

Profitable Growth & Long-Term Leadership

Investor Presentation

October 2010



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X5 Retail Group today

- 2009 net sales - USD 8,717 mln; growth on 2008 of 25% on pro-forma basis ⁽¹⁾ in RUR terms, 33% on consolidation basis⁽²⁾ in RUR terms
- Q3 2010 net retail sales - USD 2,607 mln; growth on Q3 2009 of 21% in RUR terms
- Market position: # 1
 - #1 position in Moscow and St. Petersburg
 - Leading positions in 5 other cities with population of ≥ 500,000 people
 - Presence in 45 cities of European Russia and the Urals
- 1,630 company-managed stores in Russia and Ukraine⁽³⁾
 - Three complementary formats:
 - ✓ Discounter (1,232 stores)
 - ✓ Supermarket (289 stores)
 - ✓ Hypermarket (65 stores)
 - Convenience (44 stores)
- 1,177 thousand sq. m. of net selling space⁽³⁾
- Approximately 1 billion check-out transactions per year
- Over 68 thousand employees⁽⁴⁾

Russia's Leading Food Retailers

#	Company	FY 2009 Net Retail Sales (USD mln) ⁽⁵⁾	% in Top-10	% in Total Market ⁽⁶⁾
1	X5	8,675	26.3%	4.4%
2	Magnit	5,346	16.2%	2.7%
3	Auchan	4,999	15.3%	2.6%
4	Metro	4,203	12.8%	2.2%
5	O'Key	2,106	6.4%	1.1%
6	Kopeyka	1,759	5.4%	0.9%
7	Lenta	1,734	5.3%	0.9%
8	Dixy	1,687	5.1%	0.9%
9	Seventh Continent	1,346	4.1%	0.7%
10	Viktorija	1,022	3.1%	0.5%
Total		32,877	100.0%	16.9%



X5 Operates Stores for Every Lifestyle and Family Budget

Soft Discounters



1,232 stores
57% of sales

Net selling space: from 300 to 800 sq.m.
Average assortment: 3,000 SKUs
Pricing policy: Lowest price in the market on 100% of assortment
Format strengths: Price and convenience



Supermarkets



289 stores
24% of sales

Net selling space: from 800 to 1,500 sq.m.
Assortment: 6,000 – 16,000 SKUs
Pricing policy: Best price in supermarkets
Format strengths: Wide choice, focus on fresh



Hypermarkets



65 stores
18% of sales

Net selling space: from 3,000 to 10,000 sq.m.
Assortment: 20,000 – 50,000 SKUs
Pricing policy: Lowest price in the market on basic assortment, super offers for card holders on the rest
Format strengths: Wide choice at low price, ideal place for w/e & family shopping





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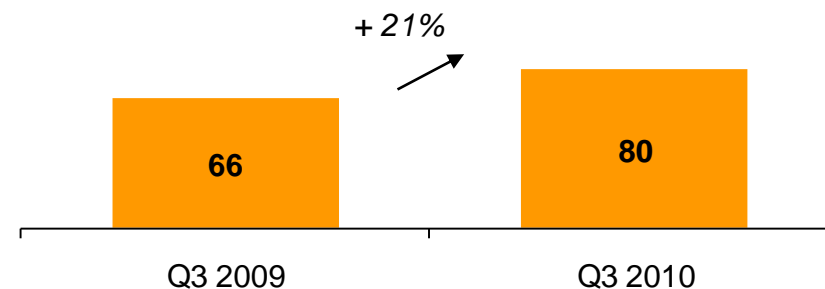


X5 Delivered Its Best Performance of 2010 in Q3 With RUR Net Retail Sales Growth of 21% y-o-y

- LFL growth was achieved against a backdrop of weak consumer spending and prices on X5's shelves also substantially lagging the official inflation rate
- Prices on X5's shelves rose on average by 5.8% in September 2010 compared to September 2009. By comparison, Russia's official food inflation rate in September 2010 was 8.7% due to the effects of the summer heat
- Sales growth in the third quarter 2010 consisted of 6% LFL sales growth with the rest coming from organic expansion (+13%) as well as the contribution from acquired Paterson stores (+3%)

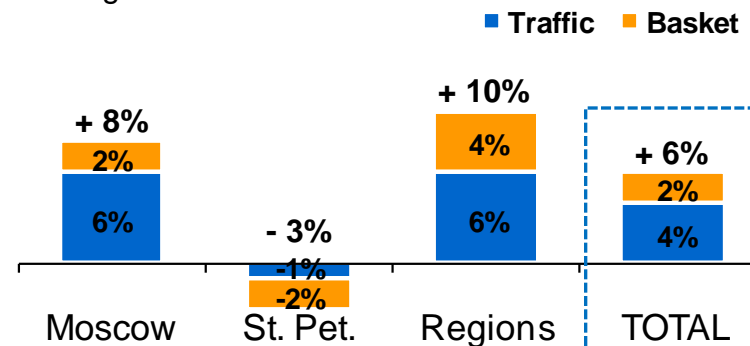
Q3 2010 Net Retail Sales

RUR bln



Q3 2010 LFL Sales by Region

Based on RUR-denominated gross sales



Sales Growth Composition	LFL, %	Organic Expansion, %	Scope Change Paterson, %	Total Change %
RUR				
Hypermarkets	(3)	13	-	10
Supermarkets	2	5	11	18
Soft Discounters	10	15	1	26
Total Gross Retail Sales	6	13	3	22
FX Effect				2
Total change %, incl. FX				24



