



Company overview and 1Q2006 management accounts

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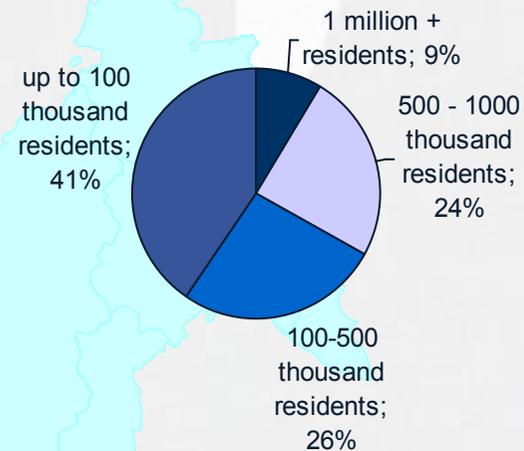
Today Magnit is:

- The leading Russian food retailer by sales and number of stores
- 1,574 stores in discounter format as of March 31, 2006
- More than 492 cities and towns in European Russia as of March 31, 2006
- Over 411 thousand sq. m of selling space as of March 31, 2006
- Significant share in discounters
- In-house logistics including 5 distribution centres with total warehousing space of 62 thousand sq. m and over 487 vehicles
- Approximately 34 thousand employees as at March 31, 2006
- Strong centralised management
- 469.3 mn customers in 2005
- 137.9 mn customers in 1Q2006
- Net sales, 1Q2006 - 493,8 mln. USD

