Q2 2018
FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION
14 AUGUST 2018

>X5 RETAIL GROUP

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I. HIGHLIGHTS

- X5 is a true **multi-format** retailer with business model, which enables to capture growth in the three largest segments of Russia's food retail business

- X5 reinforced its **market leadership** in Russian food retail, with **market share increasing to 9.5% in 2017**, up from 8.0% in 2016

- 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 **improvements in logistics and transport**: adding new links in the value chain and acquisition of **1,231 trucks**
- In the last three years X5 opened 23 DCs, including **10 DCs** in 2017

- 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

- Approval of the **dividend policy** by the Supervisory Board in September 2017
- Supervisory Board recommended to pay dividends in the amount of **RUB 21,590 million / RUB 79.5 per GDR**, subject to related fees and taxes

05 KEY ACHIEVEMENTS IN Q2 2018

- Revenue growth remained strong at **19.3%**

- Adjusted EBITDA margin at solid **7.7%**

- Net debt / EBITDA at the level of **2.18x** as of 30 June 2018

- Positive LFL sales growth of **1.0%** in Q2 2018
- LFL traffic of Perekrestok was positive for **ten quarters** in a row

- The Company added **477** net new stores in Q2 2018 adding net **213 th. sq. m** of selling space, **88%** of which was **organic growth**

- **All** of Pyaterochka stores and over **77%** of Perekrestok stores operating under new concept as of 30 June 2018

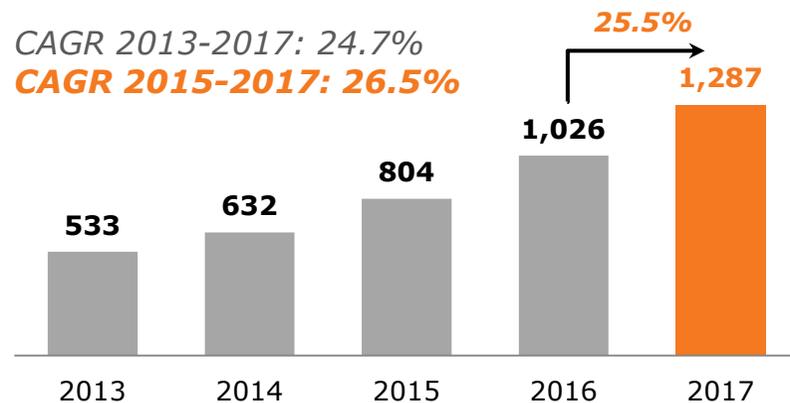- **30.3 mln** loyalty card users as of 30 June 2018

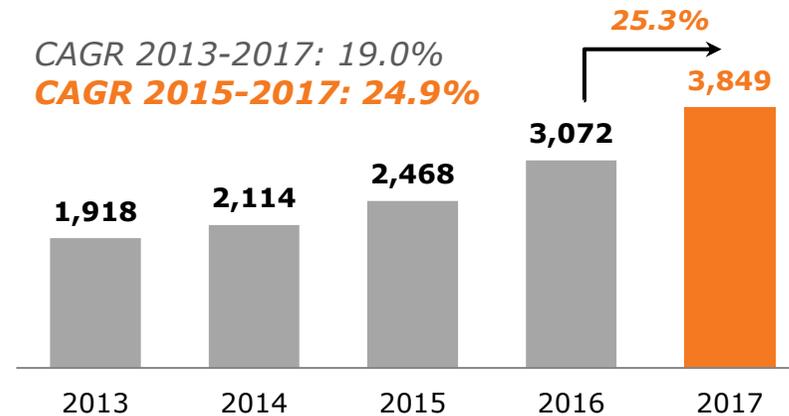- Pyaterochka added **198 th. sq. m** of net selling space

Source: X5 data

X5

Net retail sales dynamics, RUB bn

CAGR 2013-2017: 24.7%
CAGR 2015-2017: 26.5%

25.5%

2013	2014	2015	2016	2017
533	632	804	1,026	1,287

Customer visits, mln

CAGR 2013-2017: 19.0%
CAGR 2015-2017: 24.9%

25.3%

2013	2014	2015	2016	2017
1,918	2,114	2,468	3,072	3,849

Selling space, th. sq m

CAGR 2013-2017: 25.3%
CAGR 2015-2017: 28.2%

27.4%

2013	2014	2015	2016	2017
2,223	2,572	3,333	4,302	5,480
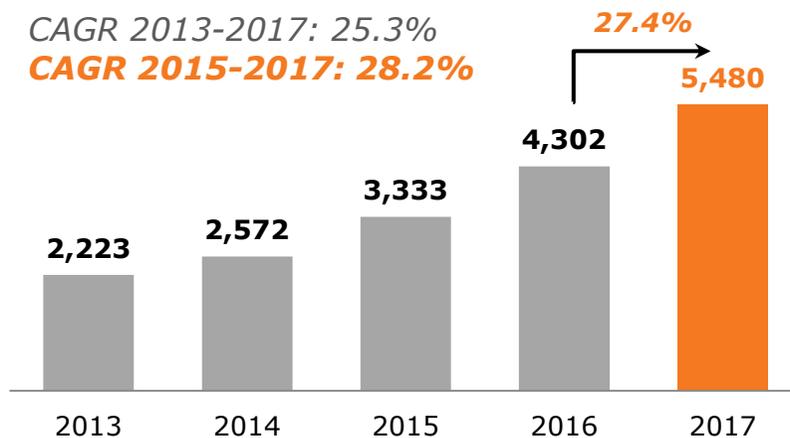
Number of stores, end of period

CAGR 2013-2017: 27.8%
CAGR 2015-2017: 31.4%

+2,934

2013	2014	2015	2016	2017
4,544	5,483	7,020	9,187	12,121
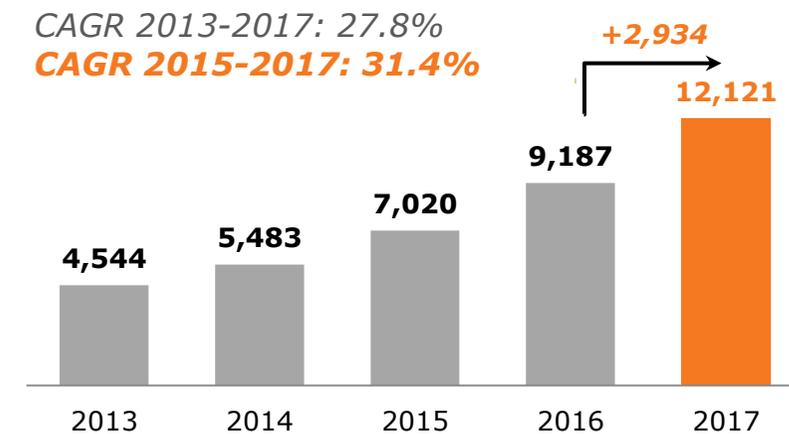
Source: X5 data

Revenue dynamics, RUB bn

CAGR 2013-2017: 24.8%
CAGR 2015-2017: 26.5%

Year	Value
2013	535
2014	634
2015	809
2016	1,034
2017	1,295

25.3%
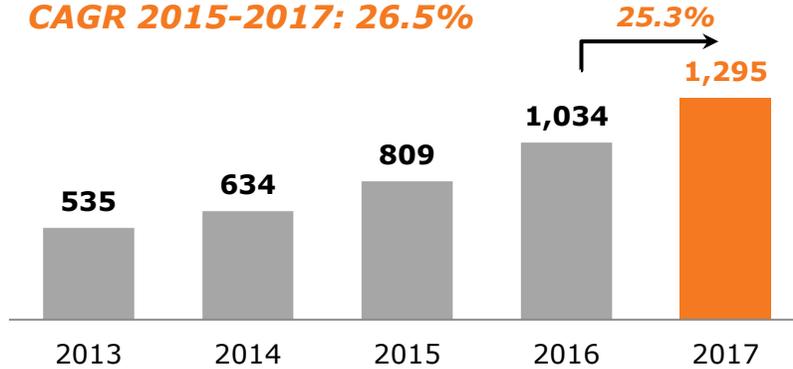
Gross profit & gross margin

CAGR 2013-2017: 24.1%
CAGR 2015-2017: 24.8%

Gross margin, %: 24.4% (2013), 24.5% (2014), 24.5% (2015), 24.2% (2016), 23.9% (2017)

23.6%

Year	Gross profit
2013	130
2014	155
2015	198
2016	250
2017	309

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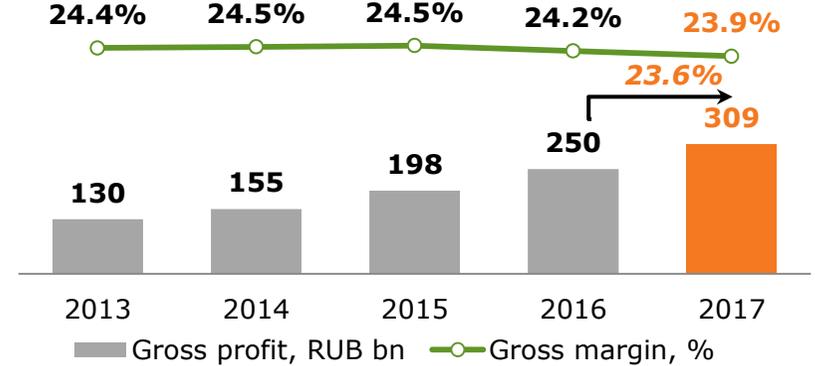
Adj. EBITDA & adj. EBITDA margin[1]

CAGR 2013-2017: 26.8%
CAGR 2015-2017: 29.2%

Adj. EBITDA margin, %: 7.2% (2013), 7.3% (2014), 7.3% (2015), 7.7% (2016), 7.7% (2017)

