



# Investment case

## Market potential

For investors, we offer exposure to a sizeable market with potential for organic expansion and further consolidation.

- Sizeable market with increasing penetration of modern food retail and opportunities for organic expansion.
- Fragmented market with high potential for further consolidation.
- Growing market share of major players.
- New niches and growth opportunities coming along in the consistently growing e-grocery segment.

## Leading player

Magnit is one of the largest food retailers in Russia, with a well-developed infrastructure, a strong customer base, a recognisable brand, and a growing market share.

- Multifformat offering with four core formats covering a range of shopping missions in grocery, drogerie and pharma segments.
- Wide coverage: 29,165 stores in 4 287 cities and townships across seven federal districts.
- 12.8%<sup>1</sup> market share in food retail sales.
- Serving customers in all highly populated Russian regions (67 regions, 76.4 mln loyalty cards).
- Established distribution chain, with 45 distribution centres and one of the largest own truck fleets in Russia.
- The only vertically integrated retailer in Russia: 20 own production facilities and agricultural complexes.

## Growth ambitions

On track to speed up profitable return-driven growth leading to further market share gains.

- Acceleration of value-accretive organic growth.
- Smart expansion implying high profitability targets for new openings.
- Selective small to mid-size value-accretive M&As to strengthen market positions.
- Adherence to sustaining high return requirements for new projects.
- Store redesign programme to improve sales density.
- Building a leading e-grocery platform to account for over 5% of total turnover.
- Proactive forays into adjacent value-accretive niches.

## Efficiency gains

We are consistently working to unlock the Company's huge potential to grow the business.

- Further CVP improvement. In 2023, the Company unveiled three new CVP concepts for DIXY, Magnit Convenience, and Magnit Pharmacy stores.
- CVP initiatives to enhance consumers' perception and experience with a focus on expanding the range of private labels, farm and healthy products and on revamping store interiors.
- Increase in sales density partly through redesign acceleration and process improvements.
- Extension of consumer offering complimentary to the core business: in 2023, the Company piloted the Magnit Ultra-Convenience and V1 hard discounter formats.

## Dividends

Strong capital discipline with a focus on returns in all investment decisions with a view to generating substantial dividend payments.

- Focus on the quality of new store openings as a way to maximise ROI.
- Keeping Net Debt / EBITDA at a comfortable level.
- Clear plan to improve working capital with a focus on stock days optimisation.
- Value accretion for shareholders to deliver consistently solid dividends.

<sup>1</sup> Source: Magnit analysis.