*Note: * management accounts*

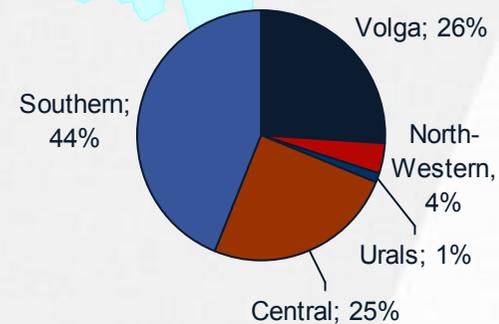
Strong regional coverage 1Q2006

Demographical breakdown of store locations

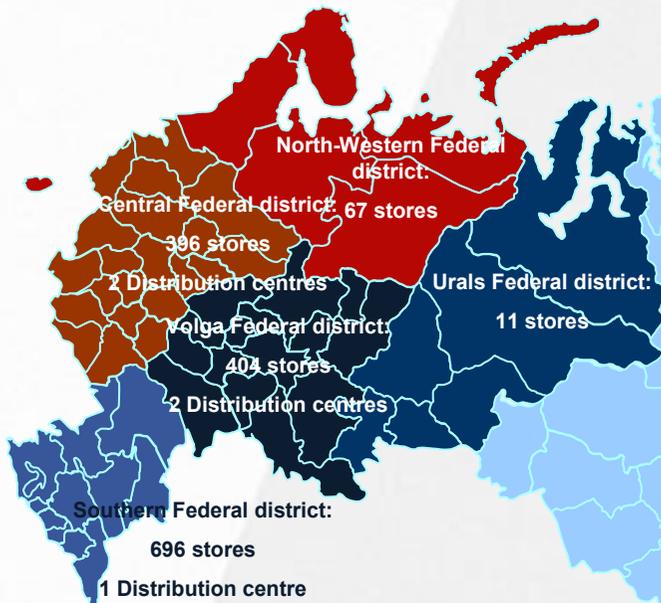


Source: Company data

Store portfolio by Federal district

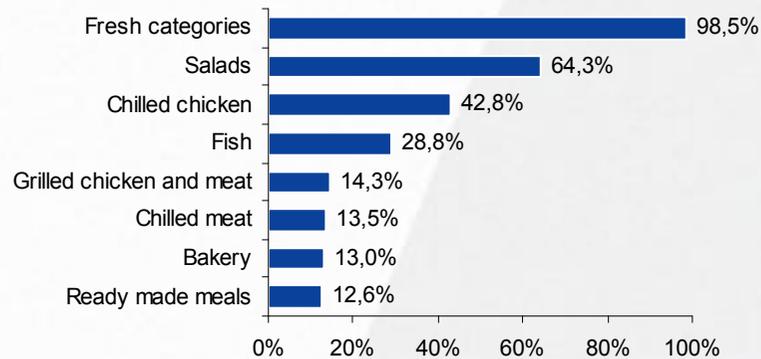


Source: Company data



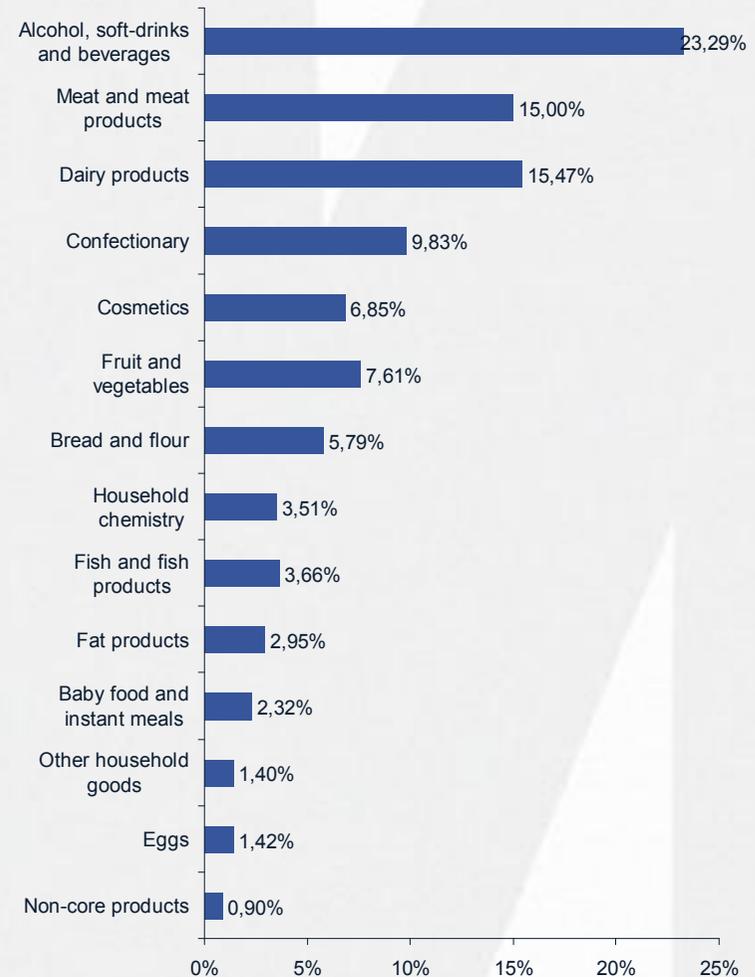
Assortment selection

Share of stores offering fresh and value-added products



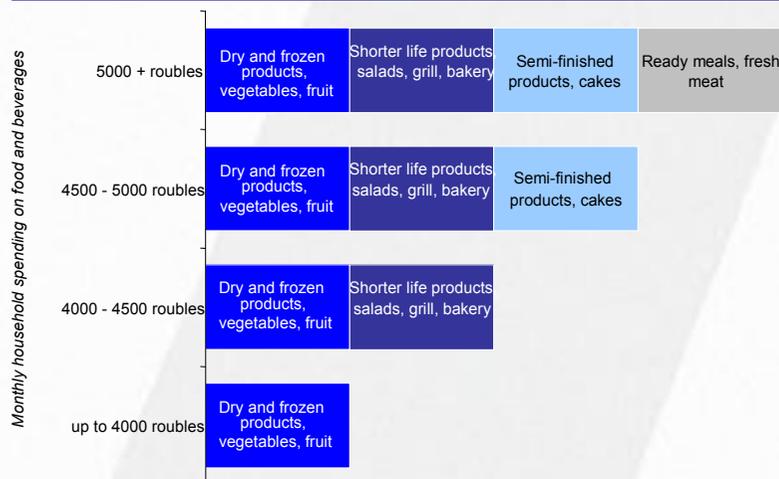
Source: Company data

Assortment structure, 1Q2006



Source: Company data

Assortment correlates with customers' purchasing power



Source: Company data

Suppliers, purchasing and Private Label products

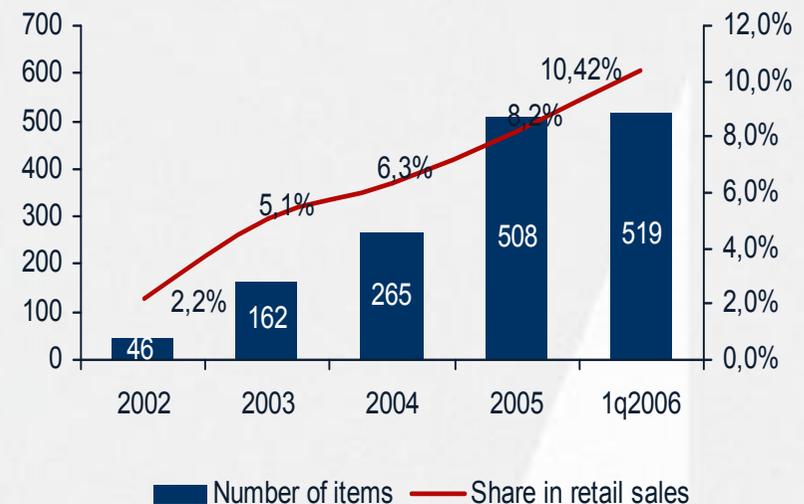
Magnit is the largest customer for many domestic and international FMCG producers.

