



Q2 2021 Financial Results

X5 RETAIL GROUP

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I. HIGHLIGHTS

STRATEGIC HIGHLIGHTS



- **Market leader** in Russian food retail, **12.8% market share in 12M 2020**
- **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**: in the last 3 years X5 opened **11 DCs** and currently operates **43 DCs**
- adding new links in the value chain and operating a fleet of **4,128 owned trucks** as of 30 June 2021



- 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
- 2020 dividend **RUB 50.0 bln / RUB 184.13 per GDR**, which represents **127.6% of net profit under IAS 17**

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KEY RESULTS Q2 2021



- **10.7%** revenue growth at in Q2 2021 (10.4% net retail sales growth in Q2 2021)



- **7.4%** YoY selling space growth in Q2 2021 (**+336** new stores added, net)



- **4.0%** LFL sales growth in Q2 2021



- **20%** of X5 stores operate in new concept as of Q2 2021 (new CVP launched in 2019)



- **8.3%** adj. EBITDA margin in Q2 2021



- **+12.9%** YoY loyal customers; **62.9 mln** active loyalty card users as of 30 Jun 2021, across formats

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- **1.68x** Net debt / EBITDA as of 30 June 2021



- **96%** of net store additions in Q2 2021 was **organic growth**
- **96%** of net store additions **in lease**

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- **57.6 thousand daily online** orders in Q2 2021, up **2.9 times** YoY



- **+105.7%** digital sales in Q2 2021, contributed 1.1 p.p. to sales growth rate

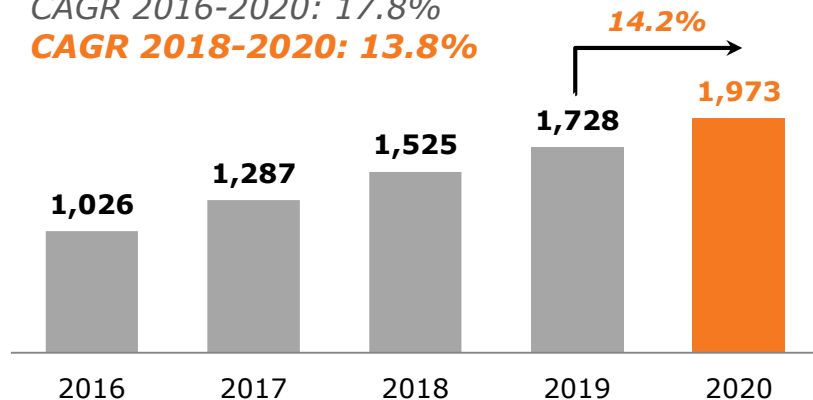


*Customers who made at least one purchase during the last quarter
Source: X5 data

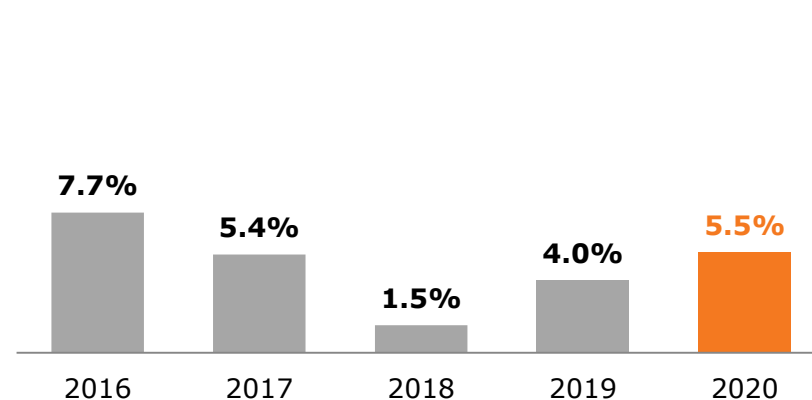
OPERATIONAL HIGHLIGHTS (ANNUAL)

Net retail sales dynamics, RUB bn

CAGR 2016-2020: 17.8%
CAGR 2018-2020: 13.8%

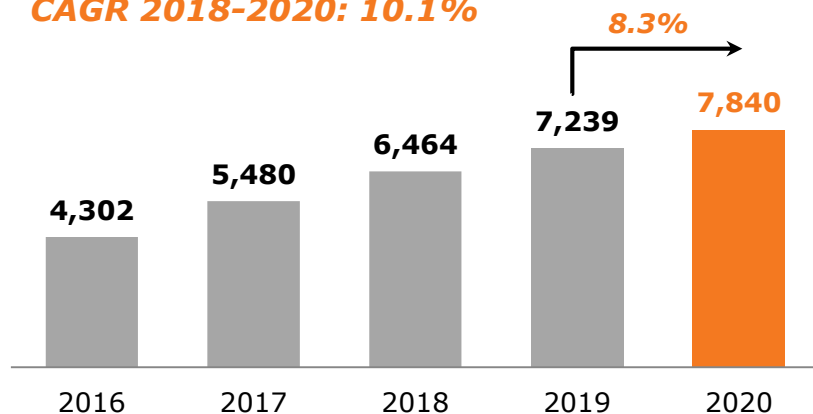


LFL sales, % y-o-y growth



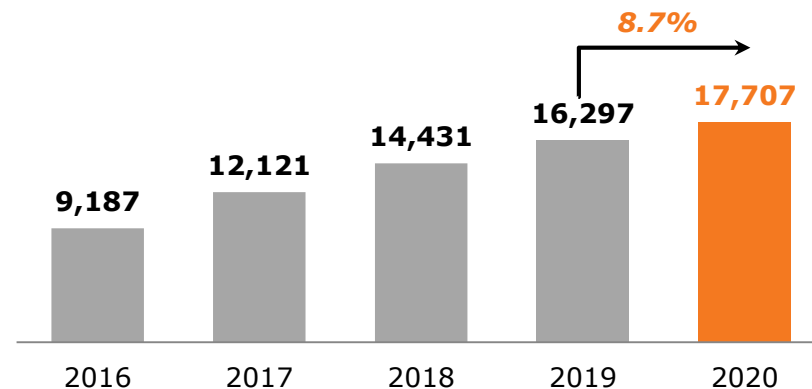
Selling space, th. sq. m

CAGR 2016-2020: 16.2%
CAGR 2018-2020: 10.1%



Number of stores, end of period

CAGR 2016-2020: 17.8%
CAGR 2018-2020: 10.8%



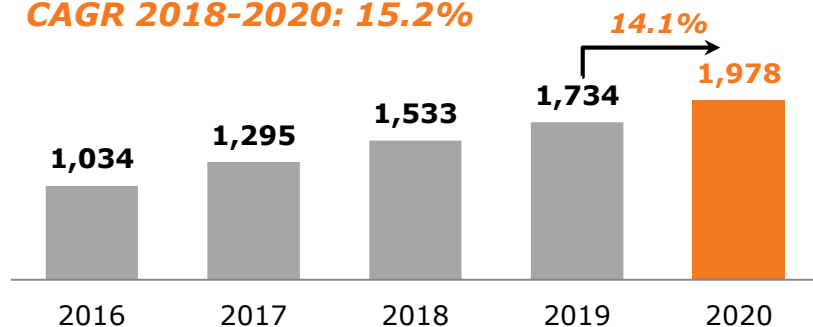
Source: X5 data

FINANCIAL HIGHLIGHTS (ANNUAL)

