Q1 2017
FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION
27 MARCH 2017

X5 RETAIL GROUP

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the Securities on the territory of the Russian Federation at present. No prospectus for the issue of the Securities has been or is intended to be registered with the Federal Service for Financial Markets of the Russian Federation. The information provided in this presentation is not intended to advertise or facilitate the offer of the Securities in the territory of the Russian Federation. This presentation does not represent an offer to acquire the Securities or an invitation to make offers to acquire the Securities. The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. Some of the information is still in draft form and neither X5 Retail Group N.V. nor any other party is under any duty to update or inform recipients of this presentation of any changes to such information or opinions. In particular, it should be noted that some of the financial information relating to X5 Retail Group N.V. and its subsidiaries contained in this document has not been audited and in some cases is based on management information and estimates.

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I. HIGHLIGHTS

04 KEY ACHIEVEMENTS IN Q1 2017

- Revenue increased by **26.5%** y-o-y

- EBITDA margin up by **44 b.p.** y-o-y to **7.6%**

- Comfortable level of Net debt / EBITDA at **1.90x** as of 31 March 2017

- LFL traffic growth improved to **4.6%** in Q1 2017, highest level since Q4 2009
- LFL traffic of Perekrestok was positive for **five quarters** in a row, of Karusel – for **two quarters** in a row
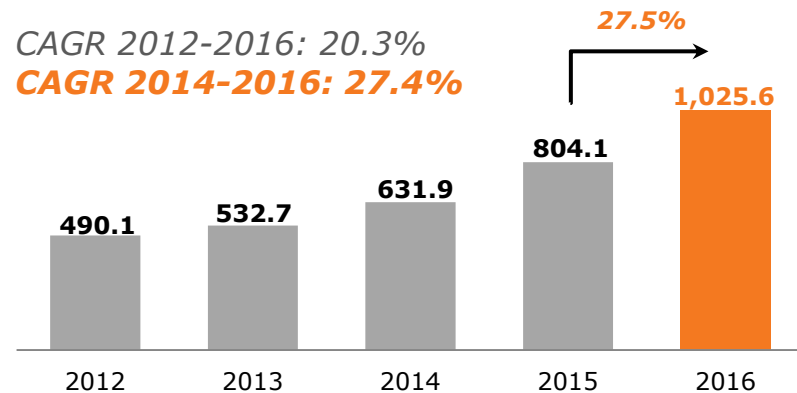
- The Company added **630** new stores in Q1 2017, vs. **377** stores in Q1 2016.
- **111** stores refurbished

- **>96%** of Pyaterochka stores and **>56%** of Perekrestok stores operating under new concept

- Net additional selling space of **248.6 th. sq. m.**, **87%** of which was attributable to **organic growth**

- Pyaterochka added **251.6 th. sq. m.** of net selling space

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Net retail sales dynamics, Rub bn

CAGR 2012-2016: 20.3%
CAGR 2014-2016: 27.4%

27.5%

2012	2013	2014	2015	2016
490.1	532.7	631.9	804.1	1,025.6

Customer visits, mln

CAGR 2012-2016: 14.4%
CAGR 2014-2016: 20.5%

24.5%

2012	2013	2014	2015	2016
1,793	1,918	2,114	2,468	3,072

Selling space, th. sq. m.

CAGR 2012-2016: 21.6%
CAGR 2014-2016: 29.3%

29.1%

2012	2013	2014	2015	2016
1,970	2,223	2,572	3,333	4,302
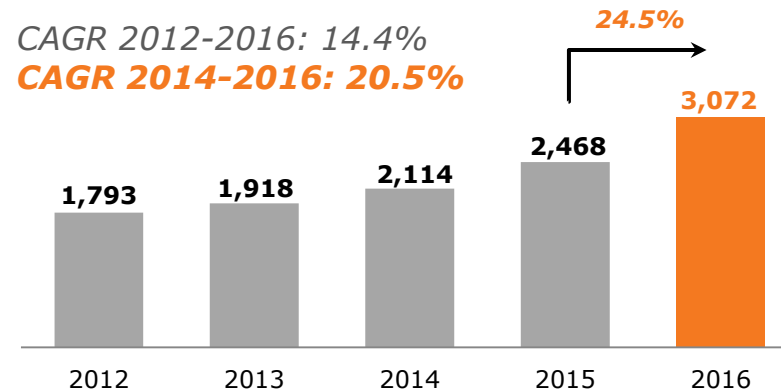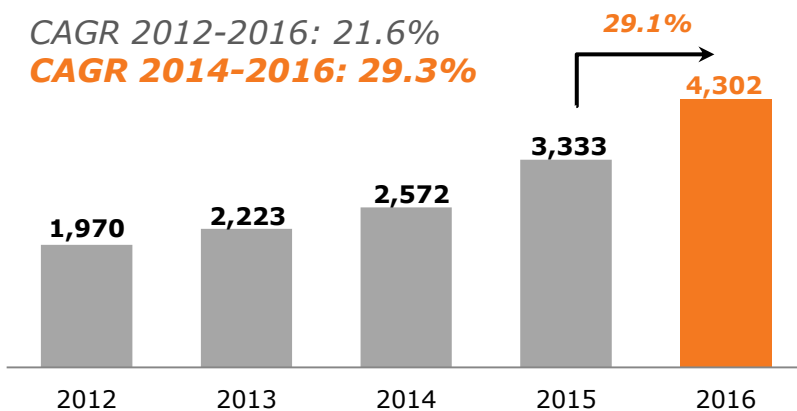
Number of stores, end of period

CAGR 2012-2016: 24.7%
CAGR 2014-2016: 29.4%

+2,167

2012	2013	2014	2015	2016
3,802	4,544	5,483	7,020	9,187

Source: X5 data

X5
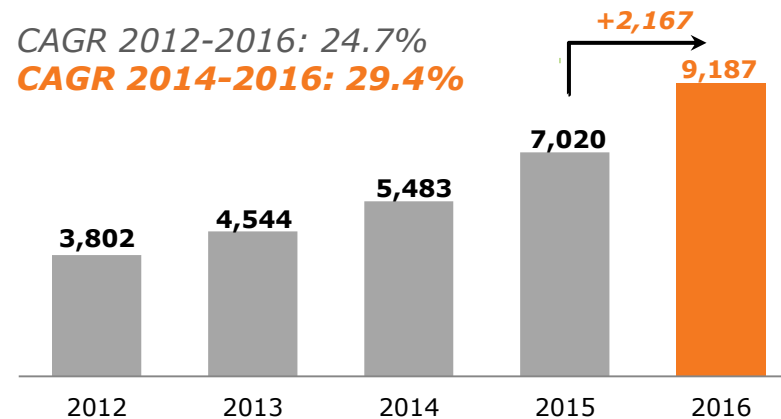
Revenue dynamics, Rub bn

CAGR 2012-2016: 20.4%
CAGR 2014-2016: 27.7%

27.8%

2012	2013	2014	2015	2016
491.1	534.6	633.9	808.8	1,033.7
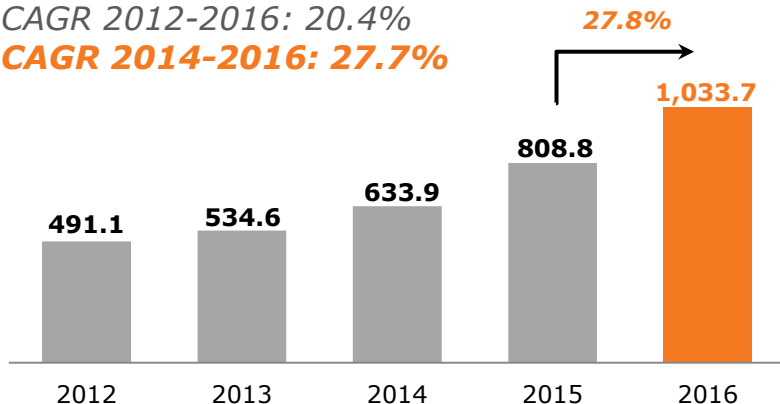
Gross profit & gross margin

CAGR 2012-2016: 21.2%
CAGR 2014-2016: 27.0%

26.0%

	2012	2013	2014	2015	2016
Gross margin, %	23.6%	24.4%	24.5%	24.5%	24.2%
Gross profit, Rub bn	115.8	130.3	155.0	198.4	250.0

■ Gross profit, Rub bn　─○─ Gross margin, %
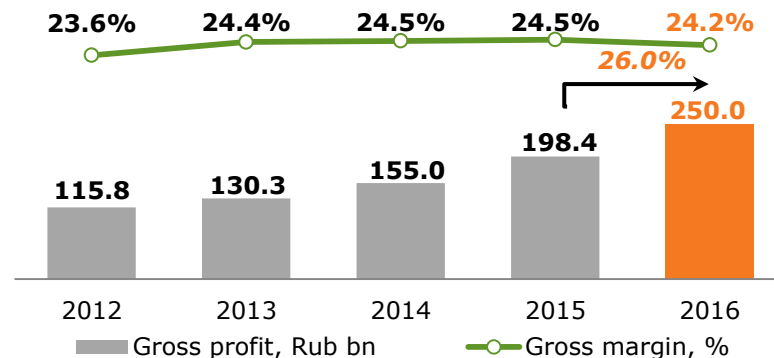
Adjusted EBITDA & adjusted EBITDA margin[1]

CAGR 2012-2016: 22.7%
CAGR 2014-2016: 30.9%

33.8%

	2012	2013	2014	2015	2016
Adjusted EBITDA margin, %	7.1%	7.2%	7.3%	7.3%	7.7%
Adjusted EBITDA, Rub bn	35.1	38.4	46.4	59.4	79.5

■ Adjusted EBITDA, Rub bn　─○─ Adjusted EBITDA margin, %
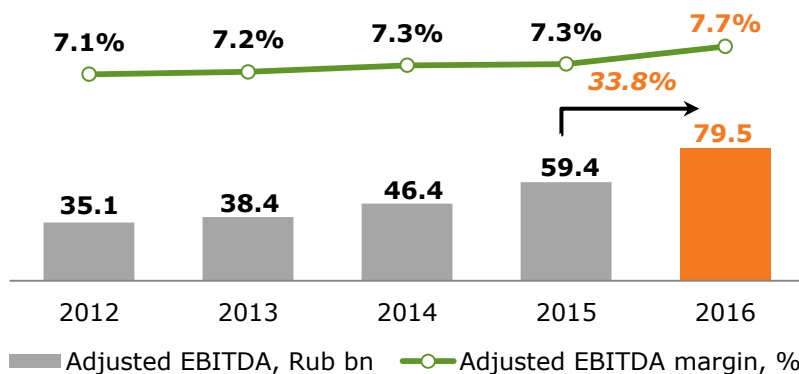
Capex dynamics, Rub bn