- Over 2,000 suppliers with the 20 largest accounting for less than 20% of purchases
- Weekly Assortment Committee consisting of senior management, purchasing director and category managers approves changes to assortment and suppliers
- Direct purchasing and delivery contracts
- Large national suppliers account for approximately 60% of cost of goods sold
- Leveraging scale and wide geographical presence to obtain the best prices and favourable contract term
 - Volume discounts
 - Compensation of external and internal logistics costs
 - Average credit term in 2005 – 34 days and can be as high as 60 days for national suppliers
 - Contract term is typically 1 year
 - Often can be unilaterally terminated by Magnit with no penalties
- Supplier bonuses
 - For meeting sales targets
 - For store promotions
 - For loyalty

Private Label products are designed to substitute the cheapest SKUs to maximise returns on each metre of shelving space:

- 519 Private Label SKUs as of 31 March 2006
- Private Label products accounted for an 10.42% share of retail revenue in 1Q2006 and 14.54% of total SKUs
- Management's target is to double the share of Private Label sales in retail revenue by 2015
- Approximately 88.9% of Private Label products are food stuffs
- The gross margin of Private Label products is 5-15 percentage points higher than for similar product categories

Share of Private Label products in revenue

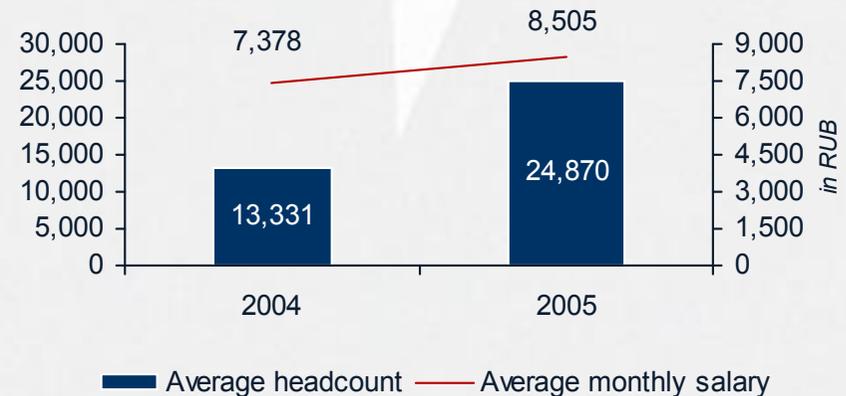


Source: Company data

Well trained dedicated personnel

- As of March 31, 2005, the Group employed approximately 34,186 staff, including:
 - 26,541 in-store personnel,
 - 4,524 people engaged in distribution,
 - 2,589 people in regional branches and
 - 532 people employed by head office
- The average age of Magnit employees is approximately 28 years
- The gross average monthly salary in 2005 was 8,505 roubles, of which approximately 75% was basic salary
- All levels of employees are highly motivated by performance-linked bonuses and incentives
- Key members of the management team own stock
- Performance evaluation on a regular basis
- Training system provides:
- Career development programmes for all levels to ensure
 - Lower staff turnover
 - Increased motivation
 - Higher productivity
- Personnel training
 - 48 classrooms for entry level staff training
 - Managerial training for middle management
 - Regular meetings and seminars between mid-level managers to exchange best practices
 - Coaching for top-management
- Strong corporate culture aimed at increasing loyalty of employees
 - The Company publishes a corporate newspaper every two months
 - Team building events to ensure integrity of the team

Average personnel headcount vs average salary, 2004-2005



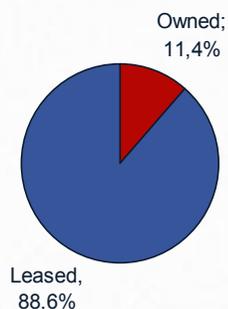
Source: audited IFRS Financial Statements, Management estimates



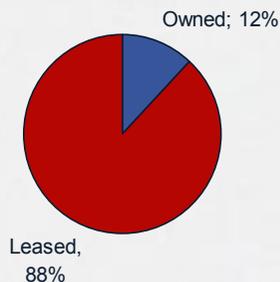
Summary Magnit store statistics

Store portfolio as at 31 March 2006

Owned and leased stores breakdown

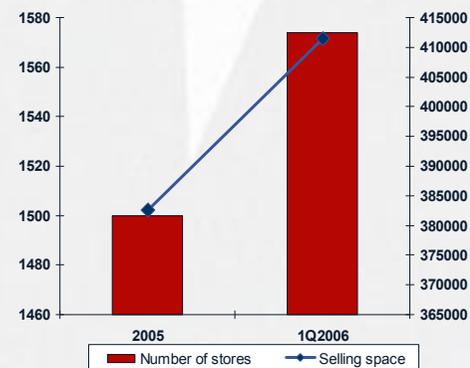


2005



1Q2006

Number of stores and Selling space, sq. m



Store openings

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 31 Mar 06 |
|---------------------|----------|-----------|-----------|------------|------------|------------|--------------|--------------|--------------|
| Southern | 1 | 18 | 27 | 133 | 270 | 387 | 550 | 684 | 696 |
| Central | | | | | 40 | 100 | 224 | 379 | 396 |
| Volga | | 2 | 1 | 19 | 53 | 114 | 214 | 368 | 404 |
| North-Western | | | | 1 | 5 | 9 | 26 | 61 | 67 |
| Urals | | | | | | | | 8 | 11 |
| Total | 1 | 20 | 28 | 153 | 368 | 610 | 1,014 | 1,500 | 1,574 |
| New openings | | 19 | 10 | 127 | 222 | 259 | 438 | 550 | 103 |
| Closings | | 0 | 2 | 2 | 7 | 17 | 34 | 64 | 29 |
| Net openings | | 19 | 8 | 125 | 215 | 242 | 404 | 486 | 74 |

