

X5 Webcast: Online Businesses

20 May 2020



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Online food retail market



Vladimir Salakhutdinov
Director of Strategy



Food retail market 2019–2024

Russian food retail market, RUB trn

5 YEAR CAGR

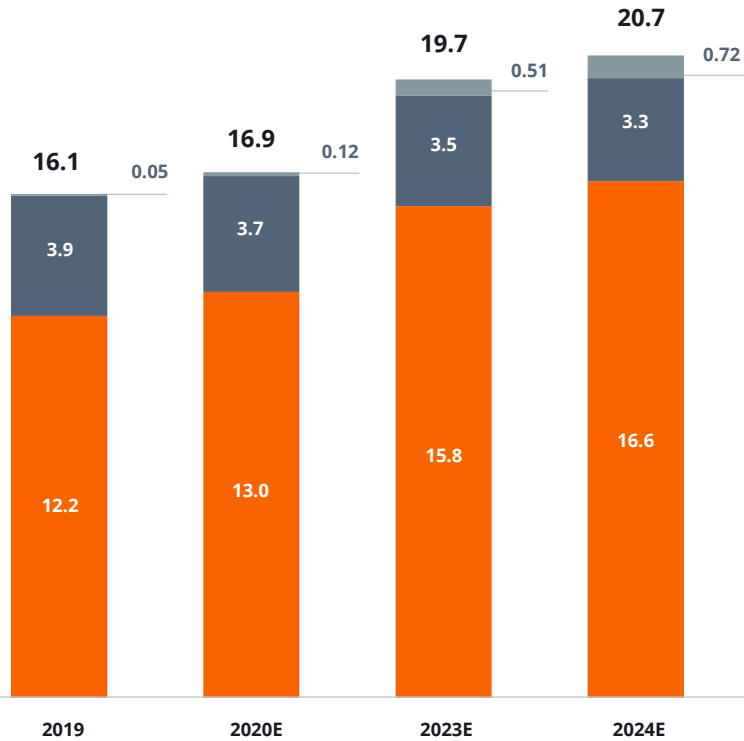
71.9%

Online

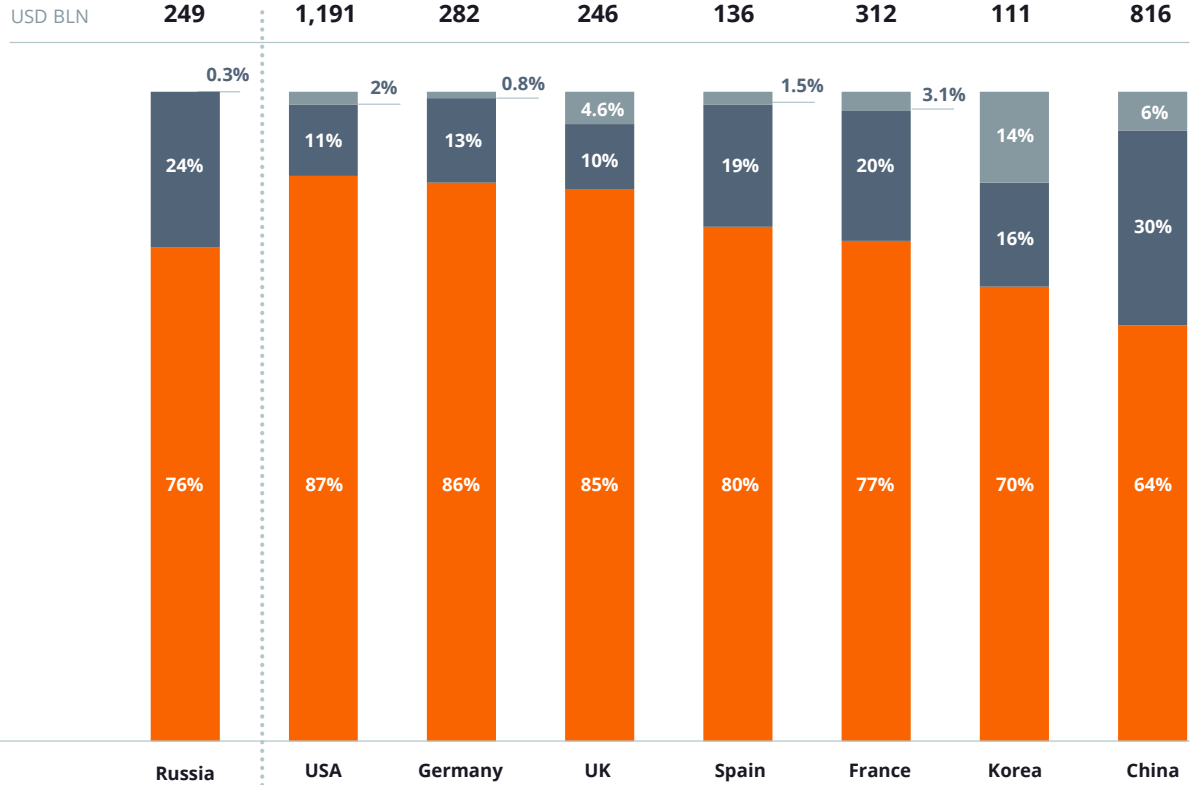
