialists brought in to manage execution risks

Note (1) Including selling space designated for leases to third parties





# Efficiency and Profitability Improvement



**Increase the share of products distributed through own logistics system**

- Efficient utilisation of in-house logistics system
  - Increase in the share of goods distributed through the company's distribution centres from approximately 73% of cost of goods sold in 2008 up to 85% in the long term
  - Reduction of third party logistics costs

**Improve the product mix**

- Further growth of the share of high margin products, including fresh food products, ready-made meals and private label
- Fresh food products and ready-made meals are expected to motivate customers to shop at our stores more frequently

**Achieve synergies**

- Synergies arising from operation of neighbouring hypermarkets and convenience stores, allowing to increase the effect of economies of scale

**Increase purchasing power**

- Increasing the penetration of convenience store operations in areas of presence with relatively low market share, which is expected to result in greater purchasing or negotiating power vis-à-vis local suppliers and landlords

**Optimise labor productivity**

- Investing in various technologies that have significant potential for productivity increases
- Measures to improve retention rates for employees and management, that will reduce costs associated with losing experienced employees and recruiting and training new ones



# Business Overview



**МАГНИТ**

# A Shift to Multi Format

## Convenience Store



## Hypermarket



<b>Number of stores</b>	<b>2,960</b> as of 30 September 2009	<b>21</b> as of 30 September 2009
<b>Average store size</b>	<ul style="list-style-type: none"> <li>Total space – 467 sq. m.</li> <li>Selling space – 303 sq. m.</li> </ul>	<ul style="list-style-type: none"> <li>Total space: 7,997 sq. m.</li> <li>Magnit selling space <sup>(1)</sup>: 3,365 sq. m.</li> </ul>
<b>Product range</b>	<ul style="list-style-type: none"> <li>3,470 SKUs on average</li> <li>Private label – 12.63% of retail sales</li> </ul>	<ul style="list-style-type: none"> <li>13,714 SKUs depending on format</li> <li>Private label – 6.73% of retail sales</li> </ul>
<b>Positioning (format)</b>	<ul style="list-style-type: none"> <li>Walking distance from home</li> <li>Ground floor stores or freestanding</li> <li>Open 12 hrs/7 days</li> </ul>	<ul style="list-style-type: none"> <li>All hypermarkets are built in convenient locations</li> <li>All easily accessed by public transport</li> </ul>
<b>Target group</b>	<ul style="list-style-type: none"> <li>People living within 500 metres from the store</li> </ul>	<ul style="list-style-type: none"> <li>People living within 15 minutes by car / 30 minutes by public transport from the store. Effective radius – 7 km</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>33% owned / 67% leased as of 30 September 2009</li> </ul>	<ul style="list-style-type: none"> <li>95.24% owned / 4.76% leased</li> </ul>

Note: (1) Excludes selling space designated for leases third parties





# Convenience Format





# Format Description

## Format Highlights

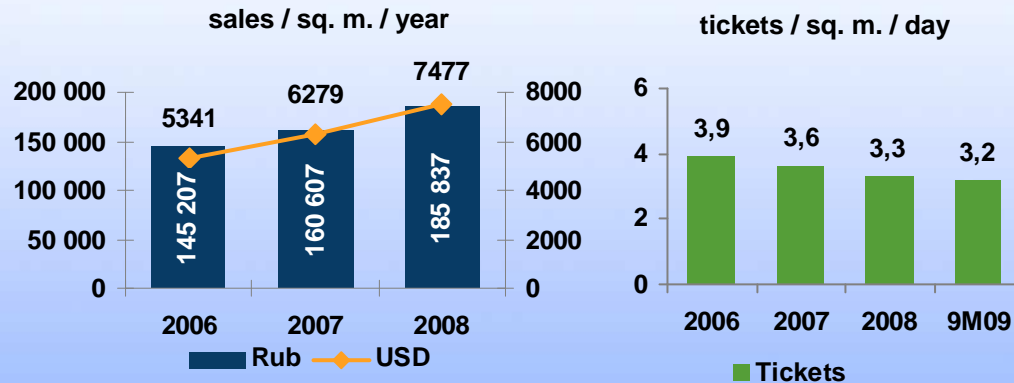
- Low prices
- Convenient locations
- Carefully selected product mix
- Standardised exterior and car parking
- Functional interior design
- Attention to customers
- Increasing customer convenience
- Main target group: mid-income consumers
- Target locations: towns with potential high growth of disposable income of population

## Number of Convenience stores



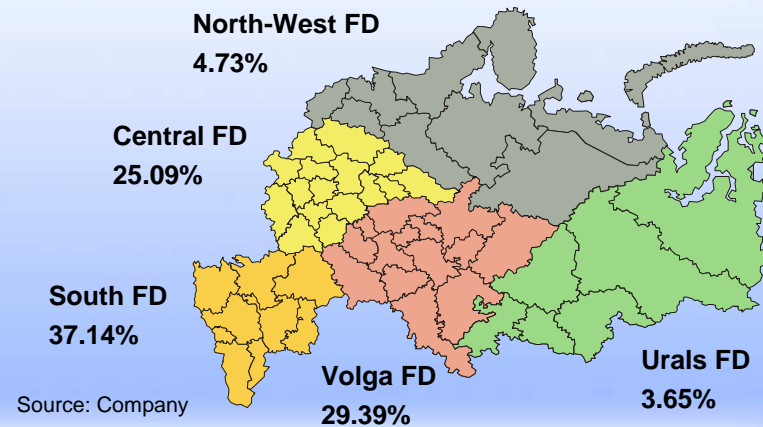
Source: Company

## Operating Statistics



Source: Company

## Geographical Breakdown (% of total stores)



Source: Company



# Typical Store Opening Process

- Considerable experience of store openings
- Preference given to leased store due to quick roll out in new markets
- Acquisitions and construction are preferred in existing markets with already high penetration
- Key store opening criterion is payback period of not more than 2-3 years if leased; 6 – 7 years if owned
- Average total cost of a new convenience store is US\$1,200 – 1,500 per sq. m.
- New stores reach their average traffic target within 6 months from opening
- Rationalisation of store portfolio

**Identification of a property or a land plot**  
**Feasibility report and opening budget prepared**  
**Approval by the regional director and branch director**  
**MOU signed with landlord**  
**Legal due diligence**  
**Technical due diligence**  
**Approval by Committee on Store Openings**  
**Lease agreement or SPA signed**  
**Repair and maintenance**  
**Purchasing and installation of equipment**  
**Personnel hiring and training**  
**Sublet agreements signed**  
**Store opened**

	Month 1				Month 2				Month 3			
	W 1	W 2	W 3	W 4	W 1	W 2	W 3	W 4	W 1	W 2	W 3	W 4
Identification of a property or a land plot	■											
Feasibility report and opening budget prepared	■	■										
Approval by the regional director and branch director		■										
MOU signed with landlord		■										
Legal due diligence	■	■										
Technical due diligence	■	■										
Approval by Committee on Store Openings			■									
Lease agreement or SPA signed			■									
Repair and maintenance			■	■	■	■	■	■	■			
Purchasing and installation of equipment							■	■	■	■		
Personnel hiring and training						■	■	■	■	■	■	■
Sublet agreements signed									■			
Store opened												■



