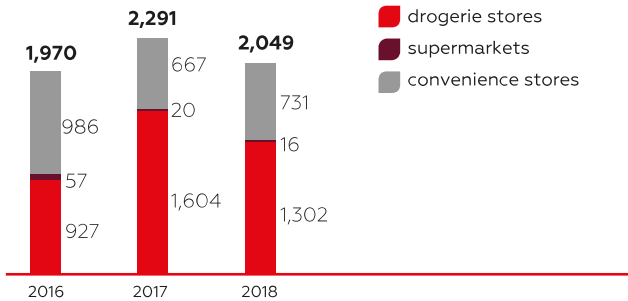


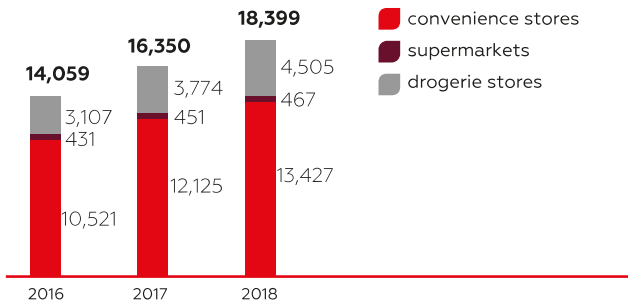
Operating results

Number of stores opened, NET



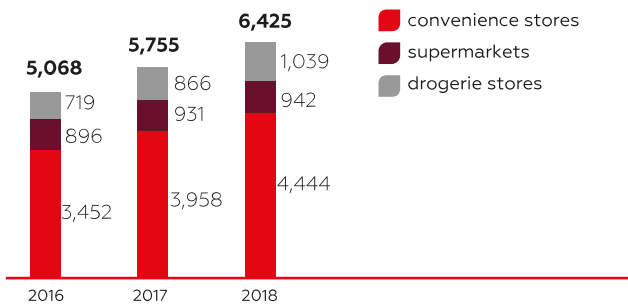
The number of new store openings has decreased slightly. In 2019, new stores will be opened with an improved layout taking into account the new customer value proposition. As of the year end, the Company had fully met its stated plans for 2018.

Total number of stores

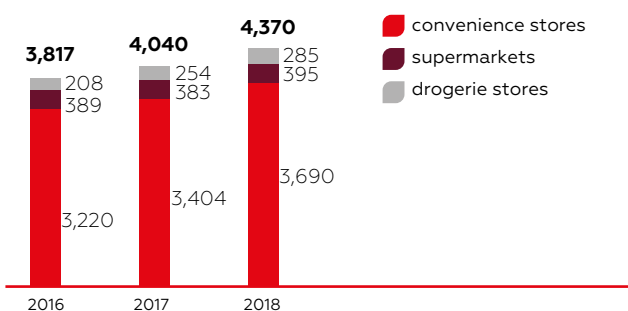


In 2019, the Company plans to maintain the pace of store openings at the 2018 level. Plans have been announced to open 2,000 pharmacies and develop ultra-small formats in cooperation with Russian Post.

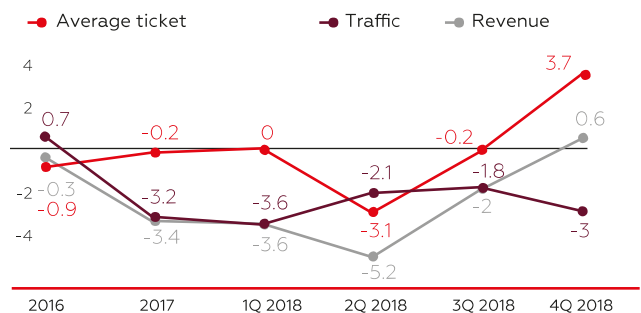
Retail space, thousand sq. m.



Number of customers, mln



LFL – Revenue



LFL – Revenue

LFL – Revenue	2016	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018 (avg.)
convenience stores	2.4%	-1.4%	-3.8%	-5.4%	-2.7%	0.3%	-2.8%
supermarkets	-9.4%	-9.6%	-4.4%	-6.4%	-1.6%	-0.7%	-3.3%
drogeries	4.9%	0.0%	0.1%	0.7%	3.9%	6.5%	3.0%
Total	-0.3%	-3.4%	-3.6%	-5.2%	-2.0%	0.6%	-2.5%
LFL – Average ticket							
convenience stores	0.3%	1.2%	-0.1%	-3.3%	-0.5%	3.9%	0.0%
supermarkets	-1.1%	-2.3%	-2.2%	-5.3%	-1.9%	1.1%	-2.0%
drogeries	7.5%	1.2%	4.5%	2.9%	3.8%	4.9%	4.1%
Total	-0.9%	-0.2%	0.0%	-3.1%	-0.2%	3.7%	0.1%
LFL – Traffic							
convenience stores	2.1%	-2.6%	-3.8%	-2.2%	-2.2%	-3.5%	-2.8%
supermarkets	-8.4%	-7.5%	-2.2%	-1.2%	0.2%	-1.8%	-1.3%
drogeries	-2.5%	-1.1%	-4.2%	-2.2%	0.1%	1.5%	-1.1%
Total	0.7%	-3.2%	-3.6%	-2.1%	-1.8%	-3.0%	-2.6%

The Company's LFL¹ sales had remained negative over a long period. However, clear improvements can be seen with this indicator since the start of renovations and particularly with the arrival in mid-2018 of the new management team that launched the transformation program. By the fourth quarter of 2018, the Company had already seen its first positive results in the last two years in the form of growth in comparable sales.

Magnit achieved this result by improving its customer value proposition, carrying out innovations in category management, and increasing the availability of goods on the store shelves. LFL sales in the key convenience store format also demonstrated growth of around 0.3%. A steady increase in the Average ticket compensated for the negative traffic. This resulted from a significantly better quality commodity-price mix as well as inflation. Magnit Cosmetic showed the best results: LFL sales in the fourth quarter of 2018 amounted to 6.5% as the LFL of the Average ticket increased by 4.9% and traffic rose by 1.5%. LFL sales at Magnit supermarkets remained negative, although a positive trend was seen as this indicator rose from -1.6% in the third quarter of 2018 to -0.7% in the fourth quarter of 2018.

1. According to the new method, a store is included in the LFL database 12 months after its opening date. Previously, the LFL calculation base had included stores of all formats that had operated for at least 12 months prior to the start of the last month of the reporting period.