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INDEPENDENT NEWS FROM RUSSIA

Grocery Giant Magnit Swings to First Net Loss in Over 20 Years

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Magnit supermarket in the Moscow region. **Alexander Artemenkov / TASS**

Russia's largest food retailer by store count posted a net loss in 2025, its first in more than two decades, as higher borrowing costs and weakening consumer demand squeezed profitability, the RBC news website reported, citing company filings.

Magnit's loss underscores mounting pressure on Russia's consumer sector as elevated interest rates drive up debt servicing costs while households cut spending, forcing retailers to hold down prices and accept thinner margins.

Magnit's main operating entity, Tander, which runs the Magnit, Magnit Cosmetic and discount chains V1 and My Price, reported a net loss of 22.5 billion rubles ($290 million) for 2025. The retailer operates around 32,000 outlets across 72 regions.

Although revenue rose 11% to 3.1 trillion rubles, profit from sales fell 13% to 138.7 billion rubles.

Analysts at Gazprombank said the main drag came from debt costs, with interest expenses jumping 74% year-on-year to 163.9 billion rubles amid Russia's high key rate.

Retailers began to face headwinds in mid-2025 as consumers shifted into savings mode, industry sources told the Kommersant business daily, with large chains struggling to maintain sales volumes while capping shelf prices.

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That has pushed profitability toward historic lows, with margins at major retailers estimated at 1.7%-1.9% last year, according to Infoline-Analytics.

The Central Bank said in February that consumers across Russia were increasingly trading down to cheaper goods and scrutinizing spending more closely.

In central Russia, more than half of goods were sold on promotion, while restaurant traffic and average bills declined.

Shoppers in Siberia cut back on higher-priced food items and moved into lower-cost segments for electronics, appliances, clothing and footwear.

Electronics retailers have seen customers shift from new flagship models to older generations and budget brands, the regulator said.

Magnit's struggles reflect broader pressures across the sector. X5 Group, which operates the Perekrestok and Pyaterochka chains, reported a 79% rise in debt servicing costs to 61 billion rubles.

Analysts at MMI said the losses were part of a wider trend, with high interest rates weighing on Russia's real economy. Major companies including Lukoil, MMK, Severstal and Rusal have also recently reported losses.

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