

Q1 2020 Financial Results

X5 RETAIL GROUP

02 / DISCLAIMER



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I. HIGHLIGHTS

04 / STRATEGIC HIGHLIGHTS



- **Market leader** in Russian food retail, **11.5% market share in 2019**
- **Strategy is aimed at maintaining leadership**



- X5 is a **multi-format** retailer with focus on two largest segments of the Russian food retail - proximity and supermarkets
- **Balanced approach to expansion**
- **Fast growth of online supermarket**; express delivery in pilot stage



- 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



- Significant **investments in logistics and transport**: adding new links in the value chain and operating a fleet of **4,098 owned trucks** as of Q1 2020
- In the last three years X5 opened **17 DCs**, including **7 DCs** in 2018-2019



- Development and implementation of the **Big Data** strategy based on loyalty cards information
- Focus on **innovation, digitalization and automation** of business processes



- **Dividend policy** since September 2017
- 2019 dividend **RUB 30.0 bln/ RUB 110.47 per GDR**, which represents **82.2% of adjusted net profit**



05 / KEY ACHIEVEMENTS IN Q1 2020



- Revenue growth at **15.6%** in Q1 2020



- **+11.0%** YoY selling space growth in Q1 2020 (**361** net new stores, **88 th. sq.m** added)



- Adjusted EBITDA margin **7.0%** in Q1 2020



- In September 2019 **Pyaterochka** launched first store in new CVP



- Net debt / EBITDA at **1.48x** as of 31 March 2020



- **43.1 mln** active loyalty card users as of 31 March 2020, across formats



- LFL sales growth of **5.7%** in Q1 2020, of which LFL traffic growth 3.7%



- **91%** of net store additions in Q1 2020 was **organic growth**
- **97%** of net store additions **was in lease**



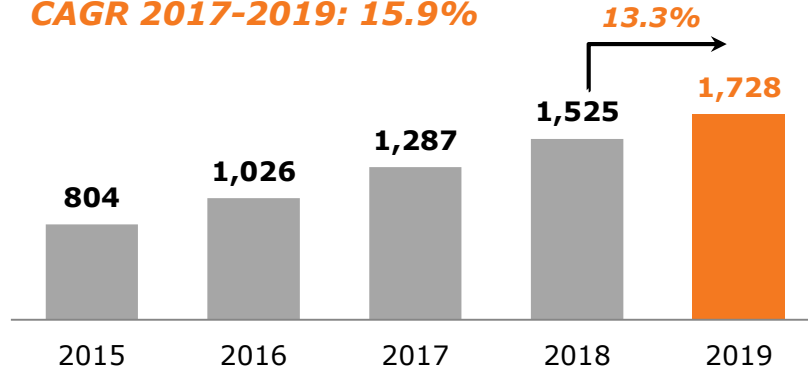
Source: X5 data

06 OPERATIONAL HIGHLIGHTS

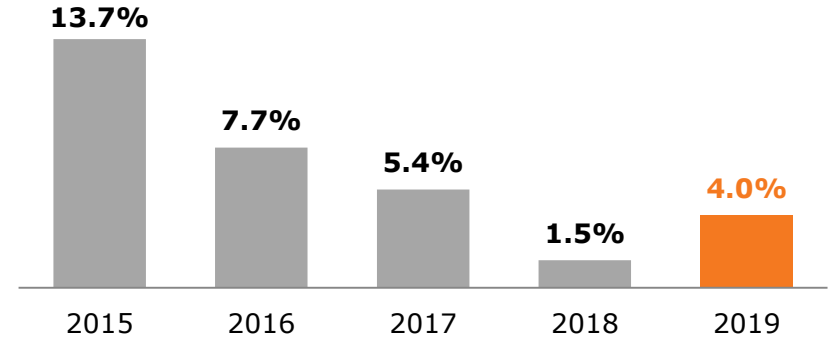
Net retail sales dynamics, RUB bn

CAGR 2015-2019: 21.1%

CAGR 2017-2019: 15.9%



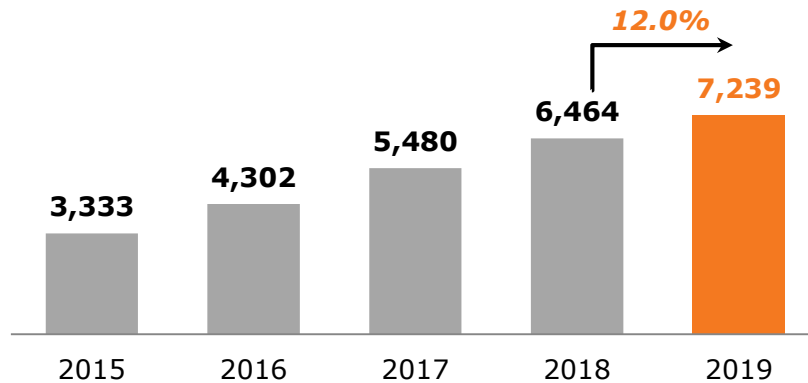
LFL sales, % y-o-y growth



Selling space, th. sq. m

CAGR 2015-2019: 21.4%

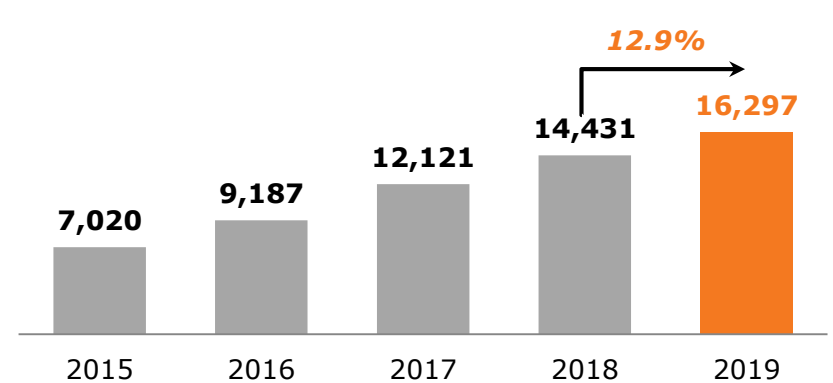
CAGR 2017-2019: 14.9%



Number of stores, end of period

CAGR 2015-2019: 23.4%

CAGR 2017-2019: 16.0%

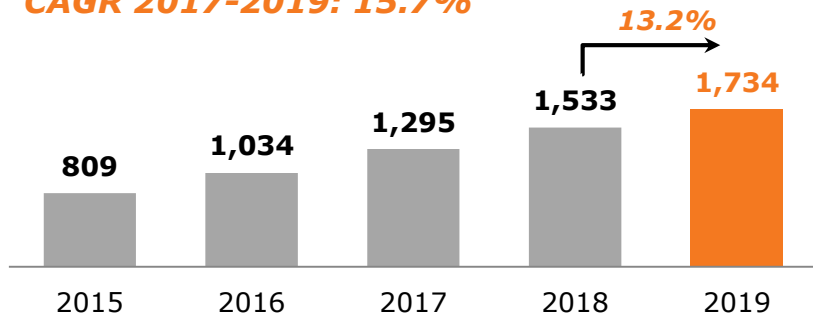


07 / FINANCIAL HIGHLIGHTS

Revenue dynamics, RUB bn

CAGR 2015-2019: 21.0%

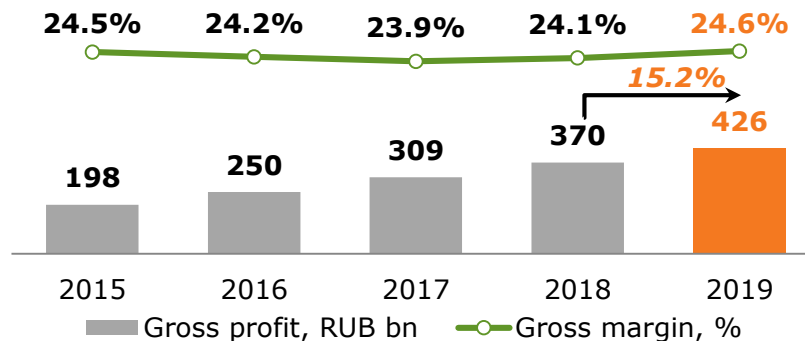
CAGR 2017-2019: 15.7%



Gross profit & gross margin

CAGR 2015-2019: 21.0%

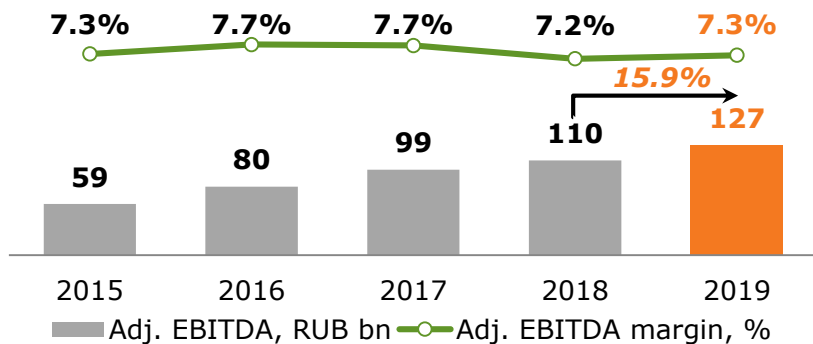
CAGR 2017-2019: 17.4%



Adj. EBITDA & adj. EBITDA margin^[1]

CAGR 2015-2019: 21.0%

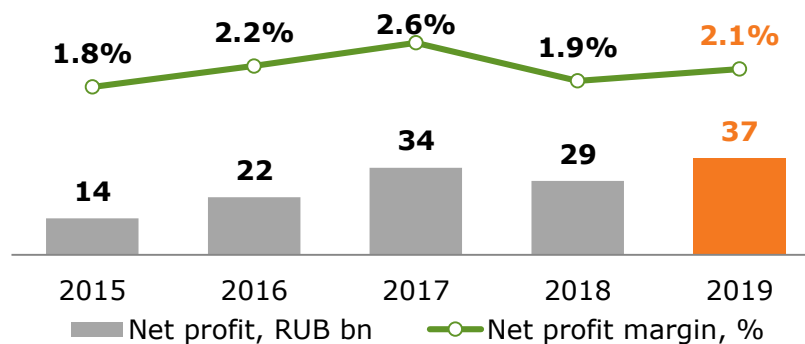
CAGR 2017-2019: 13.4%



Adj. Net profit and adj. net profit margin^[2]

