

# Q2&H1 2016 FINANCIAL RESULTS

17 AUGUST 2016



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# I. HIGHLIGHTS



# KEY ACHIEVEMENTS IN Q2 2016



- Revenue increased by **25.9%** y-o-y on the back of solid LFL sales and strong selling space expansion



- X5 demonstrated strong LFL traffic growth of **3.0%** y-o-y
- LFL traffic was **positive in each month of the quarter**



- SG&A expenses as a percentage of revenue improved by **113 b.p.** y-o-y to **18.7%**



- The Company added **539** new stores in Q2 2016, vs. **332** stores in Q2 2015
- 370** stores refurbished



- EBITDA margin improved by 75 b.p. y-o-y in Q2 2016 to **8.0%**
- EBITDA margin in Q2 2016 was **the strongest since Q4 2012**



- 83%** of Pyaterochka stores operating under new concept
- 40%** of Perekrestok stores operating under new concept



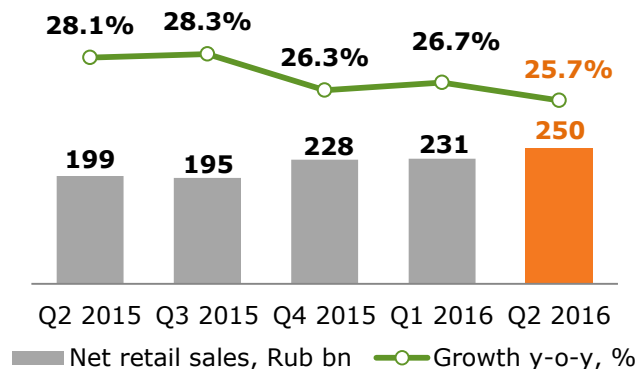
- Net debt / EBITDA decreased to **2.34x** as of 30 June 2016



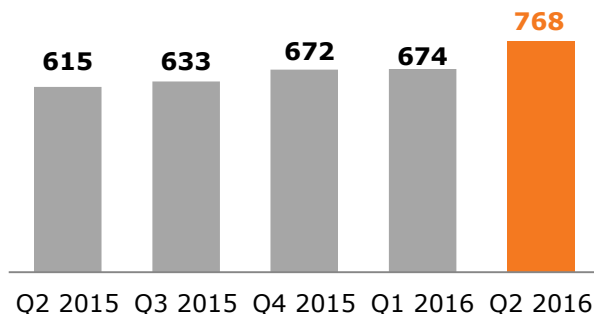
- X5 added **233.2 th. sq. m.** of selling space in Q2 2016 vs **161.9 th. sq. m.** in Q2 2015