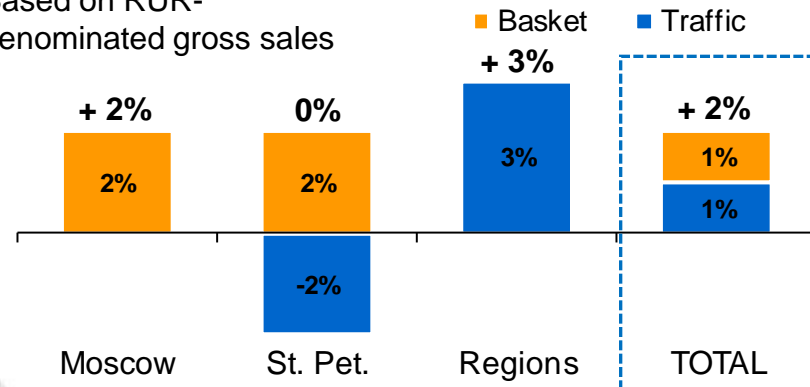
Strong Sales and Record New Store Openings in Discounter Segment

- X5's LFL sales growth at 6% in RUR terms year-on-year
- Soft discounters achieved 10% LFL growth against last year's high comparable base (16% LFL)
- Supermarkets improved to slightly positive LFL sales this quarter as customers responded to Perekrestok's summer price campaign and new assortment changes
- Hypermarkets LFL sales declined 3% affected by intensified competition in St. Petersburg
- LFL sales of the acquired Paterson stores surged more than 20% on a pro forma basis compared to pre-acquisition levels of Q3 2009

Supermarkets' Q3 2010 LFL Performance

Based on RUR-

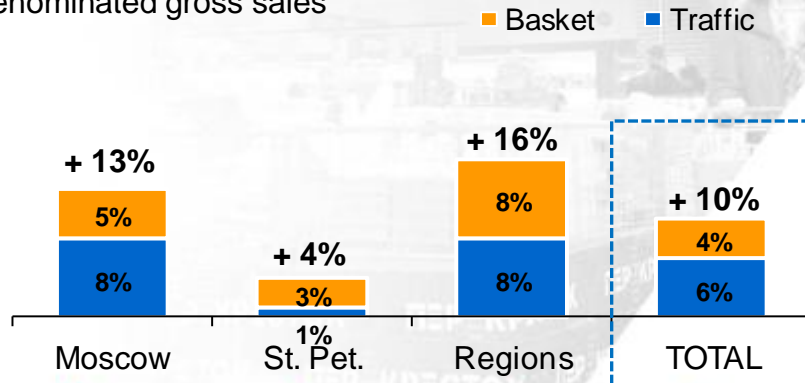
denominated gross sales



Discounters' Q3 2010 LFL Performance

Based on RUR-

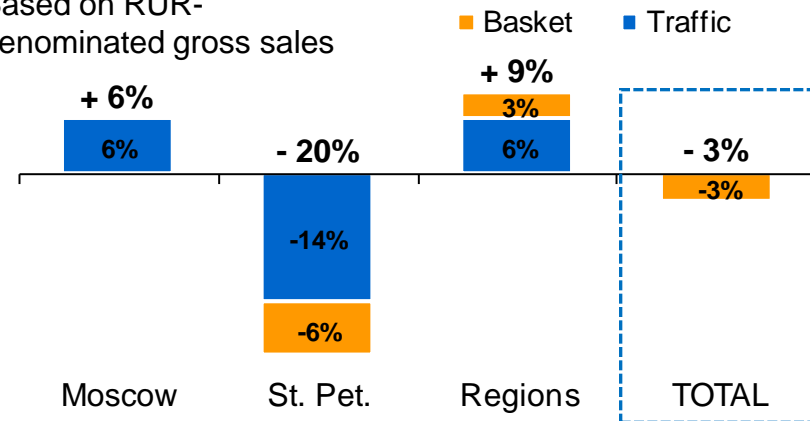
denominated gross sales



Hypermarkets' Q3 2010 LFL Performance

Based on RUR-

denominated gross sales



Selective and Efficient New Store Openings

In Q3 2010

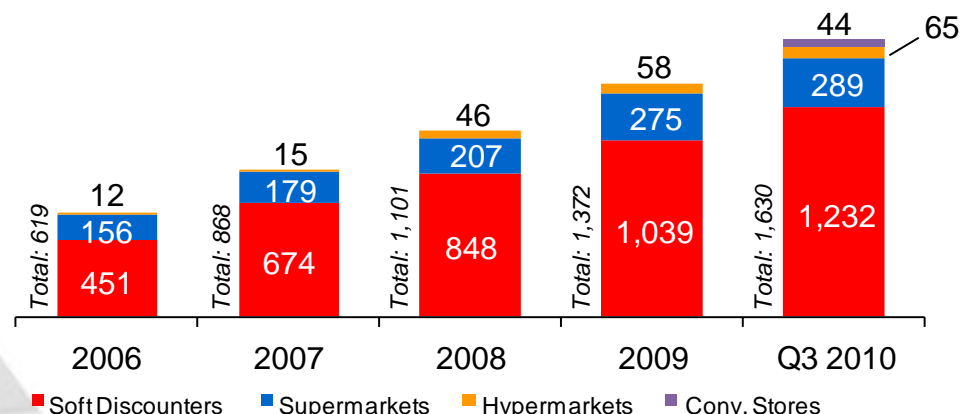
- Net 116 stores or 54 th. sq.m. of selling space added:
 - 97 soft discounters
 - 14 supermarkets
 - three hypermarkets
 - two convenience stores

