

MAGNIT PJSC (MGNT)

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Press Release
Krasnodar
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PJSC "Magnit" Announces Unaudited 9M 2017 Results

Krasnodar, Russia (October 20, 2017): Magnit PJSC, one of Russia's leading retailers (MOEX and LSE: MGNT) announces its unaudited 9M 2017 results prepared in accordance with IFRS^[1].

During 9M 2017 Magnit added (net) 1,638 stores. The total store base as of September 30, 2017 reached 15,697 stores (11,743 convenience stores, 236 hypermarkets, 196 "Magnit Family" stores and 3,522 drogerie stores). Selling space increased by 15.28% in comparison with 9M 2016 from 4.83 million sq. m. to 5.56 million sq. m.

Revenue increased by 6.4% from 790 billion RUR in 9M 2016 to 841 billion RUR in 9M 2017.

Gross Profit increased from 217 billion RUR in 9M 2016 to 228 billion RUR in 9M 2017. Gross Margin in 9M 2017 was 27.1%.

EBITDA in 9M 2017 was 69 billion RUR. EBITDA margin in the 9M of 2017 was 8.3%.

Net Income in 9M 2017 was 28 billion RUR. Net Income Margin in 9M 2017 was 3.3%.

According to Rosstat, CPI for the last 12M (October 2016 - September 2017) was 3.0% compared to 6.4% for the same period in the previous year.

According to Rosstat, food inflation for the last 12M (October 2016 - September 2017) was 2.0% Y-o-Y vs 5.9% for the same period in the previous year.

9M 2017 presentation, which contains additional financial, operational and other data regarding 1H 2017 results, will be published at <http://ir.magnit.com/en/shareholder-center/investor-presentation/>

3Q 2017 Monthly Operating Highlights:

	July	Y-o-Y %	August	Y-o-Y %	September	Y-o-Y %
New Store Openings (NET)	227	n/a	277	n/a	349	n/a
Convenience stores	165	n/a	196	n/a	268	n/a
Hypermarkets	(5)	n/a	0	n/a	1	n/a
Magnit Family	3	n/a	2	n/a	1	n/a
Drogerie Stores	64	n/a	79	n/a	79	n/a

Number of Stores (EOP)	15,071	n/a	15,348	n/a	15,697	n/a
Convenience stores	11,279	n/a	11,475	n/a	11,743	n/a
Hypermarkets	235	n/a	235	n/a	236	n/a
Magnit Family	193	n/a	195	n/a	196	n/a
Drogerie Stores	3,364	n/a	3,443	n/a	3,522	n/a

New Selling Space, th. sq. m.	58.14	n/a	83.21	n/a	101.53	n/a
Convenience stores	50.17	n/a	59.20	n/a	80.40	n/a
Hypermarkets	(9.44)	n/a	2.64	n/a	2.09	n/a
Magnit Family	3.35	n/a	2.52	n/a	1.01	n/a
Drogerie Stores	14.06	n/a	18.85	n/a	18.02	n/a

Total Selling Space (EOP), th. sq. m.	5,377.74	13.88%	5,460.95	13.96%	5,562.48	15.28%
Convenience stores	3,701.72	13.61%	3,760.92	14.07%	3,841.32	15.71%
Hypermarkets	681.63	3.00%	684.26	2.83%	686.35	4.09%
Magnit Family	212.26	10.98%	214.79	11.13%	215.80	9.93%
Drogerie Stores	782.13	28.01%	800.99	25.96%	819.01	26.02%

Number of Customers, million	351.20	4.56%	356.75	5.88%	336.40	7.47%
Convenience stores	296.52	4.50%	301.30	6.07%	284.28	7.79%
Hypermarkets	21.45	(5.70%)	21.24	(5.59%)	19.98	(2.73%)
Magnit Family	11.67	3.01%	11.71	3.81%	10.90	4.71%
Drogerie Stores	21.57	19.32%	22.50	17.65%	21.25	15.78%

Retail Sales^[2], million RUR	97,700.86	5.15%	95,669.65	6.14%	89,307.47	6.02%
Convenience stores	73,336.38	6.56%	71,671.52	7.73%	66,968.76	7.43%
Hypermarkets	12,585.12	(7.11%)	12,071.40	(6.74%)	11,188.27	(5.56%)
Magnit Family	5,183.61	3.85%	5,029.88	4.76%	4,647.47	4.14%
Drogerie Stores	6,595.75	18.73%	6,896.86	17.73%	6,502.97	16.42%