Source: Company data

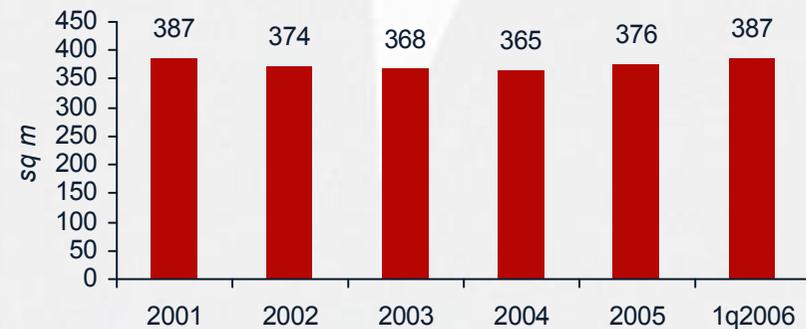
Store information

Total number of stores, 2001-1Q2006



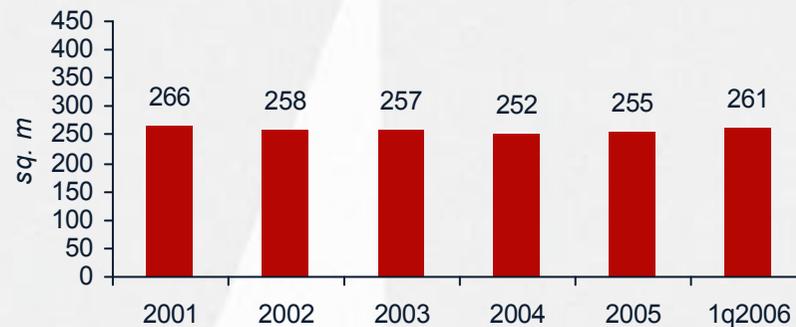
Source: Company data

Average total space per store, 2001-1Q2006



Source: Company data

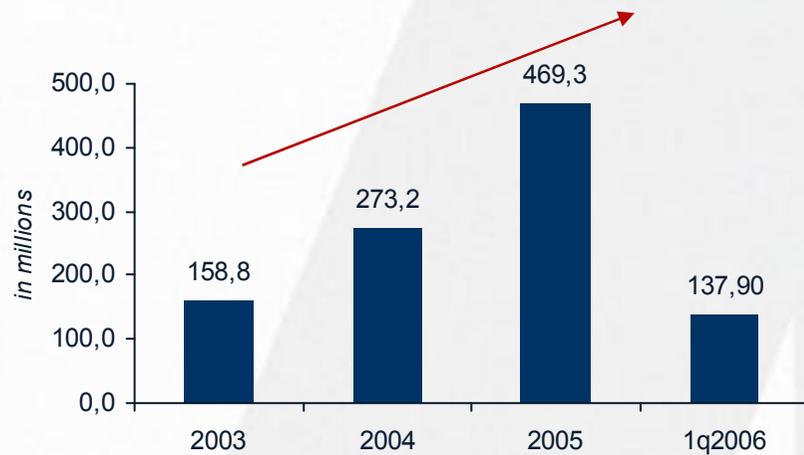
Average selling space per store, 2001-1Q2006