Revenue dynamics, RUB bn

CAGR 2016-2020: 17.6%

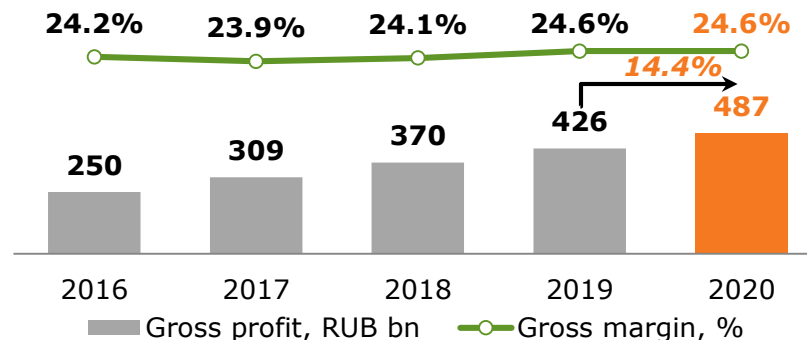
CAGR 2018-2020: 15.2%



Gross profit & gross margin

CAGR 2016-2020: 18.2%

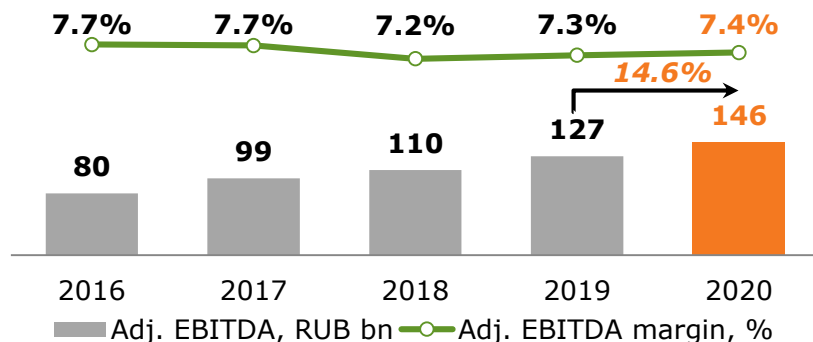
CAGR 2018-2020: 14.8%



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

CAGR 2016-2020: 16.4%

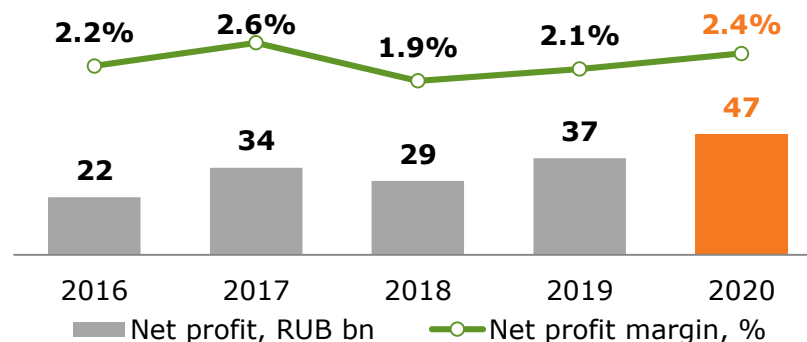
CAGR 2018-2020: 15.3%



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

CAGR 2016-2020: 20.4%

CAGR 2018-2020: 27.8%



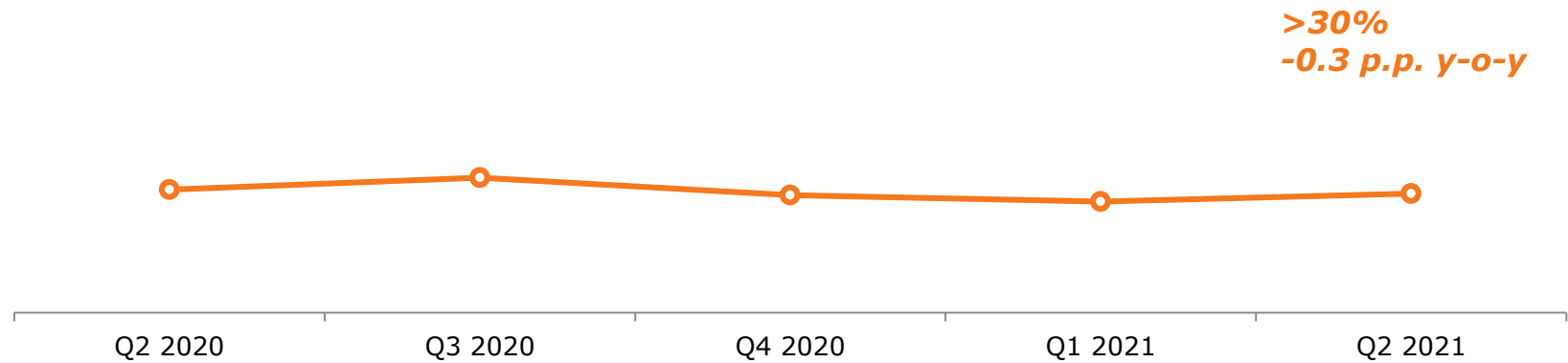
Source: X5 data

[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.

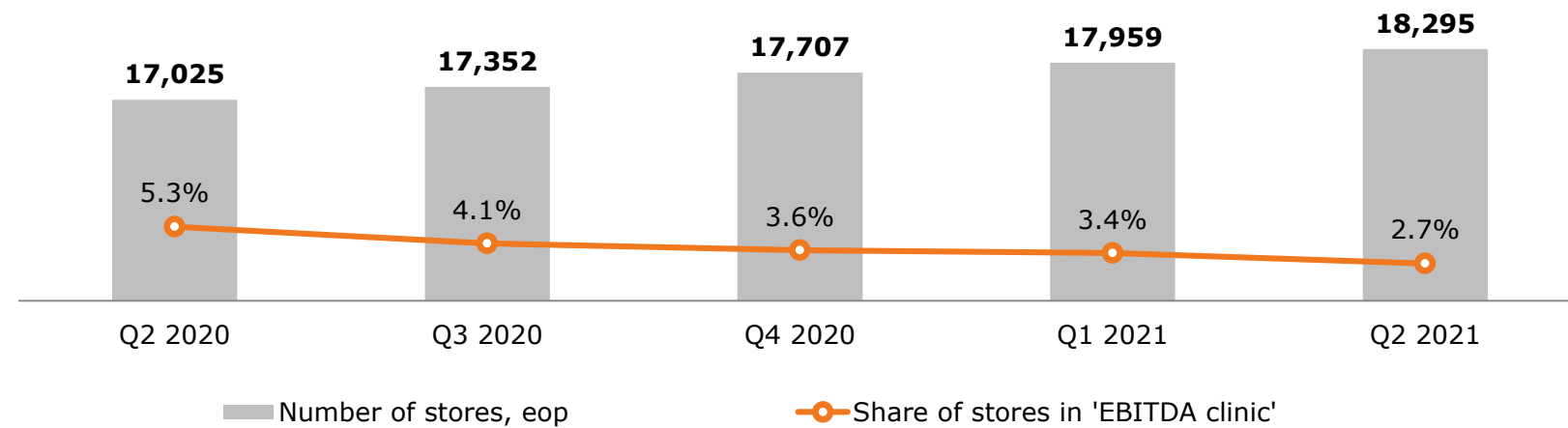
QUALITY OF NEW OPENINGS

Cash return on new store opened



Note: Opened 12-36 months ago

Share of stores in 'clinic'



Source: X5 data

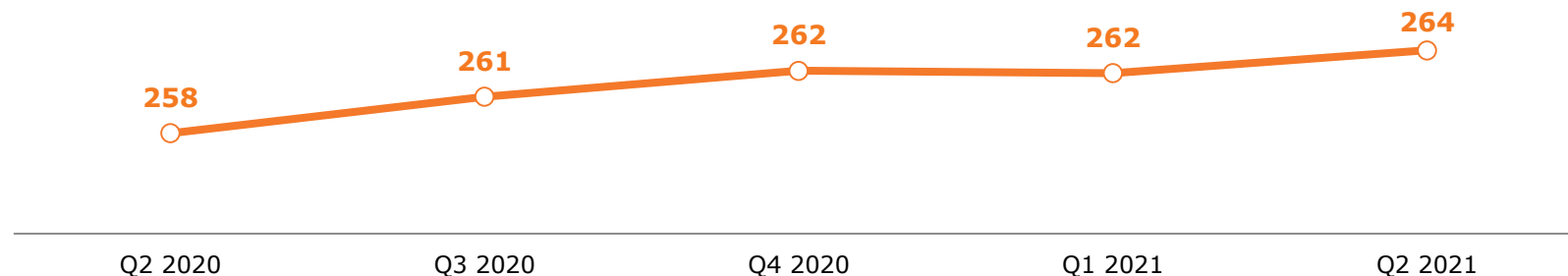


SALES DENSITY STABILISATION

IMPACT OF REGIONAL MIX

Unit: '000 RUB/m2 (annualised)

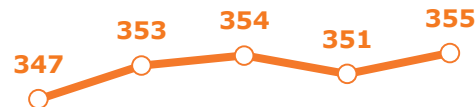
Overall



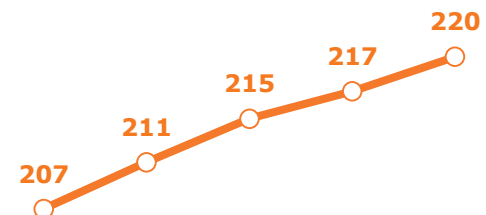
Moscow & Moscow region



St Petersburg & Leningrad region



Rest of Russia



Source: X5 data

Sales densities are consistently improving during 2020 and 2021



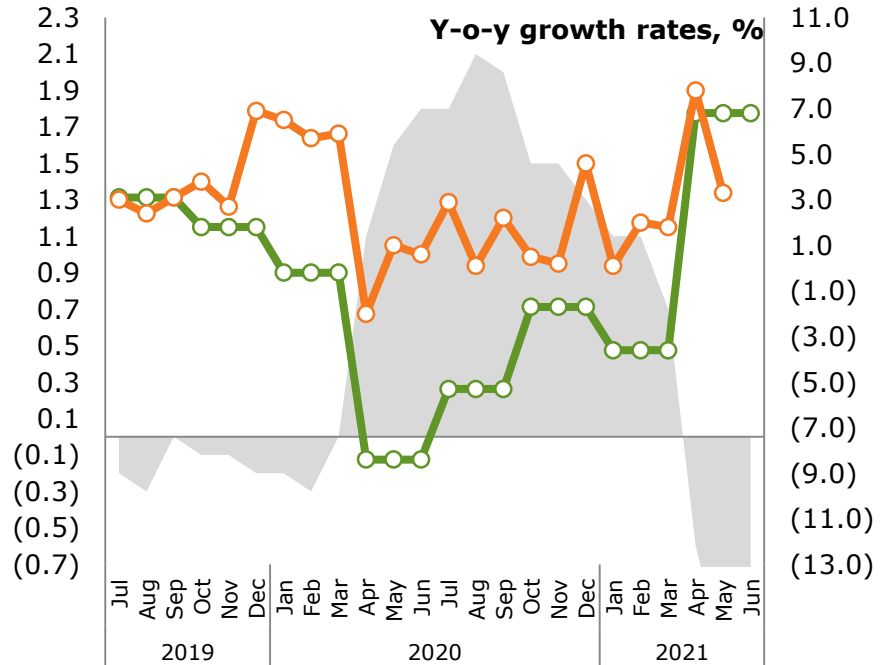
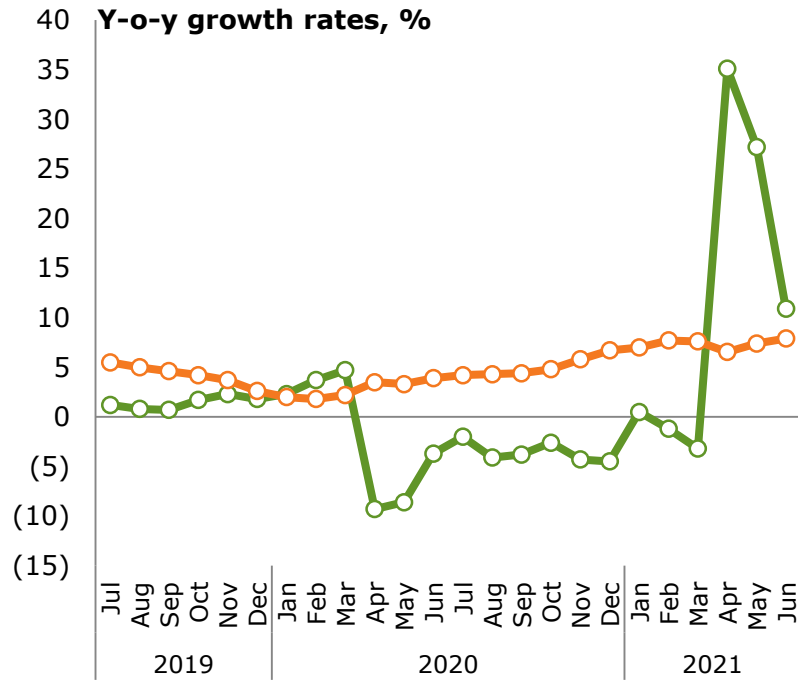