6.2%

Offline

- Online retail
- Traditional retail
- Modern offline retail

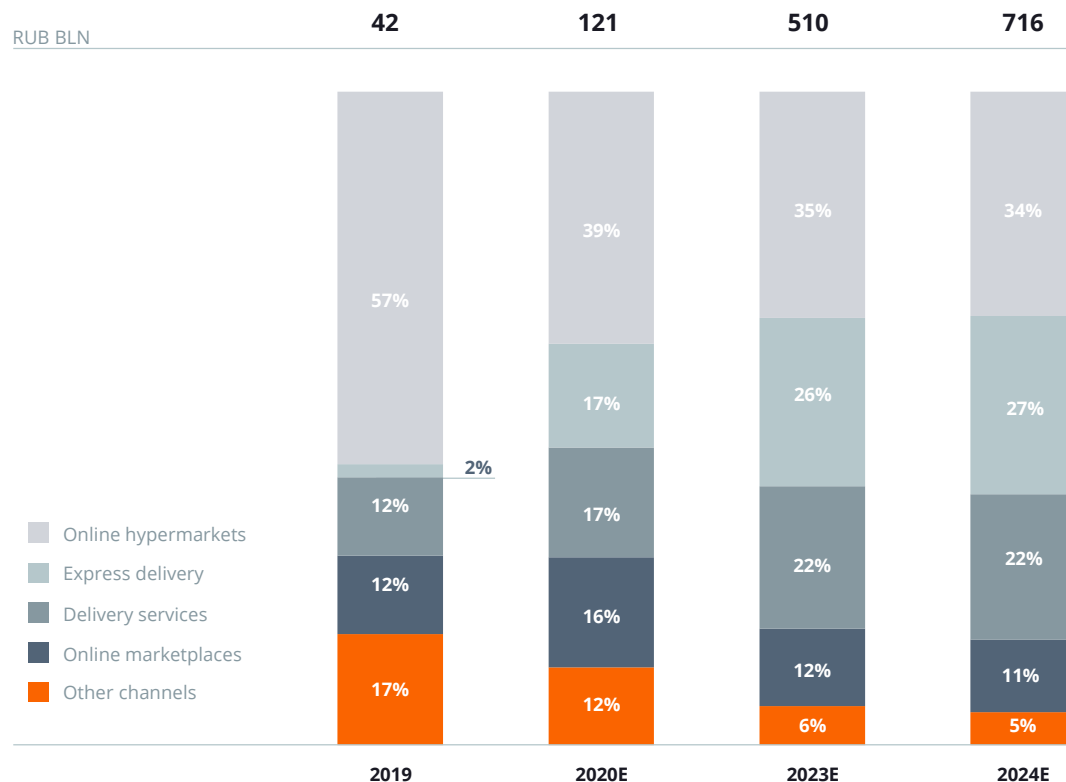


Share of segments by country, 2019



Online food retail market

Russia online food retail market structure



Note: online food retail does not include FMCG segments
Source: Infoline (conservative scenario)