24.7%

Year	Adj. EBITDA
2013	38
2014	46
2015	59
2016	80
2017	99

Adj. EBITDA, RUB bn — Adj. EBITDA margin, %
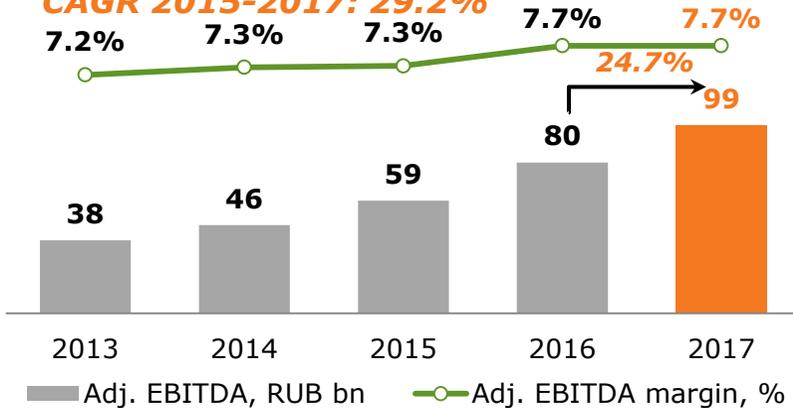
Adj. net profit and adj. net profit margin[2]

CAGR 2013-2017: 32.4%
CAGR 2015-2017: 54.4%

Adj. net profit margin, %: 2.1% (2013), 2.0% (2014), 1.8% (2015), 2.2% (2016), 2.6% (2017)

51.5%

Year	Adj. net profit
2013	11
2014	13
2015	14
2016	22
2017	34

Adj. net profit, RUB bn — Adj. net profit margin, %
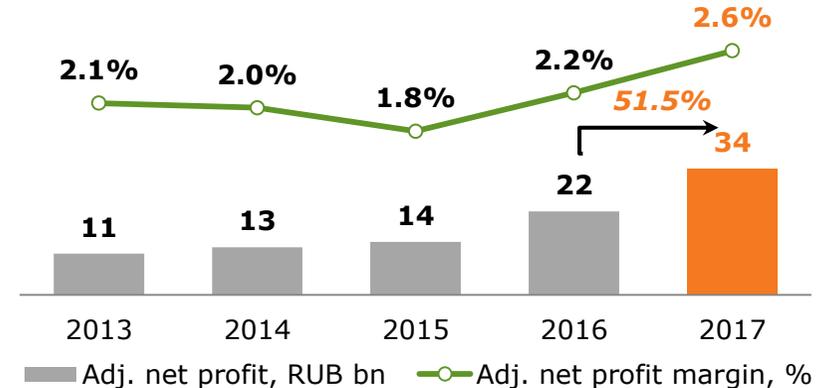
[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments
[2] – Adjusted for income tax expense affected by the Company's dividend policy (change in deferred tax liability associated with investments in subsidiaries) and a non-recurring increase in impairment related to the Perekrestok Express segment as a result of the decision to focus on the three major formats
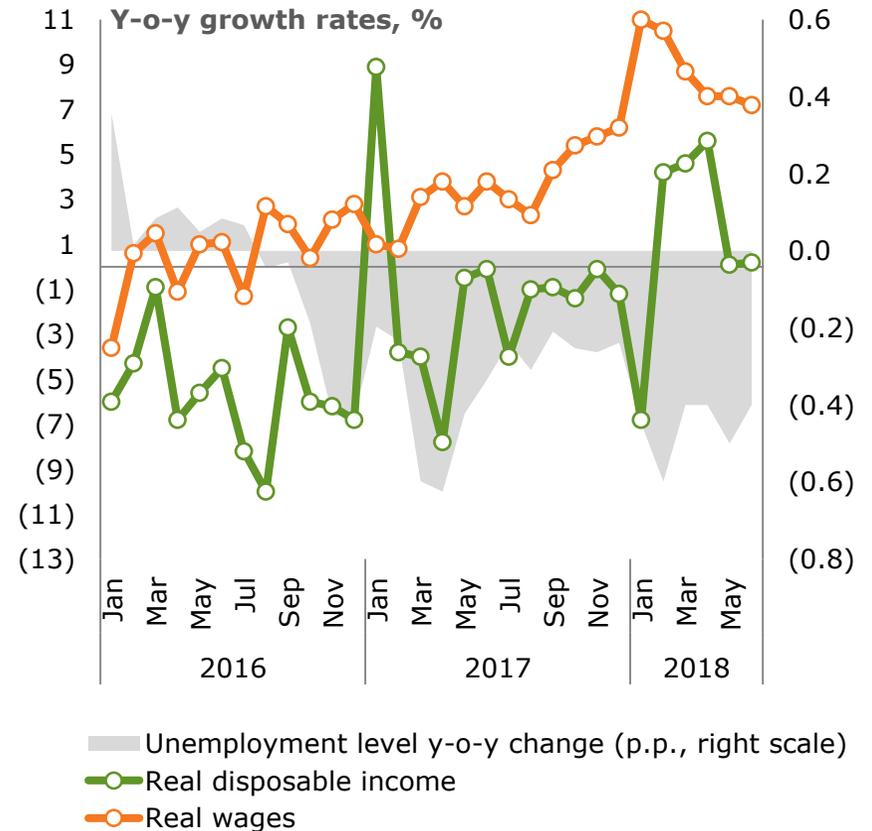
Source: X5 data

II. MARKET OVERVIEW

Real food retail trade remained weak on the back of cautious consumer behavior, CPI food continued to decelerate

Trend towards a recovery in real income was interrupted in Q2 2018 despite persisting growth in real wage and record lows of unemployment

Y-o-y growth rates, %

Real food retail trade · CPI food

2016 · 2017 · 2018

Y-o-y growth rates, %

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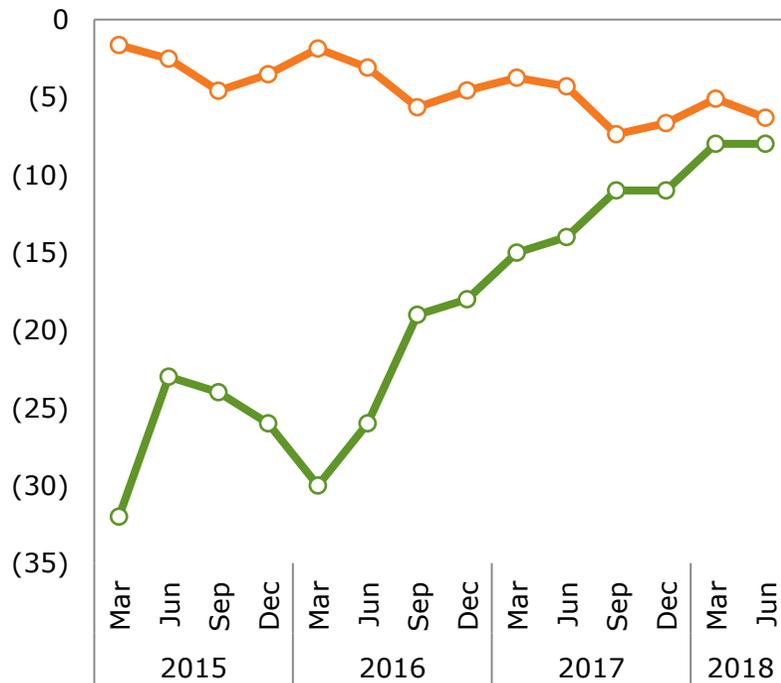Real wages

2016 · 2017 · 2018

Source: Rosstat

In H1 2018 the Russian economy showed weak growth in consumer demand on the back of unsustainable income dynamics and an increased level of economic uncertainty
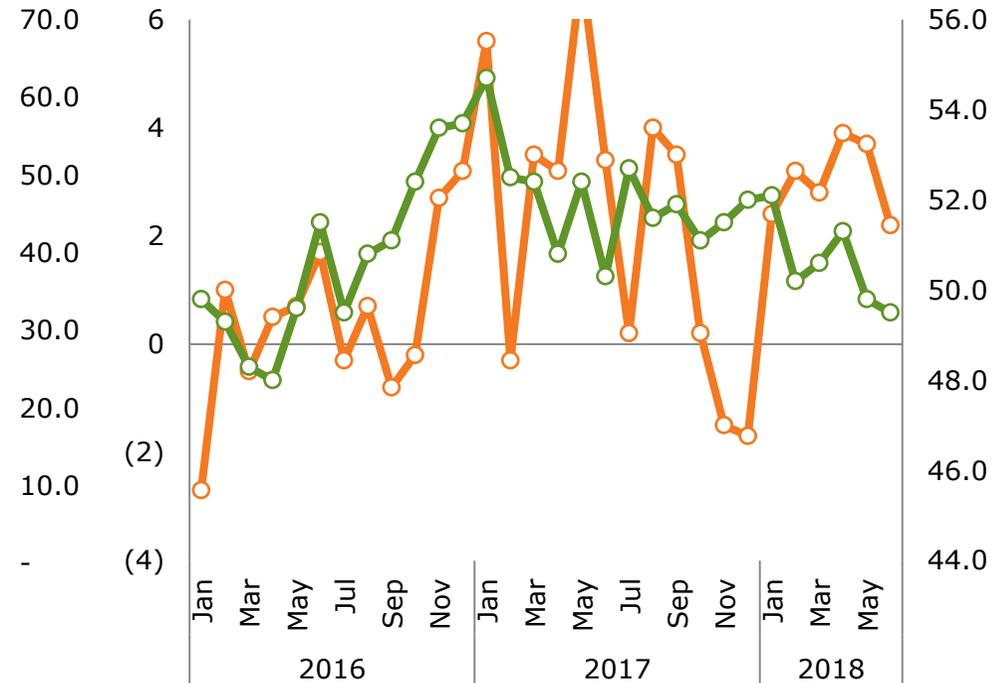
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MACRO ENVIRONMENT (1/2)

Consumer confidence improved but still remained negative. Trading down is still high in absolute terms

Positive growth in industrial production is not supported by the outlook for future production indicated by the Russian manufacturing PMI index

Consumer confidence index (Rosstat, %)
Trading down share (FOM, %, right scale)

Industrial production (y-o-y, %)
IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM

