



# Q2 2019 FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION  
15 AUGUST 2019

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## **I. HIGHLIGHTS**

# 04 STRATEGIC HIGHLIGHTS



- X5 is a true **multi-format** retailer with focus on the three largest segments of Russian food retail market and primarily on proximity stores and supermarkets
- According to the new strategy X5 uses **smart and balanced** approach to expansion



- X5 reinforced its **market leadership** in Russian food retail, with **market share reaching 10.7% in 2018**



- 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 **910 trucks in 2018**
- In the last three years X5 opened 17 DCs, including **4 DCs** in 2018



- 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
- X5 made its second dividend payment in the amount of **RUB 25.0 bln/ RUB 92.06 per GDR**, which represents **87.3%** of X5 Retail Group's 2018 net profit



# 05 / KEY ACHIEVEMENTS IN Q2 2019



- Revenue growth remained strong at **14.3%** in Q2 2019



- Adjusted EBITDA margin at solid **8.4%** in Q2 2019



- Net debt / EBITDA at **1.59x** as of 30 June 2019



- LFL sales growth of **5.0%** in Q2 2019
- LFL traffic of Perekrestok was positive for **14 quarters** in a row



- The Company added **481** net new stores in Q2 2019 adding net **187 th. sq. m** of selling space, **85%** of which was **organic growth**



- All** of Pyaterochka stores and **89%** of Perekrestok stores operating under new concept as of 30 June 2019