# Store Opening Dynamics

	2003	2004	2005	2006	2007	2008	1H09	9M09
Southern	387	550	684	783	888	1,005	1,056	1,093
Central	100	224	379	461	545	638	701	744
Volga	114	214	368	536	628	743	815	874
North West	9	26	61	84	88	115	126	140
Urals			8	29	45	67	92	109
<b>Total</b>	<b>610</b>	<b>1,014</b>	<b>1,500</b>	<b>1,893</b>	<b>2,194</b>	<b>2,568</b>	<b>2,790</b>	<b>2,960</b>
New openings	259	438	550	513	409	452	260	440
Closings	17	34	64	120	108	78	38	48
Net openings	242	404	486	393	301	374	222	392

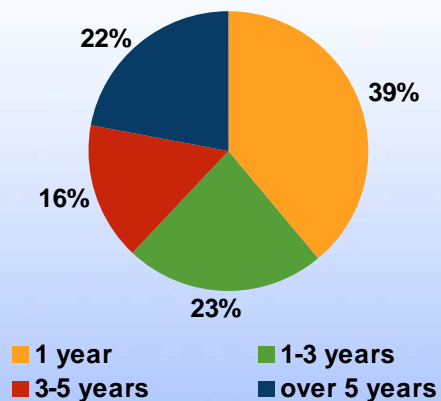
- 48 convenience stores were closed as of September 30, 2009
  - 17 due to poor performance
  - 19 were relocated to better locations
  - 12 were shut due to disagreements with landlords



# Store Ownership Structure

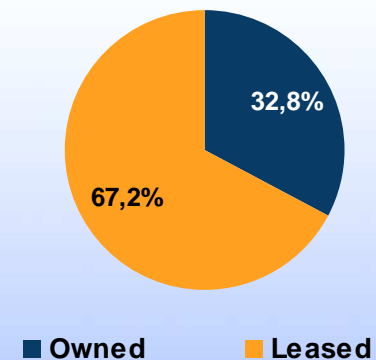
- As of 30 September 2009 the company owned 970 stores and leased 1,990
- Store ownership is gained on the basis of the following documents:
  - Sale-purchase agreements
  - Lease agreements with redemption rights
  - Construction share holding agreements
  - Investment contracts

