



Financial Results

FY 2013

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Magnit at a Glance

# Magnit at a Glance

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

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

**1 868**  
Cities & Towns

**8 093**  
Total Number of Stores

**3 011**  
thous.sq.m. Selling Space

**5 577**  
Trucks

**22**  
DCs

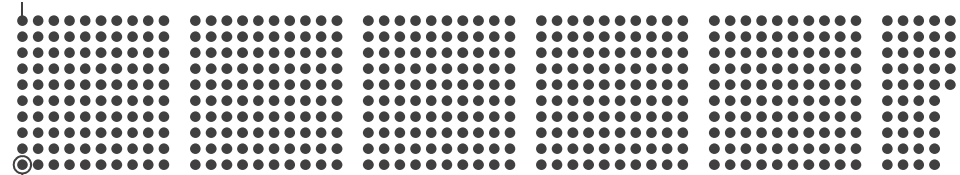
**№3** Retailer in Europe in Market Capitalization

**\$26bn** Market Capitalization

**>6%** Share in Russian Grocery Sector

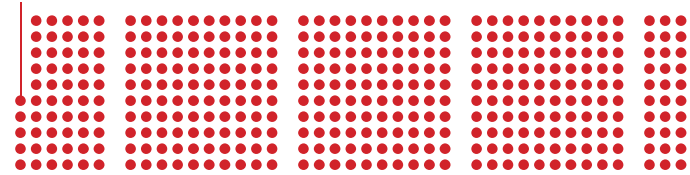
## Shareholder Structure

Free-float  
**54,5%**



0,1%

Sergey Galitskiy, CEO  
**38,7%**



Other  
**3,4%**



Lavreno Ltd. (Cyprus)  
**3,4%**

As of 31.12.2013  
Source: IFRS accounts for FY2011 – 2013; Bloomberg



Magnit at a Glance



## Key Metrics

 **₽ 579,7<sup>bn</sup>** (**\$18,2<sup>bn</sup>**) Revenue FY2013

Net Margin	EBITDA Margin	Net debt/ LTM EBITDA	Dividend Yield	Payout Ratio
6,14%	11,16%	1,0	1,31%	30%

## Guidance for 2014

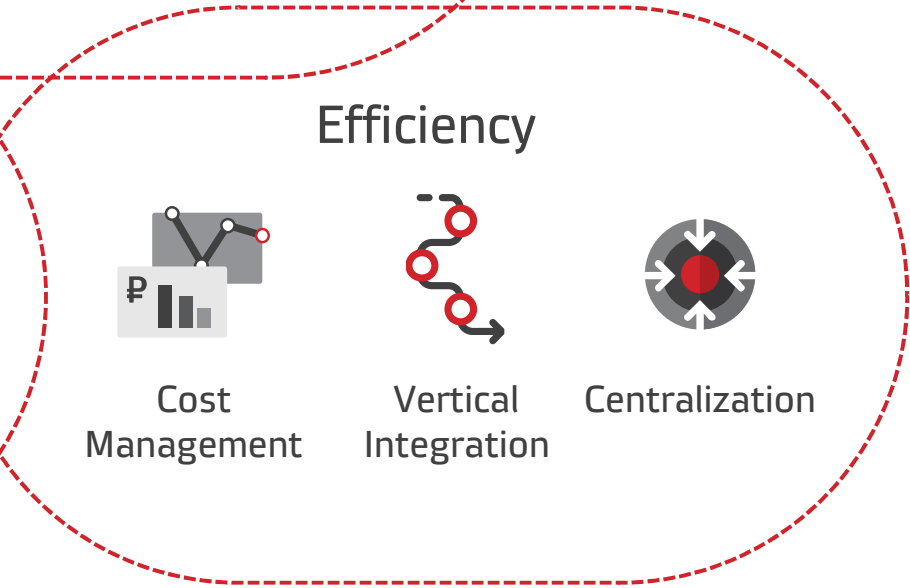
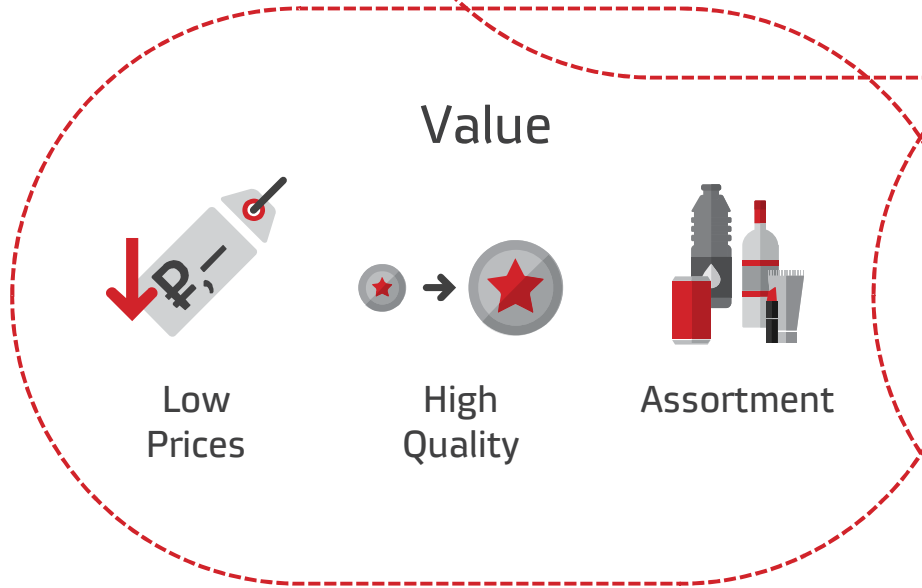
### New Stores

