

Magnit's H1 Profit Up on Aggressive Pricing

By [The Moscow Times](#)

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Retailer Magnit said Tuesday that its first-half net profit rose 1.17 percent year on year in ruble terms to 3.95 billion rubles, on an aggressive pricing policy.

In dollar terms, profit rose to \$131.2 million from \$117.9 million a year ago, the company said in a statement.

Revenue in rubles increased 31.8 percent to 103.66 billion rubles, helped by a 4.93 percent rise of like-for-like sales and increase in selling space.

Earnings before income, taxes, depreciation and amortization increased by 2.1 percent to 7.57 billion.

"Positive like-for-like traffic and average ticket trends instill optimism and confidence in the targeted sales growth of 35 percent in ruble terms at the year-end," Sergei Galitsky, the

company's chief executive, said in a statement. "At that, expectations of EBITDA margin for 2010 lay within the range of 0.8 to 8.5 percent."

The country's second-largest food retailer said it would increase spending to accelerate store openings as the country's economy recovers from the worst slump on record.

Capital spending may reach \$1.3 billion this year, 30 percent more than the company forecast in March, as it seeks to open almost two new stores a day, Magnit said. The company plans to open 650 stores and 30 hypermarkets in 2010.

Magnit added 260 stores and four hypermarkets in the first half, pushing its store count to 3,492.

(Reuters, Bloomberg)

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