In 9M 2010

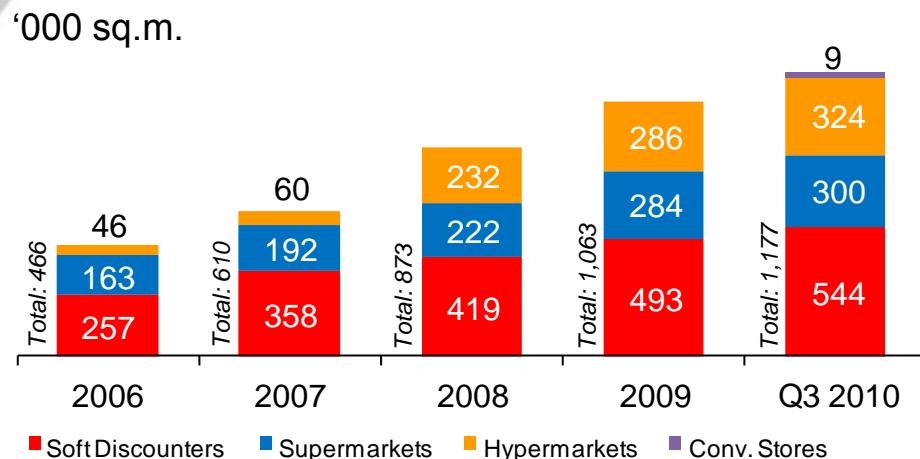
- Net 258 stores or 114 th. sq.m. of selling space added:
 - 193 soft discounters
 - 14 supermarkets
 - seven hypermarkets
 - 44 convenience stores

- **At 30 September 2010** X5 operated 1,630 stores (1,177 sq. m. of net selling space):
 - 1,232 soft discounters
 - 289 supermarkets
 - 65 hypermarkets
 - 44 convenience stores

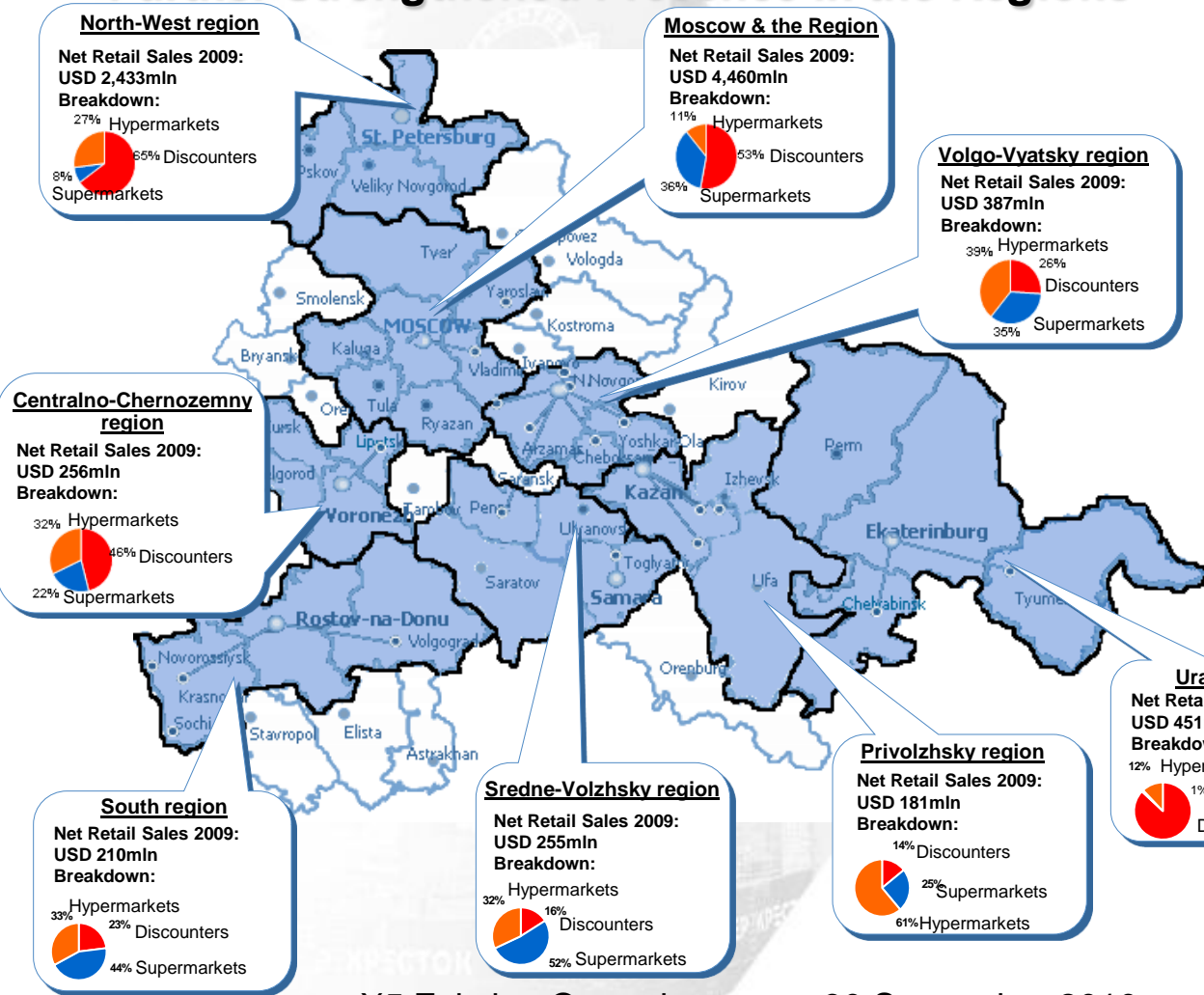
Number Of Stores, EoP



Net Selling Space, EoP

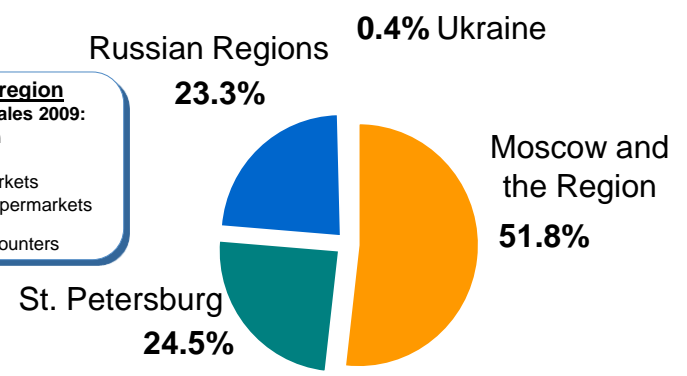


Further Strengthened Presence in the Regions



- Increasing share of regional sales from 21.6% in Q1 2010 to 23.3% in Q3 2010
- As at 30 September 2010, X5 Retail Group was present in 45 cities of European Russia, the Urals and Ukraine
- In addition to Moscow and St. Petersburg, a leading position secured in 5 large regional cities: Nizhny Novgorod, Lipetsk, Samara, Chelyabinsk and Perm

