MAGNIT PJSC (MGNT)
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Magnit Tallies Up New Year Sales

Krasnodar, Russia (15 January, 2020): Magnit PJSC (MOEX and LSE: MGNT; the Company), one of Russia's leading retailers, adopts a practice of publishing its holiday sales[1].The last days of every calendar year are traditionally considered "high season" in food retail. Traditionally they deliver a significant impact on performance in the fourth quarter as well as reflect consumer sentiment in general.

Magnit presents a summary of its sales for the period preceding the New Year holiday season. From December 17 to December 31, 2019, the Company's revenue grew by 8.5%[2] year-over-year, with LFL sales growing by 0.6%. Like-for-like traffic increased by 2.4%, while LFL average ticket declined by 1.6% due to a lower average number of items per basket on the back of last year's high base value achieved thanks to the pre-New Year promo - "Everything you need for magic within walking distance[3]".

"We're happy with the results of the last two weeks of December of 2019. We saw the first signs back in November, when we achieved increased positive dynamics for LFL sales, including LFL traffic. We have managed to prepare well for the high season - we've reviewed the assortment, introduced a high quality New Year offering, and markedly increased on-shelf availability. The loyalty program also played an important part here, with its positive influence becoming more and more apparent," - commented Jan Dunning, Magnit's President and CEO.

The highest impact in the pre-New Year period came from December 30 and 31, accounting for 21% of Magnit's sales made during the last two weeks of the year.

An average ticket for Magnit's customers during the reporting period amounted to 395 rubles. In the course of these fourteen days, the red sparkling wines and exotic fruits (avocados, mangoes, berries, etc.) categories demonstrated the best sales dynamics, with 246% and 159% like-for-like growth versus 2019 results respectively.

The best new additions to Magnit's assortment in the lead-up to New Year were the plants-the Christmas Star (poinsettia) and the New Year Cypress (cypress), succulents, as well as spruces and firs, of which the Company sold 552 thousand units. Along with that, the Company also sold over 15 million bottles of champagne and wine, with Russian brands accounting for 80% of those sales. During the last two weeks of the year, Magnit customers bought around 22 thousand tonnes of mandarins, over 12 million boxes of chocolate sweets, 2.7 million cakes and cake halves, 5 million cans of caviar, as well as 15.4 million packs of tea and coffee. Russians also stocked up on mayonnaise-the hero sauce of any New Year celebration-with the total reaching 16.4 million units sold. The Company's private labels were in high demand as well: for example, the Magnit Freshness range saw 405 tonnes of button mushrooms, 682 tonnes of cucumbers, and 1,328 tonnes of tomatoes sold in the last two weeks of 2019.

During the pre-New Year period, the Company sold over 1,233 tonnes of salads and other culinary products prepared in Magnit stores, which highlights the growing popularity of the ready-to-eat food offering among Russians. Pre-orders account for over 30% of all ready-to-eat sales in Magnit stores.

The Company was able to achieve high results in the pre-New Year period thanks to a series of measures that it started to implement during the summer months, which included establishing the seasonal assortment and ensuring its on-shelf availability, integrating new services, and ensuring smooth logistics operations. During the final weeks of 2019, over 80% of Magnit locations extended their opening hours, with some working around the clock, large-format outlets offered their customers an opportunity to pre-order ready-to-eat culinary products produced in-house, and the Company sent over 6,000 additional employees to the stores to maintain the level of service.

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Note to editors:

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, 2019, Magnit operated 38 distribution centres and 20,497 stores (14,507 convenience, 467 supermarkets and 5,523 drogerie stores) in 3,694 cities and towns throughout 7 federal regions of the Russian Federation.
In accordance with the unaudited IFRS management accounts for 9M 2019, Magnit had revenues of RUB 1,000 billion and an EBITDA of RUB 63 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.

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[1] Magnit defines "pre-New Year sales" as sales made across all of the Chain's formats from December 17 to December 31.

[2] Operational figures are based on management accounts. Increase in LFL sales and average ticket calculated based on revenue with VAT.

[3] The promo was timed to coincide with the release of The Nutcracker and the Four Realms movie. For shopping in Magnit stores, customers were awarded with special prizes and discounts of up to 100% for certain products. The promo was active from December 1 to December 31, 2018.

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