Key players in online food retail market

X5 RETAIL GROUP

Online hypermarkets



Express delivery



Delivery services



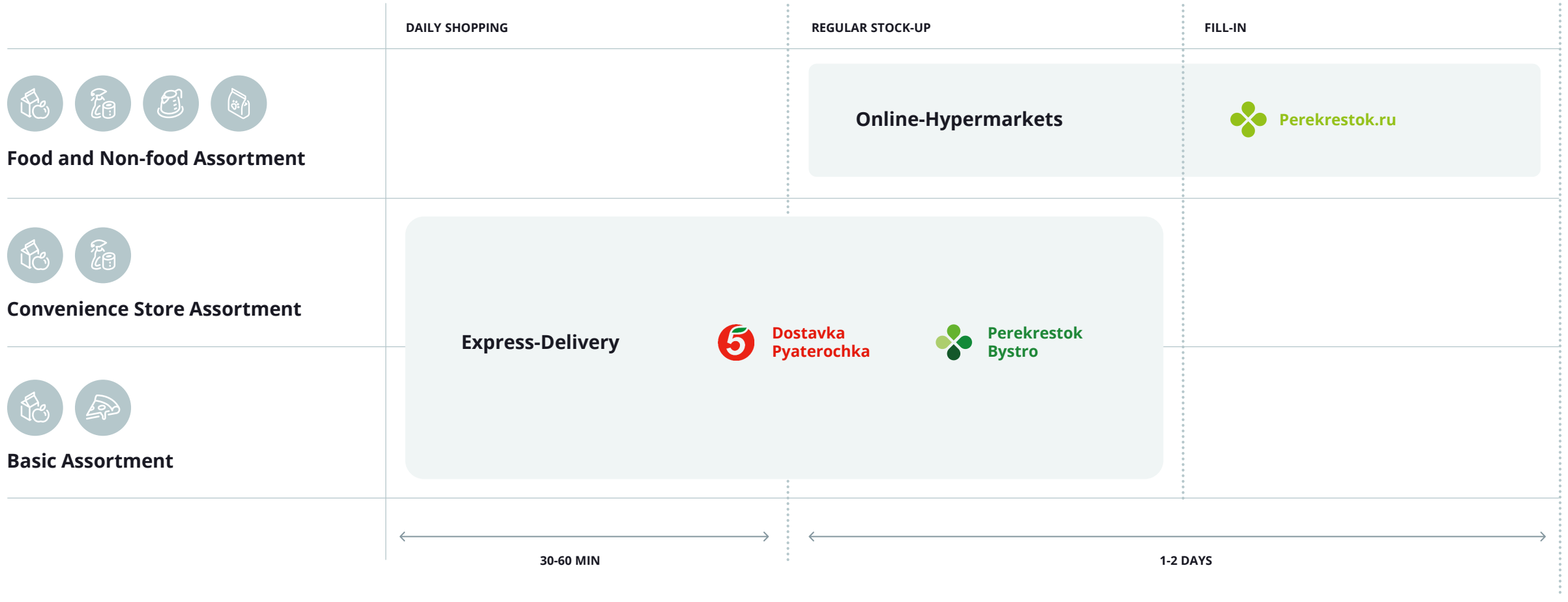
Online marketplaces



Other channels



Role of e-grocery: the consumer perspective



Food



Ready Meals



Non-Food



Household Appliances



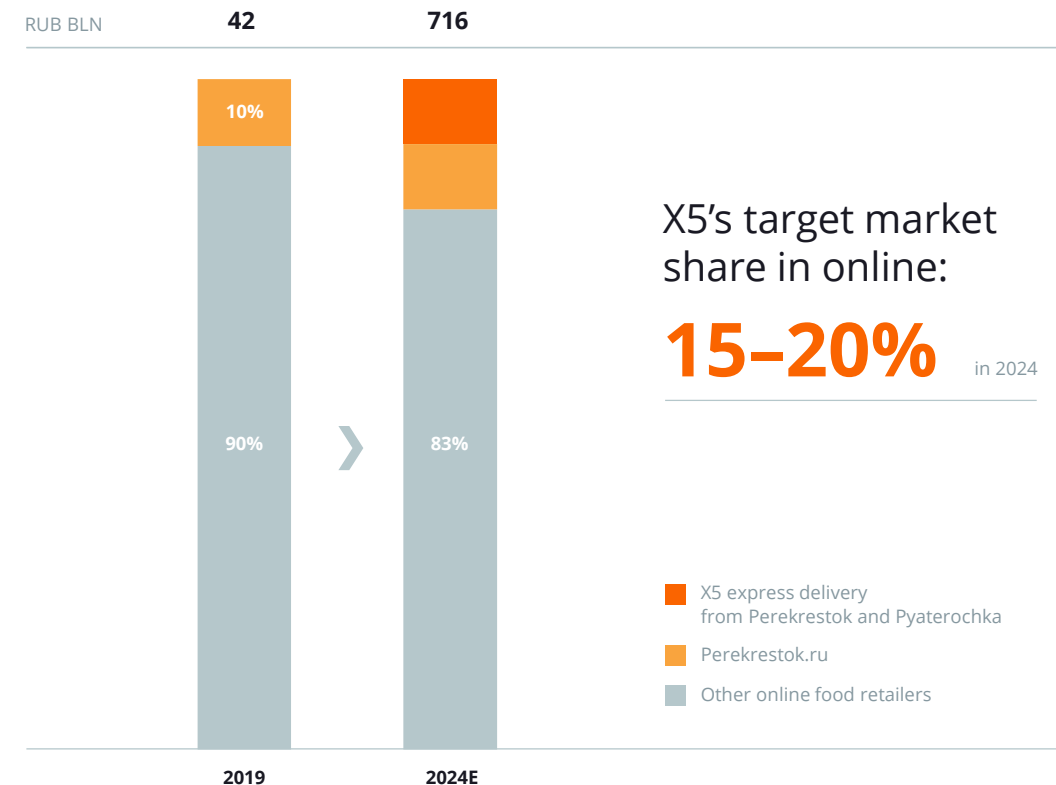
Pet Supplies

X5 position in online food retail market

Top players by turnover (incl. VAT), RUB bln

	Q1 2020	APRIL 2020