CAGR 2012-2016: 28.1%
CAGR 2014-2016: 51.3%

13.5%

2012	2013	2014	2015	2016
29.2	22.6	34.4	71.1	80.7
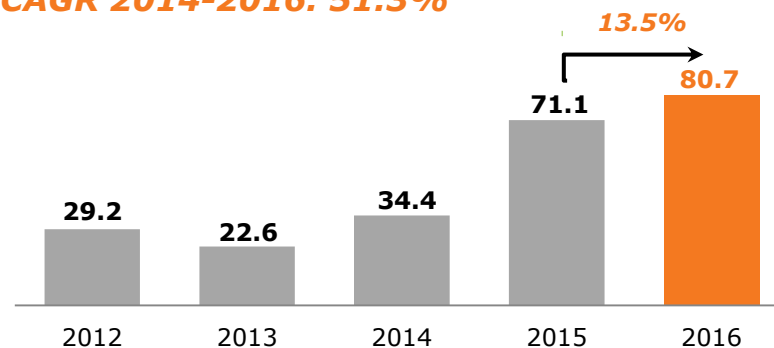
[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments
Source: X5 data

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II. MARKET OVERVIEW

Inflation and real wage growth

CPI — CPI food — Real wage growth
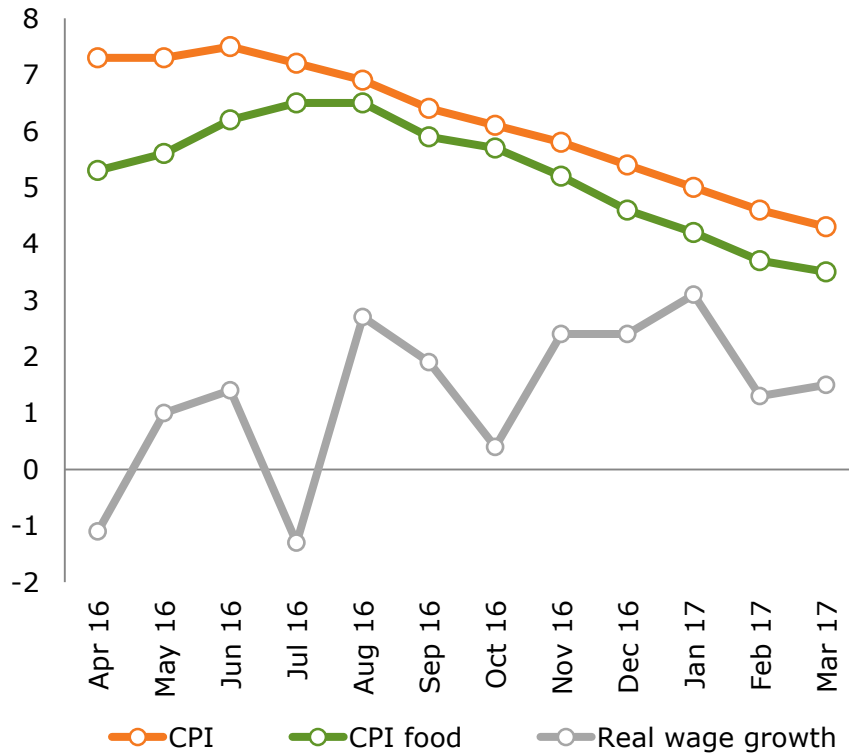
Consumer confidence index, %

CCI
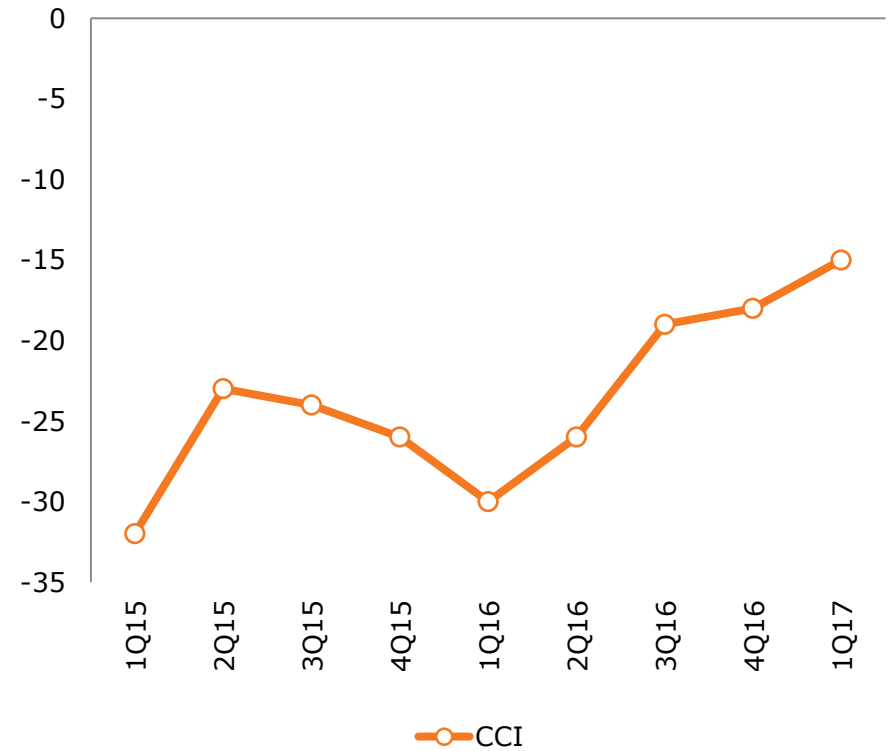
Source: Rosstat

The Russian consumer market is still feeling the pressure despite stabilization of Food CPI and real wage growth

RECENT MARKET TRENDS...

KEY TRENDS	DESCRIPTION	CONCLUSIONS
Changing demographics	▪ Growth of 60+ age population by 2-3% p.a. vs. reduction of 20-29 year group by 6% p.a.	▪ Growth of price-sensitive consumer segment ▪ Growth of proximity format popularity
Declining population income	▪ Increased price sensitivity and rational spending ▪ Growth of "cherry pickers"	▪ Growth in attractiveness of proximity/discounters ▪ Increased pressure on margins (need for opex reduction)
Growing competition	▪ Retail space saturation ▪ "Value" format development (e.g., hard discounters, dollar stores)	▪ Increasing pressure on LFL ▪ Increased pressure on margins (need for opex reduction)
Spread of new technologies	▪ Growth of online shopping and price transparency ▪ Increase in Big Data analytics	▪ Opportunity to improve competitiveness through service and personalisation
Tightening market regulation	▪ Retail trade legislation (back margin constraints) ▪ EGAIS and other control systems ▪ International sanctions	▪ Additional costs due to new regulation ▪ Growing margin pressures ▪ Product shortages and price inflation

...AND X5'S RESPONSE

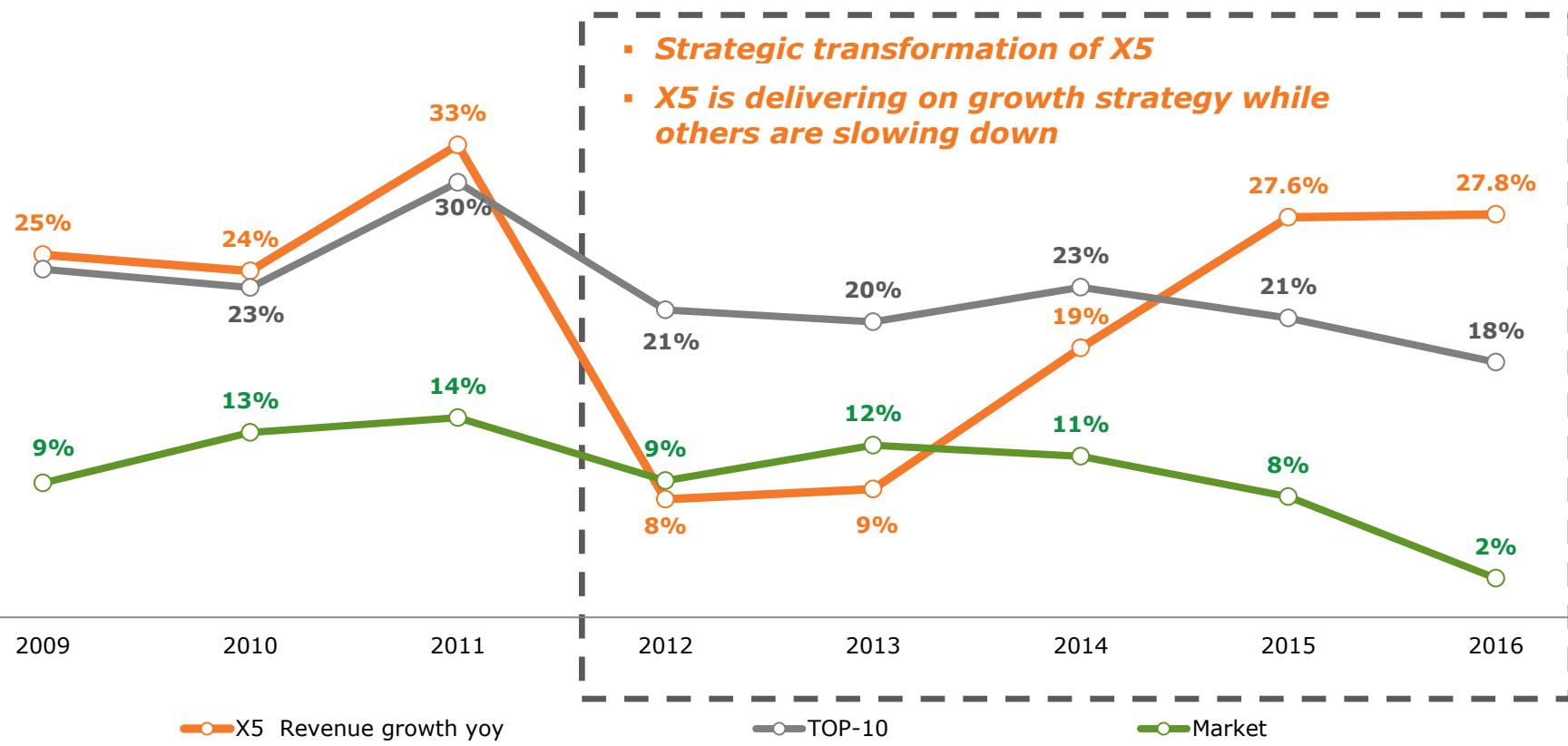| KEY TRENDS	X5 RESPONSE
Changing demographics	▪ Continued expansion of proximity segment (>75% of X5 revenues) ▪ 5-10% discounts for pensioners from 9:00 until 13:00 ▪ Focus on mothers with children
Declining population income	▪ Constant adaptation of value proposition to customers' needs ▪ Best-in-class "promo engine"
Growing competition	▪ Strong regional expansion with effective value proposition for small cities and towns ▪ Development and rollout of new regional supermarket concept ▪ Effective GIS system to help find optimal locations
Spread of new technologies	▪ Online retail initiative within the supermarket segment ▪ Successful development of loyalty programme and personalised promo in Perekrestok ▪ Further implementation of advanced analytics
Tightening market regulation	▪ Self-regulation approach ▪ Switch to net-net pricing ▪ Strategic partnerships with suppliers

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X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH

- *Strategic transformation of X5*
- *X5 is delivering on growth strategy while others are slowing down*

X5 Revenue growth yoy: 25% (2009), 24% (2010), 33% (2011), 8% (2012), 9% (2013), 19% (2014), 27.6% (2015), 27.8% (2016)

TOP-10: 23% (2009), 30% (2011), 21% (2012), 20% (2013), 23% (2014), 21% (2015), 18% (2016)