CAGR 2015-2019: 26.7%

CAGR 2017-2019: 7.8%



Source: X5 data

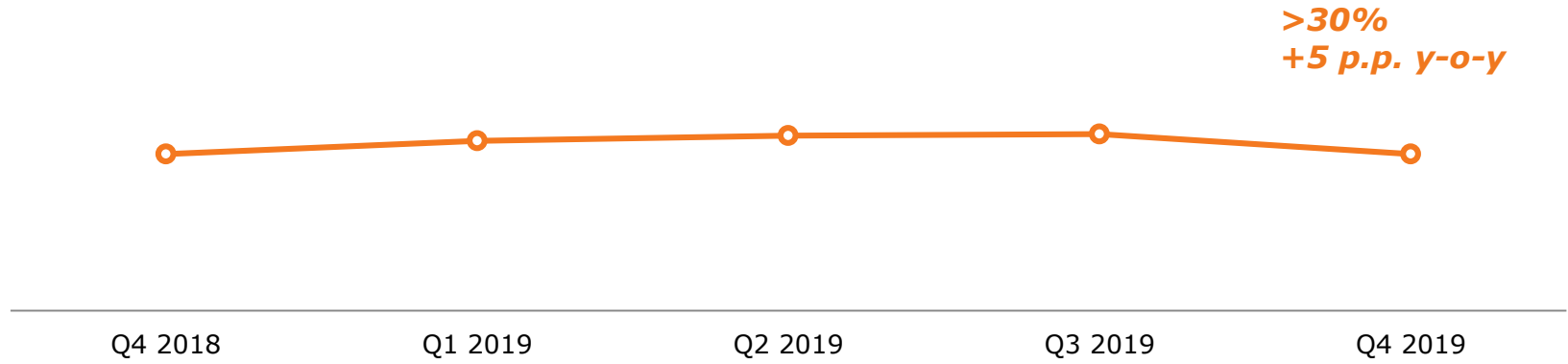
[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments

[2] – Adjusted net profit is net profit before one-off impacts from Karusel transformation and tax accrual due to X5 reorganisation in previous periods.



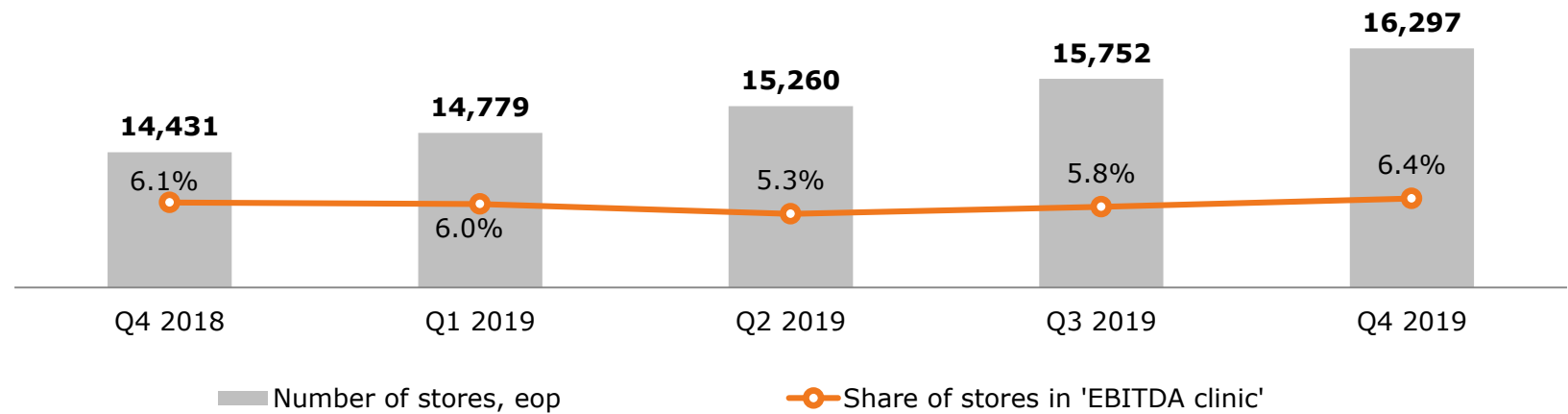
08 QUALITY OF NEW OPENINGS

Cash return on new store opened



Note: Opened 12-36 months ago

Share of stores in 'clinic'



Source: X5 data

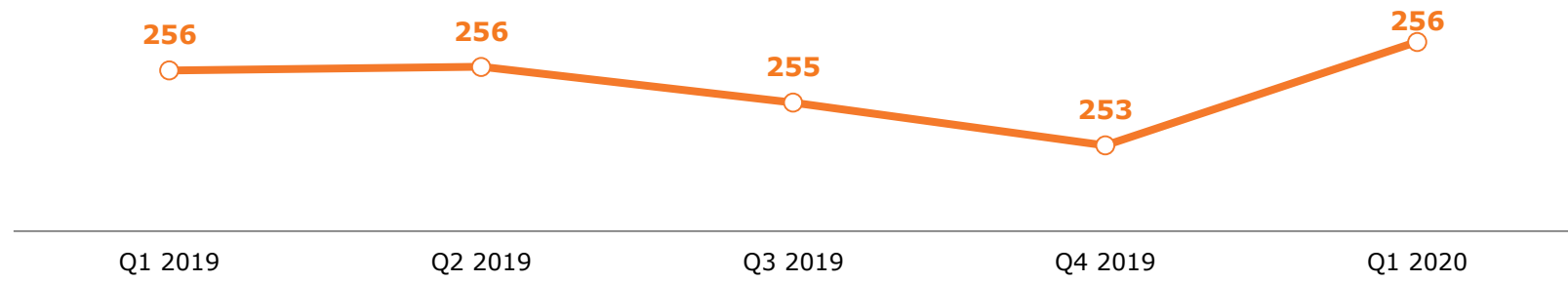


09 SALES DENSITY STABILISATION

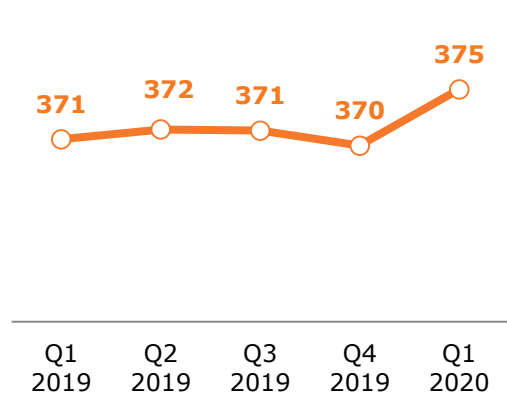
IMPACT OF REGIONAL MIX

Unit: '000 RUB/m² (annualised)

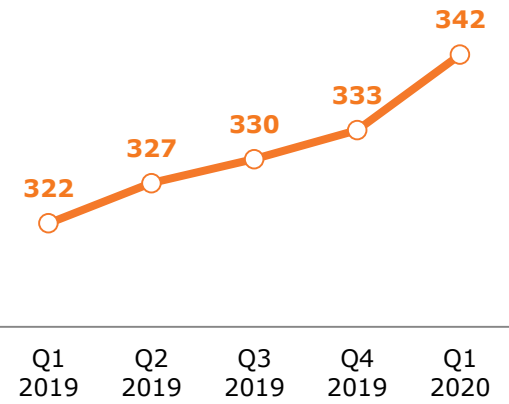
Overall



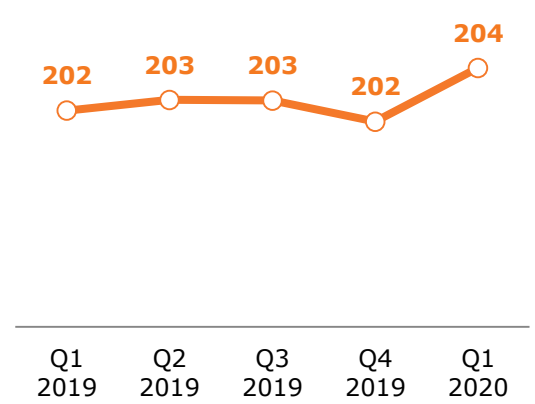
Moscow & Moscow region



St Petersburg & Leningrad region



Rest of Russia



Source: X5 data

Sales densities improved in Q1 2020 driven by increased demand amid coronavirus outbreak.