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

RECENT MARKET TRENDS…

KEY TRENDS	DESCRIPTION	CONCLUSIONS
Changing demographics	- Growth of over working age population by 2% p.a. vs. reduction of working age group by 1% p.a.	- Growth of price-sensitive consumer segment - Growth of proximity format popularity
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., specialists, 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

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...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 ▪ Negotiating better terms from suppliers ▪ Best-in-class "promo engine"
Growing competition	▪ Strong regional expansion with effective value proposition for small cities and towns ▪ Clusterisation of Pyaterochka stores into different segments to specifically target consumer needs ▪ 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

Legend: X5 y-o-y revenue growth — Top-10 — Market
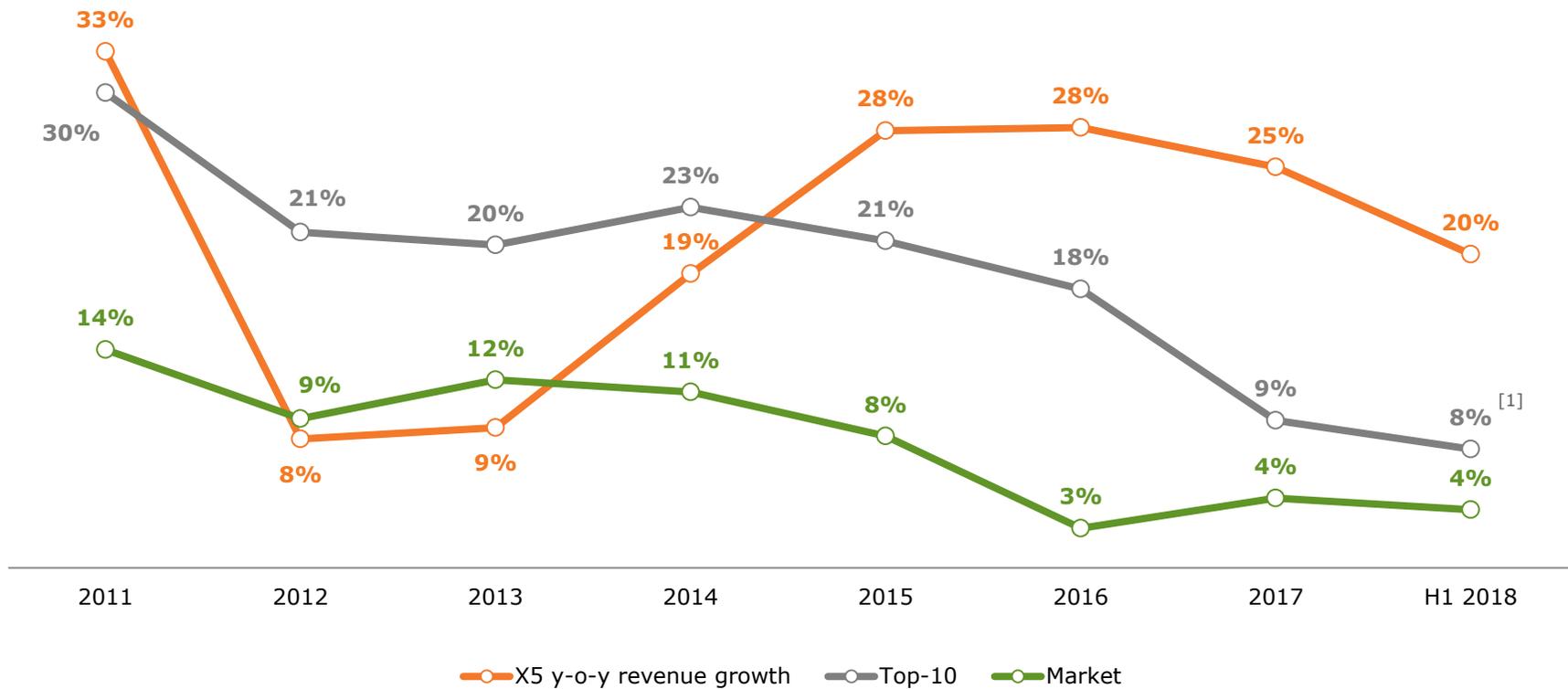
Source: Infoline, X5 analysis
[1] – X5's estimate

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

RETAIL MARKET SNAPSHOT

Top 10 Russian food retailers

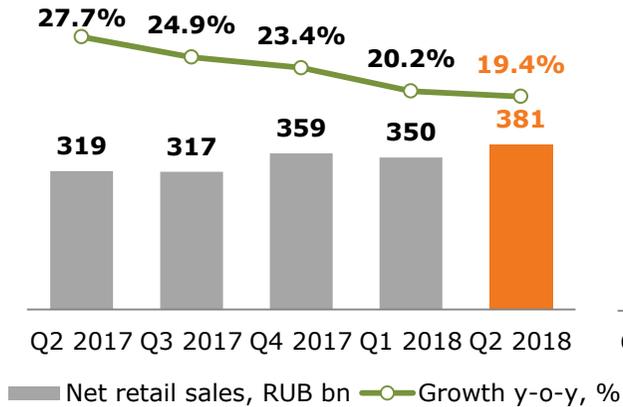| #	Company name	% market share 2016	% market share 2017
1	X5 RETAIL GROUP — X5	8.0%	9.5%
2	МАГНИТ — Magnit	7.4%	7.5%
3	ЛЕНТА — Lenta	2.1%	2.5%
4	Auchan — Auchan	2.9%	2.2%
5	ДИКСИ — Dixy	2.4%	2.1%
6	Красное&Белое — SPS Holding	1.2%	1.8%
7	METRO — Metro	1.6%	1.4%
8	O'KEY — O'Key	1.2%	1.2%
9	МОНЕТКА — Monetka	0.6%	0.6%
10	Globus — Globus	0.6%	0.6%
	Total Top 10	**28.0%**	**29.4%**

Source: InfoLine

X5's market share increased from 8.0% in 2016 to 9.5% in 2017

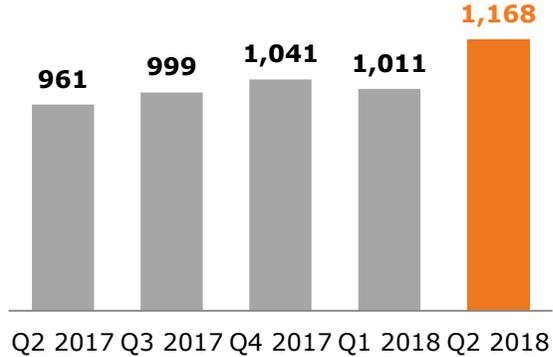# III. OPERATIONAL RESULTS Q2 2018

Q2 2018 RESULTS: OPERATIONAL HIGHLIGHTS

Net retail sales

27.7% 24.9% 23.4% 20.2% **19.4%**

319 317 359 350 **381**

Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018

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

Traffic, mln customers

961 999 1,041 1,011 **1,168**

Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018

Net selling space (eop)

28.7% 27.8% 27.4% 26.0% **23.3%**

4,821 5,145 5,480 5,733 **5,946**

Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018

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

LFL sales, y-o-y

6.6%

4.6%

3.5%

0.5% **1.0%**

Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018

LFL traffic, y-o-y

2.0% 2.5% 3.1%

(1.6)% **1.7%**

Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018

LFL basket, y-o-y

4.1% 2.8% 1.3% 1.0% **0.4%**

4.5% 2.0% 0.3% 2.2% **(0.7)%**

Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018

■ LFL basket, y-o-y —○— Food CPI, %

Source: X5 data

X5
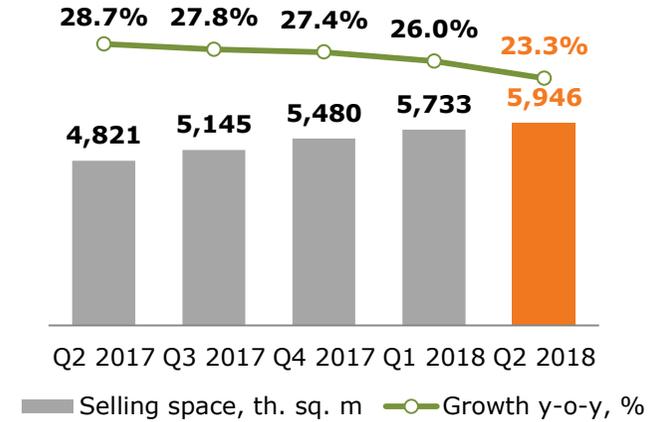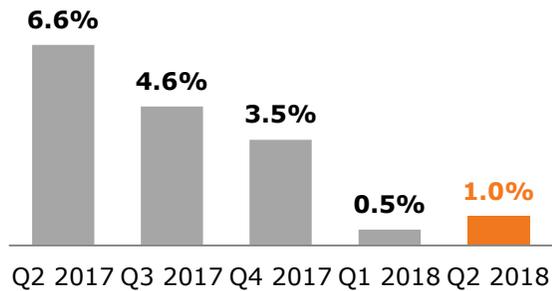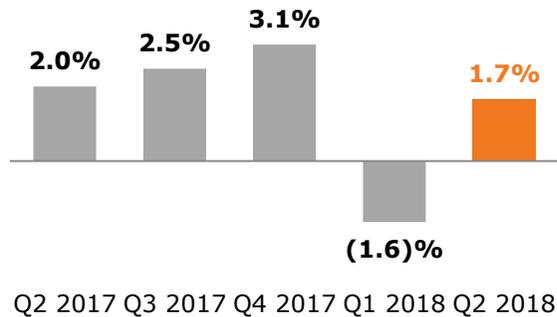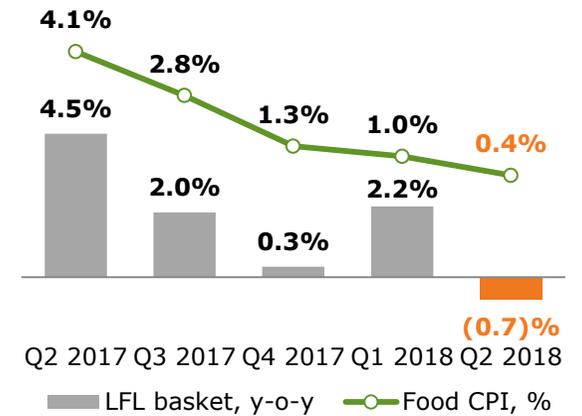
Q2 2018 RESULTS: NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln
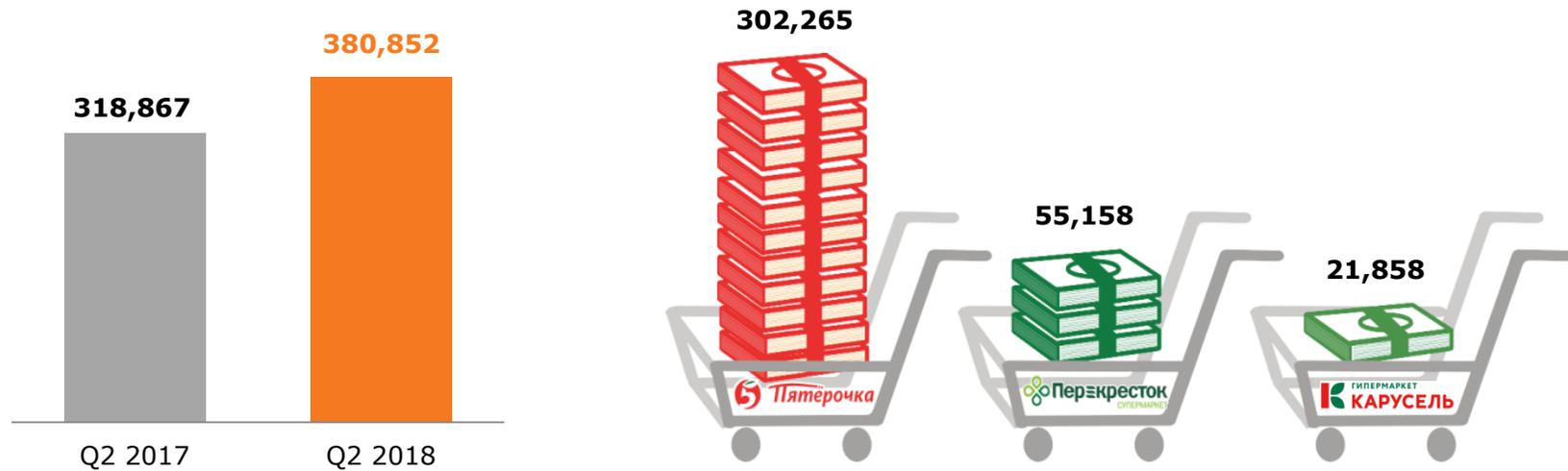
KEY DRIVERS

