Q1 2019
FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION
25 APRIL 2019

X5 RETAIL GROUP

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I. HIGHLIGHTS

STRATEGIC HIGHLIGHTS

- X5 is a true **multi-format** retailer with focus on the three largest segments of Russian food retail market and primarily on proximity stores and supermarkets
- According to the new strategy X5 uses **smart and balanced** approach to expansion

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- X5 reinforced its **market leadership** in Russian food retail, with **market share reaching 10.7% in 2018**

- Constant adaptation of **value proposition** to Russian consumers' changing needs and current macro environment, including expansion of fresh assortment, widening local assortment, development of loyalty programmes

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- Significant **improvements in logistics and transport**: adding new links in the value chain and acquisition of **910 trucks in 2018**
- In the last three years X5 opened 17 DCs, including **4 DCs** in 2018

- Focus on **innovations:** X5 already kicked off joint projects with a number of finance and high-tech companies
- Development and implementation of the **Big Data** strategy

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- Approval of the **dividend policy** by the Supervisory Board in September 2017
- The Supervisory Board proposed paying **dividends** in the amount of **RUB 25.0 bln/ RUB 92.06 per GDR**, which represents **87.3%** of X5 Retail Group's 2018 net profit

KEY ACHIEVEMENTS IN Q1 2019

- Revenue growth remained strong at **15.5%** in Q1 2019

- Adjusted EBITDA margin at solid **7.3%** in Q1 2019

- Net debt / EBITDA at **1.59x** as of 31 March 2019

- LFL sales growth of **5.0%** in Q1 2019
- LFL traffic of Perekrestok was positive for **13 quarters** in a row

- The Company added **348** net new stores in Q1 2019 adding net **135 th. sq. m** of selling space, **82%** of which was **organic growth**

- **All** of Pyaterochka stores and **87%** of Perekrestok stores operating under new concept as of 31 March 2019

- **38.3 mln** loyalty card users as of 31 March 2019

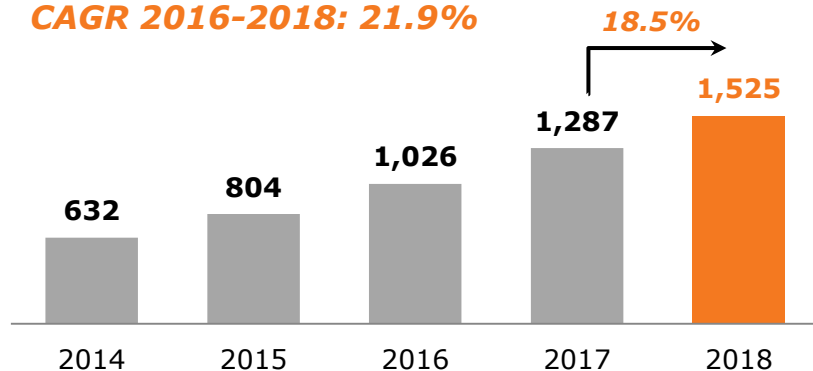- Pyaterochka added **143 th. sq. m** of net selling space in Q1 2019

Source: X5 data

Net retail sales dynamics, RUB bn
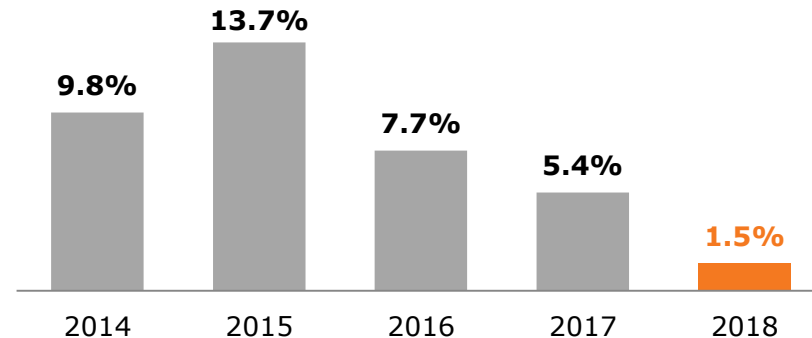
CAGR 2014-2018: 24.6%
CAGR 2016-2018: 21.9%

18.5% →

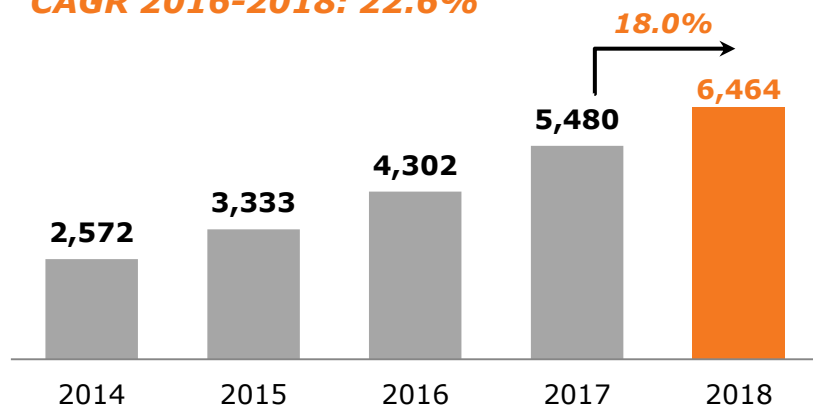| 2014	2015	2016	2017	2018
632	804	1,026	1,287	1,525

LFL sales, % y-o-y growth

2014	2015	2016	2017	2018
9.8%	13.7%	7.7%	5.4%	1.5%

Selling space, th. sq. m

CAGR 2014-2018: 25.9%
CAGR 2016-2018: 22.6%

18.0% →

2014	2015	2016	2017	2018
2,572	3,333	4,302	5,480	6,464

Number of stores, end of period

CAGR 2014-2018: 27.4%
CAGR 2016-2018: 25.3%

19.1% →

2014	2015	2016	2017	2018
5,483	7,020	9,187	12,121	14,431

Source: X5 data

X5
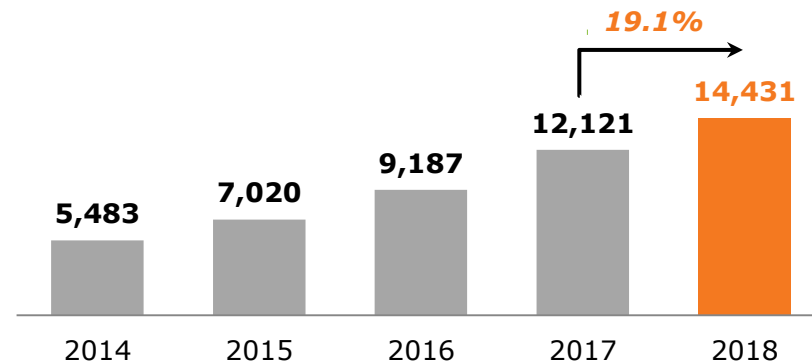
Revenue dynamics, RUB bn

CAGR 2014-2018: 24.7%
CAGR 2016-2018: 21.8%

			18.3% →	
634	809	1,034	1,295	1,533
2014	2015	2016	2017	2018
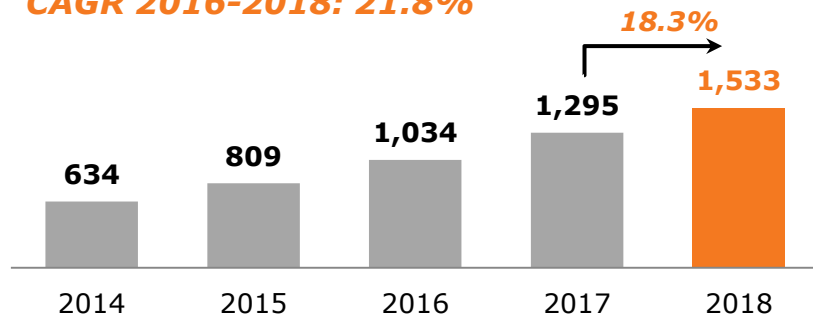
Gross profit & gross margin

CAGR 2014-2018: 24.3%
CAGR 2016-2018: 21.6%

24.5%	24.5%	24.2%	23.9%	24.1%
155	198	250	309 → 19.7%	370
2014	2015	2016	2017	2018

■ Gross profit, RUB bn —○— Gross margin, %
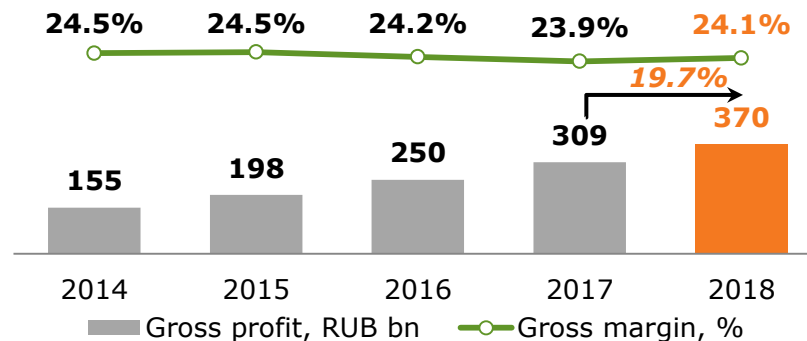
Adj. EBITDA & adj. EBITDA margin[1]

CAGR 2014-2018: 24.0%
CAGR 2016-2018: 17.5%

7.3%	7.3%	7.7%	7.7%	7.2%
46	59	80	99 → 10.8%	110
2014	2015	2016	2017	2018

■ Adj. EBITDA, RUB bn —○— Adj. EBITDA margin, %
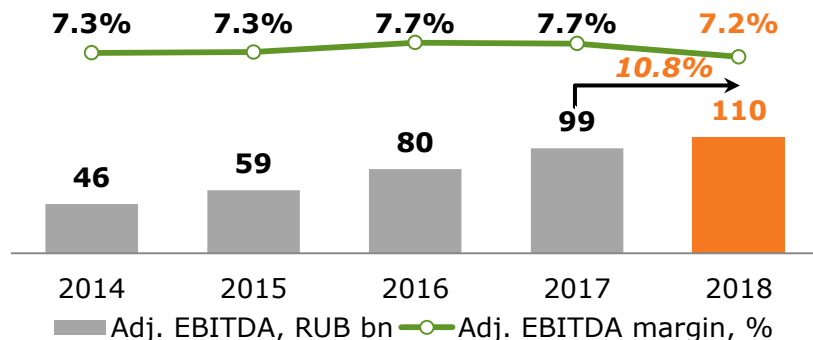
Net profit and net profit margin