 **1 100** Convenience Stores     **80** Hyper-markets     **300-350** Cosmetics Stores

RUR Sales Growth	EBITDA Margin	Capex
22-24%	10,2-10,7%	\$1,7-1,8 <sup>bn</sup>



# Strategy





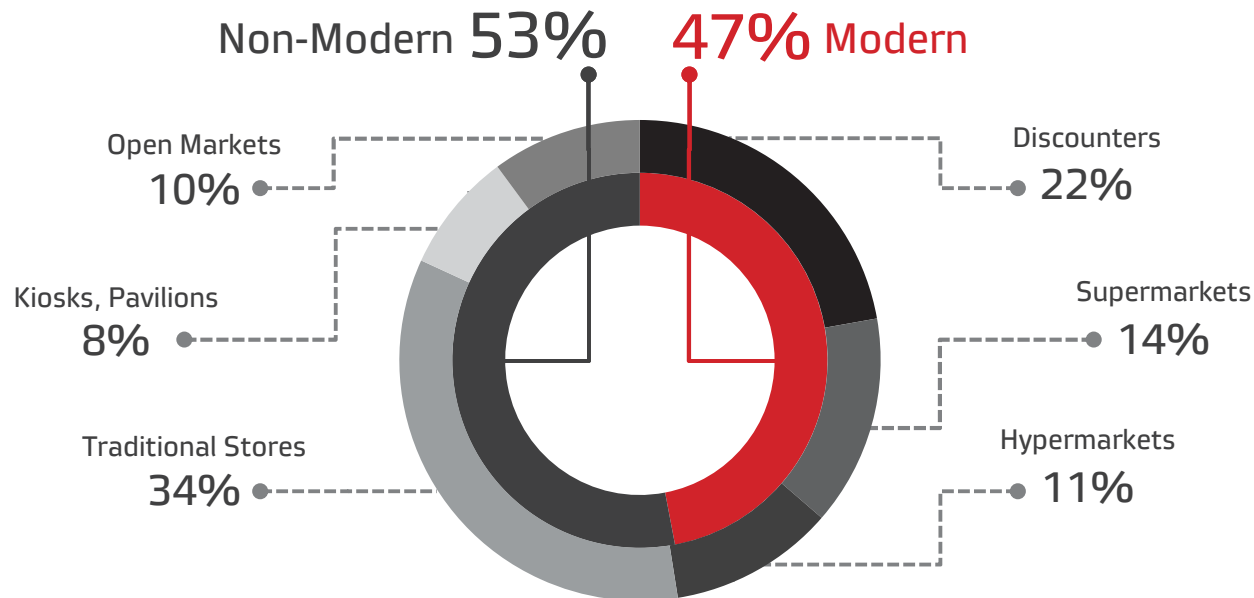
Magnit at a Glance



# Russian Food Retail Market

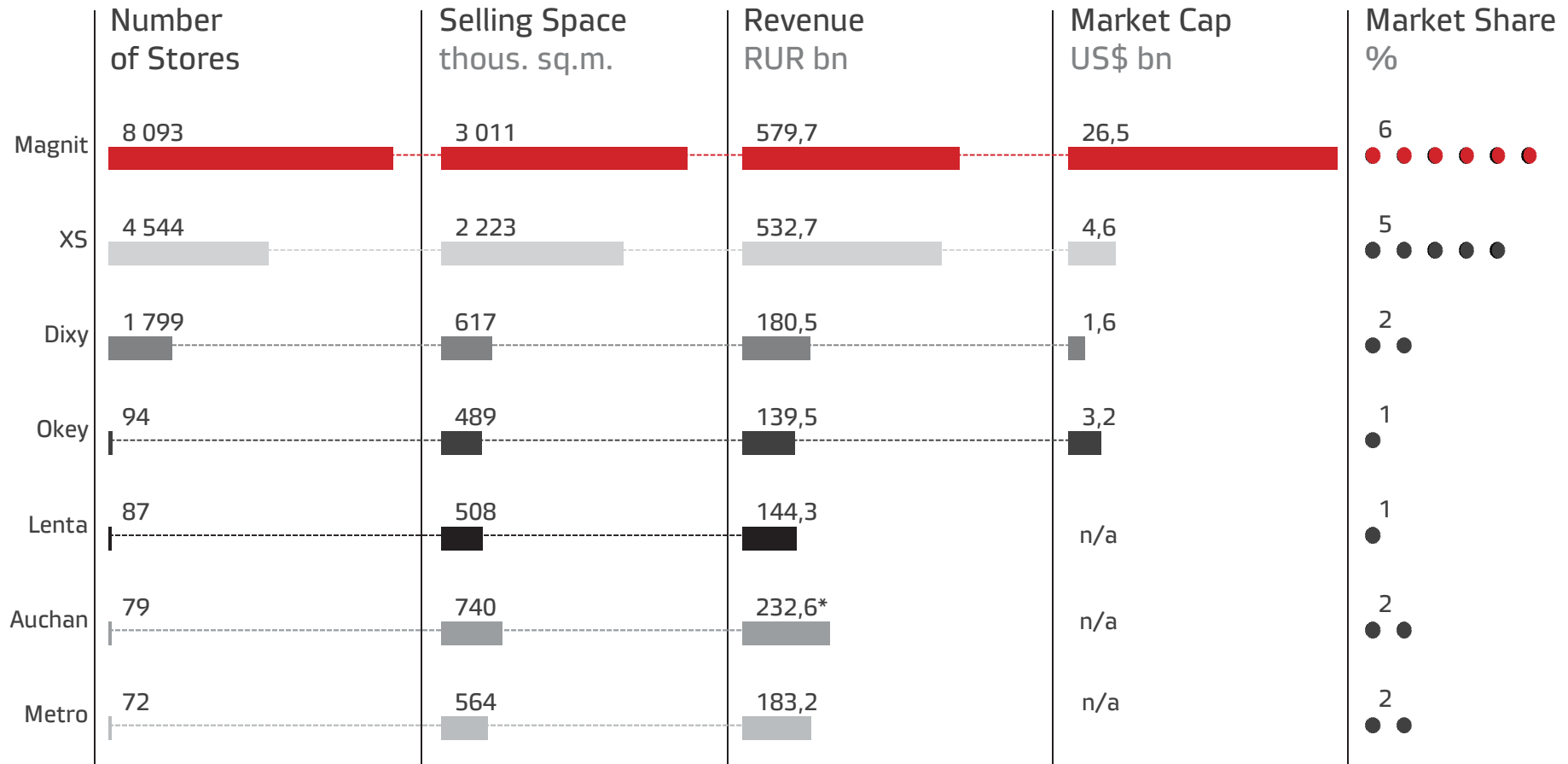


## Market Composition by Format





# Magnit vs Peers





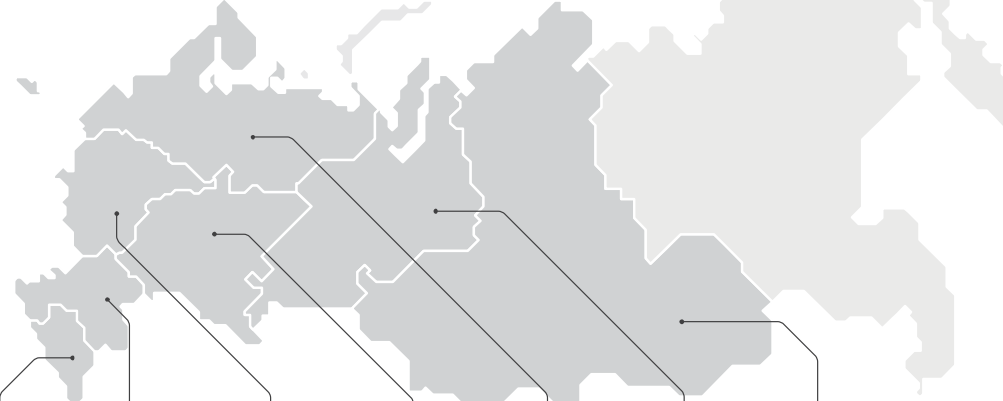
# Geographical Coverage

# 1 868

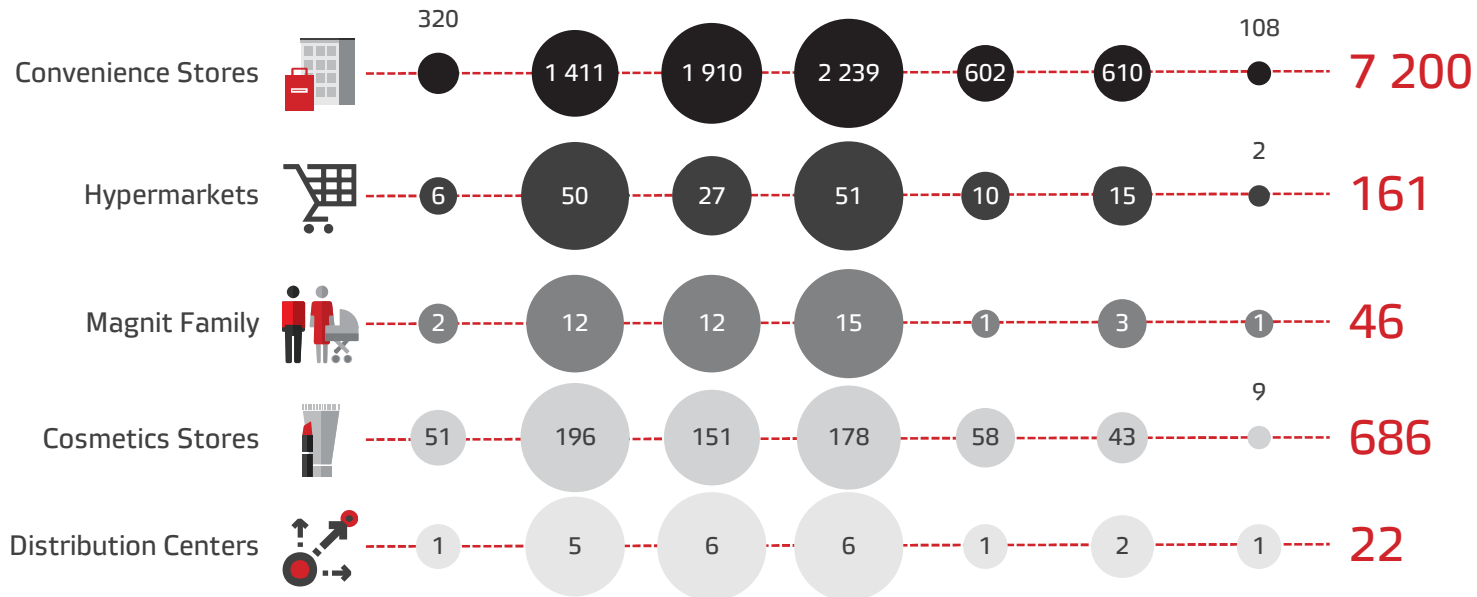
Cities & Towns

# 7

Federal Districts