- 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
  - Ambitious expansion programme

Source: X5 data

Net retail sales growth of 19.4% was driven by a 1.0% increase in like-for-like sales and a 18.4% sales growth contribution from a 23.3% rise in selling space

Q2 2018 RESULTS: EXPANSION SUMMARY

- Total store base increased to 13,178 stores as of 30 June 2018
- Pyaterochka was the main driver for the store base increase with a 198 th. sq. m selling space addition in Q2 2018

Net selling space, th. sq. m

5,946
30 June 2018

4,821
30 June 2017
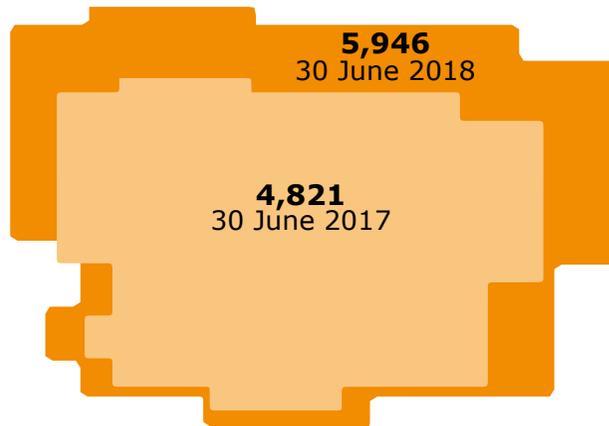
Net selling space added in Q2 2018, th. sq. m

20   4

198

Net stores base

10,506   13,178

Q2 2017   Q2 2018

Source: X5 data
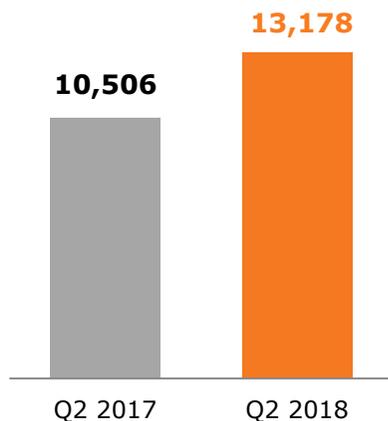
Net stores added in Q2 2018 by formats and by regions

Other – 321

517

Central – 159

North West – 37

North West – 0

Central – 7

17

Other – 10

Central

1
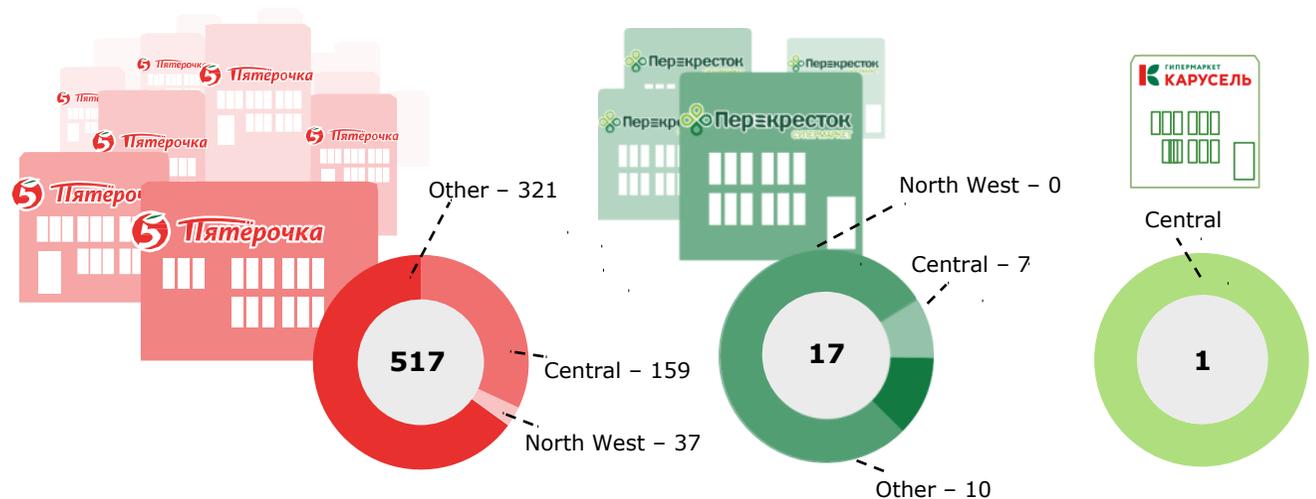
X5 REGIONAL PRESENSE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 13,178, including:
  — 12,314 Pyaterochka
  — 691 Perekrestok
  — 93 Karusel
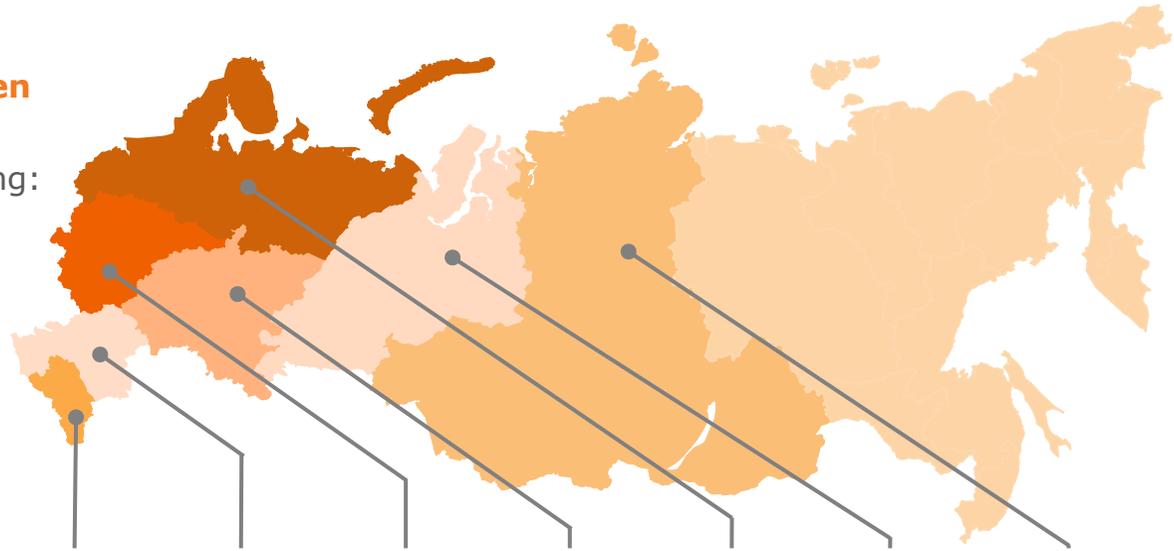
Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
Пятёрочка УНИВЕРСАМ		191	980	4,949	3,356	1,428	1,031	379	**12,314**
Перекресток СУПЕРМАРКЕТ	Number of stores, #	9	35	409	110	87	41	0	**691**
ГИПЕРМАРКЕТ КАРУСЕЛЬ		1	5	37	24	18	8	0	**93**
X5 RETAIL GROUP	Net retail sales (6M 2018), %	*0.9%*	*5.0%*	*53.6%*	*18.6%*	*14.4%*	*6.3%*	*1.2%*	***100%***

Source: X5 data

X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 30 June 2018

Federal district	Space, th. sq. m	# of DCs
Central	543	16
North-Western	132	5
Volga	194	9
Ural	145	6
Southern	78	3
Siberian	18	1
Total	**1,110**	**40**

Centralisation levels

2012	2013	2014	2015	2016	2017	H1 2018
75%	78%	78%	85%	88%	93%	94%
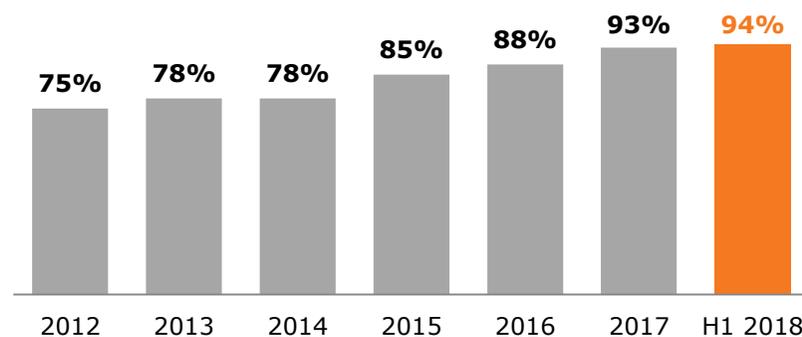
Source: X5 data

Highlights for Q2 2018

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

- One new distribution centre in Petrozavodsk was opened in Q2 2018.