# OPERATIONAL HIGHLIGHTS

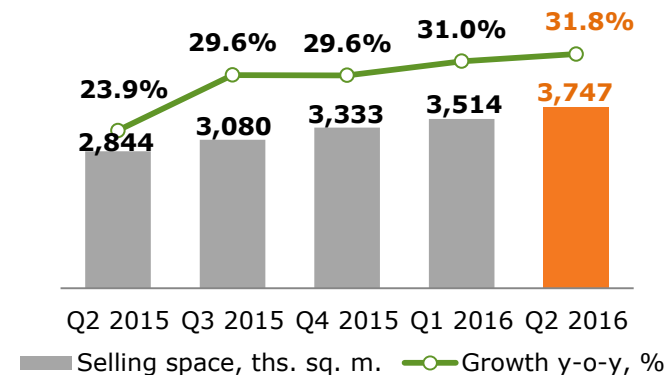
## Net retail sales



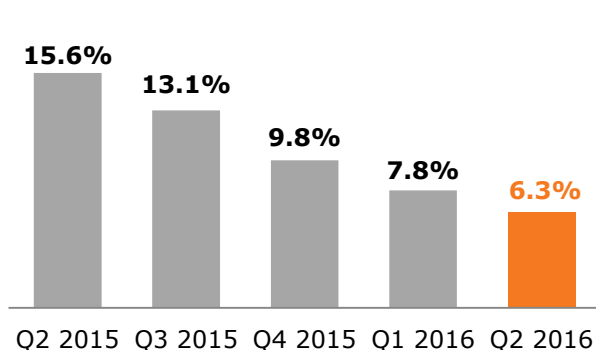
## Traffic, mln customers



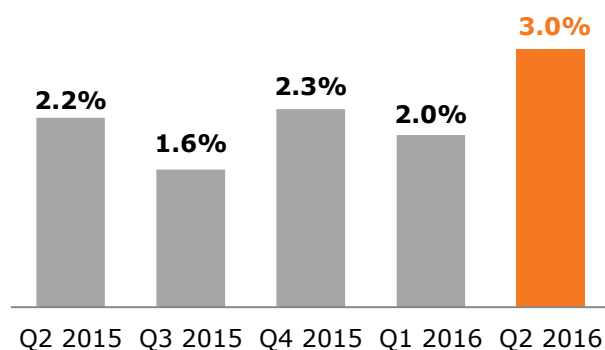
## Net selling space (eop), th. sq. m



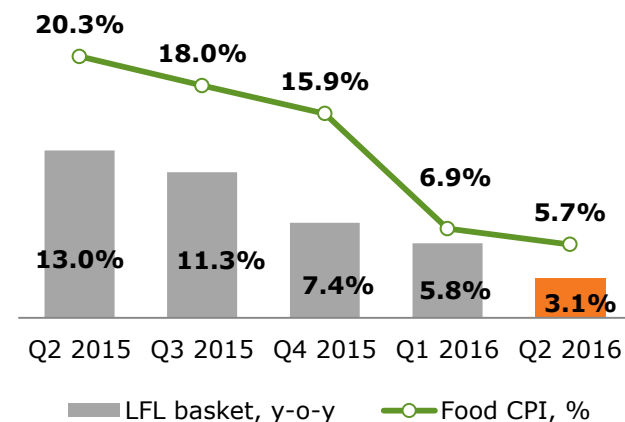
## LFL sales, y-o-y



## LFL traffic, y-o-y



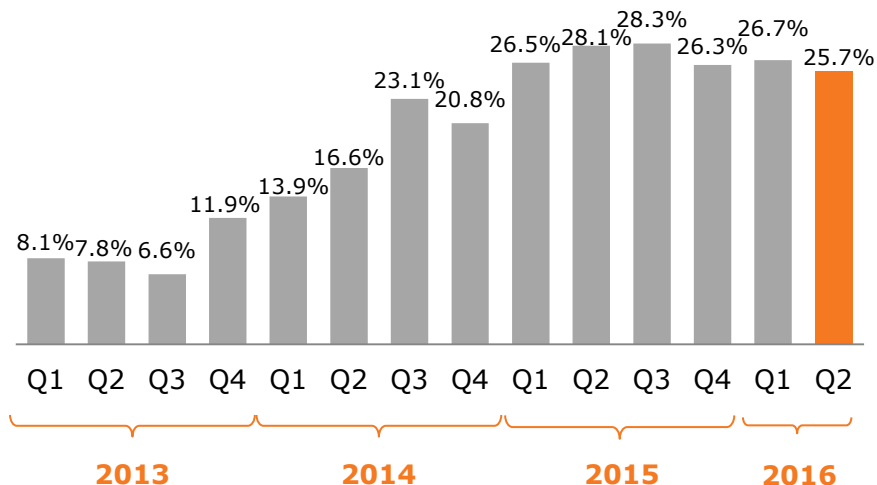