Lease Maturity Profile



Source: Company

Store Ownership Structure



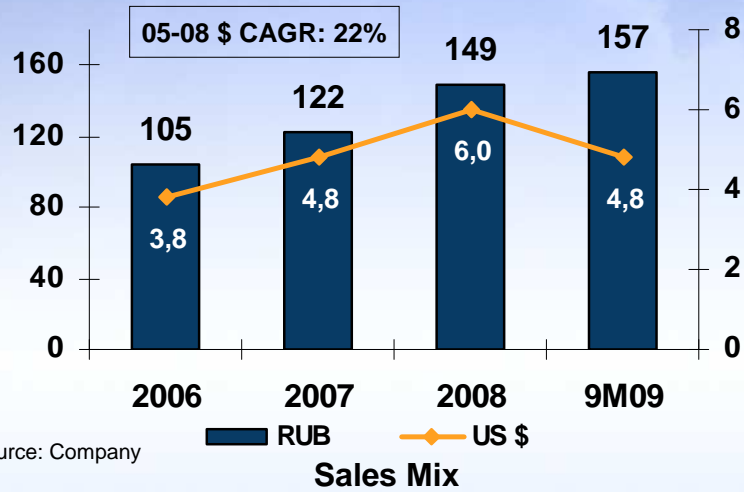
Source: Company as of 30 September 2009



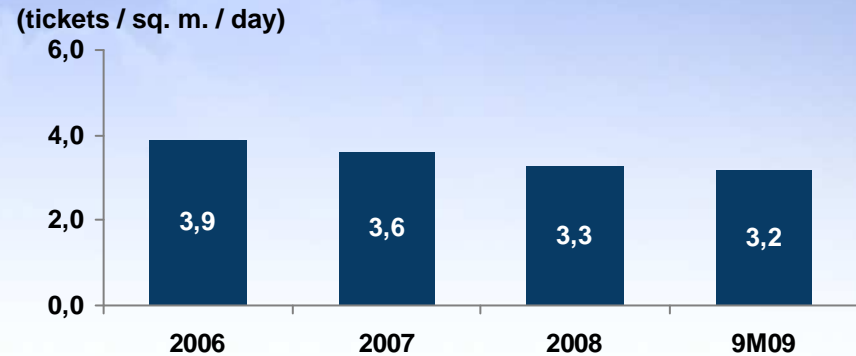


# Key Operating Statistics

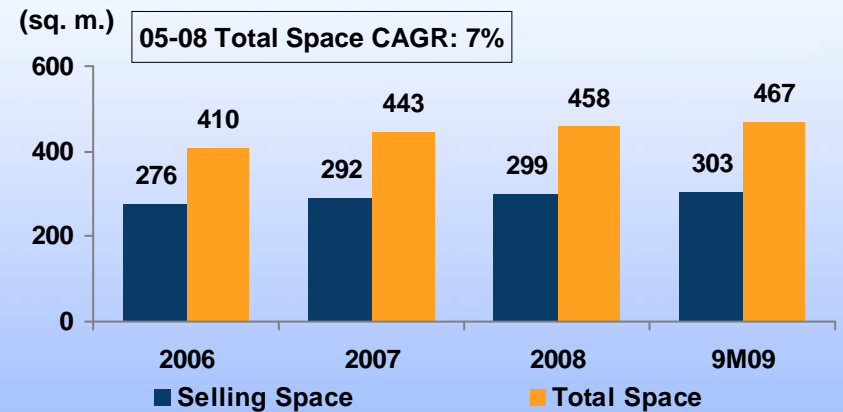
## Average Ticket



## Traffic

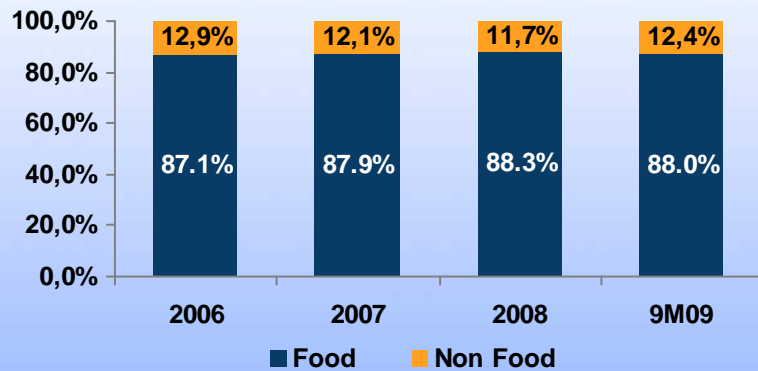


## Average Floor Size



Source: Company

## Sales Mix

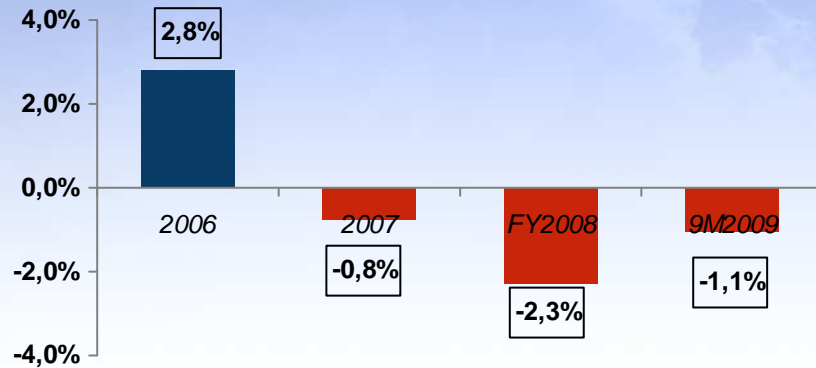


Source: Company



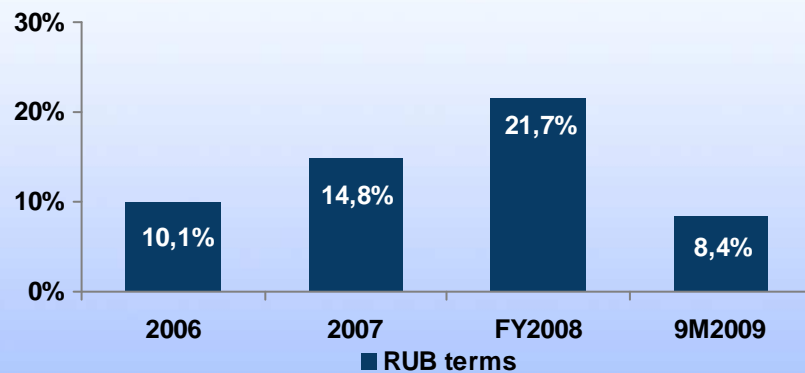
# Lfl Sales Analysis

Traffic, Lfl



Source: Company

Average Ticket, Lfl



■ RUB terms

Sales, Lfl



■ RUB terms

Note: LFL analysis is based on 1,783 stores which were opened by July 01, 2007, i.e. based on the result of the stores that had been operating for not less than six months and have achieved a mature level of sales



Source: Company



# Lfl Sales Analysis

LFL growth	9M 09 to 9M 08 (1)	1H 09 to 1H 08 (2)	1Q 09 to 1Q 08 (3)	FY 08 to FY 07 (4)	4Q 08 to 4Q 07 (5)	9M 08 to 9M 07 (6)	1H 08 to 1H 07 (7)
LFL Traffic	(1.07%)	(0.83%)	0.37%	(2.32%)	0.17%	(3.16%)	(3.33%)
LFL Average ticket, USD	-(10)	- (9)	- (8)	21.66%	- (8)	31.93%	33.41%
LFL Average ticket, RUR	8.44%	11.08%	13.68%	25.19%	19.09%	22.53%	22.47%
LFL Sales, USD	-(10)	- (9)	- (8)	22.29%	- (8)	27.76%	28.97%
LFL Sales, RUR	7.28%	10.16%	14.05%	18.84%	19.30%	18.65%	18.38%

(1) Applicable to 1,783 stores opened by July 01, 2007

(2) Applicable to 1,815 stores opened by July 01, 2007

(3) Applicable to 1,849 stores opened by July 01, 2007

(4) Applicable to 1,375 stores opened by July 01, 2006

(5) Applicable to 1,455 stores opened by March 31, 2007

(6) Applicable to 1,398 stores opened by July 01, 2006

(7) Applicable to 1,446 stores opened by July 01, 2006

(8) Due to the growth of the US dollar rate to ruble from 01.10.008 to 31.03.2009 by more than 34%, LFL analysis in dollar terms is incorrect

(9) Based on the average exchange rate for June 2009 of 31.0270 RUB per 1 USD, June 2008 – 23.6378 RUB per 1 USD, 6M 2009 – 33.0679 RUB per 1 USD, 6M 2008 – 23.944 RUB per 1 USD

(10) Based on the average exchange rate for September 2009 of 30.8177 RUB per 1 USD, September 2008 – 25.2858 RUB per 1 USD, 9M 2009 – 32.4814 RUB per 1 USD, 9M 2008 – 24.0454 RUB per 1 USD



# Hypermarket Format





# Format Description

## Format Highlights

- 3 principal hypermarket sub-formats
  - **Small:** total space of 2,500 - 4,700 sq. m., selling space of 1,800 - 2,500 sq. m.
  - **Medium:** total space of 10,200 - 11,700 sq. m., selling space <sup>(1)</sup> of 4,200 – 7,000 sq. m.
  - **Large:** total space up to 21,000 sq. m., selling space <sup>(1)</sup> up to 12,500 sq. m.
- The decision with regards to hypermarket format principally depends on the following factors:
  - Consumer disposable budget of the region
  - 5-7 year budget forecast
  - Percentage of the budget, attributable to hypermarket
  - Population of the region
  - Competition

