DRIVING OUR MUTUAL SUCCESS

НА ОДНОЙ ВОЛНЕ 2020

Magnit Today

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Focusing on Profitable Growth

#1 Retailer in Russia

by number of stores and geography

21,154

STORES*

Market Leading Revenue Growth

among public retailers

14.6%

9M2020

Unique Cross-Format Loyalty Program

67% - penetration in sales

39 MLN

ACTIVE USERS*

+14.7% q-o-q

Market Leading LFL Growth

among public retailers

7.3%

9M2020

Sustainable EBITDA Margin Growth

starting from 1Q2020

7.2%

3Q2020

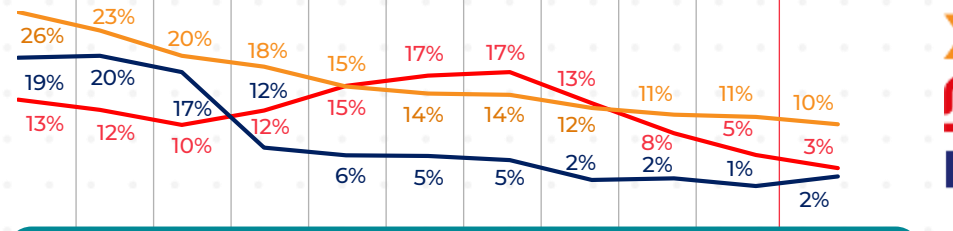
+1.8 p.p. vs 4Q2019

*As of September 30, 2020

Magnit outperformed peers in LFL sales growth, while showed lower retail sales growth due to slowed space addition…

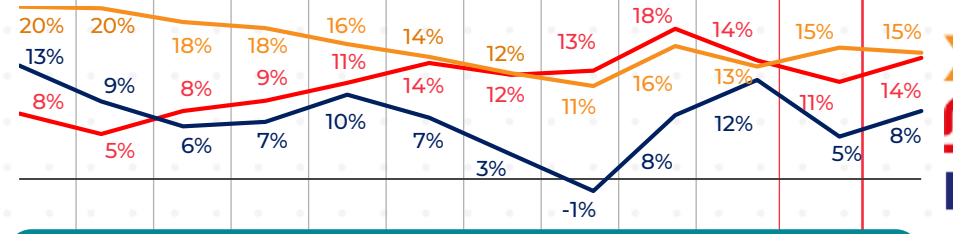
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Y-O-Y selling space growth



