



Customer Focus: Hypermarkets

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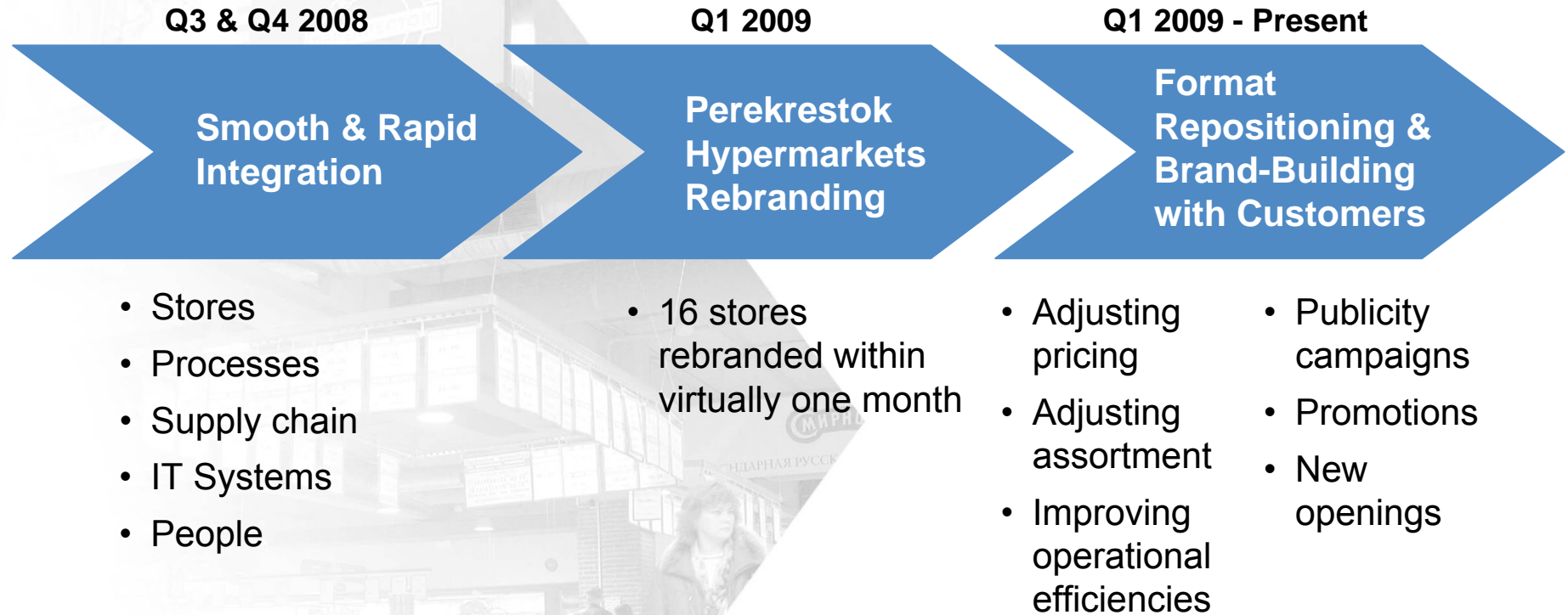
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Significant Progress since June 2008 Acquisition of Karusel



Repositioning Hypermarkets for Long-Term Leadership & Growth



- Karusel's net retail sales for 2008 surged 34% y-o-y on pro-forma basis to RUR 41,707 mln (USD 1,678 mln)
- Net retail sales for 9M 2009 were up 28% y-o-y on pro-forma basis; totaled RUR 37,883 mln (USD 1,166 mln)
- Karusel's share in total X5 Net Retail Sales for 9M 2009 was 19%

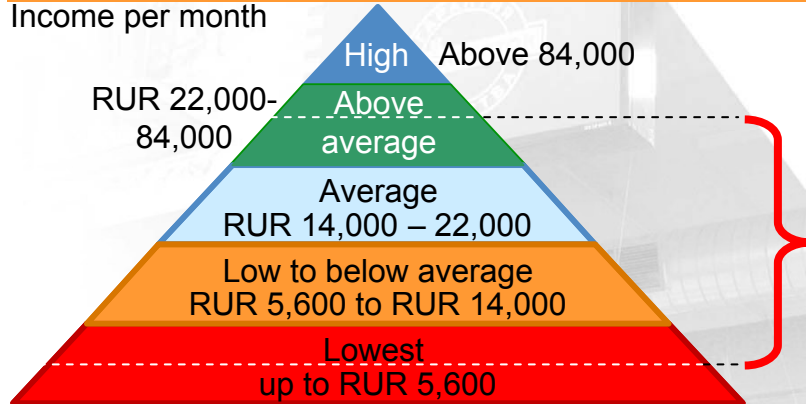
As at 30 September 2009	Total	Average per Store
Selling Space, sq.m.	274,847	4,997 (from 4,000 to 10,000)
Number of stores		55
Assortment, # of SKUs	from 30,000 to 50,000	
Number of check-out transactions per day	Over 280,000	Over 5,200