- As of 30 June 2018 the Company owned 2,983 trucks.

IV. FINANCIAL RESULTS
Q2 2018

Q2 2018 RESULTS: FINANCIAL HIGHLIGHTS

Revenue

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
27.5%	24.7%	23.0%	19.9%	19.3%
320.8	319.4	361.7	351.5	382.6

Revenue, RUB bn — Growth y-o-y, %

Gross profit & gross margin

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
23.9%	23.7%	23.8%	23.8%	24.0%
76.6	75.8	85.9	83.7	91.8

Gross profit, RUB bn — Margin, %

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

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
17.4%	18.9%	19.6%	19.8%	16.9%
55.7	60.3	70.9	69.8	64.8

SG&A (excl. D&A&I&LTI), RUB bn
As % of revenue

EBITDA & EBITDA margin[1]

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
9.1%	7.3%	6.7%	6.3%	7.7%
29.2	23.2	24.1	22.3	29.5
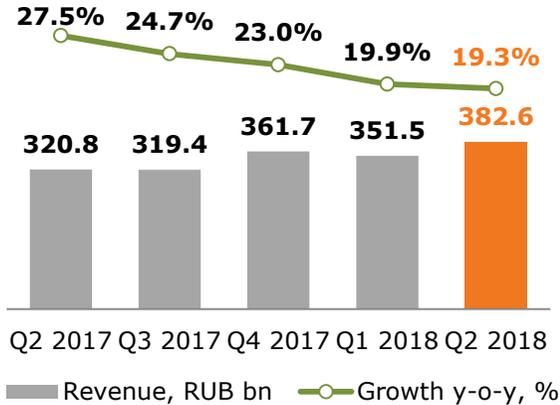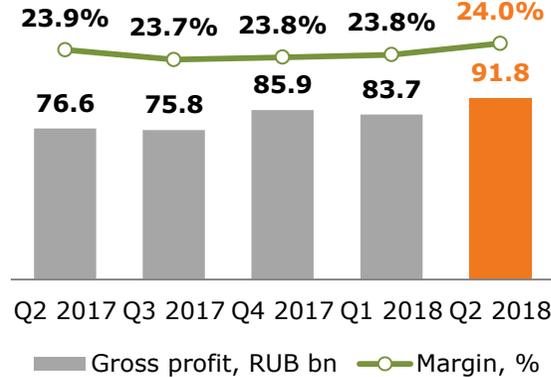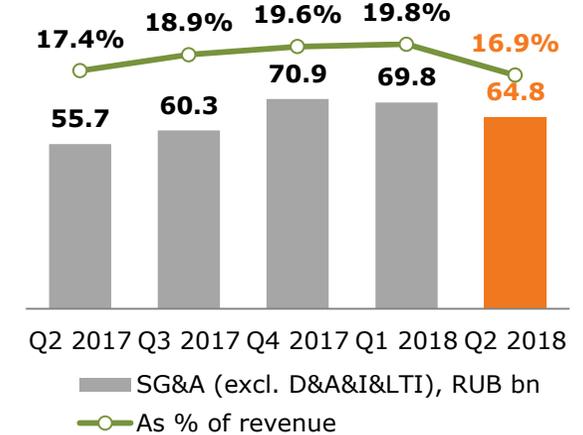
EBITDA, RUB bn — EBITDA margin, %
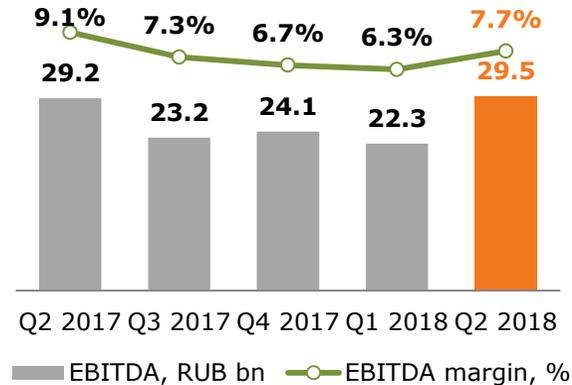
Net profit & net profit margin

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
3.2%	2.3%	1.5%	1.6%	2.3%
10.3	7.3	5.4	5.6	8.7

Net profit, RUB bn — Net profit margin, %
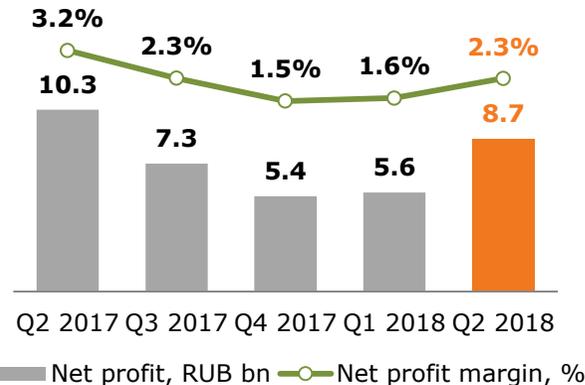
Capital expenditures, RUB bn

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
19.9	26.2	38.1	16.4	20.4
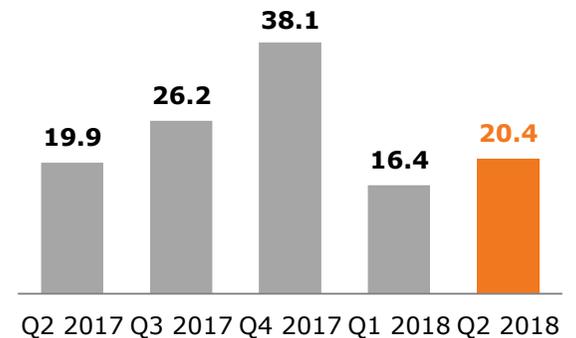
Source: X5 data
[1] – Adjusted for LTI, exit payments and share-based payments and other one-off remuneration payments

Q2 2018 RESULTS: CAPITAL EXPENDITURE OVERVIEW

Capex breakdown for Q2 2018

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

628 stores opened (gross)
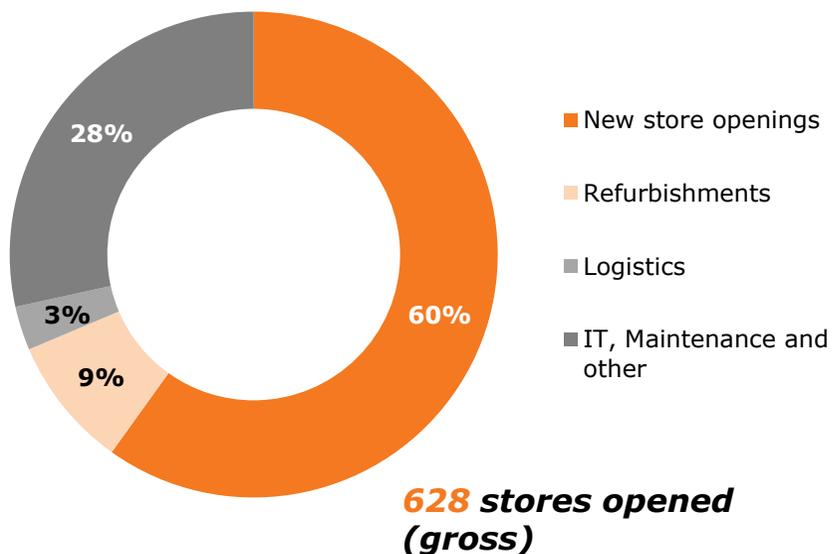
Capex breakdown by quarter, RUB mln

Total Capex in Q2 2018: **RUB 20,440 mln**

Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
19,885	26,222	38,131	16,433	20,440
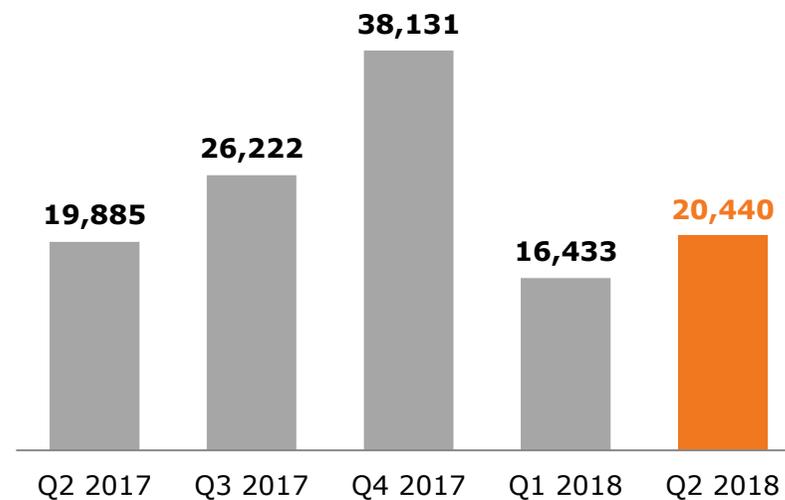
Source: X5 data

In Q2 2018, capex programme focused on organic expansion, investments in store refurbishment, IT and maintenance