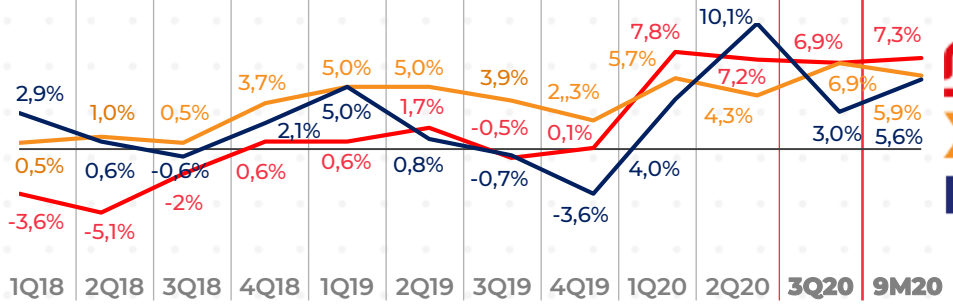
X5 · Magnit · LENTA

Y-O-Y retail sales growth



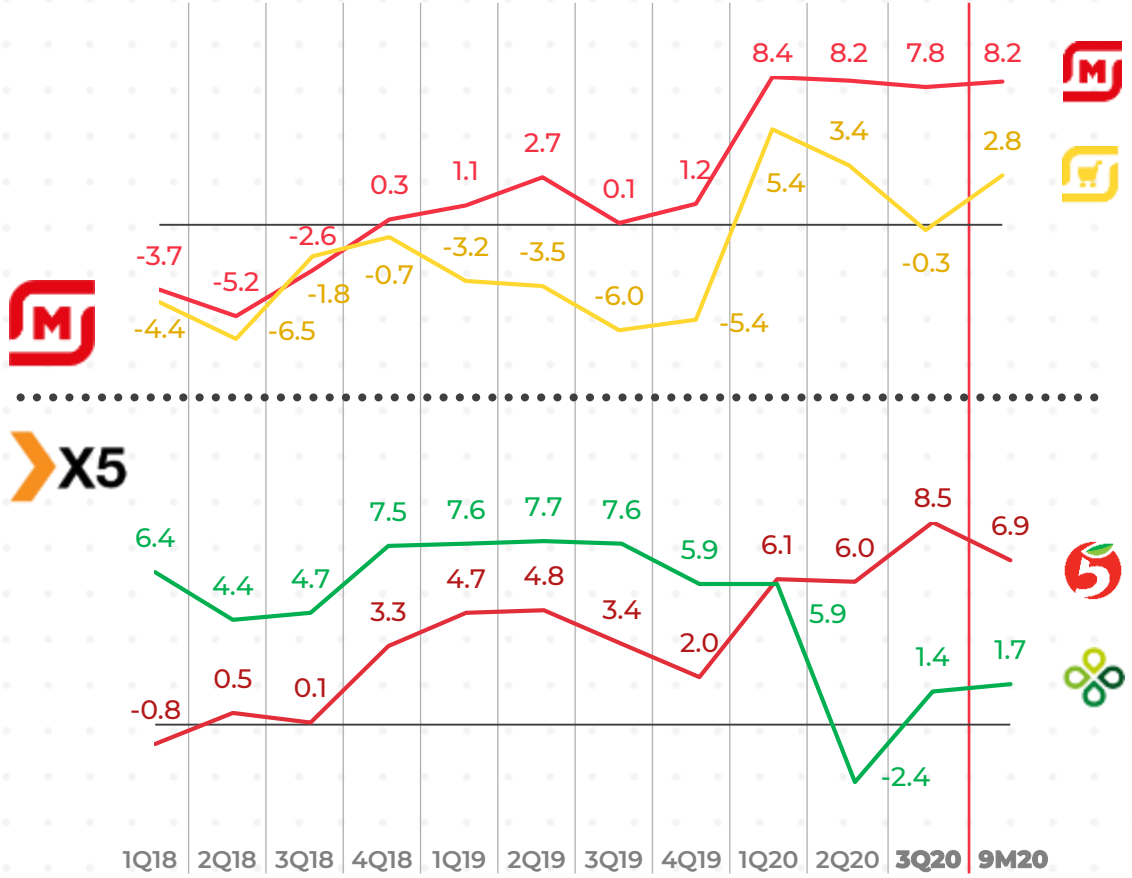
X5 · Magnit · LENTA

LFL retail sales growth



Magnit · X5 · LENTA

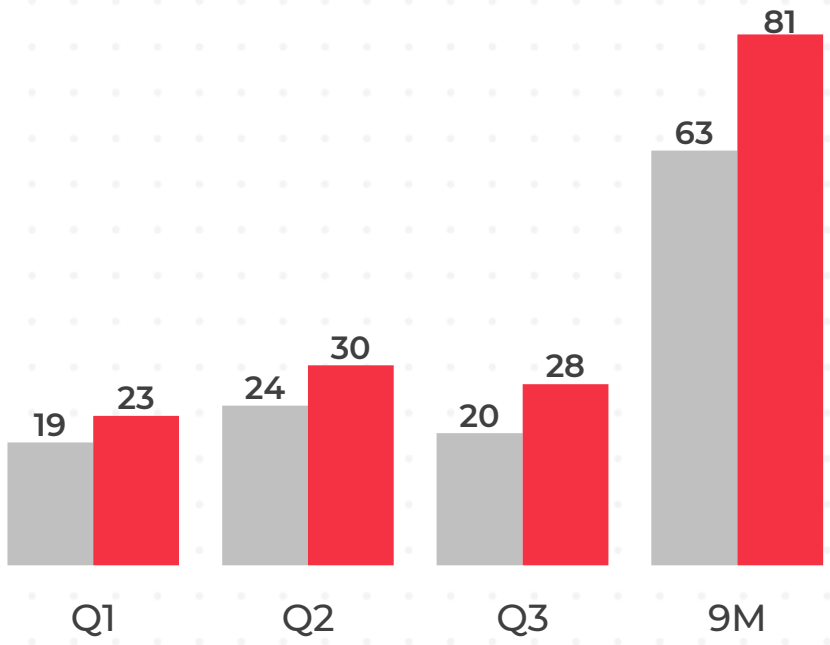
Y-O-Y LFL retail sales growth by formats