Market: 9% (2009), 13% (2010), 14% (2011), 9% (2012), 12% (2013), 11% (2014), 8% (2015), 2% (2016)

Legend:
- X5 Revenue growth yoy
- TOP-10
- Market

Source: Infoline, X5 analysis

Starting from 2013, X5 has constantly accelerated its growth rates

RETAIL MARKET SNAPSHOT

Top 10 Russian Food retailers

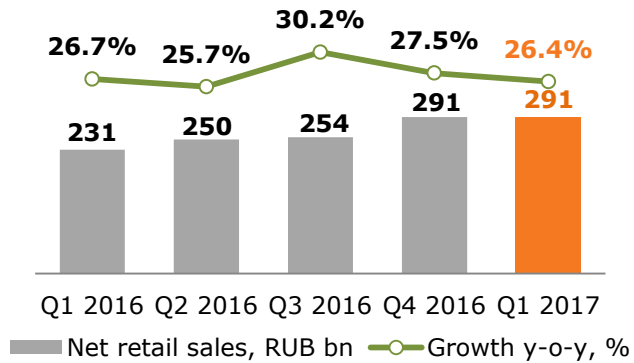| #	Company name	% in total market 2015	% in total market 2016
1	X5 RETAIL GROUP X5	6.3%	8.0%
2	МАГНИТ Magnit	6.8%	7.4%
3	Auchan Auchan	2.8%	2.9%
4	Д ДИКСИ Dixy	2.2%	2.4%
5	ЛЕНТА Lenta	1.8%	2.1%
6	METRO Metro	1.6%	1.6%
7	Красное&Белое SPS Holding	0.7%	1.2%
8	O'KEY O'Key	1.2%	1.2%
9	МОНЕТКА Monetka	0.6%	0.6%
10	globus Globus	0.5%	0.6%
	Total	**24.5%**	**28.0%**

Source: InfoLine

X5's market share increased from 6.3% in 2015 to 8.0% in 2016

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III. OPERATIONAL RESULTS
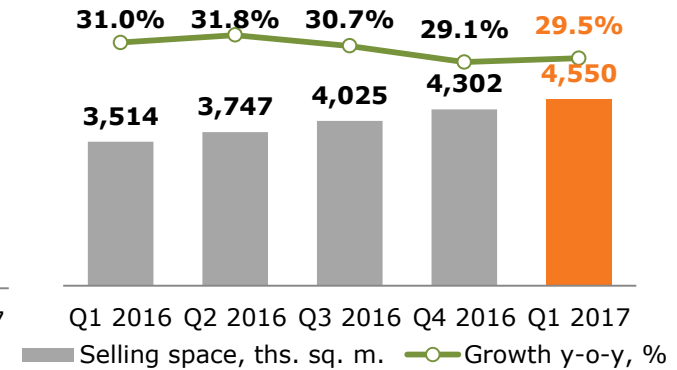# Q1 2017

Q1 2017 RESULTS: OPERATIONAL HIGHLIGHTS

Net retail sales

26.7% 25.7% 30.2% 27.5% **26.4%**

231 250 254 291 **291**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

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

Traffic, mln customers

675 768 799 831 **848**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017
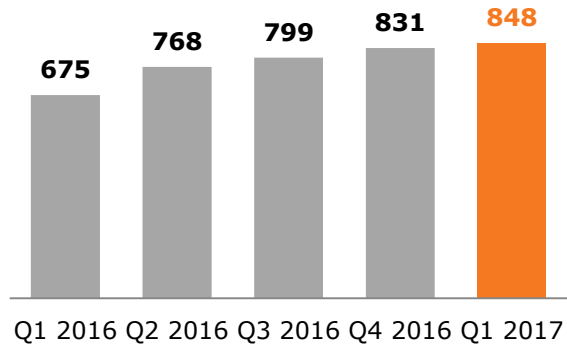
Net selling space (eop), th. sq. m

31.0% 31.8% 30.7% 29.1% **29.5%**

3,514 3,747 4,025 4,302 **4,550**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

— Selling space, ths. sq. m. —O— Growth y-o-y, %

LFL sales, y-o-y

7.8% 6.3% 9.1% 7.5% **7.3%**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

LFL traffic, y-o-y

2.0% 3.0% 3.2% 1.8% **4.6%**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

LFL basket, y-o-y

6.9% 5.7% 6.3% 4.6% **3.5%**

5.8% 3.1% 5.7% 5.6% **2.6%**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

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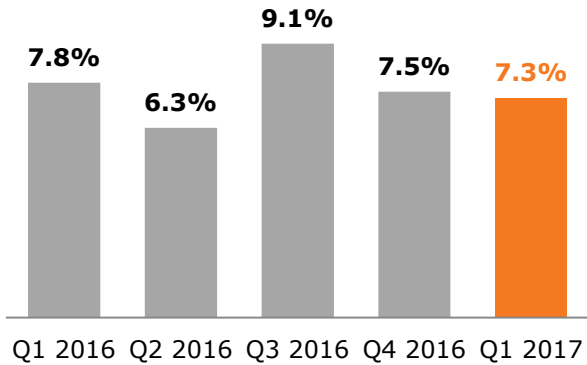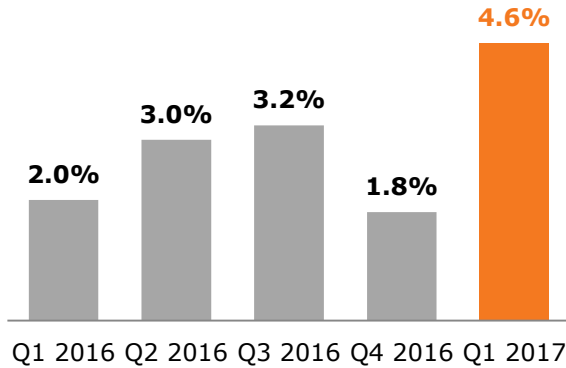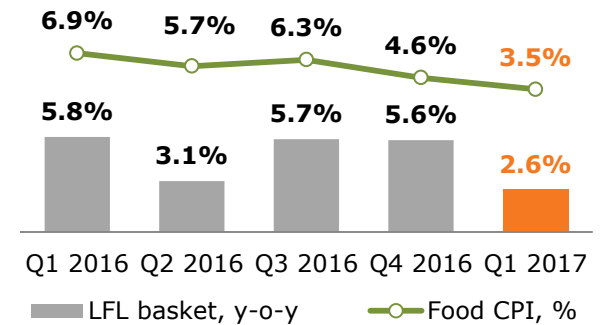
Source: X5 data

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Q1 2017 RESULTS: NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln

230,601 — Q1 2016

291,484 — Q1 2017

222,941 — Пятёрочка

44,964 — Перекресток

21,055 — Гипермаркет КАРУСЕЛЬ
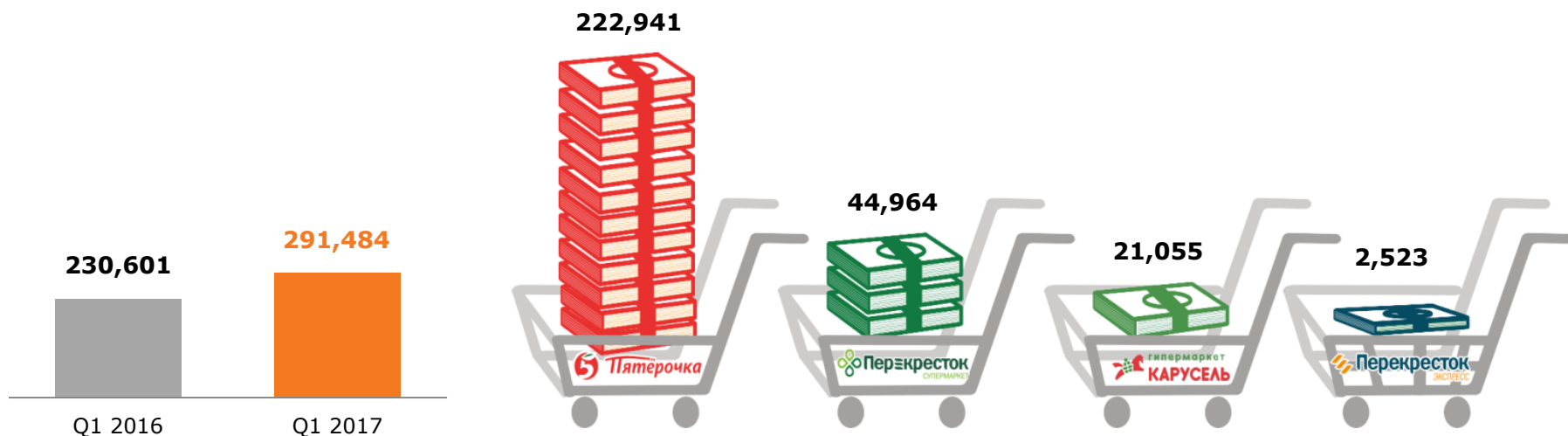
2,523 — Перекресток

Source: X5 data

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
  – Ambitious expansion programme

Net retail sales growth of 26.4% was driven by a 7.3% increase in like-for-like (LFL) sales and a 19.1% sales growth contribution from a 29.5% rise in selling space

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Q1 2017 RESULTS: EXPANSION SUMMARY

- Total store base increased to 9,817 stores as of 31 March 2017
- Continued investments into existing stores, with 111 refurbishments in Q1 2017
- Pyaterochka was the main driver for the store base increase. In Q1 2017, net added space increased by 50.7% y-o-y

Net selling space, th. sq. m.

4,550
31 March 2017

3,514
31 March 2016
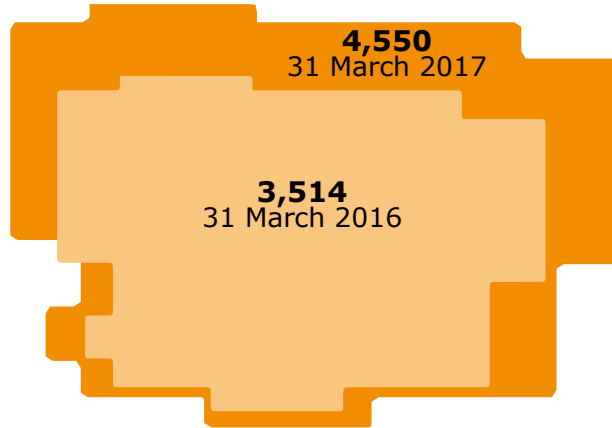
Net selling space added in Q1 2017, th. sq. m.