Source: Company data

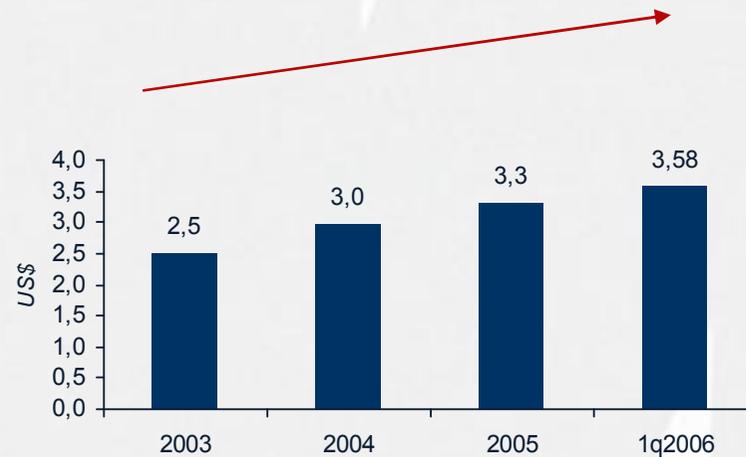
Operating KPIs

Number of tickets, 2003-1Q2006



Source: Company data

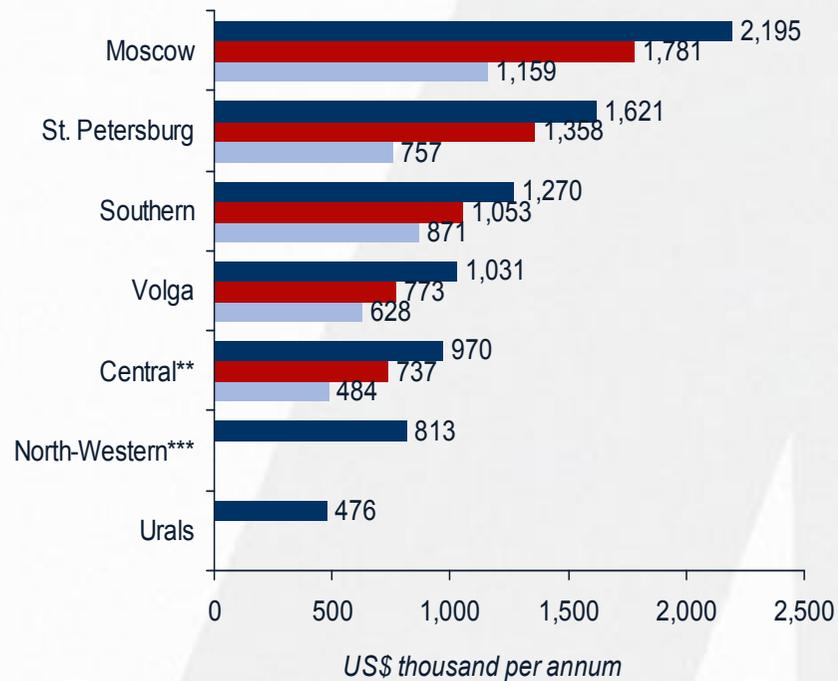
Average ticket, 2003-1Q2006



Source: Company data

Regional store performance

Sales per store*, 2003-2005



■ 2003 ■ 2004 ■ 2005

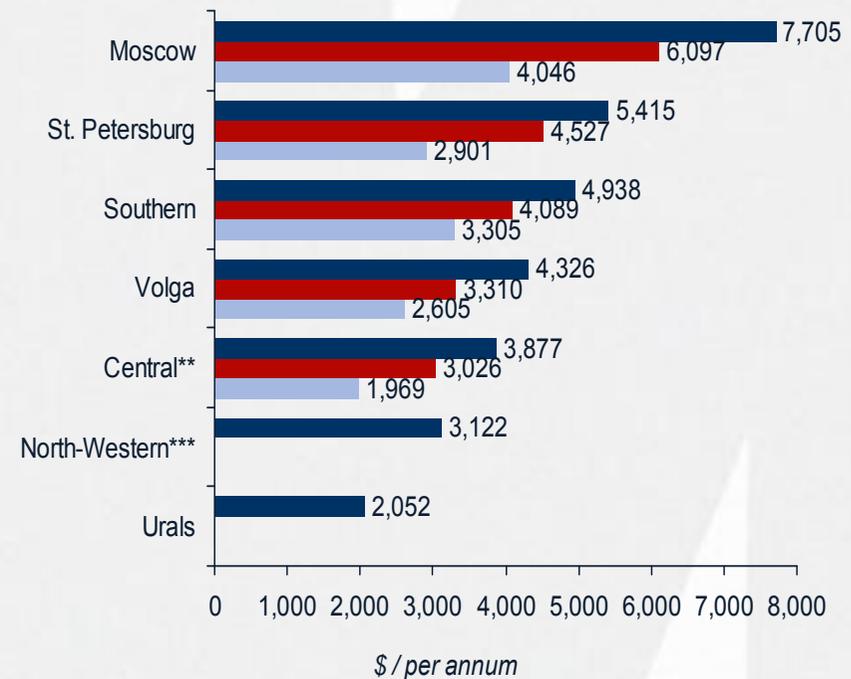
Note: * calculated as retail revenue in a year divided by weighted average number of stores and selling space in the same year

** excluding Moscow and Moscow region

*** excluding St. Petersburg and Leningrad region

Source: Company data

Sales per sq. m*, 2003-2005



■ 2003 ■ 2004 ■ 2005

Source: Company data

Improved operating efficiency

1. Increase in number of stores

2. Sales per square metre growth thanks to:

- Traffic growth:
 - Macroeconomic factors
 - Increased market share due to outflow of customers from open markets to discounters
 - More attractive assortment and pricing
 - Improved quality of service
 - Increased attractiveness of stores to consumers
- Ticket growth:
 - Macroeconomic factors: inflation in consumer basket staples
 - More expensive SKUs in the assortment

3. Cost efficiencies

- Better terms from suppliers due to growing purchasing power
- Less costly expansion into existing markets with already high recognition
- Increased efficiency of in-house logistics
- Increased share of Private Label products
- Optimisation of assortment by replacing slow-moving SKUs
- Labour productivity growth
- Streamlined business processes