Notes (1) Including selling space designated for leases to third parties

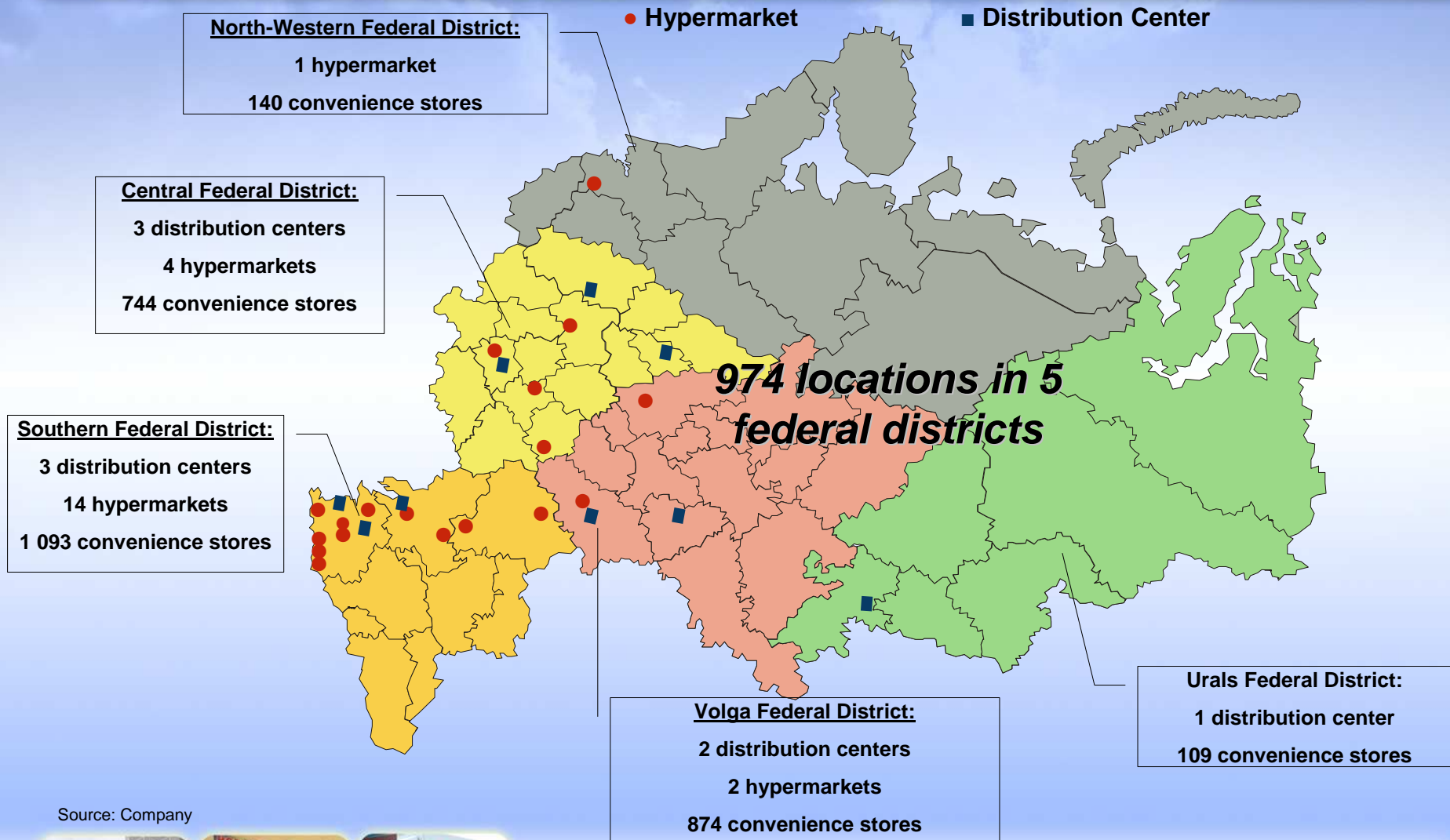
## Existing hypermarkets

Location	Population	Total Space, sq.m.	Magnit Selling Space, sq.m.	Sub-Leased Space, (1) sq.m.
Krasnodar	710,686	11,262	4,200	4,200
Kingisepp	49,948	6,117	2,790	445
Solnechnogorsk	56,610	11,188	4,600	2,650
Kamyshin	117,297	11,816	4,200	2,800
Bataysk	102,226	11,057	4,200	2,800
Anapa	66,665	7,857	4,550	90
Volgodonsk	169,048	10,937	4,200	2,662
Volgograd	981,909	4,902	2,400	-
Bryansk	411,798	11,531	4,200	2,800
Tambov	278,584	11,158	4,200	2,800
Saratov	830,953	11,832	4,200	2,800
Krasnodar	710,686	20,303	6,900	5,690
Novomoskovsk	132,691	11,081	3,225	2,350
Gelendzhik	89,058	4,323	2,400	-
Sochi	337,947	4,886	2,500	-
Kstovo	65,651	2,661	2,000	-
Timashevsk	54,050	3,472	1,850	-
Tuapse	63,817	2,500	2,000	-
Tikhoretsk	64,066	3,286	1,870	-
Leningradskaya	38,200	3,487	1,870	-
Trudobelikovskiy	8,900	6,118	2,200	1,200

Source: Company, as of September 30, 2009, population data is from Rosstat as of January 1, 2009



# Geographical Coverage



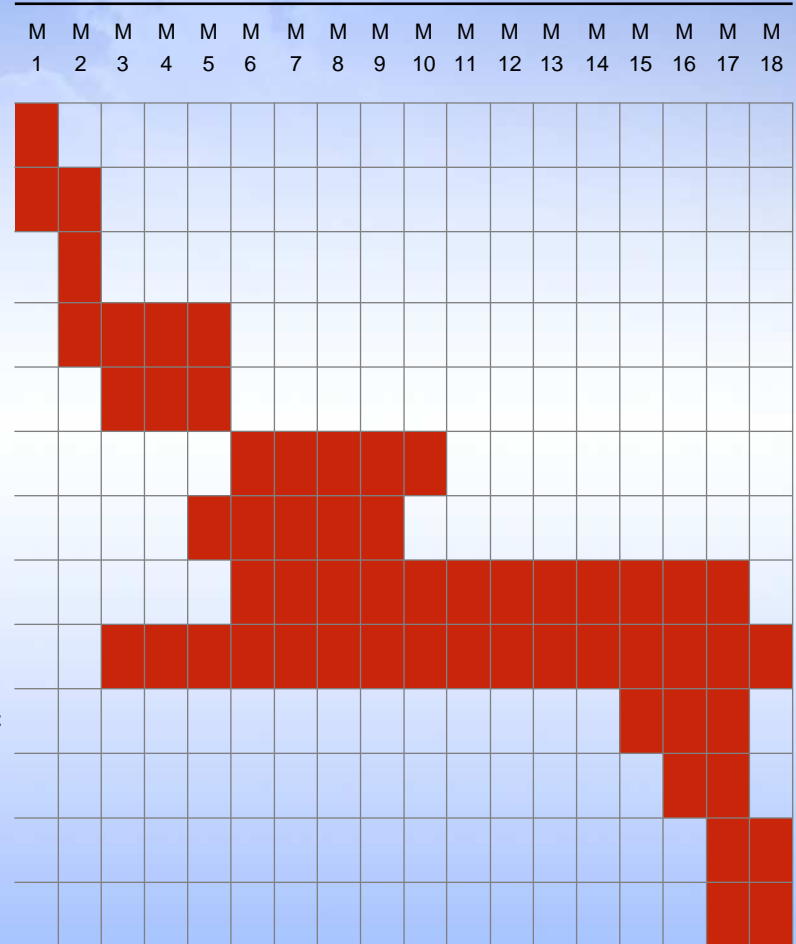
Source: Company



# Typical Store Opening Process

- Key store opening criterion is payback period of not more than 6-7 years
- Average total cost of a new hypermarket (based on hypermarkets launched in 2008) varies between US\$1,637 – 3,935 per sq.m. depending on format (including land acquisition costs and necessary equipment)
- Expected store maturity pattern: 18 months from opening

**Identification**  
**Land plot audit**  
**Land plot approval**  
**SPA signed**  
**Ownership right received**  
**Construction permit**  
**Building design**  
**Construction**  
**Financing**  
**Interior design / equipment**  
**Licences approval**  
**Hypermarket launch**  
**Ownership rights received**



# General Overview





# Target Audience

## Families (30 – 60 Years Old)

### Priorities

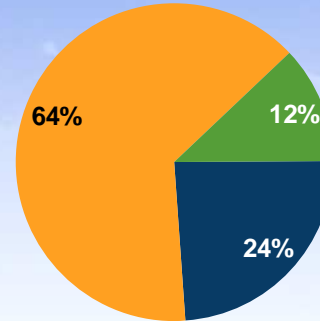
- Location
- Assortment
- Price
- Comfort

### Key Features

- Time is of greater value than for other groups
- Growing car ownership
- High level of responsibility for quality of purchased food and family budget

### Key Focus Areas

- Increased share of fresh dairy, semi-prepared products and ready meals
- Ensure quick shopping, avoid bottlenecks in rush hour
- One stop shopping: ATMs, pharmacies, payment of mobile phone bills, etc
- Building more parking spaces at the stores



## Youth (Up to 30 Years Old)

### Priorities

- Assortment
- Location
- Comfort
- Price

### Key Features

- More open to western lifestyles and oriented towards modern retail formats

### Key Focus Areas

- Offering product categories appealing to young audience

## Shopping Motivation

### Convenience Stores

- Daily fresh shopping
- First need products

### Hypermarkets

- Weekly shopping

## Pensioners (60+ Years Old)

### Priorities

- Price
- Location
- Assortment
- Comfort

### Key Features

- Shopping habits formed in Soviet time
- Conservative shoppers
- Most are low income

### Key Focus Areas

- Increased offering of Private Label products to reduce prices for essential goods



# Pricing Model

## Mark-Up Criteria

Overall necessity of a product

Target audience for a product

Purchasing frequency of a product

Share in consumer basket

- Price assessment for convenience stores is based on an every day product basket (bread, milk, etc...)
- Hypermarket pricing model focuses on SKUs needed on a weekly basis
- Each product category is assigned a certain mark-up
- Revised every 4 months

Mark-up for a given product

Centralised matrix-based pricing system

## Mark-Up Adjustments

Target weighted average mark-up for the Group

Competition in the area

Geographical location (urban / rural matrix)

Seasonality

- Weighted average mark-up is established at the Group level based on the monitoring of competitors' prices for 200 key SKUs
- Mark-up monitored on a daily basis using the powerful MIS
- Revised on a bi-weekly basis
- Can be changed within several hours



