



# Q3 AND 9M 2017 FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION  
19 OCTOBER 2017

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## **I. HIGHLIGHTS**

# 04 / STRATEGIC HIGHLIGHTS



- X5 is a true **multi-format** retailer with unique **decentralised model** that allows development autonomy for three banners, with support of Corporate Centre enhancing efficiency and sharing best-practices



- X5 achieved its strategic milestone of **market leadership** in Russian food retail, with **market share increasing to 8.0% in 2016**, up from 6.3% in 2015



- Constant adaptation of **value proposition** to Russian consumers' changing needs and current macro environment



- 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
- Launch of the **loyalty programme** in Pyaterochka



- Approval of the **dividend policy** by the Supervisory Board in September 2017
- The dividend policy sets a **target payout ratio of at least 25%** of the Company's consolidated IFRS **net profit**



# 05 / KEY ACHIEVEMENTS IN 9M 2017



- Revenue growth remained strong at **26.2%**



- The Company added a record **2,139** new stores in 9M 2017, vs. **1,554** stores in 9M 2016.
- 301** stores refurbished



- EBITDA margin up by **13 b.p.** y-o-y to **7.8%**



- >97%** of Pyaterochka stores and **~70%** of Perekrestok stores operating under new concept



- The lowest level of Net debt / EBITDA in X5's public history at **1.74x** as of 30 September 2017



- Net additional selling space of **842.8 th. sq. m.**, **89%** of which was attributable to **organic growth**



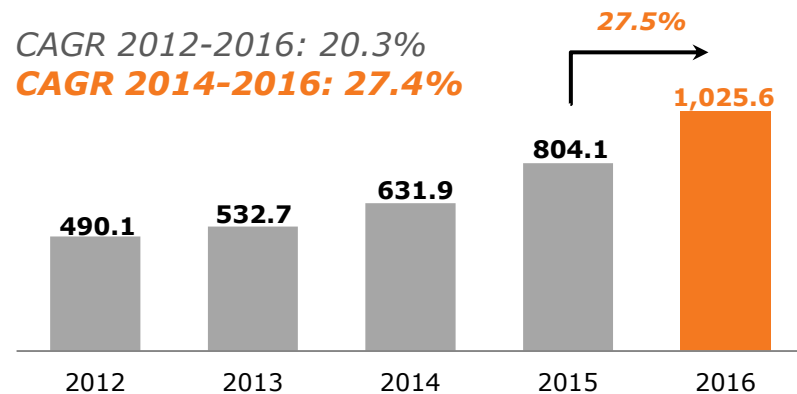
- Strong LFL traffic growth of **3.0%** in 9M 2017
- LFL traffic of Perekrestok was positive for **seven quarters** in a row



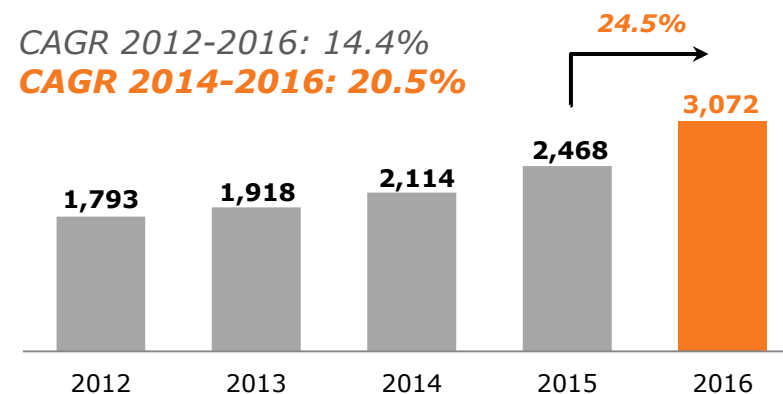
- Pyaterochka added **816.5 th. sq. m.** of net selling space

