

Russia's Leading Food Retailer Magnit Sees Profits Rise 34%

By [The Moscow Times](#)

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CEO Sergei Galitsky, who built the Magnit empire from a single shop in his home city of Krasnodar.

Russia's biggest food retailer Magnit reported a forecast-beating rise in second-quarter net income on Wednesday, up 34 percent year on year in spite of Russia's slowing economy.

Magnit has been trying to draw in customers and expand its stores at the same time as the economic slowdown exacerbated by the Ukraine crisis threatens to choke consumer spending.

Yet Magnit showed no sign of being hit by the economic contraction. Store numbers rose 16 percent from the same period last year to 8,618, boosting sales which rose 18 percent to \$5.3 billion. Like-for-like sales rose 13 percent.

CEO Sergei Galitsky, who built the Magnit empire from a single shop in his home city of Krasnodar, gave a one-word comment in the press release announcing the earnings:

"Enjoy."

The company's shares rose 2 percent in early trading, outperforming Russia's ruble-denominated MICEX index.

Net profit rose to \$356 million, compared with \$265 million a year ago. Analysts had forecast a \$310 million profit.

Earnings before interest, tax, depreciation and amortization (EBITDA) rose 27 percent to \$619 million, beating an average forecast of \$567 million.

The company's EBITDA margin rose to 11.7 percent from 10.9 percent a year earlier, against consensus analyst forecasts of 10.7 percent.

See also:

[Russian Retailer Lenta Predicts Faster Sales Growth for 2014](#)

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