# Suppliers, Purchasing and Private Label

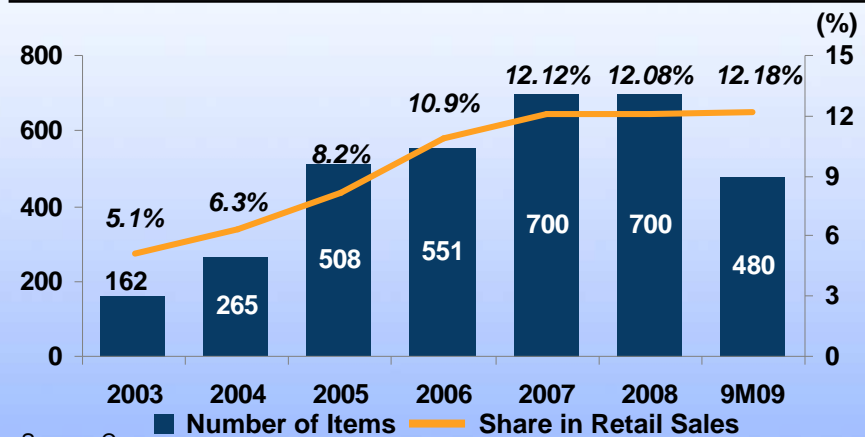
## Magnit is the largest buyer for many domestic and international FMCG producers

- Weekly Assortment Committee approves the assortment and suppliers
- Direct purchasing and delivery contracts
- Economies of scale and wide geographical presence enable low prices and favorable contract terms
  - Volume discounts
  - Compensation of external and internal logistics costs
  - Average credit term in 2008 was 40 days and could be up to 60 days
  - Contract term is typically 1-year
  - Often can be unilaterally terminated by Magnit with no penalties
- Supplier bonuses criteria is based on
  - Meeting sales targets
  - Store promotions
  - Loyalty

## Private label products are designed to replace the cheapest SKUs to maximise returns on each metre of shelving space

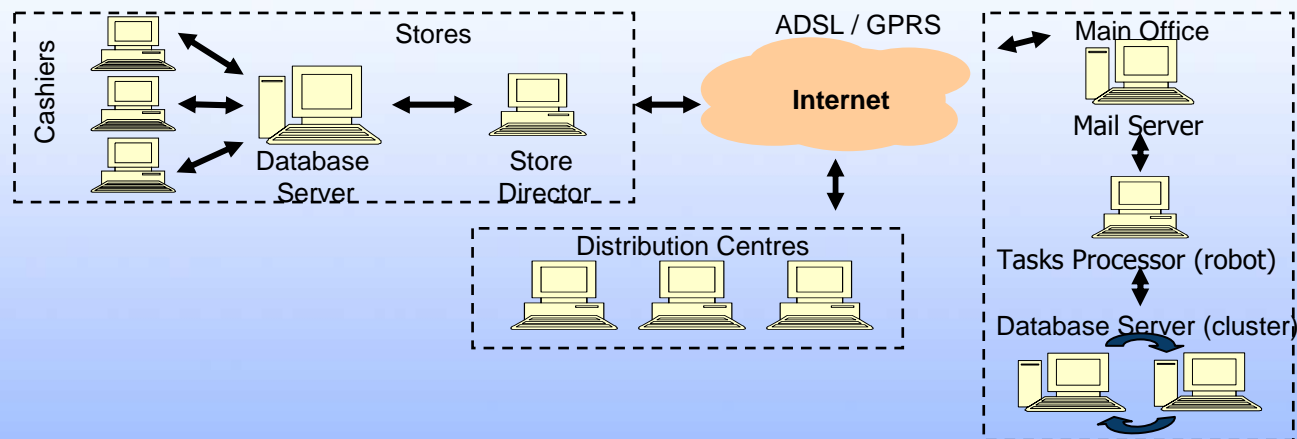
- 480 private label SKUs
- Private label products accounted for 12.63% (convenience format)/6.73%(hypermarket) share of retail revenue in 9M 2009
- Approximately 88% of private label products are food
- Share of non-food products in private label is expected to increase

Share of Private Label Products in Revenue



# 2006-2008 IT Systems Update

- Transport management system
  - Optimal route planning
  - All cars are equipped with GPS locating systems
- Warehouse management systems
  - Introduction of WiFi operated data collection terminals
  - Warehouses are customised to work with hypermarket product traffic
- Oracle IT platform introduced to convenience store format
- New price management system introduced to both formats
- Electronic document traffic system with suppliers
- Introduction of Corporate Information System based on 1C platform



# Logistics System

As of 9M2009 approximately **74%** of COGS vs. 57% in 2005 were distributed through the company's distribution centers and the long-term target is to increase this share up to **85%**.

At the moment Company's logistics system includes:

- Automated stock replenishment system
- 9 distribution centers with approximately 184 188 sq. m. capacity
- Fleet of 1,362 vehicles

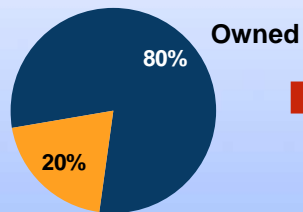
City	Federal District	Warehousing Space sq.m.	Number of Serviced Stores	Ownership
Bataysk	Southern	15,504	287	Owned
Kropotkin	Southern	30,048	433	Owned
Slavyansk-on-Kuban	Southern	20,496	231	Owned
Engels	Volga	19,495	396	Owned
Togliatti	Volga	17,556	375	Owned
Tver	Central	10,714	240	Owned
Oryol	Central	12,197	465	Owned
Ivanovo	Central	42,026	308	Owned
Chelyabinsk	Ural	16,152	246	Owned
<b>Total</b>		<b>184 188</b>	<b>2 981</b>	