# 06 OPERATIONAL HIGHLIGHTS

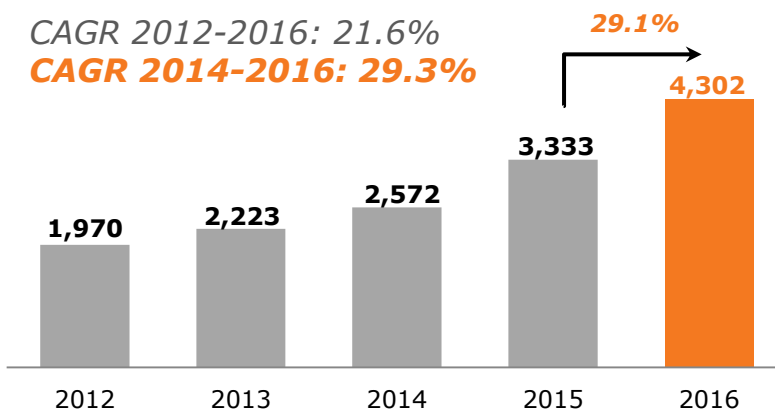
## Net retail sales dynamics, Rub bn



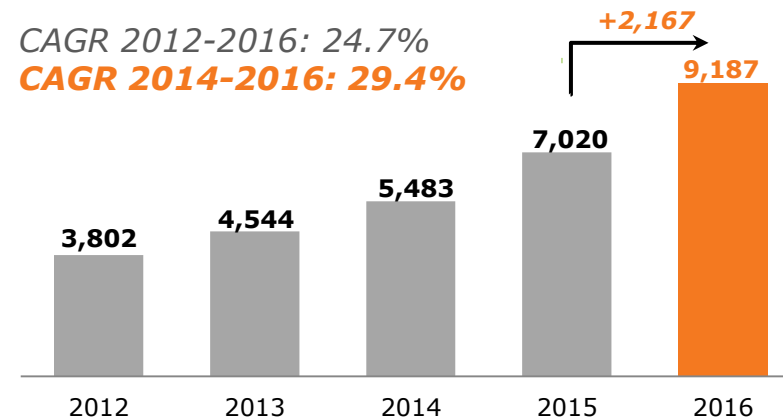
## Customer visits, mln



## Selling space, th. sq. m.



## Number of stores, end of period



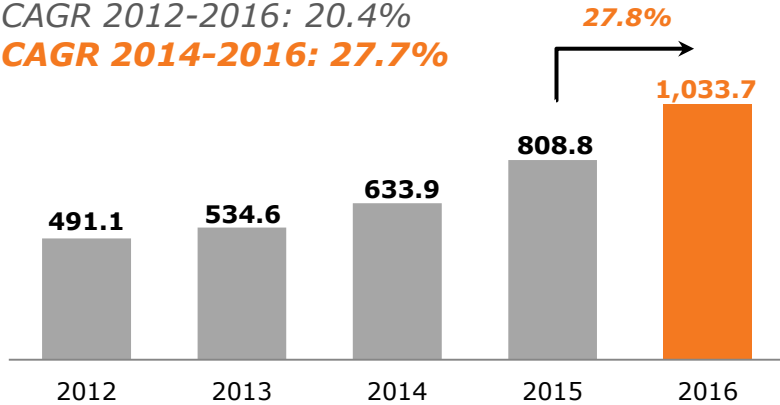
Source: X5 data

# 07 / FINANCIAL HIGHLIGHTS

## Revenue dynamics, Rub bn

CAGR 2012-2016: 20.4%

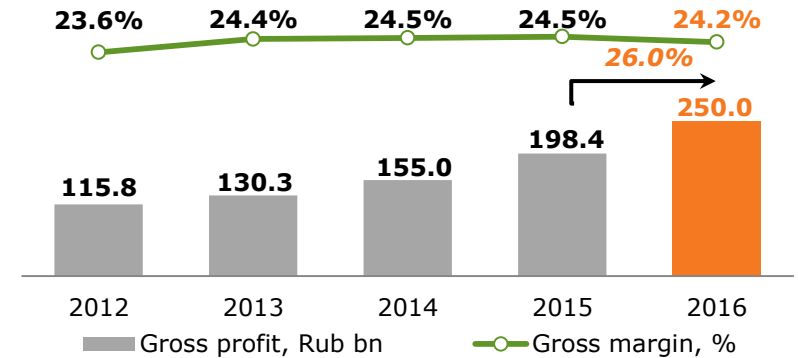
**CAGR 2014-2016: 27.7%**



## Gross profit & gross margin

CAGR 2012-2016: 21.2%

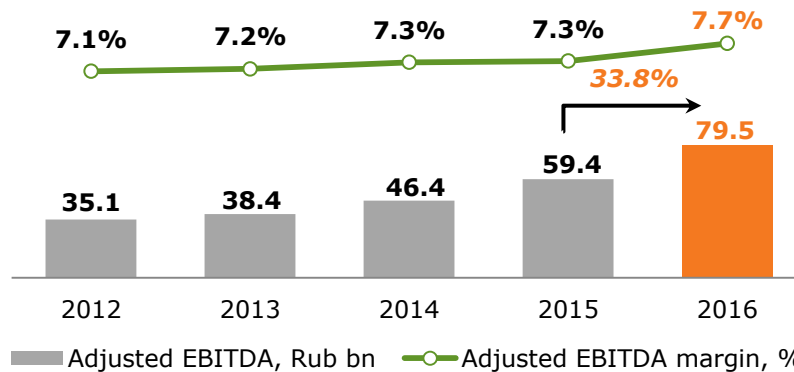
**CAGR 2014-2016: 27.0%**



## Adjusted EBITDA & adjusted EBITDA margin<sup>[1]</sup>

CAGR 2012-2016: 22.7%

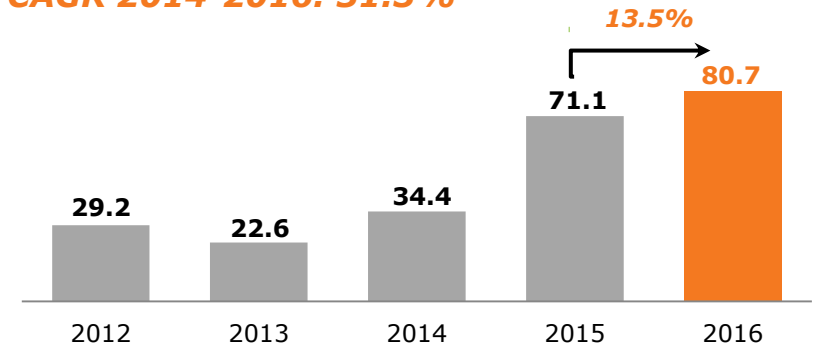
**CAGR 2014-2016: 30.9%**



## Capex dynamics, Rub bn

CAGR 2012-2016: 28.1%

**CAGR 2014-2016: 51.3%**



[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments

Source: X5 data



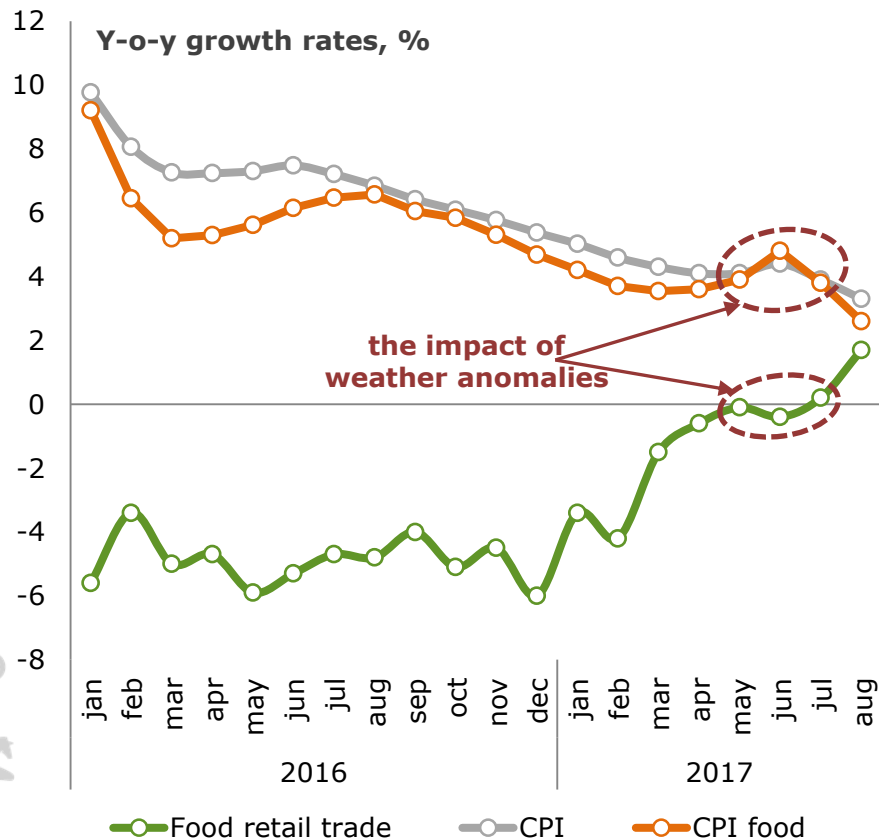


## **II. MARKET OVERVIEW**



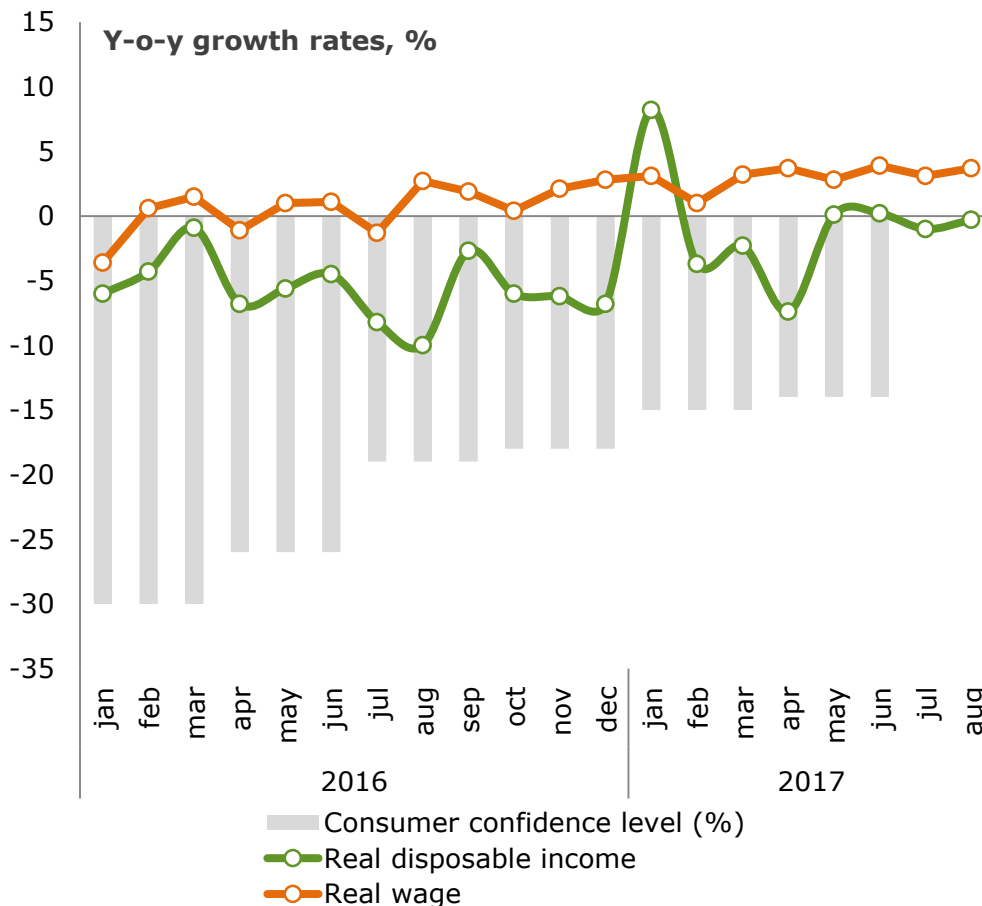
# 09 MACRO ENVIRONMENT

**Real food retail market recovers, inflation resumed its decline triggered by seasonal factors**



Source: Rosstat

**Real wage growth remains high, real disposable income continues to decline, consumer confidence grows but is still negative**



**Although the majority of macroeconomic indicators confirm a trend towards gradual economic recovery, significant risks for sustainability of consumption dynamics are still observed**

