

Highlights of the Year

2020 was a challenging yet rewarding year for Magnit. We remained focused on what we do the best, providing the best possible service to our customers and protecting their health and safety. We improved the efficiency of existing business operations, tested new formats and moved into online, accelerated our digital transformation and adopted our Sustainability Strategy. Our financial performance improved substantially on the back of industry leading LFL sales growth, improved margin and a strong financial position.

We saw positive NPS dynamics across all formats.

NPS² dynamics

Convenience



Supermarkets & Superstores



Drogerie



85%

of Russian households make purchases in Magnit stores¹

2020 Strategic
Priorities —
We deliver what we promise

Improvement of LFL sales growth/sales densities

Margin Regain

Improvements of the working capital cycle

Strong deleveraging and strengthening of financial position (Net Debt/EBITDA)

ROIC improvement³



Achievement
in 2020 vs 2019

LFL sales growth of **7.4%** in 2020 vs 0.4% in 2019

97 bps year-on-year EBITDA margin (IAS 17) improvement on the back of gross margin gains and strict cost control

RUB **30.5** bln of cash release from the working capital

Net Debt/EBITDA of **1.1** X as of the end of 2020 vs 2.1x as of the end of 2019 with FCF of RUB 85 bln vs RUB (2.2) bln in 2019 based on IAS17

14.1% in 2020 vs 7.9% in 2019.
~1.8x year-on-year ROIC improvement for the business

¹ Consensus GFK and Romir panel analysis.

² Net Promoter Score.

³ Return on invested capital (ROIC) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

Highlights of the Year (continued)

Corporate Governance

- Florian Jansen steps down as a Member of the Board to become the Deputy CEO – Executive Director to head the Digital Transformation
- Magnit extended and strengthened the Management Board
- Adoption of the Sustainability Strategy and a number of specific policies
- Magnit launched a new corporate website <https://www.magnit.com/en/>



Securities

- Dividends paid for 9M 2019 and FY2019 totalling RUB 31.0 bln
- The placement of bonds by Magnit was recognised as the best placement by a retailer
- Credit Rating Agency ACRA affirmed the rating of Magnit and its exchange-traded bonds at AA (RU)
- S&P Global Ratings affirmed the rating of Magnit at 'BB', Stable outlook



Operations

- Launched digital transformation powered by SAP
- Magnit started and later expanded piloting discounters
- Magnit expanded testing of Magnit City format
- Twelve startups- finalists of the MGNTech Accelerator to launch pilots with Magnit
- Magnit launched multiple e-commerce initiatives covering all formats and customer missions
- Magnit launched virtual store tours
- Magnit started transition to a new Product Management System
- Magnit began large-scale supply chain transformation
- 1,292 stores opened (gross) and 385 redesigns completed in 2020



¹ Famous Russian pop singer.

Sustainability

- Magnit presented Sustainability Strategy and affirmed "Retail with Purpose"
- Magnit joined the UN Global Compact, an UN driven worldwide initiative with 13,000+ companies working on ESG
- Procter & Gamble and Magnit partnered in sustainable development in Russia
- Magnit, Procter & Gamble, and Dima Bilan¹ rolled out largest non-state network of Reverse Vending Machines for Plastic Waste Collection
- Magnit launched programme to aid socially vulnerable citizens
- The first Russian electric heavy-duty truck, MOSKVA, was handed over to Magnit for trial operations
- Magnit's comprehensive anti-COVID programme accounted for RUB 2.8 bln