II. MARKET OVERVIEW

MACRO ENVIRONMENT (1/2)

Real food retail trade growth in Q2 2021 was driven by the low base effect

The increase in real disposable income in Q2 2021 was driven by the low base effect



—○— Real food retail trade —○— CPI food

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

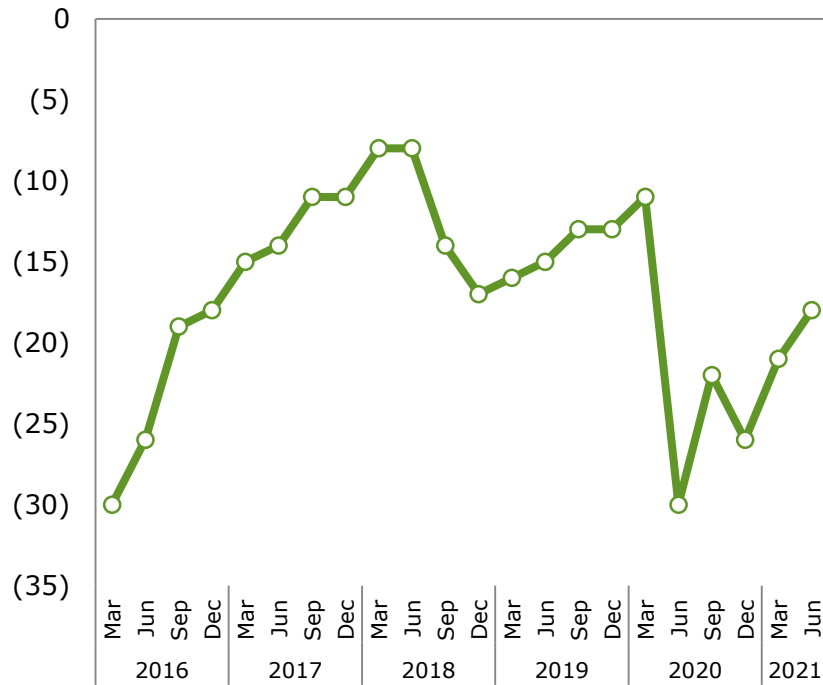
Source: Rosstat

H1 2021 food retail trade value was +17.8% (+10.2% in real terms) due to the low base effect. Food inflation averaged 7.4% in H1 2021



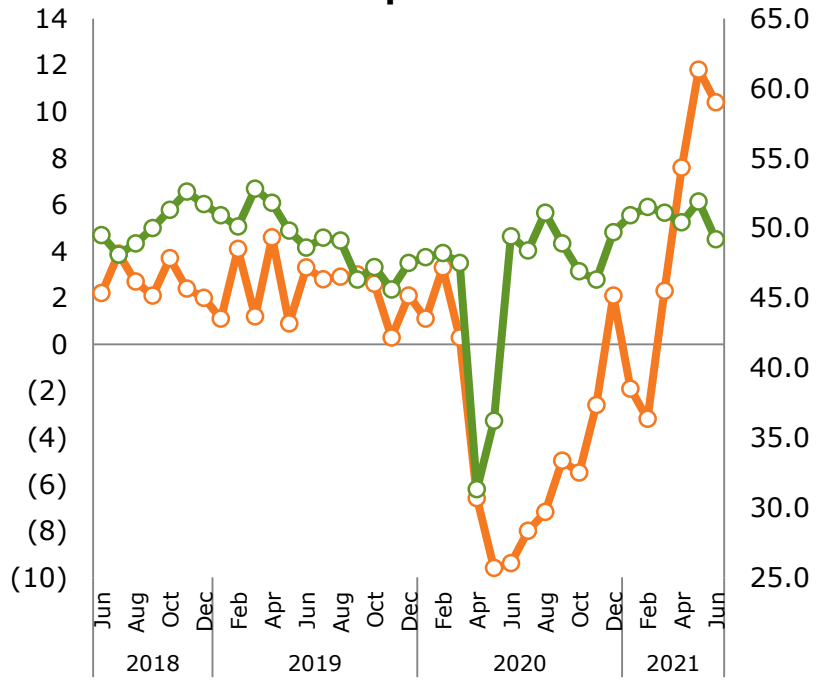
MACRO ENVIRONMENT (2/2)

Consumer sentiment deteriorated in Q2 2020 driven by the situation with COVID-19 and started improving in H2 due to the easing of pandemic related restrictions



—○— Consumer confidence index (Rosstat, %)

The main factor behind the decline in industrial production in 2020 was the reduction in domestic and foreign demand, which began in March, as well as restrictions on the work of enterprises in various fields



—○— Industrial production (y-o-y, %)

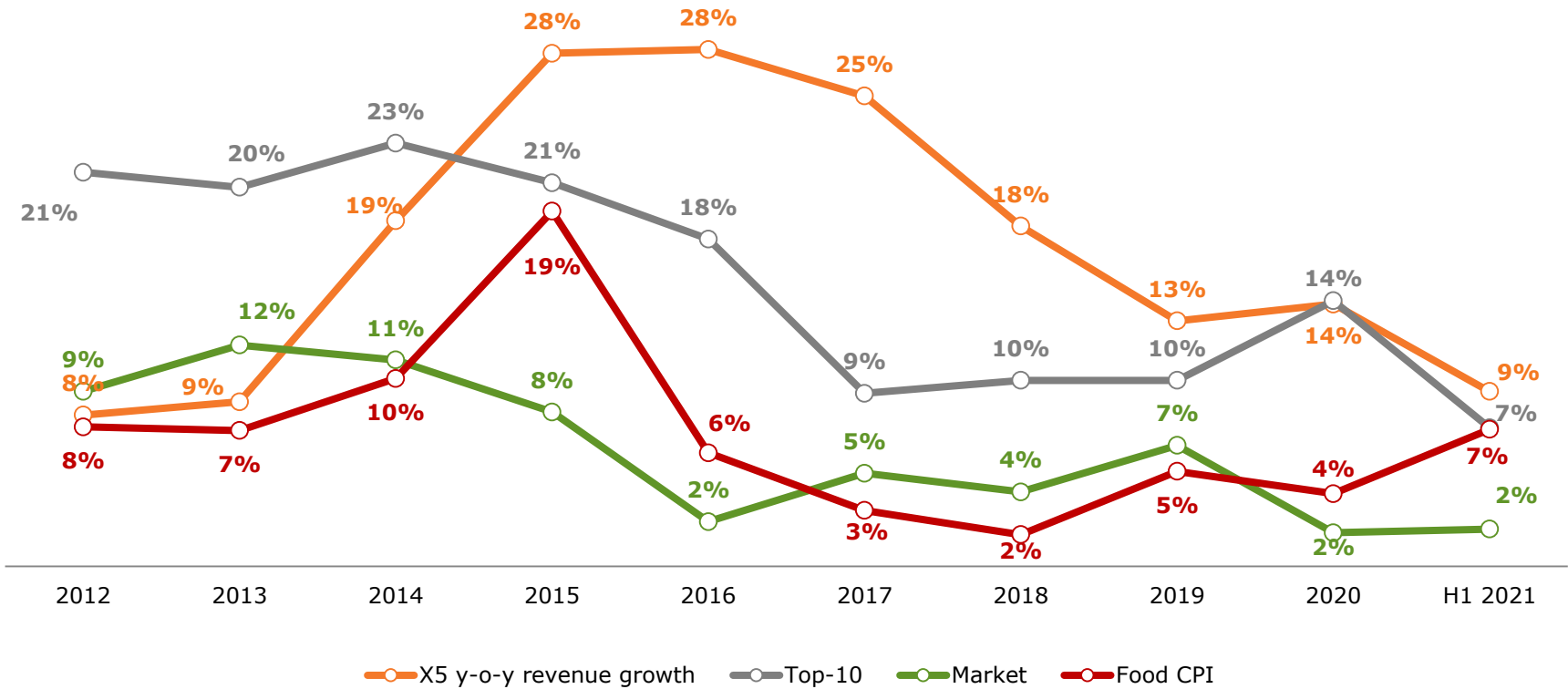
—○— IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM



Key macro risk is weak consumer demand

X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH













Source: Infoline, X5 analysis

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



RUSSIAN RETAIL MARKET SNAPSHOT

Top 10 Russian food retailers

#	Company name		% market share 2020	% market share 2019
1	 X5	↑	12.8%	11.5%
2	 Magnit	↑	8.8%	7.6%
3	 DKBR	↑	6.6%	5.7%
4	 Lenta	↑	2.7%	2.5%
5	 Auchan	↔	1.5%	1.5%
6	 Светофор	↑	1.3%	0.7%
7	 Metro	↑	1.2%	1.1%
8	 O`KEY	↑	1.1%	1.0%
9	 Monetka	↑	0.8%	0.7%
10	 ВкусВилл	↑	0.8%	0.6%
Total Top 10		↑	37.4%	33.3%

Source: InfoLine

X5's market share in offline food retail increased from 11.5% in 2019 to 12.8% in 2020