- 39.6 mln** loyalty card users as of 30 June 2019



- Pyaterochka added **172 th. sq. m** of net selling space in Q2 2019



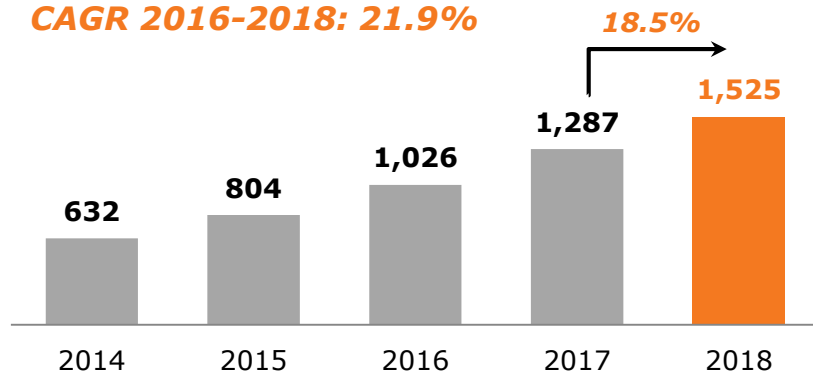
Source: X5 data

# 06 OPERATIONAL HIGHLIGHTS

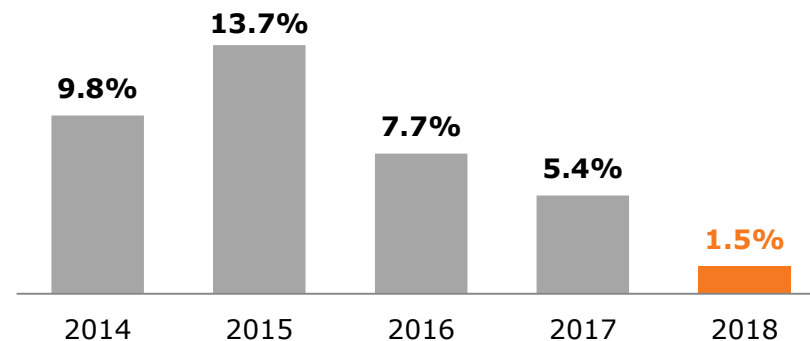
## Net retail sales dynamics, RUB bn

CAGR 2014-2018: 24.6%

**CAGR 2016-2018: 21.9%**



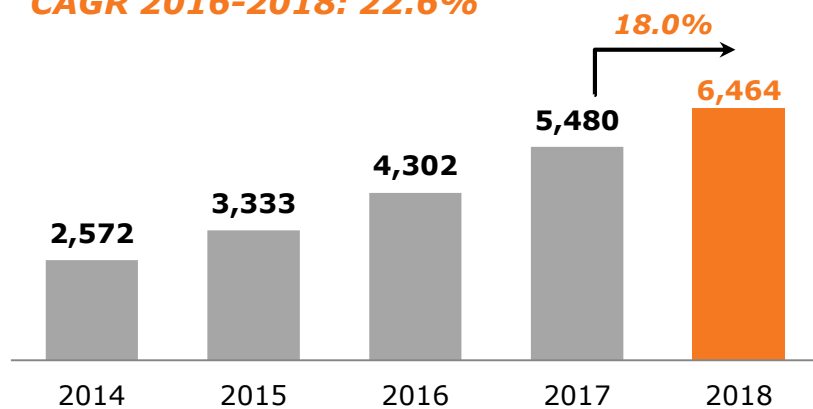
## LFL sales, % y-o-y growth



## Selling space, th. sq. m

CAGR 2014-2018: 25.9%

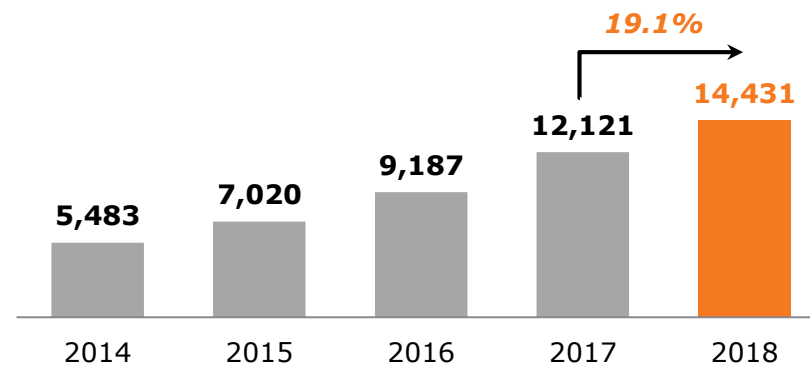
**CAGR 2016-2018: 22.6%**



## Number of stores, end of period

CAGR 2014-2018: 27.4%

**CAGR 2016-2018: 25.3%**



Source: X5 data

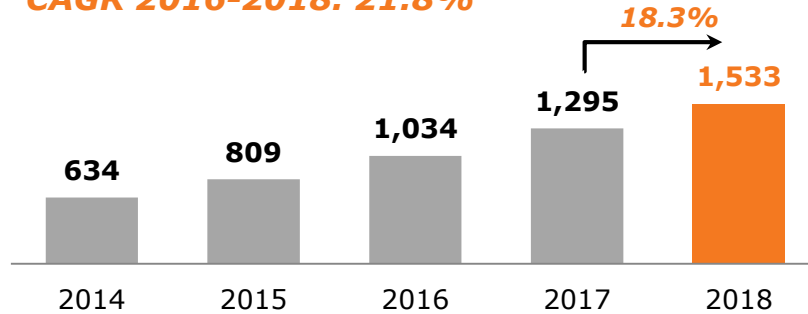


# 07 / FINANCIAL HIGHLIGHTS

## Revenue dynamics, RUB bn

CAGR 2014-2018: 24.7%

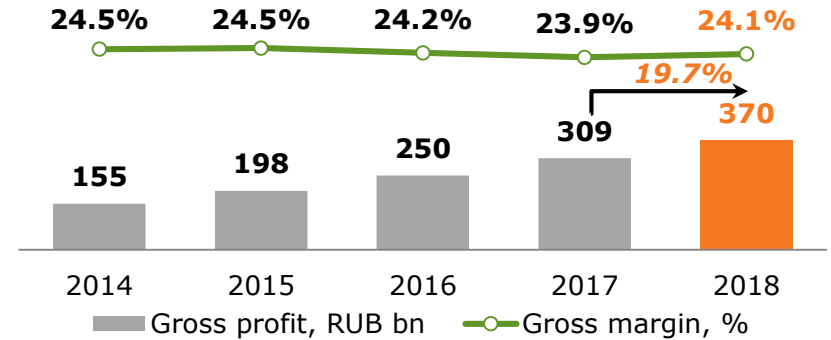
**CAGR 2016-2018: 21.8%**



## Gross profit & gross margin

CAGR 2014-2018: 24.3%

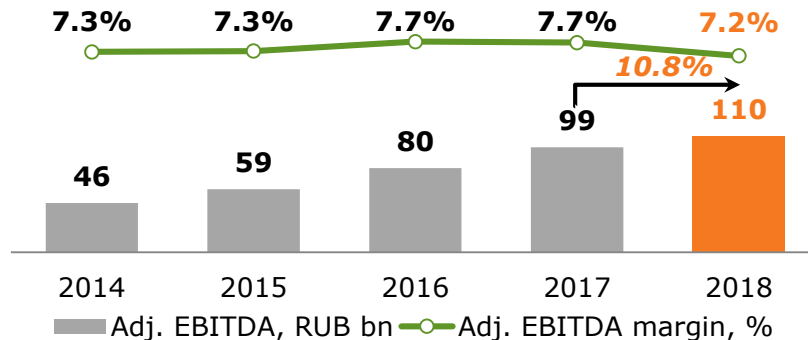
**CAGR 2016-2018: 21.6%**



## Adj. EBITDA & adj. EBITDA margin<sup>[1]</sup>

CAGR 2014-2018: 24.0%

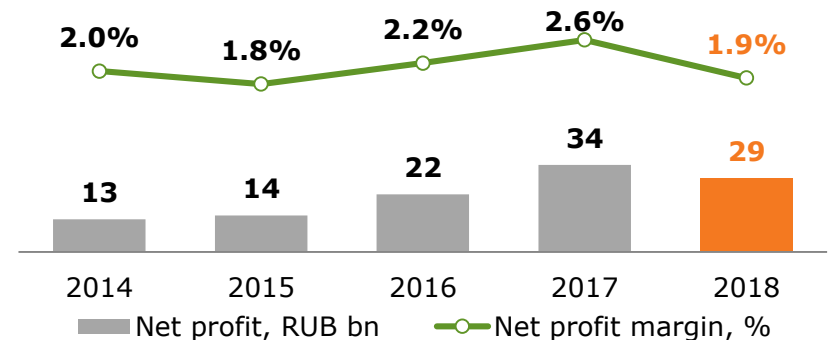
**CAGR 2016-2018: 17.5%**



## Net profit and net profit margin

CAGR 2014-2018: 22.6%

**CAGR 2016-2018: 13.4%**



Source: X5 data

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



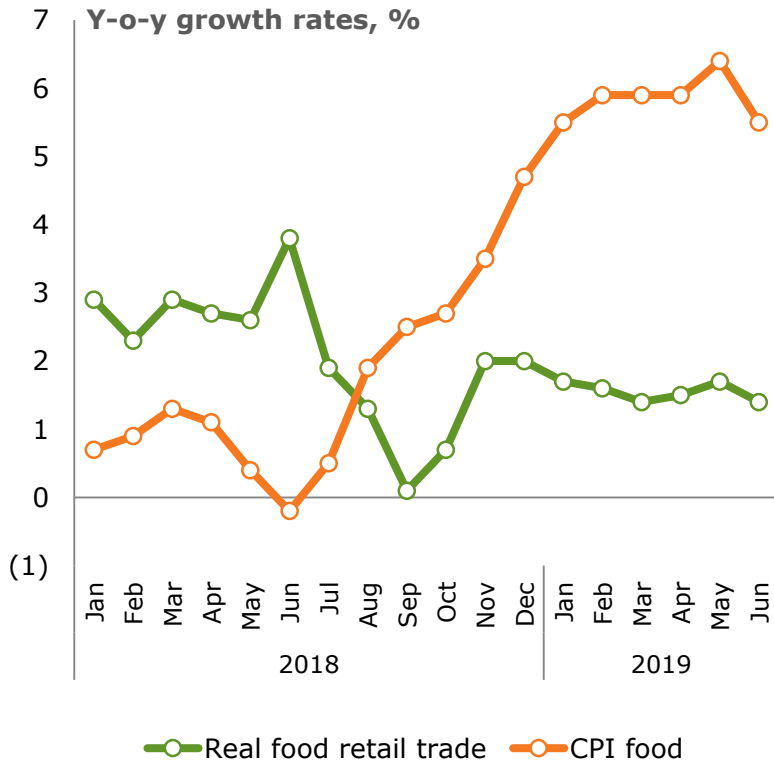


## **II. MARKET OVERVIEW**

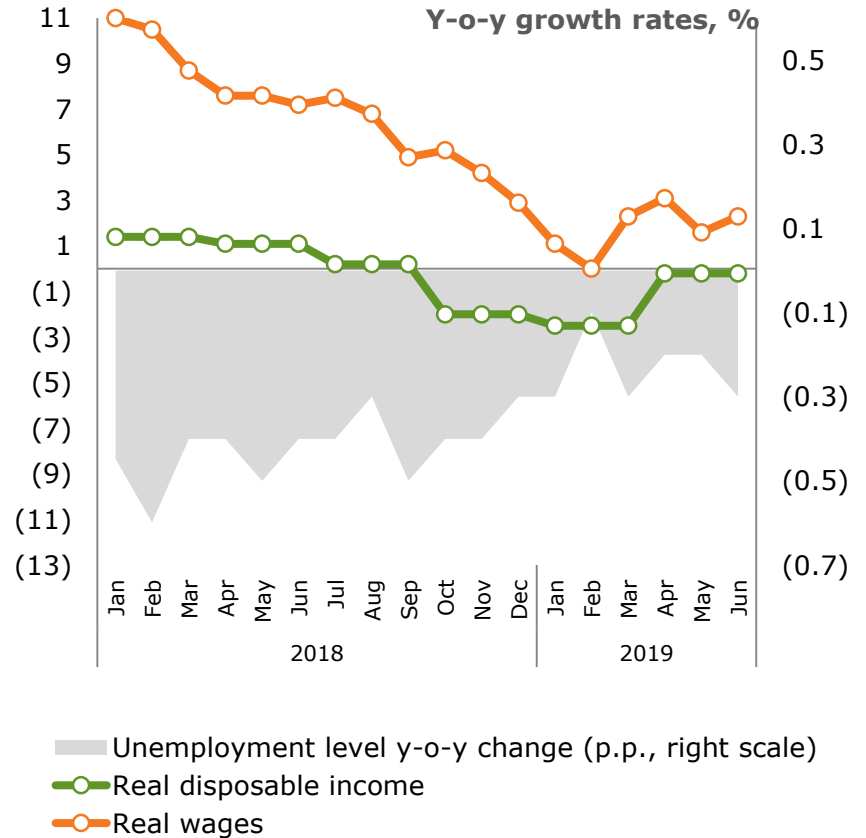


# 09 MACRO ENVIRONMENT (1/2)

**Real food retail trade continued its moderate recovery in H1 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

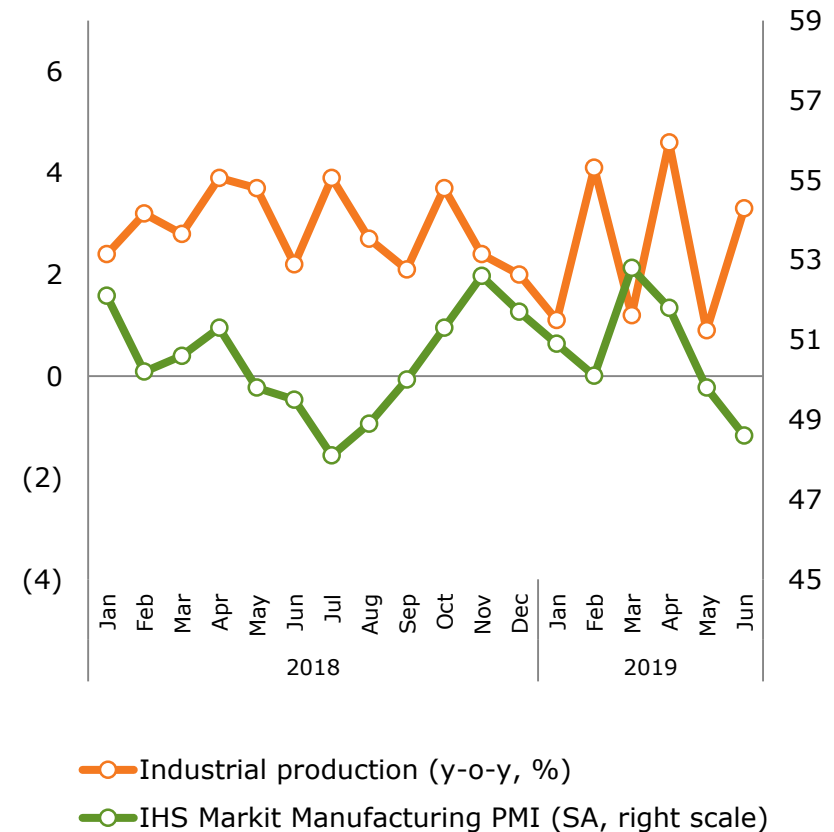
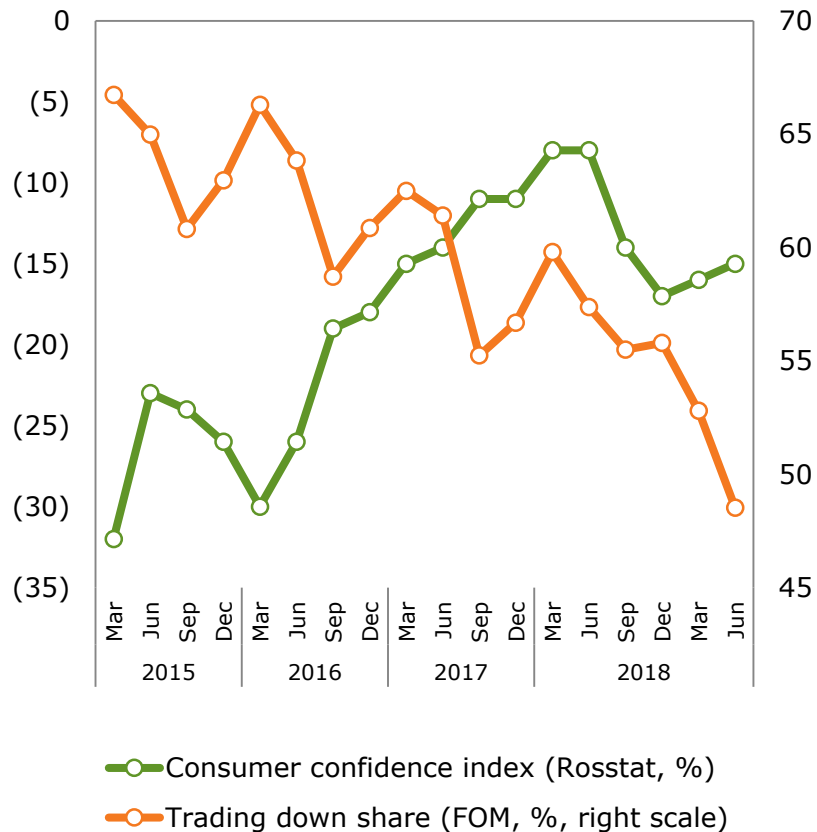
**In H1 2019 the consumer demand growth rates for food products remained steadily positive despite weak real disposable income dynamics and increased inflationary pressure**



# 10 / MACRO ENVIRONMENT (2/2)

**Consumer confidence slightly improved in H1 2019 relative to the end of 2018. Trading down continued declining**

**Positive growth in industrial production is still largely based on mining sector acceleration – without significant improvement in the manufacturing sector**