Перекрёсток СУПЕРМАРКЕТ

гипермаркет КАРУСЕЛЬ

3.5   -4.1

256

5 Пятёрочка

Net stores added in Q1 2017 by formats and by regions

Net stores base

7,397   9,817

31 Mar 2016   31 Mar 2017

Пятёрочка

Other – 324

639

Central – 248

North West – 67

Перекрёсток

Central – 3

North West – 2

5

Other – 0

гипермаркет КАРУСЕЛЬ

Central – 0

(1)

North- West –0

Other – (1)

Source: X5 data

X5
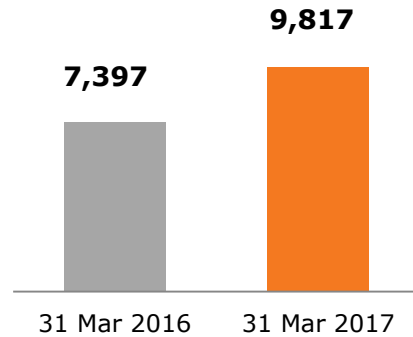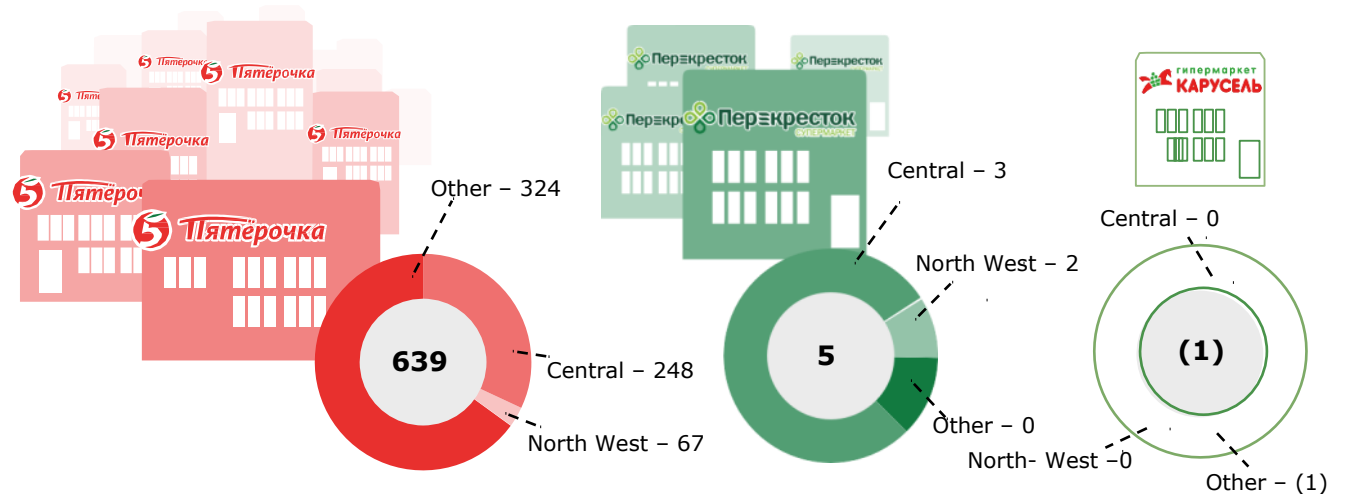
IV. FINANCIAL RESULTS
Q1 2017

Q1 2017 RESULTS: FINANCIAL HIGHLIGHTS

Revenue

26.8% 25.9% 30.7% 27.8% **26.5%**

231.6 251.6 256.2 294.2 **293.1**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

⬛ Revenue, RUB bn ⭘ Growth y-o-y, %

Gross profit & gross margin

24.3% 23.8% 24.4% 24.3% **24.1%**

56.2 59.8 62.6 71.4 **70.6**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017

⬛ Gross profit, RUB bn ⭘ Margin, %

SG&A (excl. D&A&I), Rub bn
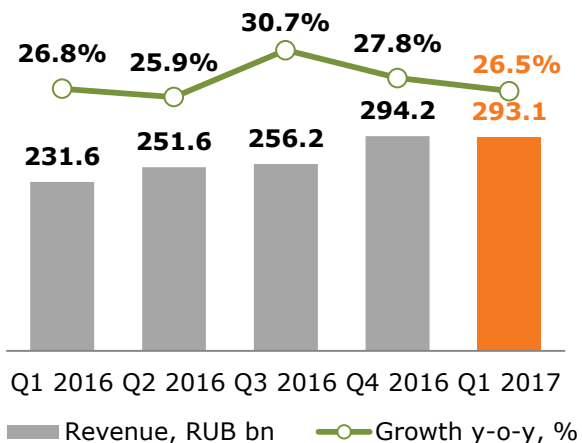
17.8% 16.5% 17.4% 17.1% **17.2%**

41.3 41.5 44.5 50.3 **50.3**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 [1] Q1 2017

⬛ SG&A (excl. D&A&I), RUB bn ⭘ as % of revenue

EBITDA & EBITDA margin

7.1% 8.0% 7.8% 7.8% **7.6%**

16.5 20.0 19.9 23.0 **22.2**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 [1] Q1 2017
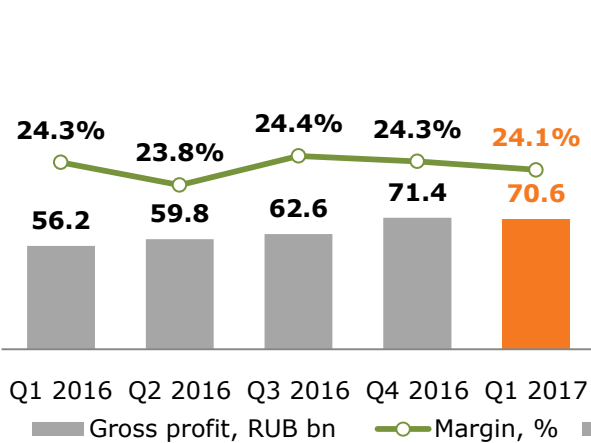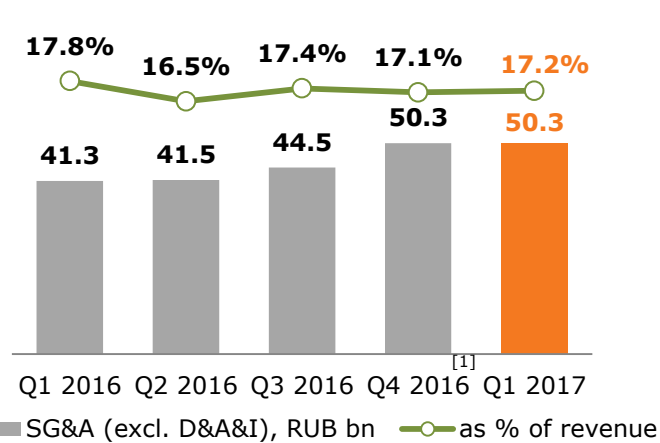
⬛ EBITDA, RUB bn ⭘ EBITDA margin, %
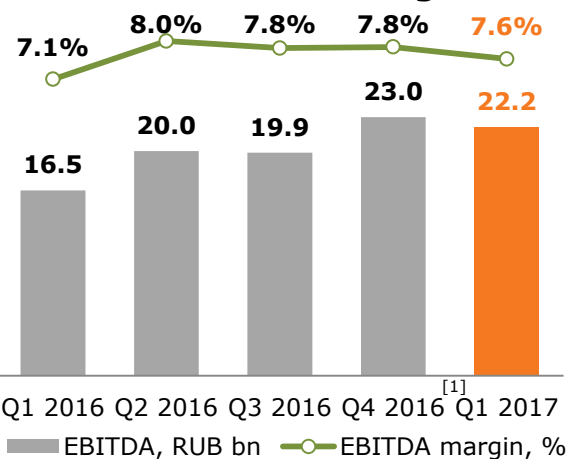
Net profit & net profit margin

2.2% 3.2% 2.7% 1.9% **2.9%**

5.1 8.0 6.9 5.5 **8.4**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 [1] Q1 2017

⬛ Net profit, RUB bn ⭘ Net profit margin, %
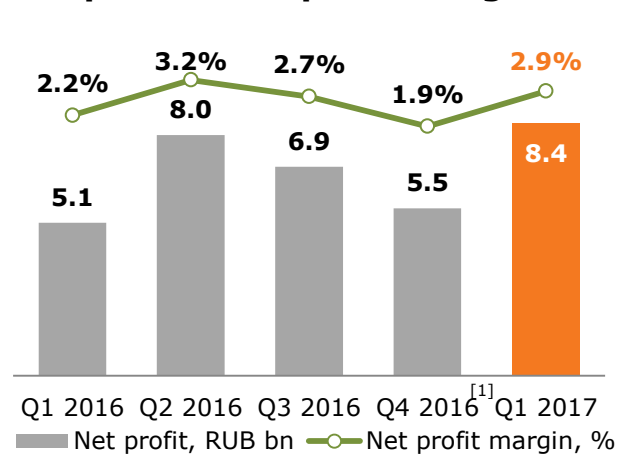
Capital expenditures, Rub bn

14.3 18.6 20.6 27.1 **14.4**

Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017
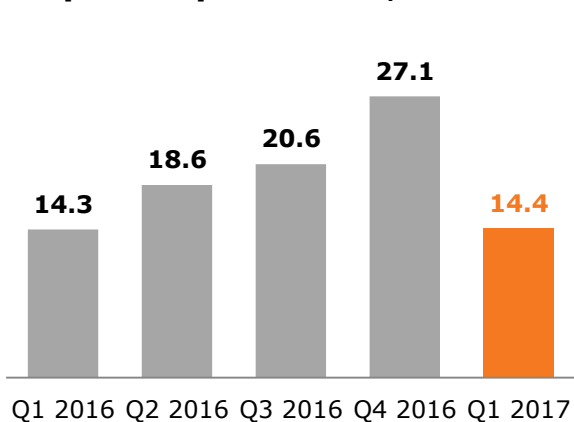
*[1] – SG&A ex. D&A&I, EBITDA and Net profit for Q4 2016 Adjusted for LTI, exit payments
and share-based payments and other one-off remuneration payments*
Source: X5 data

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Q1 2017 RESULTS: CAPITAL EXPENDITURE OVERVIEW

Capex breakdown for Q1 2017

678 stores opened (gross)