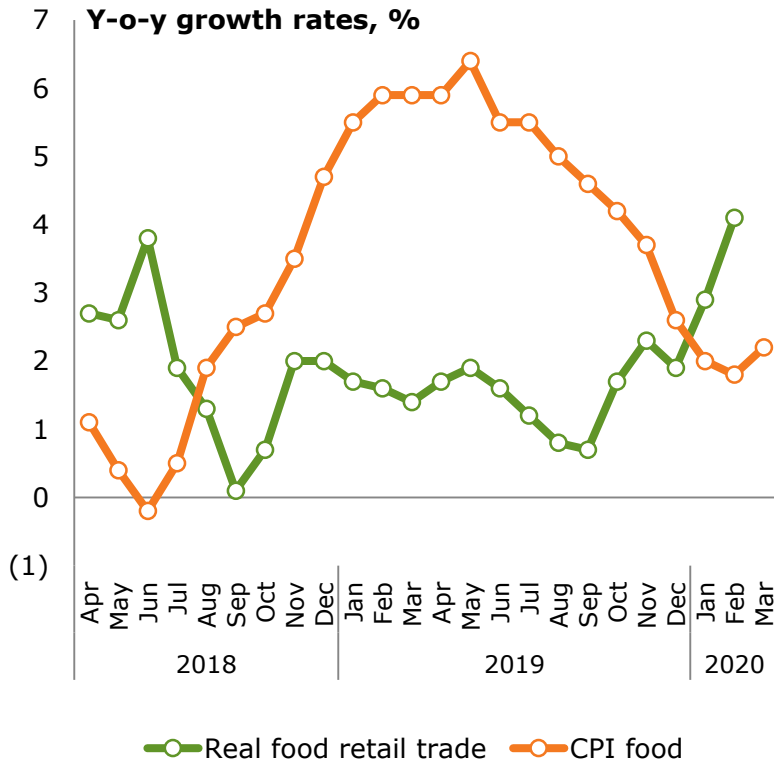




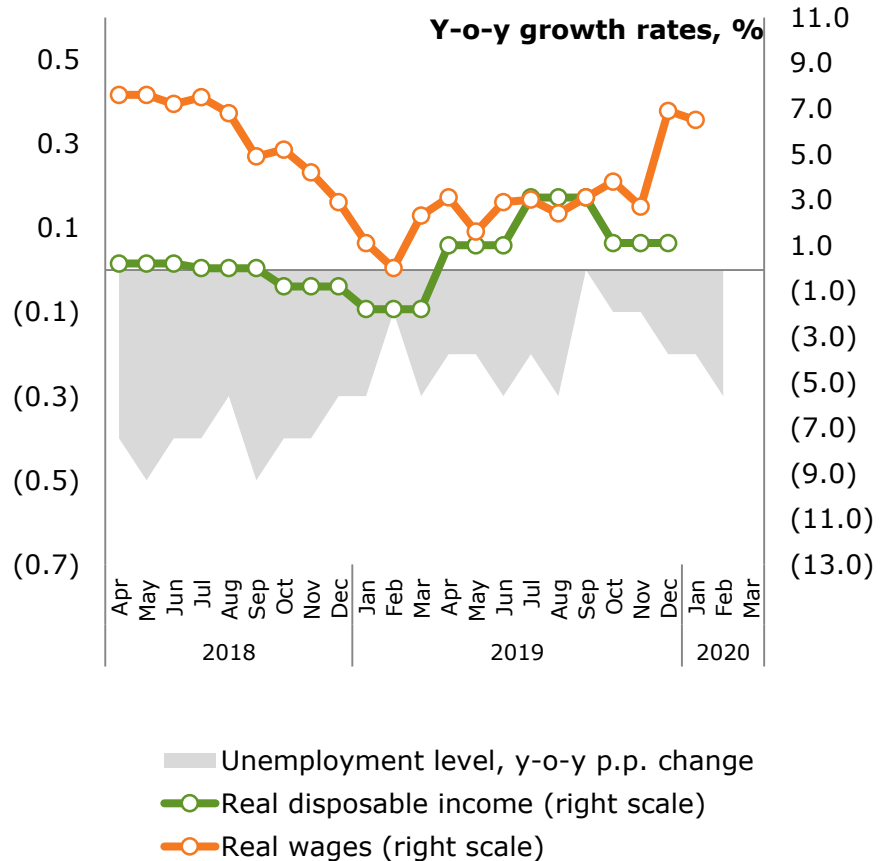
II. MARKET OVERVIEW

11 / MACRO ENVIRONMENT (2/3)

Real food retail trade continued its moderate recovery in 2019 despite CPI food acceleration



Real wages showed a marked acceleration in H1 2019 with the new record lows of the unemployment rate. However, real disposable income continued to fall

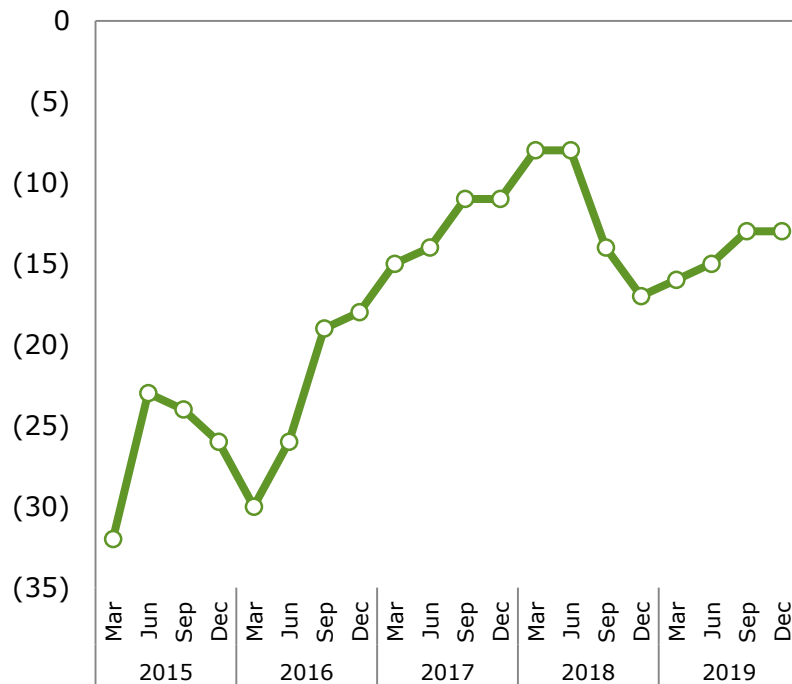


Source: Rosstat

In 2019 the consumer demand growth rates for food products remained steadily positive despite weak real disposable income dynamics and increased inflationary pressure

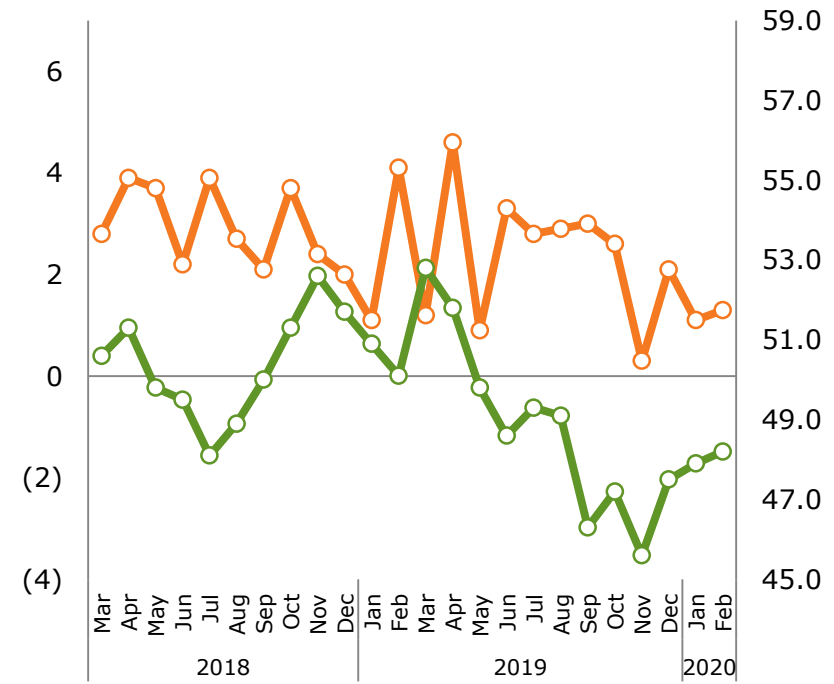
12 / MACRO ENVIRONMENT (3/3)

Consumer confidence slightly improved in 2019 relative to the end of 2018. Trading down continued declining



○ Consumer confidence index (Rosstat, %)

Positive growth in industrial production is still largely based on mining sector acceleration – with significant improvement in the manufacturing sector



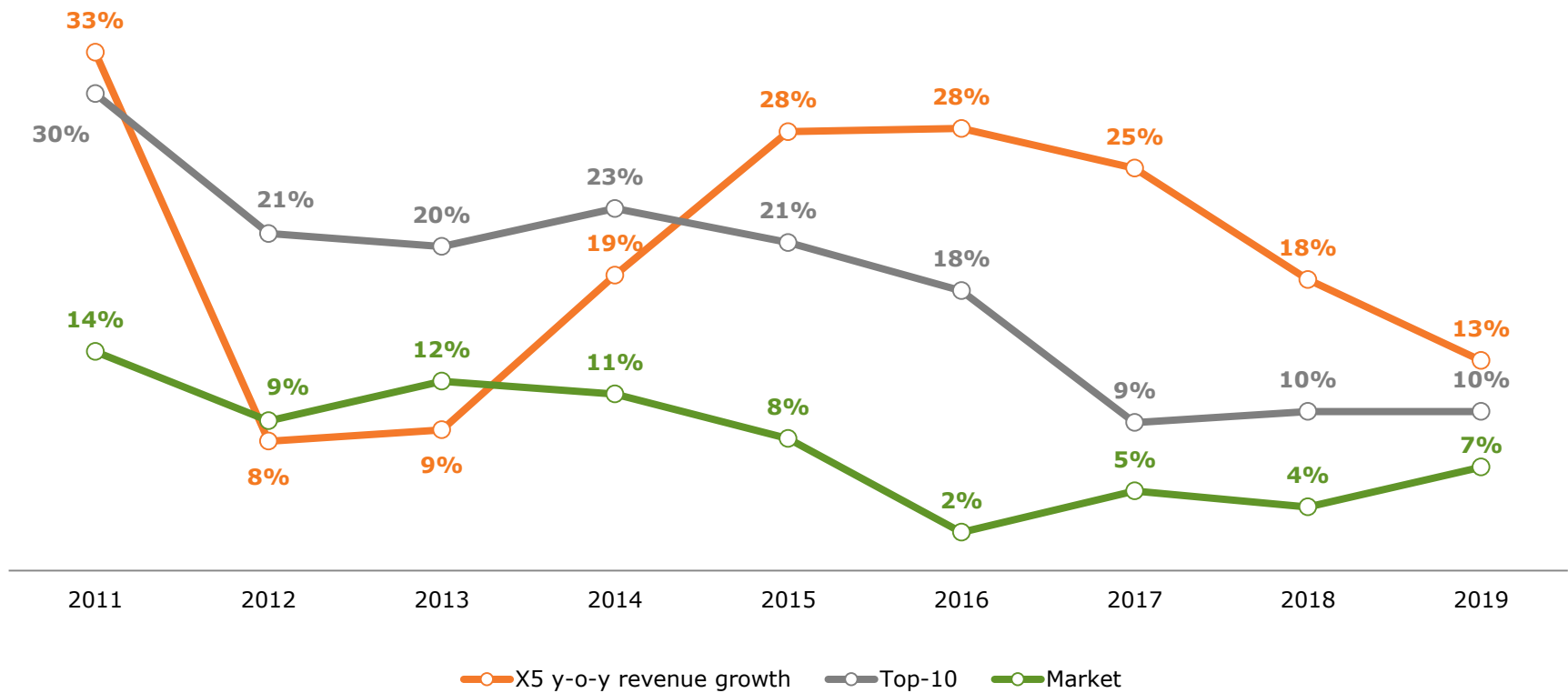
○ Industrial production (y-o-y, %)

○ IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM

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

13 X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH













Source: Infoline, X5 analysis

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



14 / RUSSIAN RETAIL MARKET SNAPSHOT

Top 10 Russian food retailers

#	Company name		% market share 2018	% market share 2019
1	 X5	↑	10.7%	11.5%
2	 Magnit	↓	7.7%	7.6%
3	 DKBR	↑	5.1%	5.7%
4	 Lenta	↓	2.8%	2.5%
5	 Auchan	↓	1.9%	1.5%
6	 Metro	↓	1.3%	1.1%
7	 O'key	↓	1.1%	1.0%
8	 Monetka	↑	0.6%	0.7%
9	 Svetofor	↑	0.6%	0.7%
10	 Globus	↔	0.6%	0.6%
Total Top 10		↑	31.9%	32.9%

Source: InfoLine

X5's market share increased from 10.7% in 2018 to 11.5% in 2019

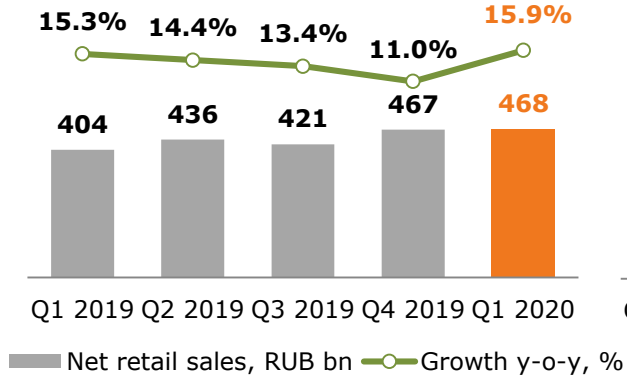




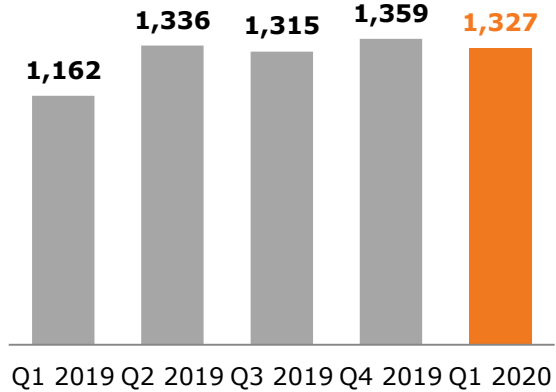
**III. OPERATIONAL RESULTS
Q1 2020**

16 / Q1 2020 RESULTS: OPERATIONAL HIGHLIGHTS

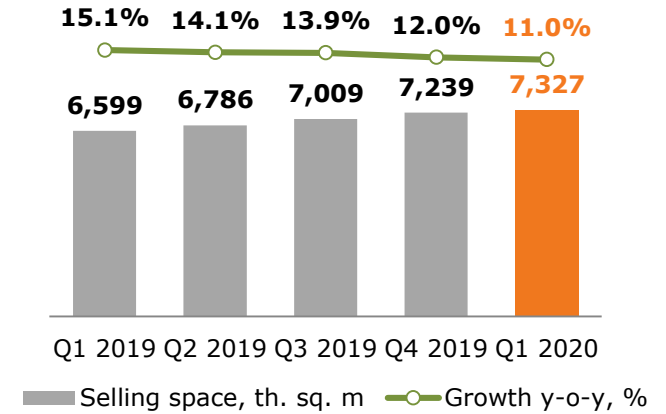
Net retail sales



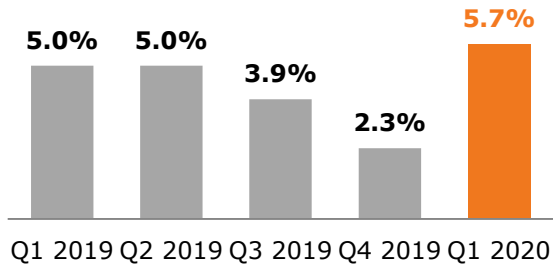
Traffic, mln customers



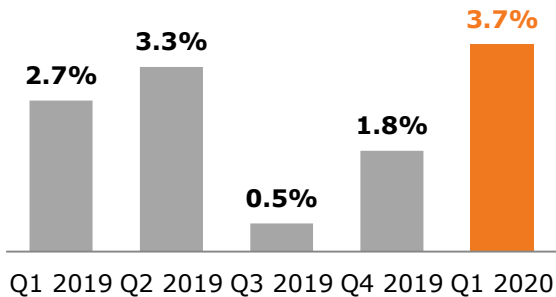
Net selling space (eop)



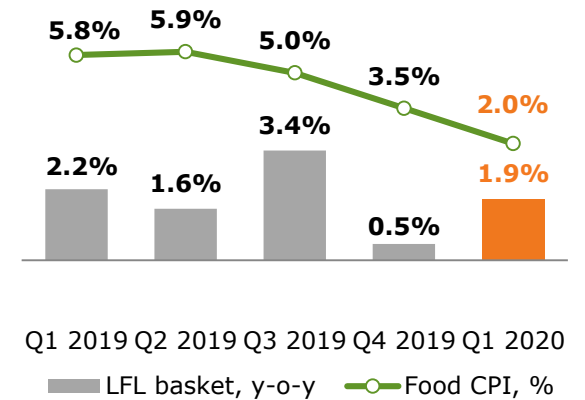
LFL sales, y-o-y



LFL traffic, y-o-y



LFL basket, y-o-y



Source: X5 data

17 / Q1 2020 RESULTS: X5 NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln



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

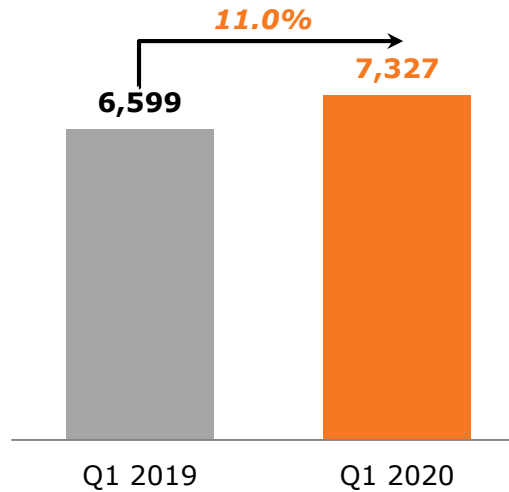
Source: X5 data

Net retail sales growth of 15.9% was driven by a 5.7% increase in like-for-like sales and a 10.2% sales growth contribution from a 11.0% rise in selling space

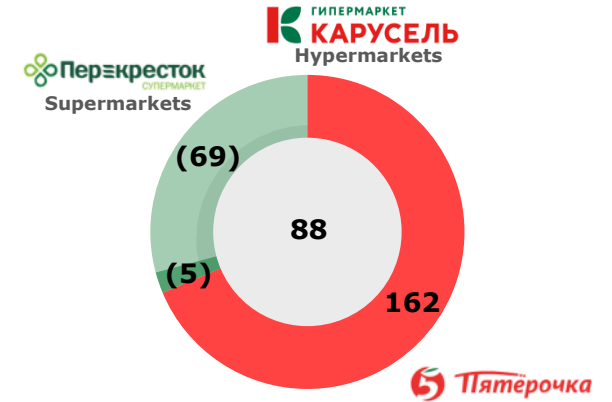
18 / Q1 2020 RESULTS: EXPANSION SUMMARY

- Total store base increased to 16,658 stores as of 31 March 2020
- Pyaterochka was the main driver for the store base increase with a 161 th. sq. m selling space addition in Q1 2020

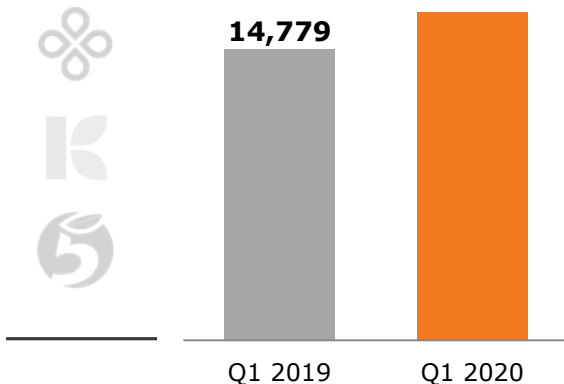
Net selling space, th. sq. m



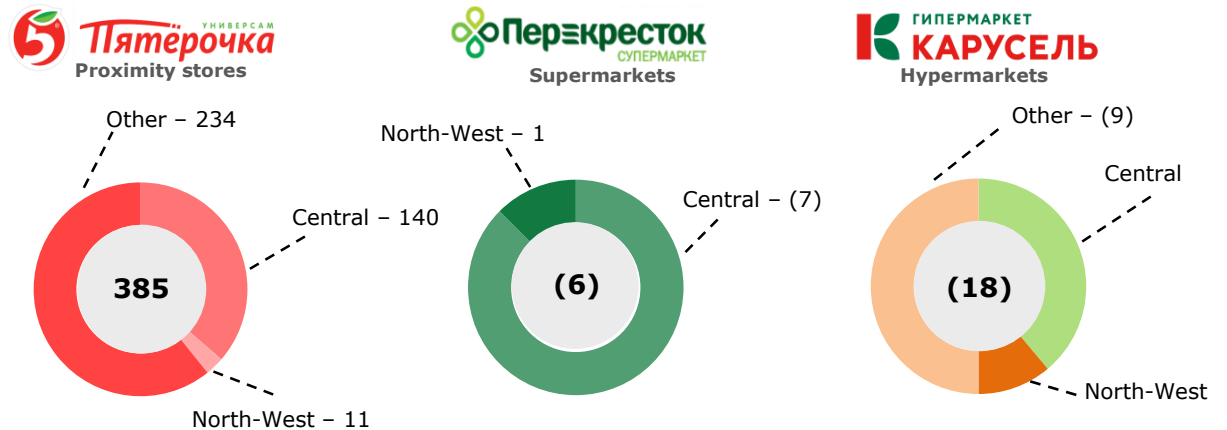
Net selling space added in Q1 2020, th. sq. m