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**

# 11 / RECENT FOOD RETAIL MARKET TRENDS...

KEY TRENDS	DESCRIPTION	CONCLUSIONS
<b>Changing consumer behavior</b>	<ul style="list-style-type: none"> <li>Consumers are raising the bar on product quality and customer experience</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to improve competitiveness through service and personalisation</li> </ul>
<b>Increasing popularity of fruit and vegetables, ready-to-eat and fresh categories</b>	<ul style="list-style-type: none"> <li>Consumer preferences shift towards a unique and local assortment, with healthy, ready-to-eat and ready-to-cook options becoming more popular</li> </ul>	<ul style="list-style-type: none"> <li>Traditional retailers need to adapt to changing preferences and growing popularity of specialised retailers</li> </ul>
<b>Online offer</b>	<ul style="list-style-type: none"> <li>Online shopping starting to replace regular shopping outings, especially in hypermarkets</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to improve competitiveness through online service development</li> </ul>
<b>Emergence of non-traditional players</b>	<ul style="list-style-type: none"> <li>New players entering the market are able to challenge and disrupt the status quo, and are starting to transform the market</li> </ul>	<ul style="list-style-type: none"> <li>Traditional retailers need to adapt to changing competitive environment</li> </ul>
<b>Increasing competition</b>	<ul style="list-style-type: none"> <li>Retail space saturation</li> <li>"Value" format development (e.g., specialists, hard discounters, dollar stores)</li> </ul>	<ul style="list-style-type: none"> <li>Increasing pressure on LFL</li> <li>Increased pressure on margins (need for opex reduction)</li> </ul>
<b>Aging population</b>	<ul style="list-style-type: none"> <li>Growth of over working age population by 2% p.a. vs. reduction of working age group by 1% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>Growth of price-sensitive consumer segment</li> <li>Growth of proximity format popularity</li> </ul>



# 12 / ...AND X5'S RESPONSE

## KEY TRENDS

## X5 RESPONSE

### Changing consumer behavior

- Constant adaptation of CVPs to customers' needs leveraging extensive knowledge from our loyalty programs across all formats
- Personalised offers based on the loyalty programmes

### Increasing popularity of fruit and vegetables, ready-to-eat and fresh categories

- Improving the quality of the fresh category, especially fruits and vegetables, and adding new positions in the product range, including ready-to-eat category
- Launch of own brand of products with ultra-short shelf life, Green Line, in Perekrestok. In Moscow, the project is run jointly with the suppliers of VkusVill

### Online offer

- Perekrestok Online expansion covering Moscow, Moscow region (partially) and St. Petersburg
- Pilot of Click & Collect and express delivery in supermarkets and hypermarkets

### Emergence of non-traditional players

- Constant adaptation of the assortment and service in accordance with market trends and consumer needs
- Development of detailed roadmaps for innovative projects across X5 Retail Group, and expansion of the "big data" division to further improve the efficiency of the business in all areas

### Increasing competition

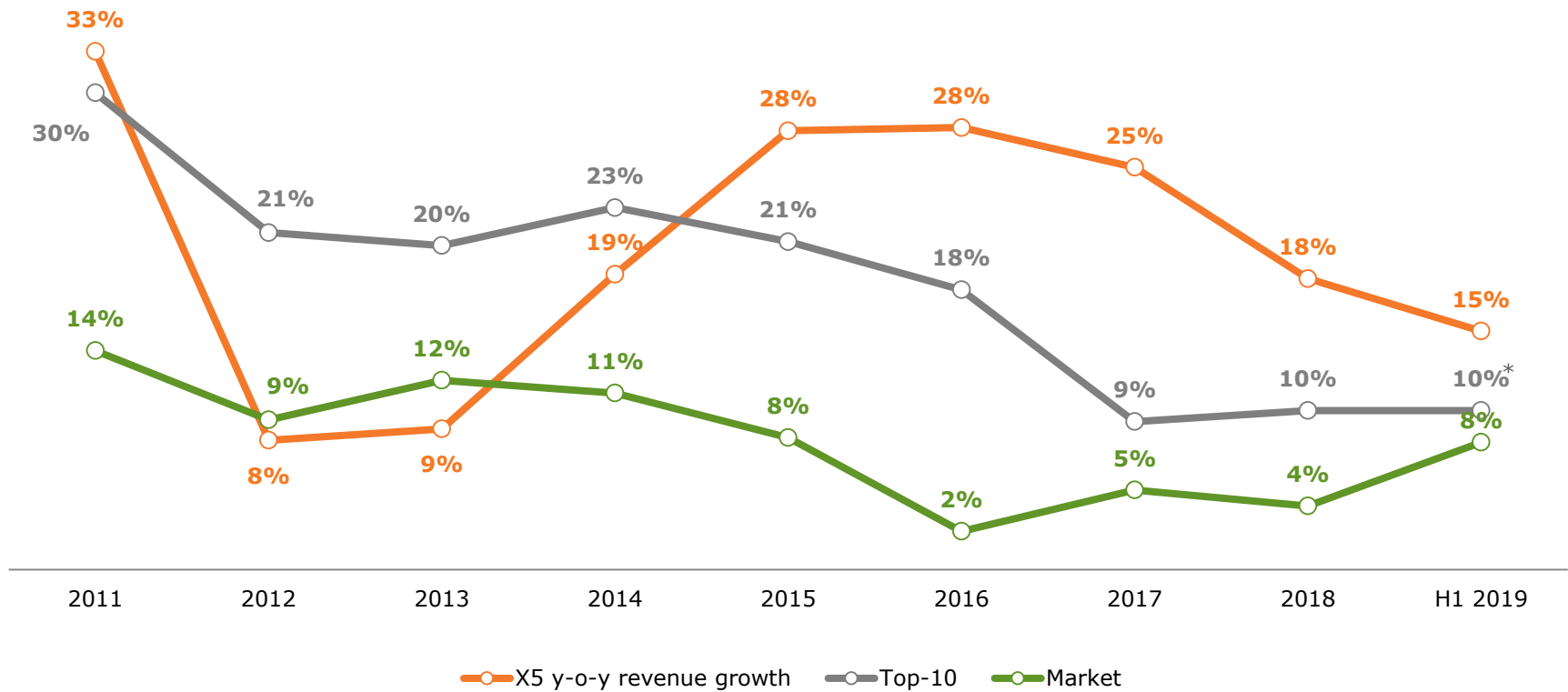
- Clusterisation of Pyaterochka stores into different segments to specifically target consumer needs
- Smart regional expansion with effective CVP for small cities and towns
- Effective GIS system to help find optimal locations

### Aging population

- Continued expansion of proximity segment (c. 80% of X5 revenue)
- 5-10% discounts for pensioners from 9:00 until 13:00
- Focus on mothers with children



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













Source: Infoline, X5 analysis  
\* X5 estimates

**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 2017	% market share 2018
1	 X5	↑	9.5%	10.7%
2	 Magnit	↑	7.5%	7.7%
3	 Lenta	↑	2.5%	2.8%
4	 SPS Holding (Red and White)	↑	1.8%	2.4%
5	 Dixy	↔	2.1%	2.1%
6	 Auchan	↓	2.2%	1.9%
7	 Metro	↓	1.4%	1.3%
8	 O'Key	↓	1.2%	1.1%
9	 Monetka	↔	0.6%	0.6%
10	 Globus	↔	0.6%	0.6%
<b>Total Top 10</b>		↑	<b>29.4%</b>	<b>31.2%</b>

Source: InfoLine

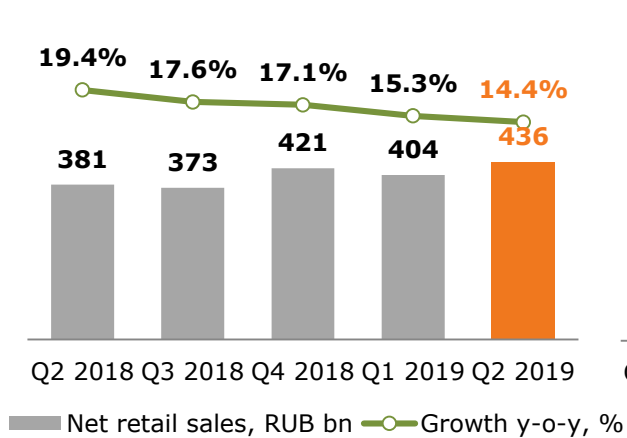
**X5's market share increased from 9.5% in 2017 to 10.7% in 2018**



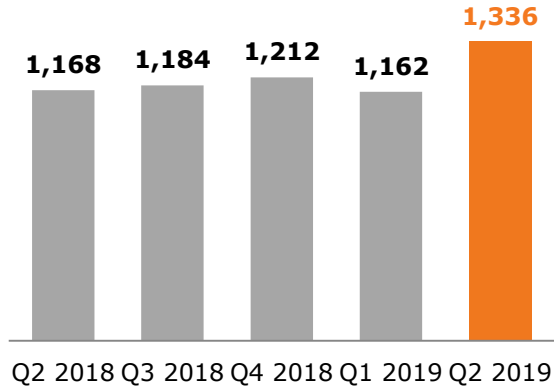
**III. OPERATIONAL RESULTS  
Q2 2019**

# 16 Q2 2019 RESULTS: OPERATIONAL HIGHLIGHTS

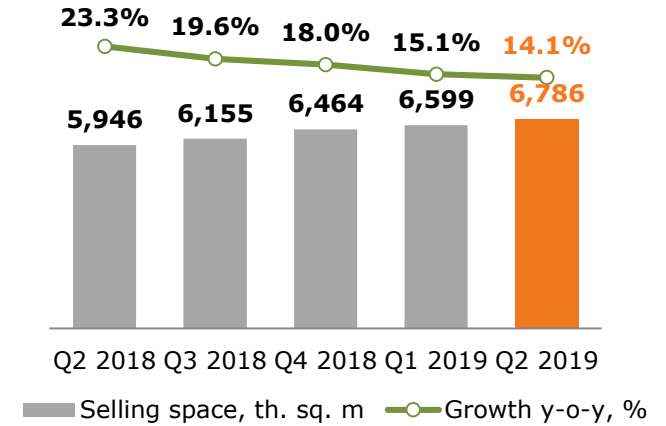
## Net retail sales



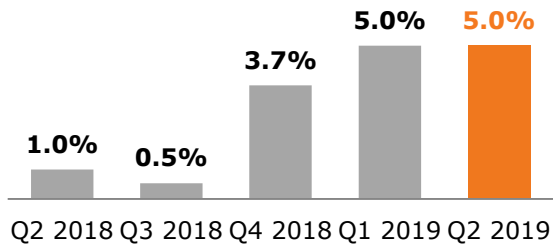
## Traffic, mln customers



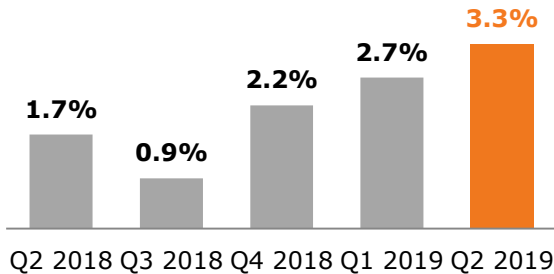
## Net selling space (eop)