Q2 2018 RESULTS: DEBT STRUCTURE

Debt profile

RUB mln	30 Jun 2018	30 Jun 2017
Total Debt	**224,164**	**170,635**
Short-Term Debt	63,392	46,389
% of total debt	*28.3*	*27.2*
Long-Term Debt	160,772	124,246
% of total debt	*71.7*	*72.8*
Net Debt	**210,390**	**163,856**

Debt portfolio maturity

30 Jun 2018	2018	2019	2020	2021
100%	22%	19%	29%	30%
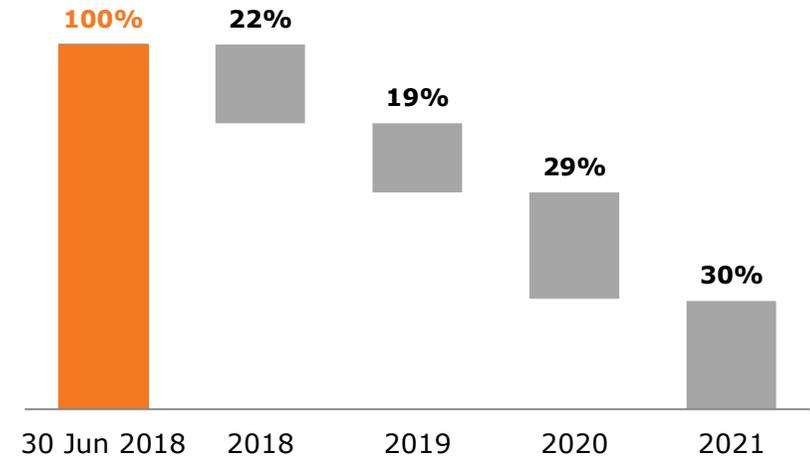
Covenants & liquidity update

Covenant metrics & liquidity sources	30 Jun 2018	30 Jun 2017
Net Debt / EBITDA	2,18x	1,83x
Cash & cash equiv., RUB mln	13,774	6,779
Available credit limits, RUB mln	295,919	298,696

Highlights

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

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

- X5's available credit limits amounted to RUB 296 bn

Source: X5 data

Q2 2018 analysis
as percentage of revenue

16.9%   *149 b.p.*   **15.4%**

0.7%	(3) b.p.	
0.9%	33 b.p.	
1.1%	(3) b.p.	0.7%
1.9%	31 b.p.	0.5%
		1.1%
		1.6%
4.9%	37 b.p.	4.5%
7.4%	54 b.p.	6.9%
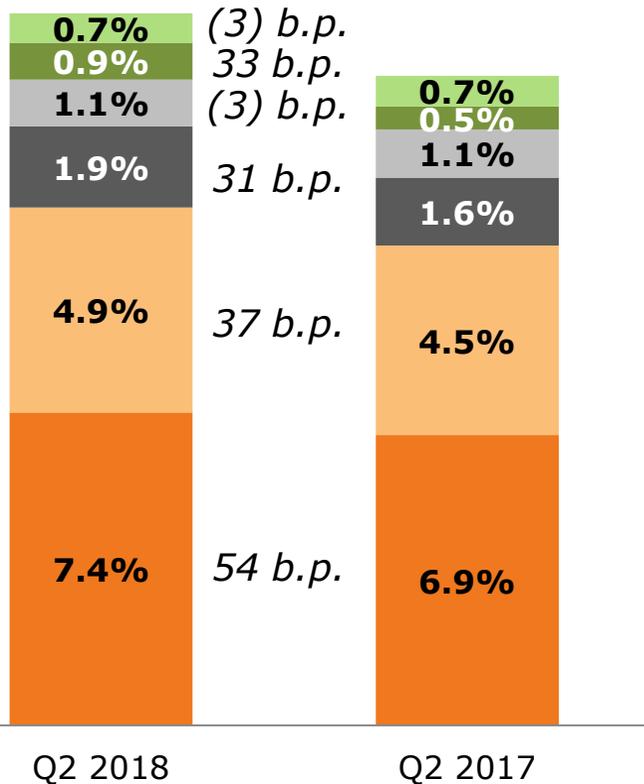
Q2 2018   Q2 2017

H1 2018 analysis
as percentage of revenue

17.5%   *136 b.p.*   **16.2%**

0.7%	(0) b.p.	
0.9%	21 b.p.	0.7%
1.1%	(0) b.p.	0.7%
2.1%	27 b.p.	1.1%
		1.9%
5.0%	40 b.p.	4.6%
7.6%	49 b.p.	7.1%

H1 2018   H1 2017

Legend:
- ■ Third party services
- ■ Other expenses
- ■ Other store costs
- ■ Utilities
- ■ Lease expenses
- ■ Staff costs
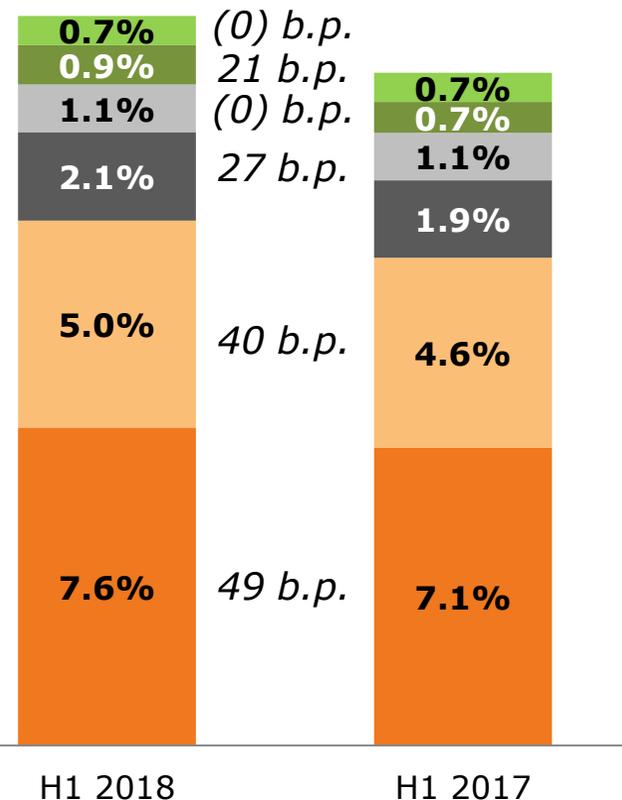
Source: X5 data
[1] – Adjusted for D&A&I, LTI, exit share-based payments

X5

FINANCIAL STATEMENTS (1/3)
PROFIT AND LOSS STATEMENT

RUB mln	Q2 2018	Q2 2017	+/(-)	+/(-), %	H1 2018	H1 2017	+/(-)	+/(-), %
Revenue	**382,559**	**320,801**	**61,758**	*19.3%*	**734,077**	**613,879**	**120,198**	*19.6%*
Net retail sales	380,852	318,867	61,986	*19.4%*	731,198	610,351	120,848	*19.8%*
COGS	(290,771)	(244,180)	(46,591)	*19.1%*	(558,619)	(466,646)	(91,973)	*19.7%*
Gross profit	**91,788**	**76,621**	**15,167**	*19.8%*	**175,458**	**147,233**	**28,225**	*19.2%*
Gross profit margin	*24.0%*	*23.9%*		*11 b.p.*	*23.9%*	*24.0%*		*(8) b.p.*
SG&A	(78,005)	(60,674)	(17,331)	*28.6%*	(152,804)	(118,525)	(34,279)	*28.9%*
EBITDA	**28,866**	**27,833**	**1,033**	*3.7%*	**50,137**	**50,000**	**137**	*0.3%*
EBITDA margin	*7.5%*	*8.7%*		*(113) b.p.*	*6.8%*	*8.1%*		*(131) b.p.*
Operating profit	**16,235**	**18,039**	**(1,804)**	*(10.0)%*	**27,471**	**32,498**	**(5,027)**	*(15.5)%*
Operating margin	*4.2%*	*5.6%*		*(138) b.p.*	*3.7%*	*5.3%*		*(155) b.p.*
Net profit	**8,685**	**10,343**	**(1,658)**	*(16.0)%*	**14,313**	**18,698**	**(4,385)**	*(23.5)%*
Net profit margin	*2.3%*	*3.2%*		*(95) b.p.*	*1.9%*	*3.0%*		*(110) b.p.*

Source: X5 data

FINANCIAL STATEMENTS (2/3)
BALANCE SHEET

RUB mln	30 Jun 2018	30 Jun 2017	+/(-)	+/(-)%
Total current assets	**142,700**	**114,153**	**28,547**	**25.0%**
Cash & cash equivalents	13,774	6,779	6,995	103.2%
Inventories	102,947	82,767	20,180	24.4%
Total non-current assets	**420,410**	**360,137**	**60,273**	**16.7%**
Net PP&E	290,497	246,994	43,503	17.6%
Goodwill	92,169	81,207	10,962	13.5%
Total assets	**563,110**	**474,290**	**88,820**	**18.7%**
Total current liabilities	**244,167**	**198,110**	**46,057**	**23.2%**
ST debt	63,392	46,389	17,003	36.7%
Trade accounts payable	118,013	99,257	18,756	18.9%
Total non-current liabilities	**167,817**	**130,476**	**37,341**	**28.6%**
LT debt	160,772	124,246	36,526	29.4%
Total liabilities	**411,984**	**328,586**	**83,398**	**25.4%**
Total equity	**151,126**	**145,704**	**5,422**	**3.7%**
Total liabilities & equity	**563,110**	**474,290**	**88,820**	**18.7%**

