

## MAGNIT PJSC (MGNT)

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**Press Release**  
**Krasnodar**  
**January 26, 2018**

### **PJSC "Magnit" Announces Unaudited FY 2017 Results**

**Krasnodar, Russia (January 26, 2018):** Magnit PJSC, one of Russia's leading retailers (MOEX and LSE: MGNT) announces its unaudited FY 2017 results prepared in accordance with IFRS<sup>[1]</sup>.

During 2017 Magnit added (net) 2,291 stores. The total store base as of December 31, 2017 reached 16,350 stores (12,125 convenience stores, 243 hypermarkets, 208 "Magnit Family" stores and 3,774 drogerie stores). Selling space increased by 13.56% in comparison to 2016 from 5.07 million sq. m. to 5.75 million sq. m.

Revenue increased by 6.37% from 1,074.81 billion RUR in 2016 to 1,143.29 billion RUR in 2017.

Gross Profit increased from 295.76 billion RUR in 2016 to 304.71 billion RUR in 2017. Gross Margin in 2017 was 26.65%.

EBITDA in 2017 was 91.78 billion RUR. EBITDA margin in 2017 was 8.03%.

Net Income in 2017 was 35.53 billion RUR. Net Income Margin in 2017 was 3.11%.

According to Rosstat, CPI for the last 12M (January - December 2017) was 2.5% compared to 5.4% for the same period in the previous year.

According to Rosstat, food inflation for the last 12M (January - December 2017) was 1.1% Y-o-Y vs 4.6% for the same period in the previous year.

Please Note: On December 20th, there was a serious glitch in a firmware update for the Shtrikh-M (Штрих-М) cash registers that Magnit uses at almost 11,000 stores across all four formats. In order to fix the affected cash registers, the firmware needed to be manually updated. This process took approximately 15 minutes per cash register.

Between December 20th (Wednesday) and December 23rd (Saturday) almost 800 Magnit technical employees manually updated the firmware. Affected Shtrikh-M cash registers could not reopen until the firmware was fixed. As a result of the Shtrikh-M cash registers being closed for a part or all this period, Magnit lost sales of approximately 1 billion Rubles according to Company estimates.

### **4Q 2017 Monthly Operating Highlights:**

	October	Y-o-Y %	November	Y-o-Y %	December	Y-o-Y %
<b>New Store Openings (NET)</b>	267	n/a	165	n/a	221	n/a
Convenience stores	180	n/a	80	n/a	122	n/a
Hypermarkets	1	n/a	1	n/a	5	n/a
Magnit Family	4	n/a	1	n/a	7	n/a
Drogerie Stores	82	n/a	83	n/a	87	n/a

<b>Number of Stores (EOP)</b>	15,964	n/a	16,129	n/a	16,350	n/a
Convenience stores	11,923	n/a	12,003	n/a	12,125	n/a
Hypermarkets	237	n/a	238	n/a	243	n/a
Magnit Family	200	n/a	201	n/a	208	n/a
Drogerie Stores	3,604	n/a	3,687	n/a	3,774	n/a

<b>New Selling Space, th. sq. m.</b>	80.78	n/a	44.27	n/a	67.42	n/a
Convenience stores	54.56	n/a	25.24	n/a	36.94	n/a
Hypermarkets	4.13	n/a	2.02	n/a	9.11	n/a
Magnit Family	4.57	n/a	1.22	n/a	7.44	n/a
Drogerie Stores	17.53	n/a	15.79	n/a	13.93	n/a

<b>Total Selling Space (EOP), th. sq. m.</b>	5,643.26	15.97%	5,687.52	14.45%	5,754.94	13.56%
Convenience stores	3,895.88	16.43%	3,921.12	15.03%	3,958.06	14.65%
Hypermarkets	690.48	4.72%	692.50	4.47%	701.62	2.62%

Magnit Family	220.36	11.71%	221.58	9.52%	229.01	7.64%
Drogerie Stores	836.53	26.06%	852.32	22.61%	866.25	20.51%

<b>Number of Customers, million</b>	338.94	5.85%	337.96	10.54%	375.08	10.07%
Convenience stores	286.80	6.30%	286.74	11.30%	312.21	10.76%
Hypermarkets	20.16	(2.81%)	19.68	(0.61%)	24.17	2.85%
Magnit Family	11.10	4.71%	10.88	7.25%	12.85	8.38%
Drogerie Stores	20.88	9.57%	20.66	13.85%	25.85	9.86%

<b>Retail Sales<sup>[2]</sup>, million RUR</b>	91,253.95	4.53%	91,830.58	6.53%	116,109.35	6.56%
Convenience stores	68,681.34	5.86%	69,649.58	7.92%	83,988.60	7.65%
Hypermarkets	11,332.79	(5.63%)	11,061.92	(5.30%)	16,458.45	(1.47%)
Magnit Family	4,808.21	5.16%	4,746.07	6.35%	6,636.72	8.32%
Drogerie Stores	6,431.61	10.18%	6,373.01	15.52%	9,025.58	11.23%