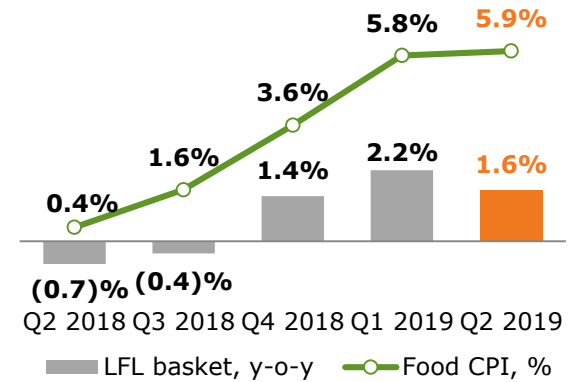
## LFL sales, y-o-y



## LFL traffic, y-o-y



## LFL basket, y-o-y

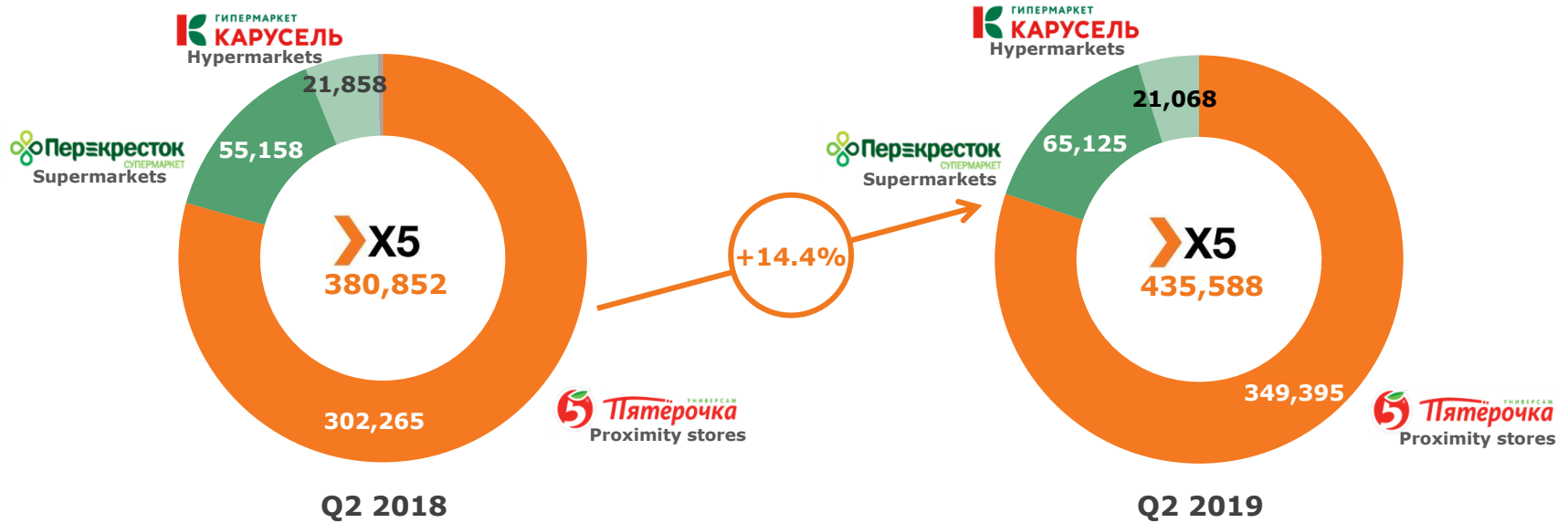


Source: X5 data



# 17 / Q2 2019 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

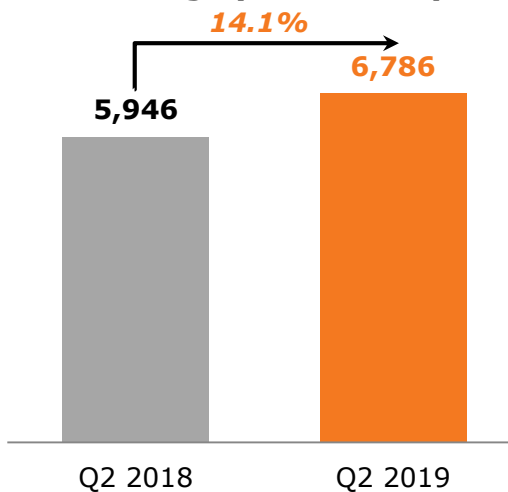
**Net retail sales growth of 14.4% was driven by a 5.0% increase in like-for-like sales and a 9.4% sales growth contribution from a 14.1% rise in selling space**



# 18 / Q2 2019 RESULTS: EXPANSION SUMMARY

- Total store base increased to 15,260 stores as of 30 June 2019
- Pyaterochka was the main driver for the store base increase with a 172 th. sq. m selling space addition in Q2 2019

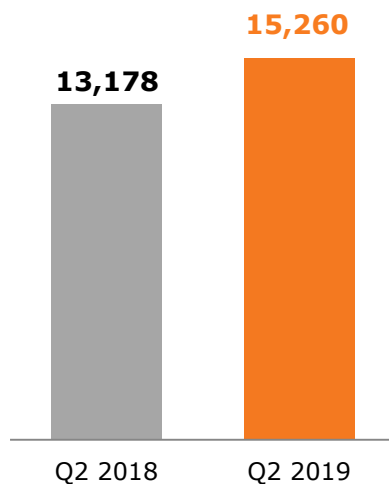
Net selling space, th. sq. m



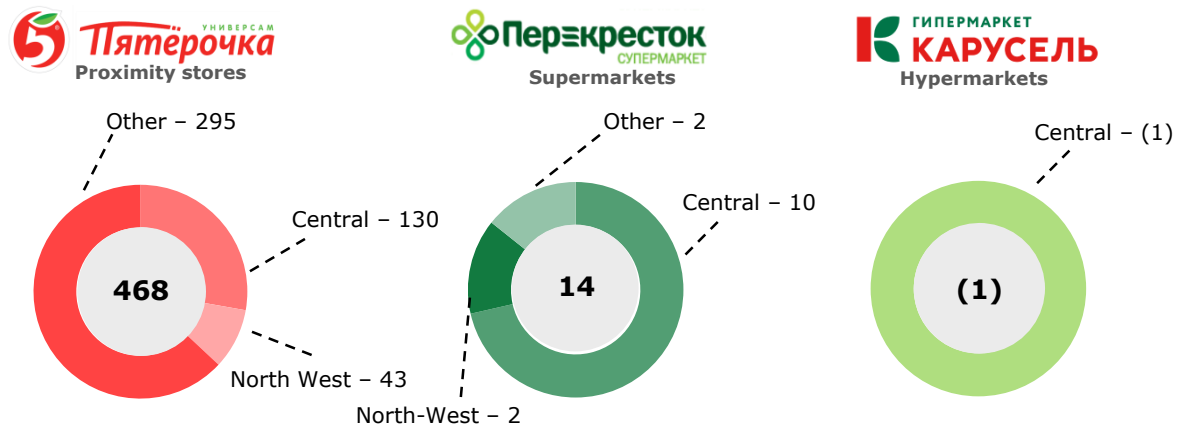
Net selling space added in Q2 2019, th. sq. m



Total stores base



Stores added (net) in Q2 2019 by formats and by regions

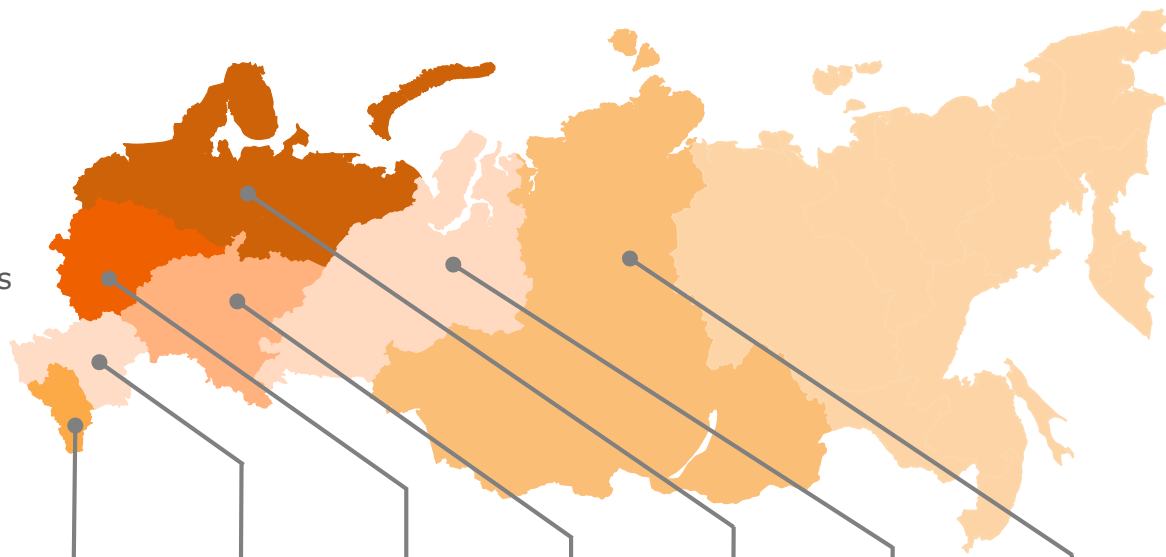






Source: X5 data

# 19 X5 REGIONAL PRESENCE

## X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 15,260, including:
  - 14,385 Pyaterochka stores
  - 785 Perekrestok supermarkets
  - 90 Karusel hypermarkets