Total stores base



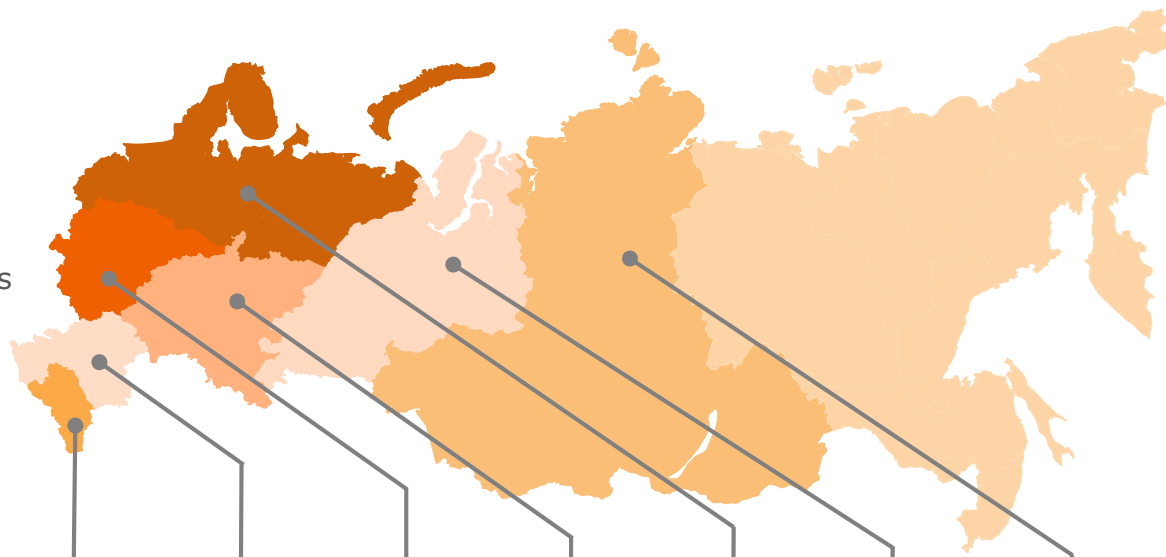
Stores added (net) in Q1 2020 by formats and by regions







19 X5 REGIONAL PRESENCE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 16,658, including:
 - 15,739 Pyaterochka stores
 - 846 Perekrestok supermarkets
 - 73 Karusel hypermarkets



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 Пятёрочка		287	1,488	5,899	4,245	1,714	1,356	750	15,739
 Перекресток	Number of stores, #	8	50	496	127	117	48	-	846
 КАРУСЕЛЬ		1	3	32	19	15	3	-	73
 X5 RETAIL GROUP	Net retail sales (Q1 2020), %	1.0%	6.0%	50.1%	18.7%	14.7%	6.7%	2.7%	100%

Source: X5 data

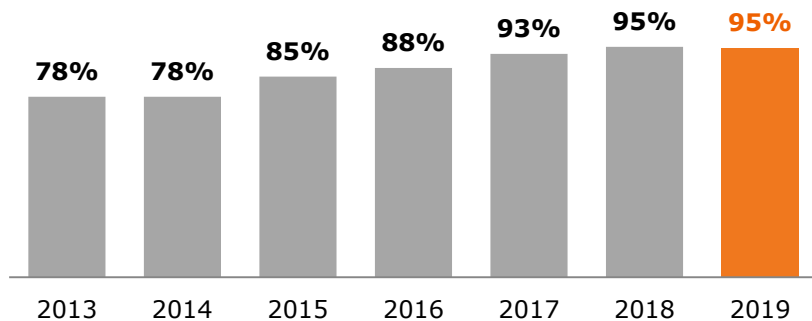
20 X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 31 March 2019

Federal district	Space, th. sq. m	# of DCs
Central	587	16
North-Western	149	6
Volga	213	8
Ural	144	6
Southern	95	4
Siberian	29	2
Total	1,218	42



Centralisation levels



Source: X5 data

Highlights for Q1 2020

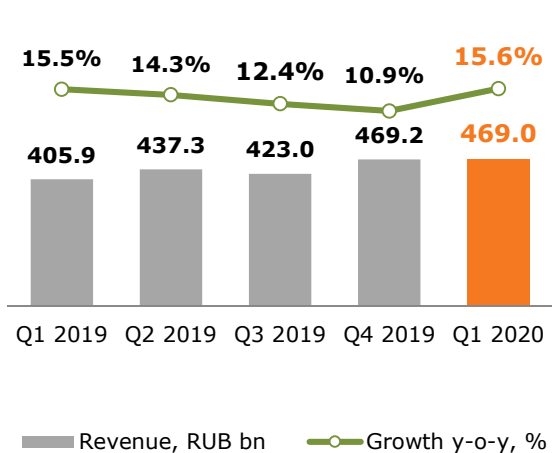
- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 31 March 2020 the Company owned 4,098 trucks.



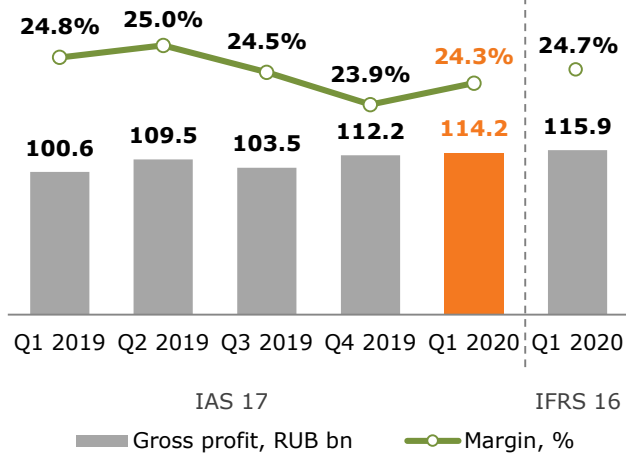
**IV. FINANCIAL RESULTS
Q1 2020**

22 X5 QUARTERLY FINANCIAL HIGHLIGHTS

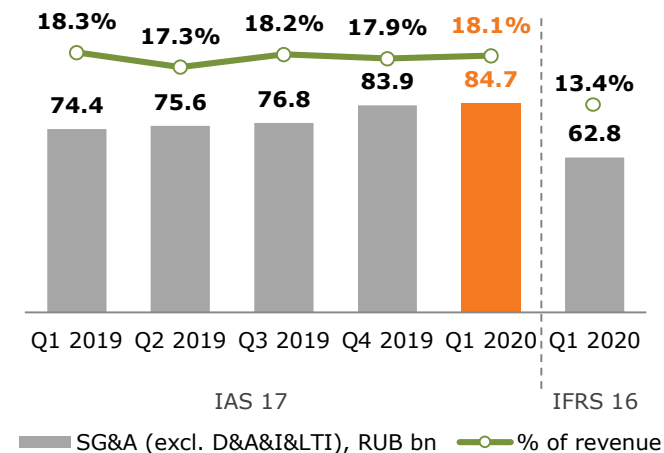
Revenue



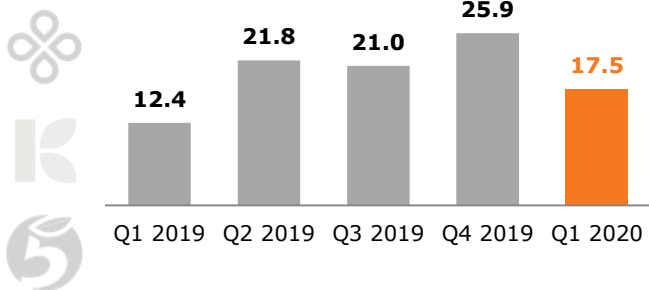
Gross profit & gross margin



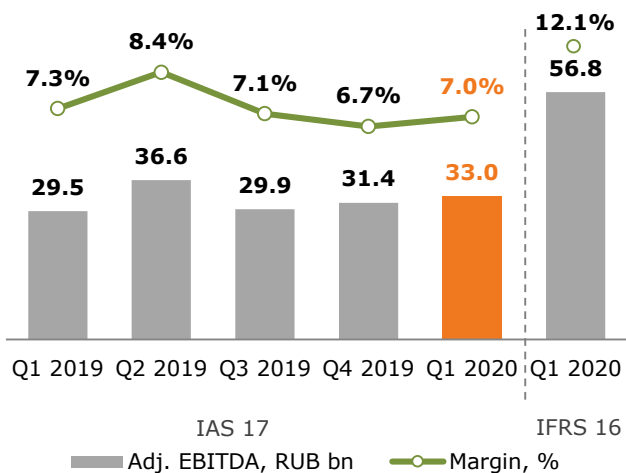
SG&A (excl. D&A&I<I)^[1]



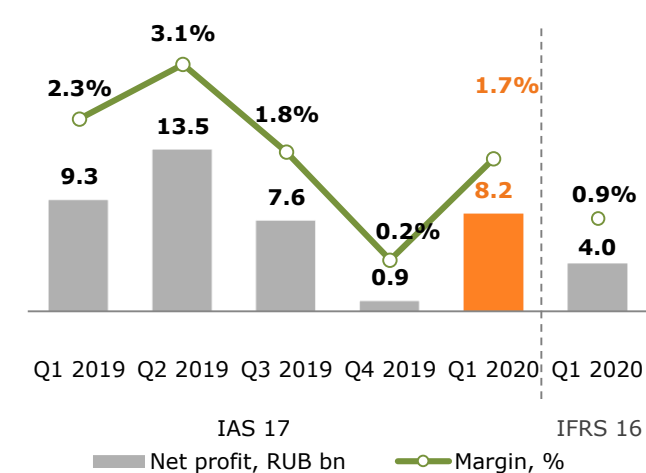
Capital expenditures, RUB bn



Adj. EBITDA & EBITDA margin^[2]