## LFL basket, y-o-y



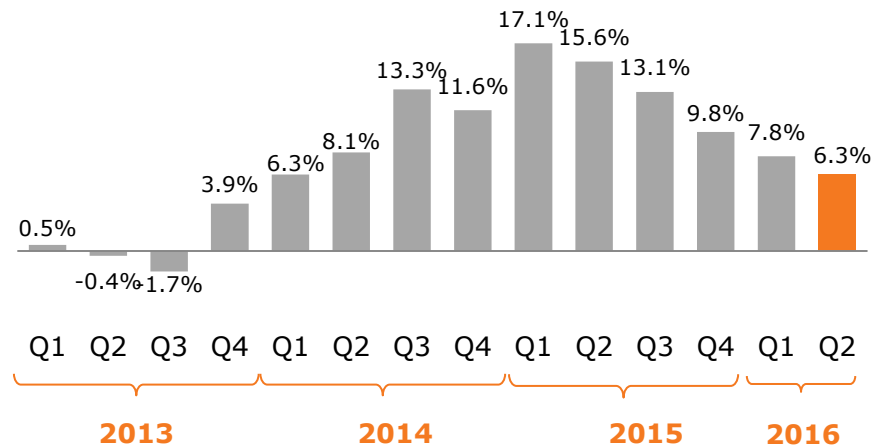
Source: X5 data

# ACCELERATING GROWTH

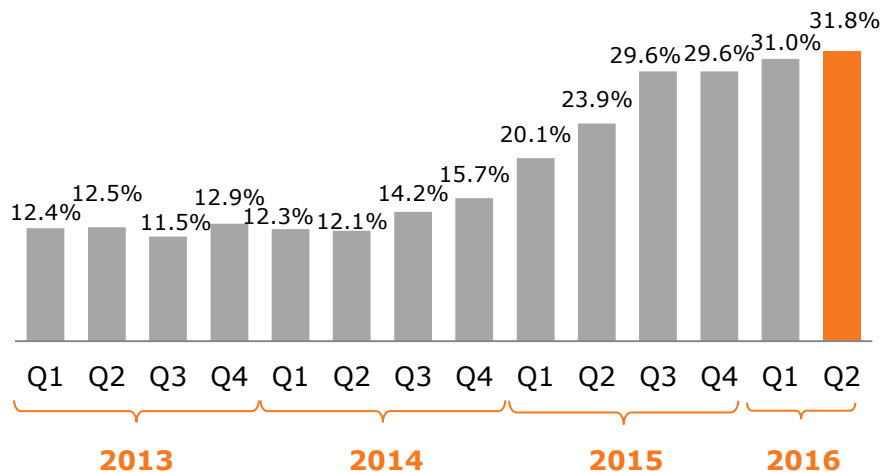
## Net Retail Sales Growth, y-o-y



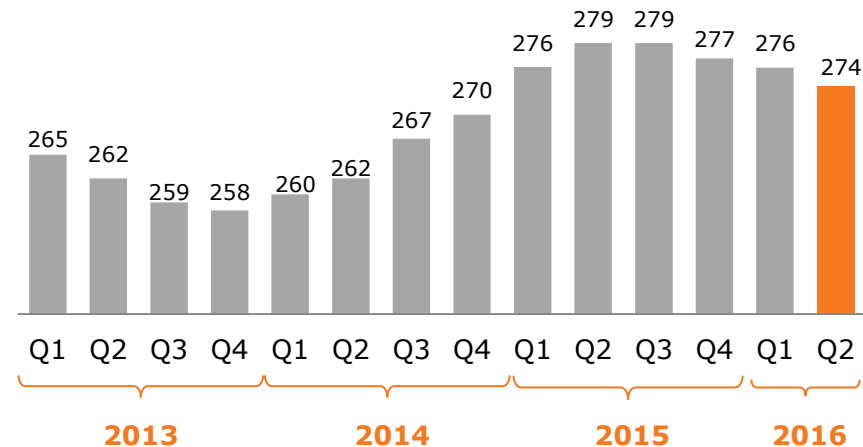
## Total LFL Sales Growth, y-o-y



## Net Selling Space Growth, y-o-y



## Sales Densities, th. Rub/sq. m.<sup>[1]</sup>

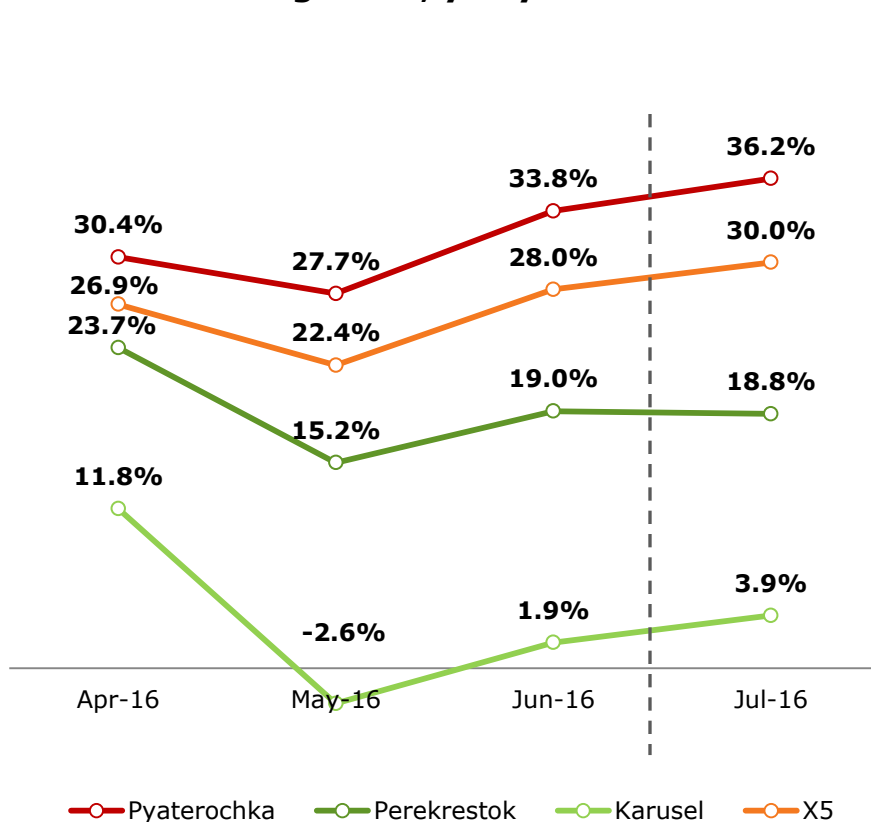