	All Stores	LFL Stores
Average check*, RUR	599	620
Sales per square meter*(RUR/year)	228,407	243,427

* Including VAT

Target Customer Base

Income per month



- 120 million Russians
- Looking for wide assortment and value in food
- Looking for attractive non-food selection and prices
- Drive to shops
- Shop once a week, primarily over weekend
- Want to have fun while shopping!



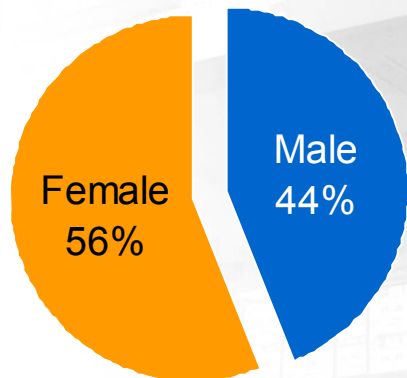
Value Proposition



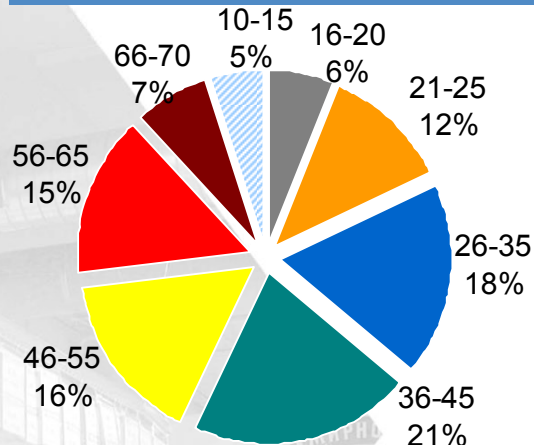
Karusel – a national chain of compact and full-size hypermarkets for every Russian customer and family. Our Customers are looking for everything under one roof at low price, with additional services. Karusel makes the shopping experience easy and fun!

Karusel Customer Profile (Moscow)