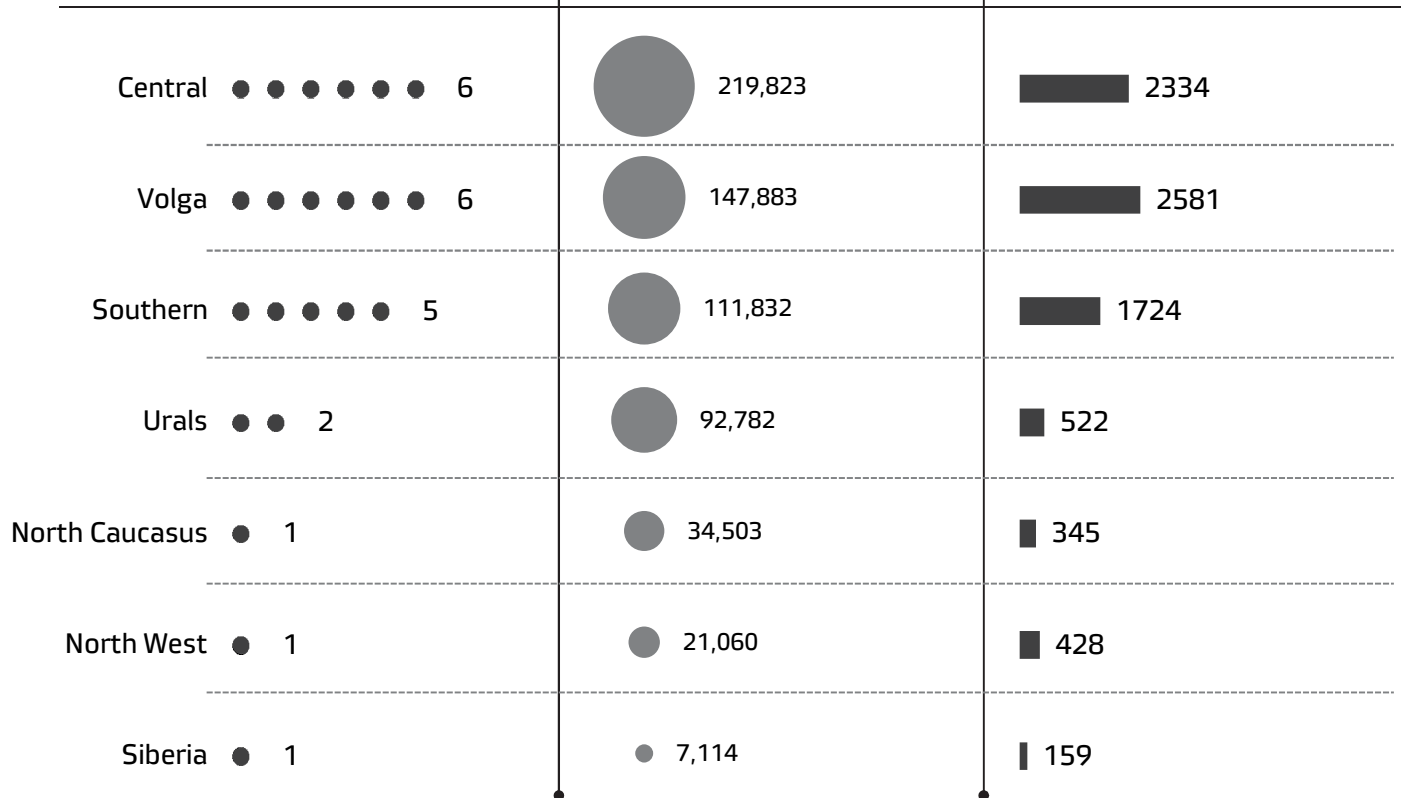


North Caucasus   Southern   Central   Volga   North West   Urals   Siberia





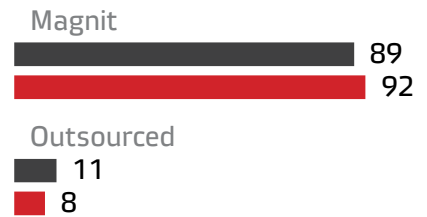
# Logistics System



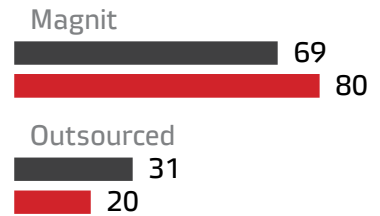
## Centralization Ratio %

■ 2013 ■ Future Targets

## Convenience Stores



## Hypermarkets



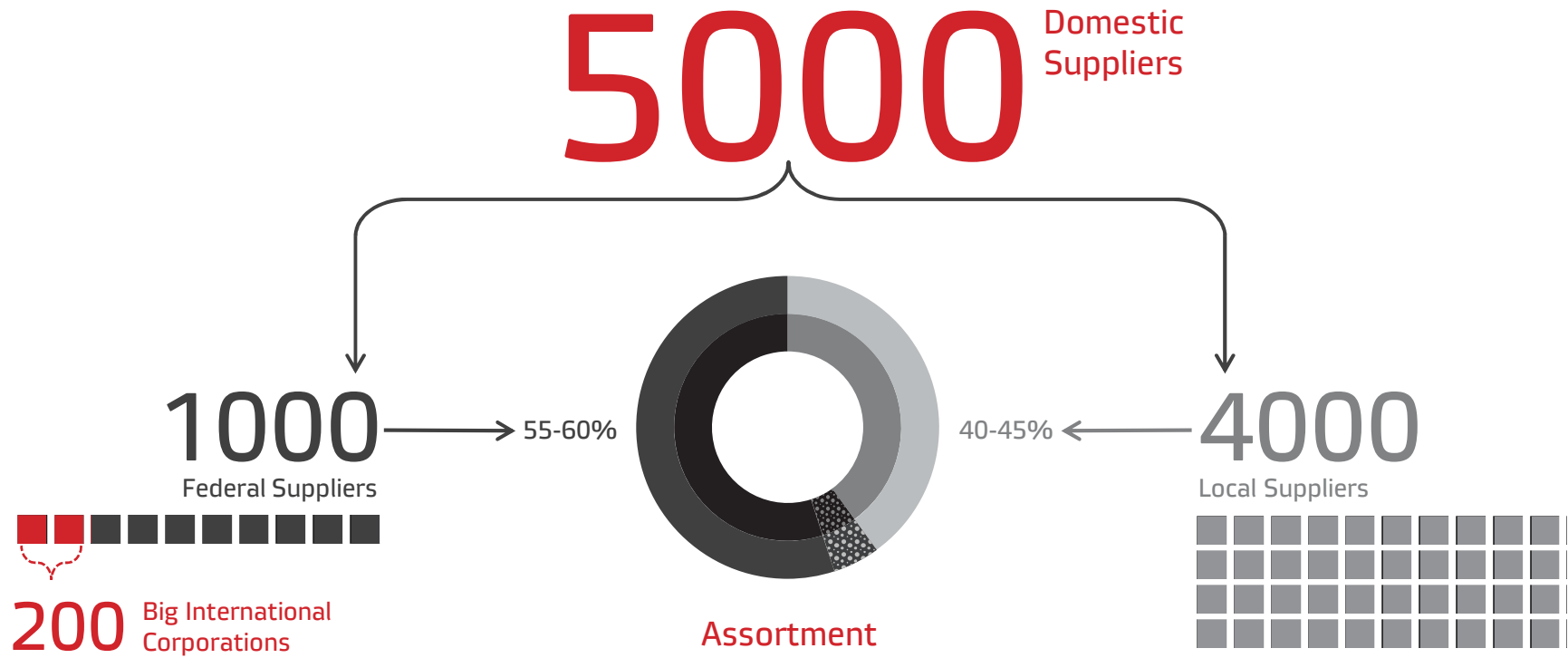




Magnit at a Glance



# Suppliers





Magnit at a Glance



## Direct Import



800 Open Contracts

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## Private Label



681 PL SKUs



13% Share of Revenue



87% Food Items



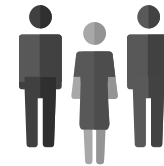
Magnit at a Glance



# Employees



**175 720** Employees



**0** Foreign Workers



**121 228**

In-store Personnel



1000 employees



**36 497**

People Engaged in Distribution



**11 636**

People in Regional Branches

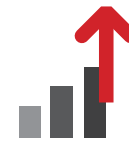


**6 359**

People Employed by Head Office



**₽ 25 899** Average Monthly Salary



**13%** Wage Rate Increase



# Competitive Attributes



Location



Prices



Quality  
(of Products)