# 10 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



# 11 / ...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

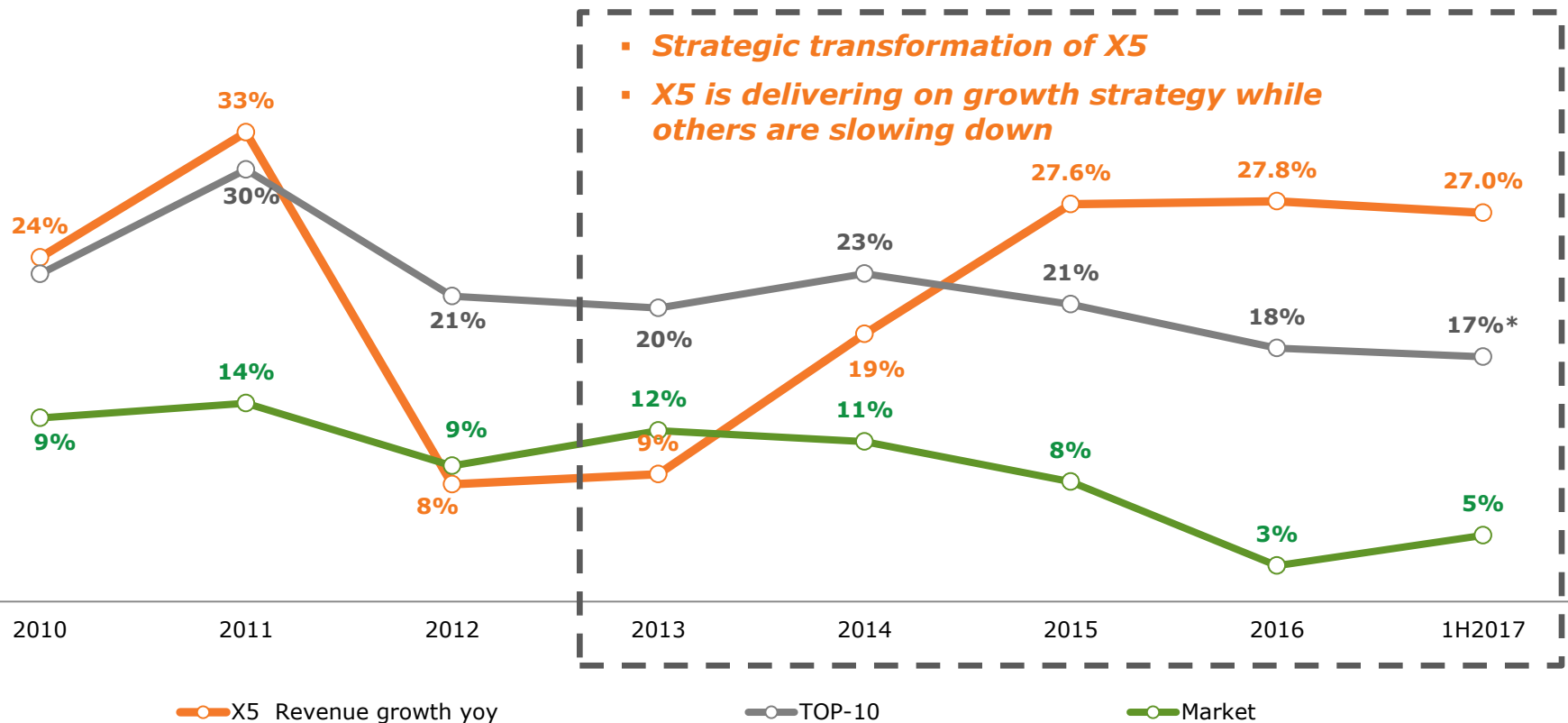
- Online retail initiative within the supermarket segment
- Successful development of loyalty programme and personalised promo in Perekrestok
- Further implementation of advanced analytics

### Tightening market regulation

- Self-regulation approach
- Switch to net-net pricing
- Strategic partnerships with suppliers



# 12 X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH



Source: Infoline, X5 analysis











\* X5 estimate

Starting from 2013, X5 has constantly accelerated its growth rates



# 13 / RETAIL MARKET SNAPSHOT

## Top 10 Russian Food retailers

#	Company name	% in total market 2015	% in total market 2016
1	 X5	6.3%	8.0%
2	 Magnit	6.8%	7.4%
3	 Auchan	2.8%	2.9%
4	 Dixy	2.2%	2.4%
5	 Lenta	1.8%	2.1%
6	 Metro	1.6%	1.6%
7	 SPS Holding	0.7%	1.2%
8	 O'Key	1.2%	1.2%
9	 Monetka	0.6%	0.6%
10	 Globus	0.5%	0.6%
	<b>Total</b>	<b>24.5%</b>	<b>28.0%</b>

Source: InfoLine

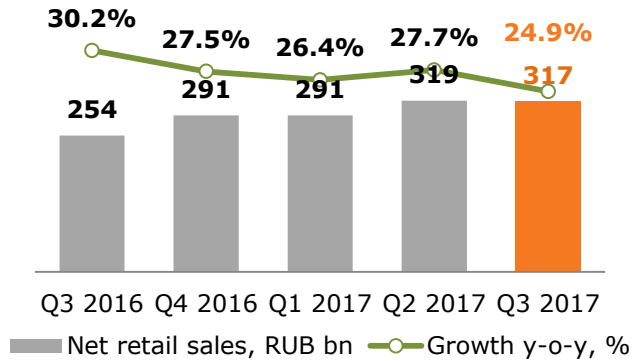
**X5's market share increased from 6.3% in 2015 to 8.0% in 2016**



