

Magnit Issues 33 Million Loyalty Cards

Krasnodar, Russia (5 February, 2020): Magnit PJSC (MOEX and LSE: MGNT; the Company), one of Russia's leading retailers, started rolling out its loyalty program in August 2019, having successfully piloted it in three Russian regions. In the six months after the launch, the Company issued over 33 million cards. As of the end of January 2020, customers have activated over 60% of the issued cards and started using them when shopping at Magnit. Today, around 20 million unique customers are active participants of the loyalty program. The Company will finalize the program roll-out this February.

Magnit is closely monitoring the performance of the loyalty program in the three pilot regions, where it has been in place since late March of 2019 and is currently in its most mature state. In these areas, the card is used to make every second purchase, and the share of such purchases in sales reaches 64% (for the large format, this figure is at 72%). Data obtained by studying a control group of customers in the pilot regions has shown that, during the time they have participated in the program, their purchase frequency increased by 3% ^[1]. Furthermore, the loyalty card has also proved its worth as an effective cross-format tool-the share of customers who shop across several Magnit formats increased by 15 pp to 52%¹.

As of the end of January 2020, the card's penetration in tickets across all regions where the Company operates was 39%, with the share in total sales reaching 58%.

In 2020, Magnit will keep developing its loyalty program strengthening its attractiveness for the customers, allowing them to rack up points faster. In autumn 2019, the Company partnered up with Post Bank and Tinkoff Bank to launch co-branded bank cards that grant their holders increased bonus awards for Magnit's loyalty program. The Company will continue to launch joint projects with Russian banks, as well as expand its cooperation with major payment systems. Magnit also plans to broaden the range of services via its mobile app.

The data that the loyalty cards provide will enable the Company to achieve much better understanding of customer needs. Magnit aims further improvement of category management, merchandising, assortment localization, price and promo proposition, as well as development of brands and private labels. The data from the loyalty program will also offer Magnit a chance to switch to targeted digital marketing with tailored offers to the customers via loyalty card.

"We're more than satisfied with how the roll-out of the loyalty program is progressing. It has already exceeded our initial expectations. Although this is still an early stage, now we have a very effective tool of direct communication with customers increasing their loyalty to the Magnit brand and becoming a core element of our new CVP. In addition to that, the data obtained via the loyalty program will allow us to increase the efficiency of the business processes and decision-making through big data processing and deep analysis",- noted Jan Dunning, President and CEO of Magnit.

Magnit's loyalty program allows the customers to get and spend bonus points across all formats of the chain: convenience stores, supermarkets, drogeries, and pharmacies. The point award system is one of the most generous on the market: for every purchase, 0.5% to 2%^[2] of the cost will go to the customer's bonus account. The base awards are complemented by personal ones, granted for participation in various promotional activities. One bonus point equals one ruble. Magnit's loyalty card is granted for tickets over a certain amount; it can also be purchased separately for 25 rubles at any of the chain's stores, or created and used in a "virtual" form for free using the mobile app. Bonus points may be used to pay for up to 100% of the purchase.

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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.

^[1] As of the end of December, 2019

^[2] % of bonus points awarded depends on the amount purchased during the last month

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