Q3 2010 Net Retail Sales by Region



X5 Existing Operations as at 30 September 2010





Q3 2010 Sales up over 20% Compared to Q3 2009 Pre-Acquisition Levels

Strategic & Operational Fit

- Reinforces X5 positions in supermarkets, securing high quality locations in key geographies
- Most stores fully compatible with X5's requirements both operationally and geographically...
- ...offering opportunity of leverage X5's operational scale & supply chain infrastructure

Financial Upside

- Substantial upside potential in sales per square meter
- Margin upside by raising performance towards X5 levels
- Attractive valuation and cash generation potential – approx. USD 50 mln of expected annualized synergies from 2011

Integration Update

- Since Paterson was acquired in December 2009, 53 stores have been re-launched as supermarkets; 22 stores were re-launched as discounters; two stores are temporarily closed and five stores have been closed down as planned as not meeting X5's business or financial criteria
- The stores, now operating within X5's assortment and pricing policies and supported by X5 logistics network are demonstrating positive sales growth
- In Q3 2010 LFL sales of the acquired Paterson stores surged more than 20% on a pro forma basis compared to pre-acquisition levels of Q3 2009



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- Build multi-format success
- Strengthen value propositions
- Drive LFL and top line growth

Customer Focus

- Build supply chain advantages
- Drive efficiency and margins
- Ensure support for long-term growth

Operational Excellence

- Cash generation
- Focus on returns
- Liquidity management

Disciplined Growth

Profitable Growth & Long-Term Leadership



...Impacts Every Area of X5's Business, to Create New Competitive Advantages

Project	Support of Long-Term Scalable Expansion	Sales Growth	Cost Savings	Working Capital Improvement
Efficient Supply Chain Management	●	●	◐	●
IT Systems Integration	●	◐	◐	◐
Business Processes Improvement	◐	◐	●	◐
Labour Productivity Improvement	◐	◐	●	◐
Efficient Asset Employment	◐	◐	●	○

... Now We are Bringing It to a New Level...

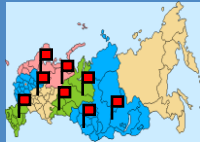
... to Create a Fully Integrated & Efficient Supply Chain

Purchasing/ Sourcing



- Assortment rationalization
- Partnerships with suppliers
 - Scale leverage
 - Promotions
 - Packaging
 - Category management
 - Private label
- Improved planning & order taking

Optimal DC Network Structure



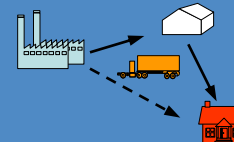
- Optimization of DC coverage & planning:
 - # of DCs
 - Locations
 - Functionality
 - Utilization
- Right balance between operational efficiencies and logistics costs
- Target supply centralization level of over 80%

Warehouse Productivity



- Warehouse Management System (WMS)
 - Control over movement & storage
 - Transaction processing
- Voice picking

Efficient Transportation



- Fleet utilization
- Transportation Management System (TMS)
 - Route optimization
 - Demurrage reduction
 - Fuel cost savings
- Railway shipments over large distances