Source: Company

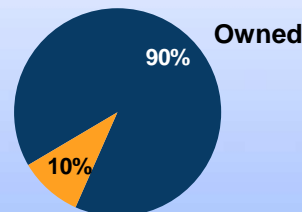
## DC Processed Goods

### Convenience stores

1H 2009



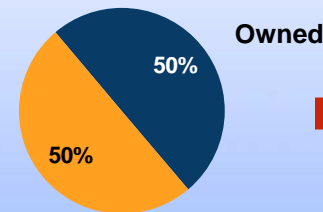
Target



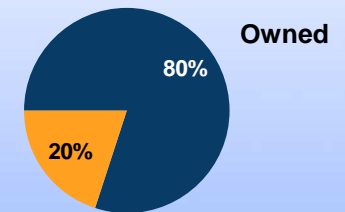
Outsourced

### Hypermarkets

1H 2009



Target



Outsourced

Source: Company

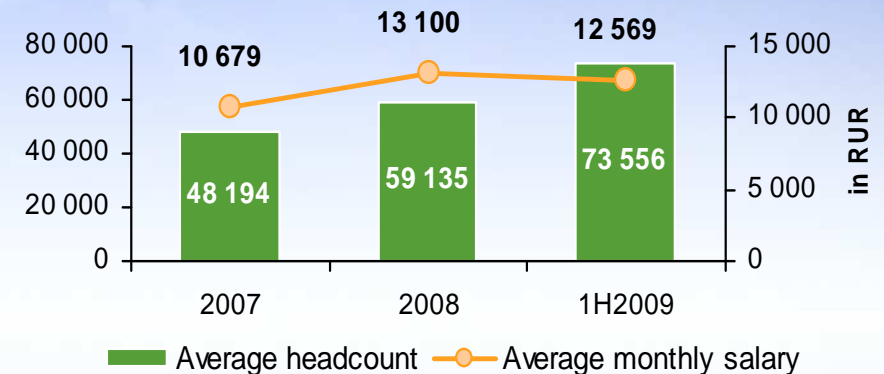




# Well trained dedicated personnel

- The **total number of employees** in the Group amounted to **79,084** as of June 30, 2009:
  - **61,456 in-store personnel,**
  - **10,088 people engaged in distribution,**
  - **5,515 people in regional branches,**
  - **2,025 people employed by head office**
- The average age of our employees is approximately 25 years
- The gross **average monthly salary** in 2008 was **RUR 13,100** of which approximately 75% was basic salary
- Special performance-linked bonuses and incentives help to motivate the employees at all levels
- Key members of the Management hold Company's shares
- Performance monitoring and evaluation on a regular basis
- Career development programs for all levels to ensure
  - Lower staff turnover
  - Increased motivation
  - Higher productivity
- Personnel training
  - 163 classrooms for trainings at all levels
  - Regular meetings and seminars between mid-level managers to exchange best practices
  - Coaching for top-management
- Strong corporate culture aimed at development of loyalty of employees
  - The Company publishes a corporate newspaper every two months
  - Team building events to ensure integrity of the team

**Average number of employees vs. average salary, 2007-1H2009**



Source: Audited IFRS Financial Statements



# Financial Overview



## Summary P&L

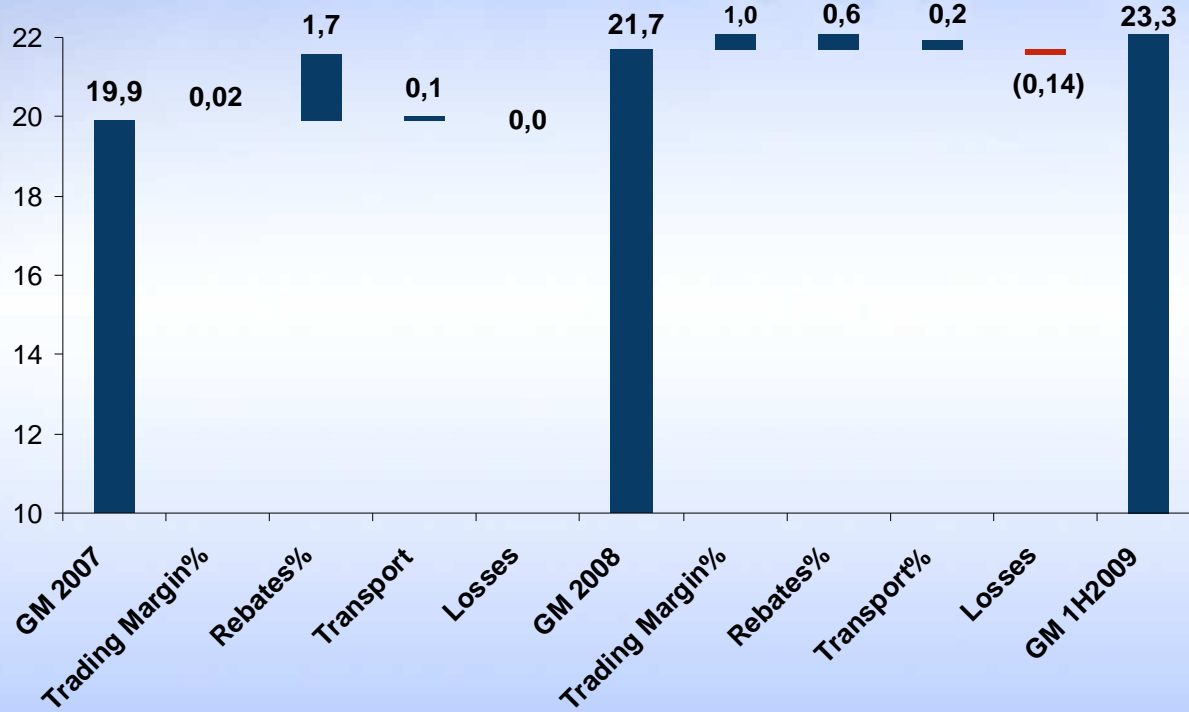
In US\$ MM	2007	2008	1H2009	2008 / 2007 Y-o-Y Growth	1H09 / 1H08 Y-o-Y Growth
<b>Net sales</b>	<b>3,676.6</b>	<b>5,347.8</b>	<b>2,377.8</b>	45.46%	(3.73)%
Cost of sales	(2,946.5)	(4,188.3)	(1,823.8)	42.14%	(6.70)%
<b>Gross profit</b>	<b>730.0</b>	<b>1159.5</b>	<b>554</b>	58.83%	7.56%
<i>Gross margin, %</i>	19.86%	21.68%	23.3%		
SG&A	(513.2)	(761.5)	(340.6)	48.39%	(5.97)%
Other income/(expense)	2.4	3.6	10.9		130.61%
<b>EBITDA</b>	<b>219.2</b>	<b>401.7</b>	<b>224.2</b>	83.21%	42.31%
<i>EBITDA margin, %</i>	5.96%	7.51%	9.4%		
Depreciation	(53.7)	(88.8)	(45.6)	65.46%	14.64%
<b>EBIT</b>	<b>165.6</b>	<b>312.9</b>	<b>178.7</b>	88.96%	51.65%
Net finance costs	(35.5)	(53.3)	(28.2)		5.07%
Profit before tax	130.1	259.6	150.5		65.38%
Taxes	(32.7)	(71.7)	(32.6)		29.88%
<i>Effective tax rate</i>	25.15%	27.61%	21.6%		
<b>Net income</b>	<b>97.4</b>	<b>187.9</b>	<b>117.9</b>	92.95%	78.87%
<i>Net margin, %</i>	2.65%	3.51%	5.0%		



Source: IFRS accounts

# Gross Margin Bridge / SG&A Expense Structure

Gross Margin Bridge

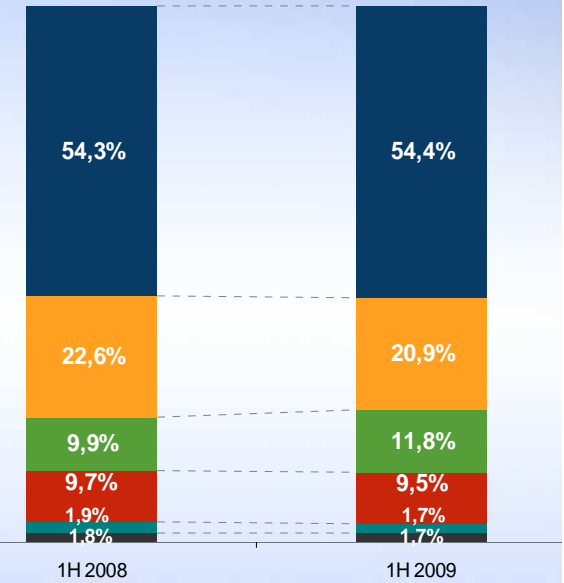


As % of Sales

Source: Company, IFRS accounts

SG&A Expense Structure

16.27%\*      16.24%\*



- payroll and related taxes
- rent and utilities
- depreciation
- other expenses
- repair and maintenance
- packaging and raw materials

