



INVESTOR PRESENTATION

Magnit at a Glance

№1 Russian Food Retail Chain by Revenue and Number of Stores

Multi-format Business Model Comprising Convenience, Hypermarkets, "Magnit Family" & Drogerie Stores

2 385
Cities & Towns

12 434
Total Number of Stores

4 524
thous.sq.m. Selling Space

5 861
Trucks

34
DCs

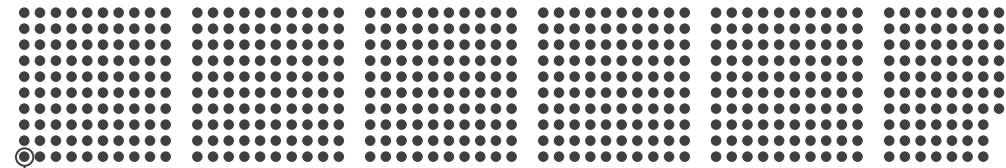
№3 Retailer in Europe in Market Capitalization

\$ 19bn Market Capitalization

>7% Share in Russian Grocery Sector

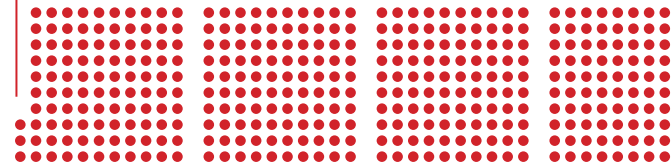
Shareholder Structure as of FY2015

Free-float
57,70%

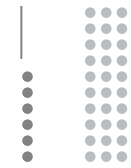


0,1%

Sergey Galitskiy, CEO
38,67%

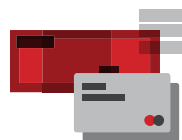


Lavreno Ltd. (Cyprus)
0,65%



Other 2,98%

Key Metrics



₽ 951^{bn}

Revenue