...and demonstrated solid financial results

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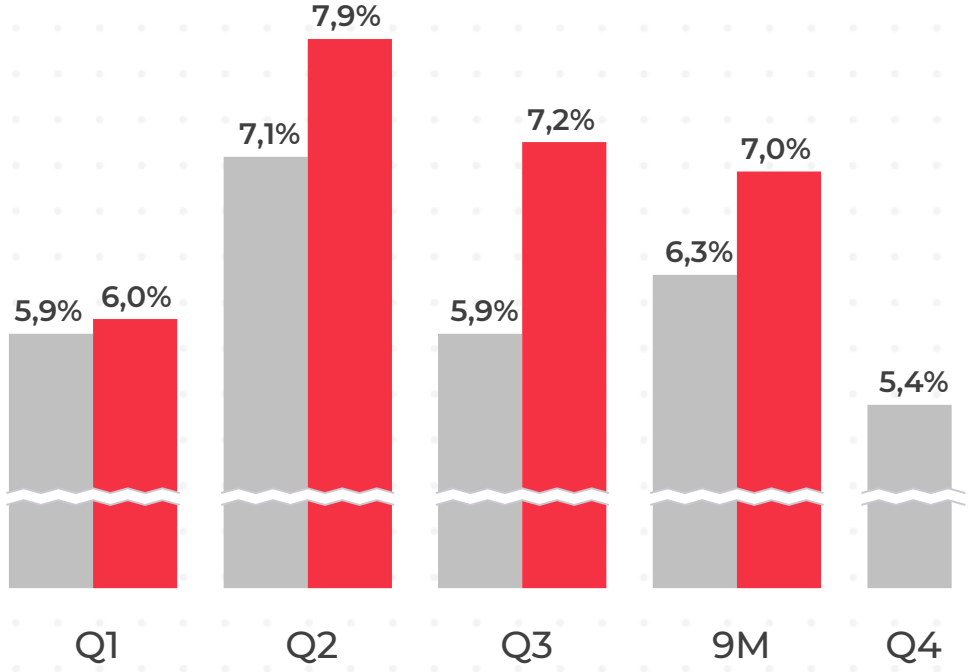
EBITDA, bn Rub