[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters

Source: X5 data

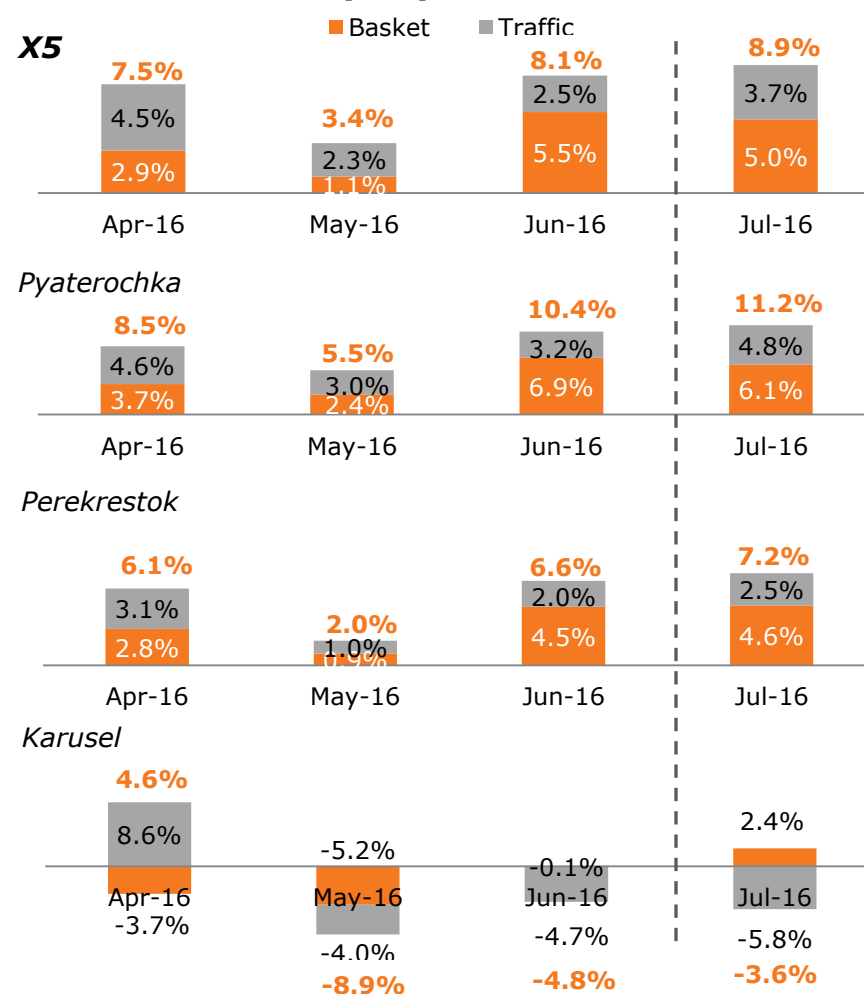
# TRADING UPDATE FOR JULY 2016

## Net retail sales growth, y-o-y



Source: X5 data

## LFL Performance, y-o-y



In July 2016, X5 continued to demonstrate strong results ahead of the market and Top-10 players