- 5%
- 14%
- 16%
- 65%

- New store openings
- Refurbishments
- Logistics
- IT, Maintenance and other

111 stores refurbished

Source: X5 data

Capex breakdown by quarter, RUB mln

Total Capex in Q1 2017: **14,403 RUB mln**

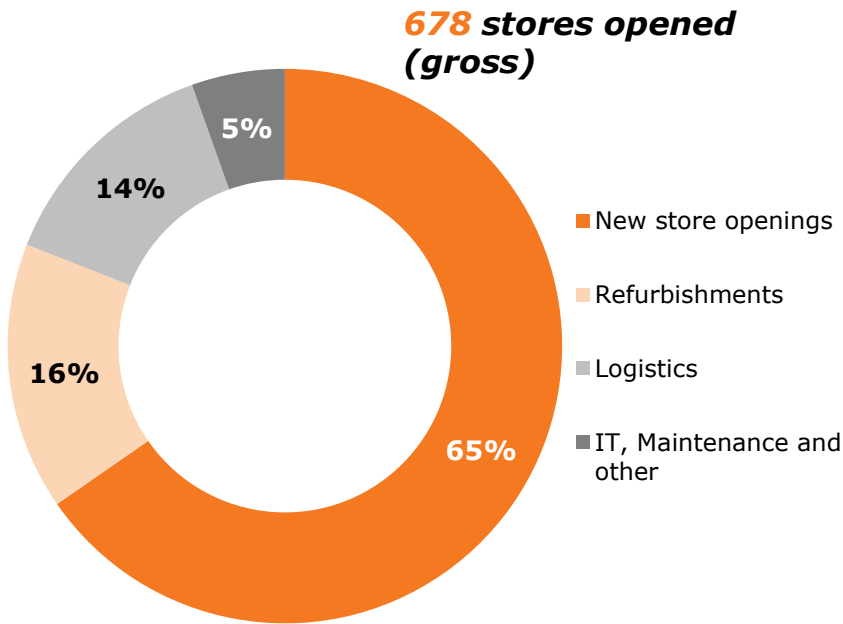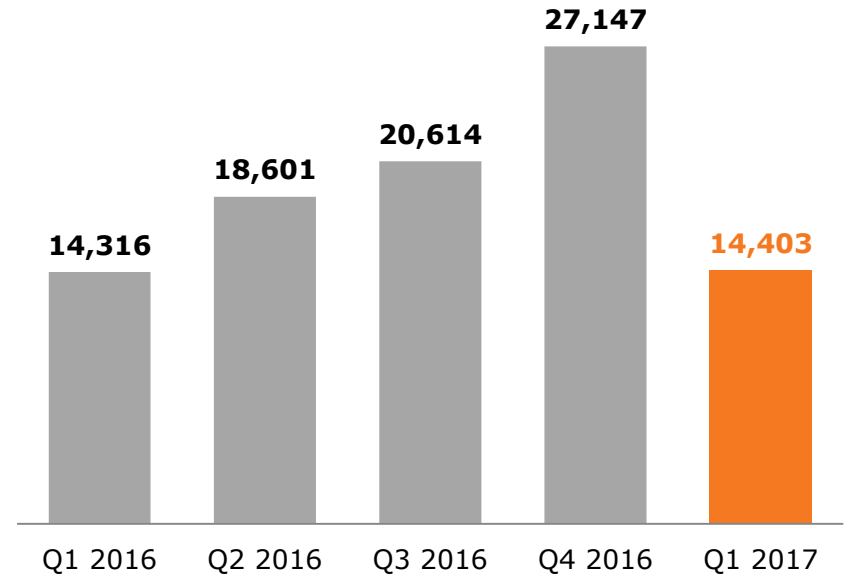|				
14,316	18,601	20,614	27,147	14,403
Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017

In Q1 2017, capex programme focused on organic expansion, investments in store refurbishments and truck fleet expansion

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Q1 2017 RESULTS: DEBT STRUCTURE

Debt profile

Rub mln	31 Mar 2017	31 Mar 2016
Total Debt	162,156	148,991
Short-Term Debt	49,280	46,059
% of total debt	*30.4%*	*30.9%*
Long-Term Debt	112,876	102,932
% of total debt	*69.6%*	*69.1%*
Net Debt	155,924	144,492

Debt maturity schedule

RUB 162,156 mln

31 Mar 2017	2017	2018	2019
	30%	34%	36%

Covenants & liquidity update

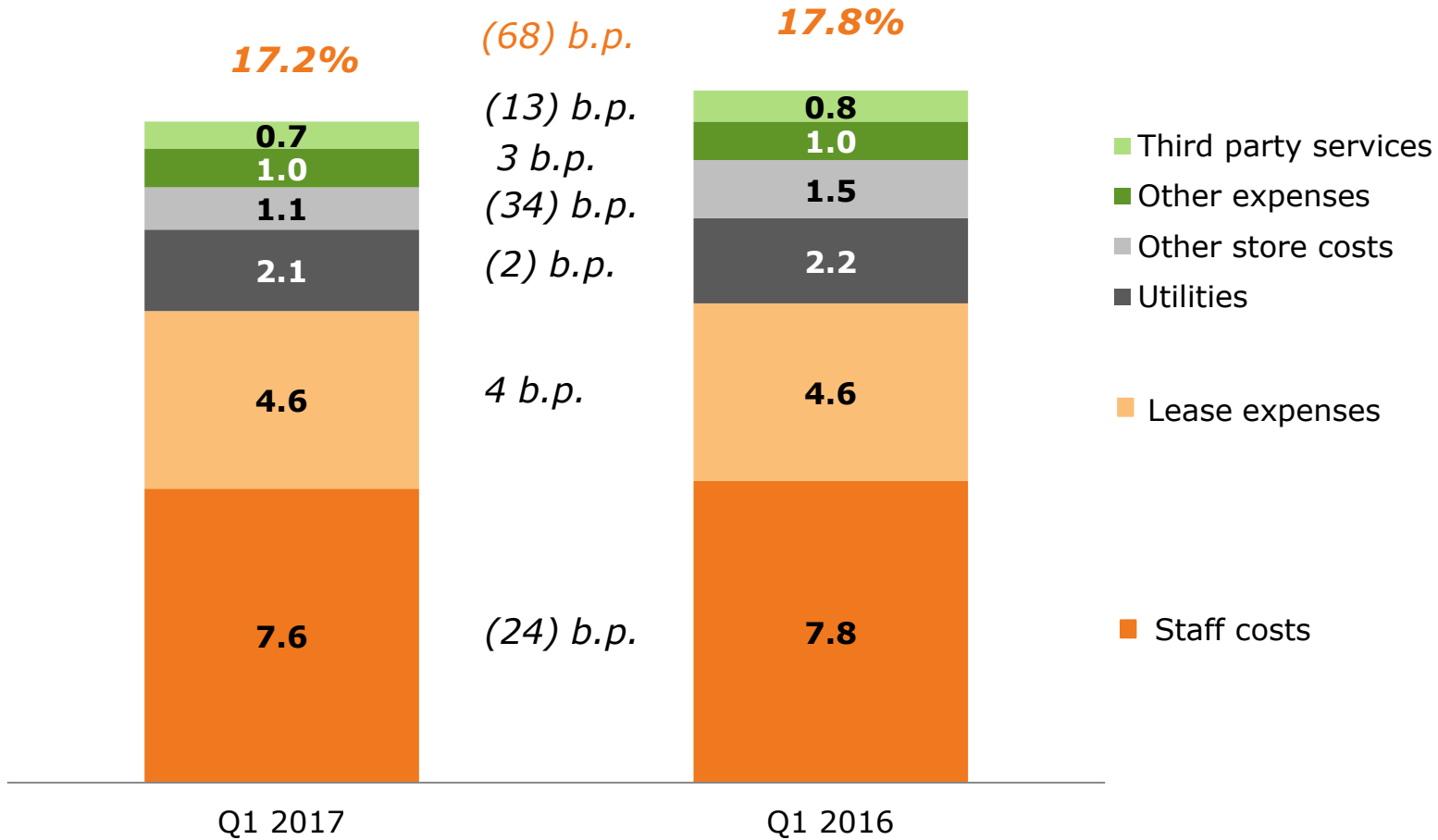| Covenant metrics & liquidity sources	31 Mar 2017	31 Mar 2016	Covenants
Net Debt / EBITDA	1.90x	2.47x	< 4.00x
Cash & cash equiv., Rub mln	6,232	4,499	
Available credit limits, Rub mln	274,760	157,590	
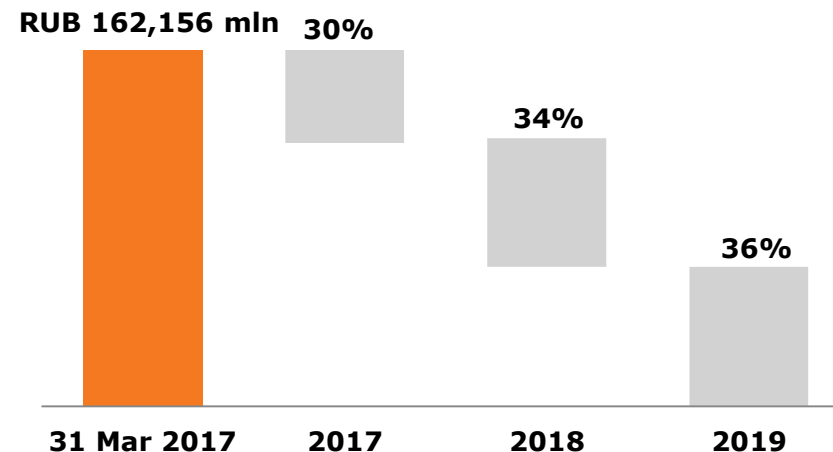
Highlights

- 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 increased by almost 2 times to RUB 275 bn
- Net debt/EBITDA of 1.90x (as of 31 Mar 2017) remains at a comfortable level
- In April 2017, X5 issued the debut RUB 20 billion Eurobond due April 2020 with a coupon rate of 9.25% p.a.

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Q1 2017 RESULTS: ADJUSTED SG&A EXPENSES ANALYSIS

17.2%

(68) b.p.

17.8%

Q1 2017		Q1 2016
0.7	(13) b.p.	0.8
1.0	3 b.p.	1.0
1.1	(34) b.p.	1.5
2.1	(2) b.p.	2.2
4.6	4 b.p.	4.6
7.6	(24) b.p.	7.8

Legend:
- Third party services
- Other expenses
- Other store costs
- Utilities
- Lease expenses
- Staff costs

Q1 2017   Q1 2016

Source: X5 data

FINANCIAL STATEMENTS (1/3)
PROFIT AND LOSS STATEMENT

RUB mln	Q1 2017	Q1 2016	+/(-)	+/ (-), %
Revenue	**293,078**	**231,611**	**61,467**	**26.5**
Net retail sales	291,484	230,601	60,883	26.4
COGS	(222,466)	(175,420)	(47,046)	26.8
Gross profit	**70,612**	**56,191**	**14,421**	**25.7**
Gross profit margin	*24.1*	*24.3*		*(17) b.p.*
SG&A	(58,001)	(46,396)	(11,605)	25.0
EBITDA	**22,167**	**16,493**	**5,674**	**34.4**
EBITDA margin	*7.6*	*7.1*		*44 b.p*
Operating profit	**14,459**	**11,406**	**3,053**	**26.8**
Operating margin	*4.9*	*4.9*		*1 b.p.*
Net profit	**8,355**	**5,054**	**3,301**	**65.3**
Net profit margin	*2.9*	*2.2*		*67 b.p.*

Source: X5 data

RUB mln	31 Mar 2017	31 Mar 2016	+/(-)	+/(-)%
Total current assets	**110,322**	**104,841**	**5,481**	*5.2*
Cash & cash equivalents	6,232	4,499	1,733	*38.5*
Inventories	81,879	62,920	18,959	*30.1*
Total non-current assets	**350,143**	**302,212**	**47,931**	*15.9*
Net PP&E	237,757	197,319	40,438	*20.5*
Goodwill	80,538	75,602	4,936	*6.5*
Total assets	**460,465**	**407,053**	**53,412**	*13.1*
Total current liabilities	**205,857**	**188,493**	**17,364**	*9.2*
ST debt	49,280	46,059	3,221	*7.0*
Trade accounts payable	105,890	102,138	3,752	*3.7*
Total non-current liabilities	**119,204**	**108,781**	**10,423**	*9.6*
LT debt	112,875	102,932	9,943	*9.7*
Total liabilities	**325,061**	**297,274**	**27,787**	*9.3*
Total equity	**135,404**	**109,779**	**25,625**	*23.3*
Total liabilities & equity	**460,465**	**407,053**	**53,412**	*13.1*