Efficient In-Store Logistics



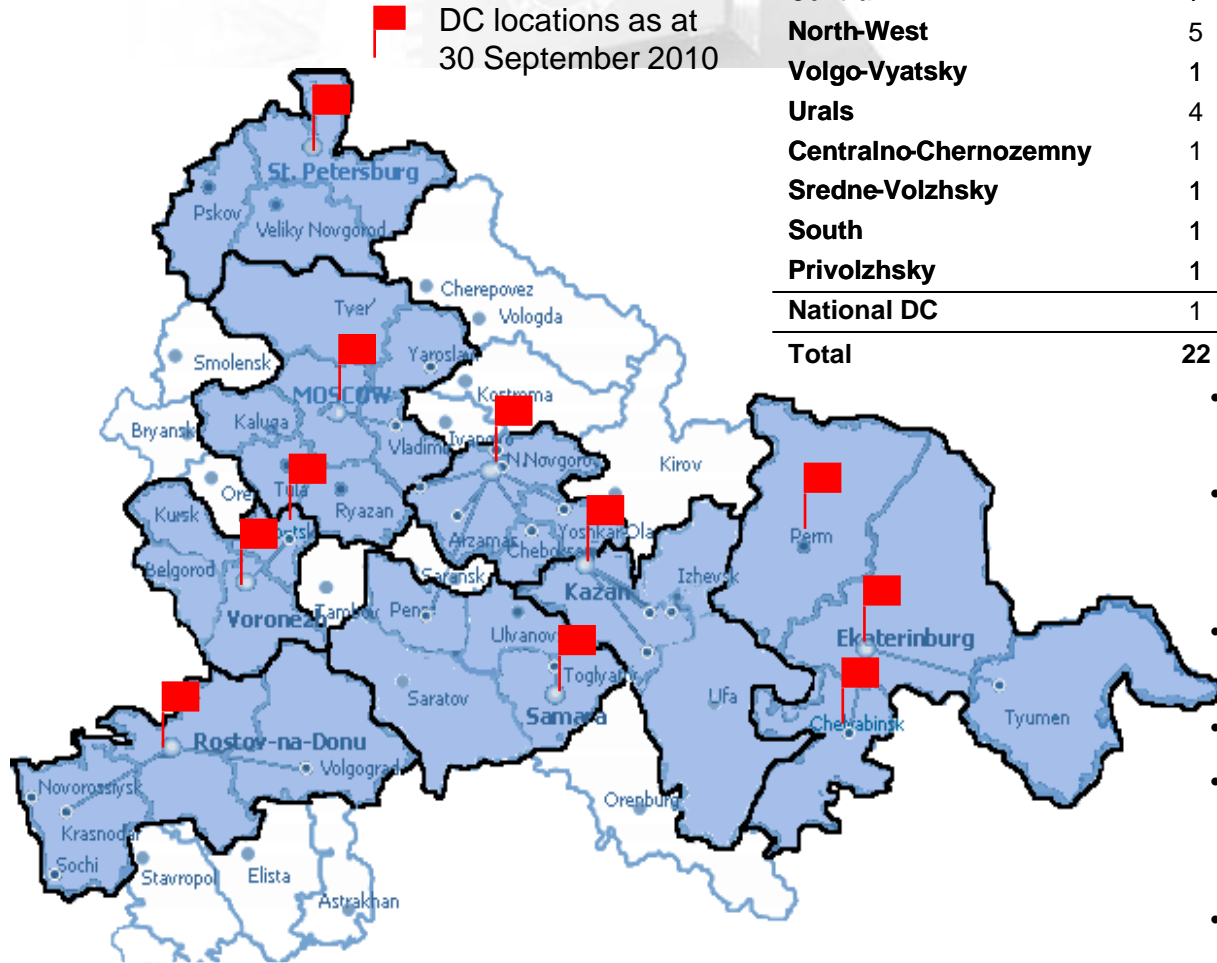
- In-store process improvement
 - Delivery management
 - Personnel education
 - Stock optimization
 - Optimization of warehouse space

Areas of Focus

Supply Centralization Rate Rose From 51% to 61% by Year-End 2009, Well Ahead of Target

Region	# of DCs	000 sq. m.	Dry	Fruit & Veg.	Fresh	Frozen	Non-Food
Central	7	128.5	v	v	v	v	
North-West	5	65.1	v	v	v	v	
Volgo-Vyatsky	1	17.5	v	v	v		
Urals	4	21.8	v	v	v		
Centralno-Chernozemny	1	23.5	v	v	v		
Sredne-Volzhsky	1	13.4	v	v	v		
South	1	15.6	v	v	v		
Privolzhsky	1	13.1	v	v	v		
National DC	1	57.6	v				v
Total	22	356.1					

DC locations as at 30 September 2010



- At 30 September 2010, X5 operated 22 DC with overall warehouse capacity of 356.1 thousand sq.m
- In Q3 2010 X5 expanded storage capacity of three of its DC's in the Moscow region, Voronezh and Rostov-on-Don by 25.4 thousand sq.m.
- In Q3 2010 X5 closed one small DC in Lipetsk (773 sq.m.)
- X5 operates DCs in all regions of operations
- First national non-food DC in the Moscow region launched in Q3 2009. National dry food capacity added in Q1 2010
- Supply centralization target for year-end 2010 is 67%

Operational Excellence in Our Business Management Platforms

SAP Implementation in line with initial schedule

SAP for Retail

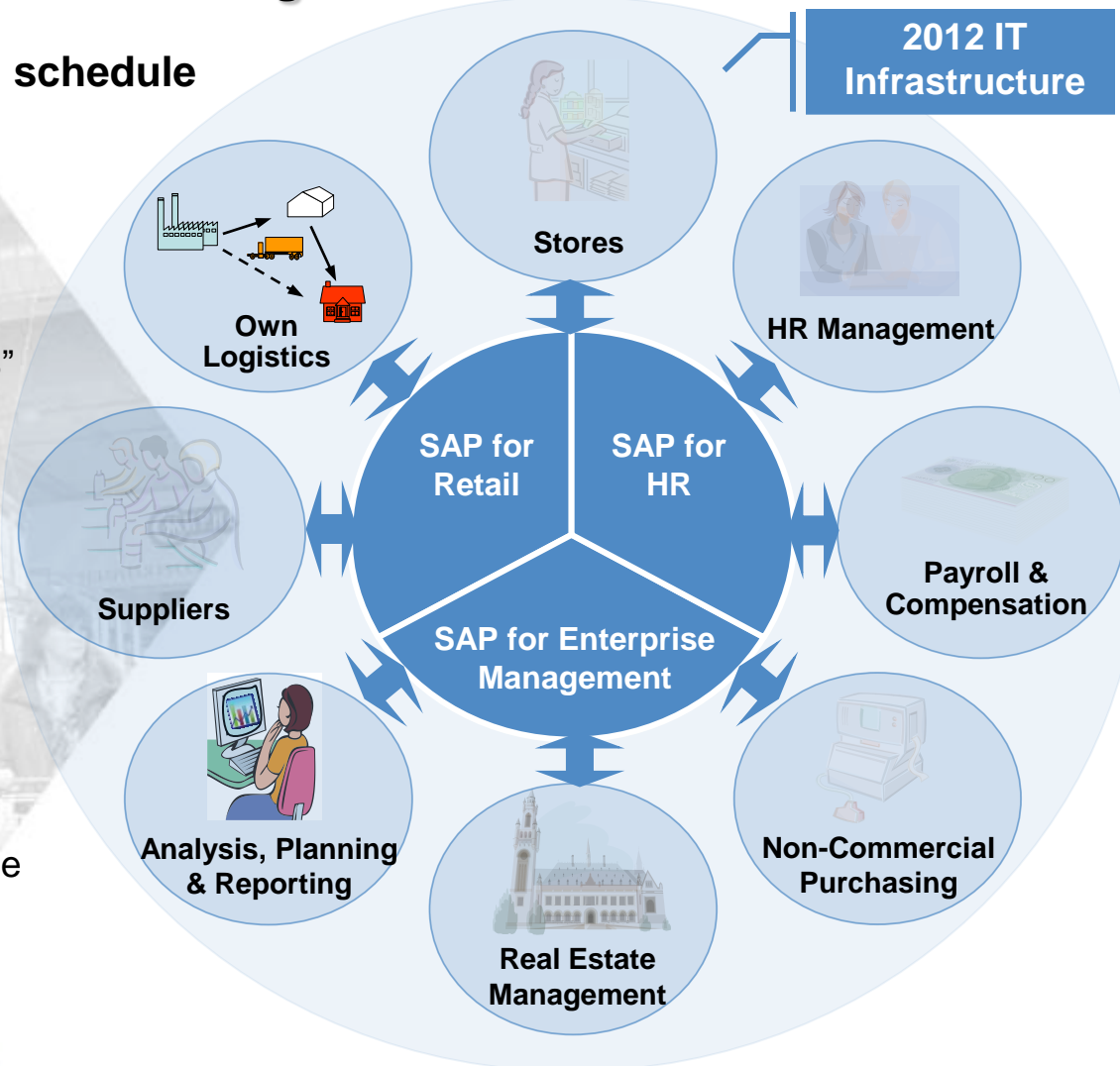
- ✓ Successfully launched in a pilot region in 2009
- ✓ X5 earned SAP's #1 ranking for "Highest Quality SAP for Retail Implementation in CIS"
- ✓ Roll-out to other regions began in Q1 2010 and will be finalized by year-end