Assortment

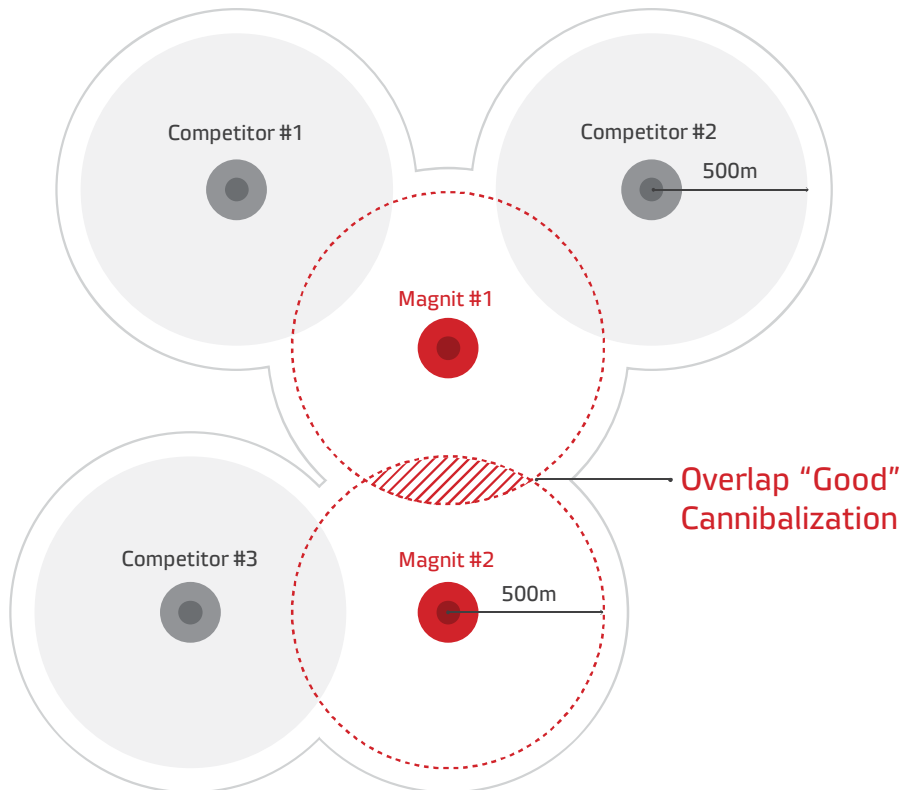


Reliability



Atmosphere

# Sales Catchment Area



**5 000**  
(1 500-1 600 Families)

People –  
Minimum  
Population



**₽4 000-9 500**

Monthly  
Family Food  
Budget



**35%** of Family  
Budget  
Spent on Food



# Convenience Store





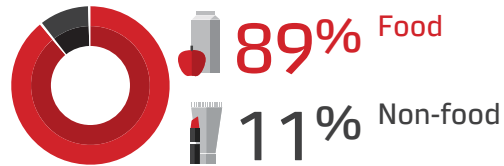
# Convenience Store

## Format Description

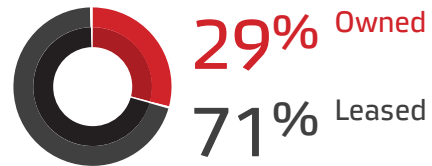
Size of the Store



Sales Mix

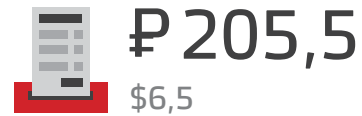


Store Ownership Structure



## Key Operational Statistics

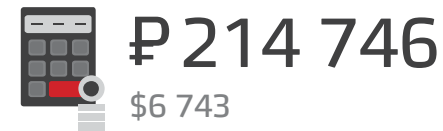
Average Ticket



Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL FY2013-FY2012,%

5,82 Average Ticket, RUR

0,76 Traffic

6,62 Sales

## Opening

Payback

If Leased

● ● ●  
3 years

If Owned

● ● ● ● ● ●  
4-6 years

Cost of New Store per sq.m. of Total Space

Owned \$1 100-2 800  
Leased \$250-500

Time to Maturity

● ● ● ● ● ●  
6 months



# Hypermarket



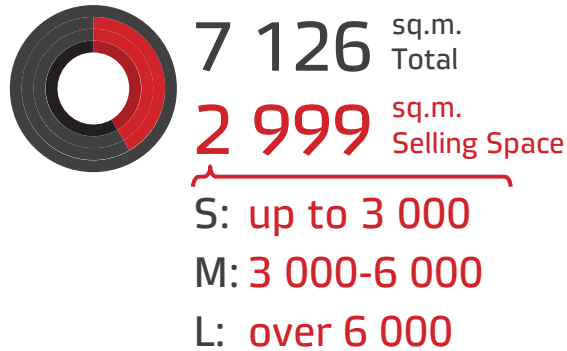


Magnit at a Glance

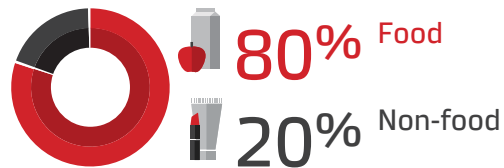
# Hypermarket

## Format Description

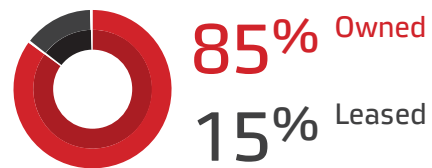
Size of the Store



Sales Mix



Store Ownership Structure



## Key Operational Statistics

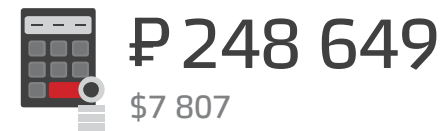
Average Ticket



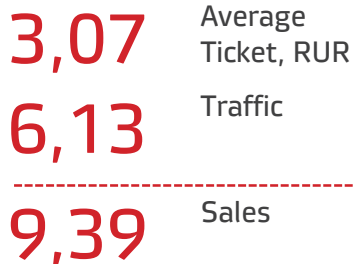
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL FY2013-FY2012,%

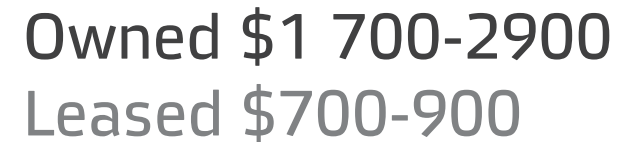


## Opening

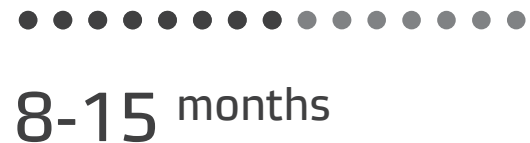
Payback



Cost of New Store per sq.m. of Total Space



Time to Maturity







# Magnit Family



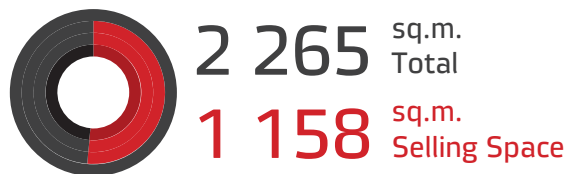


Magnit at a Glance

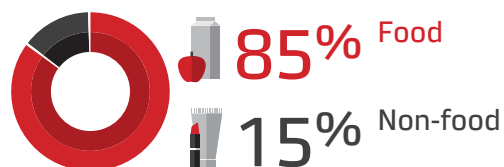
# Magnit Family

## Format Description

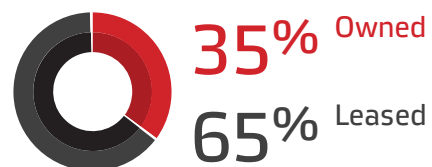
Size of the Store



Sales Mix

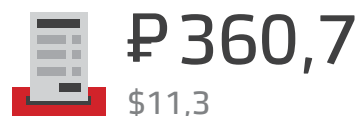


Store Ownership Structure



## Key Operational Statistics

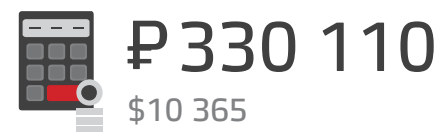
Average Ticket



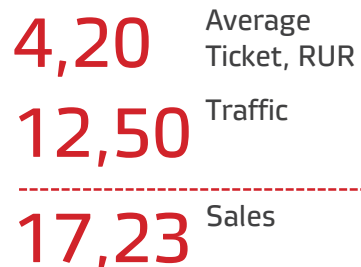
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL FY2013-FY2012,%