FY 2015

24,5 %

2015
Revenue growth
Y-o-Y

Net
Margin

6,21 %

EBITDA
Margin

10,94%

Net debt/
LTM EBITDA

0,9

Guidance for 2016

New Stores



1000-1100

Convenience
Stores



80

Hyper-
markets



1 200

Drogerie
Stores

Capex

RUB 67^{bn}

Strategy

Growth



Multi-format Organic Store Growth



Geographic Scope



Density of Store Coverage

Value



Low Prices



High Quality



Assortment

Efficiency



Cost Management



Vertical Integration



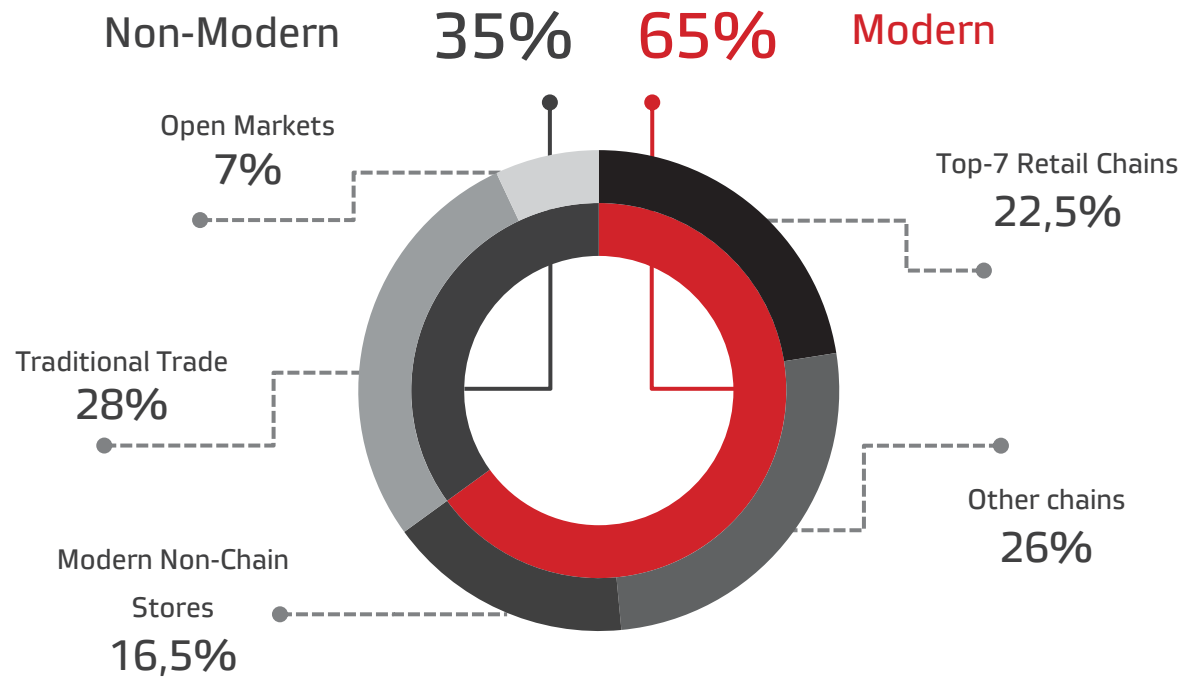
Centralization

Russian Food Retail Market

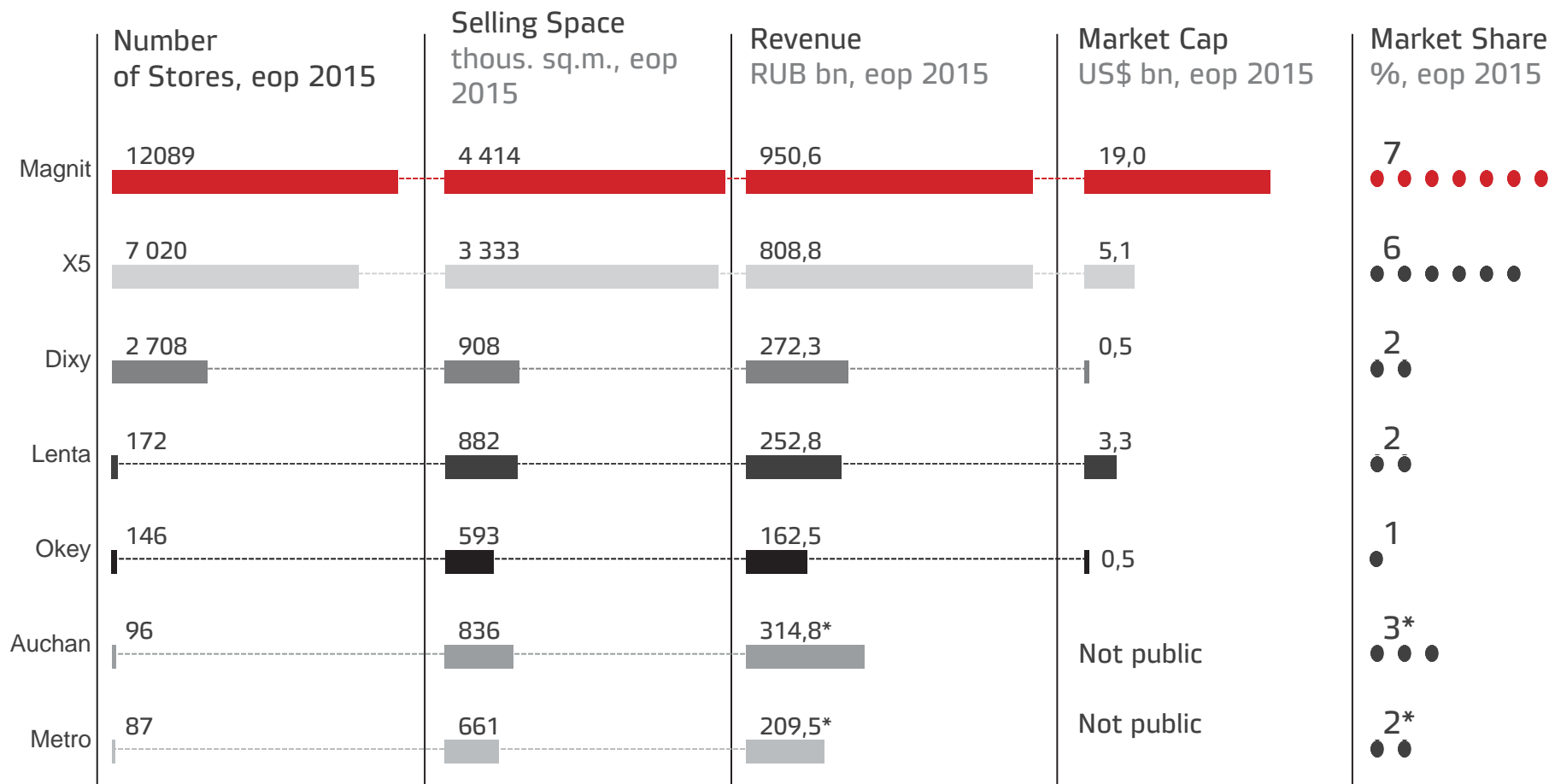
 **RUB 13 410^{bn}** Market Size FY 2015

 **65%** Modern Retail Penetration

Market Composition by Format



Magnit vs Peers



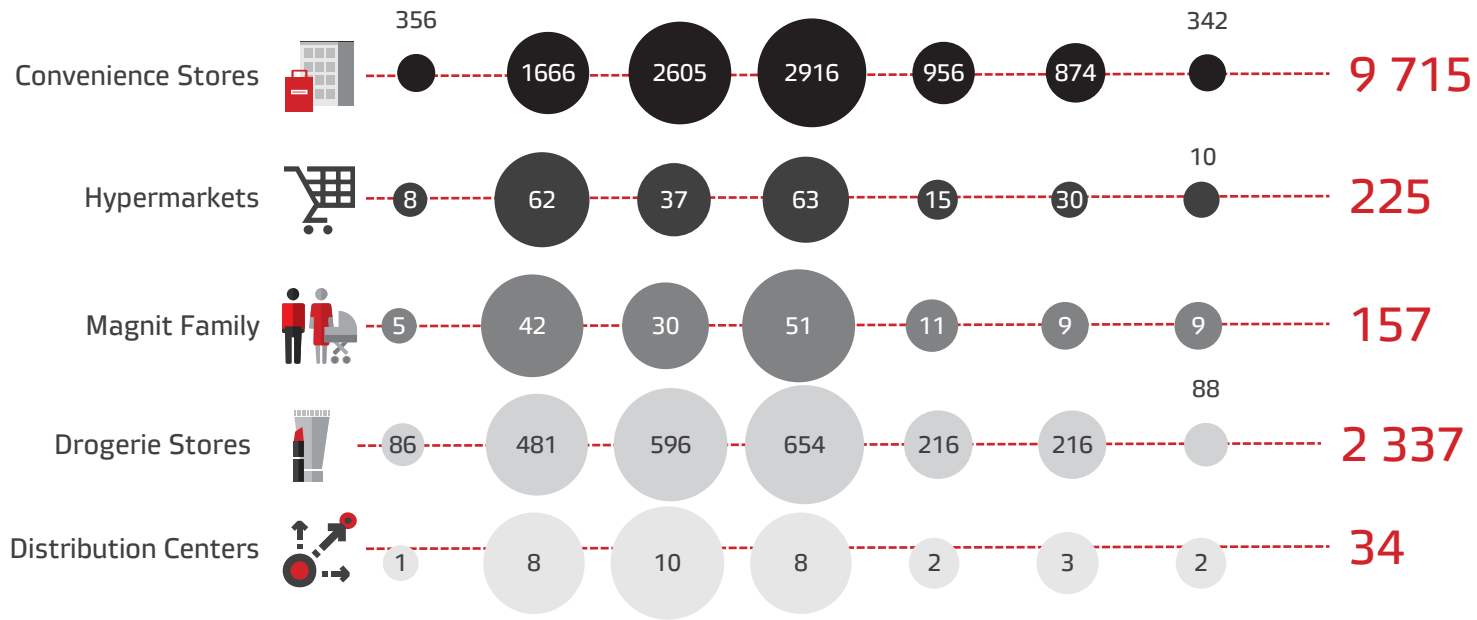
* As of FY 2014;