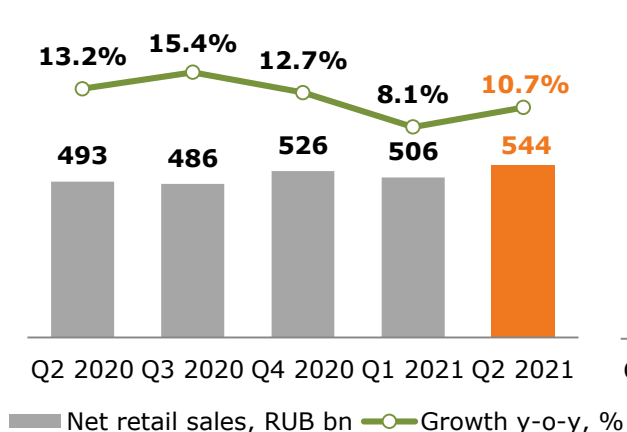




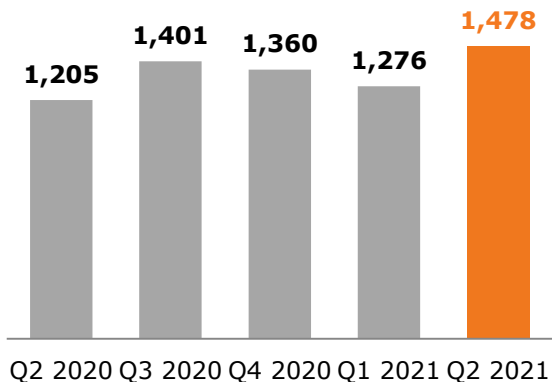
**III. OPERATIONAL RESULTS
Q2 2021**

X5 OPERATIONAL SUMMARY (QUARTERLY)

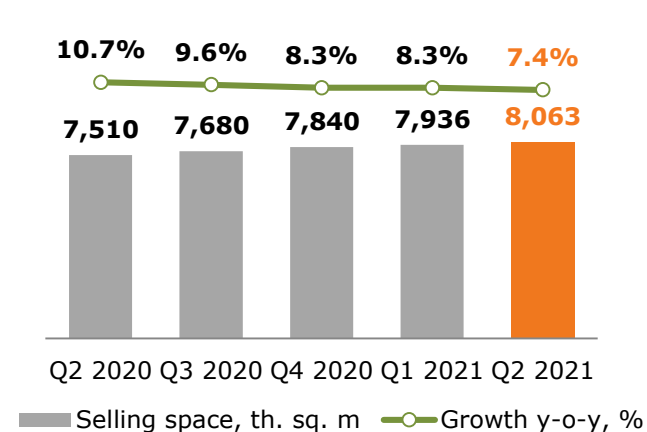
Net retail sales



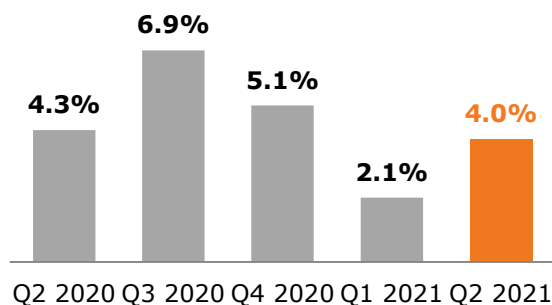
Traffic, mln customers



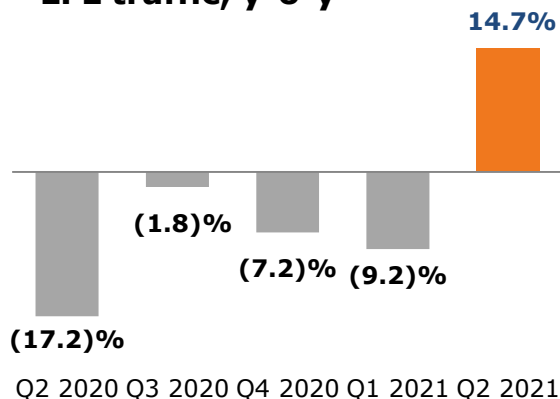
Net selling space (eop)



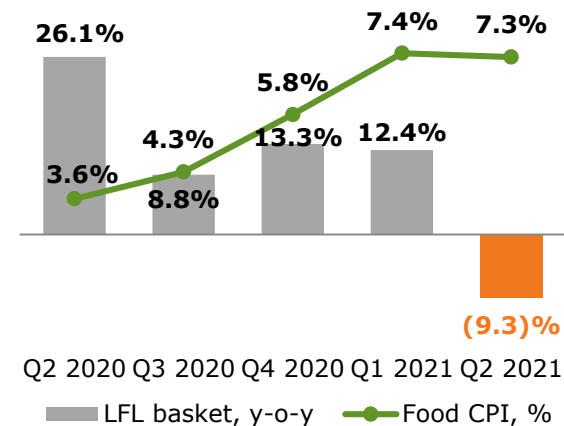
LFL sales, y-o-y



LFL traffic, y-o-y



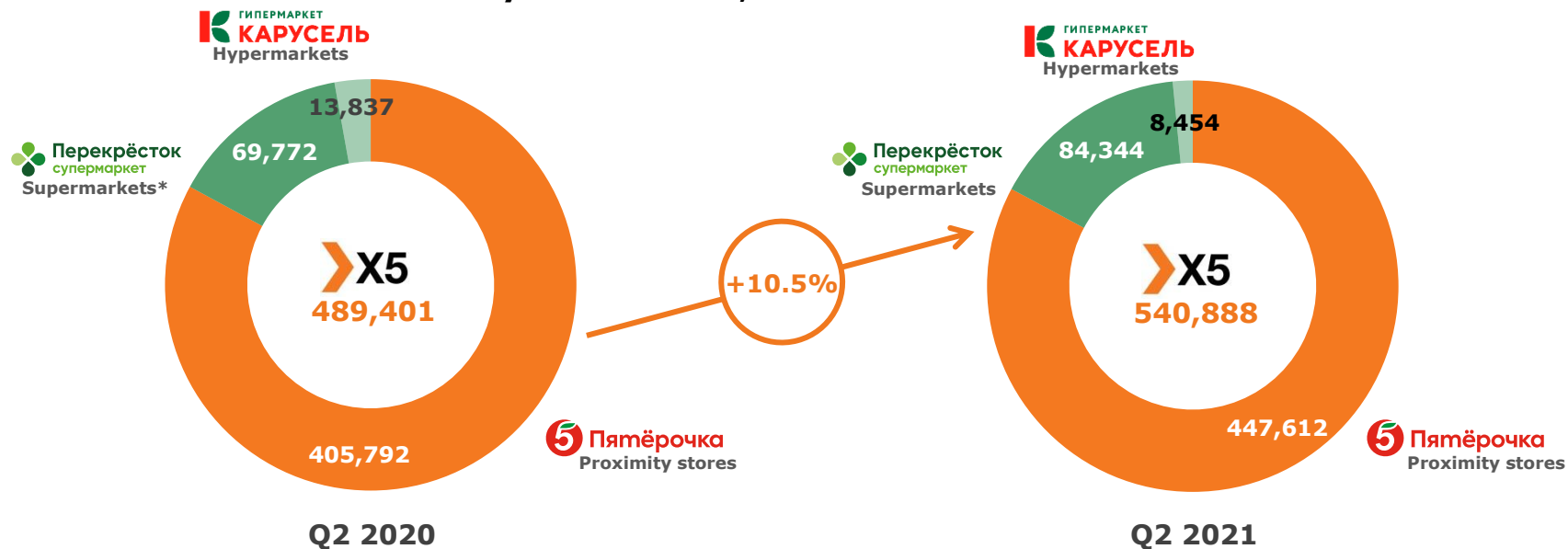
LFL basket, y-o-y



Source: X5 data

Q2 2021 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



*Excluding Vprok.ru Perekrestok
Source: X5 data

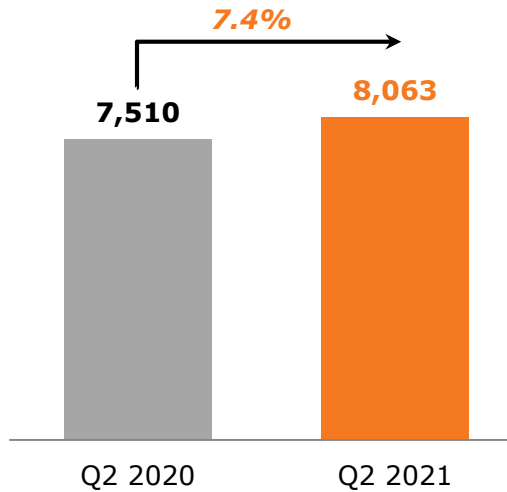


Net retail sales growth of 10.5% was driven by a 4.0% increase in like-for-like sales and a 6.5% sales growth contribution from a 7.4% rise in selling space

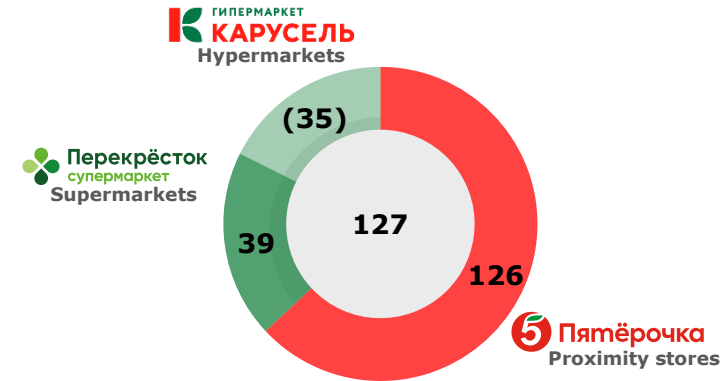
Q2 2021 RESULTS: EXPANSION SUMMARY

- Total store base increased to 18,295 stores as of 30 June 2021
- Pyaterochka was the main driver for the store base increase with a 126 th. sq. m selling space addition in Q2 2021