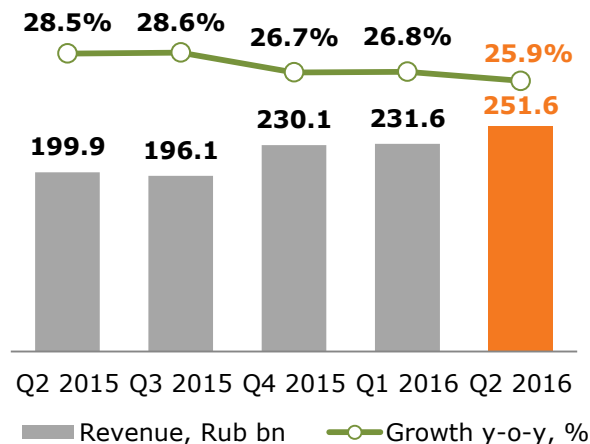
## II. FINANCIAL RESULTS



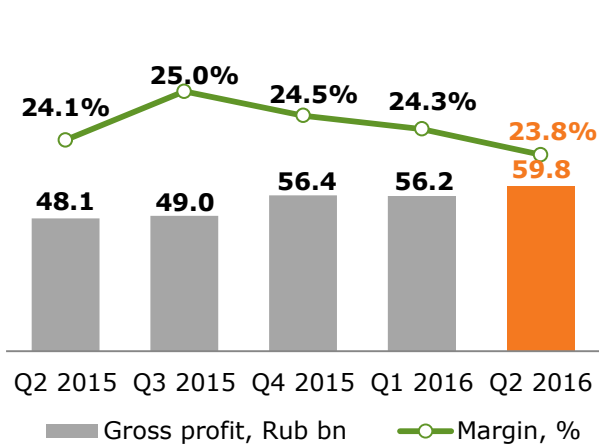


# FINANCIAL HIGHLIGHTS

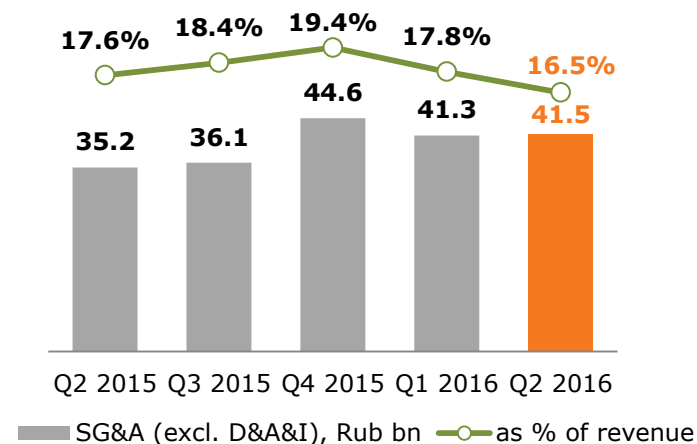
## Revenue



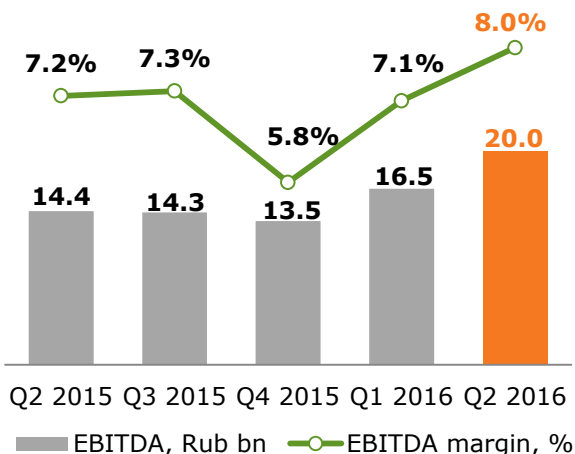
## Gross profit & gross margin



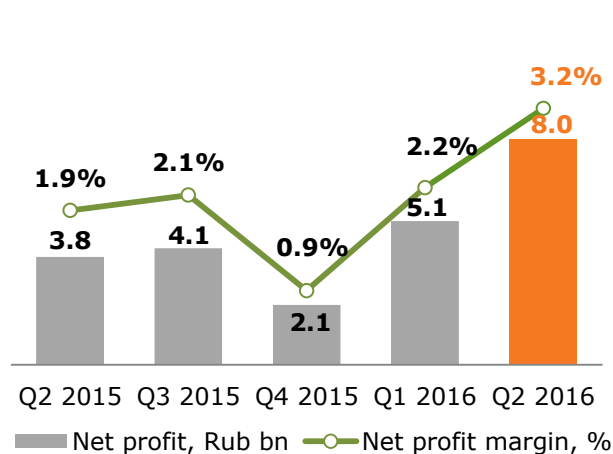
## SG&A (excl. D&A&I), Rub bn



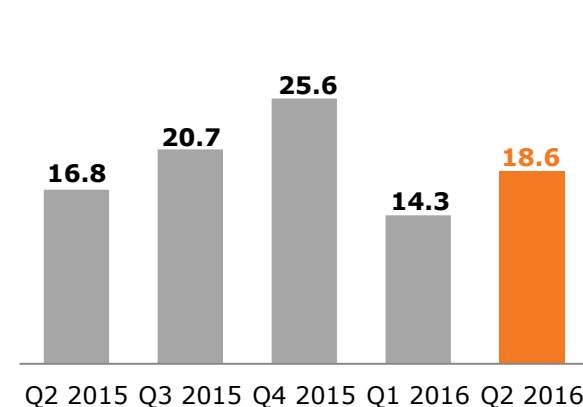
## EBITDA & EBITDA margin



## Net profit & net profit margin



## Capital expenditures, Rub bn



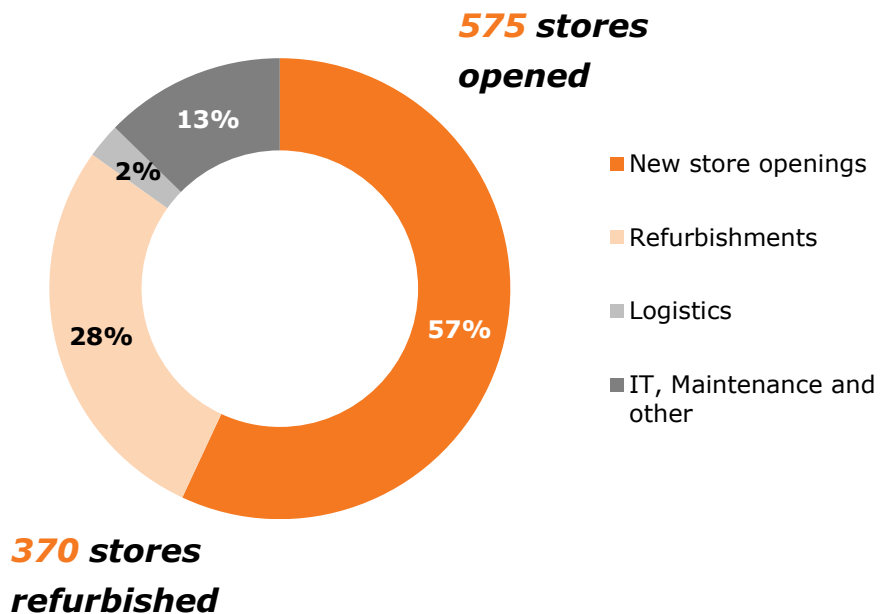
# SG&A EXPENSES ANALYSIS

| Rub mln                                       | Q2 2016       | Q2 2015       | + / ( - ), %  | H1 2016       | H1 2015       | + / ( - ), % |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| <b>SG&amp;A (excl. D&amp;A&amp;I), incl.:</b> | <b>41,536</b> | <b>35,201</b> | <b>18.0</b>   | <b>82,845</b> | <b>68,557</b> | <b>20.8</b>  |
| <i>as % of Revenue</i>                        | 16.5          | 17.6          | (110) b.p.    | 17.1          | 17.9          | (77) b.p.    |
| <b>Staff costs</b>                            | <b>18,169</b> | <b>15,083</b> | <b>20.5</b>   | <b>36,314</b> | <b>29,675</b> | <b>22.4</b>  |