SAP for HR (SAP HCM)

- ✓ Successfully launched in a pilot region in Q1 2010
- ✓ Roll-out to be finalized by year-end

SAP for Enterprise Management

- ✓ In a blue-print development and testing phase
- ✓ Pilot launch planned for 2010
- ✓ Roll-out to be finalized by end of 2011



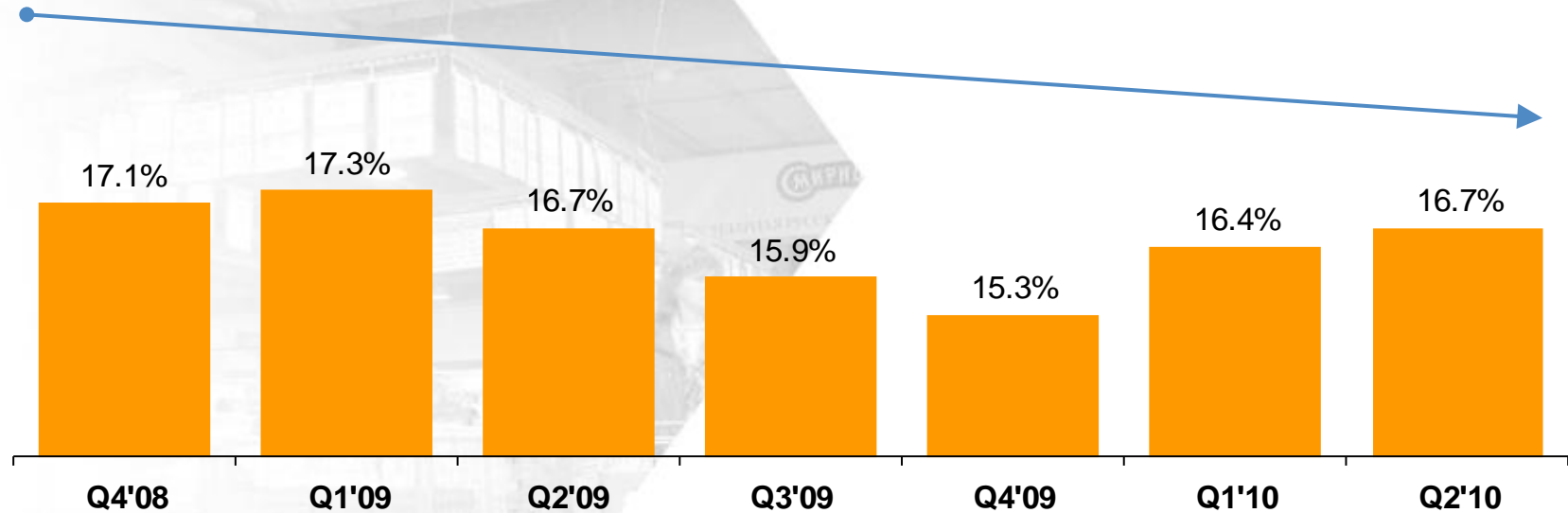
... Can be Substantially Enhanced through Improving Efficiency of...