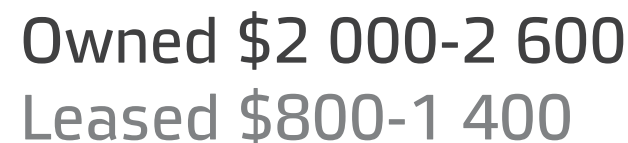


## Opening

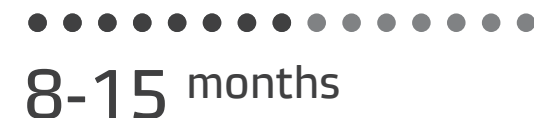
Payback



Cost of New Store per sq.m. of Total Space



Time to Maturity





# Cosmetics Store





# Cosmetics Store

## Format Description

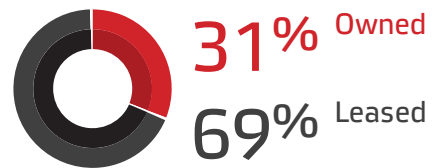
Size of the Store



Sales Mix

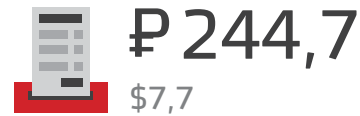


Store Ownership Structure



## Key Operational Statistics

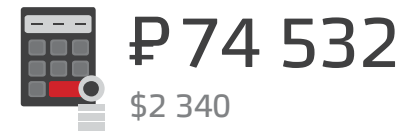
Average Ticket



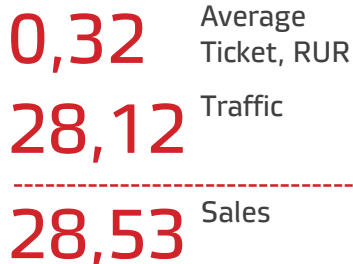
Traffic tickets/sq.m./day



Sales Density sales/sq.m./year



LFL FY2013-FY2012,%



## Opening

Payback

If Leased



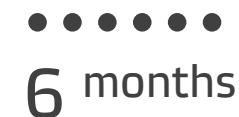
If Owned



Cost of New Store per sq.m. of Total Space



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 FY2013- FY2012 %	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			
<p>Convenience store</p>	<p>458 321</p>	<p>P.205,5 \$6,5</p>	<p>2,8</p>	<p>P.214 746 \$6 743</p>	<p>89% 11%</p>	<p>5,82 0,76 6,62</p>	<p>29% 71%</p>	<p>3 (if leased) 4-6 (if owned)</p>	<p>Owned \$1 100-2 800 Leased \$ 250-500</p>	<p>6</p>
<p>Hypermarket</p>	<p>7 126 2 999</p>	<p>P.550 \$17,3</p>	<p>1,2</p>	<p>P.248 649 \$7 807</p>	<p>80% 20%</p>	<p>3,07 6,13 9,39</p>	<p>85% 15%</p>	<p>6-9</p>	<p>Owned \$1 700-2 900 Leased \$ 700-900</p>	<p>8-15</p>
<p>Cosmetics Store</p>	<p>316 238</p>	<p>P.244,7 \$7,7</p>	<p>0,8</p>	<p>P.74 532 \$2 340</p>	<p>100%</p>	<p>0,32 28,12 28,53</p>	<p>31% 69%</p>	<p>3 (if leased) 4-6 (if owned)</p>	<p>Owned \$800-2 500 Leased \$200-450</p>	<p>6</p>
<p>Magnit Family</p>	<p>2 265 1 158</p>	<p>P.360,7 \$11,3</p>	<p>2,1</p>	<p>P.330 110 \$10 365</p>	<p>85% 15%</p>	<p>4,20 12,50 17,23</p>	<p>35% 65%</p>	<p>6-9</p>	<p>Owned \$2 000-2 600 Leased \$800-1 400</p>	<p>8-15</p>

Source: Company, as of December 31, 2013; \*Excludes selling space designated for leases



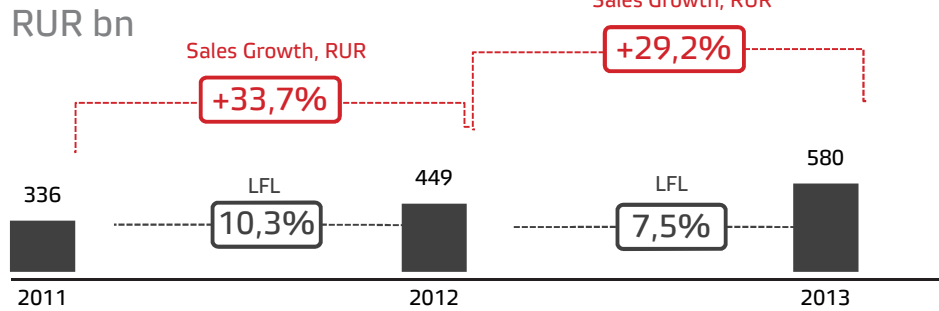
# Summary P&L

RUR MM	2012	2013	2012 / 2013 Y-o-Y Growth
<b>Net sales</b>	<b>448 661,13</b>	<b>579 694,88</b>	29,21%
Cost of sales	(329 609,34)	(414 431,89)	25,73%
<b>Gross profit</b>	<b>119 051,79</b>	<b>165 262,99</b>	38,82%
<i>Gross margin, %</i>	26,53%	28,51%	
SG&A	(72 777,04)	(101 720,52)	39,77%
Other income/(expense)	1 105,73	1 178,76	6,60%
<b>EBITDA</b>	<b>47 380,48</b>	<b>64 721,23</b>	36,60%
<i>EBITDA margin, %</i>	10,56%	11,16%	
Depreciation & amortization	(11 269,67)	(14 184,35)	25,86%
<b>EBIT</b>	<b>36 110,82</b>	<b>50 536,88</b>	39,95%
Net finance costs	(3 797,77)	(4 782,83)	25,94%
Profit before tax	32 313,04	45 754,05	41,60%
Taxes	(7 195,87)	(10 133,67)	40,83%
<i>Effective tax rate</i>	22,27%	22,15%	
<b>Net income</b>	<b>25 117,17</b>	<b>35 620,38</b>	41,82%
<i>Net margin, %</i>	5,60%	6,14%	