2019

2020

EBITDA margin, %



How We Are Changing Our Business

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Key achievements since

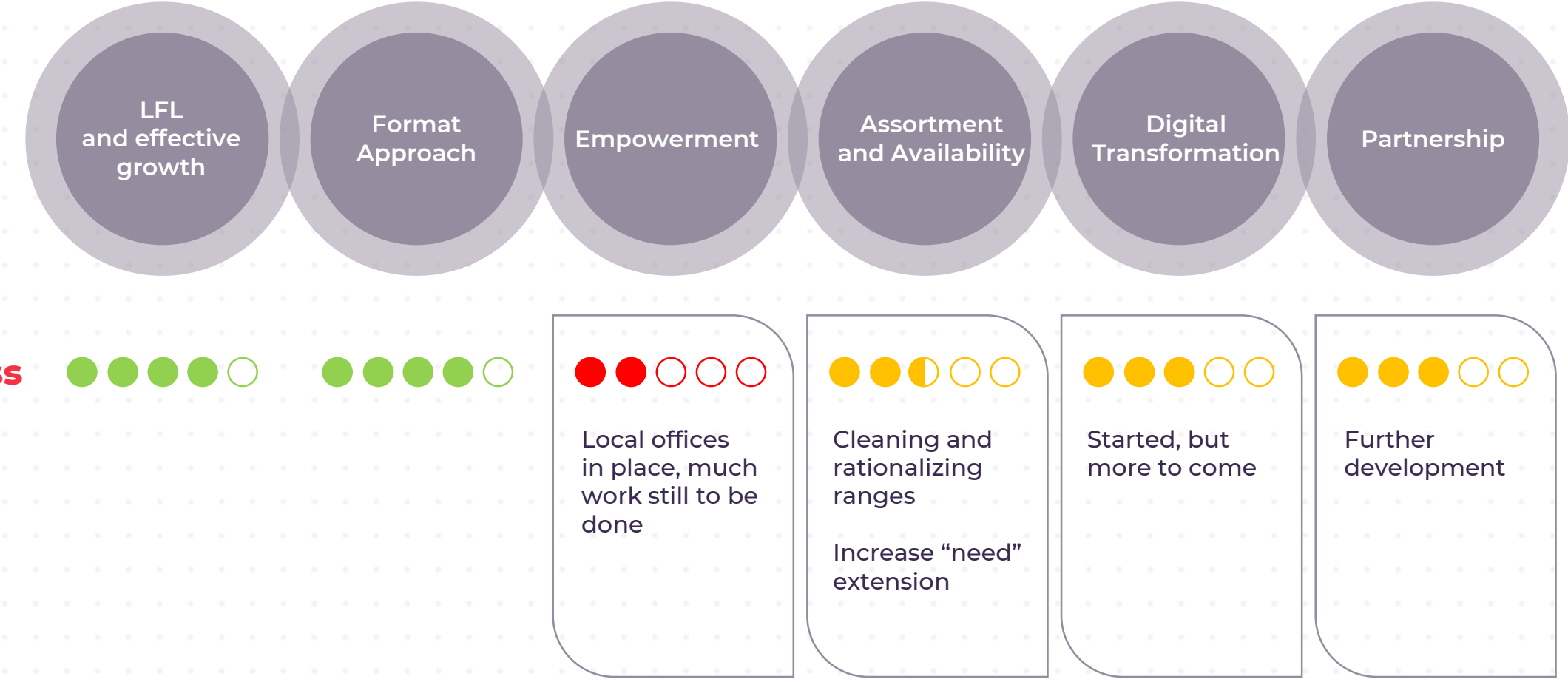
October 2019

- Strong Focus On Returns
- First Improvements On The Working Capital Cycle
- Category Management Starts to Shape
- Supplier Collaboration Started
- Discounter Pilot Launched
- Loyalty Program and Customer Data in Place
- Digital Transformation Started
- E-Commerce: First Steps Done
- Sustainability Strategy Roll-Out

Magnit's 2020 Progress

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Priorities we declared in 2019 and our progress



What Is Still To Be Done

Our Key Problems We Should Continue To Work On

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CVP Implementation

There is still a room for proper CVP implementation

Infrastructure Gap

Capabilities and processes (i.e. Operations, CatMan, IT, SC, Analytics) do not properly fit our ambition

«One-team» Approach

“One-team” approach not fully implemented yet, requiring further alignment

«Traditional» Mindset

Magnit is still a very “traditional” retailer – innovative, proactive and evolutional thinking required to win

Food Retail in 2021

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Macro-economic situation

- Forecast GDP decline by 4.5%-5.5% by the end of 2020
- Consistently decreasing disposable income, no clarity over the future
- The threat of crisis driven by post-COVID economic deterioration
- Government actions re COVID consequences - not predictable
- 2H20 and further outlook still remains unclear. Our ability to sustain impressive results to date might be challenging

Retail dynamics

- Grocery retail forecasted to decline by 5.2% by the end of 2020[1]
- With growing number of stores, pressure on LFL and margin increases for all formats on the back of market share redistribution
- There is no clearly winning format, but there are successful players within each (big boxes arguably suffering more)
- New niches / ways to market actively emerging

Consumer preferences

- More sophisticated shoppers, expect fresh, convenience, value pricing - all at once
- Migration to big cities strengthened after COVID, which determines changes in consumer needs
- Significant income gap between cities and villages
- Consumers become more digital
- Safety and care – new top priorities (influenced by COVID)