Net profit & net profit margin



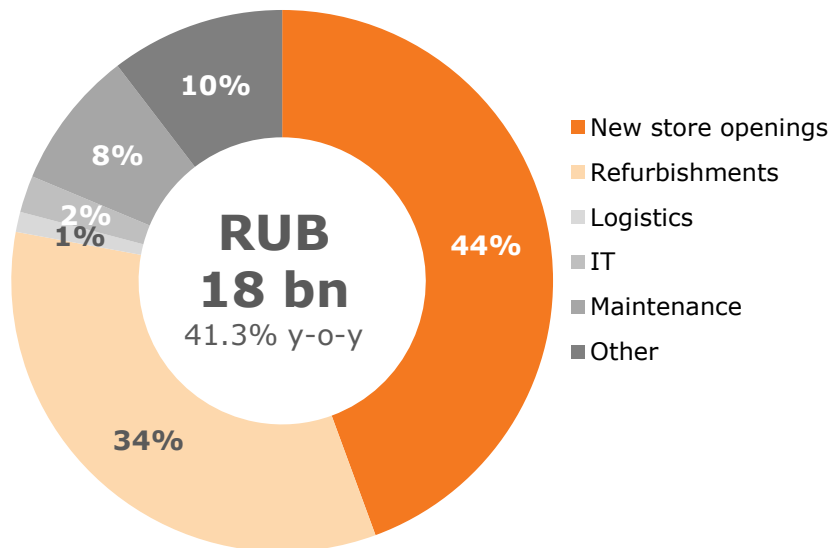
Source: X5 data

[1] - Adjusted for impact from Karusel transformation

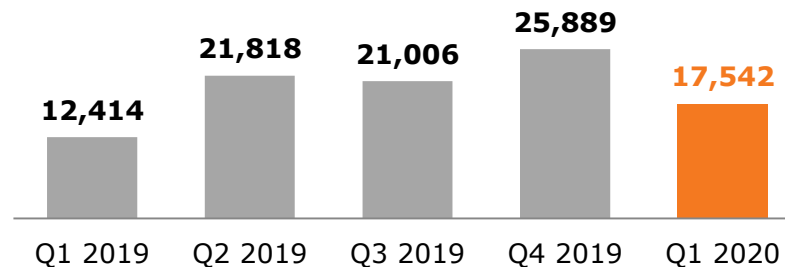
[2] - Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

23 X5 CAPITAL EXPENDITURES

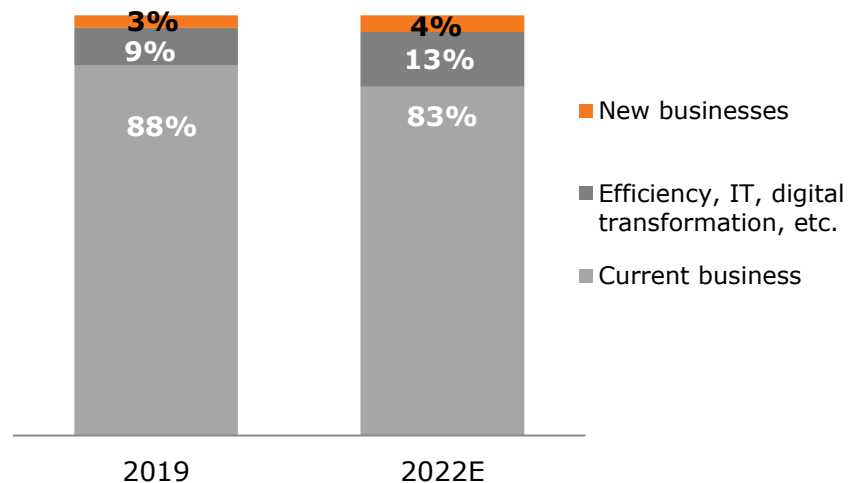
Capex breakdown, Q1 2020



Capex dynamics by quarter, RUB mln



Expected change in Capex structure



Source: X5 data (prepared under IAS 17)

In Q1 2020 the capex programme focused mainly on organic expansion, IT, maintenance and logistics



24 / X5 DEBT STRUCTURE

Debt profile

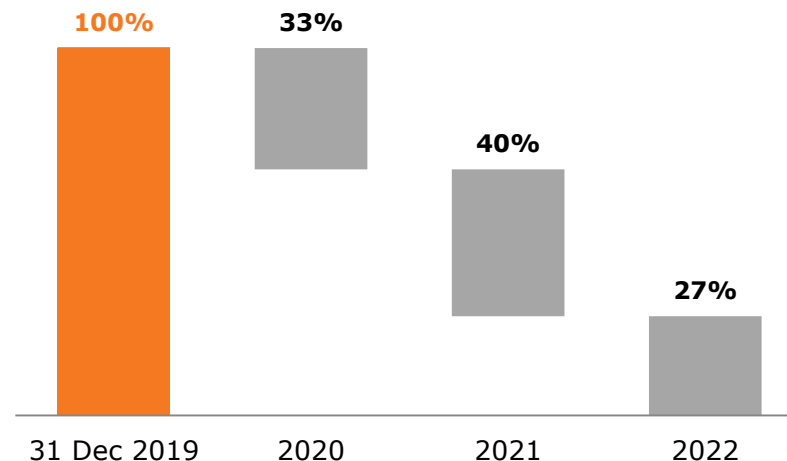
RUB mln	31 Mar 2020	31 Mar 2019
Total Debt	198,632	201,941
Short-Term Debt	66,410	60,291
<i>% of total debt</i>	<i>33.4%</i>	<i>29.9%</i>
Long-Term Debt	132,222	141,650
<i>% of total debt</i>	<i>66.6%</i>	<i>70.1%</i>
Net Debt	186,760	183,660

Covenants & liquidity update

Covenant metrics & liquidity sources	31 Mar 2020	31 Mar 2019
Net Debt / EBITDA (IAS 17)	1.48x	1.59x
Cash & cash equiv., RUB mln	11,872	18,281
Available credit limits, RUB mln	438,491	341,502

Source: X5 data

Debt portfolio maturity



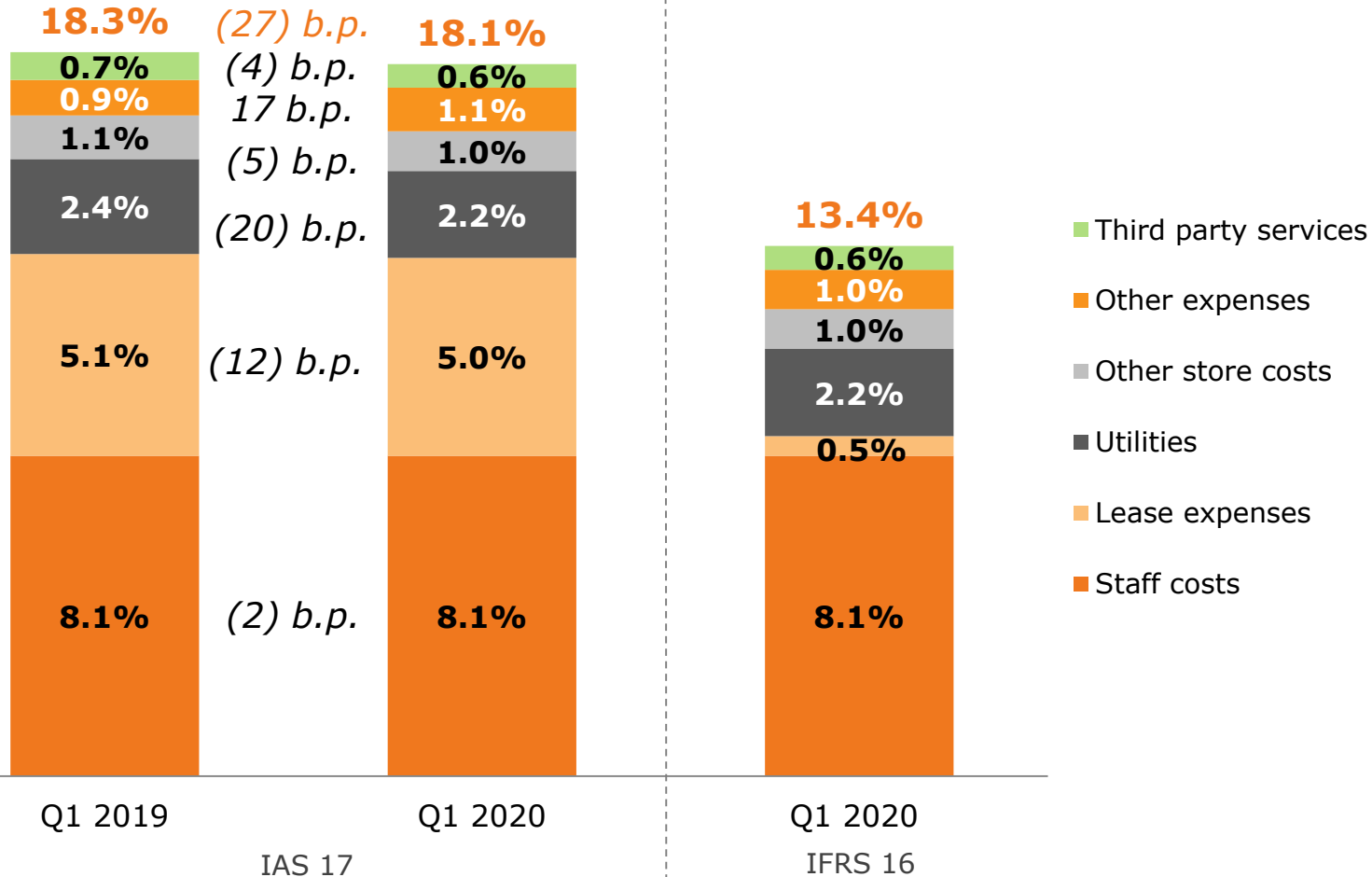
Highlights

- X5's debt portfolio is 100% RUB-denominated
- The majority of the X5's loans and all bonds have fixed interest rates
- X5's available credit limits amounted to RUB 438.5 bn
- Record-low cost of debt with the weighted average effective interest rate on X5's total debt at 7.94% in FY 2019