CAGR 2014-2018: 22.6%
CAGR 2016-2018: 13.4%

2.0%	1.8%	2.2%	2.6%	1.9%
13	14	22	34	29
2014	2015	2016	2017	2018

■ Net profit, RUB bn —○— Net profit margin, %
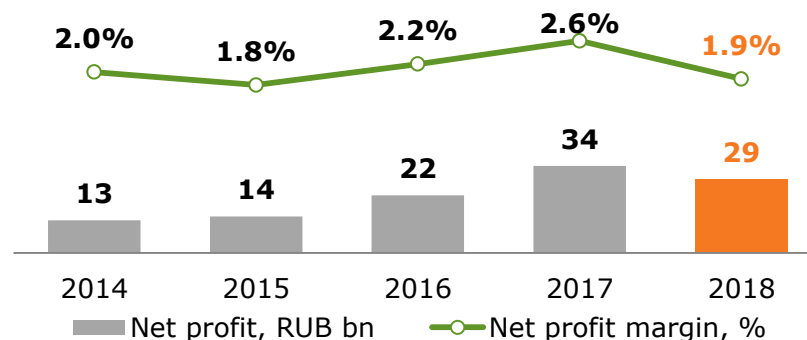
Source: X5 data
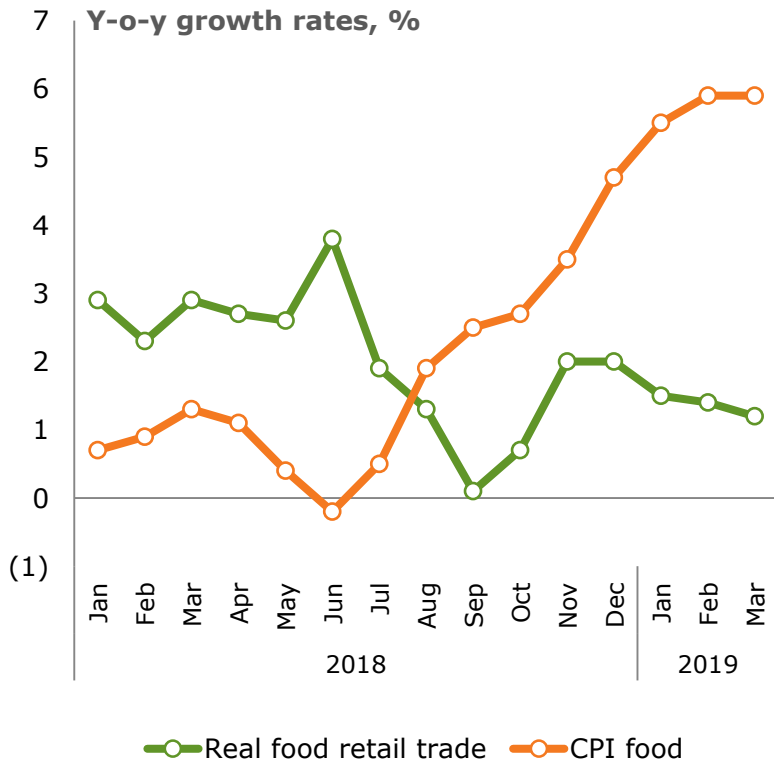*[1] − Adjusted for LTI, exit share-based payments and other one-off remuneration payments*
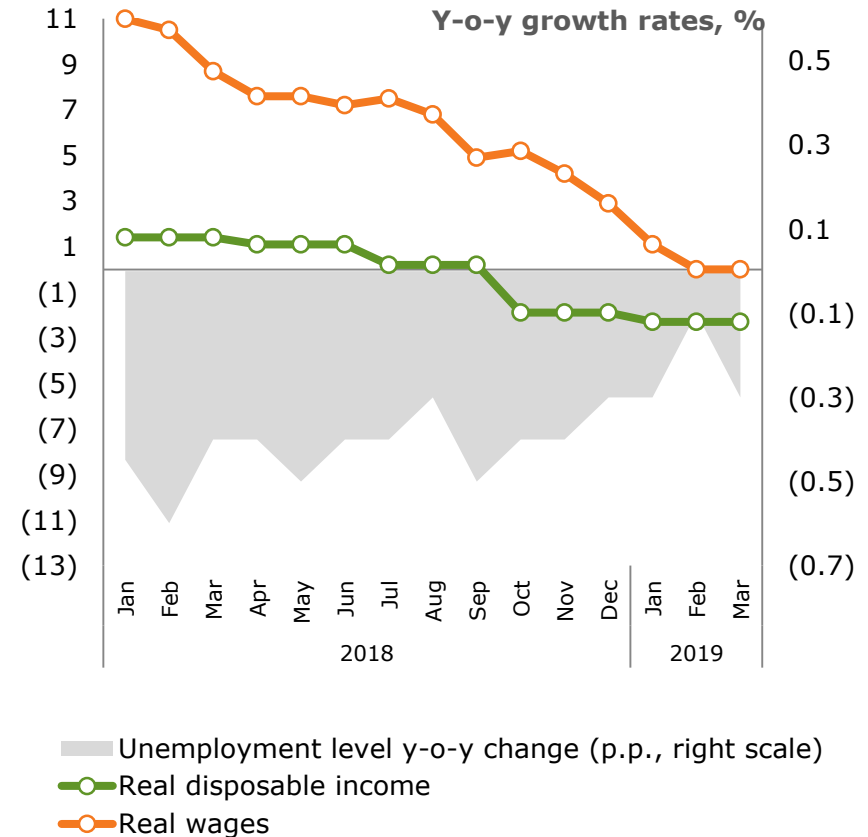
II. MARKET OVERVIEW

MACRO ENVIRONMENT (1/2)

Real food retail trade continued its moderate recovery in Q1 2019 with a slight slowdown because of CPI food acceleration

Real wage growth slowed down and real income showed a significant drop in Q1 2019 on the back of accelerating inflation

Y-o-y growth rates, %

Real food retail trade   CPI food

Y-o-y growth rates, %

Unemployment level y-o-y change (p.p., right scale)
Real disposable income
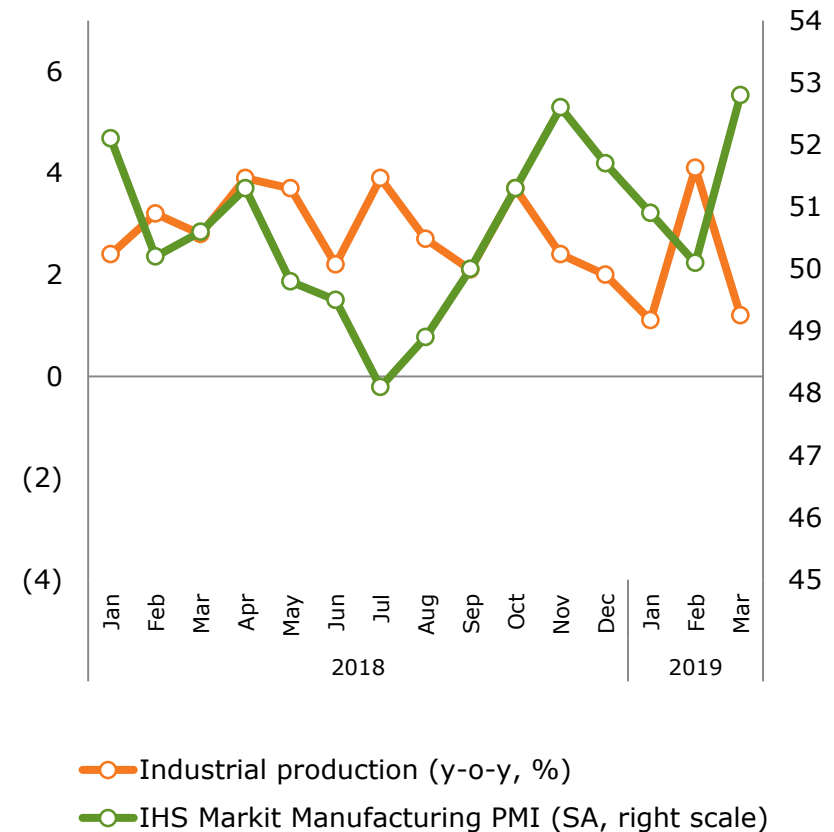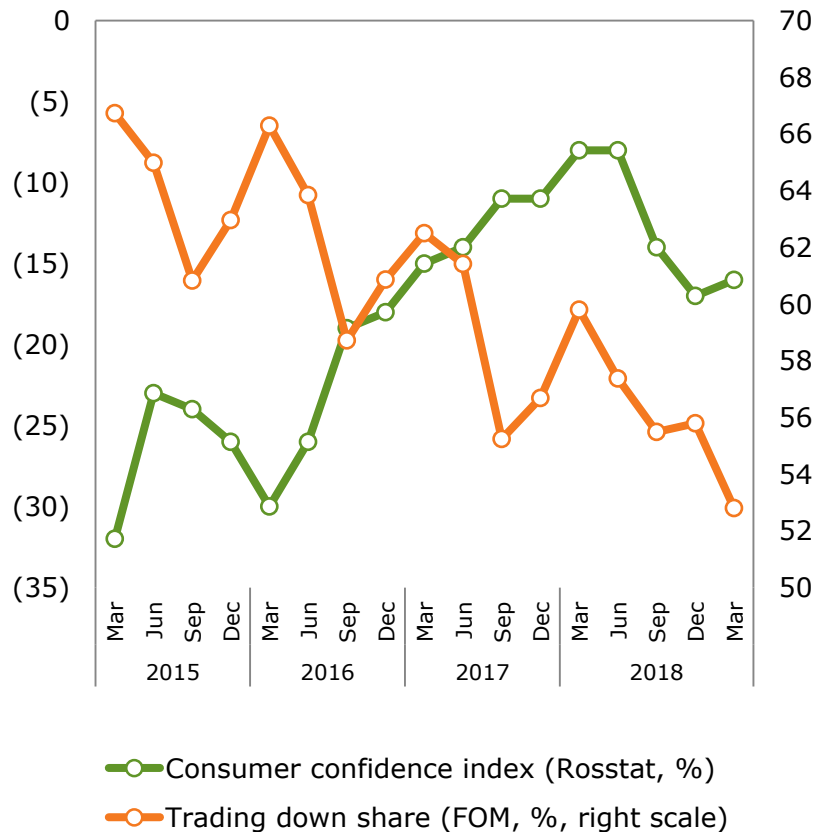Real wages

Source: Rosstat

In 2018 and Q1 2019 the Russian economy showed small growth in consumer demand despite weak real disposable income dynamics and an increased level of economic uncertainty

MACRO ENVIRONMENT (1/2)

Consumer confidence slightly improved in Q1 2019 relative to Q4 2018. Trading down continued declining but remained high

Positive growth in industrial production is largely based on mining sector acceleration – without significant improvement in the manufacturing sector

Consumer confidence index (Rosstat, %)

Trading down share (FOM, %, right scale)

Industrial production (y-o-y, %)

IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM

The key macroeconomic risks for the sustainability of the economic upturn are the weak consumer demand and uncertainty of recovery on the supply side

X5

RECENT FOOD RETAIL MARKET TRENDS...