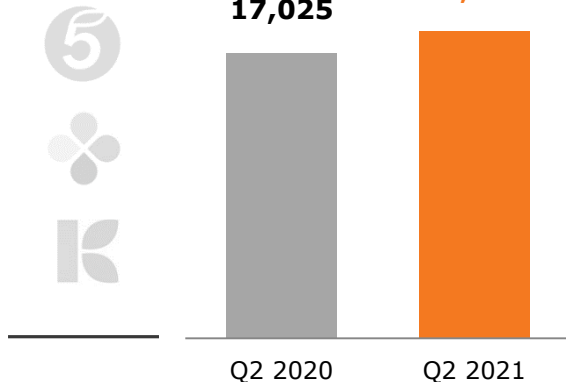
Net selling space, th. sq. m



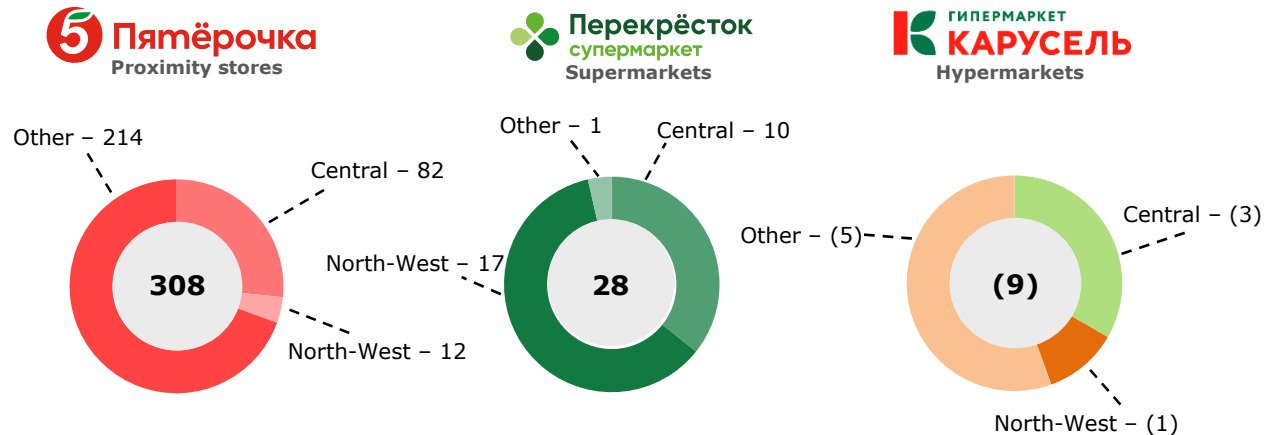
Net selling space added in Q2 2021, th. sq. m



Total stores base



Stores added (net) in Q2 2021 by formats and by regions

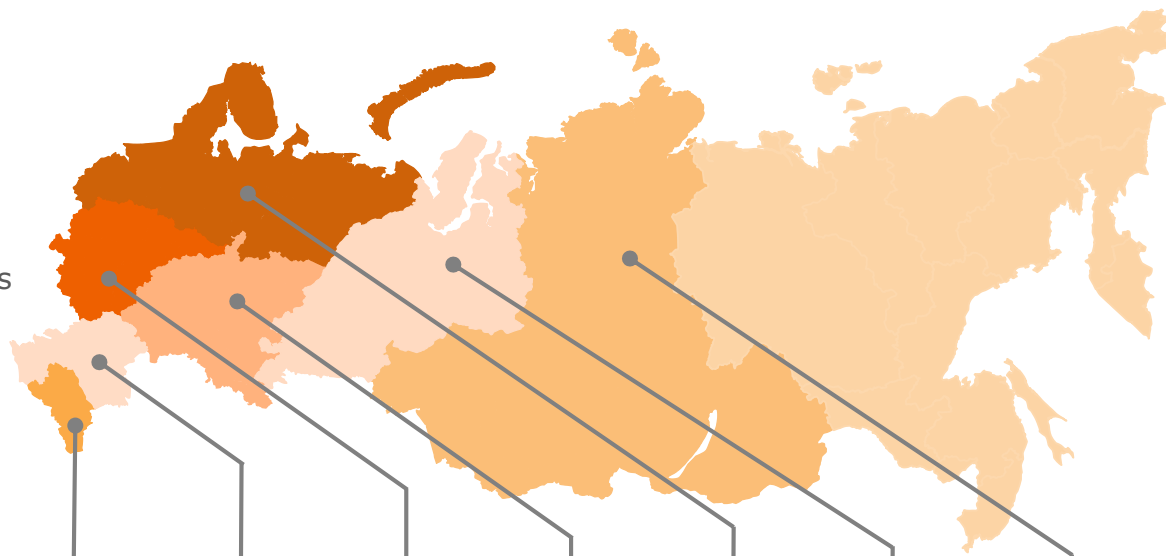






Source: X5 data

X5 REGIONAL PRESENCE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 18,295, including:
 - 17,268 Pyaterochka stores
 - 968 Perekrystok supermarkets
 - 40 Karusel hypermarkets



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 Пятёрочка		340	1,751	6,295	4,591	1,792	1,537	962	17,268
 Перекрёсток супермаркет	Number of stores, #	9	57	537	142	148	75	-	968
 ГИПЕРМАРКЕТ КАРУСЕЛЬ		1	1	24	10	4	-	-	40
 X5 RETAIL GROUP	Net retail sales (Q2 2021), %	1.2%	7.0%	48.1%	19.0%	13.8%	7.5%	3.4%	100%

Source: X5 data

X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 30 June 2021

Federal district	Space, th. sq. m	# of DCs
Central	576	15
North-Western	150	6
Volga	230	9
Ural	148	6
Southern	143	5
Siberian	72	2
Total	1,319	43

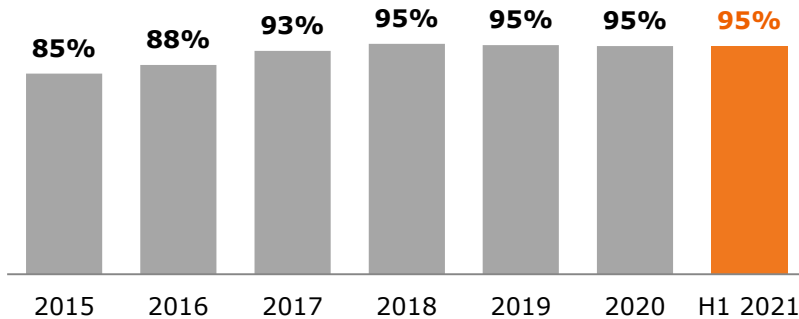


Centralisation levels

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3



Source: X5 data

Highlights for H1 2021

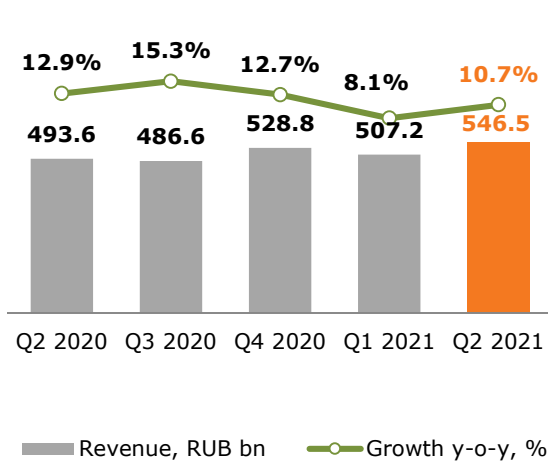
- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 30 June 2021 the Company owned 4,128 trucks.



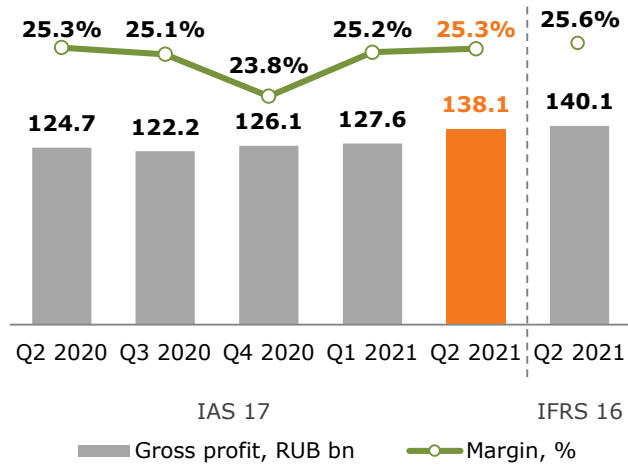
**IV. FINANCIAL RESULTS
Q2 2021**

X5 QUARTERLY FINANCIAL HIGHLIGHTS (QUARTERLY)

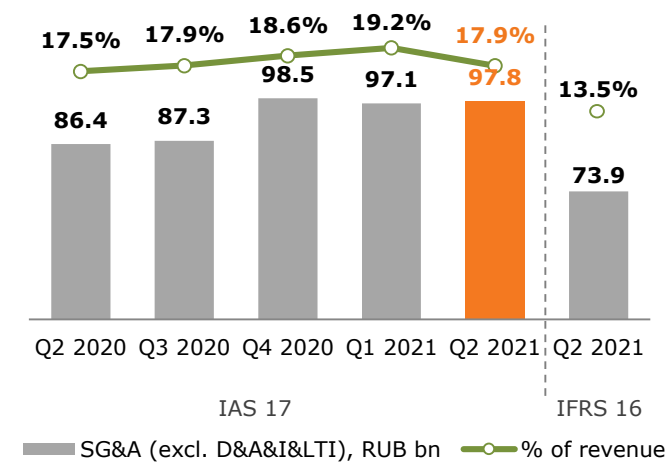
Revenue



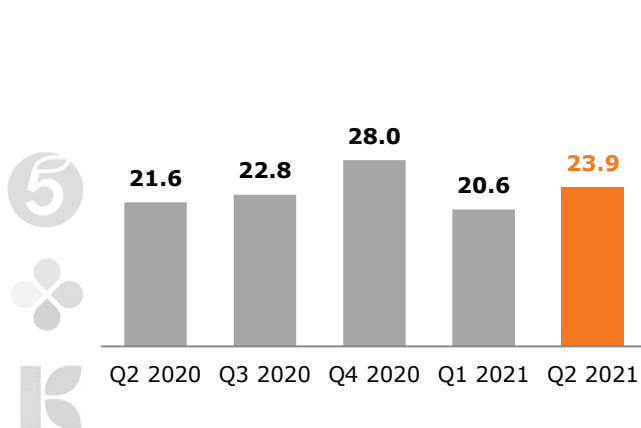
Gross profit & gross margin



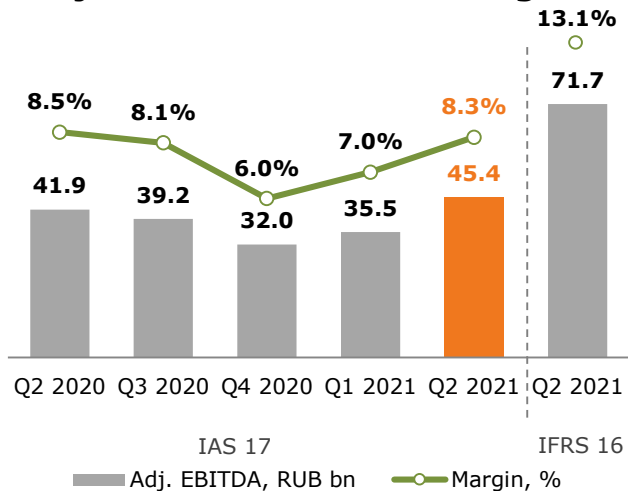
SG&A (excl. D&A&I<I)^[1]