Source: X5 data

X5

FINANCIAL STATEMENTS (3/3)
CASH FLOW

RUB mln	Q1 2017	Q1 2016	+/(-)	+/(-)%
Net cash generated from/ (used in) operating activities	**(418)**	**5,726**	**(6,144)**	*n/a*
Net cash from operating activities before changes in working capital	22,287	16,688	*5,599*	*33.6*
Change in Working Capital, incl.:	(13,914)	(6,307)	*(7,607)*	*120.6*
Decrease/(increase) in trade and other AR	15,578	3,924	*11,654*	*297.0*
Decrease/(increase) in inventories	(8,077)	(5,033)	*(3,044)*	*60.5*
(Increase)/decrease in trade payable	(25,270)	(1,629)	*(23,641)*	*1,451.3*
(Decrease)/increase in other AP	3,855	(3,569)	*7,424*	*n/a*
Net interest and income tax paid	(8,791)	(4,655)	*(4,136)*	*88.9*
Net cash used in investing activities	**(17,637)**	**(14,935)**	**(2,702)**	*18.1*
Net cash generated From financing activities	**6,083**	**4,749**	**1,334**	*7.8*
Effect of exchange rate changes on cash & cash equiv.	14	1	*13*	*1,300.0*
Net increase/(decrease) in cash & cash equiv.	**(11,958)**	**(4,459)**	**(7,499)**	*168.2*

Source: X5 data

X5 REGIONAL PRESENSE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 9,817, including:
  - 9,002 Pyaterochka
  - 544 Perekrestok
  - 90 Karusel
  - 181 Express stores
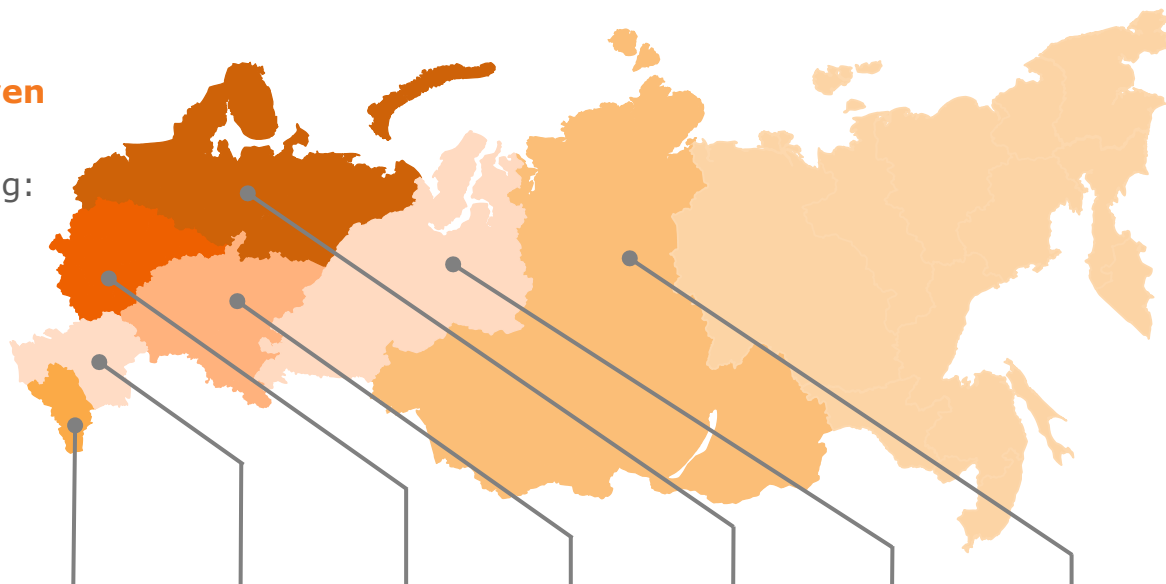
Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
Пятёрочка УНИВЕРСАМ		140	618	3,760	2,547	1,095	776	66	**9,002**
Перекресток СУПЕРМАРКЕТ	Number of stores, #	8	25	339	94	52	26	0	**544**
гипермаркет КАРУСЕЛЬ		1	5	35	24	17	8	0	**90**
X5 RETAIL GROUP	Net retail sales, %	0.8%	4.3%	55.7%	18.1%	14.7%	6.1%	0.3%	**100%**

Source: X5 data

X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 31 March 2017

Federal district	Space, th. sq. m.	# of DCs
Central	499	15
North-Western	131	5
Volga	143	7
Ural	101	6
Southern	77	3
Total	**951**	**36**

Centralisation levels

76% 75% 78% 78% 85% 88% 90%
2011 2012 2013 2014 2015 2016 Q1 2017
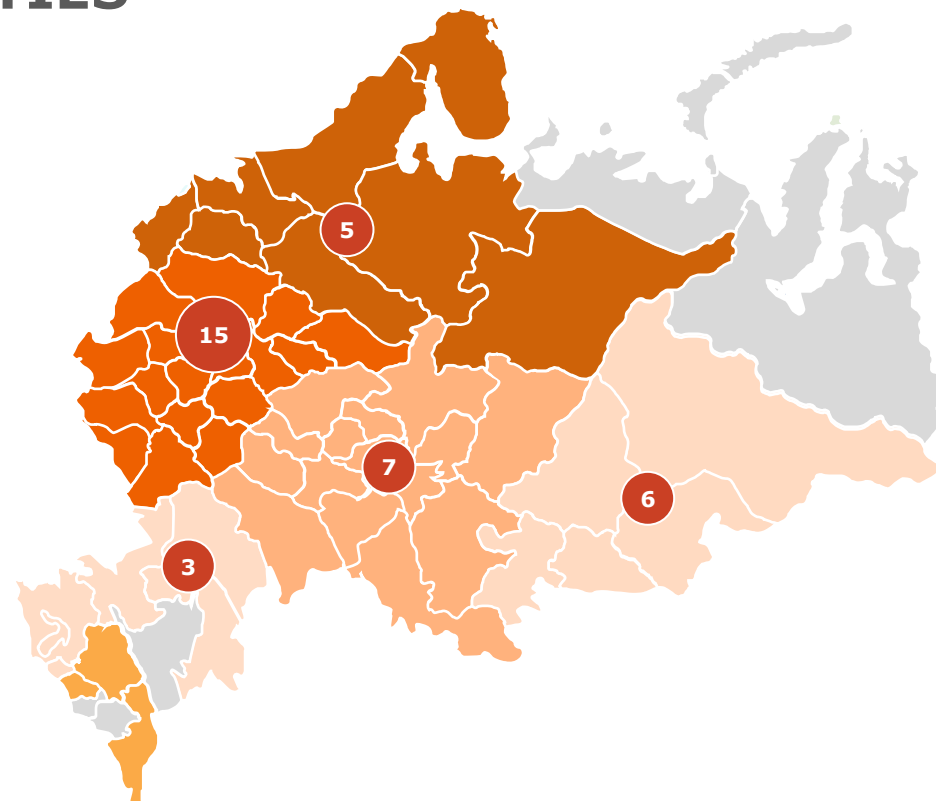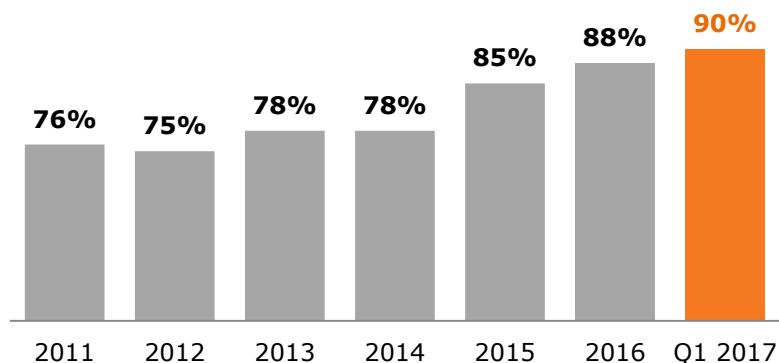
Source: X5 data

Highlights

- In Q1 2017, X5 opened a new 15,456 sq. m. distribution centre (DC) in Orel to serve the Pyaterochka format and a new 13,632 sq. m. DC in Yekaterinburg to serve the Perekrestok and Karusel formats.

- X5 closed one DC in Yekaterinburg that did not meet the Company's efficiency criteria.

APPENDICIES

I. PERFORMANCE SUMMARY OF KEY FORMATS

PYATEROCHKA SUMMARY (1/3)
HIGHLIGHTS

9,002 stores as of 31 March 2017, 35.7% increase y-o-y

3,581 th. sq. m. of selling space as of 31 March 2017, 38.3% increase y-o-y

Q1 2017 net retail sales – RUB 222.9 bn, 30.1% increase y-o-y

710 mln of customers for Q1 2017, 28.8% increase y-o-y

Share of X5's Q1 2017 sales: **~76%**

Q1 2017 LFL Results
▪ Sales: **6.7%**
▪ Traffic: **4.4%**
▪ Basket: **2.2%**
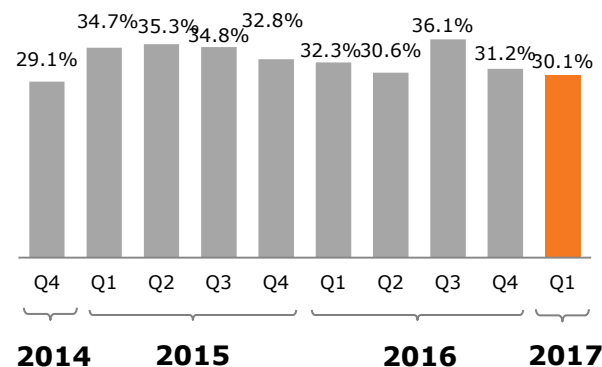
Average check: **RUB 359** (Q1 2017), 0.9% increase y-o-y

▪ Avg. net selling space: **398 sq. m.**
▪ **Formats**
  – 250-330 sq. m.
  – 330-430 sq. m.
  – 430-620 sq. m.
  – 620-and more

The neighborhood store for your daily shopping needs

Q1 2017 net retail sales growth: 30.1% increase y-o-y

Net Sales Growth (% y-o-y)

Period	Value
Q4 2014	29.1%
Q1 2015	34.7%
Q2 2015	35.3%
Q3 2015	34.8%
Q4 2015	32.8%
Q1 2016	32.3%
Q2 2016	30.6%
Q3 2016	36.1%
Q4 2016	31.2%
Q1 2017	30.1%

Q1 2017 selling space growth: 38.3% increase y-o-y

Net Selling Space Growth (% y-o-y)

Period	Value
Q4 2014	24.1%
Q1 2015	28.8%
Q2 2015	32.9%
Q3 2015	40.6%
Q4 2015	38.1%
Q1 2016	39.3%
Q2 2016	41.1%
Q3 2016	39.2%
Q4 2016	37.4%
Q1 2017	38.3%
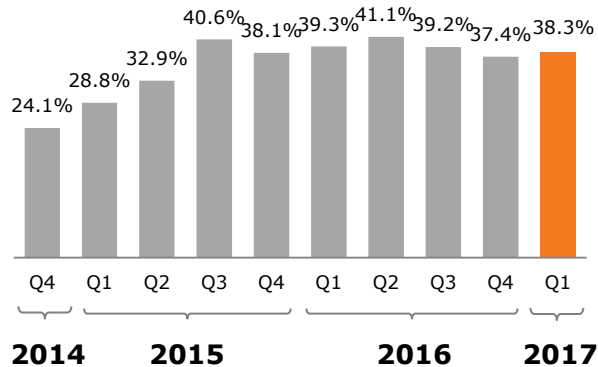
Q1 2017 sales densities: 5.1% decline y-o-y