KEY TRENDS	DESCRIPTION	CONCLUSIONS
Changing consumer behavior	▪ Consumers are raising the bar on product quality and costumer experience	▪ Opportunity to improve competitiveness through service and personalisation
Increasing popularity of fruit and vegetables, ready-to-eat and fresh categories	▪ Consumer preferences shift towards a unique and local assortment, with healthy, ready-to-eat and ready-to-cook options becoming more popular	▪ Traditional retailers need to adapt to changing preferences and growing popularity of specialised retailers
Online offer	▪ Online shopping starting to replace regular shopping outings, especially in hypermarkets	▪ Opportunity to improve competitiveness through online service development
Emergence of non-traditional players	▪ New players entering the market are able to challenge and disrupt the status quo, and are starting to transform the market	▪ Traditional retailers need to adapt to changing competitive environment
Increasing competition	▪ Retail space saturation ▪ "Value" format development (e.g., specialists, hard discounters, dollar stores)	▪ Increasing pressure on LFL ▪ Increased pressure on margins (need for opex reduction)
Aging population	▪ Growth of over working age population by 2% p.a. vs. reduction of working age group by 1% p.a.	▪ Growth of price-sensitive consumer segment ▪ Growth of proximity format popularity

X5

...AND X5'S RESPONSE

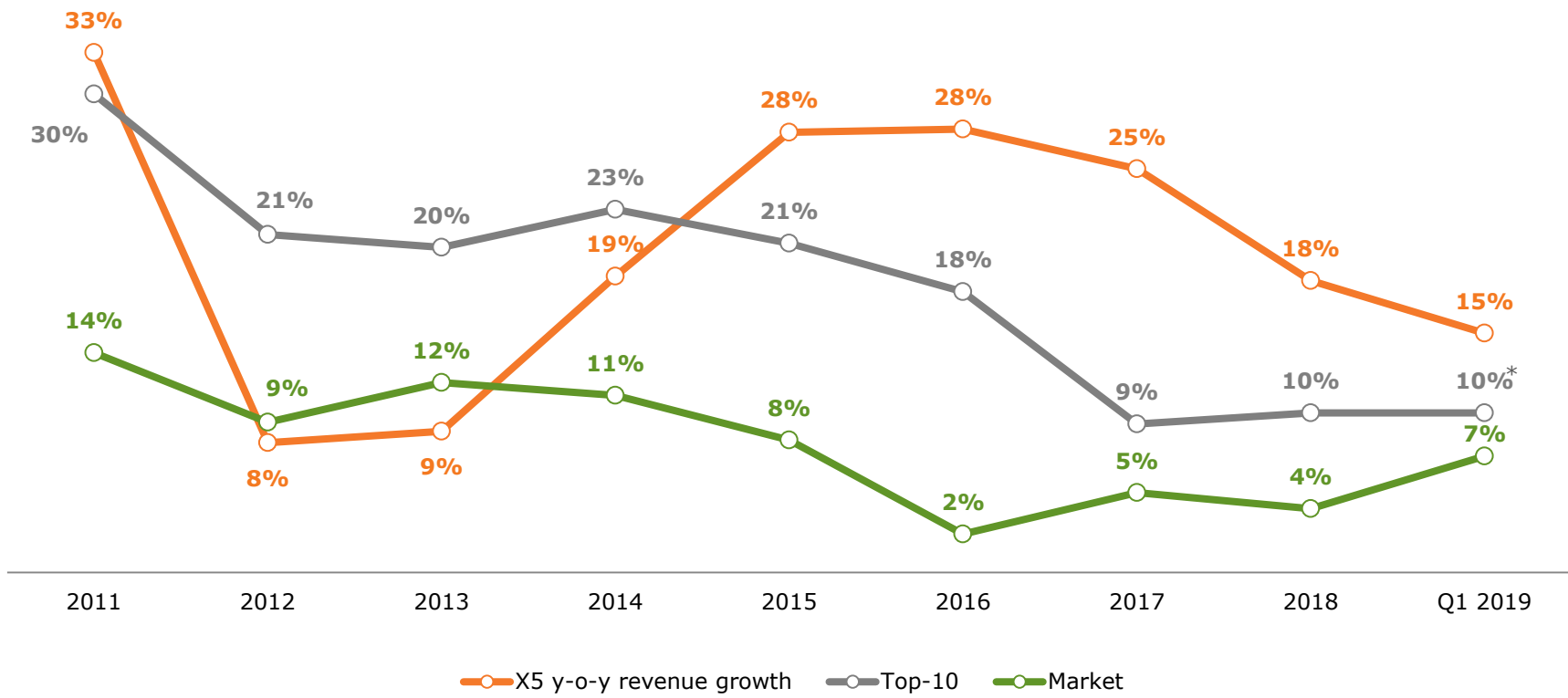| KEY TRENDS	X5 RESPONSE
Changing consumer behavior	▪ Constant adaptation of CVPs to customers' needs leveraging extensive knowledge from our loyalty programs across all formats ▪ Personalised offers based on the loyalty programmes
Increasing popularity of fruit and vegetables, ready-to-eat and fresh categories	▪ Improving the quality of the fresh category, especially fruits and vegetables, and adding new positions in the product range, including ready-to-eat category ▪ Launch of own brand of products with ultra-short shelf life, Green Line, in Perekrestok. In Moscow, the project is run jointly with the suppliers of VkusVill
Online offer	▪ Perekrestok Online expansion covering Moscow, Moscow region (partially) and St. Petersburg ▪ Pilot of Click & Collect and express delivery in supermarkets and hypermaerkets
Emergence of non-traditional players	▪ Constant adaptation of the assortment and service in accordance with market trends and consumer needs ▪ Development of detailed roadmaps for innovative projects across X5 Retail Group, and expansion of the "big data" division to further improve the efficiency of the business in all areas
Increasing competition	▪ Clusterisation of Pyaterochka stores into different segments to specifically target consumer needs ▪ Smart regional expansion with effective CVP for small cities and towns ▪ Effective GIS system to help find optimal locations
Aging population	▪ Continued expansion of proximity segment (c. 80% of X5 revenue) ▪ 5-10% discounts for pensioners from 9:00 until 13:00 ▪ Focus on mothers with children

X5

X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH

X5 y-o-y revenue growth: 33% (2011), 8% (2012), 9% (2013), 19% (2014), 28% (2015), 28% (2016), 25% (2017), 18% (2018), 15% (Q1 2019)

Top-10: 30% (2011), 21% (2012), 20% (2013), 23% (2014), 21% (2015), 18% (2016), 9% (2017), 10% (2018), 10%* (Q1 2019)

Market: 14% (2011), 9% (2012), 12% (2013), 11% (2014), 8% (2015), 2% (2016), 5% (2017), 4% (2018), 7% (Q1 2019)

Legend: — X5 y-o-y revenue growth — Top-10 — Market

Source: Infoline, X5 analysis
* X5 estimates

Starting from 2015, X5 has constantly outperformed the market and competition

RUSSIAN RETAIL MARKET SNAPSHOT

Top 10 Russian food retailers

#	Company name		% market share 2017	% market share 2018
1	X5 RETAIL GROUP — X5	⬆	9.5%	10.7%
2	МАГНИТ — Magnit	⬆	7.5%	7.7%
3	ЛЕНТА — Lenta	⬆	2.5%	2.8%
4	Красное&Белое — SPS Holding (Red and White)	⬆	1.8%	2.4%
5	ДИКСИ — Dixy	↔	2.1%	2.1%
6	Auchan — Auchan	⬇	2.2%	1.9%
7	METRO — Metro	⬇	1.4%	1.3%
8	O'KEY — O'Key	⬇	1.2%	1.1%
9	МОНЕТКА — Monetka	↔	0.6%	0.6%
10	globus — Globus	↔	0.6%	0.6%
	Total Top 10	⬆	**29.4%**	**31.2%**

Source: InfoLine

X5's market share increased from 9.5% in 2017 to 10.7% in 2018

III. OPERATIONAL RESULTS Q1 2019

Q1 2019 RESULTS: OPERATIONAL HIGHLIGHTS

Net retail sales
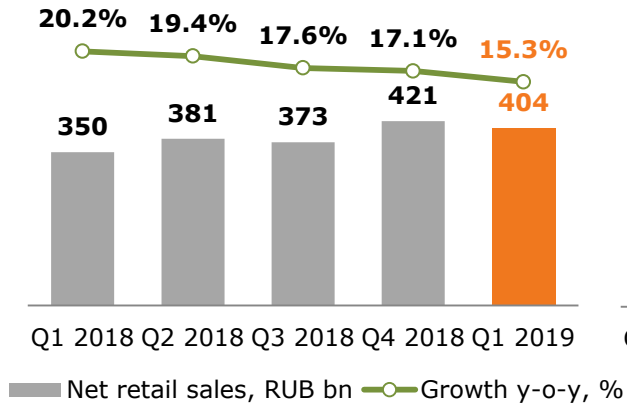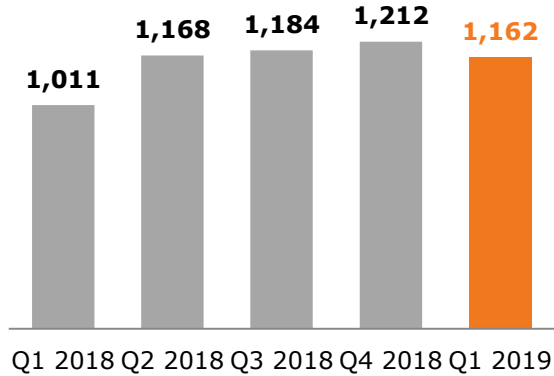
20.2% 19.4% 17.6% 17.1% **15.3%**

350 381 373 421 **404**

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

Net retail sales, RUB bn —○— Growth y-o-y, %

Traffic, mln customers

1,011 1,168 1,184 1,212 **1,162**

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

Net selling space (eop)

26.0% 23.3% 19.6% 18.0% **15.1%**

5,733 5,946 6,155 6,464 **6,599**

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

Selling space, th. sq. m —○— Growth y-o-y, %

LFL sales, y-o-y

0.5% 1.0% 0.5% 3.7% **5.0%**

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

LFL traffic, y-o-y

(1.6)% 1.7% 0.9% 2.2% **2.7%**

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

LFL basket, y-o-y

2.2% 5.8%

1.0% 0.4% 1.6% 3.6% **2.2%**

(0.7)% (0.4)% 1.4%

Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019

LFL basket, y-o-y —○— Food CPI, %
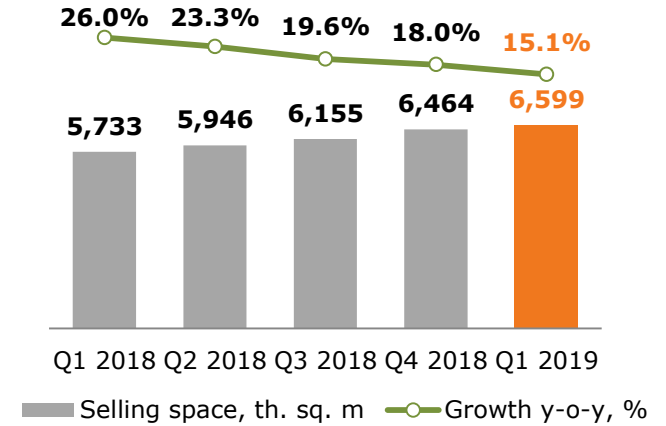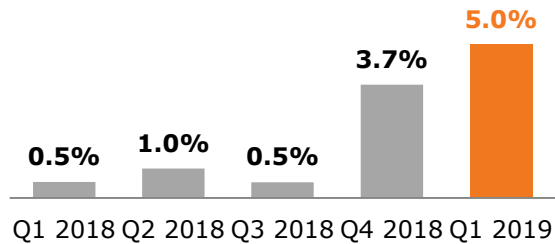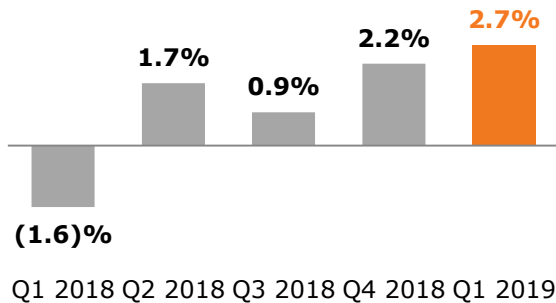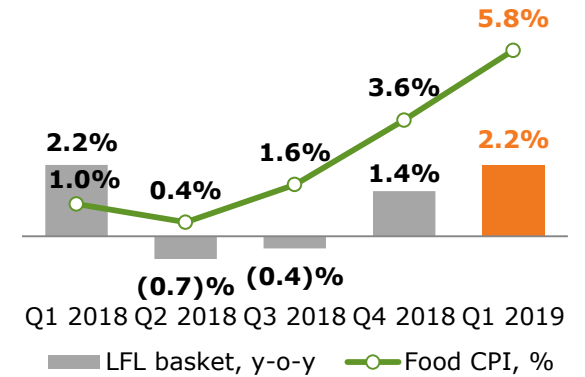
Source: X5 data