Q1 2020: ADJUSTED SG&A ^[1] EXPENSES ANALYSIS

Q1 2020 analysis as percentage of revenue



Source: X5 data

[1] – Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation



26 / FINANCIAL STATEMENTS (1/3)

PROFIT AND LOSS STATEMENT

RUB mln	IAS 17				IFRS 16
	Q1 2020	Q1 2019	+ / (-)	+ / (-), %	Q1 2020
Revenue	468,994	405,864	63,130	15.6%	468,994
Net retail sales	468,461	404,116	64,345	15.9%	468,461
COGS	(354,794)	(305,300)	(49,494)	16.2%	(353,058)
Gross profit	114,200	100,564	13,636	13.6%	115,936
<i>Gross profit margin</i>	24.3%	24.8%		(43) b.p.	24.7%
SG&A	(101,156)	(87,355)	(13,801)	15.8%	(95,619)
EBITDA	32,485	29,016	3,469	12.0%	56,272
<i>EBITDA margin</i>	6.9%	7.1%		(22) b.p.	12.0%
Operating profit	16,525	16,507	18	0.1%	23,987
<i>Operating margin</i>	3.5%	4.1%		(54) b.p.	5.1%
Net profit	8,175	9,297	(1,122)	(12.1)%	4,001
<i>Net profit margin</i>	1.7%	2.3%		(55) b.p.	0.9%

Source: X5 data

27 / FINANCIAL STATEMENTS (2/3)

BALANCE SHEET (IFRS 16)

RUB mln	31 Mar 2020	31 Mar 2019
Total current assets	158,303	149,905
Cash & cash equivalents	11,872	18,281
Inventories	119,589	101,997
Total non-current assets	902,245	830,566
Right-of-use assets	433,345	387,986
Net PP&E	315,486	303,628
Goodwill	102,055	95,930
Total assets	1,060,548	980,471
Total current liabilities	362,991	318,623
ST debt	66,410	60,291
ST finance lease payables	59,575	51,921
Trade accounts payable	152,836	130,667
Total non-current liabilities	577,089	530,927
LT debt	132,222	141,650
LT finance lease payable	434,892	383,556
Total liabilities	940,080	849,550
Total equity	120,468	130,921
Total liabilities & equity	1,060,548	980,471

Source: X5 data

28 / FINANCIAL STATEMENTS (3/3)

CASH FLOW STATEMENT (IAS 17 AND IFRS 16)

RUB mln	IAS 17				IFRS 16
	Q1 2020	Q1 2019	+/(-)	+/(-), %	Q1 2020
Net cash generated from operating activities	40,041	17,223	22,818	<i>132.5%</i>	54,212
Net cash from operating activities before changes in working capital	31,786	28,802	2,943	<i>10.4%</i>	55,383
Change in Working Capital, incl.:	15,082	(3,176)	18,258	-	15,652
Decrease/(increase) in trade and other AR	7,085	1,582	5,503	<i>347.9%</i>	7,074
Decrease/(increase) in inventories	7,873	13,993	(6,120)	<i>(43.7)%</i>	7,873
(Increase)/decrease in trade payable	(7,596)	(24,191)	16,595	<i>(68.6)%</i>	(7,596)
(Decrease)/increase in other AP	7,720	5,440	2,280	<i>41.9%</i>	8,301
Net interest and income tax paid	(6,827)	(8,403)	1,576	<i>(18.8)%</i>	(16,823)
Net cash used in investing activities	(17,294)	(17,373)	79	<i>(0.5)%</i>	(17,294)
Net cash generated from/(used in) financing activities	(29,440)	(5,926)	(23,514)	<i>396.8%</i>	(43,611)
Effect of exchange rate changes on cash & cash equiv.	(37)	-	(37)	-	(37)
Net increase/(decrease) in cash & cash equiv.	11,872	18,281	(6,409)	<i>(35.1)%</i>	(6,730)

Source: X5 data



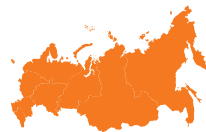
**APPENDIX
PERFORMANCE SUMMARY OF KEY
FORMATS**

30 PYATEROCHKA SUMMARY (1/3)

RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



15,739 stores as of
31 March 2020,
13.1% increase y-o-y



6,137 th. sq. m of selling space
as of 31 March 2020,
12.9% increase y-o-y



**Q1 2020 net retail sales –
RUB 370.0 bn,**
17.4% increase y-o-y



1,148 mln of customer visits in
Q1 2020, 15.6% increase y-o-y



Share of X5's Q1 2020 sales:
~79%



Q1 2020 LFL Results

- Sales: **6.1%**
- Traffic: **4.2%**
- Basket: **1.8%**



Average check:
RUB 371 (Q1 2020)
1.1% increase y-o-y



- Avg. net selling space: **390 sq. m.**
- **Formats**
 - 250-330 sq. m.
 - 330-430 sq. m.
 - 430-620 sq. m.
 - 620-and more



Average number of SKUs:
4,500



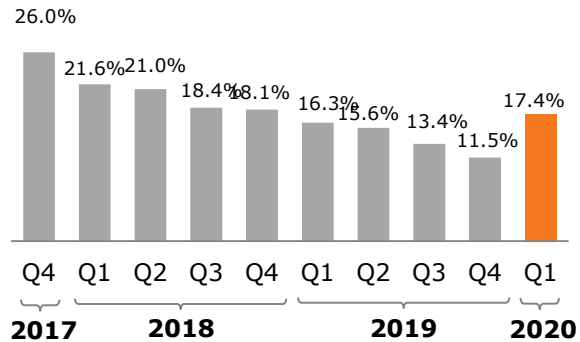
Capex per leased store:
RUB 12-15 mln

The proximity store for your daily shopping needs

31 PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

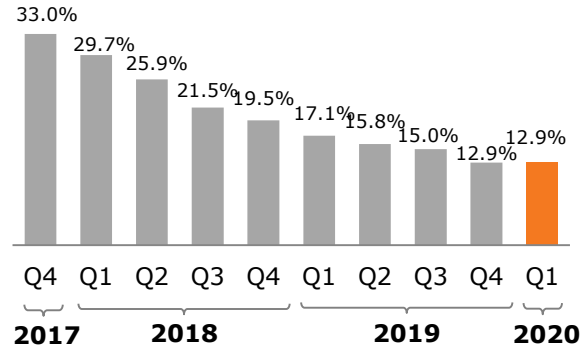
**Q1 2020 net retail sales:
17.4% increase y-o-y**

Net sales growth (% y-o-y)



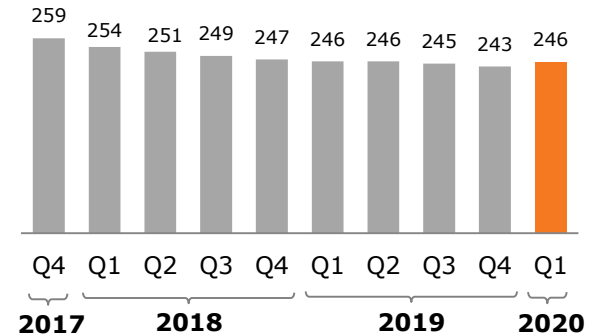
**Q1 2020 selling space:
12.9% increase y-o-y**

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



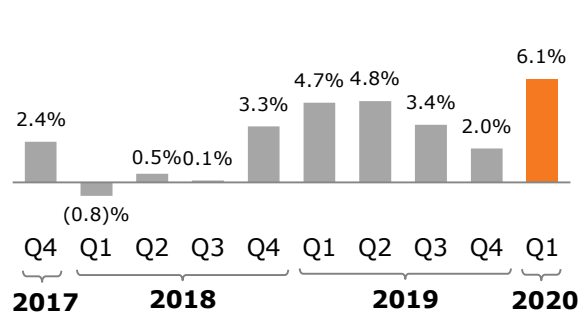
**Q1 2020 sales densities:
0.2% decline y-o-y**

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



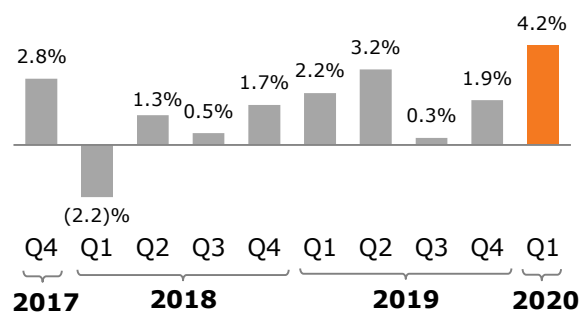
**Q1 2020 LFL sales:
6.1% increase y-o-y**

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



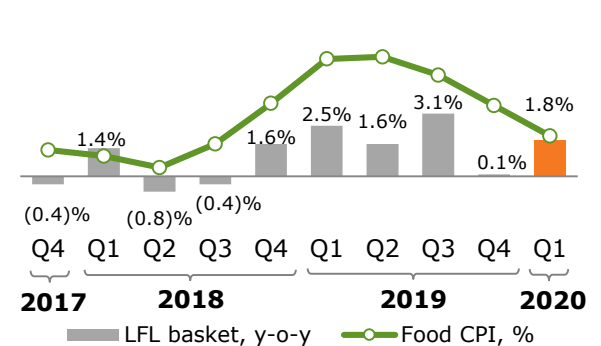
**Q1 2020 LFL traffic:
4.2% increase y-o-y**

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



**Q1 2020 LFL basket:
1.8% increase y-o-y**

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



Source: X5 data

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



32 / PYATEROCHKA PROXIMITY STORES SUMMARY (3/3)

FORMAT STRATEGY HIGHLIGHTS

- **Increase number of loyal customers and maximise share of their wallet:**
 - New **CVP** and further adaptation of **assortment**
 - **Leadership in NPS** and service level
 - Better **personnel turnover and engagement**
 - Focus on **operational efficiency**, incl. shrinkage
 - Roll-out of **personalised promo**
- **Improve efficiency and reduce costs:**
 - **Further** improvements in purchasing terms and opex per store/in logistics
 - **Lean and agile** approach
 - Higher share of **direct import**
 - Higher share of **private label** to >20% during the next 3-5 years
 - Improve efficiency of **regional model**

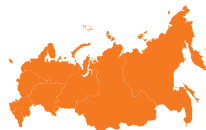


33 PEREKRESTOK SUPERMARKETS SUMMARY (1/4)

RUSSIA'S #1 SUPERMARKET



846 stores as of
31 March 2020,
9.7% increase y-o-y



895 th. sq. m. of selling space
as of 31 March 2020,
12.7% increase y-o-y



**Q1 2020 net retail sales of
RUB 80.6 bn,**
21.3% increase y-o-y



155 mln customers in Q1 2020,
13.5% increase y-o-y



Share of X5's Q1 2020 sales:
~17%



Q1 2020 LFL Results

- Sales: **5.9%**
- Traffic: **1.4%**
- Basket: **4.4%**



NPS 24 points in Q1 2020,
7 p.p. increase y-o-y



Average check:
RUB 578 (Q1 2020),
3.6% increase y-o-y



Avg. net selling space:
1,058 sq. m.