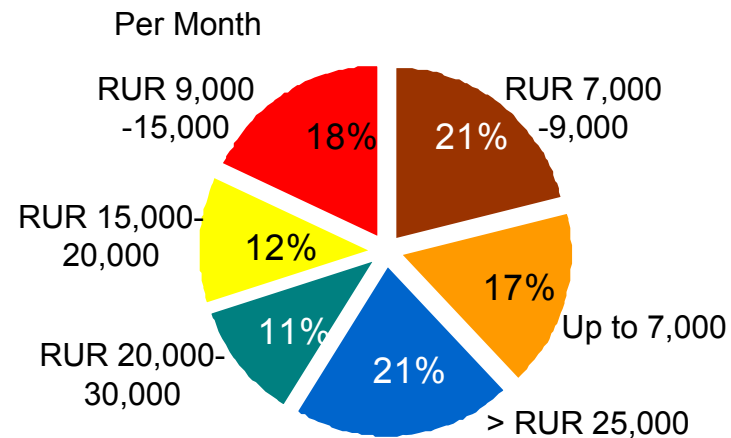
GENDER



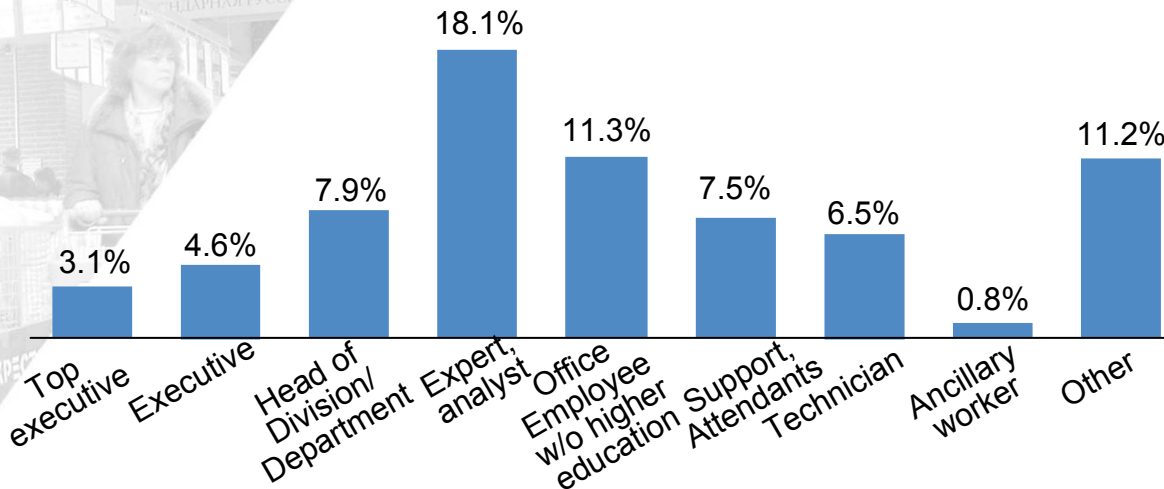
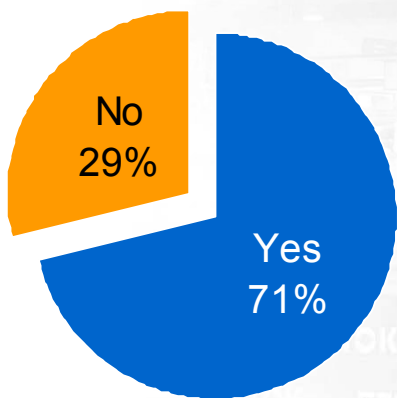
AGE