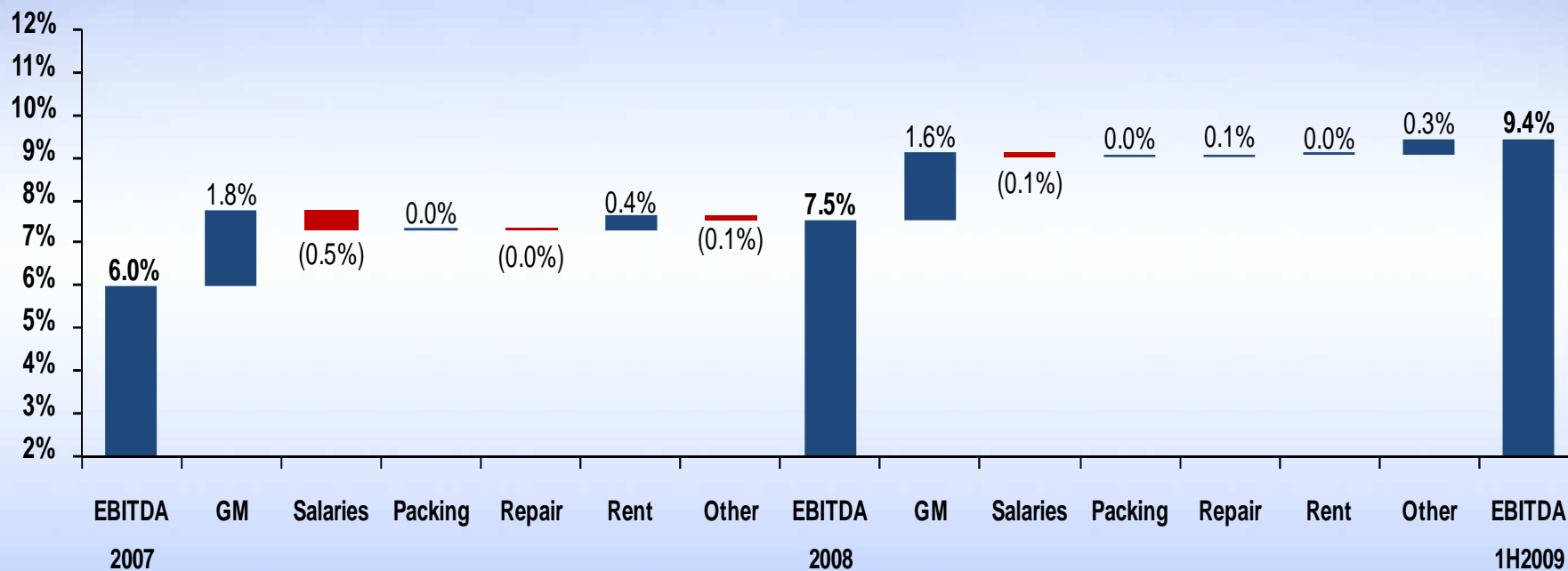
\* As a % of sales



# EBITDA Bridge

## EBITDA Bridge

As % of Sales



Source: Company, IFRS accounts





# Balance Sheet

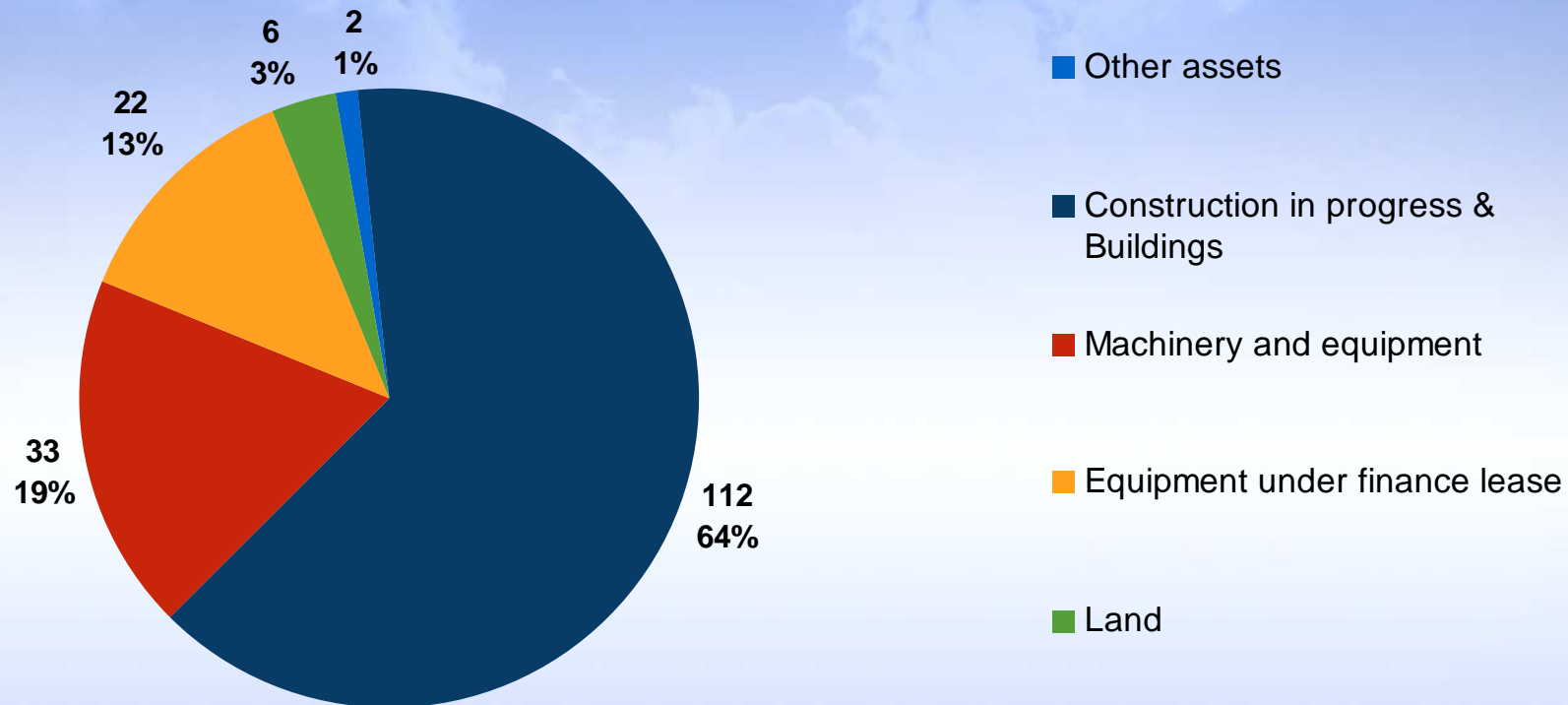
'000 US\$	2007	2008	1H09
<b>ASSETS</b>			
Property plant and equipment	1,074,248	1,331,064	1,384,623
Other non-current assets	1,330	19,813	22,575
Cash and cash equivalents	120,959	115,055	51,611
Trade accounts receivable	2,415	907	440
Merchandise	330,409	323,336	346,583
Other current assets	90,659	53,880	49,679
<b>TOTAL ASSETS</b>	<b>1,620,020</b>	<b>1,844,055</b>	<b>1,855,511</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	428,347	836,788	887,644
Long-term debt	183,444	162,664	213,212
Other long-term liabilities	15,811	18,428	19,362
Trade accounts payable	437,643	484,857	383,752
Short-term debt	509,190	243,205	276,056
Other current liabilities	45,585	98,113	75,485
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,620,020</b>	<b>1,844,055</b>	<b>1,855,511</b>