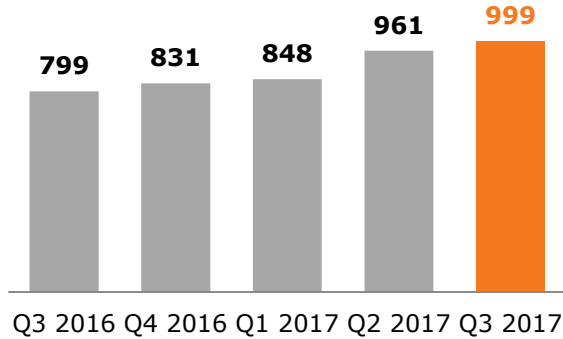
**III. OPERATIONAL RESULTS  
Q3 2017**

# 15 / Q3 2017 RESULTS: OPERATIONAL HIGHLIGHTS

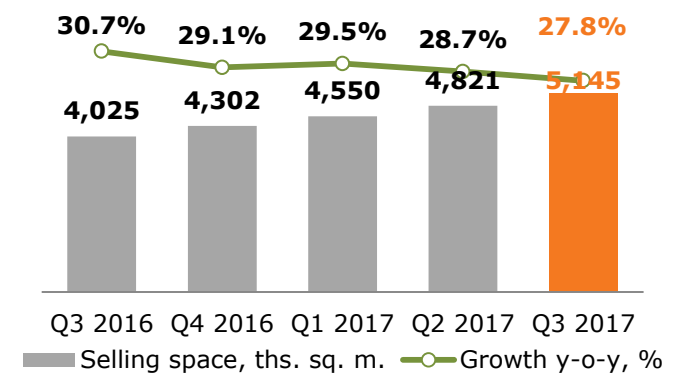
## Net retail sales



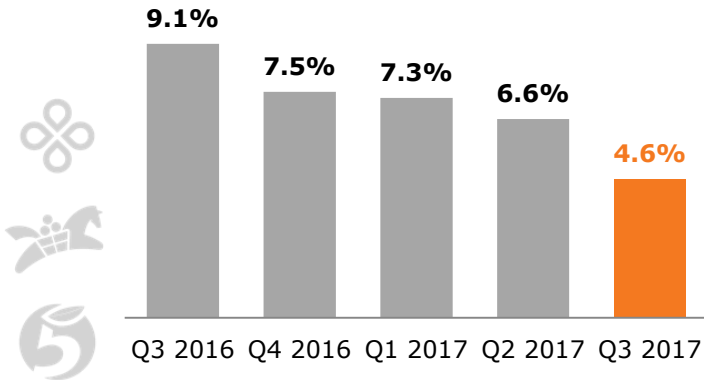
## Traffic, mln customers



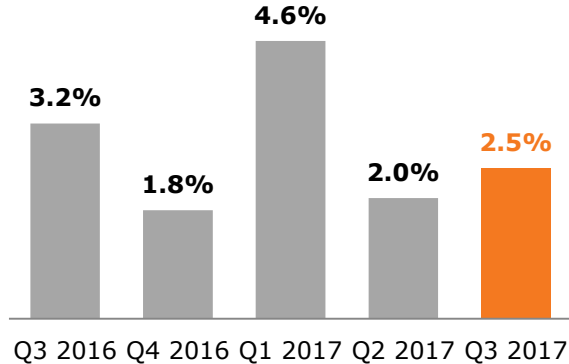
## Net selling space (eop), th. sq. m



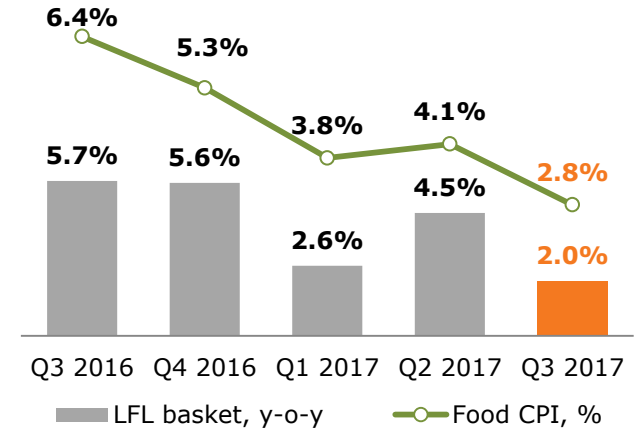
## LFL sales, y-o-y



## LFL traffic, y-o-y



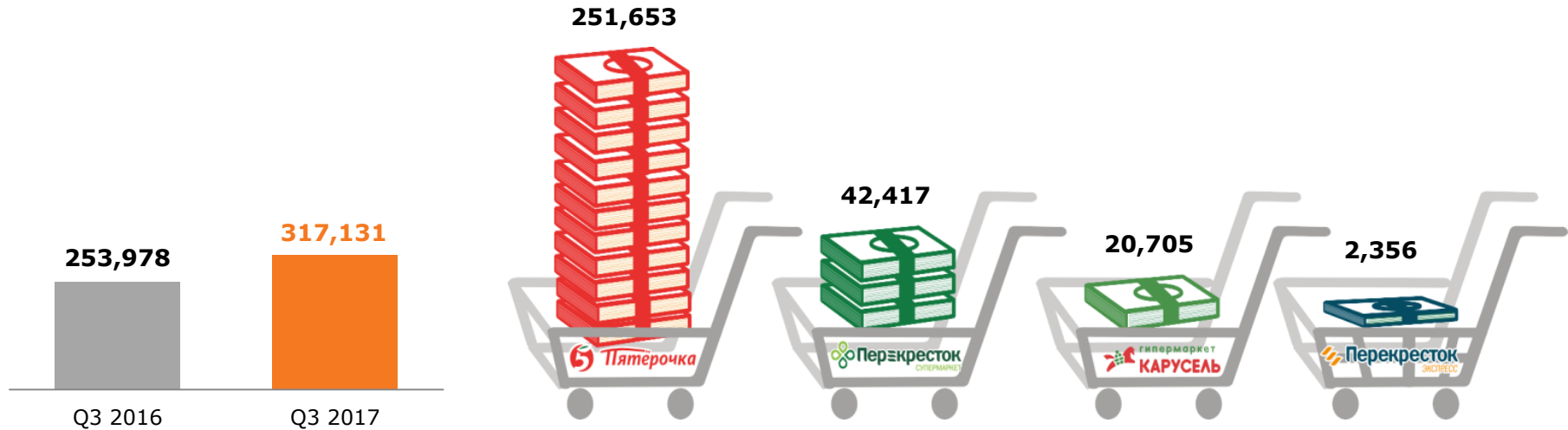
## LFL basket, y-o-y



Source: X5 data

# 16 / Q3 2017 RESULTS: NET RETAIL SALES SUMMARY

## Net retail sales breakdown by retail format, RUB mln



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 24.9% was driven by a 4.6% increase in like-for-like (LFL) sales and a 20.3% sales growth contribution from a 27.8% rise in selling space



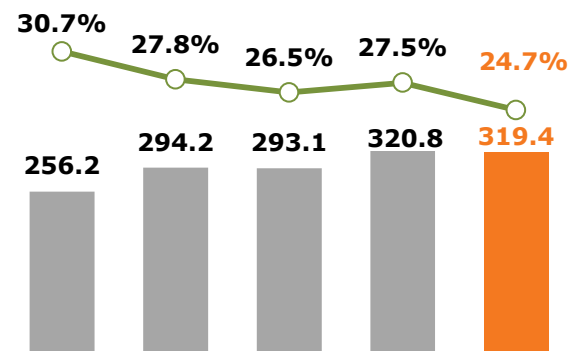




**IV. FINANCIAL RESULTS**  
**Q3 2017**

# 19 Q3 2017 RESULTS: FINANCIAL HIGHLIGHTS

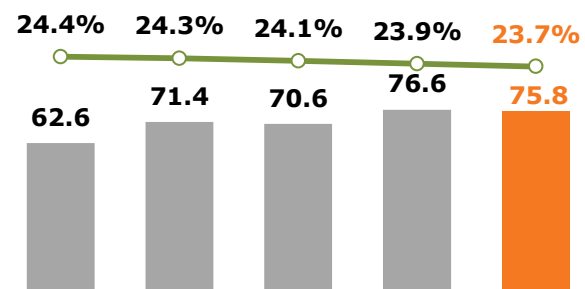
## Revenue



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

■ Revenue, RUB bn — Growth y-o-y, %

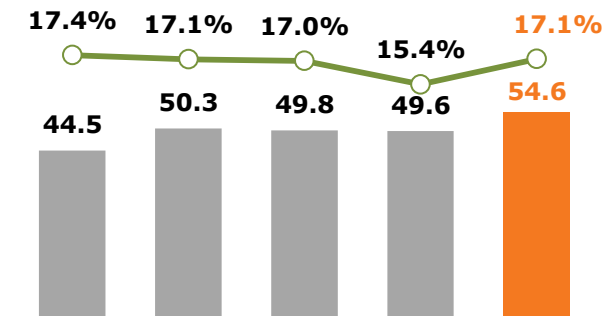
## Gross profit & gross margin



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

■ Gross profit, RUB bn — Margin, %

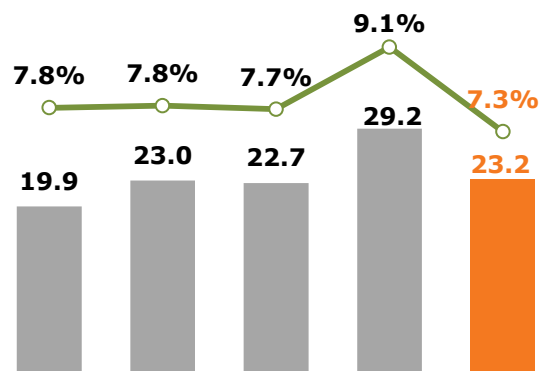
## SG&A (excl. D&A&I&LTI), Rub bn <sup>[1]</sup>



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

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

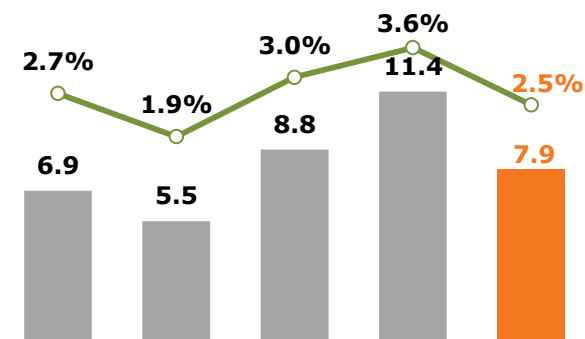
## EBITDA & EBITDA margin <sup>[1]</sup>



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

■ EBITDA, RUB bn — EBITDA margin, %

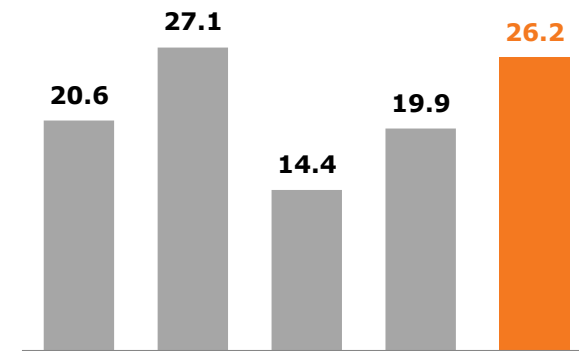
## Net profit & net profit margin <sup>[1]</sup>



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

■ Net profit, RUB bn — Net profit margin, %

## Capital expenditures, Rub bn



Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017

[1] – Adjusted for LTI, exit payments and share-based payments and other one-off remuneration payments