Q1 2019 RESULTS: NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln

ГИПЕРМАРКЕТ
КАРУСЕЛЬ
Hypermarkets

Перекресток
СУПЕРМАРКЕТ

22,218

55,250

X5
350,346

271,048

Пятёрочка
УНИВЕРСАМ
Proximity stores

Q1 2018

+15.3%

ГИПЕРМАРКЕТ
КАРУСЕЛЬ
Hypermarkets

Перекресток
СУПЕРМАРКЕТ
Supermarkets

21,917

66,445

X5
404,116

315,274

Пятёрочка
УНИВЕРСАМ
Proximity stores

Q1 2019
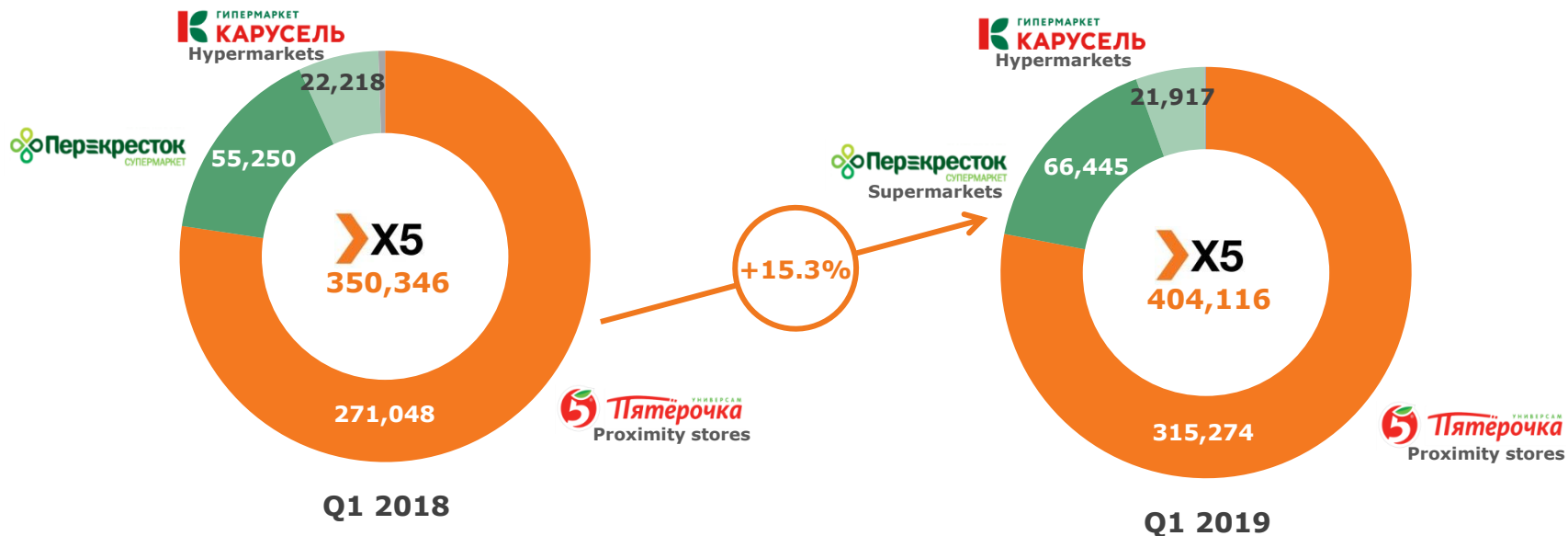
KEY DRIVERS

- Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's growth thanks to:

  - Value proposition that is one of the best-adapted to Russian consumers' needs
  - Smart expansion programme

Source: X5 data

Net retail sales growth of 15.3% was driven by a 5.0% increase in like-for-like sales and a 10.3% sales growth contribution from a 15.1% rise in selling space

Q1 2019 RESULTS: EXPANSION SUMMARY

- Total store base increased to 14,779 stores as of 31 March 2019
- Pyaterochka was the main driver for the store base increase with a 143 th. sq. m selling space addition in Q1 2019

Net selling space, th. sq. m

15.1%

5,733 (Q1 2018)
6,599 (Q1 2019)
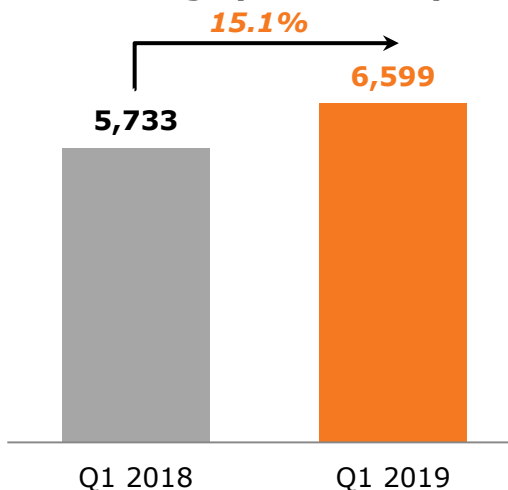
Net selling space added in Q1 2019, th. sq. m

ГИПЕРМАРКЕТ КАРУСЕЛЬ **Hypermarkets**
ПерЕкресток **Supermarkets**

(13)
13
135
143

Пятёрочка **Proximity stores**

Total stores base

12,701 (Q1 2018)
14,779 (Q1 2019)
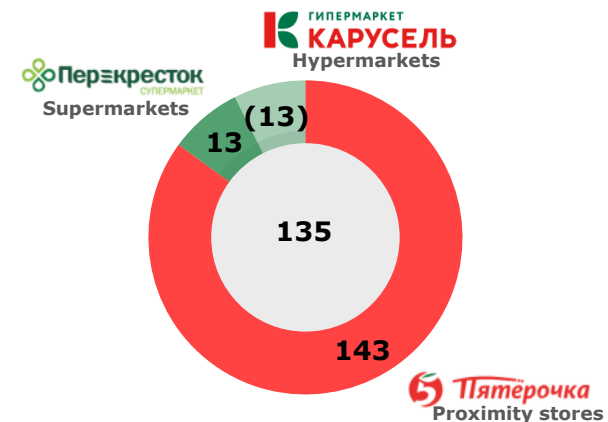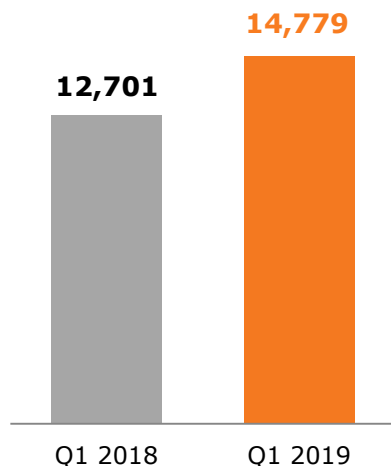
Stores added (net) in Q1 2019 by formats and by regions

Пятёрочка УНИВЕРСАМ **Proximity stores**

Other – 266
Central – 106
395
North West – 23

ПерЕкресток СУПЕРМАРКЕТ **Supermarkets**

Other – (2)
Central – 9
11
North-West – 4

ГИПЕРМАРКЕТ КАРУСЕЛЬ **Hypermarkets**

Other – (1)
Central – (1)
(3)
North West – (1)

Source: X5 data

X5
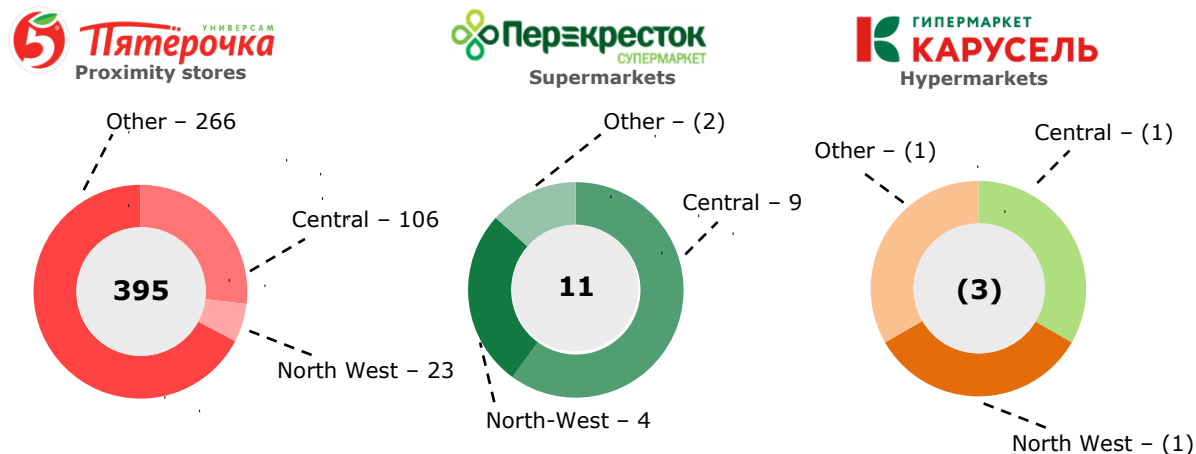
X5 REGIONAL PRESENSE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 14,779, including:
  - 13,917 Pyaterochka stores
  - 771 Perekrestok supermarkets
  - 91 Karusel hypermarkets
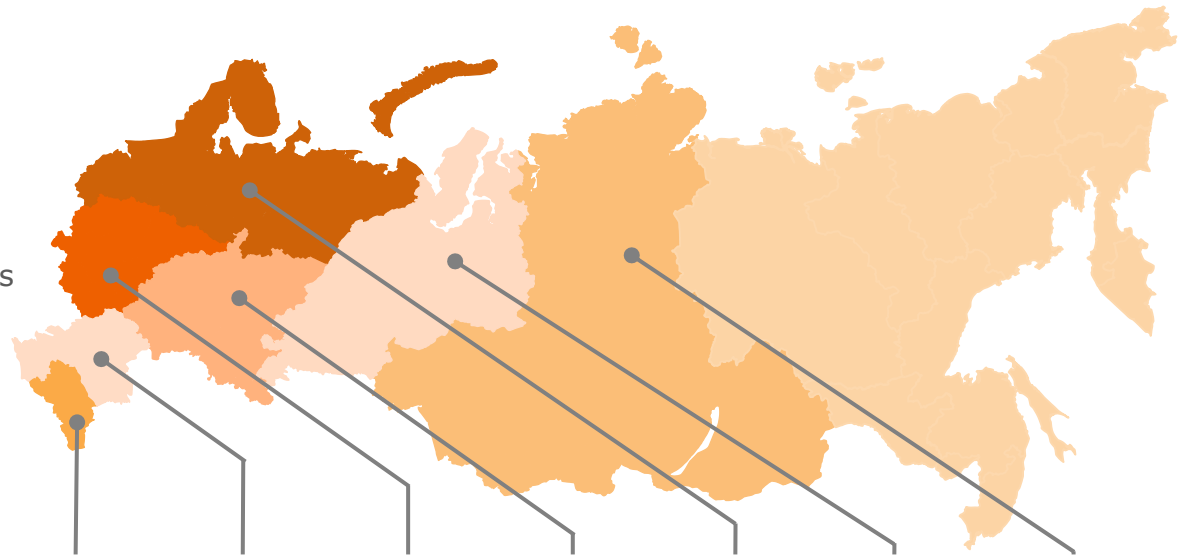
Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
Пятёрочка УНИВЕРСАМ		249	1,220	5,385	3,785	1,575	1165	538	**13,917**
Перекресток СУПЕРМАРКЕТ	Number of stores, #	8	44	458	116	102	43	-	**771**
КАРУСЕЛЬ ГИПЕРМАРКЕТ		1	5	38	25	17	5	-	**91**
X5 RETAIL GROUP	Net retail sales (3M 2019), %	*1.0%*	*5.6%*	*51.8%*	*18.8%*	*14.5%*	*6.4%*	*1.9%*	***100%***