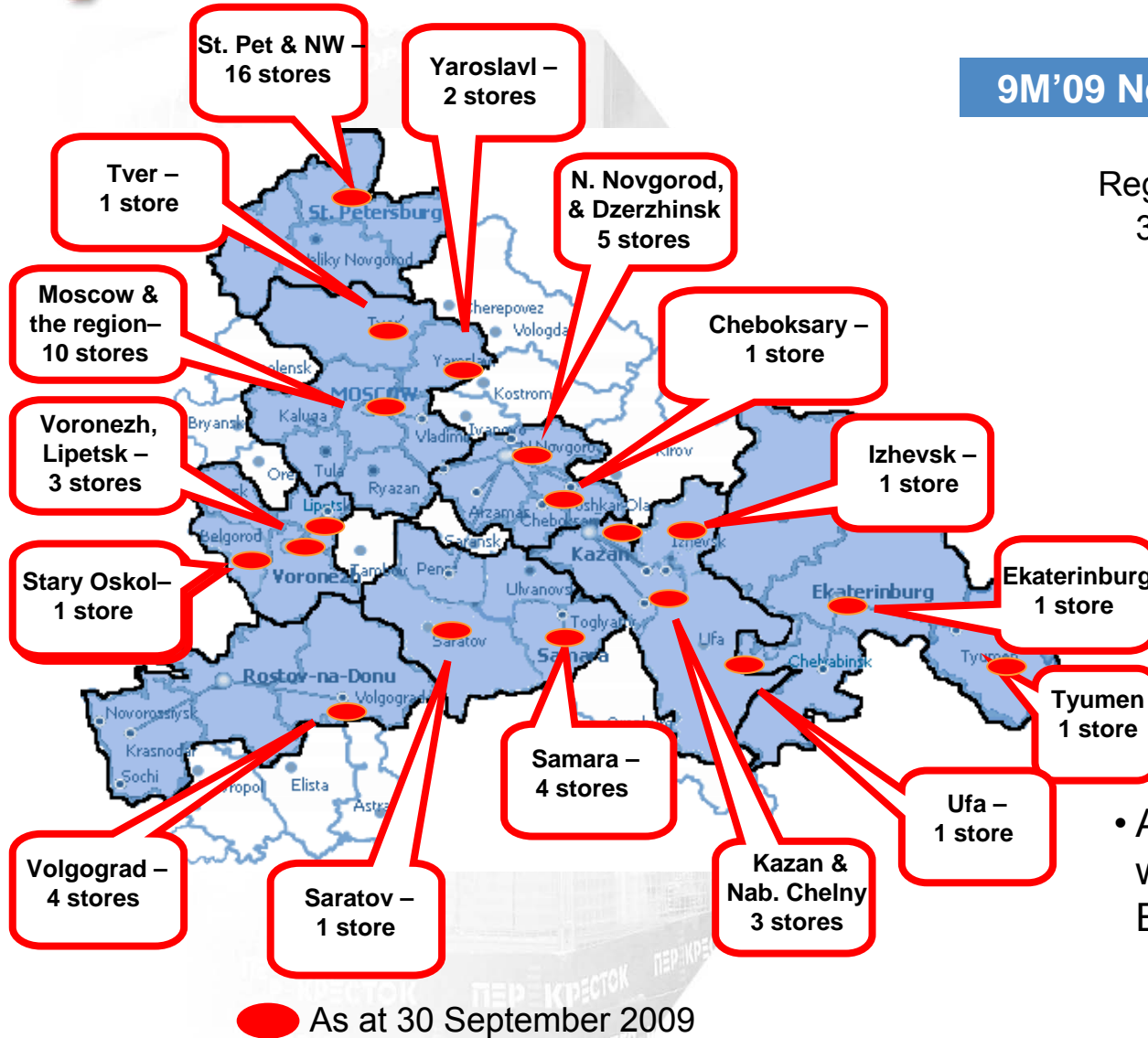


INCOME

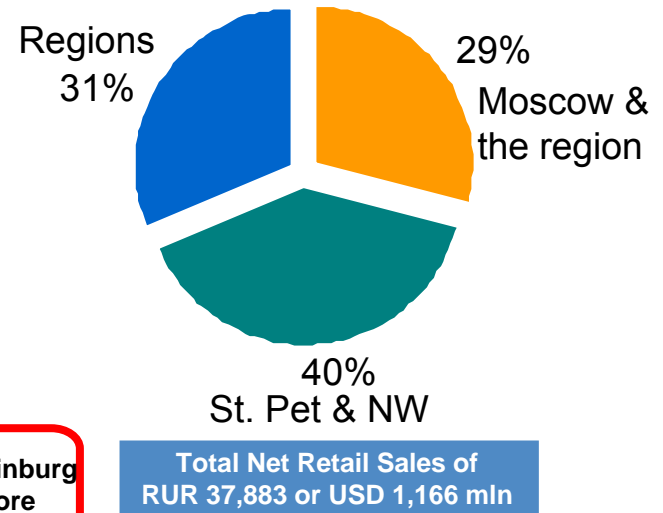


EMPLOYMENT



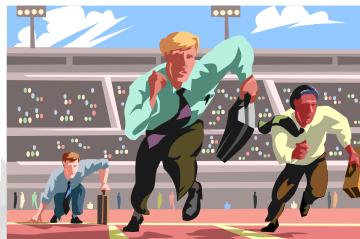


9M'09 Net Retail Sales by Region



• As at 30 September 2009, Karusel was present in 18 cities of European Russia and the Urals

Key Competitors

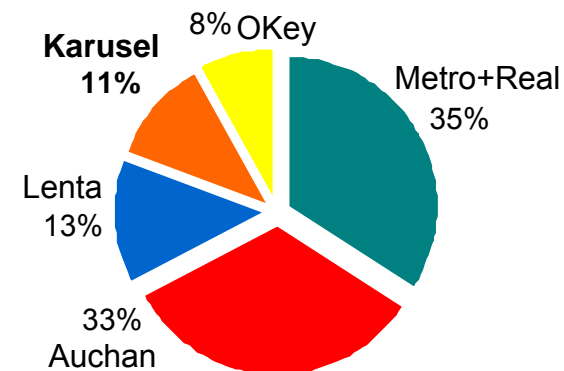


Metro, Real
Auchan
Lenta
Okey



	FY 2008 Gross Sales, RUR mln	EoP Store Count	Total Selling Area (sqm)	Average Store Selling Area (sqm)
1. Metro (incl. Real)	143,811	60 (12)	489,602 (97,500)	8,160 (8,125)
2. Auchan (excl. Attack)	139,619	33	365,000	11,060
3. Lenta	56,701	34	224,000	6,588
4. Karusel	47,809	46	237,462	5,162
5. Okey (excl. Okey-Express)	34,072	23	172,200	7,487