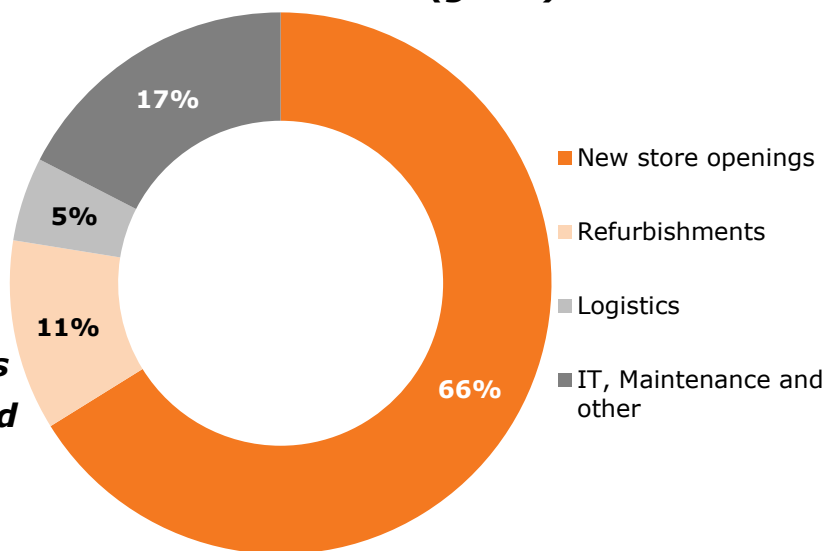
Source: X5 data

# 20 / Q3 2017 RESULTS: CAPITAL EXPENDITURE OVERVIEW

## Capex breakdown for Q3 2017

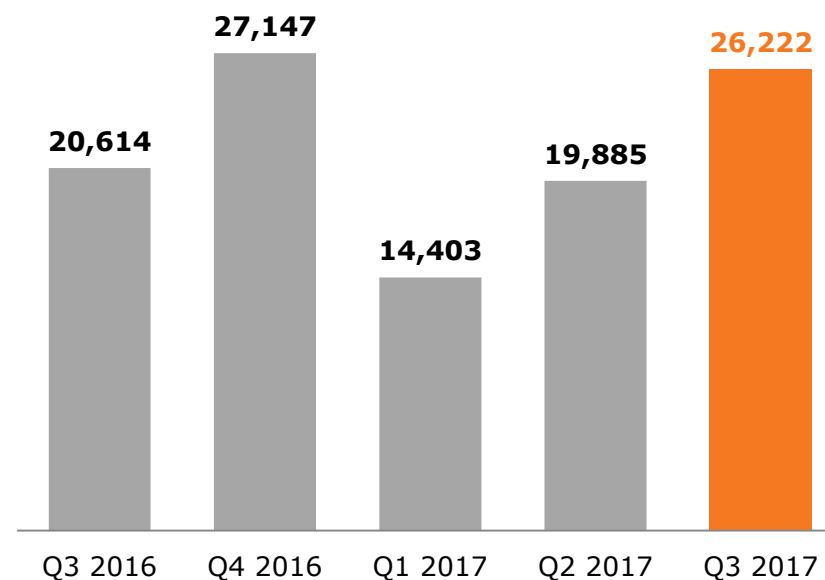
**856 stores opened (gross)**

**100 stores refurbished**



## Capex breakdown by quarter, RUB mln

Total Capex in Q3 2017: **26,222 RUB mln**



Source: X5 data

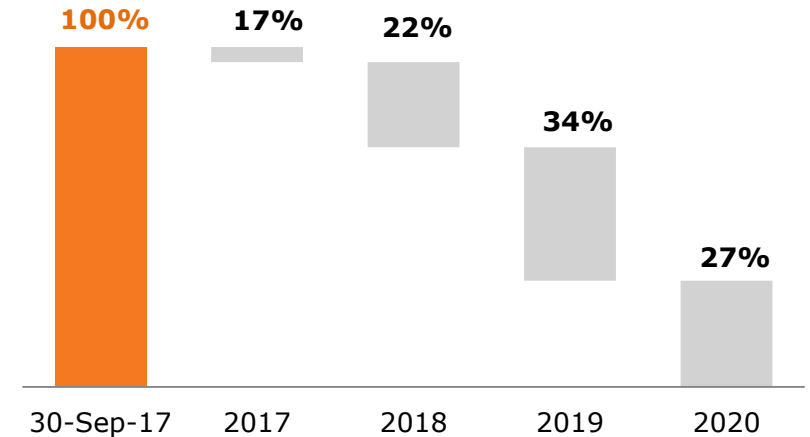
**In Q3 2017, capex programme focused on organic expansion, investments in store refurbishments and logistics**

# 21 / Q3 2017 RESULTS: DEBT STRUCTURE

## Debt profile

Rub mln	30 Sep 2017	30 Sep 2016
<b>Total Debt</b>	<b>172,064</b>	<b>156,435</b>
Short-Term Debt	46,496	43,281
<i>% of total debt</i>	<i>27.0%</i>	<i>27.7%</i>
Long-Term Debt	125,568	113,154
<i>% of total debt</i>	<i>73.0%</i>	<i>72.3%</i>
<b>Net Debt</b>	<b>160,350</b>	<b>150,417</b>

## Debt portfolio maturity



## Covenants & liquidity update

Covenant metrics & liquidity sources	30 Sep 2017	30 Sep 2016
Net Debt / EBITDA	1.74x	2.15x
Cash & cash equiv., Rub mln	11,714	6,018
Available credit limits, Rub mln	296,903	239,760

## Highlights

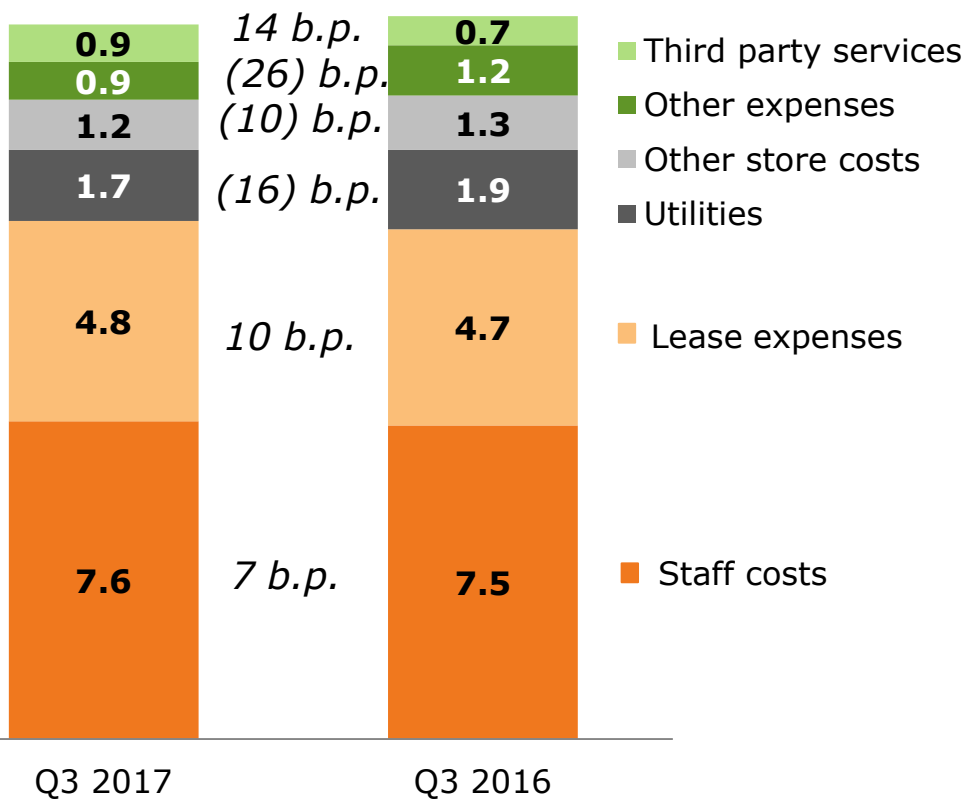
- X5's debt portfolio is 100% RUB-denominated
- All of the X5's loans and bonds have fixed interest rates
- X5's available credit limits increased by 1.2 times to RUB 297 bn
- Net debt/EBITDA ratio decreased to 1.74x as of 30 September 2017, the lowest level in X5's history



# 22 / Q3 2017 RESULTS: ADJUSTED SG&A [1] EXPENSES ANALYSIS

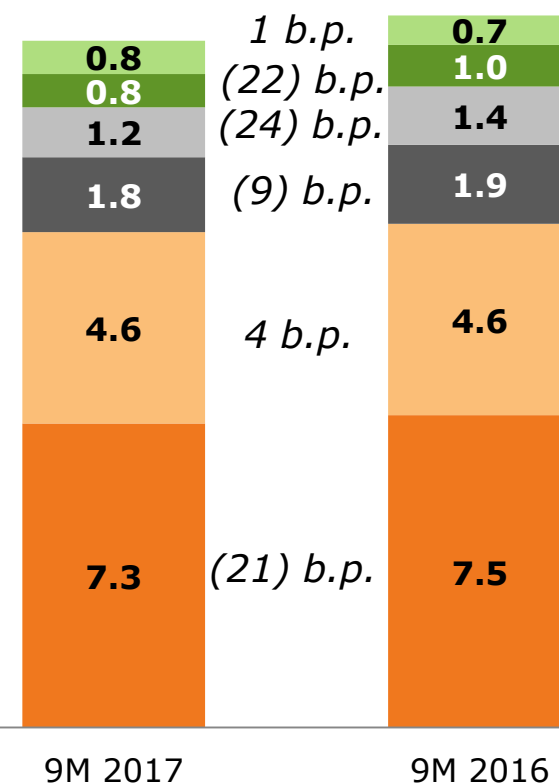
## Q3 2017 analysis as percent of revenue

17.1% (22) b.p. 17.3%



## 9M 2017 analysis as percent of revenue

16.5% (70) b.p. 17.2%



# 23 / FINANCIAL STATEMENTS (1/3)

## PROFIT AND LOSS STATEMENT

RUB mln	Q3 2017	Q3 2016	+ / (-)	+ / (-), %	9M 2017	9M 2016	+ / (-)	+ / (-), %
<b>Revenue</b>	<b>319,424</b>	<b>256,247</b>	<b>63,177</b>	24.7	<b>933,303</b>	<b>739,491</b>	<b>193,812</b>	26.2
Net retail sales	317,131	253,978	63,153	24.9	927,482	734,300	193,182	26.3
COGS	(243,659)	(193,693)	(49,966)	25.8	(710,305)	(560,939)	(149,366)	26.6
<b>Gross profit</b>	<b>75,765</b>	<b>62,554</b>	<b>13,211</b>	21.1	<b>222,998</b>	<b>178,552</b>	<b>44,446</b>	24.9
<i>Gross profit margin</i>	23.7	24.4		(69) b.p.	23.9	24.1		(25) b.p.
SG&A	(64,983)	(51,053)	(13,930)	27.3	(183,668)	(144,532)	-39,136	27.1
<b>EBITDA</b>	<b>22,392</b>	<b>19,863</b>	<b>2,529</b>	12.7	<b>72,392</b>	<b>56,361</b>	<b>16,031</b>	28.4
<i>EBITDA margin</i>	7.0	7.8		(74) b.p.	7.8	7.6		13 b.p.
<b>Operating profit</b>	<b>12,844</b>	<b>13,274</b>	<b>-430</b>	-3.2	<b>45,342</b>	<b>39,138</b>	<b>6,204</b>	15.9
<i>Operating margin</i>	4.0	5.2		(116) b.p.	4.9	5.3		(43) b.p.
<b>Net profit</b>	<b>7,277</b>	<b>6,870</b>	<b>407</b>	5.9	<b>25,975</b>	<b>19,874</b>	<b>6,101</b>	30.7
<i>Net profit margin</i>	2.3	2.7		(40) b.p.	2.8	2.7		10 b.p.