Source: X5 data

X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 31 March 2019

Federal district	Space, th. sq. m	# of DCs
Central	587	16
North-Western	131	5
Volga	195	9
Ural	139	6
Southern	96	4
Siberian	18	1
Total	**1,167**	**41**

Centralisation levels

2013	2014	2015	2016	2017	2018	Q1 2019
78%	78%	85%	88%	93%	95%	93%
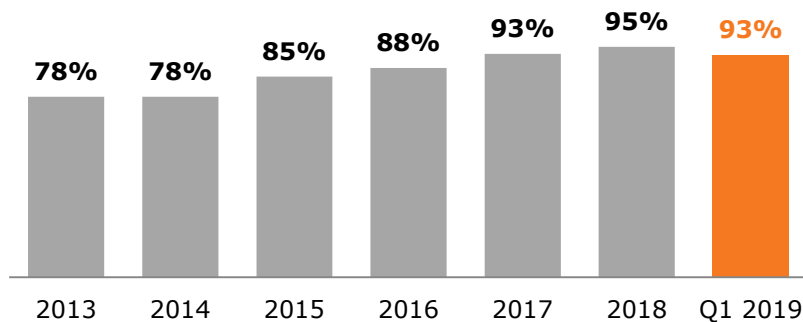
Source: X5 data

Highlights for Q1 2019

- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.

- As of 31 March 2019 the Company owned 3,837 trucks.

IV. FINANCIAL RESULTS
Q1 2019

Q1 2019 RESULTS: FINANCIAL HIGHLIGHTS

Revenue

19.9%	19.3%	17.6%	16.9%	15.5%
351.5	382.6	375.5	423.0	405.9
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019

■ Revenue, RUB bn —○— Growth y-o-y, %

Gross profit & gross margin

23.8%	24.0%	24.6%	24.1%	24.8%	25.2%
83.7	91.8	92.5	101.8	100.6	102.2
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q1 2019
			IAS 17		IFRS 16

■ Gross profit, RUB bn —○— Margin, %

SG&A (excl. D&A&I&LTI)

18.2%	16.9%	17.9%	18.0%	18.3%	13.5%
63.9	64.8	67.0	76.0	74.4	54.7
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q1 2019
			IAS 17		IFRS 16
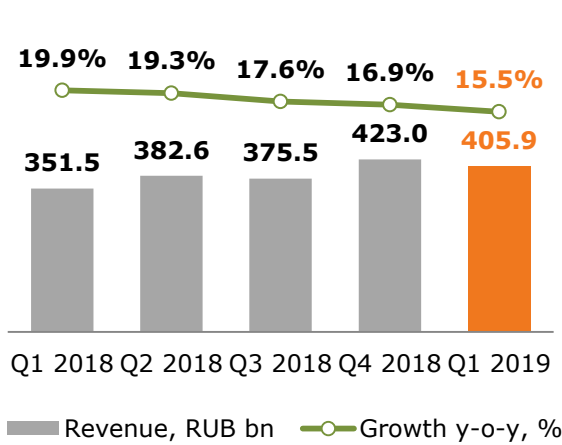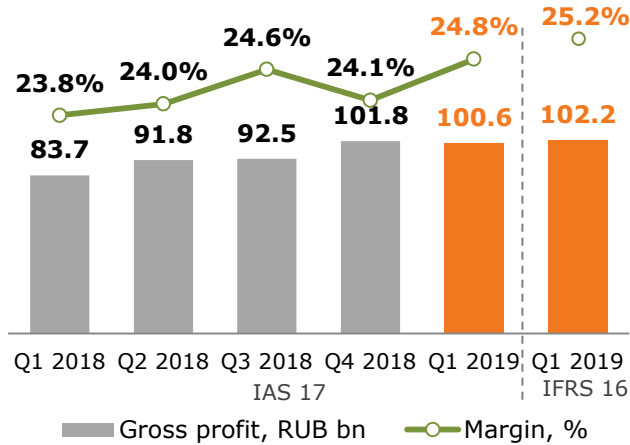
■ SG&A (excl. D&A&I&LTI), RUB bn
—○— % of revenue
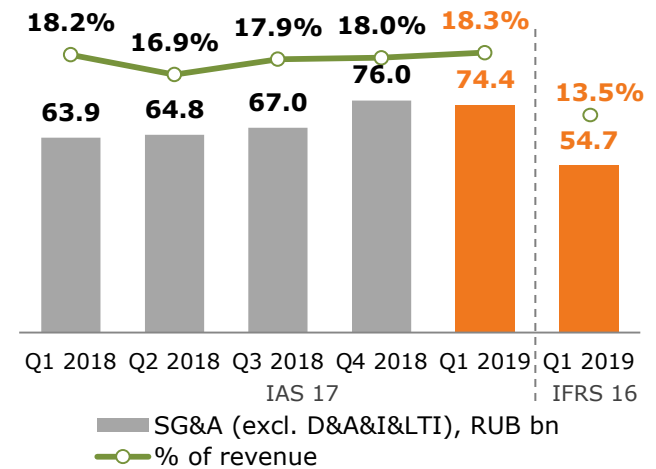
Capital expenditures, RUB bn

16.4	20.4	18.8	28.0	12.4
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
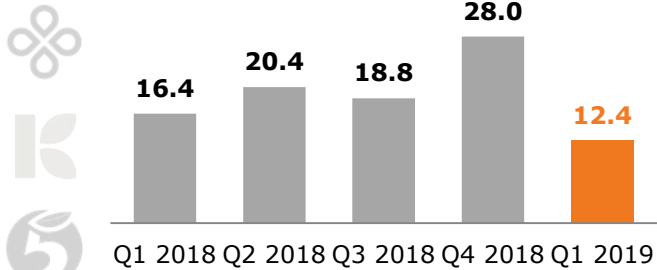
Adj. EBITDA & EBITDA margin[1]

6.3%	7.7%	7.4%	7.2%	7.3%	12.5%
22.3	29.5	27.8	30.4	29.5	50.8
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q1 2019
			IAS 17		IFRS 16

■ Adj. EBITDA, RUB bn —○— Margin, %
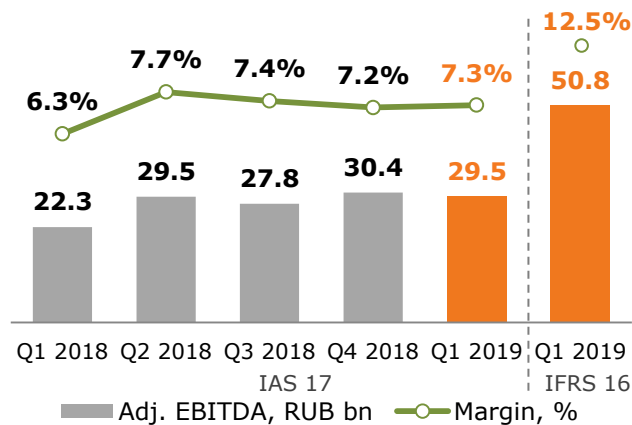
Net profit & net profit margin

1.6%	2.3%	2.2%	1.5%	2.3%	2.1%
5.6	8.7	8.1	6.2	9.3	8.3
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q1 2019
			IAS 17		IFRS 16

■ Net profit, RUB bn —○— Margin, %
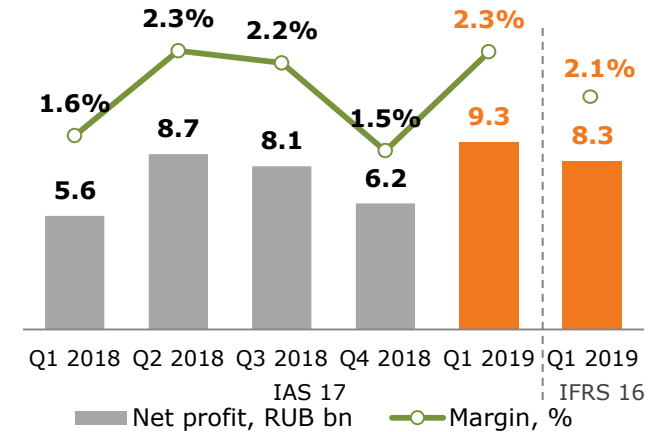
Source: X5 data
[1] – Adjusted for LTI, exit payments and share-based payments and other one-off remuneration payments

X5

Q1 2019 RESULTS: CAPITAL EXPENDITURE

Capex breakdown, %

Q1 2019

67%
6%
1%
13%
13%
13%

- New store openings
- Refurbishments
- Logistics
- Maintenance
- IT and other
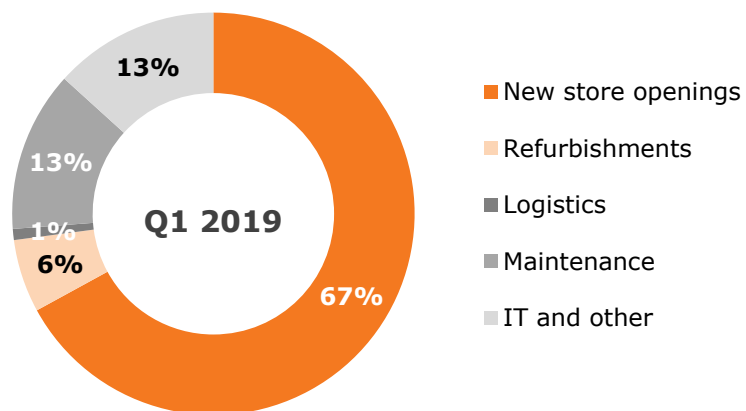
Capex dynamics by quarter, RUB mln

Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
16,433	20,440	18,757	28,037	12,414
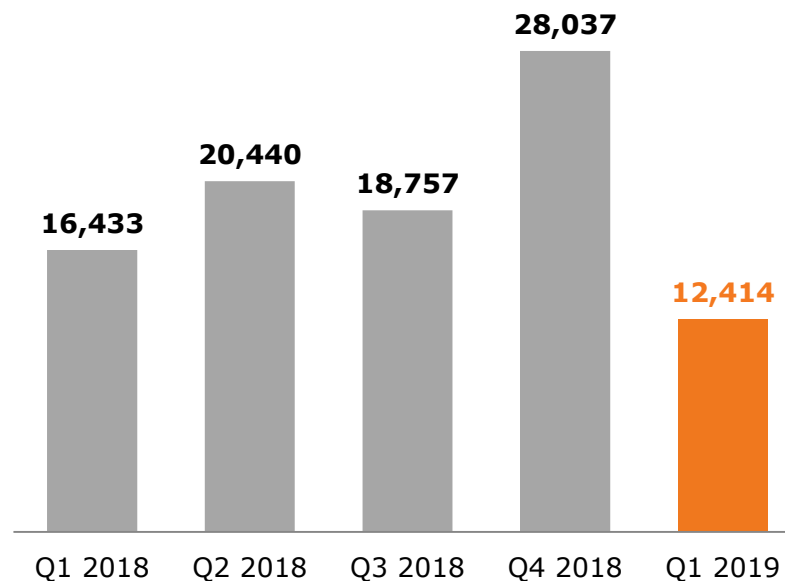
Source: X5 data (prepared under IAS 17)