| <i>% of Revenue</i>                           | 7.2           | 7.5           | (33) b.p.     | 7.5           | 7.8           | (24) b.p.    |
| <b>Lease expenses</b>                         | <b>11,379</b> | <b>8,675</b>  | <b>31.2</b>   | <b>22,004</b> | <b>17,042</b> | <b>29.1</b>  |
| <i>% of Revenue</i>                           | 4.5           | 4.3           | 18 b.p.       | 4.6           | 4.5           | 10 b.p.      |
| <b>Utilities</b>                              | <b>4,238</b>  | <b>3,567</b>  | <b>18.8</b>   | <b>9,222</b>  | <b>7,620</b>  | <b>21.0</b>  |
| <i>% of Revenue</i>                           | 1.7           | 1.8           | (10) b.p.     | 1.9           | 2.0           | (8) b.p.     |
| <b>Other store costs</b>                      | <b>3,581</b>  | <b>3,078</b>  | <b>16.3</b>   | <b>7,029</b>  | <b>5,807</b>  | <b>21.0</b>  |
| <i>% of Revenue</i>                           | 1.4           | 1.5           | (12) b.p.     | 1.5           | 1.5           | (6) b.p.     |
| <b>Third party services</b>                   | <b>1,806</b>  | <b>2,072</b>  | <b>(12.8)</b> | <b>3,654</b>  | <b>3,351</b>  | <b>9.0</b>   |
| <i>% of Revenue</i>                           | 0.7           | 1.0           | (32) b.p.     | 0.8           | 0.9           | (12) b.p.    |