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 <b>Пятёрочка</b>		254	1,292	5,515	3,919	1,618	1,204	583	<b>14,385</b>
 <b>Перекресток</b> СУПЕРМАРКЕТ	Number of stores, #	8	44	468	117	104	44	-	<b>785</b>
 <b>ГИПЕРМАРКЕТ КАРУСЕЛЬ</b>		1	5	37	25	17	5	-	<b>90</b>
 <b>X5 RETAIL GROUP</b>	Net retail sales (6M 2019), %	1.0%	5.7%	51.7%	18.8%	14.4%	6.4%	1.9%	<b>100%</b>

Source: X5 data

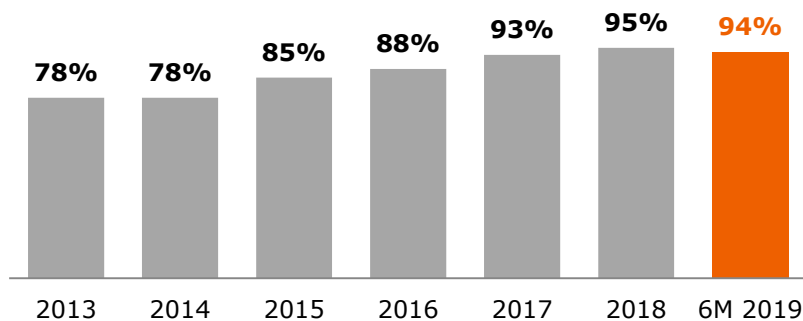
# 20 X5 DISTRIBUTION CAPABILITIES

## Warehouse space as of 30 June 2019

Federal district	Space, th. sq. m	# of DCs
Central	587	16
North-Western	151	6
Volga	195	9
Ural	139	6
Southern	96	4
Siberian	18	1
<b>Total</b>	<b>1,187</b>	<b>42</b>



## Centralisation levels



Source: X5 data

## Highlights for Q2 2019

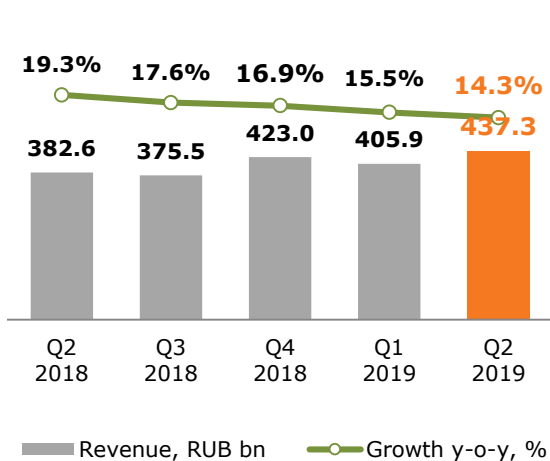
- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 30 June 2019 the Company owned 3,952 trucks.



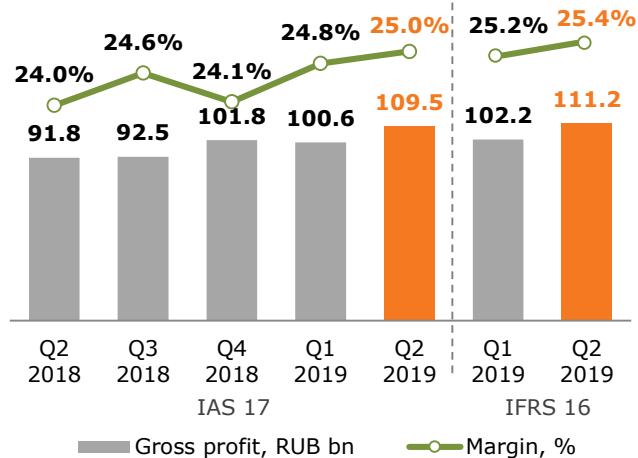
**IV. FINANCIAL RESULTS  
Q2 2019**

# 22 Q2 2019 RESULTS: X5 FINANCIAL HIGHLIGHTS

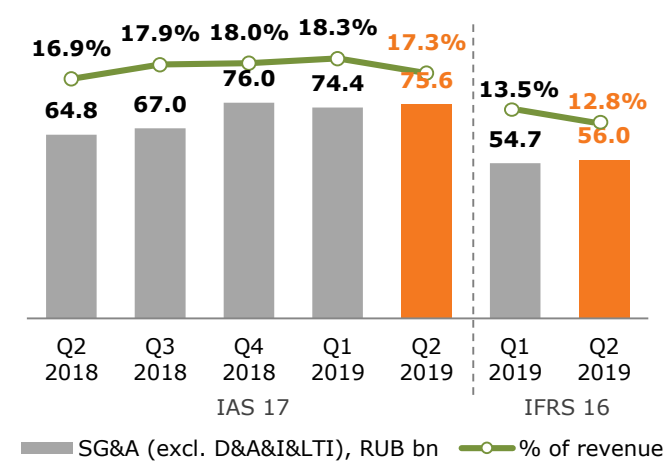
## Revenue



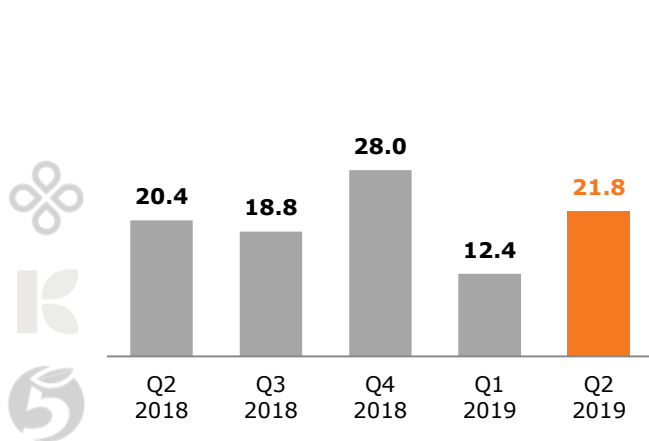
## Gross profit & gross margin



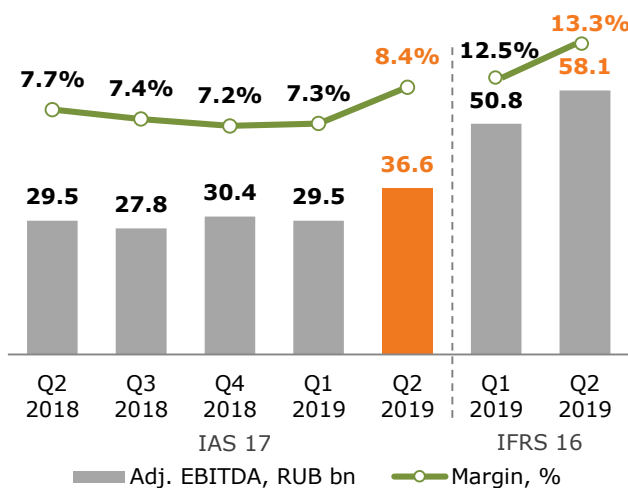
## SG&A (excl. D&A&I&LTI)



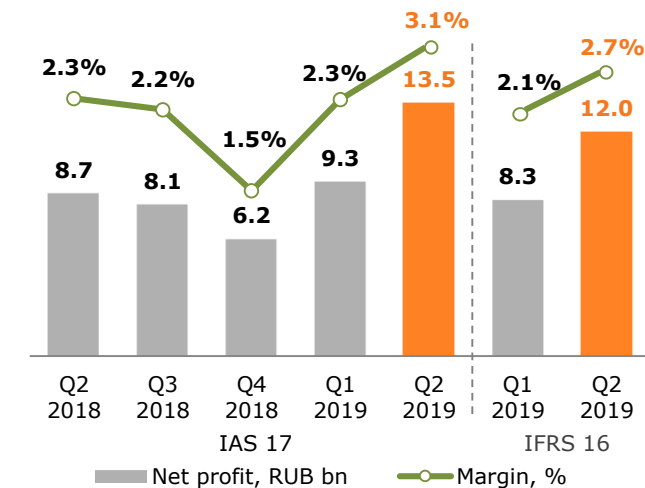
## Capital expenditures, RUB bn



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



## Net profit & net profit margin

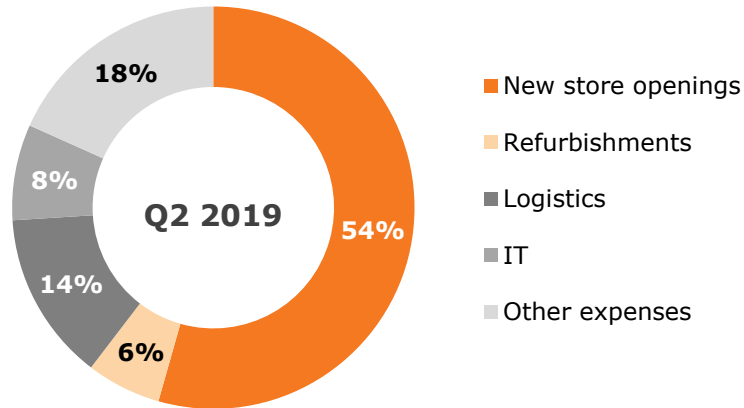


Source: X5 data

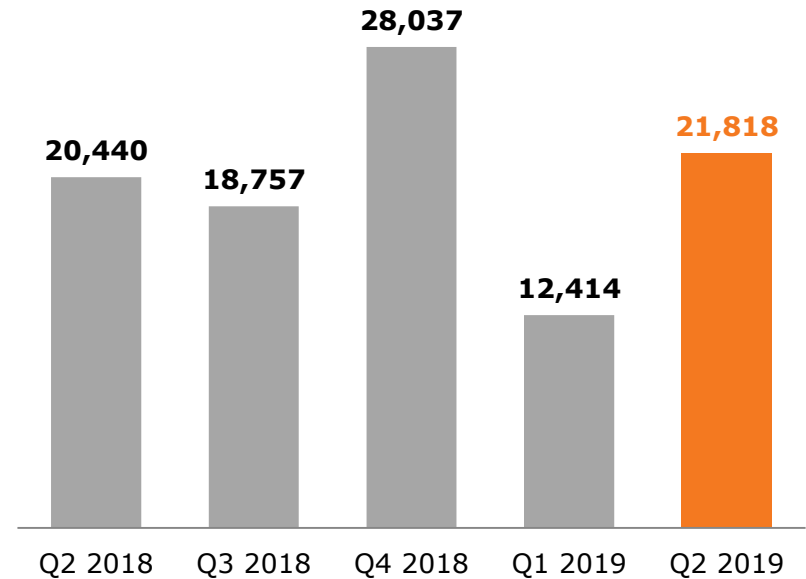
[1] – Adjusted for LTI, exit payments and share-based payments and other one-off remuneration payments