Technology development

- New communication channels
- New technologies penetration
- Advanced analytics, bionic and personalization to determine competitive abilities
- Actively emerging digital ecosystems (e.g. Yandex, Mail, Sber, Amazon, Wechat, Alibaba) erase the borders of traditional sectoral thinking – much broader and out of the box thinking needed

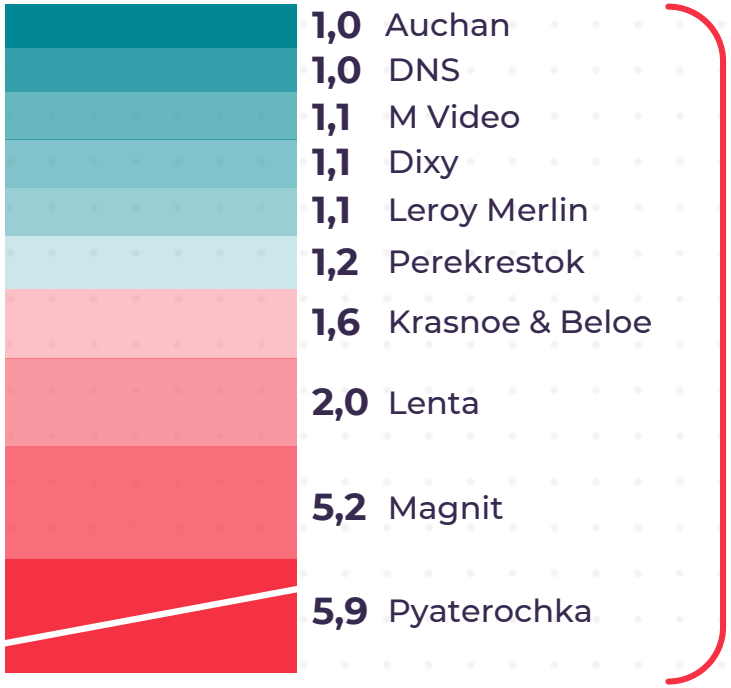
Source: Ministry of economic development of Russia, Central Bank of Russia
(1) 5% by GFK vs 7-10% most probable scenario in BCG post-COVID forecast

New Players Entering The Game – Changing Competitive Landscape

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Total retail market equals to Rub 23.6 tr

Market share[1], %, total retail, 2019



1,0 Auchan
1,0 DNS
1,1 M Video
1,1 Dixy
1,1 Leroy Merlin
1,2 Perekrestok
1,6 Krasnoe & Beloe
2,0 Lenta
5,2 Magnit
5,9 Pyaterochka

New formats shaping the competitive landscape

Market share[1], %, total retail, 2019

FIX price	0.6%
globus	0.5%
монетка	0.4%
светофор	0.4%
ВкусВилл	0.3%

Pure online intensified growth in times of COVID-19

Market share[2], %, total retail, April 2020

	2019	2020
WILDBERRIES	0.98%	0.47%
OZON	0.41%	0.18%

Non-food – data for 1Q'19-'20

Food – data for April '19-'20

	2019	2020
УТКОНОС: онлайн-гипермаркет	0.08%	0.3%
СБЕРМАРКЕТ	0.07%	N/A[3]
Яндекс Лавка	0.04%	N/A[3]
самокат	0.04%	N/A[3]

1. Euromonitor | 2. Rosstat, INFOline, open-source data, BCG analysis | 3. Launched at the end of 2019

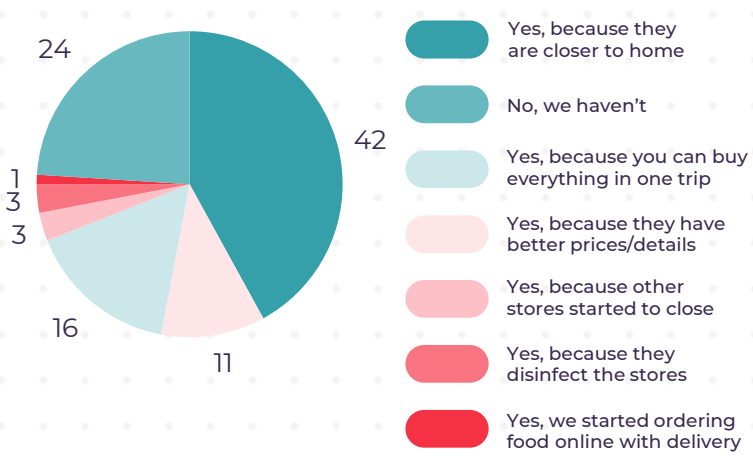
Lockdown Increased Both Magnit's Traffic And Ticket