Sales Densities Net (th. RUB/sq.m. [1])

Period	Value
Q4 2014	283
Q1 2015	288
Q2 2015	291
Q3 2015	289
Q4 2015	285
Q1 2016	283
Q2 2016	278
Q3 2016	275
Q4 2016	272
Q1 2017	268
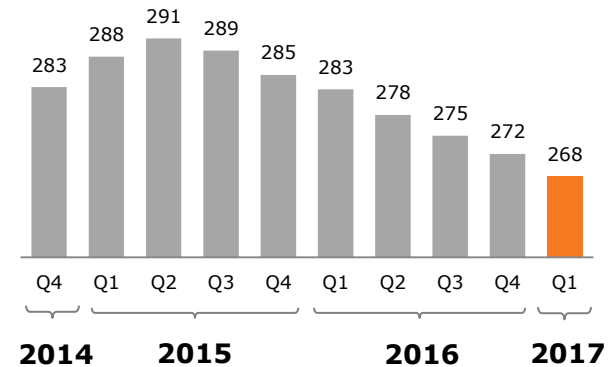
Q1 2017 LFL sales growth: 6.7% increase y-o-y

Total LFL Sales Growth (% y-o-y)

Period	Value
Q4 2014	15.7%
Q1 2015	21.7%
Q2 2015	18.6%
Q3 2015	15.2%
Q4 2015	12.6%
Q1 2016	10.3%
Q2 2016	8.1%
Q3 2016	11.2%
Q4 2016	7.5%
Q1 2017	6.7%
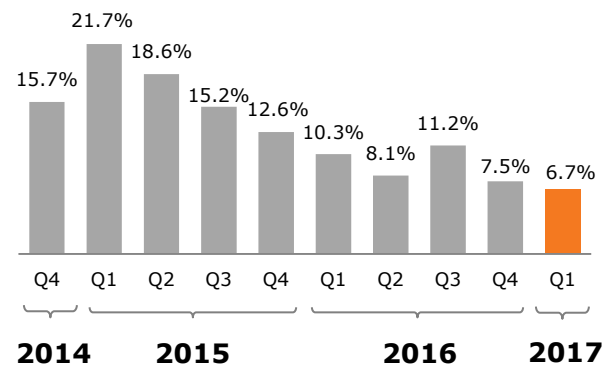
Q1 2017 LFL traffic growth: 4.4% increase y-o-y

Total LFL Traffic Growth (% y-o-y)

Period	Value
Q4 2014	1.5%
Q1 2015	5.2%
Q2 2015	3.5%
Q3 2015	2.4%
Q4 2015	3.5%
Q1 2016	2.9%
Q2 2016	3.6%
Q3 2016	4.1%
Q4 2016	1.6%
Q1 2017	4.4%
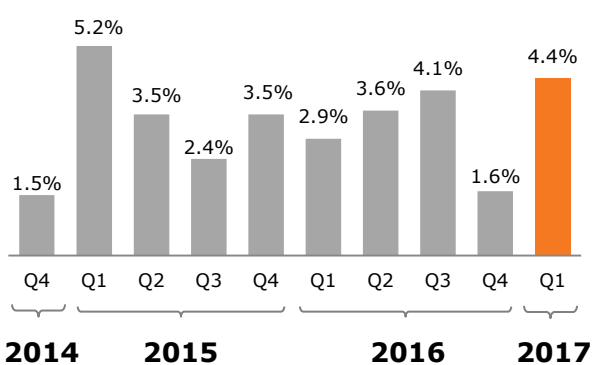
Q1 2017 LFL basket growth: 2.2% increase y-o-y

Total LFL Basket Growth (% y-o-y)
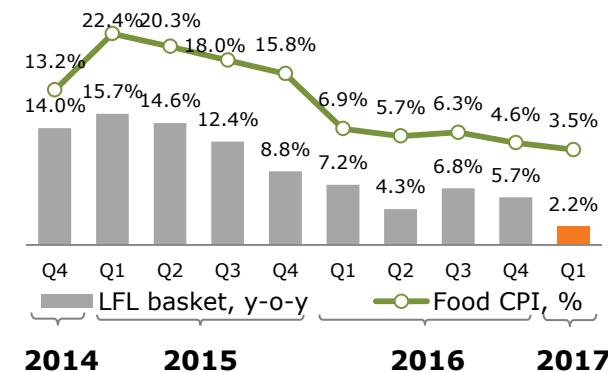
Period	LFL basket, y-o-y	Food CPI, %
Q4 2014	14.0%	13.2%
Q1 2015	15.7%	22.4%
Q2 2015	14.6%	20.3%
Q3 2015	12.4%	18.0%
Q4 2015	8.8%	15.8%
Q1 2016	7.2%	6.9%
Q2 2016	4.3%	5.7%
Q3 2016	6.8%	6.3%
Q4 2016	5.7%	4.6%
Q1 2017	2.2%	3.5%

Legend: LFL basket, y-o-y; Food CPI, %

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

PYATEROCHKA SUMMARY (3/3)
STRATEGY OVERVIEW

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

  - Continue applying the current **value proposition**, enhancing it through implementation of new initiatives

  - Support rapid, **sustainable growth** with development in **new regions** (Siberia)

  - Further **adaptation of assortment**, introducing new categories, entry-price PLUs

  - Implement a **loyalty programme** and launch customised promotions

  - Further **improve NPS**

- **Improve efficiency and reduce costs:**

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

  - Increase the share of **direct import**

  - **Lean and agile** approach

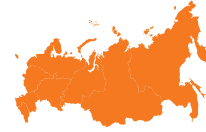 - **Further** improvements in opex and purchasing terms

PEREKRESTOK SUMMARY (1/5)
RUSSIA'S #1 SUPERMARKET

544 stores as of 31 March 2017, 11.9% increase y-o-y

552 th. sq. m. of selling space as of 31 March 2017, 11.7% increase y-o-y

Q1 2017 net retail sales of RUB 45.0 bn, 19.8% increase y-o-y

94.8 mln customers for Q1 2017, 15.7% increase y-o-y

Share of X5's Q1 2017 sales: **~15%**

Q1 2017 LFL Results
- Sales: **10.3%**
- Traffic: **7.2%**
- Basket: **2.9%**

Average check: **RUB 542** (Q1 2017) 3.7% increase y-o-y
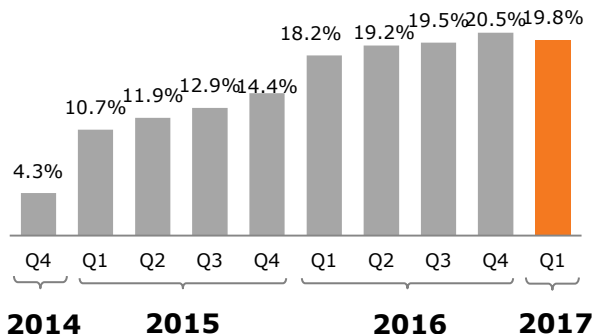
Avg. net selling space: **1,015 sq. m.**

The main shop in every neighbourhood

X5

PEREKRESTOK SUMMARY (2/3)
IMPROVING OPERATIONS: GROWING LFL AND SELLING SPACE

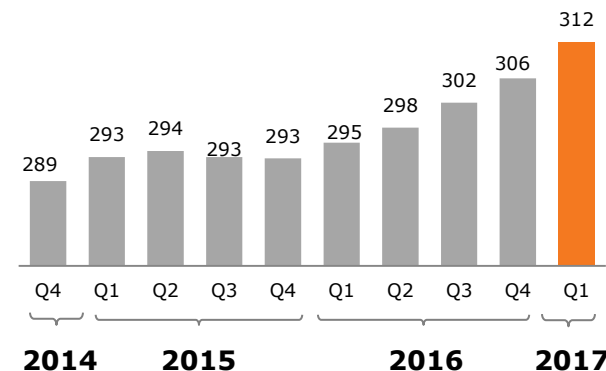### Q1 2017 net retail sales growth: 19.8% increase y-o-y

Net Sales Growth (% y-o-y)

Q4 2014: 4.3%
Q1 2015: 10.7%
Q2 2015: 11.9%
Q3 2015: 12.9%
Q4 2015: 14.4%
Q1 2016: 18.2%
Q2 2016: 19.2%
Q3 2016: 19.5%
Q4 2016: 20.5%
Q1 2017: 19.8%

Q1 2017 selling space growth: 11.7% increase y-o-y

Net Selling Space Growth (% y-o-y)

Q4 2014: 4.5%
Q1 2015: 6.9%
Q2 2015: 12.2%
Q3 2015: 14.6%
Q4 2015: 16.4%
Q1 2016: 17.7%
Q2 2016: 12.8%
Q3 2016: 12.0%
Q4 2016: 13.3%
Q1 2017: 11.7%
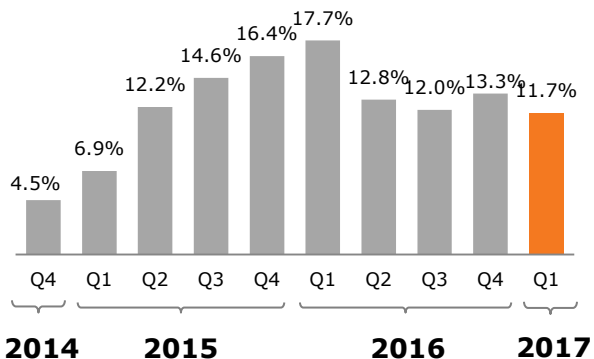
Q1 2017 sales densities: 5.6% increase y-o-y

Sales Densities Net (th. RUB/sq.m. [1])

Q4 2014: 289
Q1 2015: 293
Q2 2015: 294
Q3 2015: 293
Q4 2015: 293
Q1 2016: 295
Q2 2016: 298
Q3 2016: 302
Q4 2016: 306
Q1 2017: 312

Q1 2017 LFL sales growth: 10.3% increase y-o-y

Total LFL Sales Growth (% y-o-y)

Q4 2014: 2.9%
Q1 2015: 7.5%
Q2 2015: 6.9%
Q3 2015: 5.4%
Q4 2015: 3.6%
Q1 2016: 4.4%
Q2 2016: 4.8%
Q3 2016: 7.2%
Q4 2016: 8.7%
Q1 2017: 10.3%
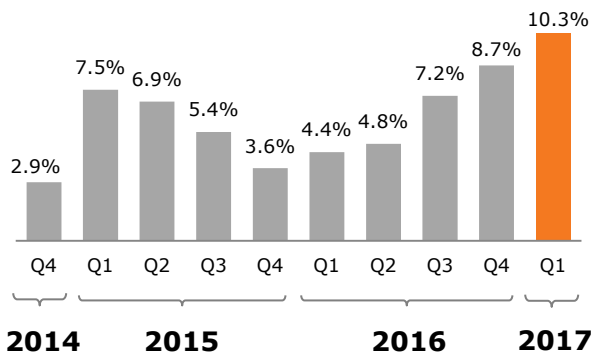
Q1 2017 LFL traffic growth: 7.2% increase y-o-y

