

Our stores

Convenience store

Format	A convenient and affordable store for everyday shopping. Routine shopping, food for tonight/now, minor stock-up
Location	Bedroom communities and business areas
Store space	Total 476 sq. m. Retail 331 sq. m.
Share of turnover	Food items 88% Non-food items 12%
Ownership structure	Company-owned 19% Rented 81%
Operating indicators	
Average ticket	RUB 249
Number of customers	274,826 customers per 1 store per year
Traffic	2.4 tickets/sq. m. per day
Sales density	RUB 224,640 revenue/sq. m./year
LFL 2018 vs. 2017	
Average ticket	0.0%
Traffic	-2.8%
Revenue	-2.8%
Store openings	
Payback period	3 years if rented 4-6 years if owned
Cost of new store	RUB 26,000 per sq. m. of total space
Cost of redesign	RUB 17,000 per sq. m. of total space
Time required to reach maturity	14 months

Supermarkets

Format	Major shopping, special occasion, routine shopping, food for tonight. Comfortable and affordable store for everyday and major shopping
Location	Bedroom communities, business areas, and shopping centers
Store space	Total 4,306 sq. m. Retail 2,017 sq. m.
Share of turnover	Food items 81% Non-food items 19%
Ownership structure	Company-owned 55% Rented 45%
Operating indicators	
Average ticket	RUB 525
Number of customers	846,404 customers per 1 store per year
Traffic	1.2 tickets/sq. m. per day
Sales density	RUB 223,046 revenue/sq. m./year
LFL 2018 vs. 2017	
Average ticket	2.0%
Traffic	-1.3%
Revenue	-3.3%
Store openings	
Payback period	6-9 years
Cost of new store	RUB 45,000 per sq. m. of total space
Cost of redesign	RUB 39,000 per sq. m. of total space
Time required to reach maturity	14 months

In the first half of 2019 Magnit developed a new customer value proposition for the supermarket format and presented it to the Board of Directors. The new model will be tested in a number of pilot projects to analyze the results and make a comparison with set profitability criteria prior to continuing the comprehensive development of the format.

Drogerie

Format	Within walking distance to buy beauty and health products
Location	Bedroom communities and business areas
Store space	Total 289 sq. m. Retail 230 sq. m.
Share of turnover	Non-food items 100%
Ownership structure	Company-owned 12% Rented 88%
Operating indicators	
Average ticket	RUB 322
Number of customers	63,170 customers per 1 store per year
Traffic	0.8 tickets/sq. m. per day
Sales density	RUB 99,069 revenue/sq. m./year
LFL 2018 vs. 2017	
Average ticket	4.1%
Traffic	-1.1%
Revenue	3.0%
Store openings	
Payback period	3 years if rented 4-6 years if owned
Cost of new store	RUB 18,000 per sq. m. of total space
Cost of redesign	RUB 15,000 per sq. m. of total space
Time required to reach maturity	10 months

New format "Magnit Pharmacy"

We believe the pharmacy retail market in Russia is one of the most interesting markets for expansion. This segment is more than substantial in terms of size at over RUB 1 trillion. It accounts for roughly 10% of the food retail market and has shown steady growth in recent years. However, the pharmacy market has not yet been consolidated. Magnit is definitely capable of occupying a significant share of the market alongside the largest competitors in a short time.

Pharmacies and grocery stores are mutual drivers of consumer traffic, which, in turn, provides a multiplier economic effect. Magnit needs to have its own logistics platform for the large-scale development of the pharmacy chain on the core of its stores. The purchase of the SIA Group in November 2018 was a solution to this challenge. The SIA Group is one of the largest distributors of drugs and medical products.

In terms of regional coverage, the variety of the product range, and the availability of logistical capacity, the SIA Group's capabilities most closely meet the Company's needs.

This transaction will enable Magnit to enhance its competencies as quickly as possible and enter the pharmaceutical retail market with a significant competitive advantage. It is also a platform for the further development of our highly profitable Magnit Cosmetic format.

The initial stage of the SIA Group's integration into Magnit was completed in the first quarter of 2019. Under the approved plan, this logistics platform will be used to serve roughly 2,000 drogerie stores, which makes up almost half the total base of Magnit Cosmetic stores. In addition, a project was launched based on this platform to open 2,000 pharmacies in 2019.