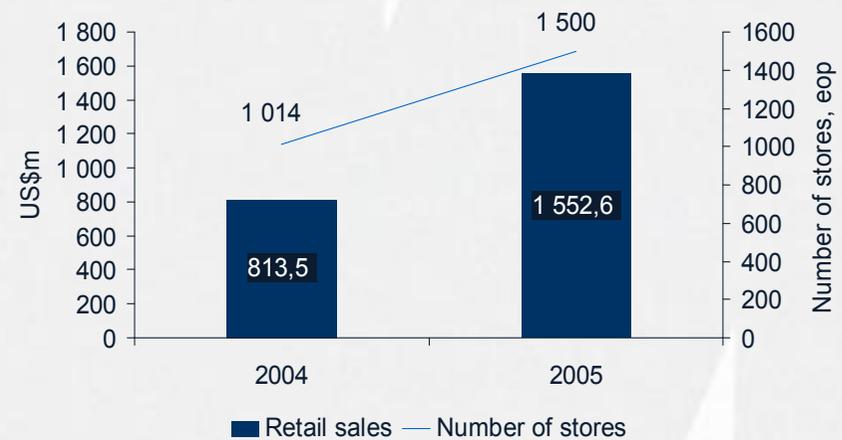
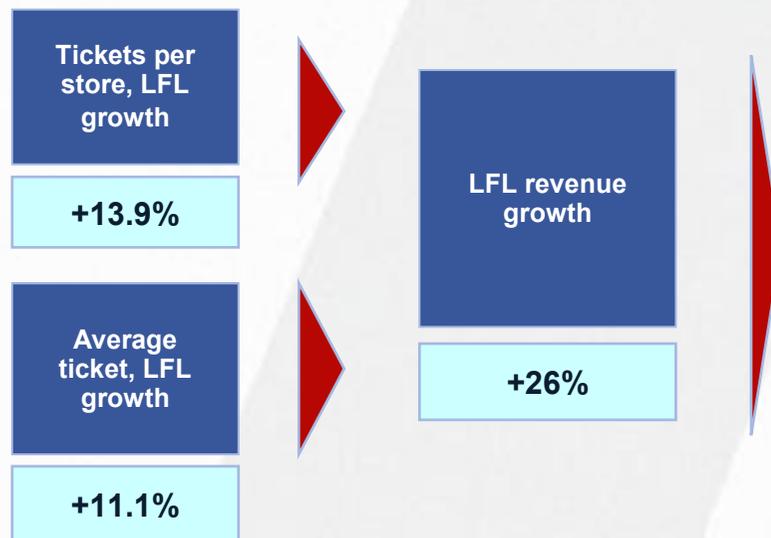
| In US\$m | FY 2004 | FY 2005 | YoY, % |
|---------------------------|--------------|----------------|-------------|
| Net sales | 848.5 | 1,577.7 | 86% |
| Cost of goods sold | (739.8) | (1,312.9) | 77% |
| Gross profit | 108.7 | 264.8 | 144% |
| <i>Gross margin, %</i> | 12.8% | 16.8% | |
| SG&A | (92.9) | (185.5) | 100% |
| Other income/(expense) | (3.1) | (1.3) | |
| EBITDA | 12.7 | 78.0 | 513% |
| <i>EBITDA margin, %</i> | 1.5% | 4.9% | |
| Depreciation | (6.1) | (15.1) | |
| EBIT | 6.6 | 62.9 | 854% |
| Net finance costs | (5.3) | (12.9) | |
| Profit before tax | 1.3 | 50.0 | |
| Taxes | (3.0) | (13.2) | |
| <i>Effective tax rate</i> | 232% | 26% | |
| Net income | (1.7) | 36.8 | |
| <i>Net margin, %</i> | -0.2% | 2.3% | |

Source: audited IFRS Financial Statements

LFL sales analysis

LFL 2004 to 2005

Sales dynamics, 2004-2005



Source: Management estimates

Note: for stores opened before July 2003 and not closed down permanently, expanded or downsized by the end of 2005, i.e. 399 stores