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Lockdown shifted consumers towards big chains, mostly to Magnit

70% of consumers are buying more at big chains

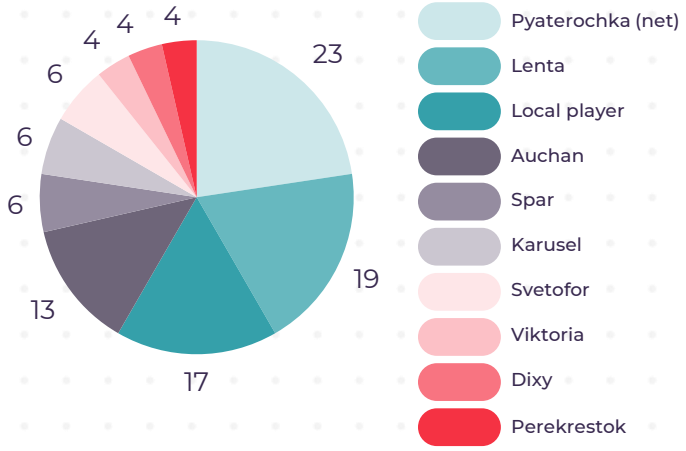
Have you started shopping more at big chains due to the quarantine?



- Consumers in May-20 visit 4.3 stores/week vs 5.7 last year
- With respective increase in average spend per visit: RUB 1.3k in May, which is +25% vs 1Q20 and +17% vs 4Q'19
- Number of chains fell to 1.9 in May vs 2.2 in 1Q'20 and 2.3 in 4Q'19
- Big retailers are gaining market share

Magnit is "taking" traffic from 5ka and Lenta...

What chains Magnit new consumers came from[1]?



- 20% of core Magnit consumers shopped at a different store in 4Q19. Key "donors" are Pyaterohka, Lenta and local players[2]

...which supports trading up and LFL ticket growth

Average income of newly captured consumers is 16% higher vs existing ones (Rub 25.2k vs Rub 21.7k) which is reflected in LFL sales dynamics by price segments in 2020

Price segment	Feb	Mar	Apr	May	Jun	Jul	Aug
1	1.4%	7.8%	8.7%	5.5%	5.8%	6.6%	2.4%
2	6.6%	11.5%	8.5%	7.7%	8.6%	12.0%	8.7%
3	7.9%	13.5%	5.0%	4.1%	6.5%	10.2%	8.2%
4	23.0%	28.9%	15.0%	18.3%	15.2%	3.9%	5.5%

Distribution of sales between price tiers in 2020

Price segment	Feb	Mar	Apr	May	Jun	Jul	Aug
1	26.9%	27.1%	28.4%	27.4%	26.8%	26.5%	25.4%
2	35.5%	34.7%	34.5%	34.3%	34.3%	34.5%	34.9%
3	28.7%	28.7%	28.5%	29.0%	29.8%	30.4%	30.9%
4	8.9%	9.6%	8.7%	9.3%	9.2%	8.6%	8.8%

Source: Cint, Sberbank CIB investment research 1. Adjusted for intercompany flows (excluding consumer flow from Magnit Family) | 2. Latest available data by GfK Gain & Loss 1Q'20

Priorities for 2021

Our focus for the next year

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- New Growth LFL + Selling Space
- Category Management
- Simplification & Unification
- Digital & E-Commerce

Our focus for the next year

2021 will be a year of a new growth for Magnit – expansion will be much faster, organically and via acquisitions

We will invest in strengthening our market position, refurbishment of stores to uplift sales, piloting new formats for extra opportunities, and enhance CRM & Big Data to share quality customer insights with you