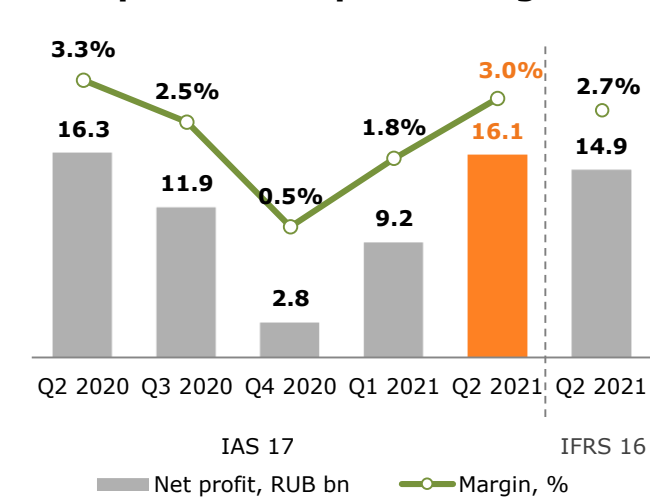
Capital expenditures, RUB bn



Adj. EBITDA & EBITDA margin^[2]



Net profit & net profit margin



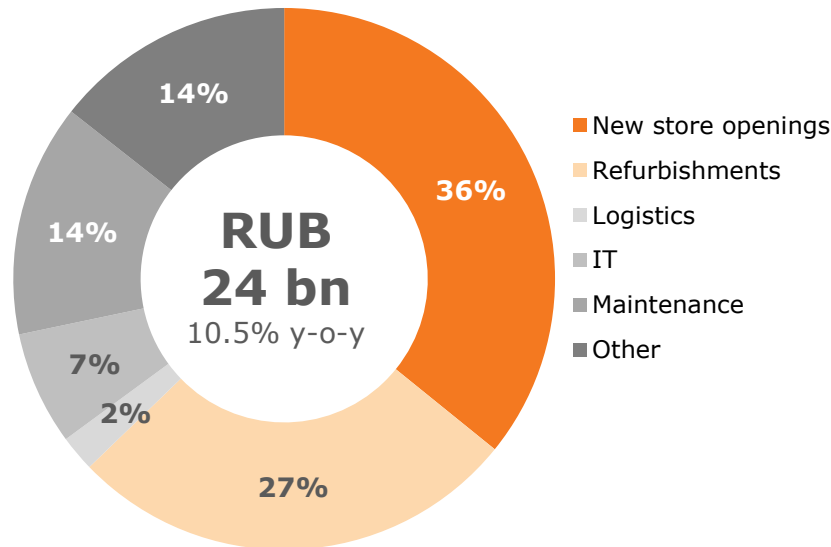
Source: X5 data

[1] - Adjusted for impact from Karusel transformation

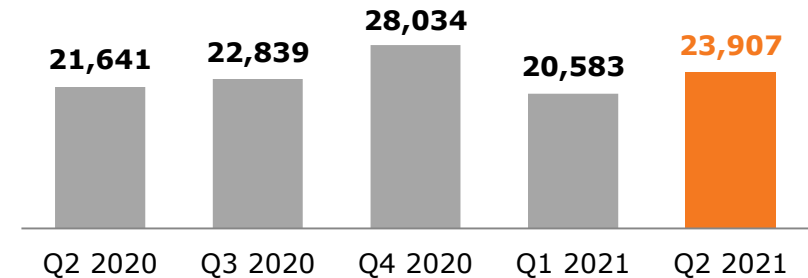
[2] - Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

X5 CAPITAL EXPENDITURES

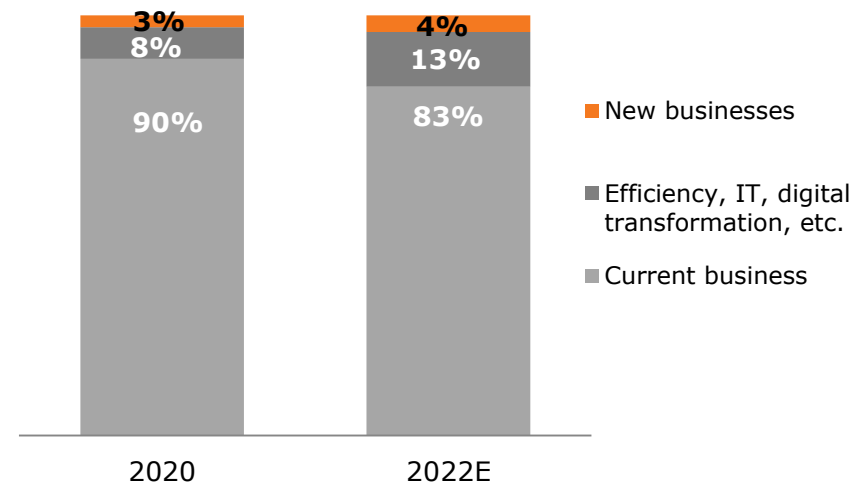
Capex breakdown, Q2 2021



Capex dynamics by quarter, RUB mln



Expected change in Capex structure



Source: X5 data (prepared under IAS 17)

In Q2 2021 the capex programme focused mainly on organic expansion, refurbishments and maintenance



X5 DEBT STRUCTURE

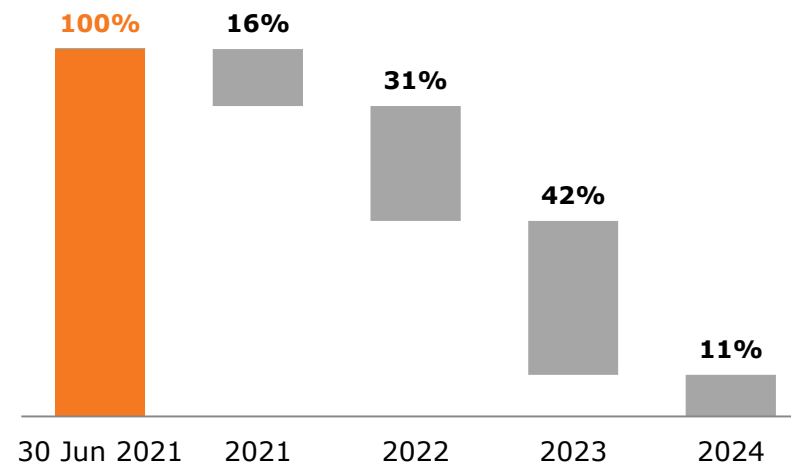
Debt profile

RUB mln	30 Jun 2021	30 Jun 2020
Total Debt	266,197	231,778
Short-Term Debt	76,274	73,622
% of total debt	28.7%	31.8%
Long-Term Debt	189,923	158,156
% of total debt	71.3%	68.2%
Net Debt	253,349	220,476

Covenants & liquidity update

Covenant metrics & liquidity sources	30 Jun 2021	30 Jun 2020
Net Debt / EBITDA (IAS 17)	1.68x	1.68x
Cash & cash equiv., RUB mln	12,848	11,302
Available credit limits, RUB mln	464,442	429,638

