



Press-release

Krasnodar

October 23, 2015

PJSC “Magnit” Announces Unaudited 9M 2015 Results

Krasnodar, October 23, 2015: PJSC “Magnit”, Russia’s largest food retailer (the “Company”; MOEX and LSE: MGNT) announces its unaudited 9M 2015 results prepared in accordance with IFRS¹.

During 9M 2015 the Company added (net) 1,677 stores (902 convenience stores, 18 hypermarkets, 30 “Magnit Family” stores and 727 drogerie stores) and increased its selling space by 24.89% in comparison to 9M 2014 from 3,327.00 thousand sq. m. to 4,154.99 thousand sq. m. The total store base as of September 30, 2015 reached 11,388 stores (9,246 convenience stores, 208 hypermarkets, 127 “Magnit Family” stores and 1,807 drogerie stores).

Revenue increased by 27.23% YoY from 542,675.00 million RUR in 9M 2014 to 690,442.57 million RUR in 9M 2015. The top line growth was due to an increase in selling space as well as to an 8.69% increase of like-for-like sales.

Gross profit increased by 25.66% from 155,476.42 million RUR to 195,375.92 million RUR. Gross margin in 9M 2015 amounted to 28.30%.

EBITDA increased by 23.93% from 60,607.56 million RUR in 9M 2014 to 75,112.79 million RUR in 9M 2015. EBITDA margin in the 9M of 2015 was 10.88%, which is 29 b. p. lower than 9M 2014 (11.17%). EBITDA margin in the 3Q of 2015 was 11.24%.

9M 2015 net income increased by 27.62% and amounted to 43,254.05 million RUR vs. 33,892.65 million RUR in 9M 2014. Net income margin for 9M 2015 was 6.26%.

¹ Based on management accounts

3Q and 9M 2015 Key Operating Highlights:

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Number of opened stores, NET	660	402	n/a	1,677	927	n/a
convenience stores	356	277	n/a	902	691	n/a
hypermarkets	7	6	n/a	18	14	n/a
magnit family	17	11	n/a	30	22	n/a
drogerie stores	280	108	n/a	727	200	n/a

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Total number of stores	11,388	9,020	n/a	11,388	9,020	n/a
convenience stores	9,246	7,891	n/a	9,246	7,891	n/a
hypermarkets	208	175	n/a	208	175	n/a
magnit family	127	68	n/a	127	68	n/a
drogerie stores	1,807	886	n/a	1,807	886	n/a

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Selling space, eop. th. sq. m.	4,154.99	3,327.00	24.89%	4,154.99	3,327.00	24.89%
convenience stores	2,997.30	2,519.71	18.95%	2,997.30	2,519.71	18.95%
hypermarkets	604.96	521.98	15.90%	604.96	521.98	15.90%
magnit family	139.82	78.83	77.36%	139.82	78.83	77.36%
drogerie stores	412.92	206.48	99.98%	412.92	206.48	99.98%

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Selling space growth, th. sq.m.	226.99	137.79	n/a	564.35	315.62	n/a
convenience stores	131.05	86.05	n/a	323.99	207.51	n/a
hypermarkets	15.15	17.44	n/a	45.87	39.10	n/a
magnit family	17.09	11.80	n/a	30.75	25.57	n/a
drogerie stores	63.71	22.49	n/a	163.75	43.44	n/a

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Number of customers, million	863.42	758.35	13.86%	2,481.04	2,158.82	14.93%
convenience stores	732.07	661.02	10.75%	2,119.29	1,890.94	12.08%
hypermarkets	66.38	60.13	10.38%	194.29	173.08	12.25%
magnit family	25.89	15.85	63.36%	71.22	41.26	72.61%
drogerie stores	39.08	21.35	83.08%	96.24	53.54	79.77%

LFL Results

Formats	3Q 2015 - 3Q 2014 ²			
	# of Stores	Average Ticket	Traffic	Sales
Convenience Stores	7,359	6.40%	(2.10)%	4.16%
Hypermarkets	171	4.01%	(4.63)%	(0.81)%
Magnit Family	60	2.98%	(4.38)%	(1.53)%
Drogeries	812	15.20%	5.79%	21.88%
Total	8,402	5.80%	(2.14)%	3.54%

Formats	9M 2015 - 9M 2014 ²			
	# of Stores	Average Ticket	Traffic	Sales
Convenience Stores	7,087	10.06%	(0.74)%	9.24%
Hypermarkets	170	8.04%	(2.46)%	5.38%
Magnit Family	60	7.18%	(2.24)%	4.78%
Cosmetics Stores	764	13.35%	8.99%	23.54%
Total	8,081	9.44%	(0.69)%	8.69%

² LFL calculation base includes stores (all formats), which have been opened 12 months prior to the last month of the reporting period. i.e. by September 1, 2014.