In Q1 2019, capex programme focused on organic expansion, IT, maintenance and other expenses

X5

Q1 2019 RESULTS: DEBT STRUCTURE

Debt profile

RUB mln	31 Mar 2019	31 Mar 2018
Total Debt	**201,941**	**191,642**
Short-Term Debt	60,291	57,427
% of total debt	*29.9%*	*30.0%*
Long-Term Debt	141,650	134,215
% of total debt	*70.1%*	*70.0%*
Net Debt	**183,660**	**178,707**

Debt portfolio maturity

31 Mar 2019	2019	2020	2021	2022
100%	22%	32%	43%	3%
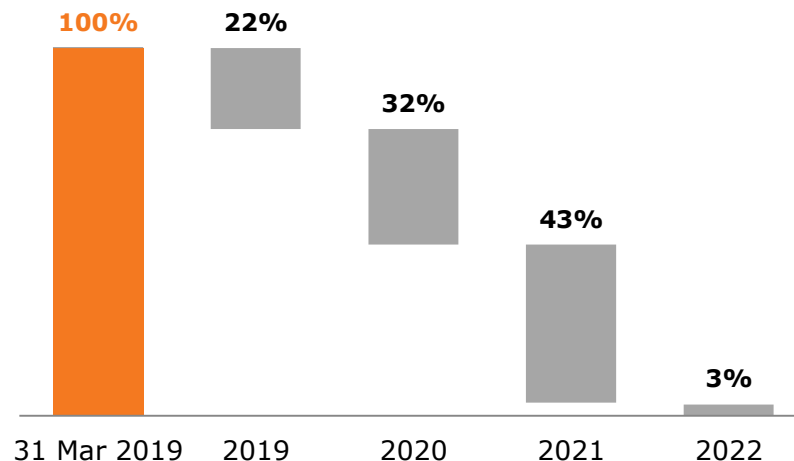
Covenants & liquidity update

Covenant metrics & liquidity sources	31 Mar 2019	31 Mar 2018
Net Debt / EBITDA (IAS 17)	1.59x	1.88x
Cash & cash equiv., RUB mln	18,281	12,935
Available credit limits, RUB mln	350,888	328,030

Source: X5 data

Highlights

- X5's debt portfolio is 100% RUB-denominated

- All of the X5's loans and bonds have fixed interest rates

- X5's available credit limits amounted to RUB 350.9 bn

Q1 2019 analysis
as percentage of revenue

	Q1 2018	18 b.p.	Q1 2019
	18.2%	*18 b.p.*	**18.3%**
Third party services	**0.7%**	*(4) b.p.*	**0.7%**
Other expenses	**1.0%**	*(8) b.p.*	**0.9%**
Other store costs	**1.2%**	*(8) b.p.*	**1.1%**
Utilities	**2.3%**	*8 b.p.*	**2.4%**
Lease expenses	**5.1%**	*5 b.p.*	**5.1%**
Staff costs	**7.8%**	*24 b.p.*	**8.1%**

Q1 2019 IFRS 16: **13.5%**
- Third party services: **0.7%**
- Other expenses: **0.9%**
- Other store costs: **1.0%**
- Utilities: **2.4%**
- Lease expenses: **0.3%**
- Staff costs: **8.1%**

Legend:
- Third party services
- Other expenses
- Other store costs
- Utilities
- Lease expenses
- Staff costs
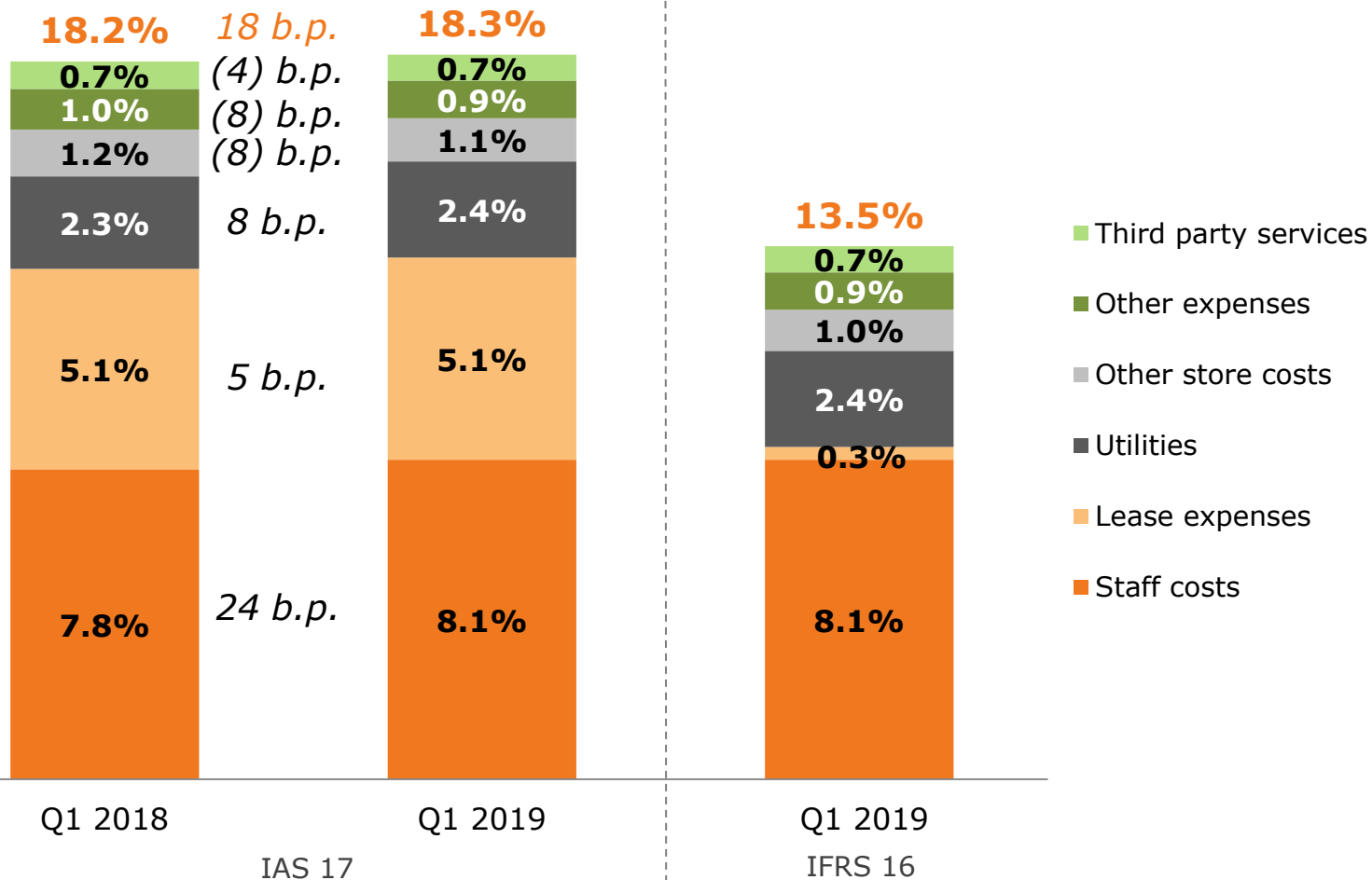
Q1 2018 — IAS 17
Q1 2019 — IAS 17
Q1 2019 — IFRS 16

FINANCIAL STATEMENTS (1/3)
PROFIT AND LOSS STATEMENT

RUB mln	IAS 17				IFRS 16
	Q1 2019	Q1 2018	+/(-)	+/ (-), %	Q1 2019
Revenue	**405,864**	**351,518**	**54,346**	*15.5%*	**405,864**
Net retail sales	404,116	350,346	53,770	*15.3%*	404,116
COGS	(305,300)	(267,848)	(37,452)	*14.0%*	(303,699)
Gross profit	**100,564**	**83,670**	**16,894**	*20.2%*	**102,165**
Gross profit margin	*24.8%*	*23.8%*		*98 b.p.*	*25.2%*
SG&A	(87,355)	(74,799)	(12,556)	*16.8%*	(82,197)
EBITDA	**29,016**	**21,272**	**7,744**	*36.4%*	**50,296**
EBITDA margin	*7.1%*	*6.1%*		*110 b.p.*	*12.4%*
Operating profit	**16,507**	**11,236**	**5,271**	*46.9%*	**23,266**
Operating margin	*4.1%*	*3.2%*		*87 b.p.*	*5.7%*
Net profit	**9,297**	**5,628**	**3,669**	*65.2%*	**8,335**
Net profit margin	*2.3%*	*1.6%*		*69 b.p.*	*2.1%*

Source: X5 data

FINANCIAL STATEMENTS (2/3)
BALANCE SHEET

RUB mln	31 Mar 2019 (IFRS 16)	31 Dec 2018 (restated)*
Total current assets	**149,905**	**169,812**
Cash & cash equivalents	18,281	24,368
Inventories	101,997	115,990
Total non-current assets	**830,566**	**829,698**
Right-of-use assets	387,986	387,364
Net PP&E	305,628	307,717
Goodwill	95,930	94,627
Total assets	**980,471**	**999,510**
Total current liabilities	**318,623**	**342,940**
ST debt	60,291	60,435
ST finance lease payables	51,921	52,516
Trade accounts payable	130,667	154,873
Total non-current liabilities	**530,927**	**533,921**
LT debt	141,650	147,329
LT finance lease payable	383,556	381,297
Total liabilities	**849,550**	**876,861**
Total equity	**130,921**	**122,649**
Total liabilities & equity	**980,471**	**999,510**

Source: X5 data

*Certain amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2018 and reflect adjustments recognised as a result of IFRS 16 initial application.