Source: X5 data

FINANCIAL STATEMENTS (3/3)
CASH FLOW STATEMENT

RUB mln	Q2 2018	Q2 2017	+/(-)	+/(-)%	H1 2018	H1 2017	+/(-)	+/(-)%
Net cash generated from operating activities	**13,928**	**11,323**	**2,605**	*23.0%*	**27,632**	**10,905**	**16,727**	*153.4%*
Net cash from operating activities before changes in working capital	28,742	27,994	748	*2.7%*	50,060	50,281	(221)	*(0.4)%*
Change in Working Capital, incl.:	(8,126)	(11,873)	3,747	*(31.6)%*	(10,014)	(25,787)	15,773	*(61.2)%*
Decrease/(increase) in trade and other AR	2,199	(2,354)	4,553	*(193.4)%*	7,191	13,224	(6,033)	*(45.6)%*
Decrease/(increase) in inventories	(3,773)	(889)	(2,884)	*324.4%*	(3,647)	(8,966)	5,319	*(59.3)%*
(Increase)/decrease in trade payable	(4,559)	(6,614)	2,055	*(31.1)%*	(12,711)	(31,884)	19,173	*(60.1)%*
(Decrease)/increase in other AP	(1,993)	(2,016)	23	*(1.1)%*	(847)	1,839	(2,686)	*n/a*
Net interest and income tax paid	(6,688)	(4,798)	(1,890)	*39.4%*	(12,414)	(13,589)	1,175	*(8.6)%*
Net cash used in investing activities	**(23,797)**	**(19,138)**	**(4,659)**	*24.3%*	**(49,453)**	**(36,775)**	**(12,678)**	*34.5%*
Net cash generated from/(used in) financing activities	**10,729**	**8,372**	**2,357**	*28.2%*	**8,027**	**14,455**	**(6,428)**	*(44.5)%*
Effect of exchange rate changes on cash & cash equiv.	(21)	(10)	(11)	*110.0%*	(37)	4	(41)	*n/a*
Net increase/(decrease) in cash & cash equiv.	**839**	**547**	**292**	*53.4%*	**(13,831)**	**(11,411)**	**(2,420)**	*21.2%*

APPENDIX

PERFORMANCE SUMMARY OF KEY FORMATS

PYATEROCHKA SUMMARY (1/3)
HIGHLIGHTS

12,314 stores as of 30 June 2018, 27.1% increase y-o-y

4,841 th. sq. m of selling space as of 30 June 2018, 25.9% increase y-o-y

Q2 2018 net retail sales – RUB 302.3 bn, 21.0% increase y-o-y

1,002 mln of customers in Q2 2018, 22.6% increase y-o-y

Share of X5's Q2 2018 sales: **~79%**

Q2 2018 LFL Results
- Sales: **0.5%**
- Traffic: **1.3%**
- Basket: **(0.8)%**

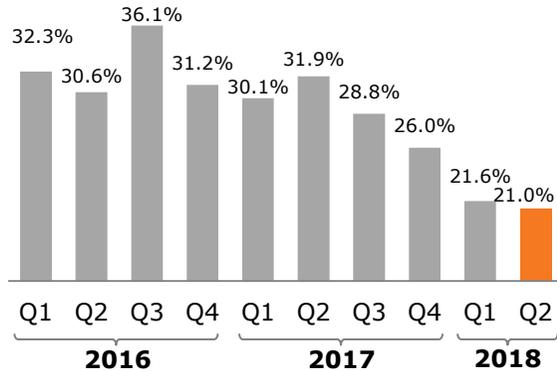Average check: **RUB 344** (Q2 2018), 1.5% decrease y-o-y

- Avg. net selling space: **393 sq. m.**
- **Formats**
  - 250-330 sq. m.
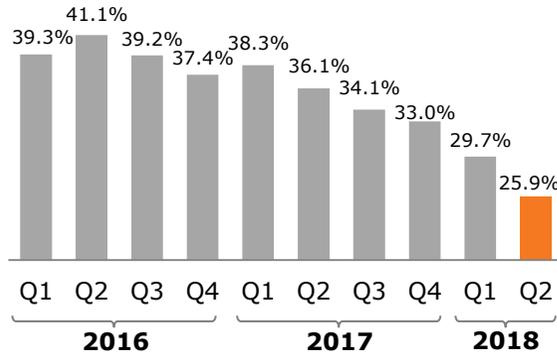 - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more

The proximity store for your daily shopping needs

PYATEROCHKA SUMMARY (2/3)

**Q2 2018 net retail sales:
21.0% increase y-o-y**

Net sales growth (% y-o-y)

32.3%	30.6%	36.1%	31.2%	30.1%	31.9%	28.8%	26.0%	21.6%	21.0%
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	

**Q2 2018 selling space:
25.9% increase y-o-y**

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

39.3%	41.1%	39.2%	37.4%	38.3%	36.1%	34.1%	33.0%	29.7%	25.9%
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	

**Q2 2018 sales densities:
5.6% decline y-o-y**

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

283	278	275	272	268	266	262	259	254	251
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
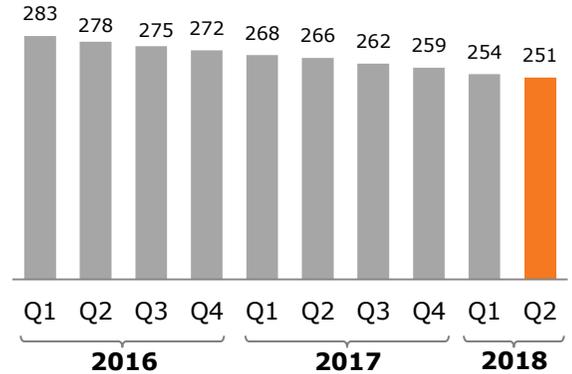
**Q2 2018 LFL sales:
0.5% increase y-o-y**

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

10.3%	8.1%	11.2%	7.5%	6.7%	6.0%	4.0%	2.4%	(0.8)%	0.5%
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
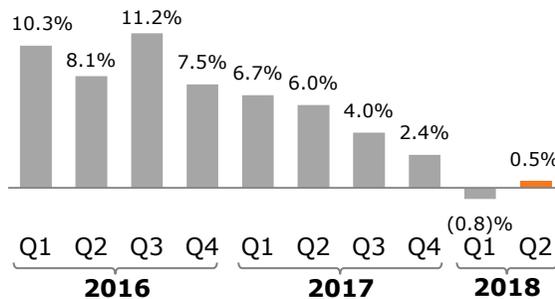
**Q2 2018 LFL traffic:
1.3% increase y-o-y**

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

2.9%	3.6%	4.1%	1.6%	4.4%	2.0%	2.4%	2.8%	(2.2)%	1.3%
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
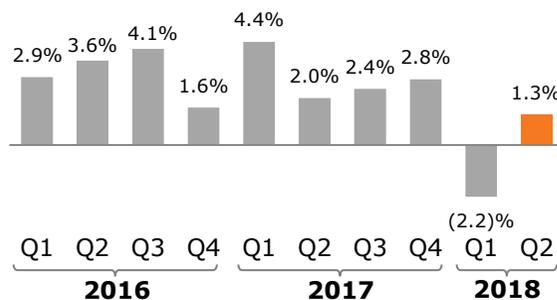
**Q2 2018 LFL basket:
0.8% decline y-o-y**

Total LFL basket growth (% y-o-y)
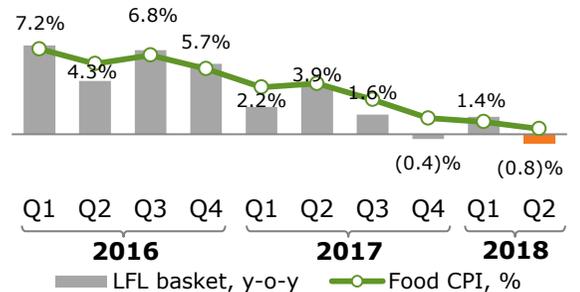
7.2%	4.3%	6.8%	5.7%	2.2%	3.9%	1.6%	(0.4)%	1.4%	(0.8)%
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	

LFL basket, y-o-y ——○—— Food CPI, %

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

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 (1/3)
RUSSIA'S #1 SUPERMARKET

691 stores as of 30 June 2018, 24.1% increase y-o-y

705 th. sq. m. of selling space as of 30 June 2018, 24.9% increase y-o-y

Q2 2018 net retail sales of RUB 55.2 bn, 22.8% increase y-o-y

125.4 mln customers in Q2 2018, 25.6% increase y-o-y

Share of X5's Q2 2018 sales: **~14%**

Q2 2018 LFL Results
- Sales: **4.4%**
- Traffic: **6.4%**
- Basket: **(1.9)%**

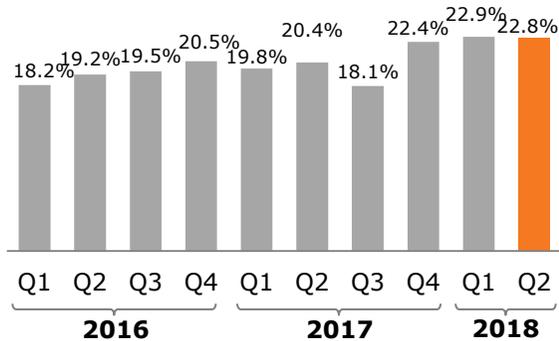Average ticket: **RUB 502** (Q2 2018) 2.3% decrease y-o-y
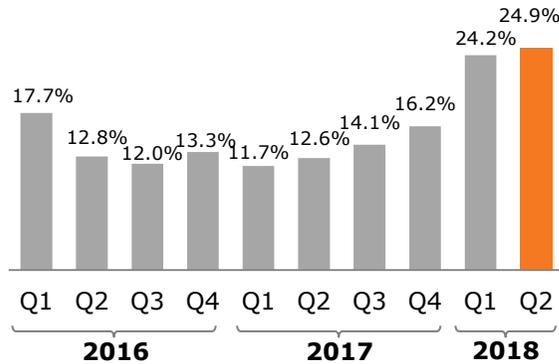
Avg. net selling space: **1,021 sq. m.**

The main shop in every neighbourhood

X5

PEREKRESTOK SUMMARY (2/3)

Q2 2018 net retail sales: 22.8% increase y-o-y

Net sales growth (% y-o-y)

