

MAGNIT PJSC (MGNT)

29-Nov-2018 / 12:22 MSK

Dissemination of a Regulatory Announcement, transmitted by EQS Group.  
The issuer is solely responsible for the content of this announcement.

---

Press Release | Krasnodar | November 29, 2018

## Russian Post and Magnit Announce Development of Partnership

**Krasnodar, Russia (November 29, 2018):** Magnit PJSC (MOEX and LSE: MGNT; the "Company"), one of Russia's leading retailers, announces the development of the partnership with Russian Post.

At the "Russia Calling!" Investment Forum, Magnit and Russian Post have announced the successful outcome of their pilot project to integration of a new retail format into post offices, as well as the prospects for its further development. Pilot points of sale demonstrated a five-fold increase in sales of groceries and fast-moving consumer goods in the post offices. The partners plan to open the points of sale in at least 2,000 post offices in 2019.

The project is being developed under the trilateral strategic partnership between Russian Post, PJSC Magnit and VTB Bank (PJSC), as part of a Memorandum signed during the Russian Investment Forum held in Sochi in February 2018.

The pilot outlets were opened in Russian Post offices in Moscow as well as the Krasnodar, Ryazan, and Ivanovo regions, in the summer 2018. Assortment available in the pilot points comprises of 200 to 600 SKUs, depending on size and location of the post office. Following consumer demand analysis, Magnit has developed two formats with differentiated offering for cities and villages. Post offices located in cities focus on impulse purchase products, the ones in villages lean towards fast-moving consumer goods. Their offers will be continuously updated in accordance with consumer preferences.

"Magnit" retail chain and Russian Post plan to start scaling the project in April 2019 and to open the points of sale in at least 2,000 post offices in the Southern Federal District. In the meantime, the companies will synchronize their business processes and systems. Opening small-sized points of sale with an area of 10-70 sq. m. in existing post offices is highly efficient from the capital investment perspective, with the majority of spending going towards buying equipment and building up inventory.

"We have been monitoring the performance of pilot points of sale together with Magnit for about half a year and we are pleased with the results. The positive response to introduction of these small outlets into the post offices, especially the ones in low-population localities, means that Russians see value in this completely new retail format, which we plan to elevate to an entirely new level. Scaling this project will make high-quality products more accessible for millions of Russians," noted Nikolai Podguzov, CEO of Russian Post.

"Development of a multiformat approach is a key area for Magnit's long-term strategy. Working together with our partners, we have created a new format on the market, which was seamlessly integrated into existing post offices. The pilot project was effective and popular among customers. Combining the experience and resources of two major companies will allow us to establish points of sale in a wide variety of locations," added Olga Naumova, Magnit's CEO.

### Forward-looking statements:

This document contains forward-looking statements that may or may not prove accurate. For example, statements regarding expected sales growth rate, store openings and future transactions are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Magnit as of the date of the statement. All written or oral forward-looking statements attributable to Magnit are qualified by this caution. Magnit does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances.

### For further information, please contact

**Petr Molchanov**  
Chief Investment Officer  
Email: [molchanov\\_ps@magnit.ru](mailto:molchanov_ps@magnit.ru)  
Office: +7-861-277-4554 x 45000

**Alisa Kvadzba**  
IR manager  
Email: [magnitIR@magnit.ru](mailto:magnitIR@magnit.ru)  
Office: +7-861-277-4554 x 17601

**Media Inquiries**  
Media Relations Department  
Email: [press@magnit.ru](mailto:press@magnit.ru)

### "Magnit" 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, 2018, Magnit operated 37 distribution centers and 17,442 stores (12,813 convenience, 457 supermarkets and 4,172 drogerie stores) in 2,866 cities and towns throughout 7 federal regions of the Russian Federation. In accordance with the reviewed IFRS consolidated financial statements for 1H 2018, Magnit had revenues of RUB 595 billion and an EBITDA of RUB 44 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.

### "Russian Post" description:

Russian Post is a federal post operator, is included in the Russian Federation strategic companies list. In accordance with Russian Post, it includes 42,000 offices across the country and has one of the biggest staff - about 350,000 post workers.

Every year, Russian Post delivers over 2.5 billion letters and bills (of them 1 billion letters are from state authorities) and 365 million parcels. Russian Post services about 20 million subscribers in Russia by delivering 1 billion copies of print publications per year. The annual volume of transactions processed by Russian Post is 3.3 trillion rubles (pensions, payments and transfers).

---

ISIN: US55953Q2021  
Category Code: MSCU  
TIDM: MGNT  
LEI Code: 2534009KKPTVL99W2Y12  
OAM Categories: 3.1. Additional regulated information required to be disclosed under the laws of a Member State  
Sequence No.: 6689  
EQS News ID: 752617

End of AnnouncementEQS News Service