 X5 RETAIL GROUP	2.40	1.70
 УТКОНОС: онлайн-гипермаркет	3.90	1.65
 СБЕРМАРКЕТ	1.49	1.51
 OZON food only	2.20	1.06
 igooods	1.25	1.00
 Яндекс Лавка	0.80	0.90
 САМОКАТ	0.80	0.85

X5 targets market share increase in online



X5 online stock-up mission



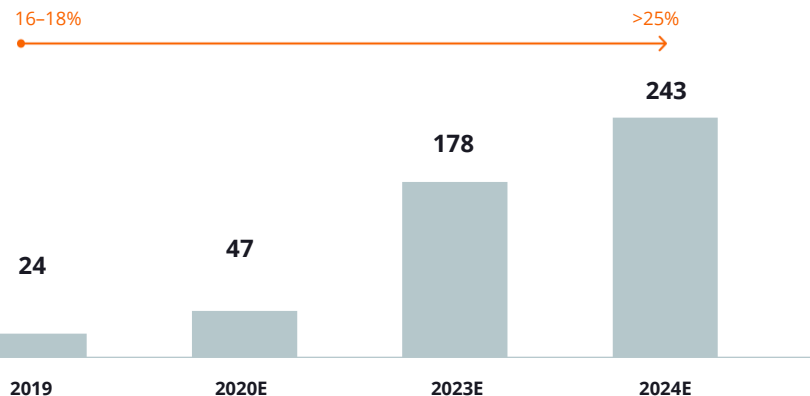
Leonid Dovladbegyan
Director of Perekrestok Online Business Unit



Online hypermarket segment overview (stock-up mission)

Online hypermarket segment, RUB bln

X5'S SHARE
IN THE SEGMENT:



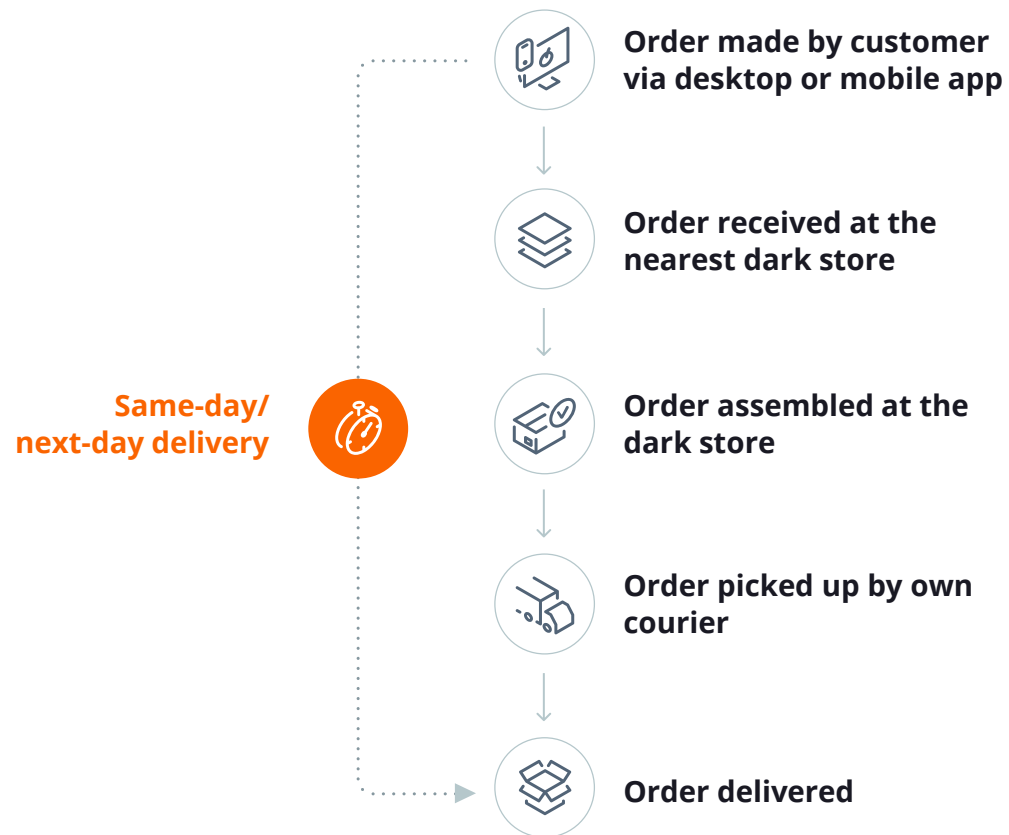
Key trends

- Online hypermarkets constitute the largest segment in e-grocery
- The online hypermarket segment is expected to increase 10x up to RUB 243 bln by 2024
- Key players in the segment today are offline store operators
- The key players in the online hypermarkets segment have focused primarily on large cities with populations over 1 million