2008 Share in Top-5 Sales



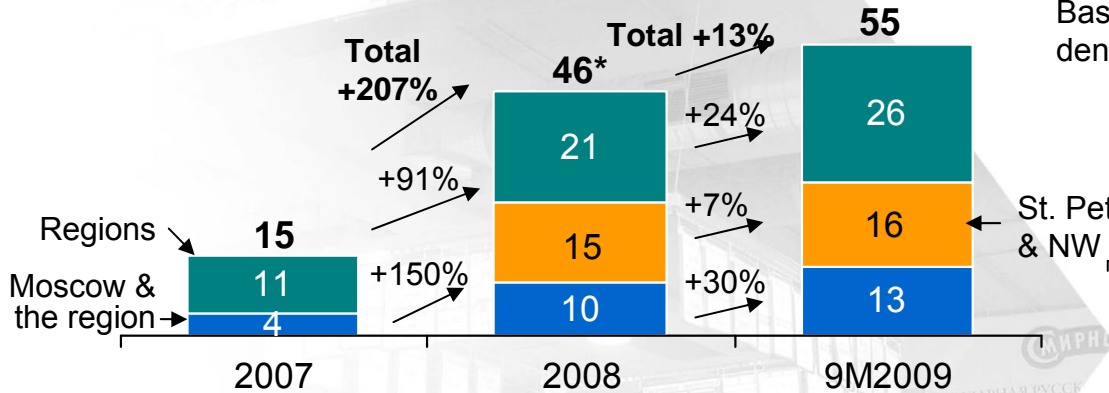
- In terms of sales, Karusel occupies firm #4 position among Russian hypermarket players with a realistic potential of becoming #3 in short to medium-term perspective
- In H1 2009 X5 has virtually eliminated its gap with Lenta in terms of sales: the gap narrowed from RUR 9 bln (or 16%) in 2008 to RUR 10 mln (0%) in H1 2009

...in 2008 thanks to Acquisition of Karusel and Strong Organic Growth Ever Since

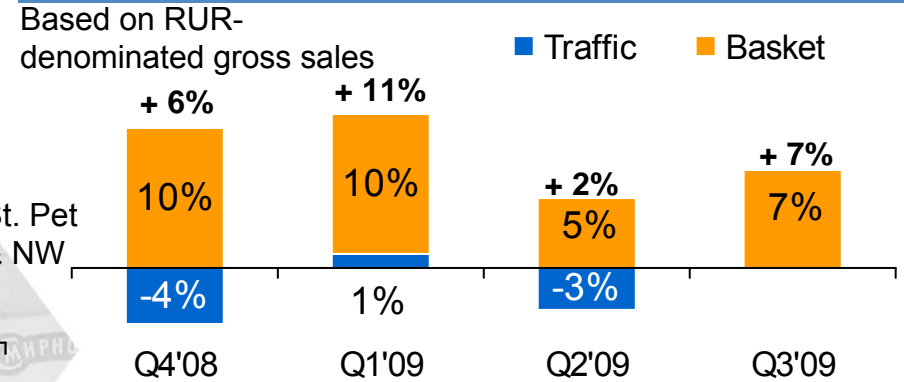
Acquisition of Karusel Substantially Strengthened X5's Hypermarkets Business

After Smooth Integration and Rebranding, X5 Targets Dramatic Improvements in LFL Performance