18.2% 19.2% 19.5% 20.5% 19.8% 20.4% 18.1% 22.4% 22.9% 22.8%

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

Q2 2018 selling space: 24.9% increase y-o-y

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

17.7% 12.8% 12.0% 13.3% 11.7% 12.6% 14.1% 16.2% 24.2% 24.9%

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

Q2 2018 sales densities: 2.6% increase y-o-y

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

295 298 302 306 312 318 320 324 326 326

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
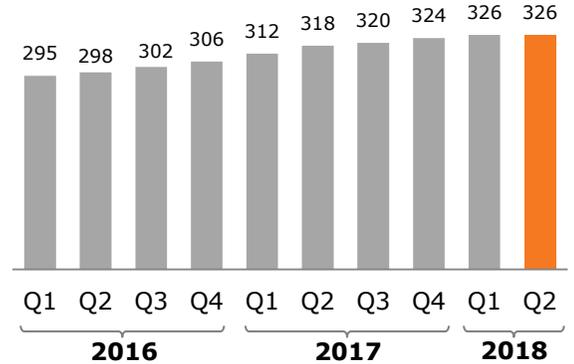
Q2 2018 LFL sales: 4.4% increase y-o-y

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

4.4% 4.8% 7.2% 8.7% 10.3% 11.1% 9.9% 9.3% 6.4% 4.4%

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
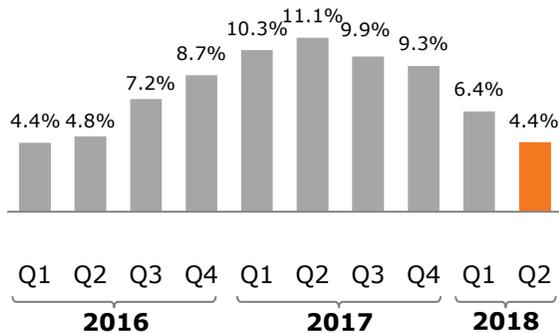
Q2 2018 LFL traffic: 6.4% increase y-o-y

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

0.5% 2.0% 2.4% 4.3% 7.2% 5.7% 6.6% 7.5% 3.3% 6.4%

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
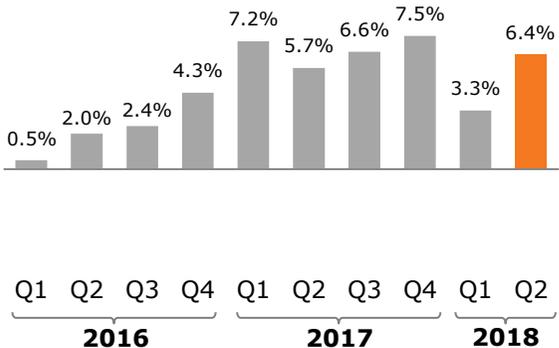
Q2 2018 LFL basket: 1.9% decline y-o-y

Total LFL basket growth (% y-o-y)
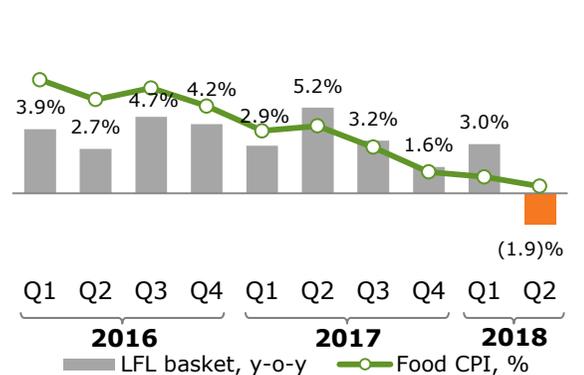
LFL basket: 3.9% 2.7% 4.7% 4.2% 2.9% 5.2% 3.2% 1.6% 3.0% (1.9)%

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

LFL basket, y-o-y —○— Food CPI, %

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

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

93 stores as of 30 June 2018: 3.3% increase y-o-y

386 th. sq. m. of selling space as of 30 June 2017, 1.7% increase y-o-y

Q2 2018 net retail sales: **RUB 21.9 bn**, 1.3% increase y-o-y

33 mln customers in Q2 2018, 1.4% decrease y-o-y

Share of X5's Q2 2018 sales: **~6%**

Q2 2018 LFL Results
- Sales: **(0.4)%**
- Traffic: **(2.8)%**
- Basket: **2.5%**

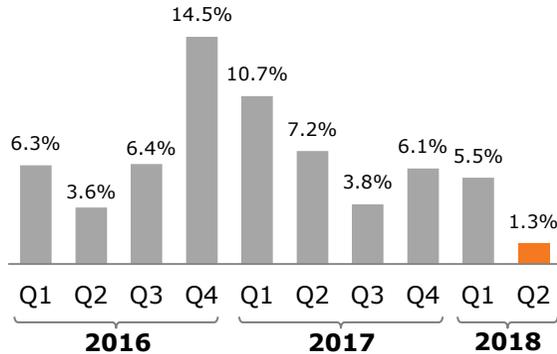Average ticket: **RUB 762** (Q2 2018) 3.3% increase y-o-y

Avg. net selling space: **4,153 sq. m.**

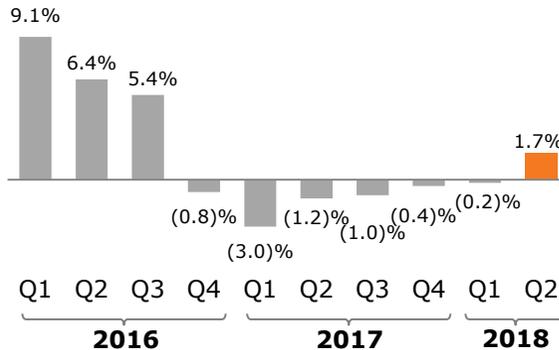**Destination store for all your food & household needs**

KARUSEL SUMMARY (2/3)

Q2 2018 net retail sales: 1.3% increase y-o-y

Net sales growth (% y-o-y)

14.5%
10.7%
7.2%
6.3% 3.6% 6.4% 3.8% 6.1% 5.5%
1.3%

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

Q2 2018 selling space: 1.7% increase y-o-y

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

9.1%
6.4%
5.4%
(0.8)% (1.2)% (1.0)% (0.4)% (0.2)%
(3.0)%
1.7%

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

Q2 2018 sales densities: 4.5% increase y-o-y

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

210 209 210 215 221 227 229 233 237 237

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
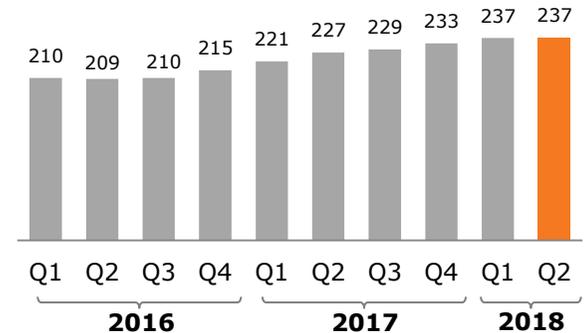
Q2 2018 LFL sales: 0.4% decline y-o-y

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

8.1% 9.4%
6.3%
2.5% 4.0% 3.3%
(1.4)% (3.1)% (1.7)% (0.4)%

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
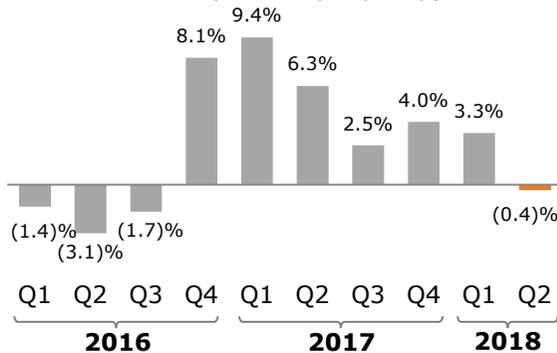
Q2 2018 LFL traffic: 2.8% decline y-o-y

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

5.9%
2.5%
(0.0)% (2.3)% (2.4)% (0.2)% (2.0)%
(3.4)% (3.7)% (2.8)%

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2016				**2017**				**2018**	
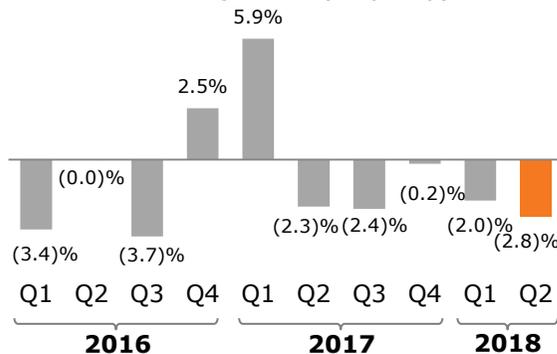
Q2 2018 LFL basket: 2.5% increase y-o-y

Total LFL basket growth (% y-o-y)
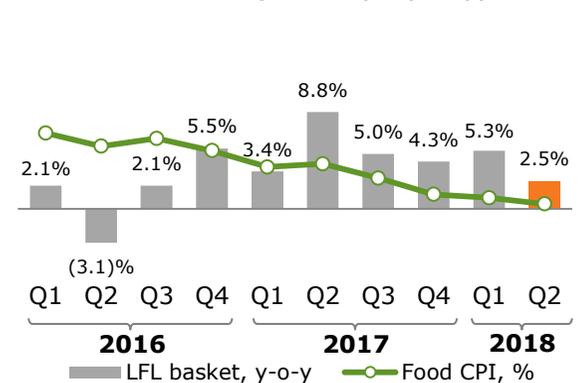
8.8%
5.5% 5.0% 5.3%
2.1% 2.1% 3.4% 4.3%
(3.1)% 2.5%

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

LFL basket, y-o-y —○— Food CPI, %

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

- **Implementing new CVP and increasing customer loyalty:**

  – Gradually rebrand the stores using **new branding**, giving priority to older stores or stores in one particular region

  – Expand **omni-channel** offering

  – Increase **loyalty card penetration** and implement personalised promotions

  – Increase the share of **private Labels**

  – Increase **sales density** at least to peers' average

  – Improve **logistics, reduce lease costs** and **shrinkage**

  – Expand **digital services** offering to increase efficiency and create a single digital environment in every store

In 2017, we launched a pilot hypermarket based on Karusel's new branding and operating model, and we plan to expand this new model across the format in the coming years