Source: IFRS accounts

# 1H09 Capex <sup>(1)</sup> Analysis

US mn



Total 1H09: **\$174,3 mn**

Source: IFRS accounts

Notes (1) Capex calculated as additions + transfers of PP&E in each period



# Cash Flow Statement

'000 US\$	2007	2008	1H09
<b>OPERATING ACTIVITIES:</b>			
Operating cash flows before movements in working capital	219,054	404,820	225,721
Net cash generated from operating activities	242,355	420,071	47,584
<b>INVESTING ACTIVITIES:</b>			
Net Cash used in investing activities	(568,698)	(575,435)	(191,19)
<b>FINANCING ACTIVITIES:</b>			
Net cash generated from financing activities	354,832	200,175	58,186
Net increase in cash and cash equivalents	28,489	44,811	(63,444)
Cash and cash equivalents, end of the year	120,959	115,055	51,611



Source: IFRS accounts

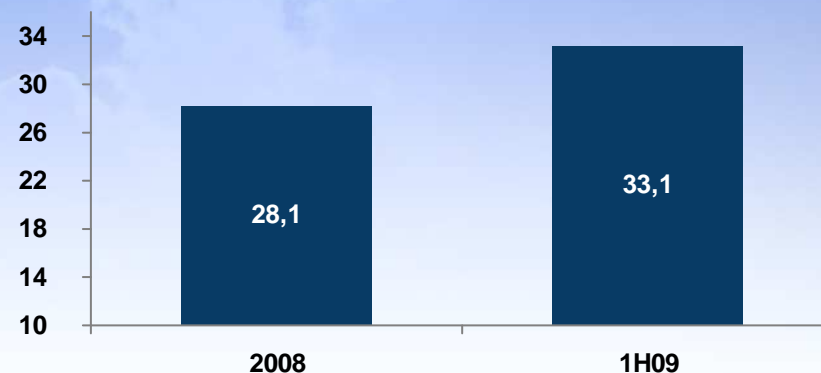
# Working Capital Analysis

## Working Capital <sup>(1)</sup>



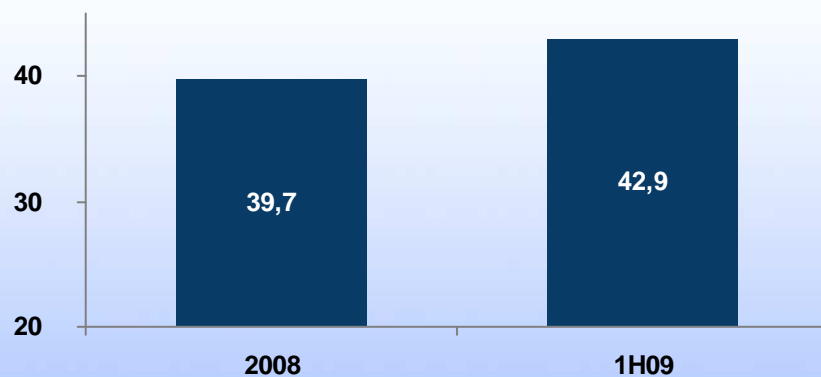
Source: Company

## Inventory Management Days <sup>(2)</sup>

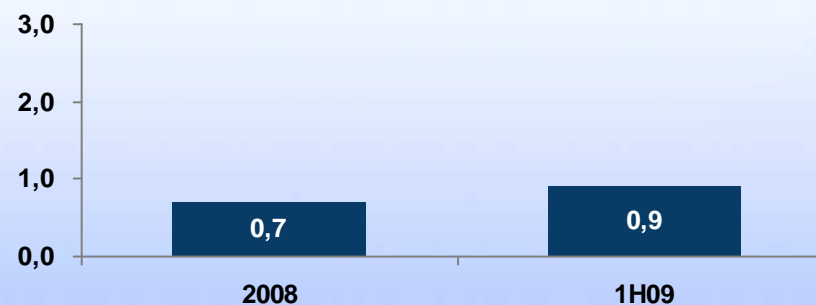


Source: Company

## Trade Accounts Payable Days <sup>(3)</sup>



## Net Debt <sup>(4)</sup>/ EBITDA



Notes: (1) Current assets (less C&CE and short-term investments) – current liabilities (less short-term debt)

(2) 2007-2008: 360 / (Cost of sales/year average inventory), 1H2009: 180 / (Cost of sales/half year average inventory)

(3) 2007-2008: 360 / (Cost of sales/year average trade accounts payable), 1H2009: 180 / (Cost of sales/half year average trade accounts payable)

(4) Net debt = long / short-term bonds and borrowings + finance lease liabilities – cash and cash equivalents



Source: Company, IFRS accounts

## 9M 2009 Key Operating and Financial Results\*

	9M 2009	9M 2008	Growth rate
Stores opened, NET	399	208	n/a
Total number of stores	2,981	2,405	n/a
Selling space, sq. m.	967,228	753,584	28.4%
Number of customers, mn	737.5	630.3	17.0%
Net sales, mn RUR	121,867.0	93,332.1	30.6%
Net sales, mn US\$	3,751.9	3,881.5	(3.3)%
Gross profit, mn RUR	28,358.5	19,769.0	43.4%
Gross profit, mn US\$	873.1	822.2	6.2%
Gross margin, %	23.3%	21.2%	n/a
EBITDAR, mn RUR	14,200.2	8,864.9	60.2%
EBITDAR, mn US\$	437.2	368.7	18.6%
EBITDAR margin, %	11.7%	9.5%	n/a

\*Management accounts





## 9M 2009 Key Operating and Financial Results (cont'd)

	9M 2009	9M 2008	Growth rate
EBITDA, mn RUR	11,362.5	6,380.2	78.1%
EBITDA, mn US\$	349.8	265.3	31.8%
EBITDA margin, %	9.3%	6.8%	n/a
EBIT, mn RUR	9,004.2	4,853.7	85.5%
EBIT, mn US\$	277.2	201.9	37.3
EBIT margin, %	7.4%	5.2%	n/a
Net profit, mn RUR	5,862.0	2857.9	105.1%
Net profit, mn US\$	180.5	118.9	51.8%
Net profit margin, %	4.8%	3.1%	n/a

### LFL growth 9M09 to 9M08\*

Number of tickets	(1.07)%
Average ticket (excl. VAT), RUR	8.44%
Revenue, RUR	7.28%

Note: net revenue in US\$ terms is calculated using the daily exchange rate.

\* Applicable to 1,783 stores opened by July 01, 2007. Thus, LFL analysis is based on the stores that have been operating not less than six months, i.e. achieved the mature level of sales



# Summary Conclusions



# Summary Conclusions



**Leading Russian retailer:** broadest geographic coverage with 2,981 stores (as of 30 September 2009) in more than 974 cities in five out of seven federal districts in Russia



**Strong foothold in Russia's cities and towns with population under 500,000 people:** first mover advantage (first retailer in many locations to establish a modern format); low competition from other chains outside of Russia's large cities



**Further organic growth of store operations:** continued roll-out of established business model in existing markets and selective expansion into new geographic areas



**Expanding hypermarket operations:** leveraging strong existing platform (operations, logistics, brand, scale) to develop a leading hypermarket chain in the European part of Russia



**Additional measures to improve profitability:** enhancing product mix, increasing private label and increasing distribution through own logistics system to achieve margin improvements and cost savings



**Financing of expansion program:** implementation of the Company's mid-term strategy will be executed through a mix of debt and equity raisings