<b>Retail Sales<sup>2</sup>, million USD<sup>[3]</sup></b>	1,580.69	13.49%	1,558.53	16.38%	1,981.77	13.12%
Convenience stores	1,189.69	14.93%	1,182.08	17.89%	1,433.53	14.29%
Hypermarkets	196.31	2.47%	187.74	3.45%	280.91	4.60%
Magnit Family	83.29	14.18%	80.55	16.18%	113.28	15.00%
Drogerie Stores	111.41	19.63%	108.16	26.19%	154.05	18.09%

#### 4Q and 12M 2017 Operating Highlights:

	4Q 2017	4Q 2016	Yo-Y %	12M2017	12M2016	Yo-Y %
<b>New Store Openings (NET)</b>	653	695	n/a	2,291	1,970	n/a
Convenience stores	382	383	n/a	1,604	927	n/a
Hypermarkets	7	9	n/a	6	18	n/a
Magnit Family	12	15	n/a	14	39	n/a
Drogerie Stores	252	288	n/a	667	986	n/a

<b>Number of Stores (EOP)</b>	16,350	14,059	n/a	16,350	14,059	n/a
Convenience stores	12,125	10,521	n/a	12,125	10,521	n/a
Hypermarkets	243	237	n/a	243	237	n/a
Magnit Family	208	194	n/a	208	194	n/a
Drogerie Stores	3,774	3 107	n/a	3,774	3,107	n/a

<b>New Selling Space, th. sq. m.</b>	192.46	242.28	n/a	687.27	653.95	n/a
Convenience stores	116.74	132.60	n/a	505.66	332.84	n/a
Hypermarkets	15.27	24.30	n/a	17.94	44.53	n/a
Magnit Family	13.22	16.45	n/a	16.26	42.58	n/a
Drogerie Stores	47.24	68.93	n/a	147.41	234.00	n/a

<b>Total Selling Space (EOP), th. sq. m.</b>	5,754.94	5,067.67	13.56%	5,754.94	5,067.67	13.56%
Convenience stores	3,958.06	3,452.40	14.65%	3,958.06	3,452.40	14.65%
Hypermarkets	701.62	683.67	2.62%	701.62	683.67	2.62%
Magnit Family	229.01	212.76	7.64%	229.01	212.76	7.64%
Drogerie Stores	866.25	718.84	20.51%	866.25	718.84	20.51%

<b>Number of Customers, million</b>	1,051.98	966.69	8.82%	4,040.50	3,817.13	5.85%
Convenience stores	885.75	809.30	9.45%	3,403.63	3,220.10	5.70%
Hypermarkets	64.01	64.05	(0.07%)	249.29	262.10	(4.89%)
Magnit Family	34.83	32.60	6.83%	133.99	127.00	5.50%
Drogerie Stores	67.39	60.74	10.95%	253.59	207.93	21.96%

#### LFL Results

Formats	4Q 2017 - 4Q 2016 <sup>[4]</sup>			
	# of Stores	Average Ticket	Traffic	Sales
Convenience Stores	9,436	(1.78%)	(1.99%)	(3.73%)

Hypermarkets	222	(4.20%)	(2.80%)	<b>(6.88%)</b>
Magnit Family	169	(1.44%)	(2.84%)	<b>(4.24%)</b>
Drogerie	2,830	2.24%	(4.98%)	<b>(2.85%)</b>
<b>Total</b>	<b>12,657</b>	<b>(1.95%)</b>	<b>(2.27%)</b>	<b>(4.17%)</b>

Formats	12M 2017 - 12M 2016 <sup>4</sup>			
	# of Stores	Average Ticket	Traffic	Sales
Convenience Stores	7,848	1.23%	(2.63%)	<b>(1.42%)</b>
Hypermarkets	221	(2.53%)	(7.91%)	<b>(10.24%)</b>
Magnit Family	165	(1.21%)	(6.70%)	<b>(7.82%)</b>
Drogerie	2,711	1.17%	(1.14%)	<b>0.02%</b>
<b>Total</b>	<b>10,945</b>	<b>(0.21%)</b>	<b>(3.17%)</b>	<b>(3.37%)</b>