FINANCIAL STATEMENTS (3/3)
CASH FLOW STATEMENT

| RUB mln	IAS 17				IFRS 16
	Q1 2019	Q1 2018	+/(-)	+/ (-), %	Q1 2019
Net cash generated from operating activities	**17,212**	**13,704**	**3,508**	*25.6%*	**29,345**
Net cash from operating activities before changes in working capital	28,791	21,318	7,473	*35.1%*	50,070
Change in Working Capital, incl.:	(3,176)	(1,888)	(1,288)	*68.2%*	(3,114)
Decrease/(increase) in trade and other AR	1,582	4,992	(3,410)	*(68.3)%*	1,555
Decrease/(increase) in inventories	13,993	126	13,867	*11,005.6%*	13,993
(Increase)/decrease in trade payable	(24,191)	(8,152)	(16,039)	*196.7%*	(24,191)
(Decrease)/increase in other AP	5,440	1,146	4,294	*374.7%*	5,529
Net interest and income tax paid	(8,403)	(5,726)	(2,677)	*46.8%*	(17,611)
Net cash used in investing activities	**(17,373)**	**(25,656)**	**8,283**	*(32.3)%*	**(17,373)**
Net cash generated from/(used in) financing activities	**(5,926)**	**(2,702)**	**(3,224)**	*119.3%*	**(18,059)**
Effect of exchange rate changes on cash & cash equiv.	-	(16)	16	*n/a*	-
Net increase/(decrease) in cash & cash equiv.	**(6,087)**	**(14,670)**	**8,583**	*(58.5)%*	**(6,087)**

Source: X5 data

X5

APPENDIX

PERFORMANCE SUMMARY OF KEY FORMATS

PYATEROCHKA SUMMARY (1/3)
RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE

13,917 stores as of 31 March 2019, 18.0% increase y-o-y
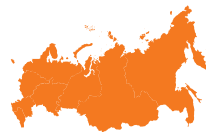
5,435 th. sq. m of selling space as of 31 March 2019, 17.1% increase y-o-y

Q1 2019 net retail sales – RUB 315.3 bn, 16.3% increase y-o-y

992 mln of customer visits in Q1 2019, 15.7% increase y-o-y

Share of X5's Q1 2019 sales: **~78%**

Q1 2019 LFL Results
- Sales: **4.7%**
- Traffic: **2.2%**
- Basket: **2.5%**

Average check: **RUB 366** (Q1 2019) 1.5% increase y-o-y

- Avg. net selling space: **391 sq. m.**
- **Formats**
  – 250-330 sq. m.
  – 330-430 sq. m.
  – 430-620 sq. m.
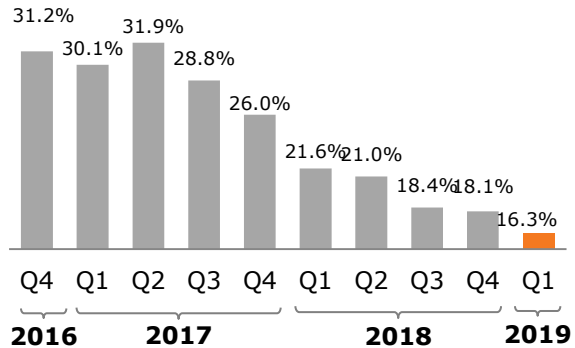 – 620-and more

Average number of SKUs: **4,500**
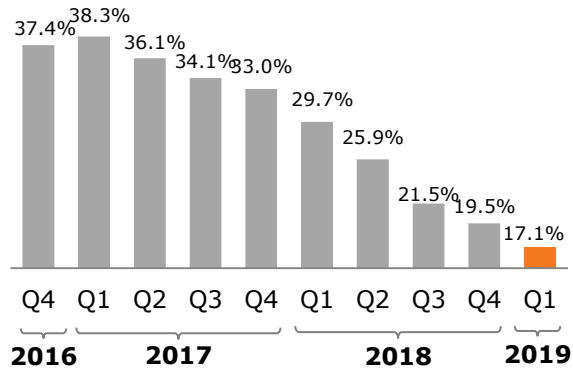
Capex per leased store: **RUB 12-15 mln**

The proximity store for your daily shopping needs

X5

PYATEROCHKA SUMMARY (2/3)

Q1 2019 net retail sales: 16.3% increase y-o-y

Net sales growth (% y-o-y)

Q4 31.2%
Q1 30.1%
Q2 31.9%
Q3 28.8%
Q4 26.0%
Q1 21.6%
Q2 21.0%
Q3 18.4%
Q4 18.1%
Q1 16.3%

2016 | 2017 | 2018 | 2019

Q1 2019 selling space: 17.1% increase y-o-y

Net selling space growth (% y-o-y)

Q4 37.4%
Q1 38.3%
Q2 36.1%
Q3 34.1%
Q4 33.0%
Q1 29.7%
Q2 25.9%
Q3 21.5%
Q4 19.5%
Q1 17.1%

2016 | 2017 | 2018 | 2019

Q1 2019 sales densities: 3.2% decline y-o-y

Net sales densities (th. RUB/sq. m[1])

Q4 272
Q1 268
Q2 266
Q3 262
Q4 259
Q1 254
Q2 251
Q3 249
Q4 247
Q1 246

2016 | 2017 | 2018 | 2019
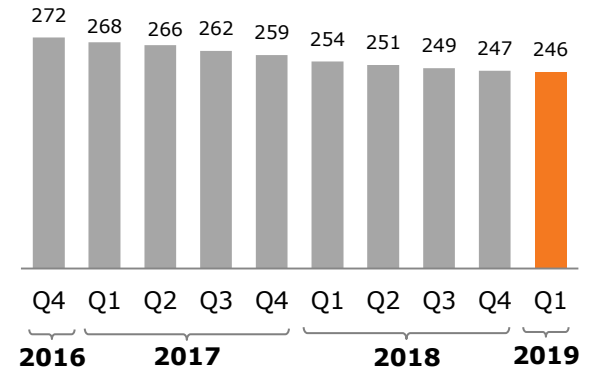
Q1 2019 LFL sales: 4.7% increase y-o-y

Total LFL sales growth (% y-o-y)

Q4 7.5%
Q1 6.7%
Q2 6.0%
Q3 4.0%
Q4 2.4%
Q1 (0.8)%
Q2 0.5%
Q3 0.1%
Q4 3.3%
Q1 4.7%

2016 | 2017 | 2018 | 2019
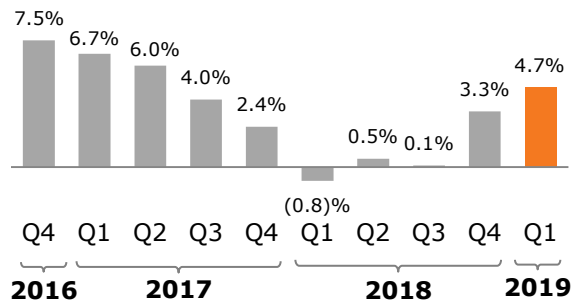
Q1 2019 LFL traffic: 2.2% increase y-o-y

Total LFL traffic growth (% y-o-y)

Q4 1.6%
Q1 4.4%
Q2 2.0%
Q3 2.4%
Q4 2.8%
Q1 (2.2)%
Q2 1.3%
Q3 0.5%
Q4 1.7%
Q1 2.2%

2016 | 2017 | 2018 | 2019
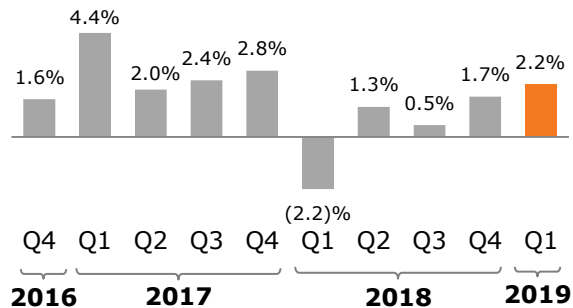
Q1 2019 LFL basket: 2.5% increase y-o-y

Total LFL basket growth (% y-o-y)
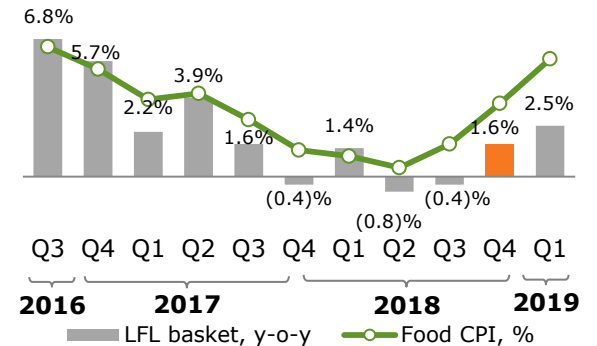
Q3 6.8%
Q4 5.7%
Q1 2.2%
Q2 3.9%
Q3 1.6%
Q4 (0.4)%
Q1 1.4%
Q2 (0.8)%
Q3 (0.4)%
Q4 1.6%
Q1 2.5%

2016 | 2017 | 2018 | 2019

LFL basket, y-o-y — Food CPI, %

Source: X5 data
[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters

X5

PYATEROCHKA SUMMARY (3/3)
STRATEGY OVERVIEW

- **Maximise the share of customers, and maximise share of these customers' wallet**:

  - Further **adaptation of CVP** and **assortment**

  - **Leadership in NPS** and service level

  - **Decrease personnel turnover**; improve loyalty

  - Improvement in **operational efficiency**, incl. shrinkage

  - Roll-out of **personalised promotions**

  - Improve efficiency of **regional model**

- **Improve efficiency and reduce costs:**

  - **Further** improvements in opex and purchasing terms

  - Increase the share of **direct import**

  - Grow the share of **private label** to >20% during the next 3-5 years

  - **Lean and agile** approach

PEREKRESTOK SUMMARY (1/3)
RUSSIA'S #1 SUPERMARKET

771 stores as of 31 March 2019, 14.4% increase y-o-y
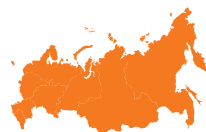
794 th. sq. m. of selling space as of 31 March 2019, 15.9% increase y-o-y

Q1 2019 net retail sales of RUB 66.4 bn, 20.3% increase y-o-y

137 mln customers in Q1 2019, 20.7% increase y-o-y

Share of X5's Q1 2019 sales: **~16%**

Q1 2019 LFL Results
- Sales: **7.6%**
- Traffic: **7.8%**
- Basket: **(0.2)%**

Average check: **RUB 558** (Q1 2019), 0.4% increase y-o-y

Avg. net selling space : **1,030 sq. m.**

Average number of SKUs: **8,000 – 15,000**

Capex per leased store: **RUB 50-60 mln**

The main supermarket in every neighbourhood

X5

PEREKRESTOK SUMMARY (2/3)

Q1 2019 net retail sales: 20.3% increase y-o-y
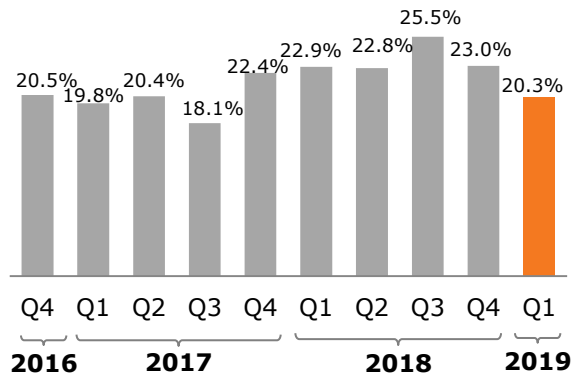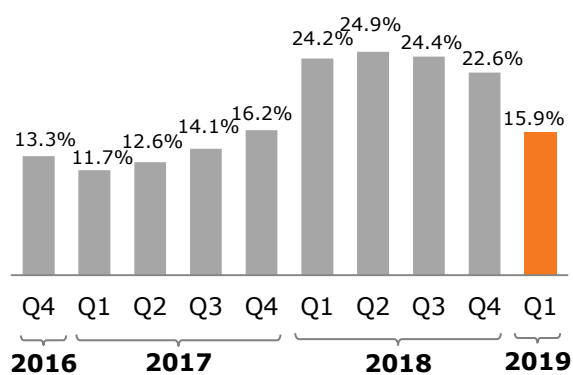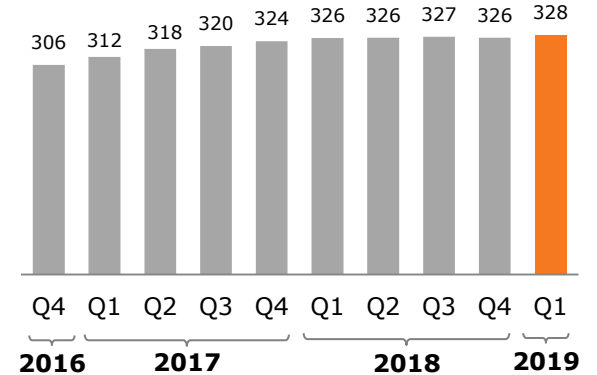
Net sales growth (% y-o-y)