Debt portfolio maturity



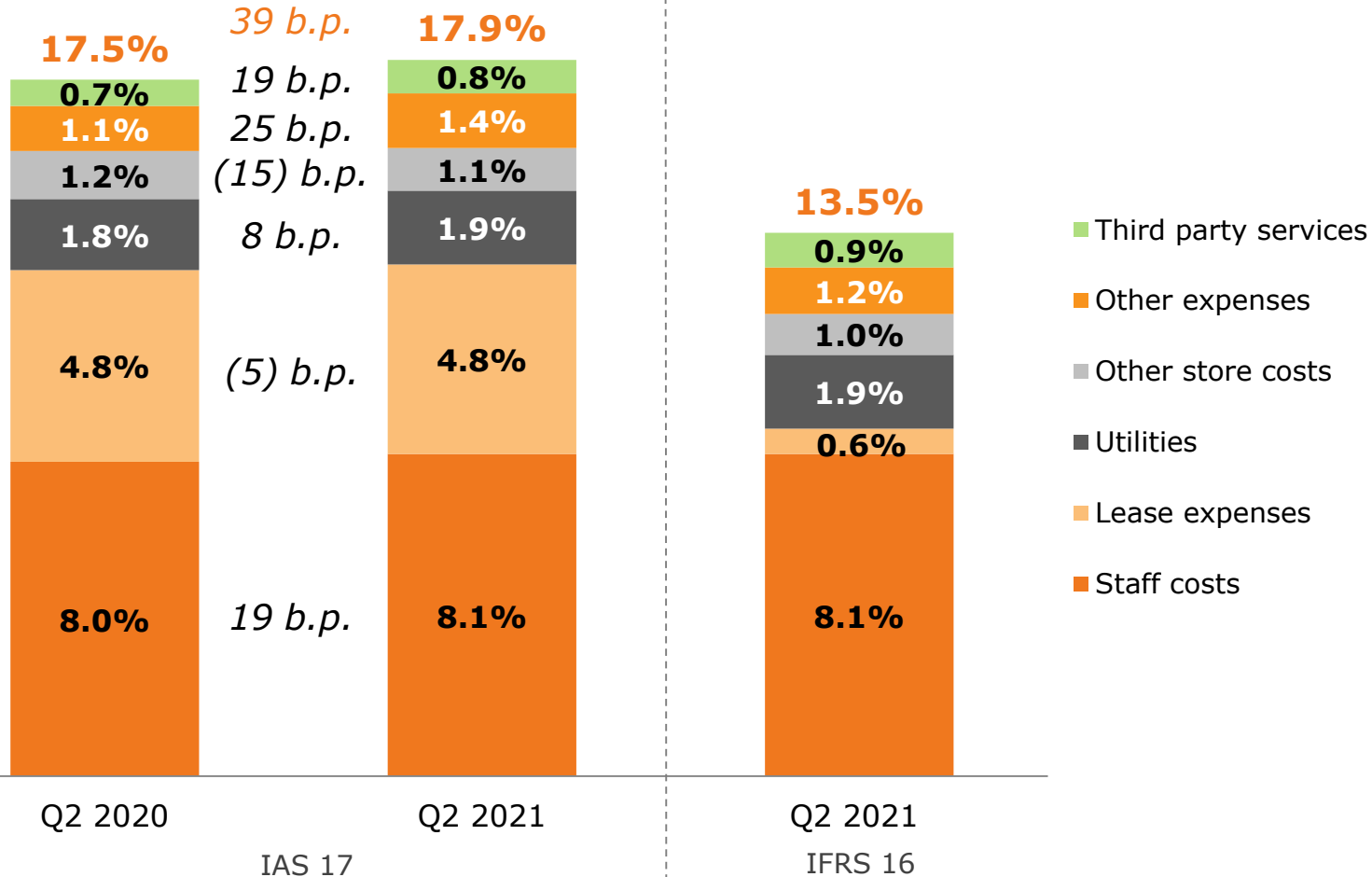
Highlights

- 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 464.4 bln
- Record-low cost of debt

Source: X5 data

Q2 2021: ADJUSTED SG&A^[1] EXPENSES ANALYSIS

Q2 2021 analysis as percentage of revenue



Source: X5 data

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



FINANCIAL STATEMENTS (1/3)

PROFIT AND LOSS STATEMENT

RUB mln	IAS 17				IFRS 16
	Q2 2021	Q2 2020	+ / (-)	+ / (-), %	Q2 2021
Revenue	546,512	493,631	52,881	10.7%	546,512
Net retail sales	544,409	492,975	51,434	10.4%	544,409
COGS	(408,422)	(368,904)	(39,518)	10.7%	(406,416)
Gross profit	138,090	124,727	13,363	10.7%	140,096
<i>Gross profit margin</i>	25.3%	25.3%		0 b.p.	25.6%
SG&A	(117,822)	(102,284)	(15,538)	15.2%	(112,289)
EBITDA	44,029	41,327	2,702	6.5%	70,333
<i>EBITDA margin</i>	8.1%	8.4%		(32) b.p.	12.9%
Operating profit	25,371	25,932	(561)	(2.2)%	33,303
<i>Operating margin</i>	4.6%	5.3%		(61) b.p.	6.1%
Net profit	16,133	16,275	(142)	(0.9)%	14,920
<i>Net profit margin</i>	3.0%	3.3%		(35) b.p.	2.7%

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Source: X5 data

FINANCIAL STATEMENTS (2/3)

BALANCE SHEET (IFRS 16)

RUB mln	30 Jun 2021	30 Jun 2020
Total current assets	191,489	166,432
Cash & cash equivalents	12,848	11,302
Inventories	142,024	128,466
Total non-current assets	990,176	930,177
Right-of-use assets	498,437	455,047
Net PP&E	325,229	318,612
Goodwill	104,946	102,907
Total assets	1,181,665	1,096,609
Total current liabilities	402,070	369,545
ST debt	76,274	73,622
ST finance lease payables	69,493	63,740
Trade accounts payable	160,836	149,411
Total non-current liabilities	692,190	621,823
LT debt	189,923	158,156
LT finance lease payable	499,196	454,714
Total liabilities	1,094,260	991,368
Total equity	87,405	105,241
Total liabilities & equity	1,181,665	1,096,609

Source: X5 data

FINANCIAL STATEMENTS (3/3)

CASH FLOW STATEMENT (IAS 17 AND IFRS 16)

RUB mln	IAS 17				IFRS 16
	Q2 2021	Q2 2020	+/(-)	+/(-), %	Q2 2021
Net cash generated from operating activities	36,666	17,061	19,605	114.9%	52,710
Net cash from operating activities before changes in working capital	44,486	41,563	2,923	7.0%	70,397
Change in Working Capital, incl.:	932	(15,042)	15,974	(106.2)%	998
Decrease/(increase) in trade and other AR	203	(501)	704	(140.5)%	195
Decrease/(increase) in inventories	(566)	(8,877)	8,311	(93.6)%	(566)
(Increase)/decrease in trade payable	431	(3,423)	3,854	(112.6)%	431
(Decrease)/increase in other AP	864	(2,241)	3,105	(138.6)%	938
Net interest and income tax paid	(8,752)	(9,460)	708	(7.5)%	(18,685)
Net cash used in investing activities	(24,086)	(20,749)	(3,337)	16.1%	(23,662)
Net cash generated from/(used in) financing activities	(11,870)	3,112	(14,982)	-	(28,338)
Effect of exchange rate changes on cash & cash equiv.	(75)	6	(81)	-	(75)
Net increase/(decrease) in cash & cash equiv.	635	(570)	1,205	(211.4)%	635

Source: X5 data



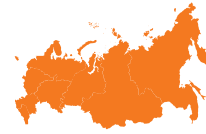
**APPENDIX
PERFORMANCE SUMMARY OF KEY
FORMATS**

PYATEROCHKA PROXIMITY STORES SUMMARY (1/3)

RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



17,268 stores as of
30 June 2021,
7.3% increase y-o-y



6,783 th. sq. m of selling space
as of 30 June 2021,
+7.8% y-o-y



**Q2 2021 net retail sales –
RUB 447.6 bn,**
10.3% increase y-o-y



1,304 mln of customer visits in
Q2 2021, +20.5% y-o-y



Pyaterochka as % of X5's Q2
2021 sales: **~82%**



Q2 2021 LFL Results

- Sales: **3.7%**
- Traffic: **13.0%**
- Basket: **(8.3%)**



Average Pyaterochka check
(offline):
RUB 394 (Q2 2021)
8.4% decrease y-o-y



- Avg. net selling space: **393 sq. m.**
- **Pyaterochka sub-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 Pyaterochka:
RUB 12-15 mln

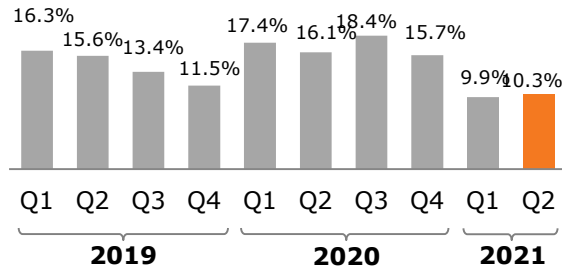


The proximity store for your daily shopping needs

PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

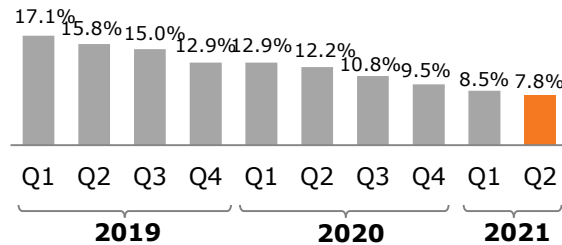
Q2 2021 net retail sales: 10.3% increase y-o-y

Net sales growth (% y-o-y)



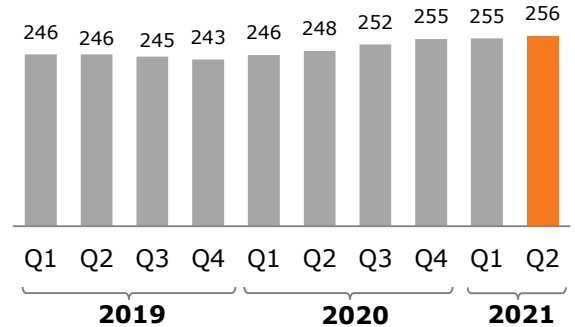
Q2 2021 selling space: 7.8% increase y-o-y

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



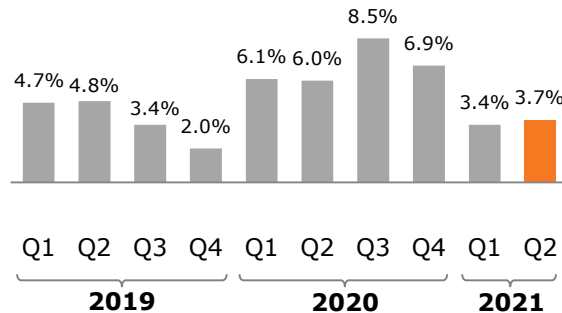
Q2 2021 sales densities: 3.4% increase y-o-y

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



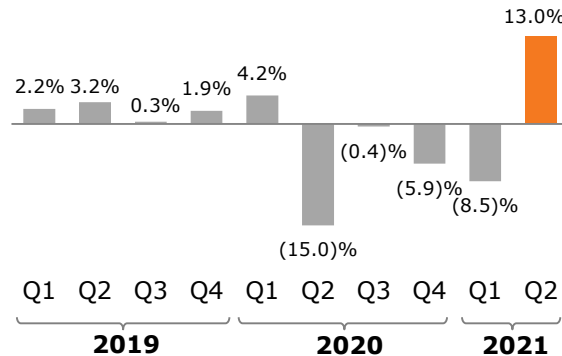
Q2 2021 LFL sales: 3.7% increase y-o-y

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



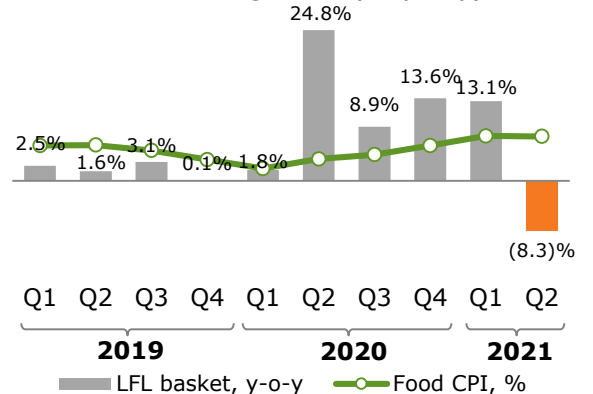
Q2 2021 LFL traffic: 13.0% increase y-o-y