Key players



Perekrestok.ru business model overview



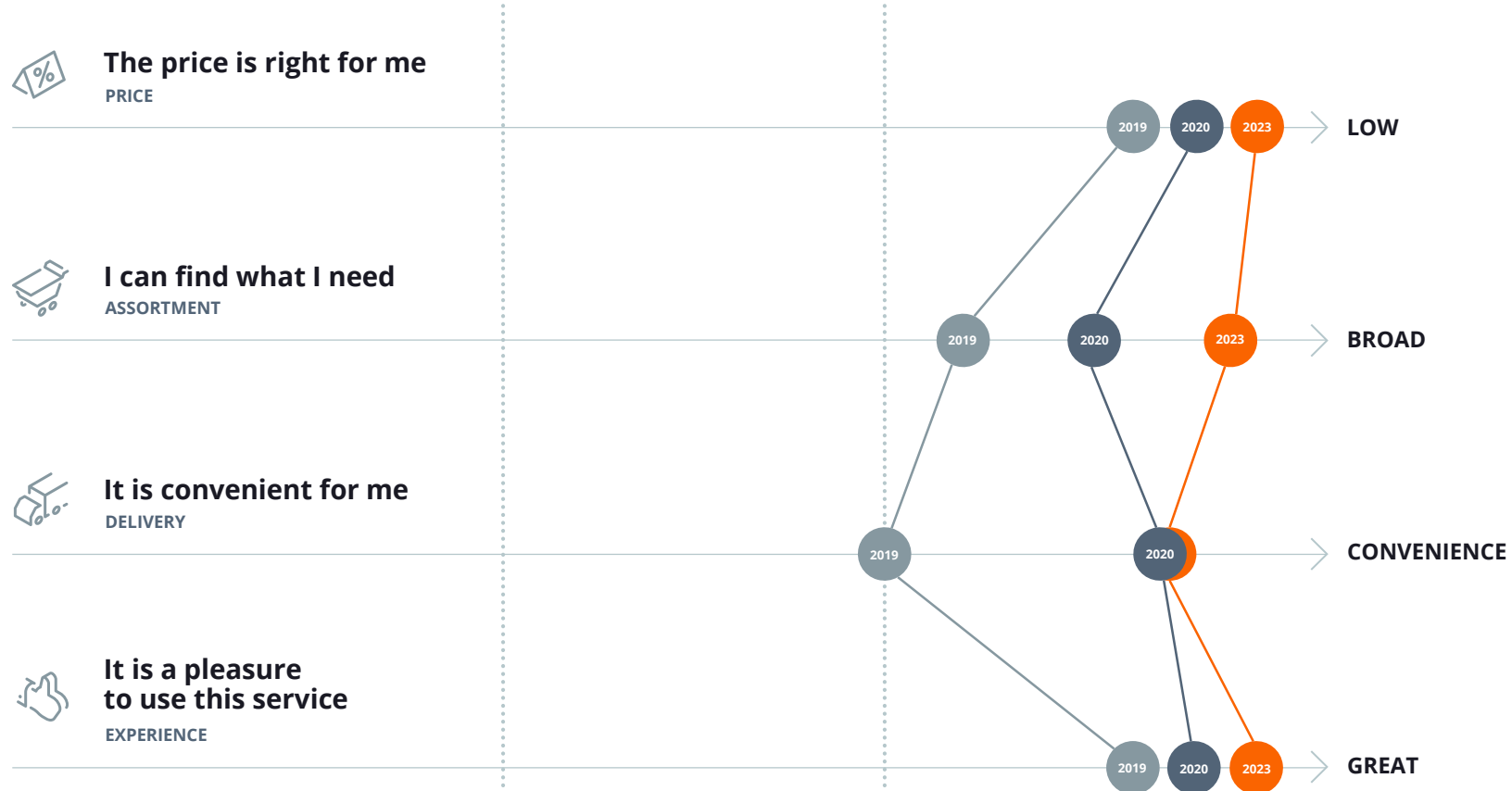
Key competitive advantages

- Strong well-known brand in food retail market
- Wide and growing assortment of c. 30,000 SKUs
- Own logistics infrastructure
- In-house last-mile delivery (same day or next day)
- Wide addressable market in cities of presence
- Proprietary customer interface: mobile app & website
- Perekrestok loyalty card (customer knowledge, additional data and marketing opportunities)
- X5's supplier terms and bargaining power
- High NPS due to full control over the assortment, pricing, promotions and supply chain

Perekrestok.ru: inside a darkstore



Evolution of Perekrestok.ru CVP




Description

- Pricing strategy:
 - EDLP model for KVI basket* (Top-200 SKUs, non-food)
 - Be in-line with hypermarket prices
- Assortment:
 - Current: 30,000 SKUs
 - Target: 50,000 SKUs by the end of 2020

* Everyday low prices model for key value indicators basket

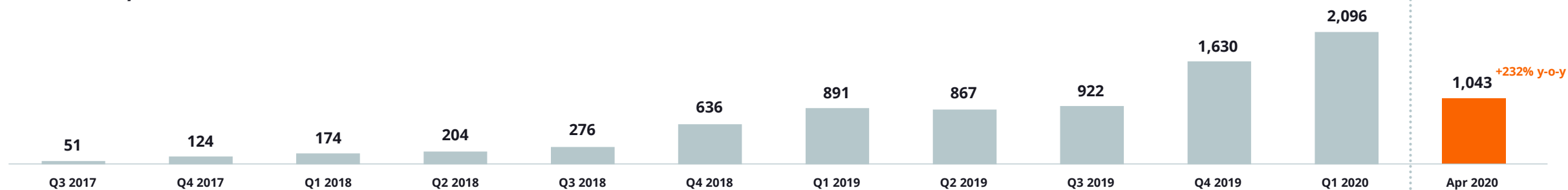
Target model:

FMCG Marketplace 

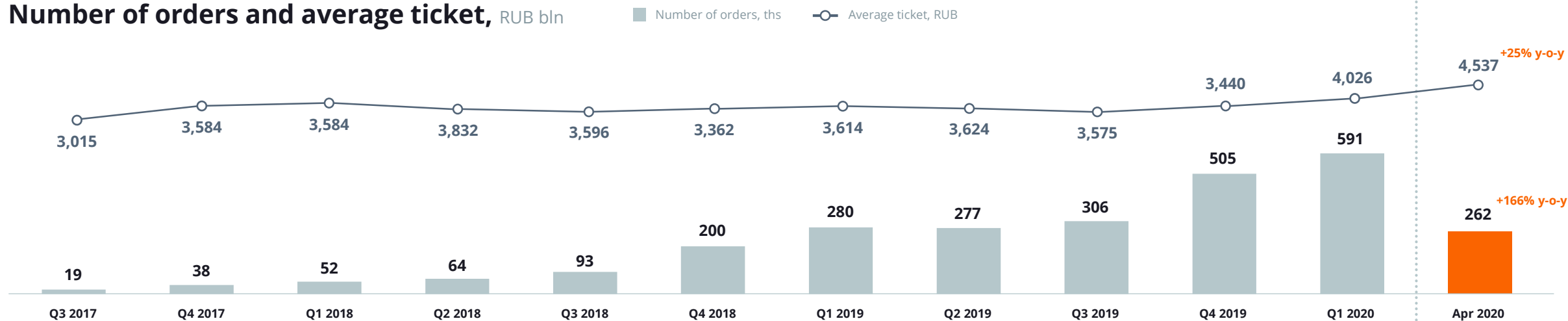
- Medium-term capacity is up to 100,000 SKUs
- Development of B2B business model

Perekrestok.ru growth continues to accelerate

Net sales, RUB bln



Number of orders and average ticket, RUB bln



Perekrestok.ru: key operating metrics and targets

Darkstores

Employees

Trucks

Orders per day

Average ticket

SKUs per order

Assortment

Delivery charge



Perekrestok.ru

KEY OPERATING METRICS, MAY 2020

4 (3 in Moscow + 1 in St Petersburg)

c. 3,000

281 own + c. 20% partners

c. 12,000

RUB 4,800

40-50 SKUs

c. 30,000 SKUs

Free delivery from RUB 3,000 in Moscow, from RUB 2,000 in St Petersburg (86% of orders were delivered free of charge in April 2020)

Targets

- Leadership in online hypermarket segment in Russia: increase market share to 25% by 2024
- Positive EBITDA from 2021
 - 3 out of 4 darkstores already have positive unit economics
- Increase number of darkstores to 8 by 2022
- Expand assortment and develop sales via external marketplaces
- To narrow delivery intervals

X5 online food express-delivery

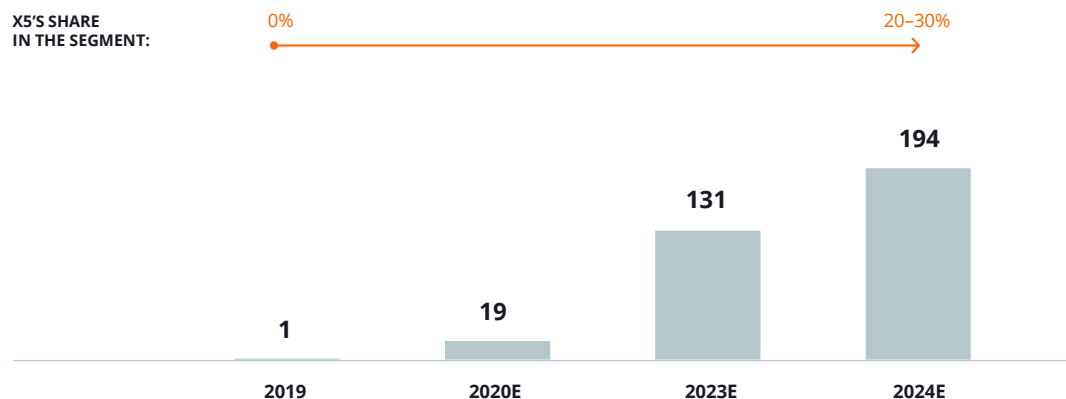


Vladimir Kholoznikov
FoodTech Director



Express delivery segment

Express delivery market segment, RUB bln



Key trends

- Express delivery accounted for just RUB 1 bln in 2019 but is expected to reach RUB 194 bln by 2024, becoming the 2nd largest segment in e-grocery
- The segment is expected to develop outside of Moscow and St Petersburg, primarily in cities with populations over one million
- Key focus areas:
 - knowledge of the customer
 - high customer loyalty
 - optimal assortment matrix
- Low level of cannibalization from online for existing businesses – most purchases done either by new or previously non-active customers