20.5% 19.8% 20.4% 18.1% 22.4% 22.9% 22.8% 25.5% 23.0% 20.3%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

Q1 2019 selling space: 15.9% increase y-o-y

Net selling space growth (% y-o-y)

13.3% 11.7% 12.6% 14.1% 16.2% 24.2% 24.9% 24.4% 22.6% 15.9%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

Q1 2019 sales densities: 0.5% increase y-o-y

Net sales densities (th. RUB/sq. m[1])

306 312 318 320 324 326 326 327 326 328

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

Q1 2019 LFL sales: 7.6% increase y-o-y

Total LFL sales growth (% y-o-y)

8.7% 10.3% 11.1% 9.9% 9.3% 6.4% 4.4% 4.7% 7.5% 7.6%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**
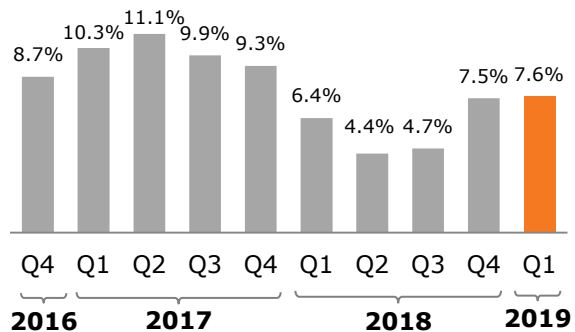
Q1 2019 LFL traffic: 7.8% increase y-o-y

Total LFL traffic growth (% y-o-y)

4.3% 7.2% 5.7% 6.6% 7.5% 3.3% 6.4% 6.7% 8.2% 7.8%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**
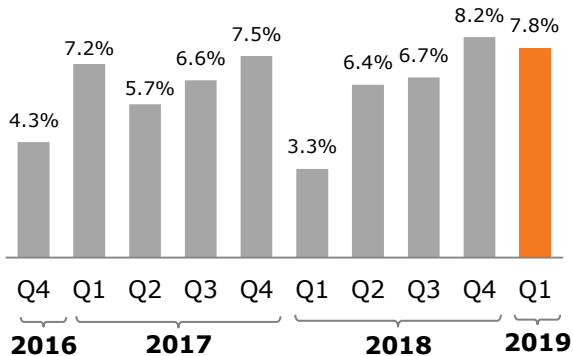
Q1 2019 LFL basket: 0.2% decline y-o-y

Total LFL basket growth (% y-o-y)
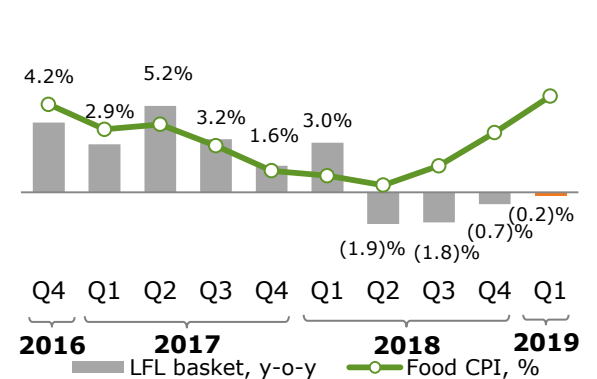
4.2% 2.9% 5.2% 3.2% 1.6% 3.0% (1.9)% (1.8)% (0.7)% (0.2)%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

◻ LFL basket, y-o-y ─○─ Food CPI, %

Source: X5 data

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters

- **Fine-tuning value proposition and adapting to customer needs:**

  – Further adaptation of assortment with focus on **fresh, F&V, ready-to-eat**

  – **Omni-channel** development

  – Targeted **loyalty system** and **personalised** promo

  – **Best-in-class service**, further increase of NPS

  – **Comfort and positive emotions** from shopping

  – Chain expansion with aim of being **closer to the customer**

- **Improve efficiency and reduce costs:**

  – Increase the share of **private labels**

  – Increase the share of **direct import**

  – **Further improve logistics** (forecasting, stock replenishment system)

  – **Further** improvements in opex and purchasing terms

KARUSEL SUMMARY (1/3)
HIGHLIGHTS

91 stores as of 31 March 2019: 1.1% decrease y-o-y

369 th. sq. m. of selling space as of 31 March 2019, 3.3% decrease y-o-y

Q1 2019 net retail sales: RUB 21.9 bn, 1.4% decrease y-o-y

31 mln customer visits in Q1 2019, 5.6% decrease y-o-y

Share of X5's Q1 2019 sales: **~5%**

Q1 2019 LFL Results
- Sales: **2.0%**
- Traffic: **(2.4)%**
- Basket: **4.5%**

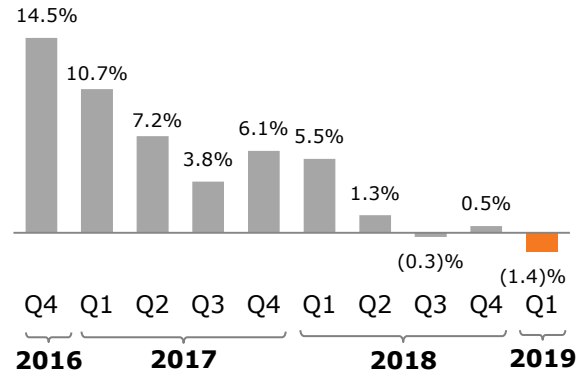Average ticket: **RUB 824** (Q1 2019) 5.3% increase y-o-y

Avg. net selling space: **4,060 sq. m.**

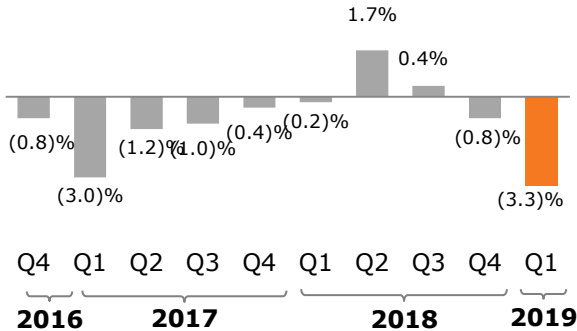**Destination store for all your food & household needs**

KARUSEL SUMMARY (2/3)

**Q1 2019 net retail sales:
1.4% decrease y-o-y**

Net sales growth (% y-o-y)

14.5%
10.7%
7.2%
3.8%
6.1% 5.5%
1.3%
0.5%
(0.3)%
(1.4)%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

**Q1 2019 selling space:
3.3% decrease y-o-y**

Net selling space growth (% y-o-y)

(0.8)%
(3.0)%
(1.2)% (1.0)%
(0.4)% (0.2)%
1.7%
0.4%
(0.8)%
(3.3)%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

**Q1 2019 sales densities:
0.5% increase y-o-y**

Net sales densities (th. RUB/sq. m[1])

215 221 227 229 233 237 237 237 237 238

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**
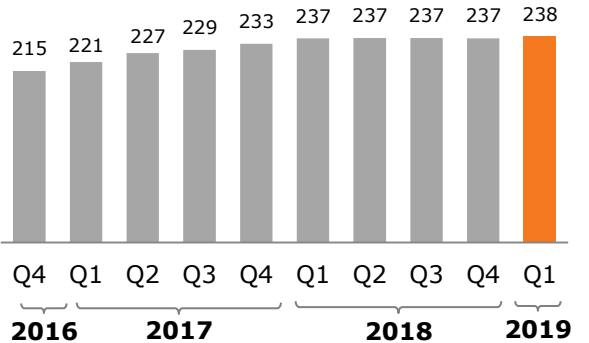
**Q1 2019 LFL sales:
2.0% increase y-o-y**

Total LFL sales growth (% y-o-y)

8.1% 9.4%
6.3%
2.5%
4.0% 3.3%
(0.4)%
(2.5)%
(0.4)%
2.0%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**
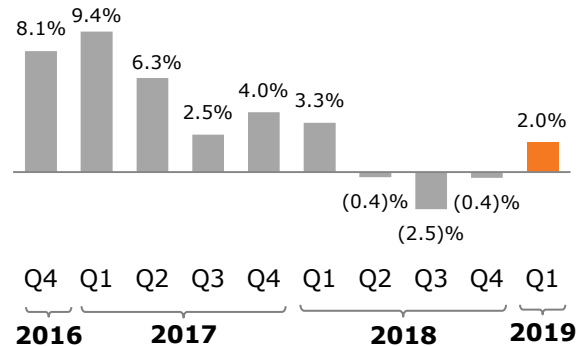
**Q1 2019 LFL traffic:
2.4% decline y-o-y**

Total LFL traffic growth (% y-o-y)

2.5%
5.9%
(2.3)% (2.4)%
(0.2)%
(2.0)% (2.8)%
(4.8)%
(2.8)%
(2.4)%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**
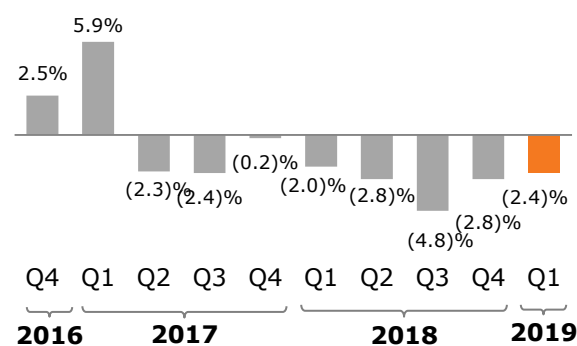
**Q1 2019 LFL basket:
4.5% increase y-o-y**

Total LFL basket growth (% y-o-y)
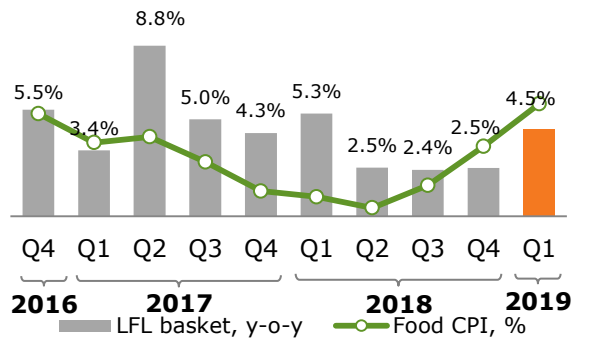
5.5% 3.4% 8.8% 5.0% 4.3% 5.3% 2.5% 2.4% 2.5% 4.5%

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
2016	**2017**				**2018**				**2019**

LFL basket, y-o-y — Food CPI, %

Source: X5 data
[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters

- **Increasing sales density and increasing customer loyalty:**

  - Further **adapt assortment**

  - Improve **price perception**

  - Increase **share of private label**

  - Expand **omni-channel** offering & digital **innovations**

  - Improve **personnel engagement**

  - Reduce lease costs, shrinkage and increase **operational efficiency**

  - Gradually renovate stores using **new branding**

In 2018, we began full-scale rollout of new CVP and branding with refurbishment of eight stores in 2018