Total LFL Traffic Growth (% y-o-y)

Q4 2014: -6.5%
Q1 2015: -6.0%
Q2 2015: -4.2%
Q3 2015: -4.7%
Q4 2015: -3.6%
Q1 2016: 0.5%
Q2 2016: 2.0%
Q3 2016: 2.4%
Q4 2016: 4.3%
Q1 2017: 7.2%
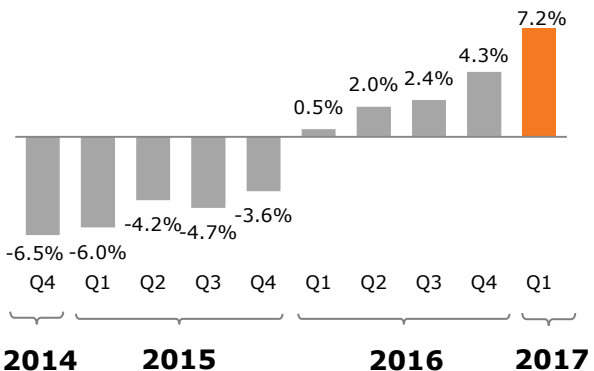
Q1 2017 LFL basket growth: 2.9% increase y-o-y

Total LFL Basket Growth (% y-o-y)
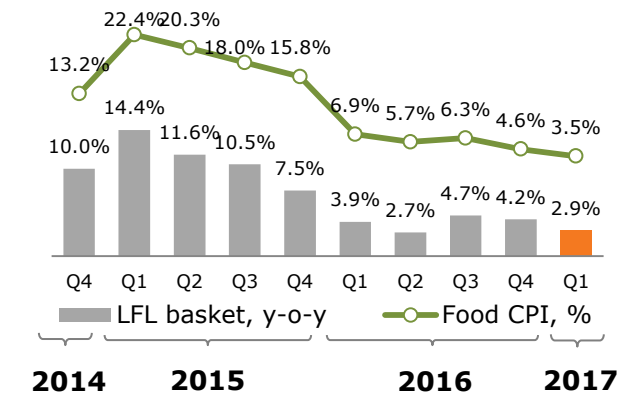
LFL basket, y-o-y:
Q4 2014: 10.0%
Q1 2015: 14.4%
Q2 2015: 11.6%
Q3 2015: 10.5%
Q4 2015: 7.5%
Q1 2016: 3.9%
Q2 2016: 2.7%
Q3 2016: 4.7%
Q4 2016: 4.2%
Q1 2017: 2.9%

Food CPI, %:
Q4 2014: 13.2%
Q1 2015: 22.4%
Q2 2015: 20.3%
Q3 2015: 18.0%
Q4 2015: 15.8%
Q1 2016: 6.9%
Q2 2016: 5.7%
Q3 2016: 6.3%
Q4 2016: 4.6%
Q1 2017: 3.5%

■ LFL basket, y-o-y —○— Food CPI, %

[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:**
  - Maintaining the pace of **organic growth** and **refurbishments**
  - Roll out the **regional model** to support the future growth
  - Further **adaptation of assortment** to meet customer needs
  - **Increase loyalty card** penetration, and implement **personalised promotions**
  - Develop **online supermarket**
  - **Improve NPS**
- **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

X5

90 stores as of 31 March 2017: 1.1% decrease y-o-y

383 th. sq. m. of selling space as of 31 March 2017, down 3.0% y-o-y

Q1 2017 net retail sales: **RUB 21.1 bn**, 10.7% increase y-o-y

33 mln customers in Q1 2017, 5.9% increase y-o-y

Share of X5's Q4 2016 sales: **~7%**

Q1 2017 LFL Results
- Sales: **9.4%**
- Traffic: **5.9%**
- Basket: **3.4%**

Average check: **RUB 733** (Q1 2017) 4.3% increase y-o-y

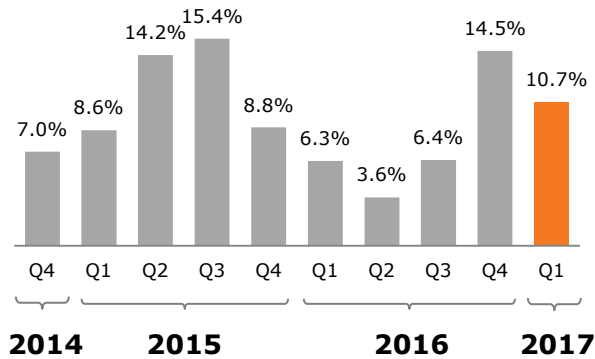Avg. net selling space: **4,254 sq. m.**

Destination store for all your food & household needs

Q1 2017 net retail sales growth: 10.7% increase y-o-y

Net Sales Growth (% y-o-y)

Values: 7.0%, 8.6%, 14.2%, 15.4%, 8.8%, 6.3%, 3.6%, 6.4%, 14.5%, 10.7%

Periods: Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1
Years: 2014 | 2015 | 2016 | 2017

Q1 2017 selling space growth: 3.0% decline y-o-y

Net Selling Space Growth (% y-o-y)

Values: -4.6%, 0.3%, 1.1%, 2.0%, 8.8%, 9.1%, 6.4%, 5.4%, -0.8%, -3.0%

Periods: Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1
Years: 2014 | 2015 | 2016 | 2017
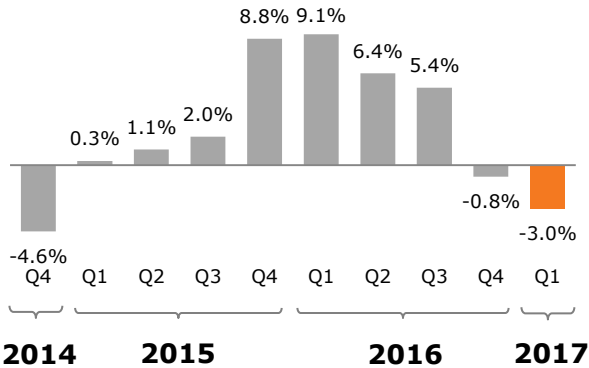
Q1 2017 sales densities increase: 5.3%

Sales Densities Net (th. RUB/sq.m. [1])

Values: 192, 197, 204, 210, 211, 210, 209, 210, 215, 221

Periods: Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1
Years: 2014 | 2015 | 2016 | 2017
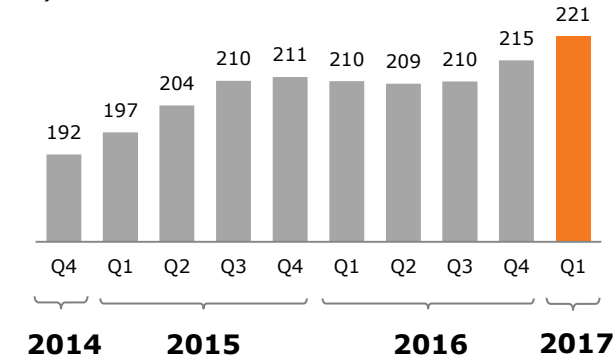
Q1 2017 LFL sales growth: 9.4% increase y-o-y

Total LFL Sales Growth (% y-o-y)

Values: 4.8%, 7.8%, 12.3%, 13.3%, 3.8%, -1.4%, -3.1%, -1.7%, 8.1%, 9.4%

Periods: Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1
Years: 2014 | 2015 | 2016 | 2017
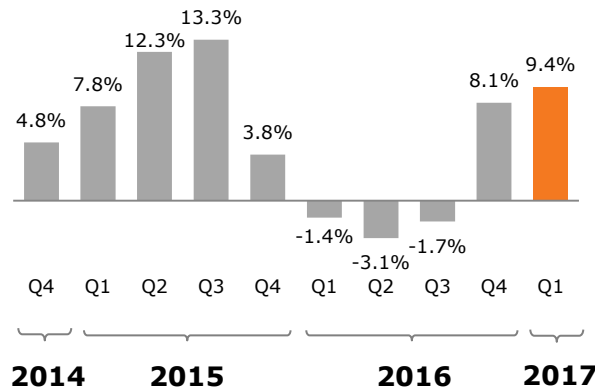
Q1 2017 LFL traffic growth: 5.9% increase y-o-y

Total LFL Traffic Growth (% y-o-y)

Values: -6.6%, -1.4%, 2.4%, 7.8%, 1.9%, -3.4%, 0.0%, -3.7%, 2.5%, 5.9%

Periods: Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1
Years: 2014 | 2015 | 2016 | 2017
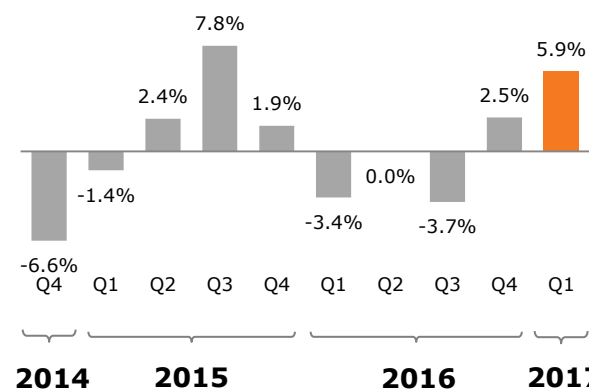
Q1 2017 LFL basket growth: 3.4% increase y-o-y

Total LFL Basket Growth (% y-o-y)
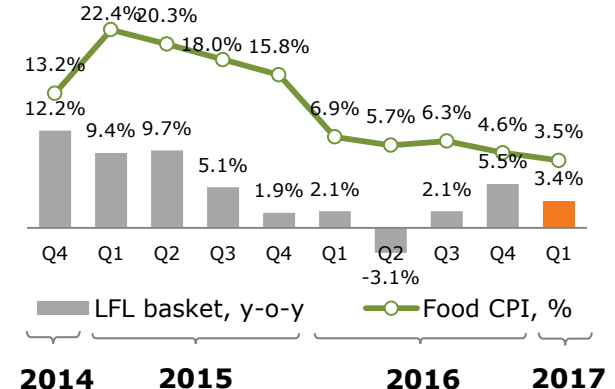
LFL basket, y-o-y: 12.2%, 9.4%, 9.7%, 5.1%, 1.9%, 2.1%, -3.1%, 2.1%, 5.5%, 3.4%

Food CPI, %: 13.2%, 22.4%, 20.3%, 18.0%, 15.8%, 6.9%, 5.7%, 6.3%, 4.6%, 3.5%

Legend: LFL basket, y-o-y — Food CPI, %

Periods: Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1
Years: 2014 | 2015 | 2016 | 2017

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

X5

Good results at model hypers

- Key achievements:
  - **Positive LFL traffic** in model hypers
  - Increase of **average check**
  - Improvement of **on-shelf availability**
- Results analysis
- Different instruments for model roll-out should be used

Development plan

- **Upgrade operating model** for new hypermarkets with all best practices taken from **"Model Hypermarkets"** pilots
- Further **adaptation of assortment** and **pricing optimisation**
- **Increase loyalty card** penetration, and implement **personalised promotions**
- Increase the share of **private labels**
- Increase **sales density**
- Improve **logistics**, reduce **lease costs** and **shrinkage**

Best practices from model hypers should be translated to new commercial model