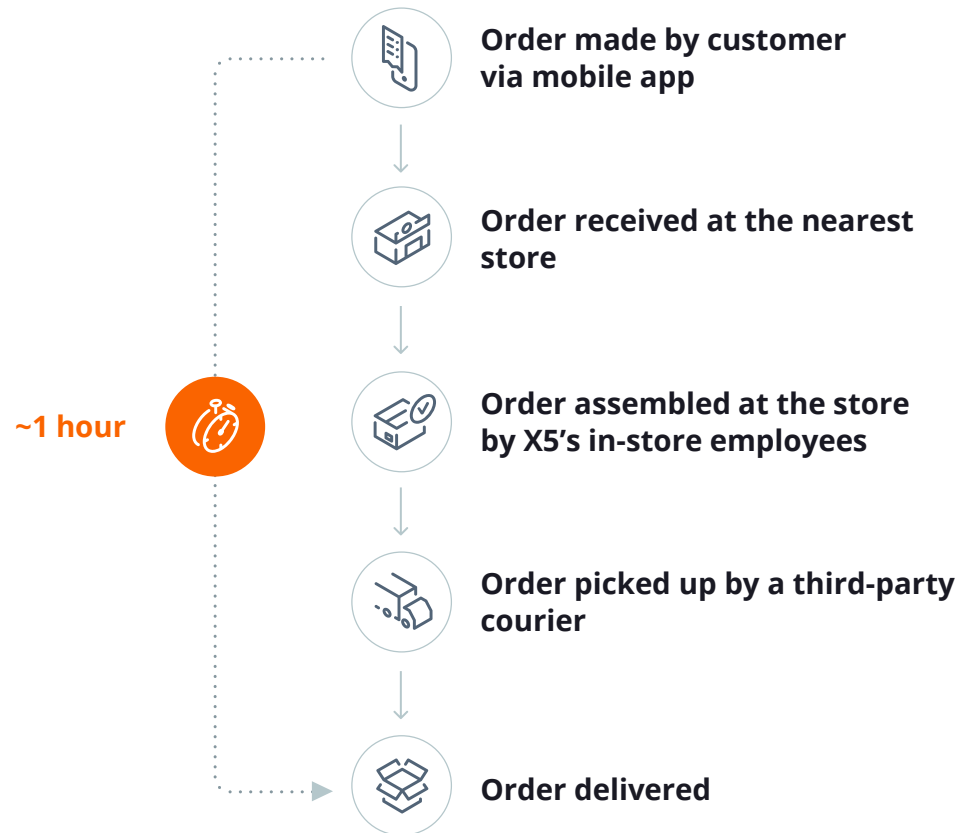
Key players



Яндекс Лавка



X5 express delivery business model overview



Key competitive advantages

- Well-known food retail brands in Russia
- Knowledge of the customer via data on 40 million active loyalty card users
- Available infrastructure of more than 16,000 stores allows coverage of ~76% of Russian households within 1 km from one of X5 stores
- Proximity ensures targeted 1h delivery time
- Wide assortment of 4,000 SKUs in essential food and non-food FMCG products
- X5's supplier terms and bargaining power
- Lower than segment average customer acquisition costs
- In-house logistics operations ensure low cost for products delivery in stores/darkstores

X5 express delivery: key operating indicators and plans

Stores

Orders per day

Average ticket, RUB

SKUs per order

Click-to-deliver

Stores assortment

Delivery charge



Pyaterochka.Dostavka

KEY OPERATING INDICATORS, MAY 2020

> 200

c. 12,000

c. 1,500-2,000

15-17

1:00-1:20

c. 4,000 SKUs

Delivery charge of RUB 99 on all orders, delivery cost partially subsidised by X5

Key plans

- Increase market share in express delivery segment up to 30% by 2024
- Increase number of stores with express delivery service to c. 500 by the end of 2020
- Expand to 5-6 new cities by the end of 2020
- Achieve positive EBITDA within 3 years after launch (the service is currently close to profitability on a direct cost basis)
- Develop express delivery service in supermarkets format (the service is currently available from 46 Perekrestok supermarkets in Moscow)

Thank you for your attention

X5 Investor Relations

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