

MAGNIT PJSC (MGNT)

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**Press Release**

**Krasnodar**

**December 18, 2017**

**PJSC "Magnit" Announces the Downgrade of its S&P Rating to "BB" Level, Outlook "Stable"**

**Krasnodar, December 18, 2017:** Magnit PJSC, one of Russia's leading retailers (MOEX and LSE: MGNT) announces the downgrade of its S&P Rating to "BB" level, outlook "Stable".

Please be informed that on December 15, 2017 Standard & Poor's Rating Services downgraded the long-term credit rating of the Russian food retailer PJSC "Magnit" to "BB" from "BB+", on weaker profitability; the outlook of rating change - "Stable".

The stable outlook reflects expectations that over the next 12 months, despite a highly challenging trading environment, Magnit will sustain its market leading position in the Russian food retail sector. Standard & Poor's Rating Services anticipates that Magnit will stabilize its margin broadly at the current level and implement a financial policy that balances investment and dividends, consequently maintaining adjusted debt to EBITDA at around 3x and adjusted funds from operations to debt at about 25%.

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**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.

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