Retail Sales², million USD^[3]	1,637.33	13.38%	1,603.86	15.54%	1,547.92	18.71%
Convenience stores	1,229.02	14.90%	1,201.54	17.27%	1,160.73	20.28%
Hypermarkets	210.91	0.17%	202.37	1.51%	193.92	5.75%
Magnit Family	86.87	11.98%	84.32	14.04%	80.55	16.60%
Drogerie Stores	110.54	28.03%	115.62	28.15%	112.71	30.36%

3Q and 9M 2017 Operating Highlights:

	3Q 2017	3Q 2016	Yo-Y %	9M 2017	9M 2016	Yo-Y %
New Store Openings (NET)	853	476	n/a	1,638	1,275	n/a
Convenience stores	629	236	n/a	1,222	544	n/a
Hypermarkets	(4)	0	n/a	(1)	9	n/a
Magnit Family	6	9	n/a	2	24	n/a
Drogerie Stores	222	231	n/a	415	698	n/a

Number of Stores (EOP)	15,697	13,364	n/a	15,697	13,364	n/a
Convenience stores	11,743	10,138	n/a	11,743	10,138	n/a
Hypermarkets	236	228	n/a	236	228	n/a
Magnit Family	196	179	n/a	196	179	n/a
Drogerie Stores	3,522	2,819	n/a	3,522	2,819	n/a

New Selling Space, th. sq. m.	242.87	148.19	n/a	494.80	411.67	n/a
Convenience stores	189.77	83.67	n/a	388.92	200.24	n/a
Hypermarkets	(4.71)	(1.14)	n/a	2.68	20.23	n/a
Magnit Family	6.88	9.26	n/a	3.04	26.13	n/a
Drogerie Stores	50.93	56.39	n/a	100.17	165.07	n/a

Total Selling Space (EOP), th. sq. m.	5,562.48	4,825.39	15.28%	5,562.48	4,825.39	15.28%
Convenience stores	3,841.32	3,319.80	15.71%	3,841.32	3,319.80	15.71%
Hypermarkets	686.35	659.37	4.09%	686.35	659.37	4.09%
Magnit Family	215.80	196.31	9.93%	215.80	196.31	9.93%
Drogerie Stores	819.01	649.91	26.02%	819.01	649.91	26.02%

Number of Customers, million	1,044.36	985.87	5.93%	2,988.50	2,850.44	4.84%
Convenience stores	882.10	831.52	6.08%	2,517.88	2,410.80	4.44%
Hypermarkets	62.66	65.78	(4.74%)	185.28	198.05	(6.45%)
Magnit Family	34.28	33.02	3.82%	99.16	94.40	5.04%
Drogerie Stores	65.32	55.55	17.58%	186.18	147.19	26.48%

LFL Results

Formats	3Q 2017 - 3Q 2016 ^[4]			
	# of Stores	Average Ticket	Traffic	Sales
Convenience Stores	8,859	1.22%	(2.09)%	(0.90)%
Hypermarkets	221	(2.42)%	(6.76)%	(9.01)%
Magnit Family	159	(0.75)%	(5.69)%	(6.39)%

Drogerie	2,588	0.89%	(2.04)%	(1.17)%
Total	11,827	0.06%	(2.56)%	(2.50)%

Formats	9M 2017 - 9M 2016 ⁴			
	# of Stores	Average Ticket	Traffic	Sales
Convenience Stores	7,920	2.34%	(2.86)%	(0.59)%
Hypermarkets	221	(1.96)%	(9.65)%	(11.42)%
Magnit Family	158	(1.27)%	(7.97)%	(9.14)%
Drogerie	2,515	0.81%	0.27%	1.08%
Total	10,814	0.51%	(3.46)%	(2.97)%