Source: Companies, INFOLine, Thomson Reuters, Magnit's Estimates

Geographical Coverage

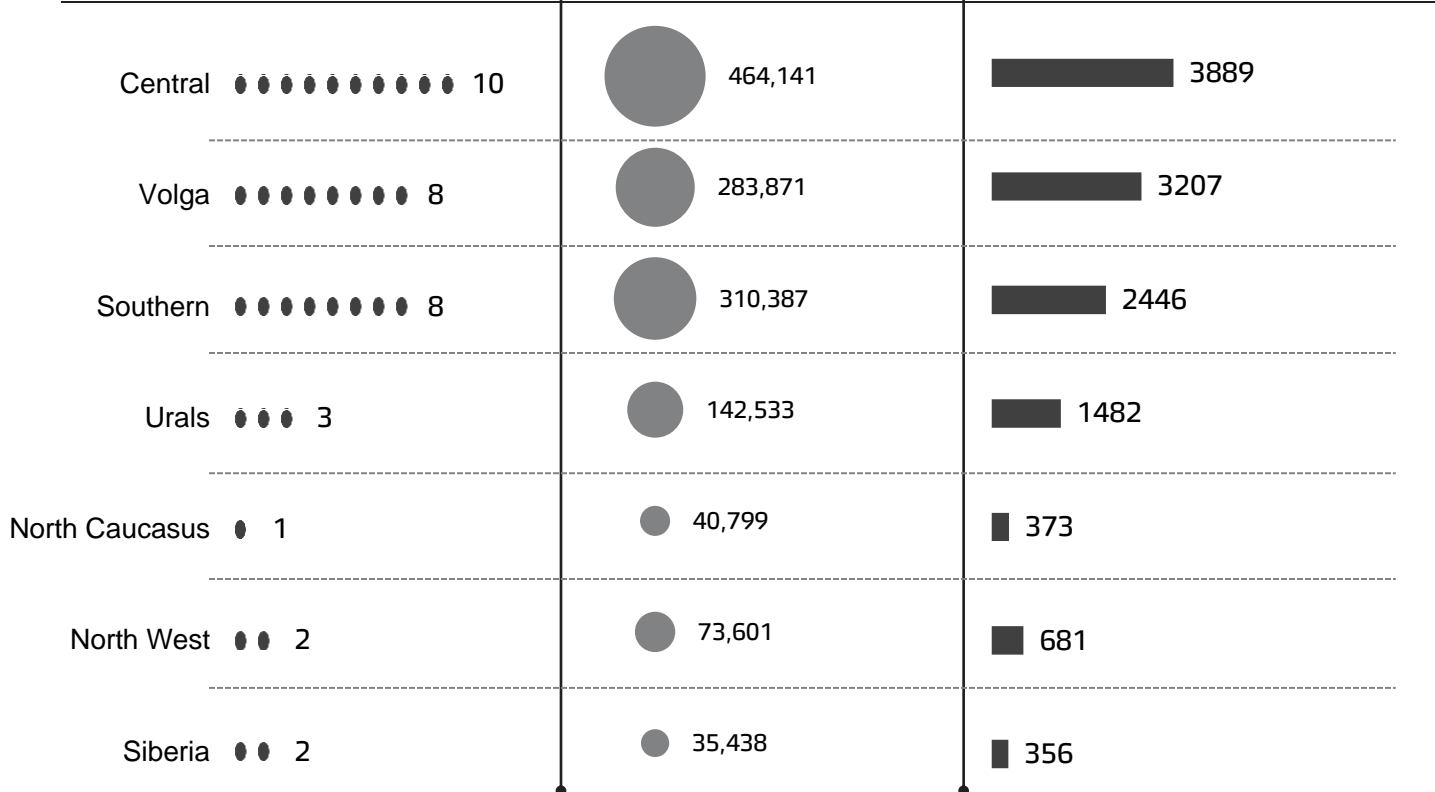
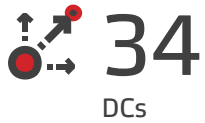
2 385 Cities & Towns

7 Federal Regions



Source: Company, as of March 31, 2016

Logistics System



Centralization Ratio %

■ 1Q2016 ■ Future Targets

Convenience Stores

Delivered from DC



Delivered from supplier



Hypermarkets

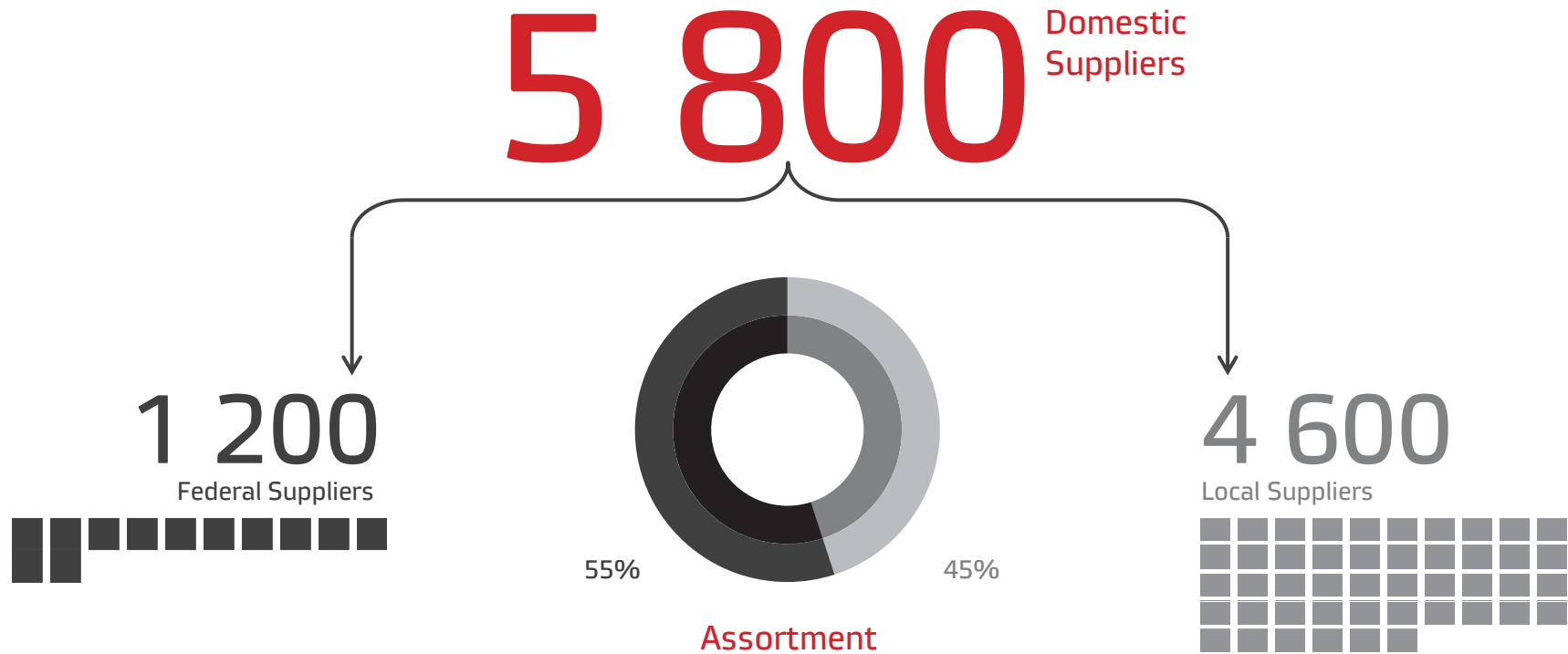
Delivered from DC



Delivered from supplier



Suppliers



Direct Import



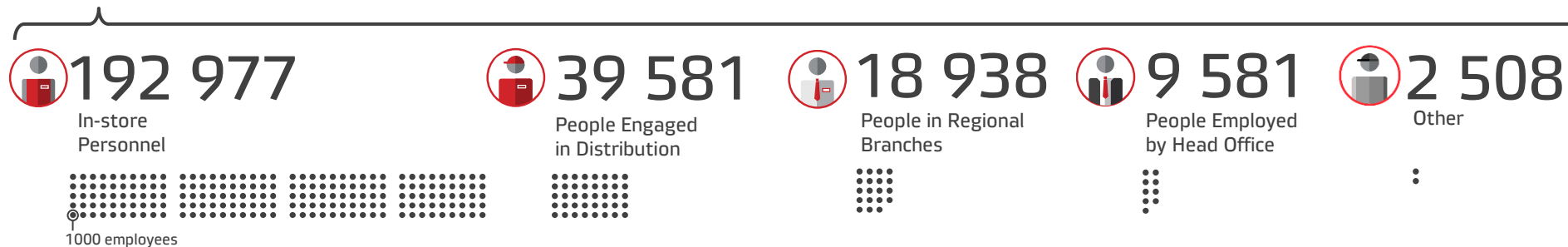
Private Label



Source: Company,
Direct Import – as of December 31, 2015;
Private Label – as of March 31, 2016

