

Investment Case

Magnit: Everything that matters is close to you

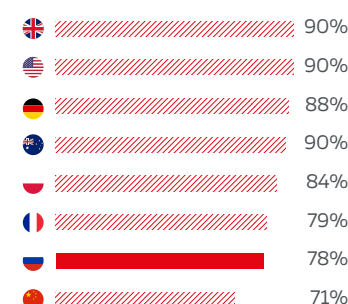
Market potential

Magnit offers exposure to a sizeable market with potential for further organic expansion and consolidation

- Sizeable market with increasing penetration of modern food retail into the grocery market which offers opportunities for organic expansion
- Fragmented market with high potential for further consolidation
- Large players are gaining market share
- New niches and ways to market actively emerging with constantly evolving e-commerce offering

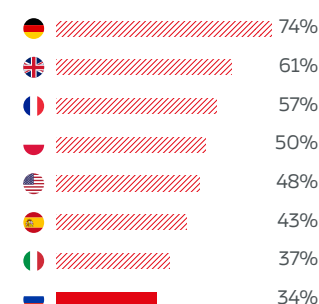
Russian market offers further growth potential

Modern retail share in grocery retail, 2020, %



The market has potential for further consolidation

Share of Top-5 players in grocery retail, 2020, %

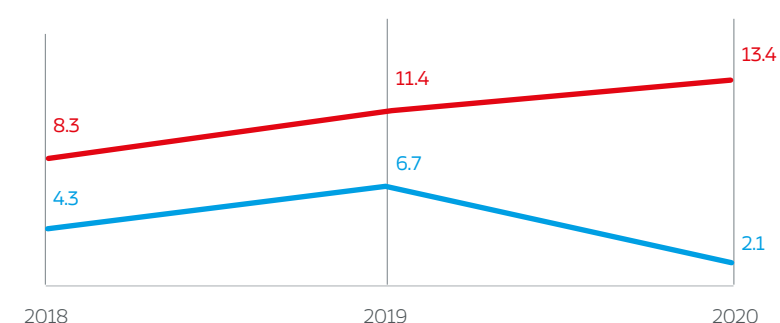


Leading player

Magnit is one of the largest food retailers in Russia with well-developed infrastructure, a loyal customer base, a well-known brand, and growing market share

- Multi-format offering with 4 core formats covering range of shopping missions in grocery, drogerie and pharma segments
- Wide geographical coverage with 21,564 stores in 3,752 cities in 7 federal districts
- 11% market share in food retail sales
- Serving customers in all highly populated Russian regions (66 regions, 43m loyalty cards)
- Well-developed country-wide supply chain with 38 distribution centers and one of the largest own truck fleets
- The only vertically integrated retailer in Russia with 17 own production facilities and agricultural complexes

Russian food retail and Magnit sales growth in 2018-2020, %



* including VAT

Growth ambitions

On track to accelerate profitable return driven growth and increase market share

- Speed up value accretive organic expansion
- Smart expansion with high profitability targets for new openings
- Adherence to sustain high return requirements for new projects
- Store network redesign programme to improve sales density
- Development of leading e-commerce platform capable of handling 5%+ of total turnover
- Proactively consider adjacent value accretive additional niches

Efficiency gains

On track to accelerate profitable return driven growth and increase market share

- Further CVP development to drive material improvements in sales density and profitability
- CVP initiatives to enhance customer perception and experience
- Increase in sales density supported by accelerating store redevelopments and process improvement
- Extension of customer offerings that are complementary to the core business
- Benefits from lucrative EBITDA margin (IAS 17) steadily moving to the direction of 8% within 2021-2025 leading to very attractive cash generation
- Continuous focus on efficiency to generate higher returns

+97 bps

EBITDA margin improvement in 2020 (IAS17)

+6.5%

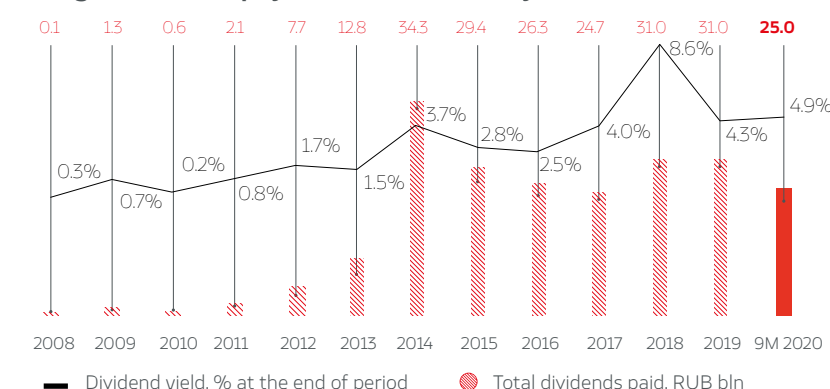
sales density growth in 2020

Dividends

Strong capital discipline with focus on returns in all investment decisions providing substantial dividend payment

- Focus on quality of new store openings resulting in better payback
- Keeping comfortable level of Net debt/EBITDA leverage at 1.5x (IAS17)
- Clear plan to improve working capital with a focus on stock days optimisation
- Value accretion for shareholders leading to consistent strong dividend payment

Magnit dividend payment and dividend yield in 2008-2020



RUB 85 bln
strong free cash flow in 2020

1.1x
net debt/EBITDA leverage (IAS17) as at 31 December 2020