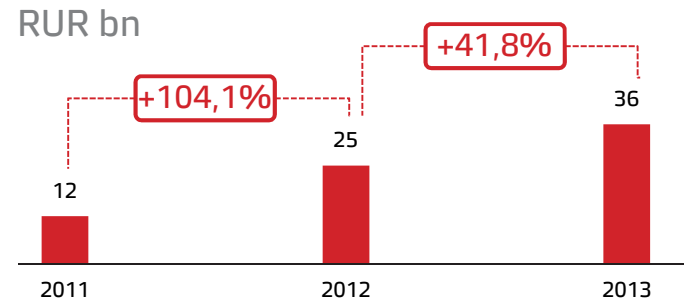


# Revenue & Costs

## Revenue Dynamics

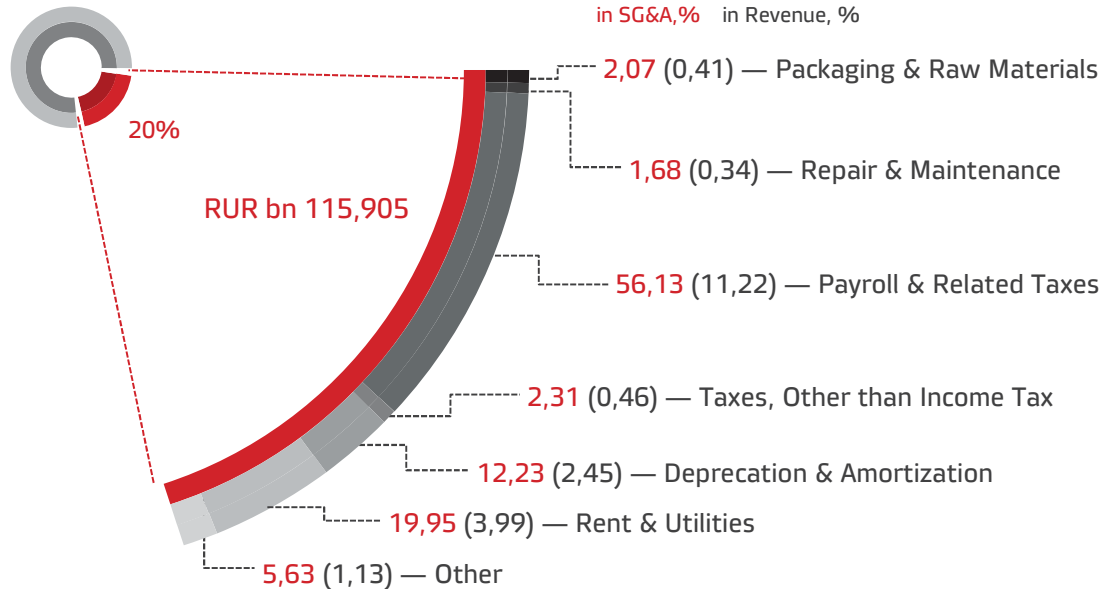


## Net Income Dynamics

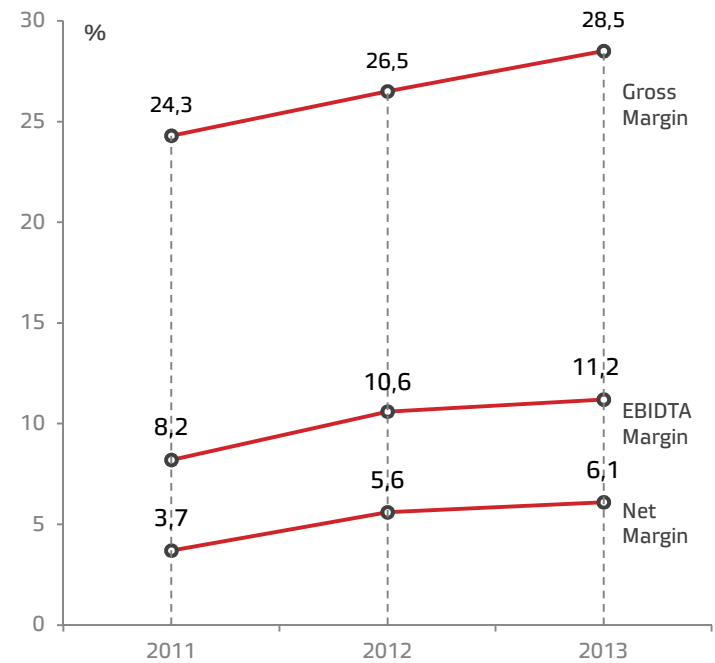


## SG&A Expense Structure

Revenue — 580 bn RUR



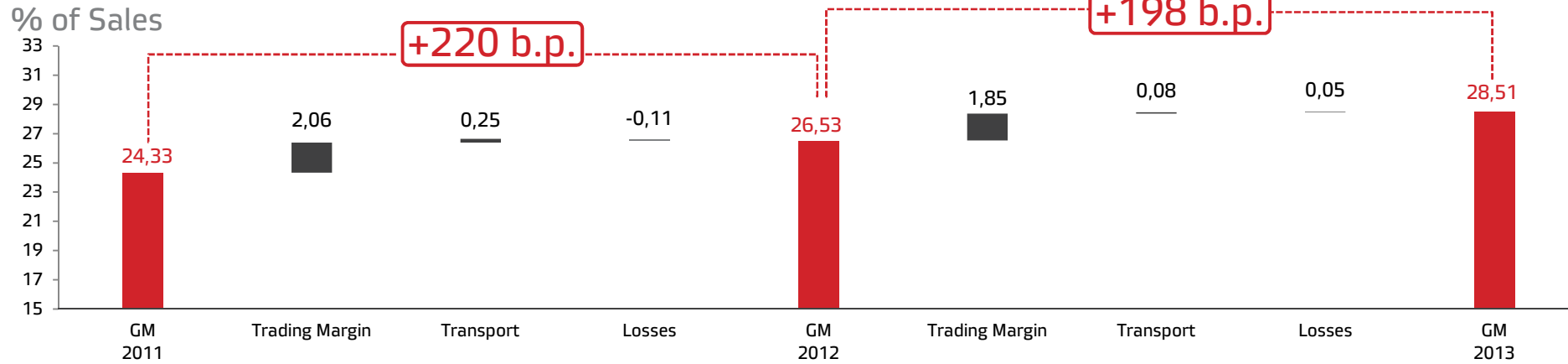
## Margin Dynamics



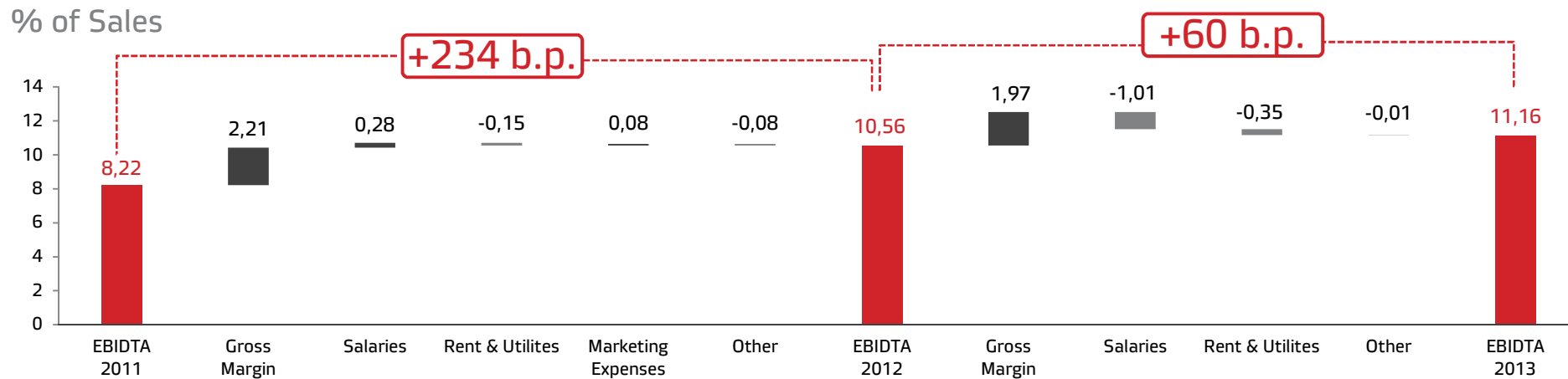
Source: IFRS accounts for FY2011 - 2013



# Gross Margin Bridge



# EBITDA Margin Bridge







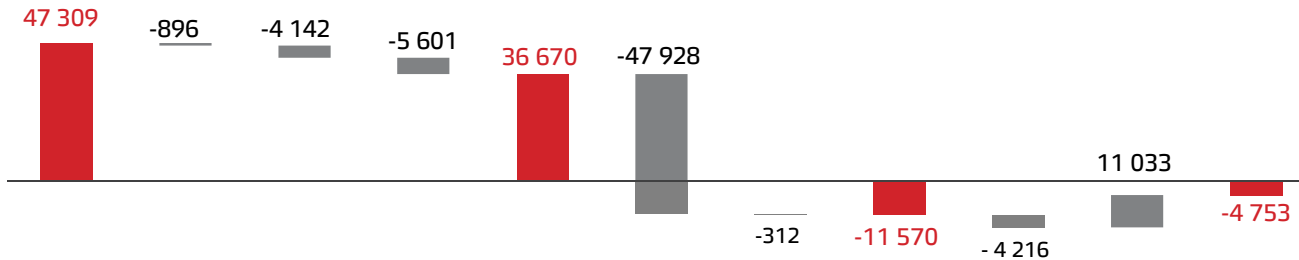
Magnit at a Glance



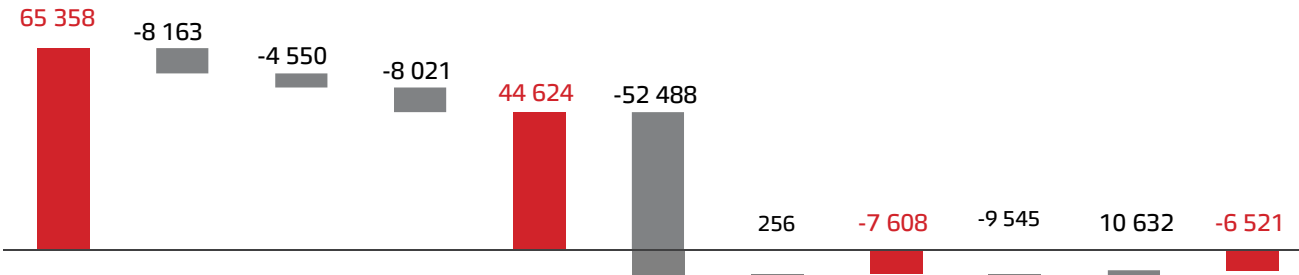
# Free Cash Flow

RUR mn

## 2012



## 2013



Adjusted EBIDTA

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 Investing Activities

CF

Adjusted for loss from disposal of PPE, provision for doubtful receivables, foreign exchange gain, finance costs, gain on disposal of subsidiary and investment income

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 **42 Days**

Working Capital: **94 mn RUR** as of 31.12.2013













# Balance Sheet

RUR MM	2011	2012	2013
<b>ASSETS</b>			
Property plant and equipment	122 874,28	158 752,58	195 158,25
Other non-current assets	3 233,44	3 948,69	5 762,40
Cash and cash equivalents	17 205,34	12 452,61	5 931,13
Inventories	29 144,38	41 025,62	56 095,41
Trade and other receivables	532,70	584,02	631,53
Advances paid	1 800,49	2 677,20	3 171,05
Taxes receivable	39,27	28,94	27,99
Short-term financial assets	172,39	876,66	1 150,64
Prepaid expenses	379,51	181,94	252,15
<b>TOTAL ASSETS</b>	<b>175 381,80</b>	<b>220 528,26</b>	<b>268 180,55</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	78 695,69	99 235,71	126 162,14