Source: X5 data

# 24 / FINANCIAL STATEMENTS (2/3)

## BALANCE SHEET

RUB mln	30 Sep 2017	30 Sep 2016	+/( - )	+/( - )%
<b>Total current assets</b>	<b>121,979</b>	<b>104,187</b>	<b>17,792</b>	<b>17.1</b>
Cash & cash equivalents	11,714	6,018	5,696	94.6
Inventories	84,953	64,809	20,144	31.1
<b>Total non-current assets</b>	<b>378,598</b>	<b>329,580</b>	<b>49,018</b>	<b>14.9</b>
Net PP&E	259,814	219,948	39,866	18.1
Goodwill	84,421	79,543	4,878	6.1
<b>Total assets</b>	<b>500,577</b>	<b>433,767</b>	<b>66,810</b>	<b>15.4</b>
<b>Total current liabilities</b>	<b>215,943</b>	<b>188,737</b>	<b>27,206</b>	<b>14.4</b>
ST debt	46,496	43,281	3,215	7.4
Trade accounts payable	109,331	103,288	6,043	5.9
<b>Total non-current liabilities</b>	<b>131,632</b>	<b>120,424</b>	<b>11,208</b>	<b>9.3</b>
LT debt	125,568	113,154	12,414	11.0
<b>Total liabilities</b>	<b>347,575</b>	<b>309,161</b>	<b>38,414</b>	<b>12.4</b>
<b>Total equity</b>	<b>153,002</b>	<b>124,606</b>	<b>28,396</b>	<b>22.8</b>
<b>Total liabilities &amp; equity</b>	<b>500,577</b>	<b>433,767</b>	<b>66,810</b>	<b>15.4</b>

Source: X5 data



# 25 / FINANCIAL STATEMENTS (3/3)

## CASH FLOW

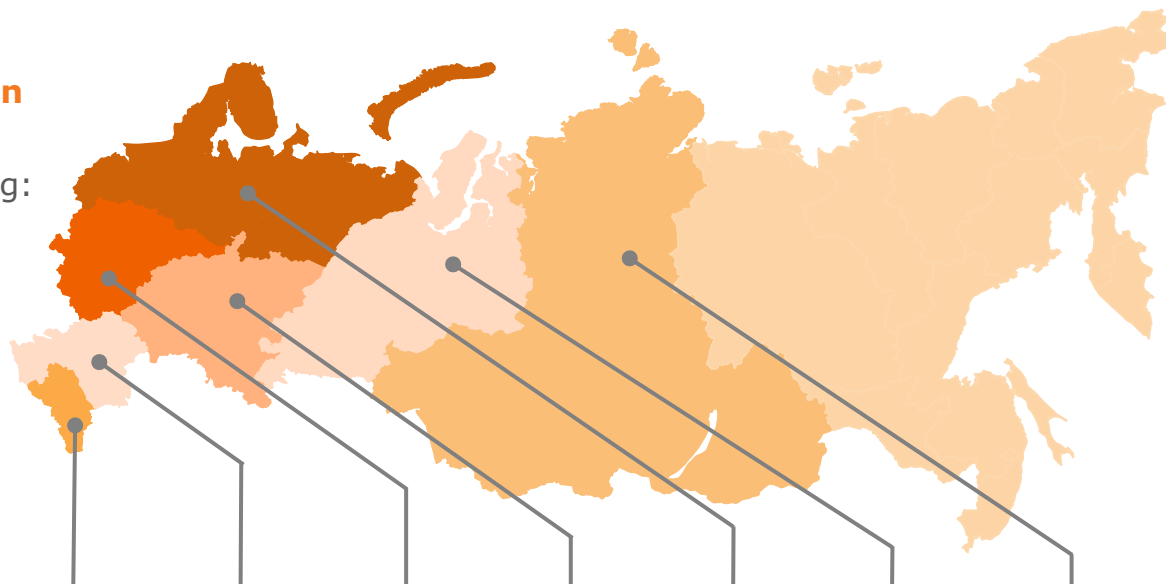
RUB mln	Q3 2017	Q3 2016	+/( - )	+/( - )%	9M 2017	9M 2016	+/( - )	+/( - )%
<b>Net cash generated from operating activities</b>	<b>26,693</b>	<b>20,135</b>	6,558	32.6	<b>37,598</b>	<b>38,416</b>	<b>(818)</b>	<b>(2.1)</b>
Net cash from operating activities before changes in working capital	22,281	20,050	2,231	11.1	72,562	56,860	15,702	27.6
Change in Working Capital, incl.:	9,921	6,803	3,118	45.8	(15,866)	(2,418)	(13,448)	556.2
Decrease/(increase) in trade and other AR	(2,125)	494	(2,619)	n/a	11,099	6,993	4,106	58.7
Decrease/(increase) in inventories	(2,186)	(1,839)	(347)	18.9	(11,152)	(6,922)	(4,230)	61.1
(Increase)/decrease in trade payable	10,085	4,131	5,954	144.1	(21,799)	(428)	(21,371)	n/a
(Decrease)/increase in other AP	4,147	4,017	130	3.2	5,986	(2,061)	8,047	n/a
Net interest and income tax paid	(5,509)	(6,718)	1,209	(18.0)	(19,098)	(16,026)	(3,072)	19.2
<b>Net cash used in investing activities</b>	<b>(23,135)</b>	<b>(19,970)</b>	<b>(3,165)</b>	<b>15.8</b>	<b>(59,910)</b>	<b>(53,501)</b>	<b>(6,409)</b>	<b>12.0</b>
<b>Net cash generated from/(used in) financing activities</b>	<b>1,375</b>	<b>407</b>	<b>968</b>	<b>237.8</b>	<b>15,830</b>	<b>12,135</b>	<b>3,695</b>	<b>30.4</b>
Effect of exchange rate changes on cash & cash equiv.	2	15	(13)	n/a	6	10	(4)	n/a
<b>Net increase/(decrease) in cash &amp; cash equiv.</b>	<b>4,935</b>	<b>587</b>	<b>4,348</b>	<b>740.7</b>	<b>(6,476)</b>	<b>(2,940)</b>	<b>(3,536)</b>	<b>120.3</b>







# 26 X5 REGIONAL PRESENCE

## X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 11,326, including:
  - 10,481 Pyaterochka
  - 584 Perekrestok
  - 91 Karusel
  - 170 Express stores



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 <b>Пятёрочка</b>		166	765	4,325	2,876	1,257	905	187	<b>10,481</b>
 <b>Перекресток</b>	Number of stores, #	9	26	358	94	61	36	0	<b>584</b>
 <b>гипермаркет КАРУСЕЛЬ</b>		1	5	36	23	18	8	0	<b>91</b>
 <b>X5 RETAIL GROUP</b>	Net retail sales (9M 2017), %	0.8%	4.5%	55.2%	18.4%	14.5%	6.1%	0.5%	<b>100%</b>

Source: X5 data

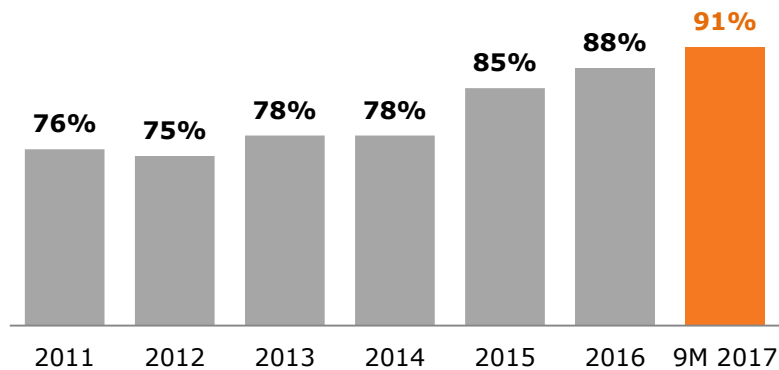
# 27 / X5 DISTRIBUTION CAPABILITIES

## Warehouse space as of 30 September 2017

Federal district	Space, th. sq. m.	# of DCs
Central	542	16
North-Western	114	4
Volga	144	7
Ural	121	6
Southern	77	3
Siberian	18	1
<b>Total</b>	<b>1,015</b>	<b>37</b>



## Centralisation levels



Source: X5 data

## Highlights for Q3 2017

- New Logistics and Transportation Strategy approved, which covers the period till 2025, and relies on advances in network optimisation
- In Q3 2017, X5 opened three new distribution centres (DCs) in the Moscow, Tyumen and Novosibirsk regions (43, 19 and 18 th. sq. m., respectively) to serve the Pyaterochka format
- X5 closed two DCs in the Chelyabinsk and Sverdlovsk (Ekaterinburg) regions that served the Pyaterochka format but did not meet the Company's efficiency criteria