# 23 / Q2 2019 RESULTS: X5 CAPITAL EXPENDITURE OVERVIEW

### Capex breakdown, %



### Capex dynamics by quarter, RUB mln



Source: X5 data (prepared under IAS 17)

**In Q2 2019, capex programme focused on organic expansion, logistics, IT and other expenses**

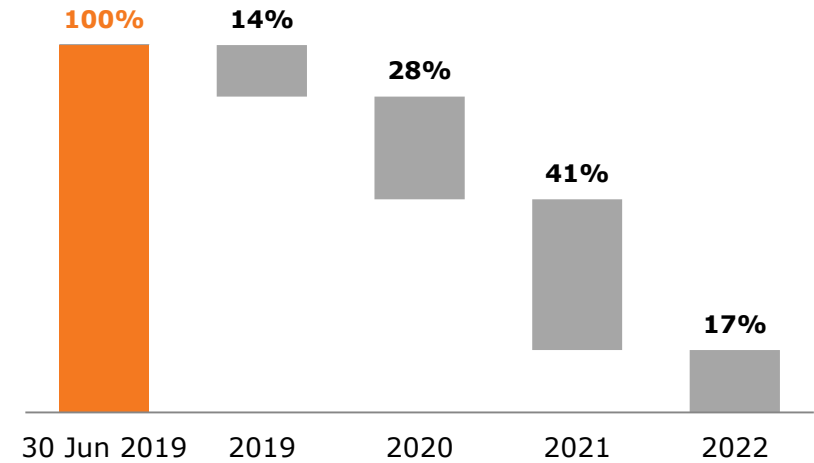


# 24 / Q2 2019 RESULTS: DEBT STRUCTURE

## Debt profile

RUB mln	30 Jun 2019	30 Jun 2018
<b>Total Debt</b>	<b>212,055</b>	<b>224,164</b>
Short-Term Debt	59,852	63,392
<i>% of total debt</i>	<i>28.2%</i>	<i>28.3%</i>
Long-Term Debt	152,203	160,772
<i>% of total debt</i>	<i>71.8%</i>	<i>71.7%</i>
<b>Net Debt</b>	<b>195,112</b>	<b>210,390</b>

## Debt portfolio maturity



## Covenants & liquidity update

Covenant metrics & liquidity sources	30 Jun 2019	30 Jun 2018
Net Debt / EBITDA (IAS 17)	1.59x	2.18x
Cash & cash equiv., RUB mln	16,943	13,774
Available credit limits, RUB mln	341,073	295,919

Source: X5 data

## Highlights

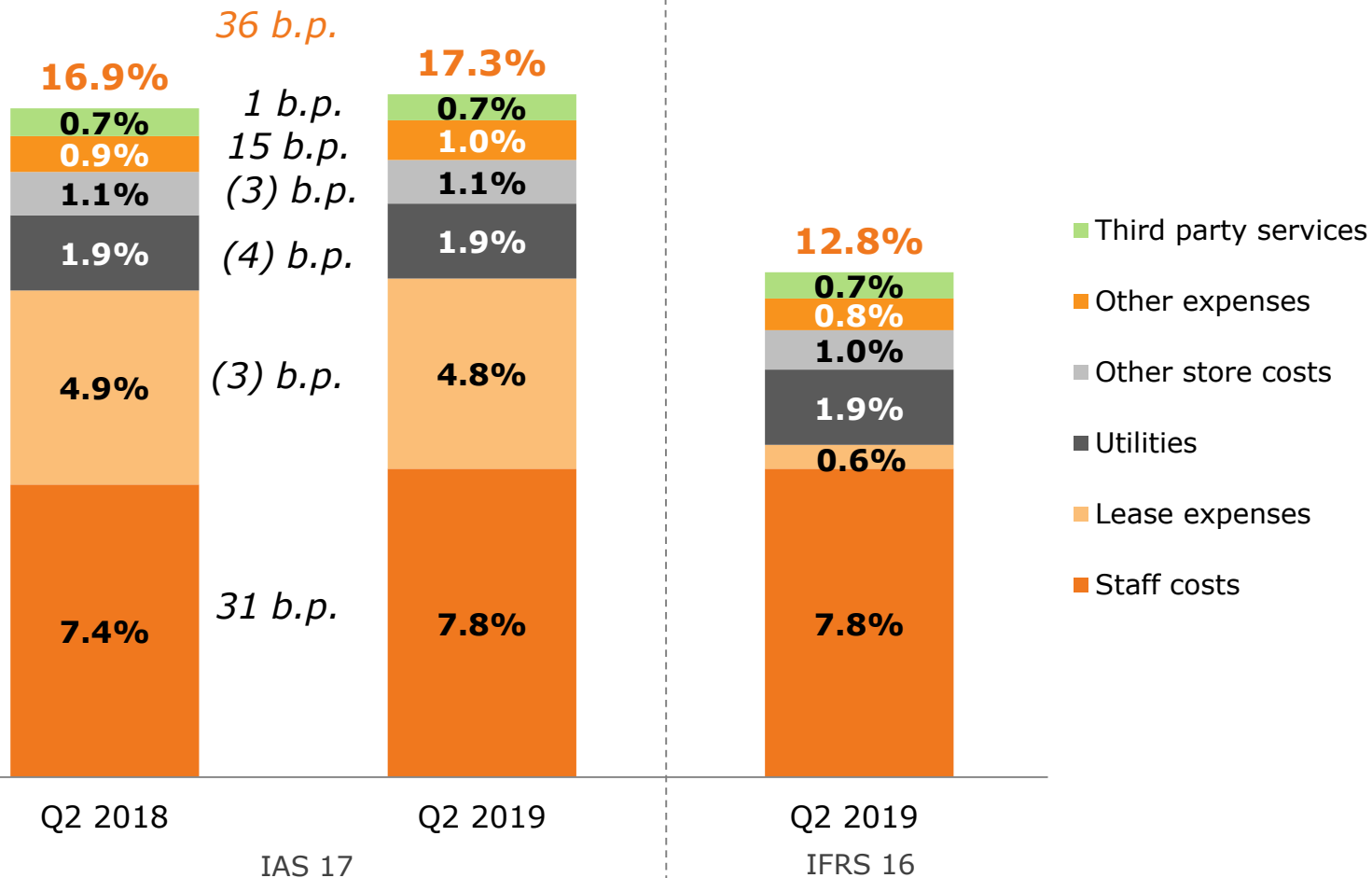
- X5's debt portfolio is 100% RUB-denominated
- The majority of the X5's loans and bonds have fixed interest rates
- X5's available credit limits amounted to RUB 341.1 bn





# 25 / Q2 2019 RESULTS: ADJUSTED SG&A [1] EXPENSES ANALYSIS

## Q2 2019 analysis as percentage of revenue



Source: X5 data  
 [1] – Adjusted for D&A&I, LTI, exit share-based payments



# 26 / FINANCIAL STATEMENTS (1/3)

## PROFIT AND LOSS STATEMENT

RUB mln	IAS 17				IFRS 16
	Q2 2019	Q2 2018	+ / ( - )	+ / ( - ), %	Q2 2019
<b>Revenue</b>	<b>437,311</b>	<b>382,559</b>	<b>54,752</b>	14.3%	<b>437,311</b>
Net retail sales	435,588	380,852	54,735	14.4%	435,588
COGS	(327,811)	(290,771)	(37,040)	12.7%	(326,130)
<b>Gross profit</b>	<b>109,500</b>	<b>91,788</b>	<b>17,712</b>	19.3%	<b>111,181</b>
<i>Gross profit margin</i>	25.0%	24.0%		105 b.p.	25.4%
SG&A	(89,872)	(78,005)	(11,867)	15.2%	(84,609)
<b>EBITDA</b>	<b>36,135</b>	<b>28,866</b>	<b>7,269</b>	25.2%	<b>57,614</b>
<i>EBITDA margin</i>	8.3%	7.5%		72 b.p.	13.2%
<b>Operating profit</b>	<b>22,332</b>	<b>16,235</b>	<b>6,097</b>	37.6%	<b>29,446</b>
<i>Operating margin</i>	5.1%	4.2%		86 b.p.	6.7%
<b>Net profit</b>	<b>13,508</b>	<b>8,685</b>	<b>4,823</b>	55.5%	<b>11,977</b>
<i>Net profit margin</i>	3.1%	2.3%		82 b.p.	2.7%

Source: X5 data

# 27 / FINANCIAL STATEMENTS (2/3)

## BALANCE SHEET (IFRS 16)

RUB mln	30 Jun 2019	31 Dec 2018*
<b>Total current assets</b>	<b>148,226</b>	<b>170,840</b>
Cash & cash equivalents	16,943	24,368
Inventories	103,686	115,990
<b>Total non-current assets</b>	<b>849,136</b>	<b>439,959</b>
Right-of-use assets	397,369	-
Net PP&E	309,555	303,802
Goodwill	98,040	94,627
<b>Total assets</b>	<b>997,362</b>	<b>610,799</b>
<b>Total current liabilities</b>	<b>327,176</b>	<b>291,203</b>
ST debt	59,852	60,435
ST finance lease payables	53,910	-
Trade accounts payable	138,732	154,873
<b>Total non-current liabilities</b>	<b>552,849</b>	<b>154,121</b>
LT debt	152,203	147,329
LT finance lease payable	394,204	-
<b>Total liabilities</b>	<b>880,025</b>	<b>445,324</b>
<b>Total equity</b>	<b>117,337</b>	<b>165,475</b>
<b>Total liabilities &amp; equity</b>	<b>997,362</b>	<b>610,799</b>

Source: X5 data

\* The Group made a transition to IFRS 16 using the modified retrospective approach under which the comparative information was not restated (refer to Note 4).



