

# Business model

**Strategic goal**  
to secure Magnit's leading positions in Russian retail by expanding its presence in the market and maintaining high business profitability

**We strive**  
to become the store of choice for customers, employees and investors

**Supreme Quality**  
~6 thous. suppliers  
Best local product range  
52% local SKUs  
Vertical integration  
17 own production facilities  
>310 thous. tonnes of products per year  
>2.5 thous. private label SKUs  
10% share of PL  
7% direct import supplies  
Quality control "from field to plate"  
12 laboratories 3.5 thous. daily tests

**Largest supply chain network in Russia**  
38 distribution centres in 7 federal districts  
>4.3 thous. trucks  
91% centralisation ratio  
Logistics transformation

**Multi-format & omni-channel under single brand**  
14,911 convenience stores  
470 supermarkets  
6,183 drogeries  
1,165 pharmacies  
3,752 Cities & townships  
Online across all segments and missions:  
— regular delivery (stock-up)  
— express  
— E-pharma  
Covers >1 thous. stores in 47 regions of Russia

**Best customer experience**  
Unique cross-format brand  
— Enhanced CVP & clustering  
— New retail technologies  
— Eco-Initiatives  
— 13 mln customers daily  
— 14,354 new concept stores  
Cross-format loyalty programme  
>43 mln active users of loyalty cards  
70% penetration in sales

- Environment
- Responsible supply chain
- Employees
- Community involvement
- Health and wellbeing
- Scalable & Reliable IT solutions
- Big Data & Advanced Analytics
- Effective E2E processes & Cross-functional cooperation



Value creation for...		
Customers		
#1 Russian retailer in terms of proximity to customers and geographical coverage	21,564 stores in 3,752 cities and townships	Delivering fresh and high-quality products
Employees		
>316 thous. employees – one of the largest private employers in Russia	200 thous. employees joined Magnit's Corporate Academy	84% employee engagement rate 73% employee satisfaction rate
Suppliers		
	52% of SKUs supplied by 4.1 thous. local producers	7% direct import supplies (~700 contracts)
Communities		
	RUB 210 mln allocated for charity	RUB 2.9 bln responsible approach towards environment
Government		
	RUB 94 bln taxes paid in 2020	44 procurement sessions in 38 regions
Investors		
RUB 578 bln capitalization (+ 66% in 2020)	RUB 31 bln dividends paid in 2020	x2 ROIC growth in 2020