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



Q2 2021 LFL basket: 8.3% decrease 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



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**

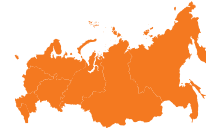


PEREKRESTOK SUPERMARKETS SUMMARY (1/4)

RUSSIA'S #1 SUPERMARKET



968 stores as of 30 June 2021, 12.3% increase y-o-y



1,059 th. sq. m. of selling space as of 30 June 2021, 16.1% increase y-o-y



Q2 2021 net retail sales of RUB 87.9 bn, 19.8% increase y-o-y



163 mln customers in Q2 2021, +49.9% y-o-y



Perekrestok of X5's Q2 2021 sales: **~16%**



Q2 2021 LFL Results

- Sales: **7.3%**
- Traffic: **31.9%**
- Basket: **(18.6)%**



NPS 30 points in Q2 2021, 3 p.p. increase y-o-y



Average Perekrestok check (offline): **RUB 591** (Q2 2021), 19.4% decrease y-o-y



Avg. net selling space: **1,094 sq. m.**



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



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

5

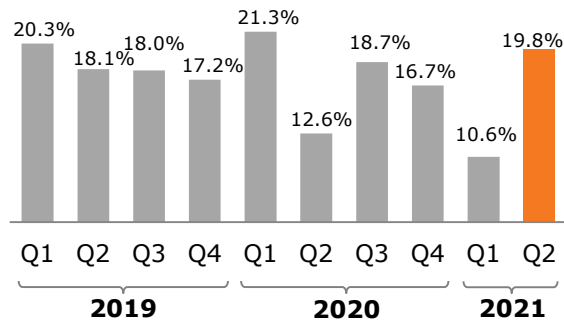


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PEREKRESTOK SUPERMARKETS SUMMARY (2/4)

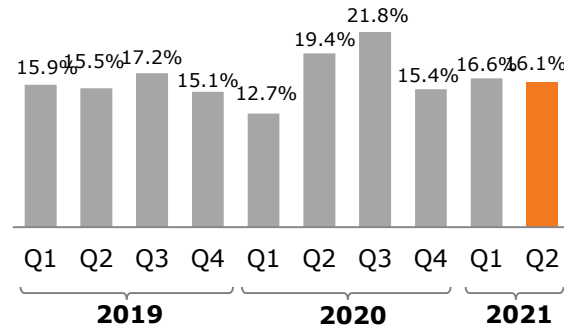
Q2 2021 net retail sales: 19.8% increase y-o-y

Net sales growth (% y-o-y)



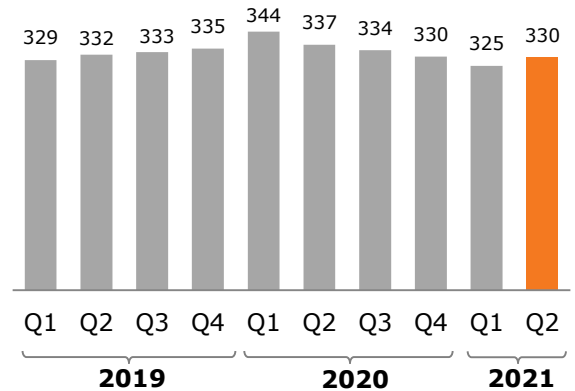
Q2 2021 selling space: 16.1% increase y-o-y

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



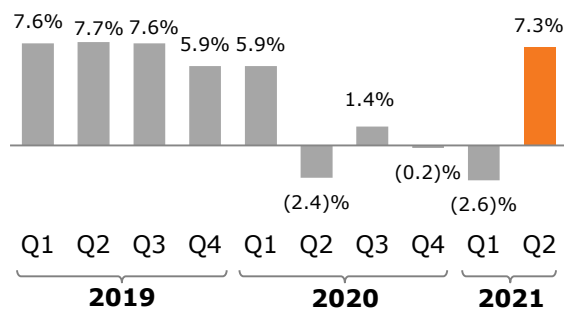
Q2 2021 sales densities: 2.1% decrease y-o-y

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



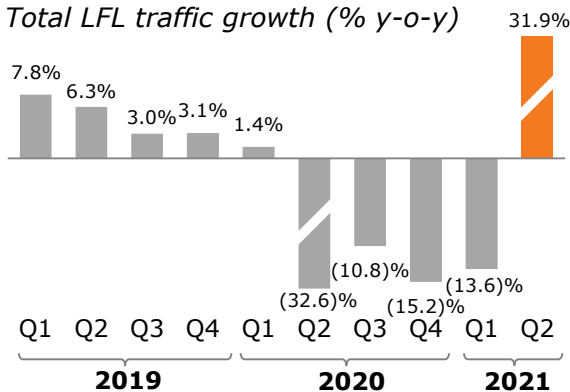
Q2 2021 LFL sales: 7.3% increase y-o-y

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



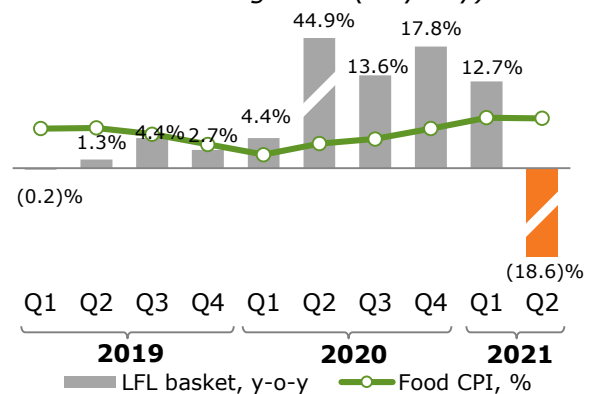
Q2 2021 LFL traffic: 31.9% increase y-o-y

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



Q2 2021 LFL basket: 18.6% decrease 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

5



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)



5



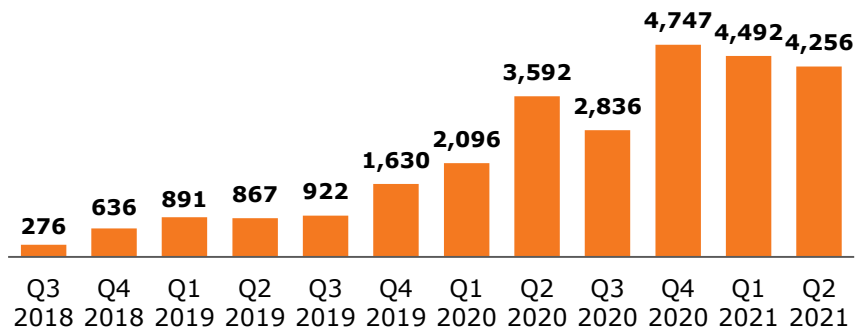
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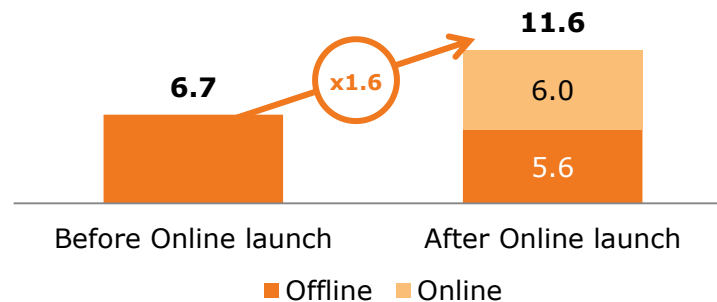
PEREKRESTOK SUMMARY (4/4)

VPROK.RU PEREKRESTOK

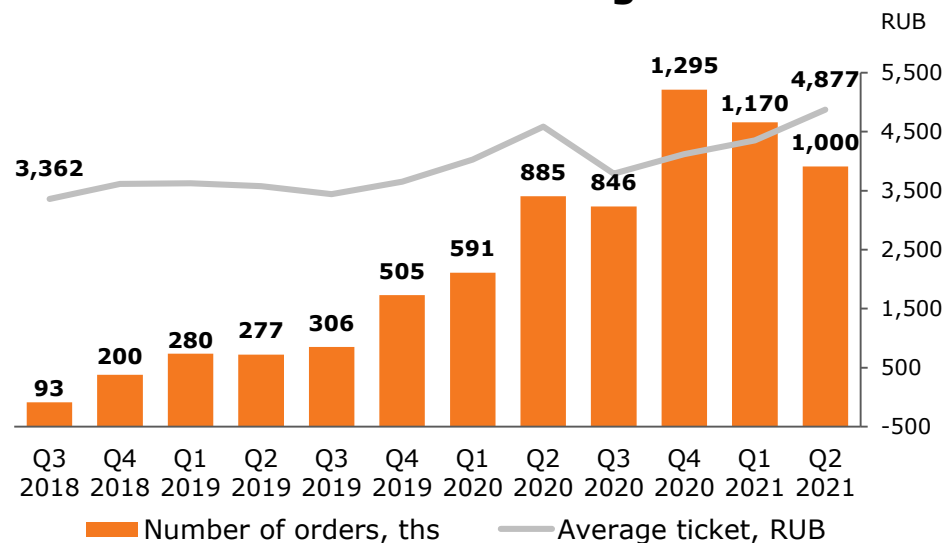
Net sales, RUB mln



Average customer spending per month, RUB ths



Number of orders and average ticket



X5 online targets

- Increase number of darkstores to 12 by 2022 (from 5 in Dec 2020)
- Increase assortment and develop sales on external marketplaces