Source: Companies' data

LFL sales analysis

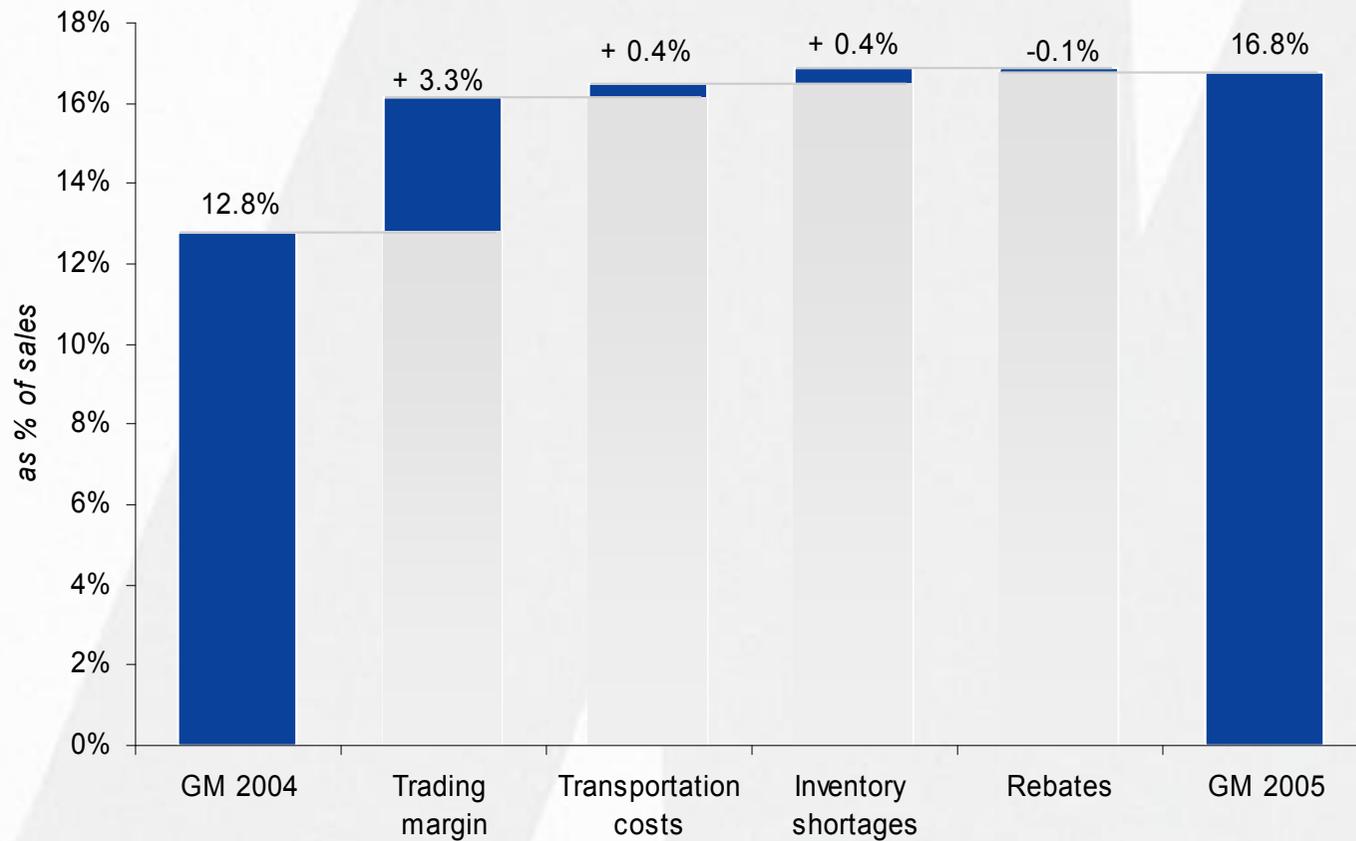
LFL 1Q2006 to 1Q2005



Note: for stores opened before July 2003 and not closed down permanently, expanded or downsized by the end of 2005, i.e. 399 stores

Source: Companies' data

Gross margin improvement factors



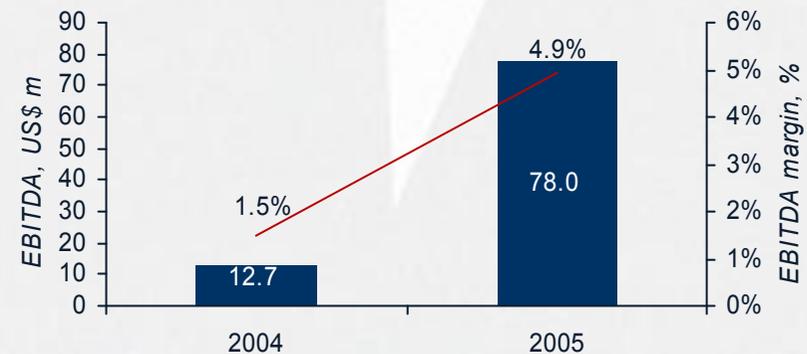
Profitability analysis

SG&A expense dynamics, 2004-2005



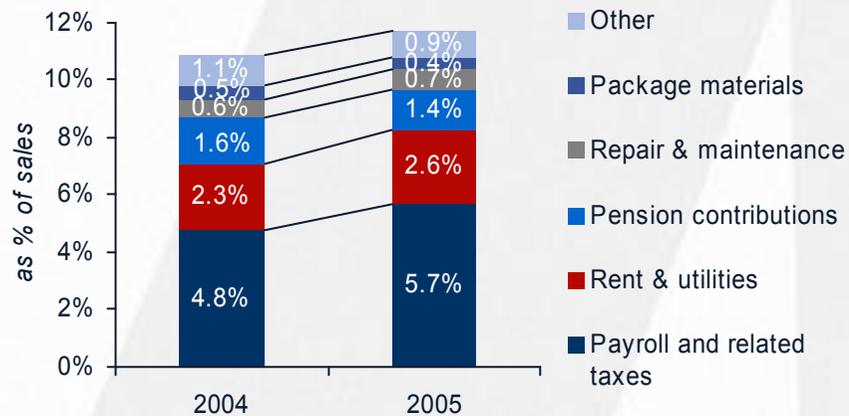
Source: audited IFRS Financial Statements