## **APPENDICIES**

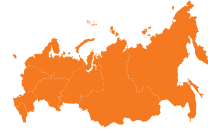
### **I. PERFORMANCE SUMMARY OF KEY FORMATS**

# 29 / PYATEROCHKA SUMMARY (1/3)

## HIGHLIGHTS



**10,481 stores** as of 30 September 2017, 34.6% increase y-o-y



**4,146 th. sq. m. of selling space** as of 30 September 2017, 34.1% increase y-o-y



**Q3 2017 net retail sales – RUB 251.7 bn,** 28.8% increase y-o-y



**857 mln of customers** for Q3 2017, 28.7% increase y-o-y



Share of X5's Q3 2017 sales: **~79%**



Q3 2017 LFL Results

- Sales: **4.0%**
- Traffic: **2.4%**
- Basket: **1.6%**



Average check: **RUB 336** (Q3 2017), 0.3% increase y-o-y



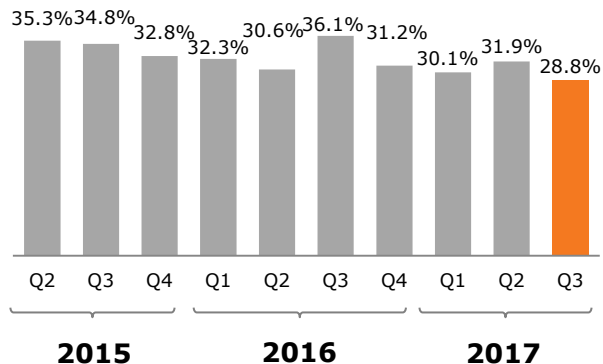
- Avg. net selling space: **396 sq. m.**
- **Formats**
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more



# 30 PYATEROCHKA SUMMARY (2/3)

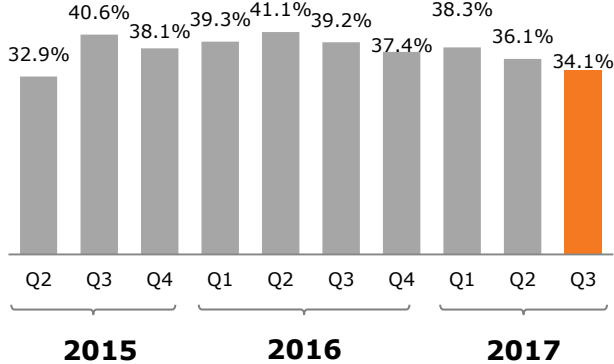
**Q3 2017 net retail sales growth:  
28.8% increase y-o-y**

*Net Sales Growth (% y-o-y)*



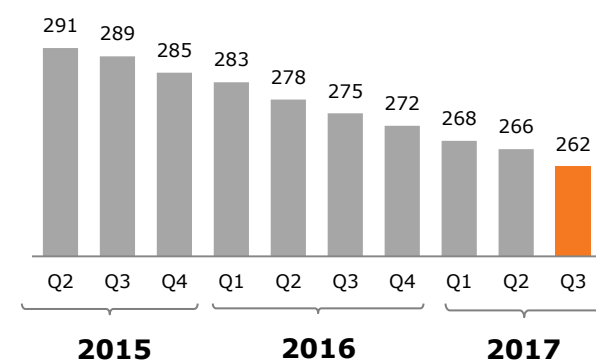
**Q3 2017 selling space growth:  
34.1% increase y-o-y**

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



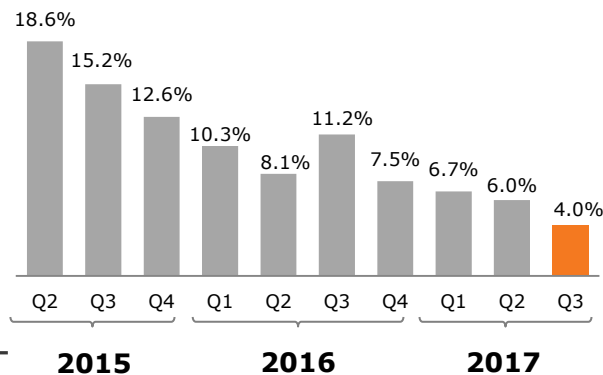
**Q3 2017 sales densities:  
4.7% decline y-o-y**

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



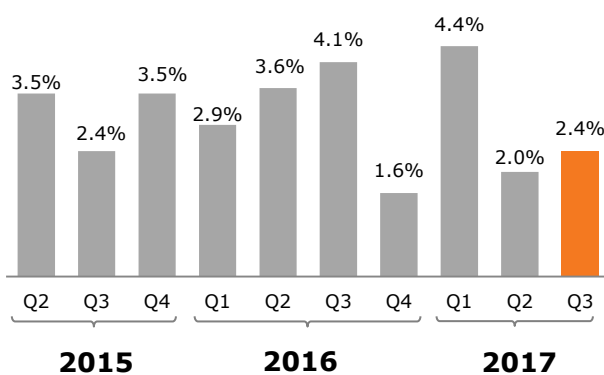
**Q3 2017 LFL sales growth:  
4.0% increase y-o-y**

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



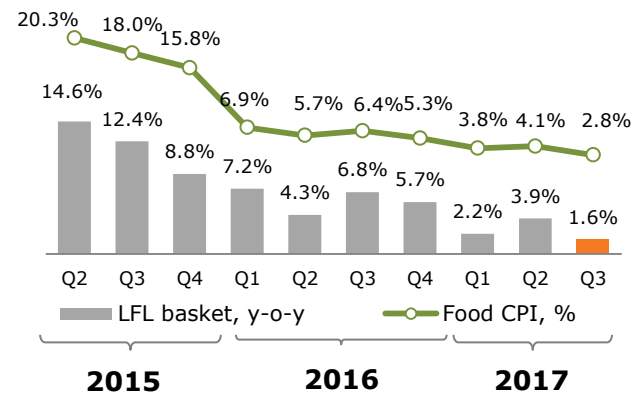
**Q3 2017 LFL traffic growth:  
2.4% increase y-o-y**

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



**Q3 2017 LFL basket growth:  
1.6% increase y-o-y**

*Total LFL Basket Growth (% y-o-y)*



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

# 31 / 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

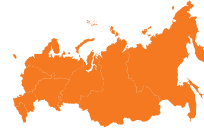


# 32 / PEREKRESTOK SUMMARY (1/3)

## RUSSIA'S #1 SUPERMARKET



**584 stores** as of 30 September 2017, 16.1% increase y-o-y



**586 th. sq. m. of selling space** as of 30 September 2017, 14.1% increase y-o-y



**Q3 2017 net retail sales of RUB 42.4 bn**, 18.1% increase y-o-y



**99.0 mln customers** for Q3 2017, 14.6% increase y-o-y



Share of X5's Q3 2017 sales: **~13%**



Q3 2017 LFL Results

- Sales: **9.9%**
- Traffic: **6.6%**
- Basket: **3.2%**



Average ticket: **RUB 490** (Q3 2017) 3.3% increase y-o-y



Avg. net selling space: **1,003 sq. m.**

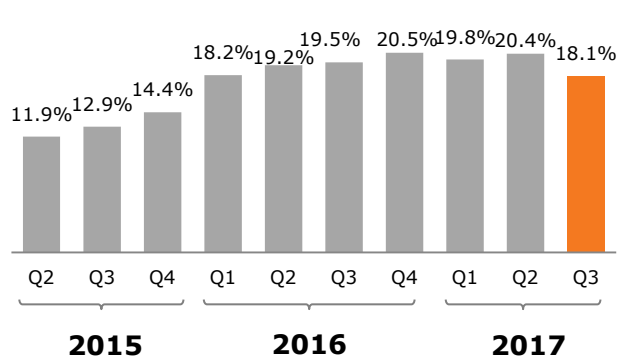




# 33 PEREKRESTOK SUMMARY (2/3)

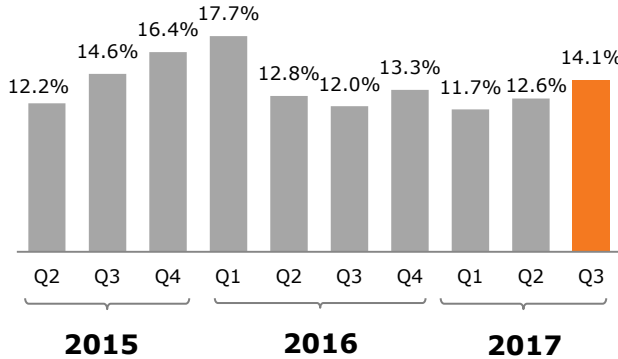
**Q3 2017 net retail sales growth:  
18.1% increase y-o-y**

*Net Sales Growth (% y-o-y)*



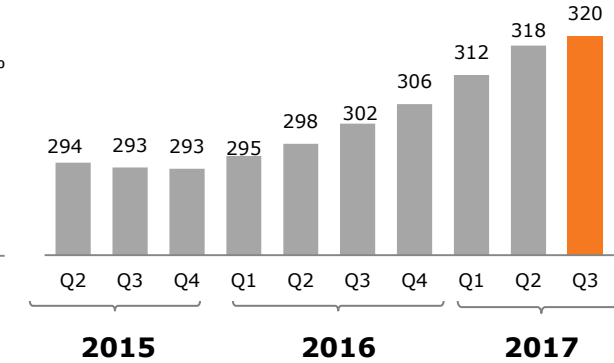
**Q3 2017 selling space growth:  
14.1% increase y-o-y**