Targeted Improvement of In-Store Labour Productivity is 10-12%

...is a Multi-Year Effort But We Are Already Delivering Results

SG&A⁽¹⁾ as % of Sales



(1) Excluding ESOP & D&A



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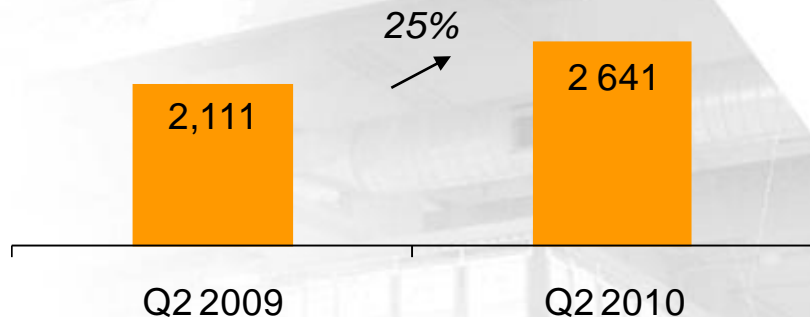
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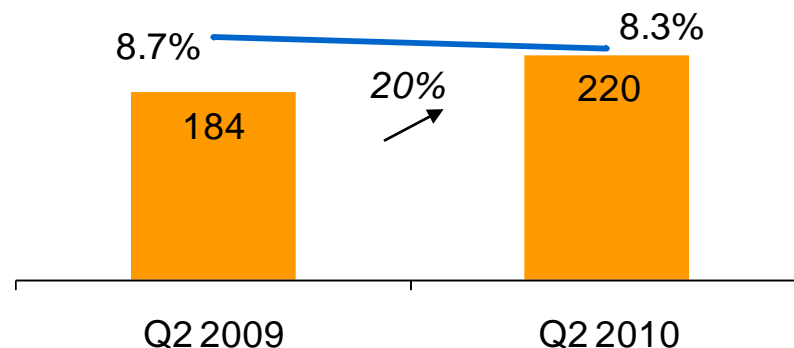
Net Sales

USD mln



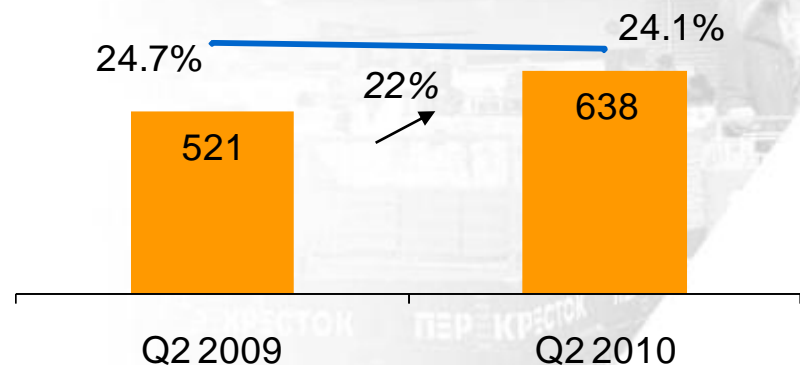
EBITDA & EBITDA Margin

EBITDA, USD mln
EBITDA Margin, %



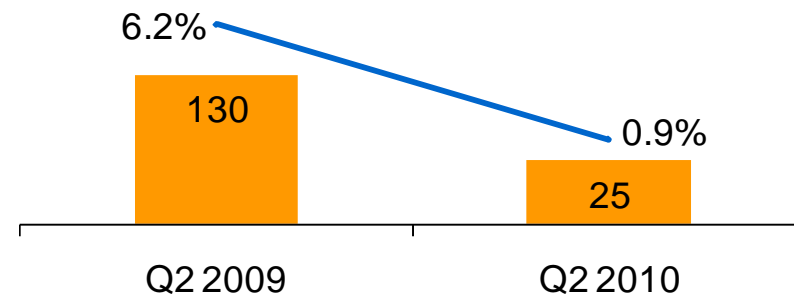
Gross Profit

Gross Profit, USD mln
Gross Margin, %



Net Profit / (Loss)

Net Profit, USD mln
Net Margin, %



(1) All P&L numbers are provided on pro-forma basis

USD mln	Q2 2010	Q2 2009	% change y-o-y, USD	% change y-o-y, RUR
Net Sales	2,640.9	2,111.2	25%	17%
incl. Retail	2,637.7	2,099.6	26%	18%
Gross Profit	637.8	520.8	22%	15%
Gross Margin, %	24.1%	24.7%		
SG&A (excl. D&A)	(449.2)	(358.0)	25%	18%
% of revenue	17.0%	17.0%		
ESOP Expense	(8.4)	(7.3)	14%	5%
% of revenue	0.3%	0.3%		
EBITDA	220.3	184.3	20%	12%
EBITDA Margin, %	8.3%	8.7%		
Operating Profit/(Loss)	146.9	129.1	14%	6%
Operating Margin, %	5.6%	6.1%		
Net FX Result	(72.4)	86.0	n/a	n/a
Profit/(Loss) before tax	44.6	174.6	(74%)	(77%)
Income Tax Expense	(19.7)	(44.2)	(55%)	(59%)
Net Profit/(Loss)	24.9	130.4	(81%)	n/a
Net Margin, %	0.9%	6.2%		



- Net sales increased 17% year-on-year in RUR terms to RUR 79,850 mln or 25% in USD terms to USD 2,641 mln;
- Gross profit totaled USD 638 mln, for a gross margin of 24.1%;
- EBITDA amounted to USD 220 mln, for an EBITDA margin of 8.3%;
- X5 reported a net profit of USD 25 mln affected by a non-cash foreign exchange (FX) loss;
- Second quarter 2010 SG&A expenses as a percentage of revenue increased slightly by 20 bp year-on-year to 19.8%;
- First half 2010 net finance costs decreased 14% year-on-year in USD terms and 22% in RUR terms due to lower interest rates on funding;
- As at 30 June 2010, the Company's total debt amounted to RUR 59 billion or USD 1,899 million (at RUR/USD exchange rate of 31.19). Net debt totaled RUR 56 billion or USD 1,794 million;
- X5 reiterates 2010 sales growth and CapEx outlook, as announced on May 27, 2010;