Long-term debt	45 849,99	38 246,72	37 441,50
Other long-term liabilities	4 167,65	6 159,09	8 462,32
Trade and other payables	33 566,29	42 920,57	48 170,71
Short-term debt	6 000,19	25 109,64	36 319,76
Dividends payable	-	-	-
Other current liabilities	7 101,99	8 856,53	11 624,12
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>175 381,80</b>	<b>220 528,26</b>	<b>268 180,55</b>

























# Capex Analysis

 Construction in Progress & Buildings	 Machinery & Equipment	 Other Assets	 Land	 Acquisition of Subsidiaries
906	362	258	68	53
				

FY2013  
**\$1,647 bn**

FY2014 (plan)  
**\$1,775 bn**

 Hyper Markets	 Trucks	 Distribution Centres	 Convenience Stores	 Acquisition & Construction of Conv.Stores	 Buy-out of Leased Conv.Stores	 Greenhouses	 Land for HyperMarkets	 Store Renovation	 Maintenance	 Cosmetics Stores
80	400	4	1 100							350
700	85	240	220	140	60	100	50	50	30	100
										

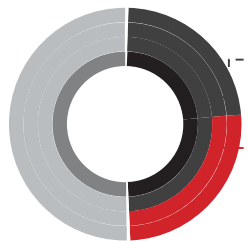
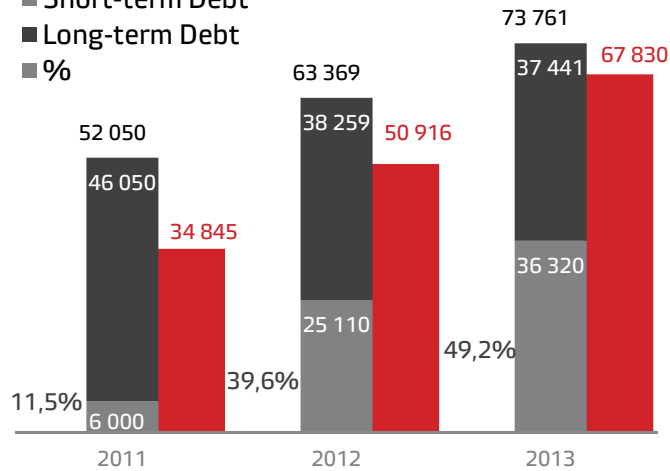


# Debt Burden

## Debt Level Dynamics

RUR mn

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

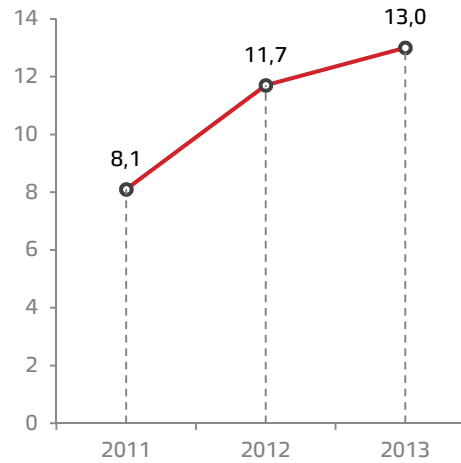


51% of Debt is Long-term

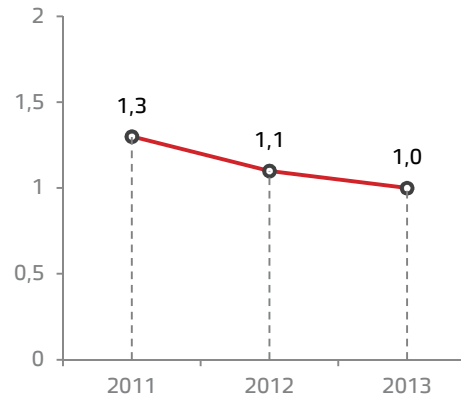
Approximately 55% of LT Debt is Rub Bonds

## Credit Metrics

EBIDTA / 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 / EBITDA Ratio of 1.0



**No Currency Risk:** 100% of Debt is Rub Denominated  
 Matching Revenue Structure  
**No Interest Rate Risk:** Interest Payments are Made at Fixed Rates