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



Capex per leased store:
RUB 50-60 mln

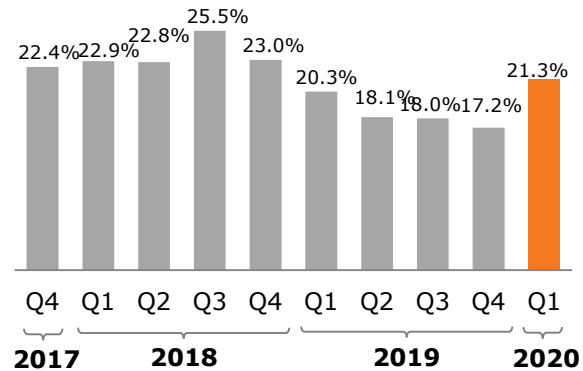


The main supermarket in every neighbourhood

34 PEREKRESTOK SUPERMARKETS SUMMARY (2/4)

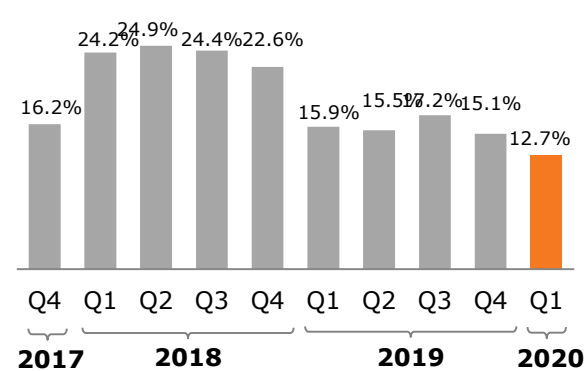
Q1 2020 net retail sales: 21.3% increase y-o-y

Net sales growth (% y-o-y)



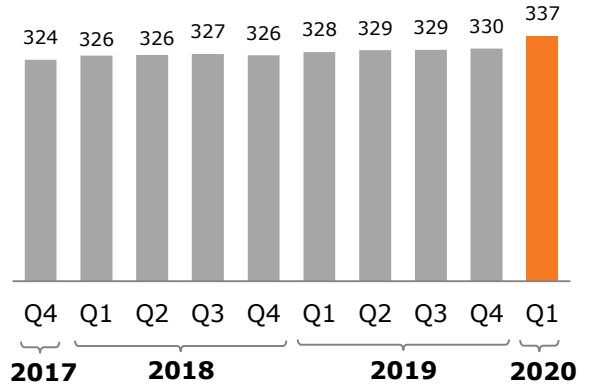
Q1 2020 selling space: 12.7% increase y-o-y

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



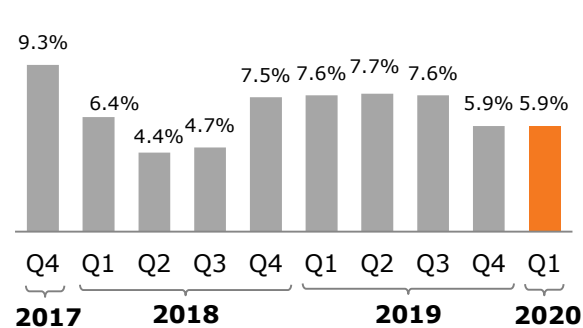
Q1 2020 sales densities: 3.0% increase y-o-y

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



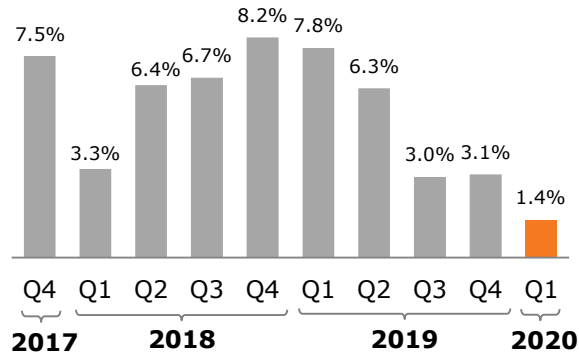
Q1 2020 LFL sales: 5.9% increase y-o-y

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



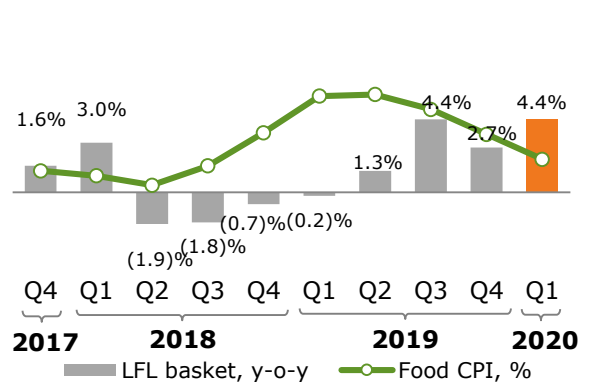
Q1 2020 LFL traffic: 1.4% increase y-o-y

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



Q1 2020 LFL basket: 4.4% increase y-o-y

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



Source: X5 data

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



35 / PEREKRESTOK SUMMARY (3/4)

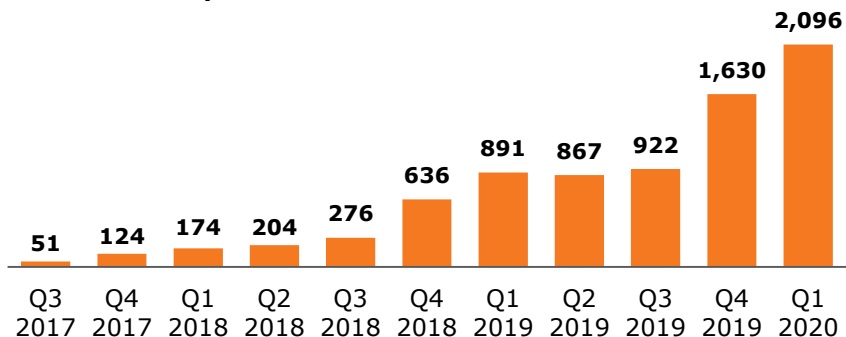
FORMAT STRATEGY HIGHLIGHTS

- **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:**
 - **Further** improvements in purchasing terms and opex
 - Increase the share of **private labels**
 - Increase the share of **direct import**
 - **Further improve logistics** (forecasting, stock replenishment system)

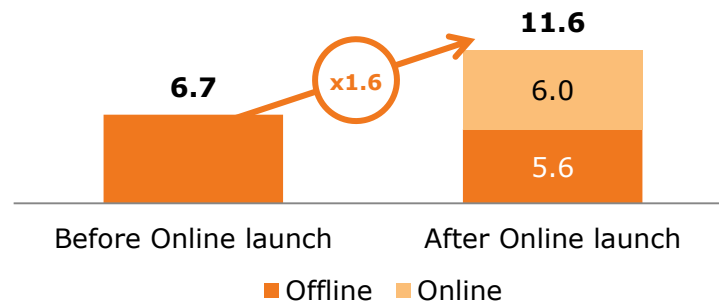


36 PEREKRESTOK SUMMARY (4/4): ONLINE: ON TRACK TO BECOMING #1 IN RUSSIAN E-GROCERY

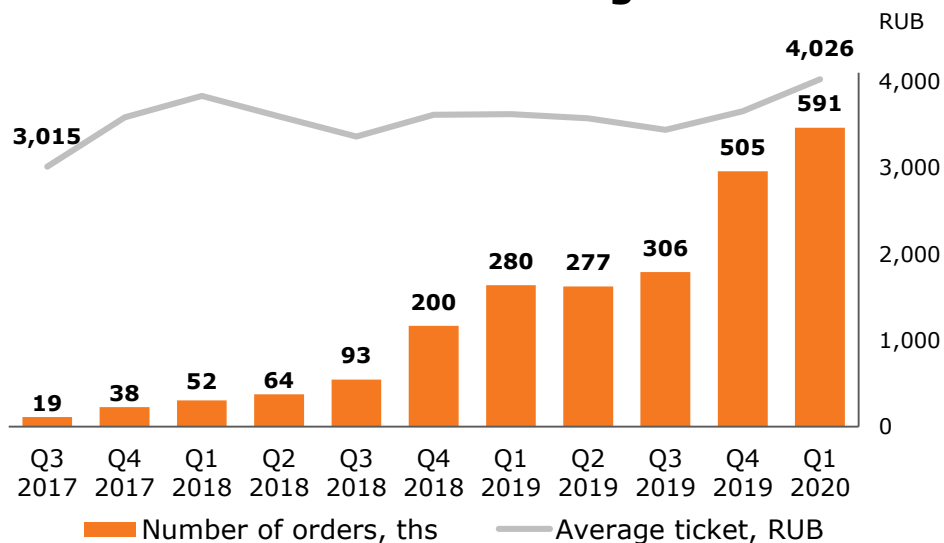
Net sales, RUB mln



Average customer spending per month, RUB ths



Number of orders and average ticket



X5 online targets

- Leadership in online food retail in Russia in 2020
- Increase number of darkstores to 12 (from 4 in Dec 2019) by 2022
- Increase assortment and develop sales on external marketplaces