#### 4Q and FY 2017 Key Financial Results, million RUR

	4Q 2017	4Q 2016	Growth Rate	FY 2017	FY 2016	Growth Rate
Net Sales	302,304.97	284,674.68	6.19%	1,143,290.40	1,074,811.55	6.37%
Convenience stores	222,319.51	207,440.08	7.17%	846,112.98	790,157.07	7.08%
Hypermarkets	38,853.16	40,394.25	(3.82%)	146,435.21	157,688.53	(7.14%)
Magnit Family	16,191.01	15,161.85	6.79%	59,779.10	56,910.82	5.04%
Drogerie Stores	21,830.20	19,468.53	12.13%	78,785.81	64,449.43	22.24%
Wholesale	3,111.09	2,209.97	40.78%	12,177.30	5,605.71	117.23%
Gross Profit	76,839.74	78,327.86	(1.90%)	304,712.21	295,759.01	3.03%
<b>Gross Margin, %</b>	<b>25.42%</b>	<b>27.51%</b>	<b>n/a</b>	<b>26.65%</b>	<b>27.52%</b>	<b>n/a</b>
EBITDAR	33,976.01	37,822.97	(10.17%)	137,079.94	146,264.42	(6.28%)
EBITDAR Margin, %	11.24%	13.29%	n/a	11.99%	13.61%	n/a
EBITDA	22,324.89	27,539.16	(18.93%)	91,775.69	107,793.02	(14.86%)
<b>EBITDA Margin, %</b>	<b>7.38%</b>	<b>9.67%</b>	<b>n/a</b>	<b>8.03%</b>	<b>10.03%</b>	<b>n/a</b>
EBIT	13,518.38	20,638.86	(34.50%)	58,073.50	81,967.38	(29.15%)
EBIT Margin, %	4.47%	7.25%	n/a	5.08%	7.63%	n/a
Net Income	7,859.05	13,485.38	(41.72%)	35,530.64	54,408.99	(34.70%)
<b>Net Income Margin, %</b>	<b>2.60%</b>	<b>4.74%</b>	<b>n/a</b>	<b>3.11%</b>	<b>5.06%</b>	<b>n/a</b>

#### 4Q and FY 2017 Key Financial Results, USD million<sup>5]</sup>

	4Q 2017	4Q 2016	Growth Rate	FY 2017	FY 2016	Growth Rate
Net sales	5,175.75	4,513.73	14.67%	19,592.69	16,033.61	22.20%
Convenience stores	3,806.32	3,289.12	15.72%	14,499.93	11,787.25	23.01%
Hypermarkets	665.20	640.48	3.86%	2,509.48	2,352.34	6.68%
Magnit Family	277.21	240.40	15.31%	1,024.44	848.97	20.67%
Drogerie Stores	373.75	308.69	21.08%	1,350.16	961.43	40.43%
Wholesale	53.26	35.04	52.01%	208.68	83.62	149.56%
Gross Profit	1,315.57	1,241.95	5.93%	5,221.89	4,412.02	18.36%
<b>Gross Margin, %</b>	<b>25.42%</b>	<b>27.51%</b>	<b>n/a</b>	<b>26.65%</b>	<b>27.52%</b>	<b>n/a</b>
EBITDAR	581.70	599.71	(3.00%)	2,349.15	2,181.91	7.66%
EBITDAR Margin, %	11.24%	13.29%	n/a	11.99%	13.61%	n/a
EBITDA	382.22	436.65	(12.47%)	1,572.77	1,608.01	(2.19%)

<b>EBITDA Margin, %</b>	<b>7.38%</b>	<b>9.67%</b>	<b>n/a</b>	<b>8.03%</b>	<b>10.03%</b>	<b>n/a</b>
EBIT	231.45	327.25	(29.27)%	995.21	1,222.76	(18.61)%
<b>EBIT Margin, %</b>	<b>4.47%</b>	<b>7.25%</b>	<b>n/a</b>	<b>5.08%</b>	<b>7.63%</b>	<b>n/a</b>
Net Income	134.55	213.82	(37.07)%	608.89	811.65	(24.98)%
<b>Net Income Margin, %</b>	<b>2.60%</b>	<b>4.74%</b>	<b>n/a</b>	<b>3.11%</b>	<b>5.06%</b>	<b>n/a</b>

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.

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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 December 31, 2017, Magnit operated 37 distribution centers and 16,350 stores (12,125 convenience, 243 hypermarkets, 208 Magnit Family stores and 3,774 drogerie stores) in 2,709 cities and towns throughout 7 federal regions of the Russian Federation.

In accordance with the unaudited IFRS management accounts for 2017, Magnit had revenues of RUB 1,143 billion and an EBITDA of RUB 92 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 October 2017 - 57.7305 RUB per 1 USD, November 2017 - 58.9212 RUB per 1 USD, December 2017 - 58.5888 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 December 1, 2016.

[5] Based on the average exchange rate for 4Q 2017 - 58.4080 RUB per 1 USD, 4Q 2016 - 63.0685 RUB per 1 USD, FY 2017 - 58.3529 RUB per 1 USD, FY 2016 - 67.0349 RUB per 1 USD

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