Employees

 **263 585** Employees *



 **₽ 29 636** Average Monthly Salary **

 **5%** Wage Rate Increase **

Source: Company,
* as of March 31, 2016
** as of December 31, 2015

Competitive Attributes



Location



Prices



Quality (of Products)



Assortment

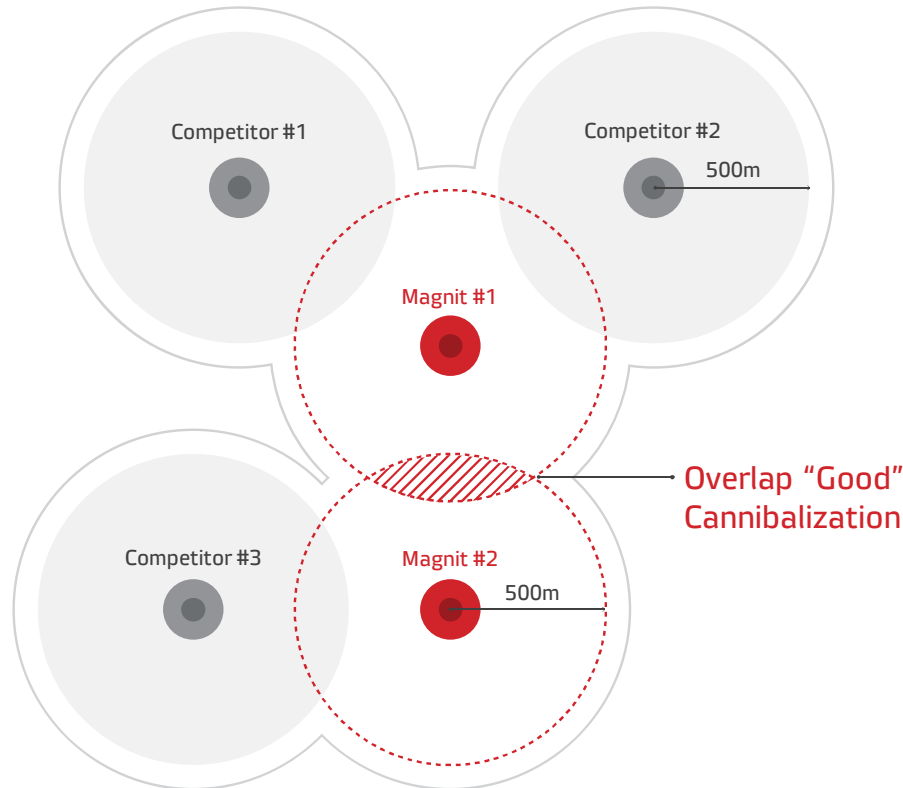


Reliability



Atmosphere

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



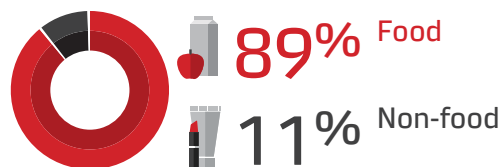
Convenience Store

Format Description

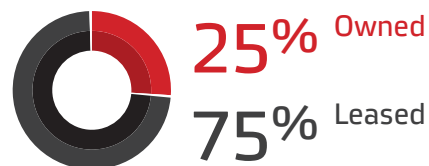
Size of the Store



Sales Mix



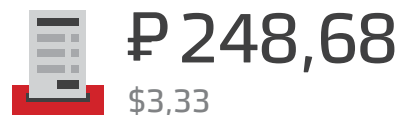
Store Ownership Structure



Source: Company,
as of March 31, 2016

Key Operational Statistics

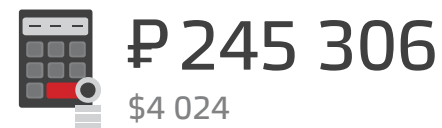
Average Ticket



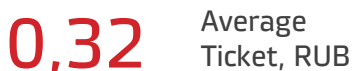
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 1Q2016 -1Q2015,%



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





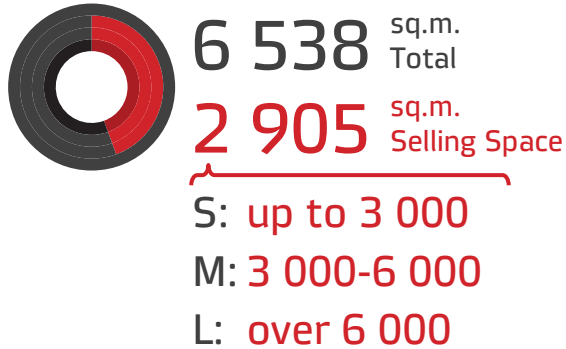
Hypermarket



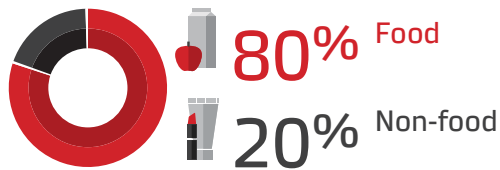
Hypermarket

Format Description

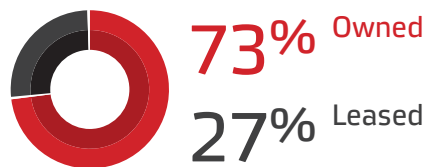
Size of the Store



Sales Mix



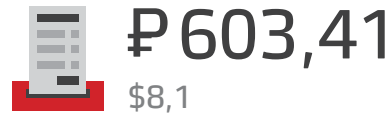
Store Ownership Structure



Source: Company, as of March 31, 2016

Key Operational Statistics

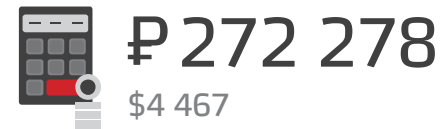
Average Ticket



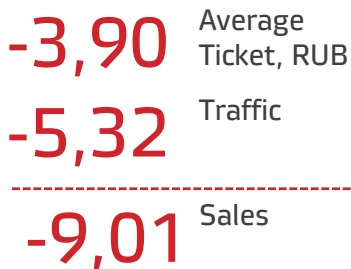
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 1Q2016 – 1Q2015,%