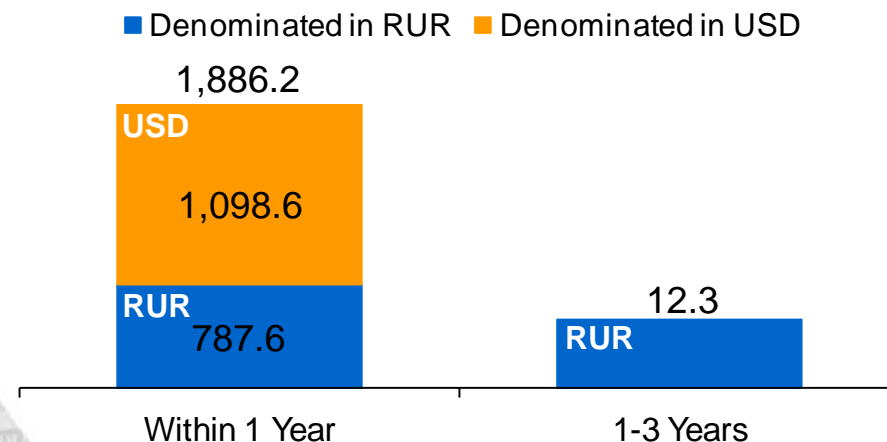
USD mln	Q2 2010	Q2 2009	% change USD	% change RUR
Net Cash Flows from Operating Activities	(9.5)	77.9	n/a	n/a
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	238.6	210.2	13%	6%
<i>Change in Working Capital</i>	(176.9)	(56.1)	215%	207%
<i>Net Interest and Income Tax Paid</i>	(71.2)	(76.2)	(7%)	(12%)
Net Cash Used in Investing Activities	(84.9)	(55.8)	52%	50%
Net Cash (used in)/generated from Financing Activities	130.0	23.9	445%	350%
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(7.7)	17.3	n/a	n/a
Net Increase in Cash & Cash Equivalents	27.8	63.2	(56%)	(43%)

Highlights

- As at 30 June 2010, the Company's total debt amounted to RUR 59 billion or USD 1,899 million (at RUR/USD exchange rate of 31.19). Net debt totaled RUR 56 billion or USD 1,794 million.
- Net debt totaled RUR 56 billion or USD 1,794 million
- Most of X5's debt at 30 June 2010 is classified as short-term (USD 1,886 million or RUR 59 billion), the Company has a guaranteed source of refinancing both for USD 1.1 billion syndicated loan and RUR 9 billion corporate bonds
- As of 30 June 2010, the Company had access to RUR-denominated credit facilities of approximately RUR 29.6 billion (approximately USD 948 million).

Debt Maturity Profile as at 30.06.10

USD mln



USD mln	30-Jun-10	% in total	31-Mar-10	% in total	31-Dec-09	% in total
Total Debt	1,898.5		1,811.2		1,944.0	
Short-Term Debt	1,886.2	99%	1,530.9	85%	1,656.6	85%
Long-Term Debt	12.3	1%	280.4	15%	287.4	15%
Net Debt	1,794.1		1,734.7		1,532.3	
Denominated in USD	1,097.2	61%	1,091.7	63%	1,162.8	76%
Denominated in RUR	696.9	39%	643.0	37%	369.5	24%
FX, EoP	31.20		29.36		30.24	
Net Debt/EBITDA	2.28x		2.31x		2.08x	



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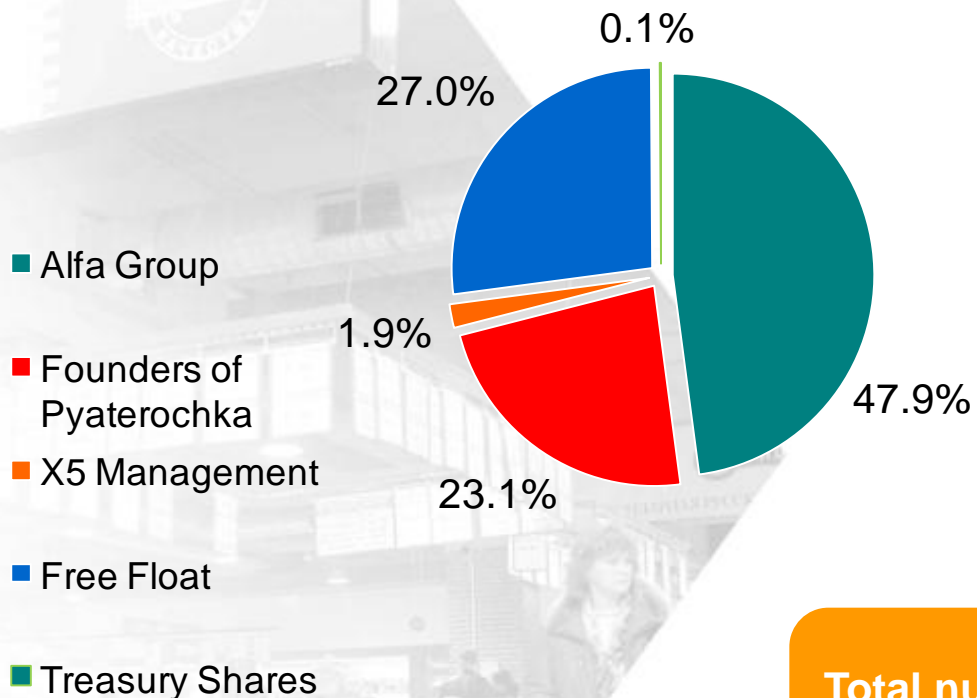


2010 Outlook

- Net new store addition:
 - Hypermarkets: 7-10 stores;
 - Supermarkets: ~15 stores;
 - Discounters: 200-250 stores.
- Capital Expenditures of up to RUR 18 bln

Due to significantly lower food inflation to date and in the official forecast rate for the year, X5 provides a more conservative 2010 revenue growth outlook in the low-20 percent range in nominal RUR terms. Actual top line performance will depend on inflationary trends and the timing of a recovery in consumer spending.

We expect consumer spending to begin to show improvement towards the end of the year, and this, in combination with new store openings and post-integration contribution from Paterson in the second half of 2010, should enable X5 to deliver on its objectives.



Total number of shares – 67,893,218
Equivalent of 271,572,872 GDRs





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