3Q^[5] and 9M 2017⁵ Key Financial Results, million RUR

	3Q 2017	3Q 2016	Growth Rate	9M2017	9M2016	Growth Rate
Net Sales	285,960.60	268,609.30	6.46%	840,985.43	790,136.88	6.44%
Convenience stores	211,976.66	197,689.55	7.23%	623,793.47	582,716.99	7.05%
Hypermarkets	35,844.78	38,338.25	(6.50)%	107,582.05	117,294.28	(8.28)%
Magnit Family	14,860.96	14,255.56	4.25%	43,588.10	41,748.97	4.41%
Drogerie Stores	19,995.58	16,998.98	17.63%	56,955.61	44,980.90	26.62%
Wholesale	3,282.61	1,326.96	147.38%	9,066.21	3,395.74	166.99%
Gross Profit	75,325.99	75,368.16	(0.06)%	227,872.48	217,431.15	4.80%
Gross Margin, %	26.34%	28.06%	n/a	27.10%	27.52%	n/a
EBITDAR	32,586.94	38,479.48	(15.31)%	103,103.93	108,441.45	(4.92)%
EBITDAR Margin, %	11.40%	14.33%	n/a	12.26%	13.72%	n/a
EBITDA	20,660.87	28,654.01	(27.90)%	69,450.80	80,253.85	(13.46)%
EBITDA Margin, %	7.23%	10.67%	n/a	8.26%	10.16%	n/a
EBIT	12,212.80	21,830.05	(44.06)%	44,555.12	61,328.52	(27.35)%
EBIT Margin, %	4.27%	8.13%	n/a	5.30%	7.76%	n/a
Net Income	6,923.15	14,816.36	(53.27)%	27,671.59	40,923.61	(32.38)%
Net Income Margin, %	2.42%	5.52%	n/a	3.29%	5.18%	n/a

3Q and 9M 2017 Key Financial Results, USD million^[6]

	3Q 2017	3Q 2016	Growth Rate	9M2017	9M2016	Growth Rate
Net sales	4,845.19	4,156.46	16.57%	14,416.63	11,557.33	24.74%
Convenience stores	3,591.64	3,059.05	17.41%	10,693.41	8,523.40	25.46%
Hypermarkets	607.34	593.25	2.38%	1,844.23	1,715.66	7.49%
Magnit Family	251.80	220.59	14.15%	747.21	610.66	22.36%
Drogerie Stores	338.80	263.04	28.80%	976.36	657.94	48.40%
Wholesale	55.62	20.53	170.87%	155.42	49.67	212.90%
Gross Profit	1,276.29	1,166.25	9.44%	3,906.31	3,180.37	22.83%
Gross Margin, %	26.34%	28.06%	n/a	27.10%	27.52%	n/a
EBITDAR	552.14	595.43	(7.27)%	1,767.46	1,586.17	11.43%
EBITDAR Margin, %	11.40%	14.33%	n/a	12.26%	13.72%	n/a
EBITDA	350.07	443.39	(21.05)%	1,190.56	1,173.87	1.42%
EBITDA Margin, %	7.23%	10.67%	n/a	8.26%	10.16%	n/a
EBIT	206.93	337.80	(38.74)%	763.79	897.05	(14.86)%

EBIT Margin, %	4.27%	8.13%	n/a	5.30%	7.76%	n/a
Net Income	117.30	229.27	(48.84)%	474.36	598.59	(20.75)%
Net Income Margin, %	2.42%	5.52%	n/a	3.29%	5.18%	n/a

Notes:

- 1) Net revenue in USD terms is calculated using the average exchange rate for the period.
- 2) This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016.
- 3) Please note that there may be small variations in calculation of totals, subtotals and/ or percentage change due to rounding of decimals.

For further information, please contact:

Timothy Post

Head of Investor Relations

Email: post@magnit.ru

Office: +7-861-277-4554 x 17600

Dina Svishcheva

Deputy Director, Investor Relations

Email: Chistyak@magnit.ru

Office: +7-861-277-4554 x 15101

Media Inquiries

Media Relations Department

press@magnit.ru

Company description:

Public Joint Stock Company "Magnit" is one of Russia's leading retailers. Founded in 1994, the company is headquartered in the southern Russian city of Krasnodar. As of September 30, 2017, Magnit operated 36 distribution centers and 15,697 stores (11,743 convenience, 432 hypermarkets and 3,522 drogerie stores) in 2,664 cities and towns throughout 7 federal regions of the Russian Federation.

In accordance with the reviewed IFRS consolidated financial statements for 1H 2017, Magnit had revenues of RUB 555 billion and an EBITDA of RUB 49 billion. Magnit's local shares are traded on the Moscow 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.

[1] Based on management accounts

[2] Excluding wholesale

[3] Based on the average exchange rate for July 2017 - 59.6707 RUB per 1 USD, August 2017 - 59.6497 RUB per 1 USD, September 2017 - 57.6953 RUB per 1 USD

[4] 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, 2016.

[5] Unaudited Results

[6] Based on the average exchange rate for 3Q 2017 - 59.0195 RUB per 1 USD, 3Q 2016 - 64.6245 RUB per 1 USD, 9M 2017 - 58.3344 RUB per 1 USD, 9M 2016 - 68.3667 RUB per 1 USD

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