Opening

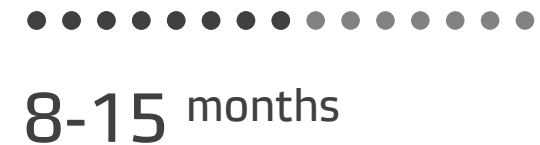
Payback



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

Owned 56-98
Leased 31-41

Time to Maturity





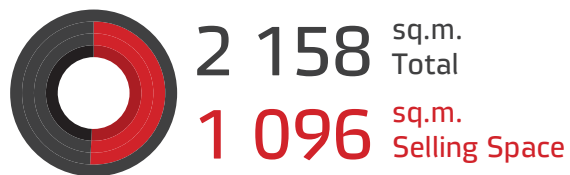
Magnit Family



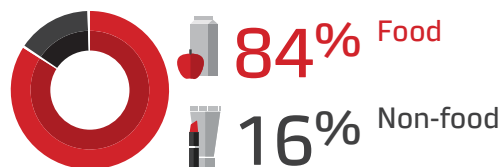
Magnit Family

Format Description

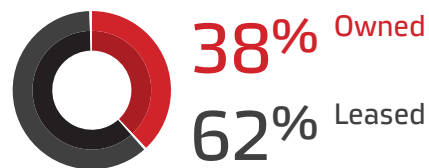
Size of the Store



Sales Mix



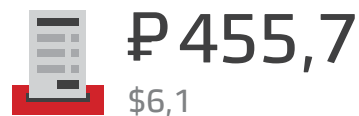
Store Ownership Structure



Source: Company, as of March 31, 2016

Key Operational Statistics

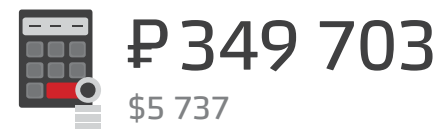
Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 1Q2016 – 1Q2015,%



Opening

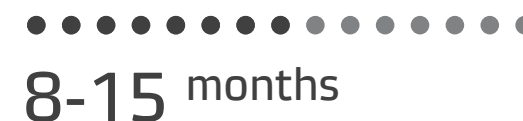
Payback



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

Owned 71-112
Leased 31-54

Time to Maturity





Drogerie Store



Drogerie Store

Format Description

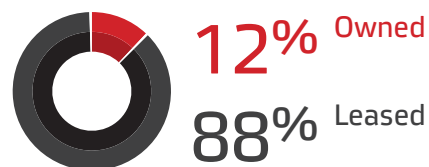
Size of the Store



Sales Mix



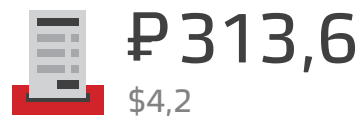
Store Ownership Structure



Source:
Company, as of March, 2016

Key Operational Statistics

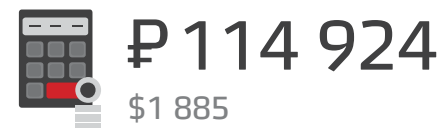
Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL 1Q2016 – 1Q2015, %

11,51 Average Ticket, RUB

-2,56 Traffic

8,66 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

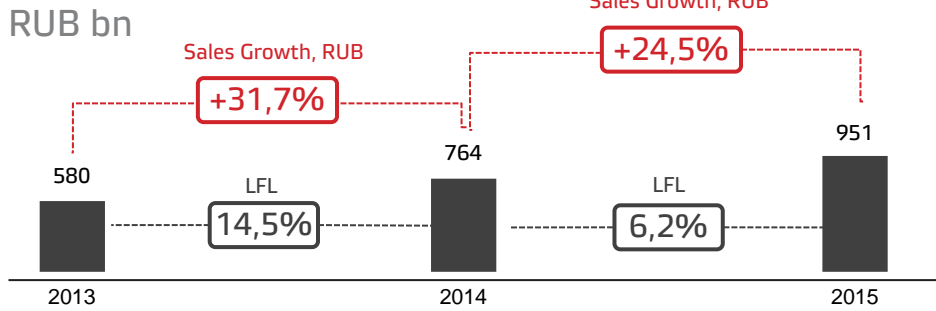
	Size of the Store sq.m.	Average Ticket	Traffic Tickets/sq.m./day	Density Sales/sq.m./year	Sales Mix	LFL 1Q2016-1Q2015 %	Store Ownership Structure	Payback Years	Cost of New Store per sq.m. of Total Space	Time to Maturity Months
	● Total ● Selling Space				● Food ● Non-food	● Av.ticket ● Traffic/ Sales	● Owned ● Leased			
 Convenience store	 456 326	 P.248,68 \$3,3	 2,6	 P.245 306 \$4 024	 89% 11%	 0,32 2,34 2,67	 25% 75%	 3 (if leased) 4-6 (if owned)	Owned RUB 35-105k Leased RUB 10-19k	 6
 Hypermarket	 6 538 2905*	 P.603,41 \$8,1	 1,1	 P.272 278 \$4 467	 80% 20%	 -3,90 -5,32 -9,01	 73% 27%	 6-9	Owned RUB 56-98k Leased RUB 31-41k	 8-15
 Drogerie Store	 298 229	 P.313,64 \$4,2	 1,0	 P. 114 924 \$1 885	 100%	 11,51 -2,56 8,66	 12% 88%	 3 (if leased) 4-6 (if owned)	Owned RUB 20-70k Leased RUB 9-16k	 6
 Magnit Family	 2 158 1 096	 P.455,7 \$6,1	 1,9	 P.349 703 \$5 737	 84% 16%	 -3,79 -1,00 -4,76	 38% 62%	 6-9	Owned RUB 71-112k Leased RUB 31-54k	 8-15

Summary P&L

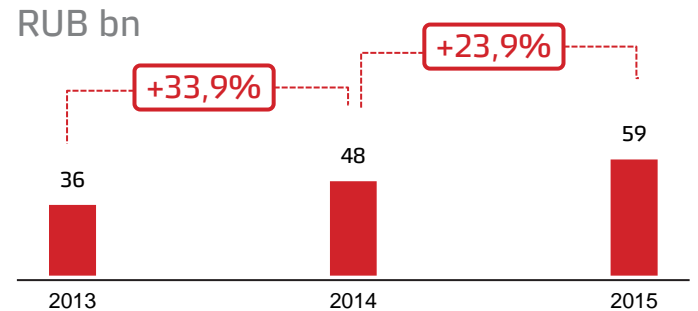
RUB MN	2014	2015	2014 / 2015 Y-o-Y Growth
Net sales	763,527.25	950,613.34	24.5%
Cost of sales	(543,006.69)	(679,792.53)	25.2%
Gross profit	220,520.56	270,820.81	22.8%
<i>Gross margin, %</i>	28.88%	28.49%	
SG&A	(134,169.75)	(167,420.12)	24.8%
Other income, net	(501.27)	483.77	-196.5%
EBITDA	85,909.67	103,972.94	21.0%
<i>EBITDA margin, %</i>	11.25%	10.94%	
Depreciation & Amortization	(17,609.67)	(21,116.73)	19.9%
EBIT	68,300.00	82,856.21	21.3%
Net finance costs	(6,273.47)	(11,660.29)	85.9%
Profit before tax	62,026.53	71,195.92	14.8%
Taxes	(14,340.69)	(12,134.72)	-15.4%
<i>Effective tax rate</i>	23.12%	17.04%	
Net income	47,685.84	59,061.20	23.9%
<i>Net margin, %</i>	6.25%	6.21%	