EBITDA dynamics, 2004-2005



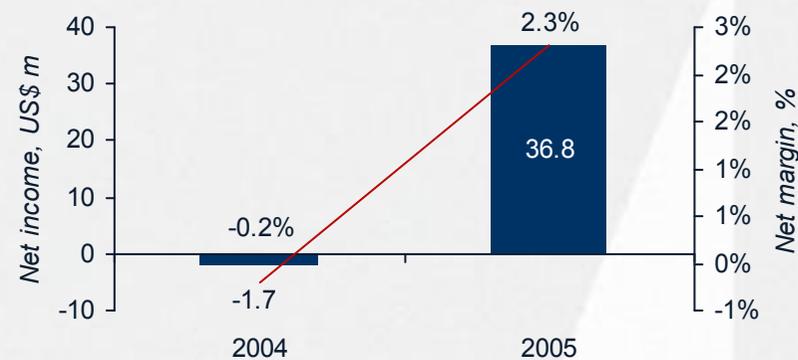
Source: audited IFRS Financial Statements

Changes in SG&A expense structure



Source: audited IFRS Financial Statements

Net profit dynamics, 2004-2005



Source: audited IFRS Financial Statements

Summary consolidated balance sheet, 2004-2005

| In US\$m | 31-Dec-04 | 31-Dec-05 |
|-------------------------------------|--------------|--------------|
| P,P&E | 93.9 | 160.1 |
| Intangible assets | 0.2 | 0.4 |
| Other non-current assets | 0.0 | - |
| Total non-current assets | 94.1 | 160.5 |
| Merchandise | 77.9 | 151.3 |
| Trade accounts receivable | 4.5 | 1.0 |
| Taxes receivable | 14.5 | 19.2 |
| Advances paid | 6.1 | 23.6 |
| Other receivables | 2.8 | 6.3 |
| Short-term investments | 0.3 | - |
| Cash | 19.7 | 45.8 |
| Total current assets | 125.8 | 247.1 |
| Total assets | 219.9 | 407.6 |
| Charter capital | 0.0 | 0.0 |
| Reserves | 1.7 | 0.1 |
| Retained earnings | 13.4 | 49.0 |
| Shareholder's equity | 15.1 | 49.2 |
| Long-term loans and borrowings | 3.2 | 79.4 |
| Long-term capital leases | 0.9 | 3.5 |
| Other long-term liabilities | 8.3 | 11.0 |
| Total long-term liabilities | 12.4 | 93.8 |
| Trade accounts payable | 108.3 | 132.2 |
| Other accounts payable | 10.6 | 52.5 |
| Short-term capital leases | 0.6 | 5.0 |
| Short-term loans and borrowings | 72.9 | 74.8 |
| Total short-term liabilities | 192.5 | 264.6 |
| Total Equity and Liabilities | 219.9 | 407.6 |

Source: audited IFRS Financial Statements

Summary consolidated cash flow statement, 2004-2005

| in US\$m | 2004 | 2005 |
|---|---------------|---------------|
| OPERATING ACTIVITIES: | | |
| Profit before income tax | 1.3 | 50.0 |
| Adjustments for: | | |
| Depreciation | 6.1 | 15.1 |
| (Loss)/gain on disposal of property, plant and equipment | (0.0) | 0.1 |
| Change in provisions for doubtful receivables | 0.5 | 0.5 |
| Other adjustments | (0.7) | (0.4) |
| Finance costs, net | 5.3 | 12.9 |
| Operating cash flow before movements in working capital | 12.4 | 78.3 |
| (Increase)/decrease in working capital | 10.3 | (30.2) |
| Cash provided by operations | 22.7 | 48.0 |
| Income tax paid | (0.3) | (3.2) |
| Interest paid | (5.3) | (11.4) |
| Net cash provided by operating activities | 17.0 | 33.4 |
| INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (59.0) | (78.3) |
| Purchase of intangible assets | (0.2) | (0.2) |
| Proceeds on disposal of property, plant and equipment | 0.9 | 1.2 |
| Purchase of investments | (25.0) | (5.6) |
| Proceeds from sale of investments | 27.5 | 5.9 |
| Cash cost of shares acquired during the Group reorganization | - | (1.5) |
| Net cash provided by investing activities | (55.8) | (78.5) |
| FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 384.0 | 679.3 |
| Repayment of borrowings | (334.6) | (597.9) |
| Payment of bond issue costs | - | (0.5) |
| Repayment of obligations under financial lease | (1.0) | (8.6) |
| Net cash from financing activities | 48.4 | 72.4 |
| EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS | 0.9 | (1.2) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 10.5 | 26.0 |
| CASH AND CASH EQUIVALENTS, beginning of year | 9.2 | 19.7 |
| CASH AND CASH EQUIVALENTS, end of year | 19.7 | 45.8 |

Source: audited IFRS Financial Statements