# 28 / FINANCIAL STATEMENTS (3/3)

## CASH FLOW STATEMENT (IAS 17 AND IFRS 16)

RUB mln	IAS 17				IFRS 16
	Q2 2019	Q2 2018	+/( - )	+/( - ), %	Q2 2019
<b>Net cash generated from operating activities</b>	<b>31,819</b>	<b>13,928</b>	<b>17,891</b>	128,5%	<b>43,213</b>
Net cash from operating activities before changes in working capital	36,292	28,742	7,550	26.3%	57,599
Change in Working Capital, incl.:	1,939	(8,126)	10,065	n/a	1,333
Decrease/(increase) in trade and other AR	(838)	2,199	(3,037)	n/a	(863)
Decrease/(increase) in inventories	(1,689)	(3,773)	2,084	(55.2)%	(1,689)
(Increase)/decrease in trade payable	8,070	(4,559)	12,629	n/a	8,070
(Decrease)/increase in other AP	(3,604)	(1,993)	(1,611)	80.8%	(4,185)
Net interest and income tax paid	(6,412)	(6,688)	276	(4.1%)	(15,719)
<b>Net cash used in investing activities</b>	<b>(18,186)</b>	<b>(23,797)</b>	<b>5,611</b>	(23.6)%	<b>(18,186)</b>
<b>Net cash generated from/(used in) financing activities</b>	<b>(14,963)</b>	<b>10,729</b>	<b>(25,692)</b>	n/a	<b>(26,357)</b>
Effect of exchange rate changes on cash & cash equiv.	(8)	(21)	13	(61.9)%	(8)
<b>Net increase/(decrease) in cash &amp; cash equiv.</b>	<b>(1,338)</b>	<b>839</b>	<b>(2,177)</b>	n/a	<b>(1,338)</b>

Source: X5 data



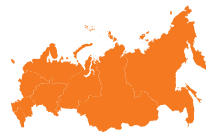
**APPENDIX  
PERFORMANCE SUMMARY OF KEY  
FORMATS**

# 30 PYATEROCHKA SUMMARY (1/3)

## RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



**14,385 stores** as of  
30 June 2019,  
16.8% increase y-o-y



**5,607 th. sq. m of selling space**  
as of 30 June 2019,  
15.8% increase y-o-y



**Q2 2019 net retail sales –  
RUB 349.4 bn,**  
15.6% increase y-o-y



**1,158 mln of customer visits** in  
Q2 2019, 15.6% increase y-o-y



Share of X5's Q2 2019 sales:  
**~80%**



Q2 2019 LFL Results

- Sales: **4.8%**
- Traffic: **3.2%**
- Basket: **1.6%**



Average check:  
**RUB 347** (Q2 2019)  
0.7% 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**



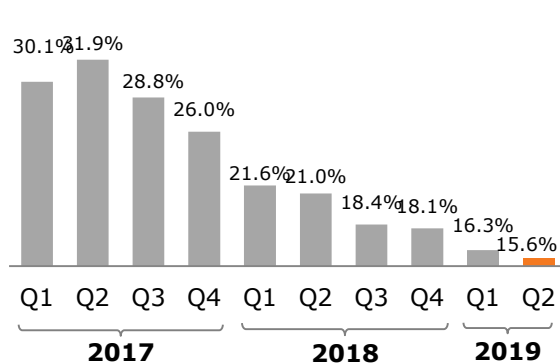
Capex per leased store:  
**RUB 12-15 mln**



# 31 PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

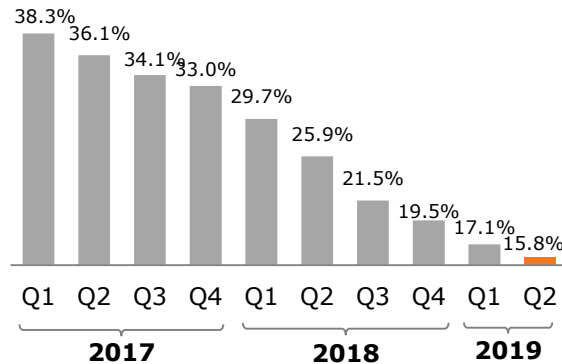
**Q2 2019 net retail sales:  
15.6% increase y-o-y**

Net sales growth (% y-o-y)



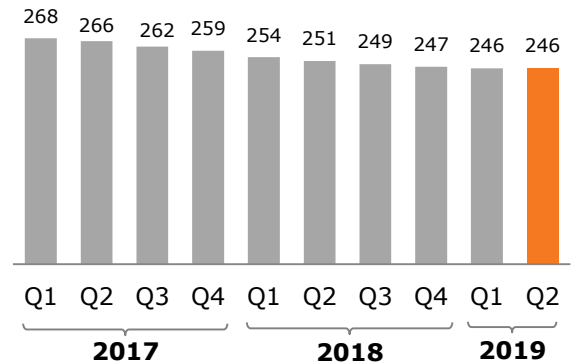
**Q2 2019 selling space:  
15.8% increase y-o-y**

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



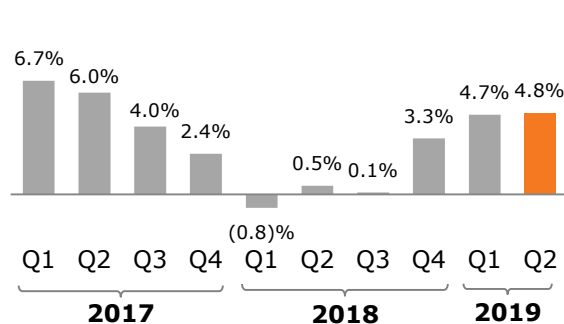
**Q2 2019 sales densities:  
2.2% decline y-o-y**

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



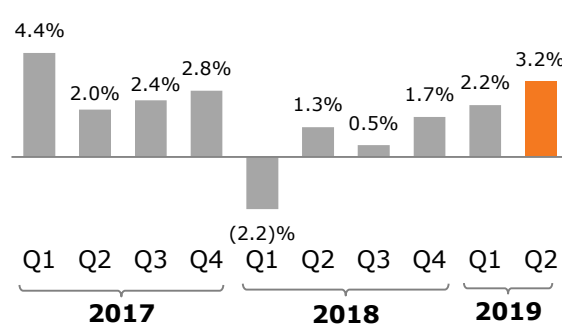
**Q2 2019 LFL sales:  
4.8% increase y-o-y**

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



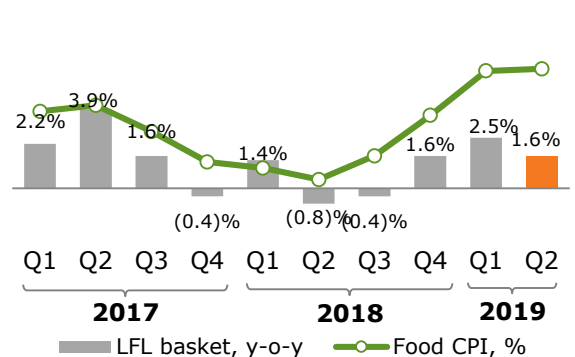
**Q2 2019 LFL traffic:  
3.2% increase y-o-y**

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



**Q2 2019 LFL basket:  
1.6% 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 SUMMARY (3/3)

## STRATEGY OVERVIEW

- **Maximise the share of customers, and maximise share of these customers' wallet:**
  - Further **adaptation of CVP** and **assortment**
  - **Leadership in NPS** and service level
  - **Decrease personnel turnover**; improve loyalty
  - Improvement in **operational efficiency**, incl. shrinkage
  - Roll-out of **personalised promotions**
  - Improve efficiency of **regional model**
- **Improve efficiency and reduce costs:**
  - **Further** improvements in opex and purchasing terms
  - Increase the share of **direct import**
  - Grow the share of **private label** to >20% during the next 3-5 years
  - **Lean and agile** approach



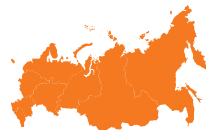


# 33 / PEREKRESTOK SUMMARY (1/3)

## RUSSIA'S #1 SUPERMARKET



**785 stores** as of  
30 June 2019,  
13.6% increase y-o-y



**815 th. sq. m. of selling space**  
as of 30 June 2019,  
15.5% increase y-o-y



**Q2 2019 net retail sales of  
RUB 65.1 bn,**  
18.1% increase y-o-y



**147 mln customers** in Q2 2019,  
17.3% increase y-o-y



Share of X5's Q2 2019 sales:  
**~15%**



Q2 2019 LFL Results

- Sales: **7.7%**
- Traffic: **6.3%**
- Basket: **1.3%**



Average check:  
**RUB 508** (Q2 2019),  
1.3% increase y-o-y



Avg. net selling space :  
**1,038 sq. m.**



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



Capex per leased store:  
**RUB 50-60 mln**

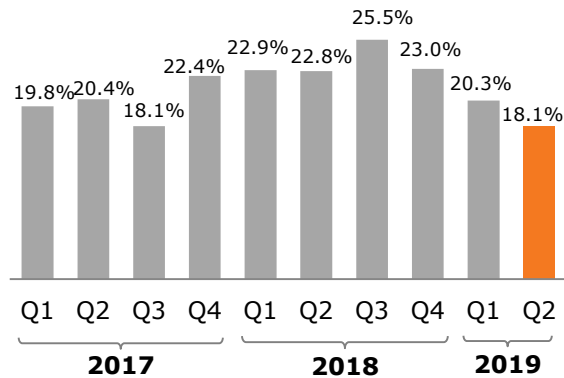


**The main supermarket in every neighbourhood**

# 34 PEREKRESTOK SUPERMARKETS SUMMARY (2/3)

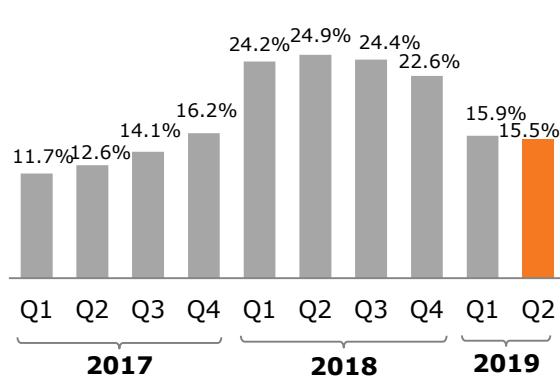
## Q2 2019 net retail sales: 18.1% increase y-o-y