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



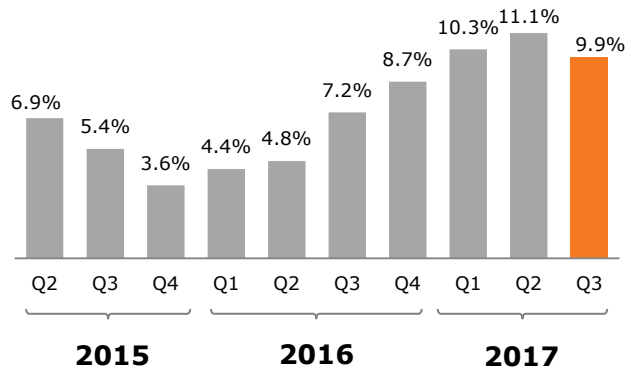
**Q3 2017 sales densities:  
6.0% increase y-o-y**

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



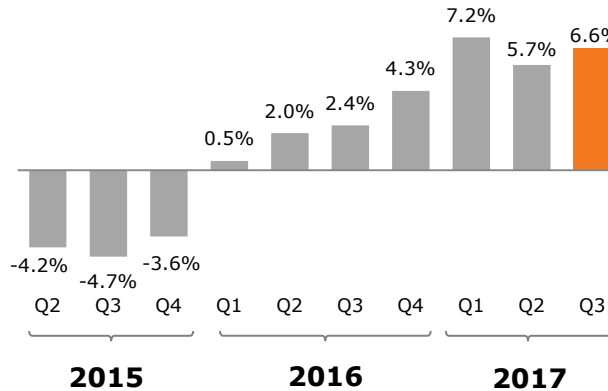
**Q3 2017 LFL sales growth:  
9.9% increase y-o-y**

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



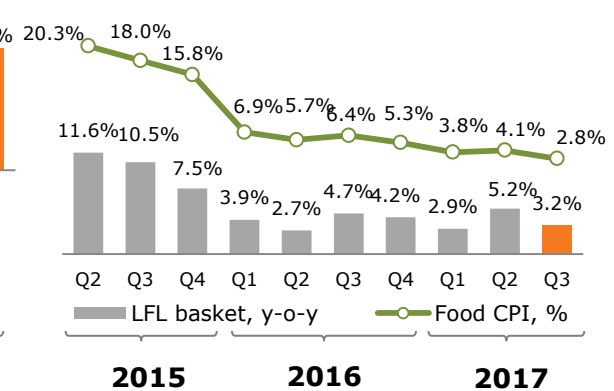
**Q3 2017 LFL traffic growth:  
6.6% increase y-o-y**

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



**Q3 2017 LFL basket growth:  
3.2% increase y-o-y**

*Total LFL Basket Growth (% y-o-y)*



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

# 34 / PEREKRESTOK SUMMARY (3/3)

## STRATEGY OVERVIEW

- **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



# 35 / KARUSEL SUMMARY (1/3)

## HIGHLIGHTS



**91 store** as of  
30 September 2017:  
1.1% increase y-o-y



**381 th. sq. m. of selling space**  
as of 30 September 2017,  
down 1.0% y-o-y



**Q3 2017 net retail sales:**  
**RUB 20.7 bn,**  
3.8% increase y-o-y



**32.6 mln customers** in Q3 2017,  
down 0.2% y-o-y



Share of X5's Q3 2017 sales:  
**~7%**



Q3 2017 LFL Results

- Sales: **2.5%**
- Traffic: **(2.4%)**
- Basket: **5.0%**



Average ticket:  
**RUB 726** (Q3 2017)  
6.7% increase y-o-y



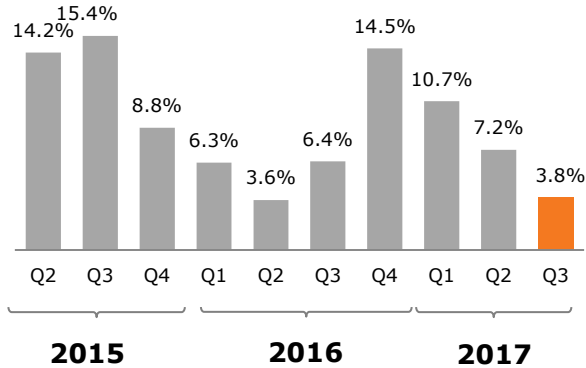
Avg. net selling space:  
**4,184 sq. m.**



# 36 / KARUSEL SUMMARY (2/3)

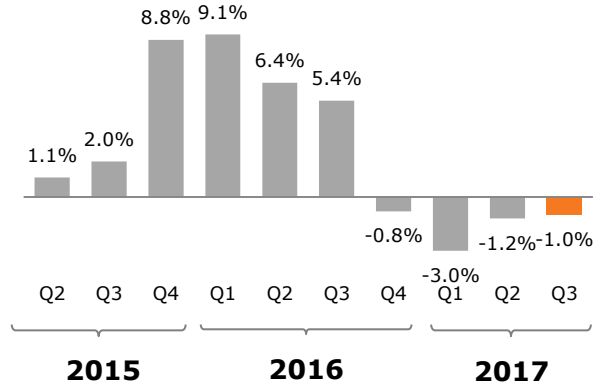
## Q3 2017 net retail sales growth: 3.8% increase y-o-y

Net Sales Growth (% y-o-y)



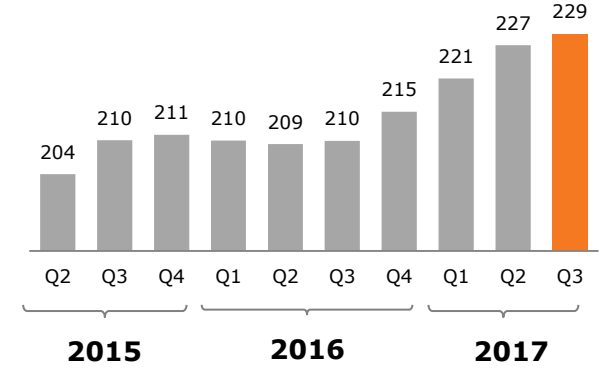
## Q3 2017 selling space: 1.0% decline y-o-y

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



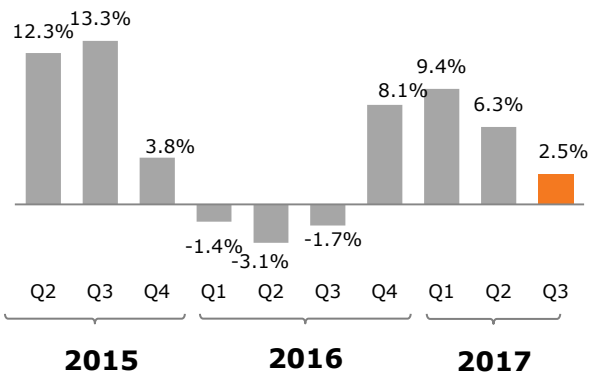
## Q3 2017 sales densities growth: 9.2% increase y-o-y

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



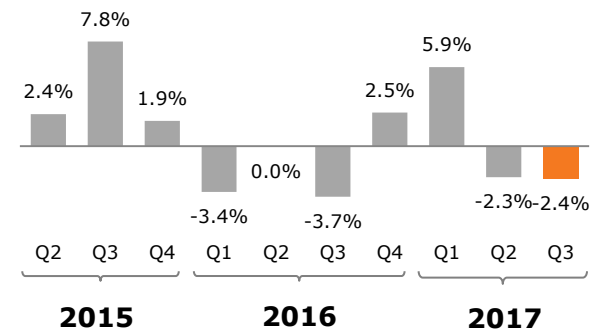
## Q3 2017 LFL sales growth: 2.5% increase y-o-y

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



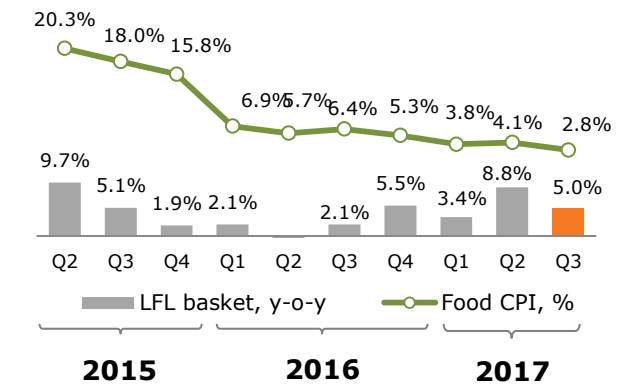
## Q3 2017 LFL traffic: 2.4% decline y-o-y

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



## Q3 2017 LFL basket growth: 5.0% increase y-o-y

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



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

# 37 / KARUSEL SUMMARY (3/3)

## KARUSEL STRATEGY OVERVIEW

### 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