3Q and 9M 2015 Key Financial Results, million RUR

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Net sales	235,633.94	193,627.89	21.69%	690,442.57	542,675.00	27.23%
convenience stores	173,911.85	147,390.87	17.99%	512,345.61	414,372.92	23.64%
hypermarkets	38,897.03	34,341.49	13.27%	118,268.16	98,349.79	20.25%
magnit family	10,979.38	6,428.94	70.78%	31,316.20	16,510.65	89.67%
drogerie stores	11,161.91	5,223.24	113.70%	26,718.26	13,054.92	104.66%
wholesale	683.77	243.35	n/a	1,794.34	386.73	n/a
Gross profit	68,315.51	58,341.90	17.10%	195,375.92	155,476.42	25.66%
Gross margin, %	28.99%	30.13%	n/a	28.30%	28.65%	n/a
EBITDAR	34,442.20	29,412.22	17.10%	96,733.56	75,231.69	28.58%
<i>EBITDAR margin, %</i>	<i>14.62%</i>	<i>15.19%</i>	<i>n/a</i>	<i>14.01%</i>	<i>13.86%</i>	<i>n/a</i>
EBITDA	26,485.13	24,057.96	10.09%	75,112.79	60,607.56	23.93%
EBITDA margin, %	11.24%	12.42%	n/a	10.88%	11.17%	n/a
EBIT	21,008.58	19,624.76	7.05%	59,602.61	47,685.00	24.99%
<i>EBIT margin, %</i>	<i>8.92%</i>	<i>10.14%</i>	<i>n/a</i>	<i>8.63%</i>	<i>8.79%</i>	<i>n/a</i>
Net income	17,988.39	14,304.58	25.75%	43,254.05	33,892.65	27.62%
Net income margin, %	7.63%	7.39%	n/a	6.26%	6.25%	n/a

3Q and 9M 2015 Key Financial Results, US\$ million³

	3Q 2015	3Q 2014	Growth Rate	9M 2015	9M 2014	Growth Rate
Net sales	3,741.50	5,350.18	(30.07)%	11,647.59	15,335.09	(24.05)%
convenience stores	2,761.45	4,072.59	(32.19)%	8,643.14	11,709.49	(26.19)%
hypermarkets	617.62	948.90	(34.91)%	1,995.15	2,779.20	(28.21)%
magnit family	174.34	177.64	(1.86)%	528.30	466.56	13.23%
drogerie stores	177.23	144.32	22.80%	450.73	368.91	22.18%
wholesale	10.86	6.72	n/a	30.27	10.93	n/a
Gross profit	1,084.75	1,612.06	(32.71)%	3,295.94	4,393.50	(24.98)%
Gross margin, %	28.99%	30.13%	n/a	28.30%	28.65%	n/a
EBITDAR	546.89	812.70	(32.71)%	1,631.87	2,125.92	(23.24)%
<i>EBITDAR margin, %</i>	<i>14.62%</i>	<i>15.19%</i>	<i>n/a</i>	<i>14.01%</i>	<i>13.86%</i>	<i>n/a</i>
EBITDA	420.54	664.75	(36.74)%	1,267.13	1,712.67	(26.01)%
EBITDA margin, %	11.24%	12.42%	n/a	10.88%	11.17%	n/a
EBIT	333.58	542.26	(38.48)%	1,005.48	1,347.50	(25.38)%
<i>EBIT margin, %</i>	<i>8.92%</i>	<i>10.14%</i>	<i>n/a</i>	<i>8.63%</i>	<i>8.79%</i>	<i>n/a</i>
Net income	285.63	395.25	(27.73)%	729.69	957.75	(23.81)%
Net income margin, %	7.63%	7.39%	n/a	6.26%	6.25%	n/a

Note: net revenue in US\$ terms is calculated using the average exchange rate for the period.

³ Based on the average exchange rate for 3Q 2015 - 62.9784 RUB per 1 USD, 3Q 2014 – 36.1909 RUB per 1 USD, 9M 2015 - 59.2777 RUB per 1 USD, 9M 2014 – 35.3878 RUB per 1 USD

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Company description:

Magnit is Russia's largest food retailer. Founded in 1994, the company is headquartered in the southern Russian city of Krasnodar. As of September 30, 2015, Magnit operated 29 distribution centers and about 11,400 stores (9,246 convenience, 335 hypermarkets, and 1,807 drogerie stores) in approximately 2,297 cities and towns throughout 7 federal regions of the Russian Federation.

In accordance with the reviewed IFRS consolidated financial statements for 1H 2015, Magnit had revenues of RUB 455 billion and an EBITDA of RUB 49 billion. Magnit's local shares are traded on the Moscow Stock Exchange (MOEX: MGNT) and its GDRs on the London Stock Exchange (LSE: MGNT) and it has a credit rating from Standard & Poor's of BB+. Measured by market capitalization, Magnit is one of the largest retailers in Europe.