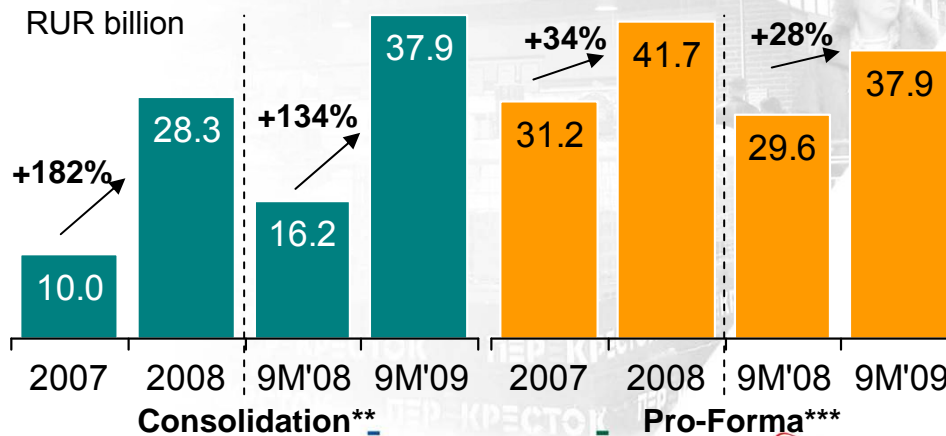
Number Of Stores, EoP



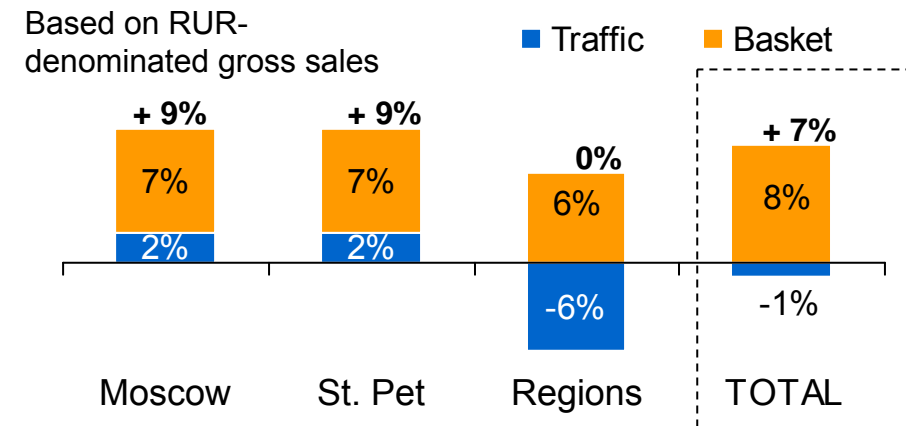
LFL Traffic & Basket Evolution



Net Retail Sales



9M 2009 LFL Performance by Region



* In June 2008 X5 acquired 23 operating Karusel hypermarket stores and one store that was opened by X5 in Q3 2008
 ** Including the results of the acquired Karusel business only from 30 June 2009
 *** Including the results of the acquired Karusel business for FY 2007, 2008 and 2009



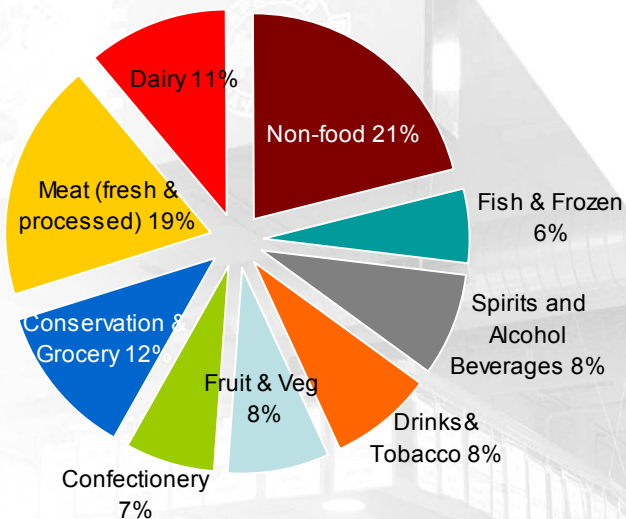
New Openings Celebrated Together with Our Customers



Key Medium-Term Objectives



Key Product Categories, 2009 YTD



Assortment Strategy

- Wide, deep, complementary and complex assortment
- Strengthening of strategic categories:
 - Fresh
 - Fruit&Veg
 - Fish
 - Own production
 - Ready meals, incl. salads
 - Bakery
 - Non-food
 - Seasonal offers
- New Projects
 - “Karuselka” – baby care products
 - “Healthy life”
 - “Cosmetic boutique”



...to Drive Check and Traffic



Regular Promotions

Timing: every two weeks (26 times a year)
 # of SKUs: 180
 Price Reduction: 20 to 50%

“Lethal” Offers

Timing: each week
 Mechanism: staples offered with 30-60% price cuts

Seasonal Offers

- Variety of events throughout the year, e.g. school, NY, camping
- # of SKUs: 600

Short-Term Marketing & Loyalty Actions

- “Happy Hours”
- “Get a Football Ticket”
- “Carousel of Luck”
- Toy Dogs
- “Get Free Gas at Karusel”

Advertising Support

- External
 - TV, printed media, radio, billboards
- In-store
 - at the entrance, at points of sale
 - guide-boards and guide-signs
 - stoppers
 - catalogues



KPIs for Long-Term Growth

Sales

- Strong top-line growth through
 - Selective expansion
 - Improvement in sales per sq. m

Gross Margin

- Invest in long-term customer loyalty
- Grow customer traffic

Returns

- Purchasing & logistics enhancements
- OpEx efficiencies to offset gross margin
- CapEx discipline on expansion



THANK YOU!