Net sales growth (% y-o-y)



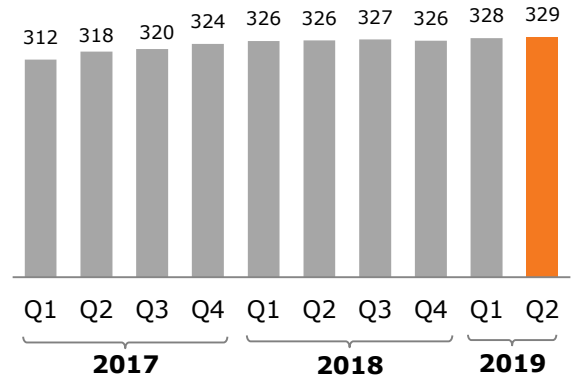
## Q2 2019 selling space: 15.5% increase y-o-y

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



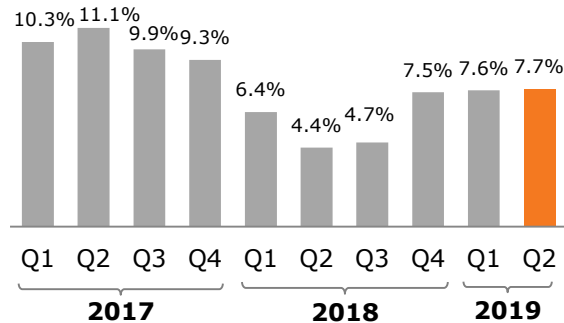
## Q2 2019 sales densities: 1.0% increase y-o-y

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



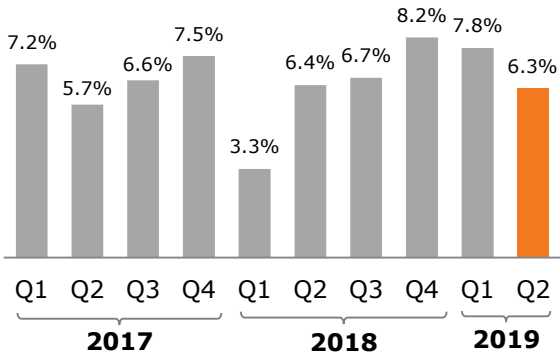
## Q2 2019 LFL sales: 7.7% increase y-o-y

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



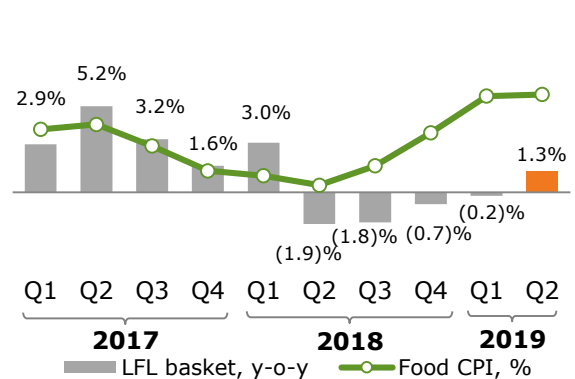
## Q2 2019 LFL traffic: 6.3% increase y-o-y

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



## Q2 2019 LFL basket: 1.3% 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 (3/3)

## STRATEGY OVERVIEW

- **Fine-tuning 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:**
  - 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

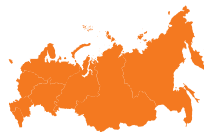


# 36 / KARUSEL SUMMARY (1/3)

## HIGHLIGHTS



**90 stores** as of  
30 June 2019:  
3.2% decrease y-o-y



**364 th. sq. m. of selling space**  
as of 30 June 2019,  
5.8% decrease y-o-y



**Q2 2019 net retail sales:**  
**RUB 21.1 bn**  
3.6% decrease y-o-y



**30 mln customer visits** in Q2 2019,  
8.0% decrease y-o-y



Share of X5's Q2 2019 sales:  
**~5%**



Q2 2019 LFL Results

- Sales: **0.4%**
- Traffic: **(3.5)%**
- Basket: **4.1%**



Average ticket:  
**RUB 801** (Q2 2019)  
5.2% increase y-o-y

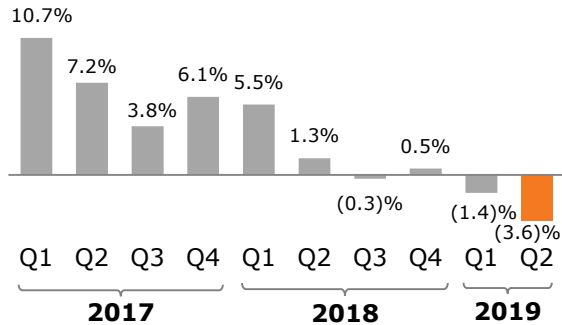


Avg. net selling space:  
**4,045 sq. m.**

# 37 / KARUSEL HYPERMARKETS SUMMARY (2/3)

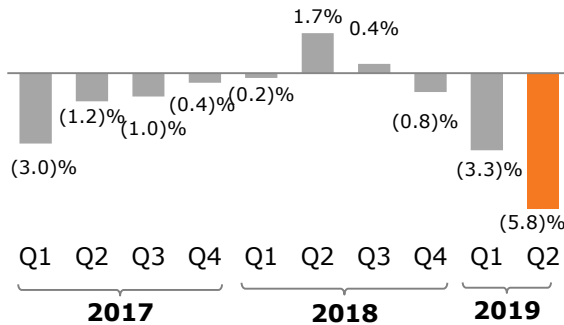
## Q2 2019 net retail sales: 3.6% decline y-o-y

Net sales growth (% y-o-y)



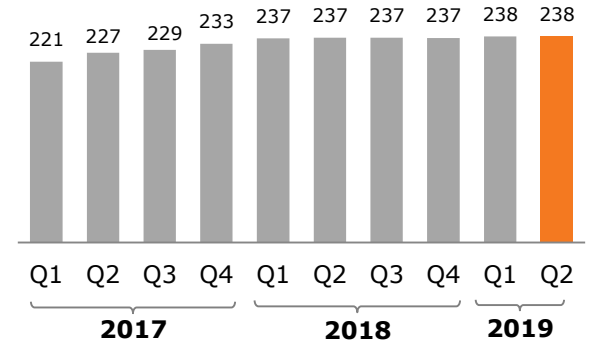
## Q2 2019 selling space: 5.8% decline y-o-y

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



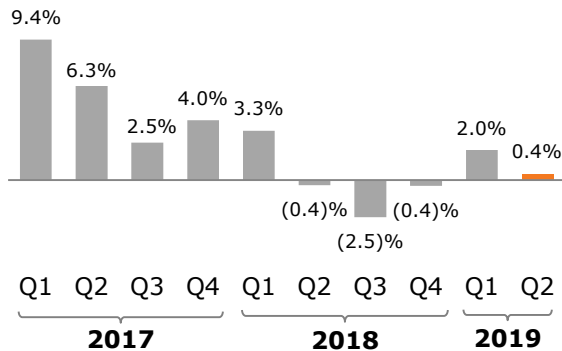
## Q2 2019 sales densities: 0.5% increase y-o-y

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



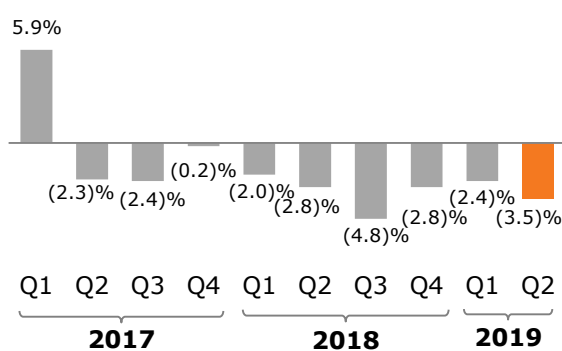
## Q2 2019 LFL sales: 0.4% increase y-o-y

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



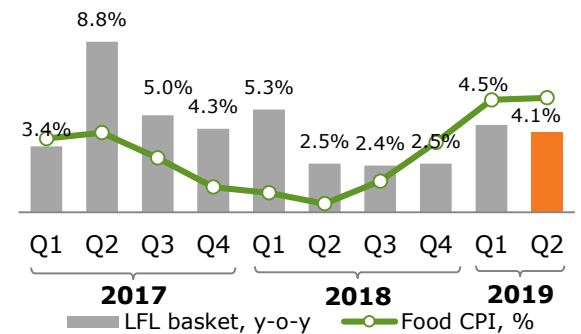
## Q2 2019 LFL traffic: 3.5% decline y-o-y

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



## Q2 2019 LFL basket: 4.1% 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



# 38 / KARUSEL SUMMARY (3/3)

## STRATEGY OVERVIEW

- **Increasing sales density and increasing customer loyalty:**
  - Further **adapt assortment**
  - Improve **price perception**
  - Increase **share of private label**
  - Expand **omni-channel** offering & digital **innovations**
  - Improve **personnel engagement**
  - Reduce lease costs, shrinkage and increase **operational efficiency**
  - Gradually renovate stores using **new branding**