Revenue & Costs

Revenue Dynamics

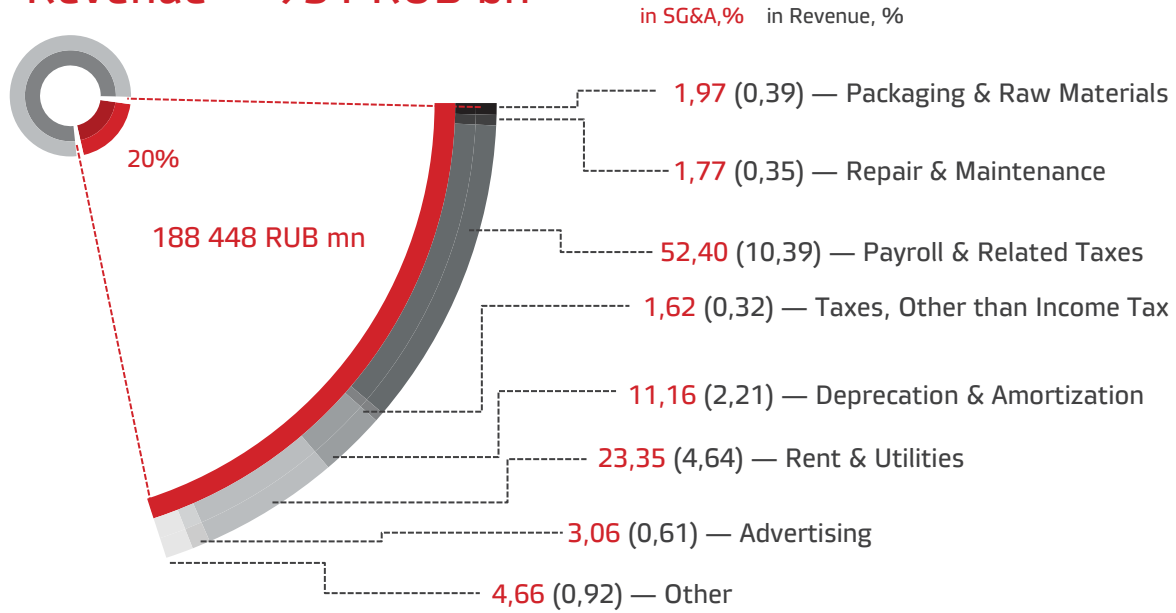


Net Income Dynamics

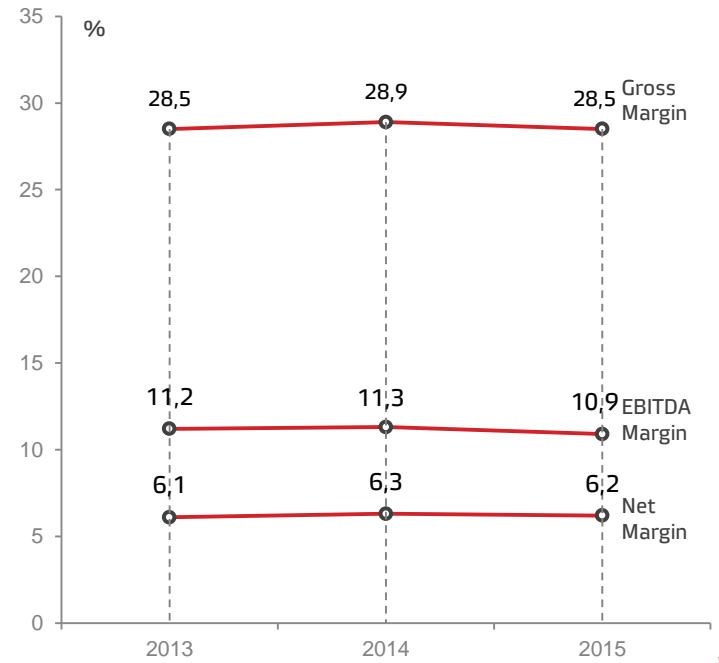


SG&A Expense Structure

Revenue — 951 RUB bn

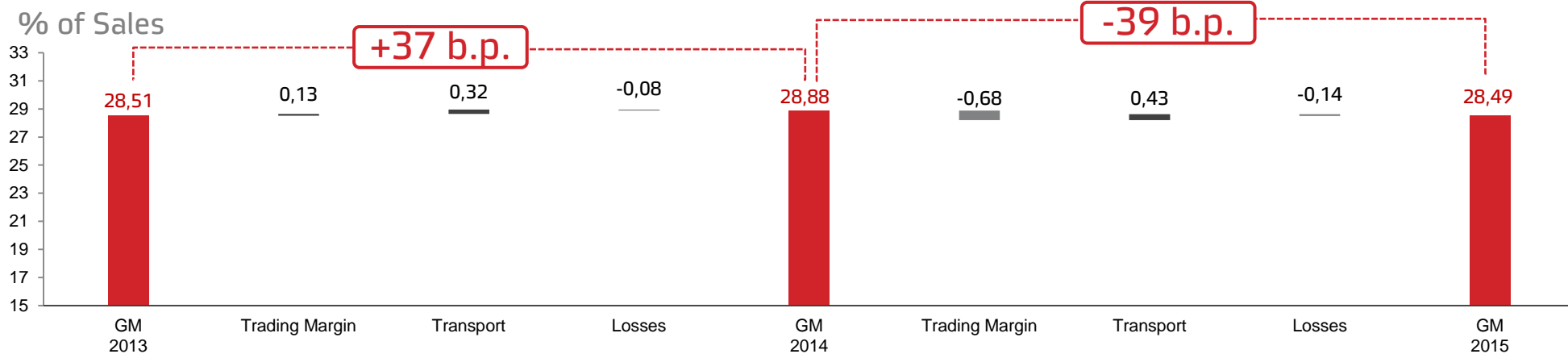


Margin Dynamics

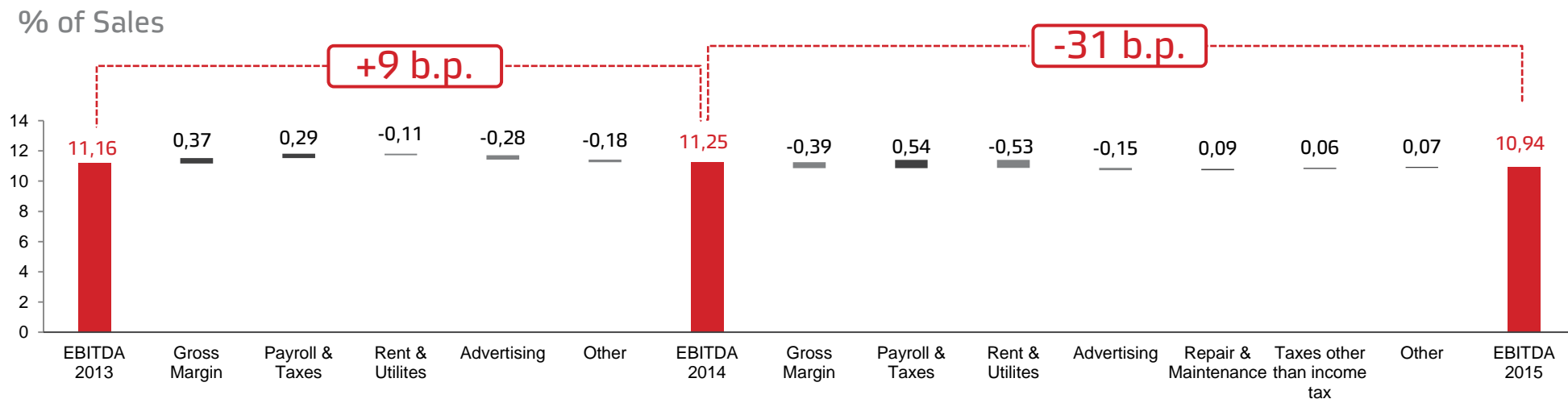


Source: Company's calculations based on IFRS accounts for FY2013-2015

Gross Margin Bridge



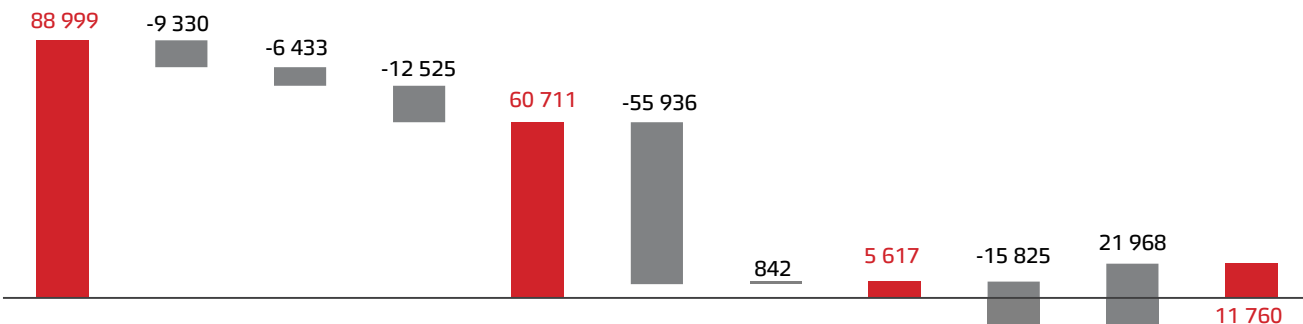
EBITDA Margin Bridge



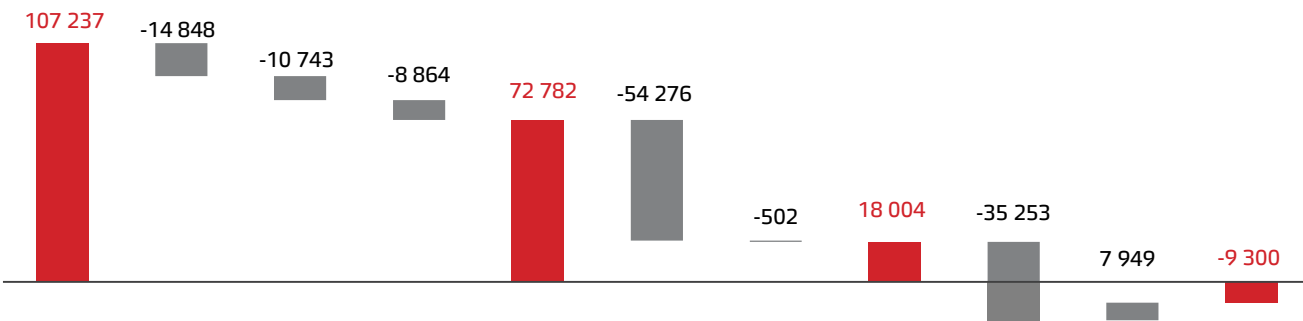
Free Cash Flow

RUB mn

2014



2015



Adjusted EBITDA
 Change in Working capital
 Net Interest Paid
 Income Taxes Paid
 OCF

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

Capex
 Other Cash Flow from Investing Activities
 FCF

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

Payment of Dividends
 Other Cash Flow from Financing Activities
 CF

Does not include cash flow from financing activities

Working Capital Analysis

The Average Days Payable to Suppliers is **41 Days**.

Inventory Management Days is **52 Days**

Working Capital: **RUB 18 233 mn** as of 31.12.2015

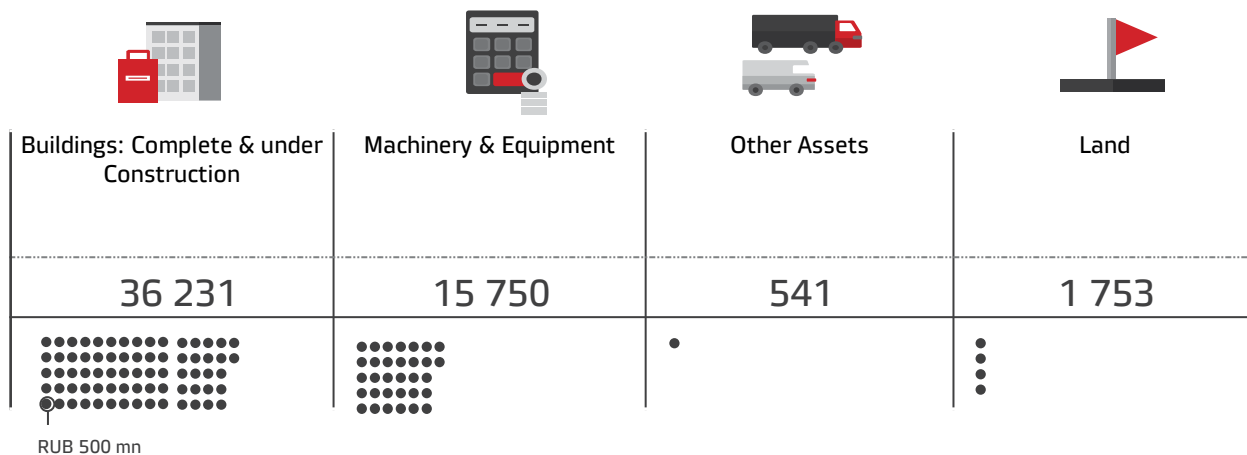
Balance Sheet

RUB MN	2013	2014	2015
ASSETS			
Property plant and equipment	195,158.25	232,968.80	265,995.94
Other non-current assets	5,762.40	6,043.82	6,380.79
Cash and cash equivalents	5,931.13	17,691.54	8,390.90
Inventories	56,095.41	81,475.66	116,471.59
Trade and other receivables	631.53	813.26	993.67
Advances paid	3,171.05	4,849.30	5,295.73
Taxes receivable	27.99	69.38	96.67
Short-term financial assets	1,150.64	475.18	246.78
Prepaid expenses	252.15	242.53	320.91
Income tax receivable	-	131.86	-
TOTAL ASSETS	268,180.55	344,761.33	404,192.98
EQUITY AND LIABILITIES			
Equity	126,162.14	143,651.62	165,140.60
Long-term debt	37,441.50	44,410.14	59,411.19
Other long-term liabilities	8,462.32	10,617.70	12,998.59
Trade and other payables	48,170.71	66,794.61	88,372.22
Short-term debt	36,319.76	51,256.67	44,817.12
Dividends payable	0.03	14,372.03	16,993.86
Other current liabilities	11,624.09	13,658.56	16,459.40
TOTAL EQUITY AND LIABILITIES	268,180.55	344,761.33	404,192.98

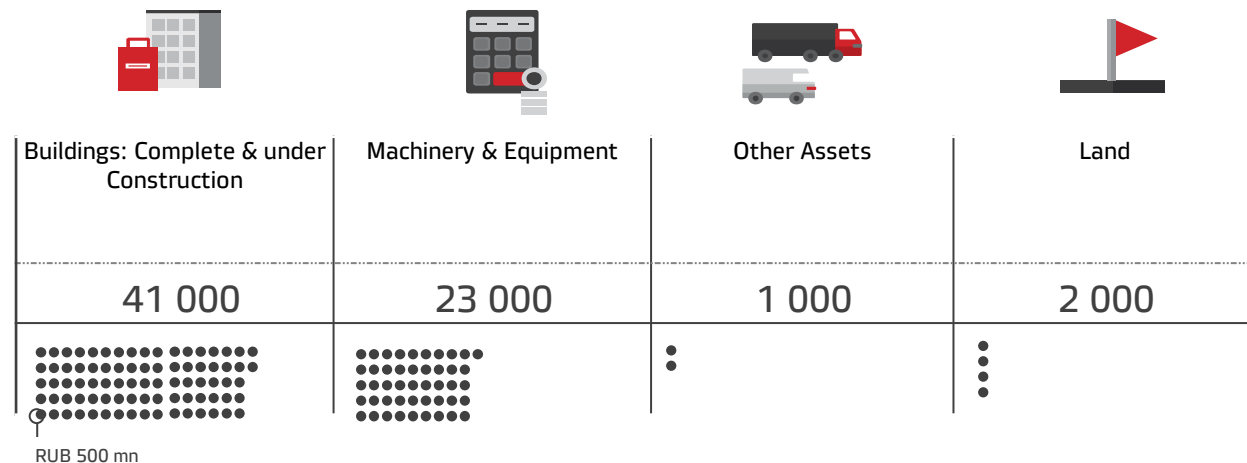
Source: Audited IFRS accounts for FY2013 – 2015

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

Capex Analysis



FY 2015 (Actual) ¹
RUB 54 bn



FY 2016 (Estimates) ²
RUB 67 bn

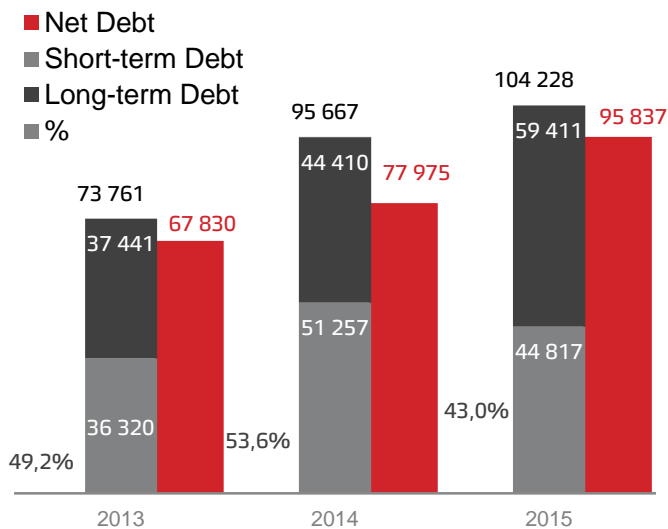
¹ Source: 2015 IFRS Audited Financials

² Source: Company's Estimates

Debt Burden

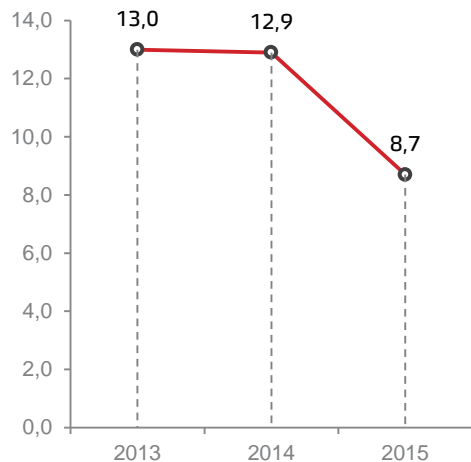
Debt Level Dynamics

RUB mn



Credit Metrics

EBITDA / Finance Expenses



Credit Profile



The Company Has an Impeccable Credit History

Collaboration with the Largest Banks

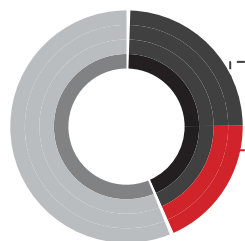
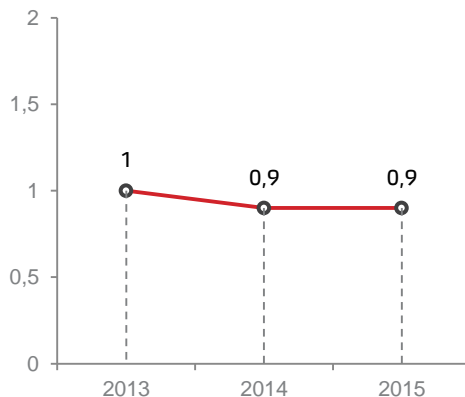
Low Debt Burden: Net Debt / LTM EBITDA Ratio of 0,9



No Currency Risk: 100% of Debt is Rub Denominated Matching Revenue Structure

Insignificant Interest Rate Risk: Interest Payments are Made at Fixed Rates Primarily

Net Debt / LTM EBITDA



57% of Debt is Long-term

Approximately 51% of LT Debt is Rub Bonds

Contact Information

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