| <b>Other expenses</b>                         | <b>2,363</b>  | <b>2,726</b>  | <b>(13.3)</b> | <b>4,622</b>  | <b>5,062</b>  | <b>(8.7)</b> |
| <i>% of Revenue</i>                           | 0.9           | 1.4           | (42) b.p.     | 1.0           | 1.3           | (37) b.p.    |
| <b>D&amp;A&amp;I</b>                          | <b>5,547</b>  | <b>4,465</b>  | <b>24.2</b>   | <b>10,634</b> | <b>8,526</b>  | <b>24.7</b>  |
| <i>as % of Revenue</i>                        | 2.2           | 2.2           | (3) b.p.      | 2.2           | 2.2           | (3) b.p.     |
| <b>SG&amp;A</b>                               | <b>47,083</b> | <b>39,666</b> | <b>24.0</b>   | <b>93,479</b> | <b>77,083</b> | <b>21.3</b>  |
| <i>as % of Revenue</i>                        | 18.7          | 19.8          | (113) b.p.    | 19.3          | 20.1          | (80) b.p.    |

**In Q2 2016, SG&A expenses as a percentage of revenue were down y-o-y by 113 b.p.**

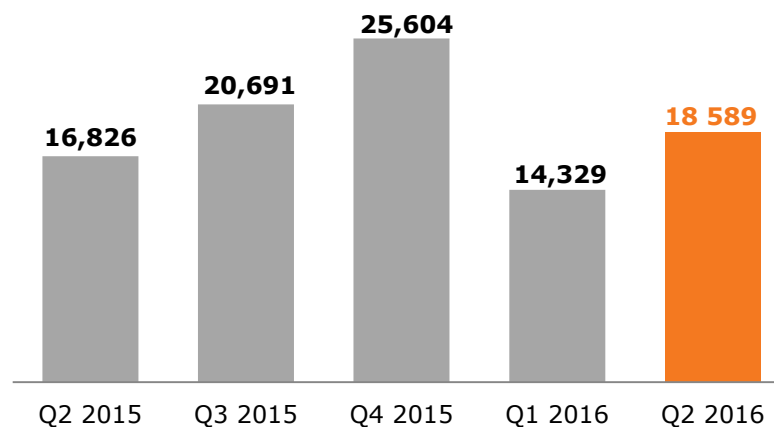
# CAPITAL EXPENDITURES OVERVIEW

Capex breakdown for Q2 2016



Capex breakdown by quarters, Rub mln

Total Capex in Q2 2016: **18,589 Rub mln**



**In Q2 2016, Capex programme was focused on organic expansion and investments in store refurbishments**

# DEBT STRUCTURE

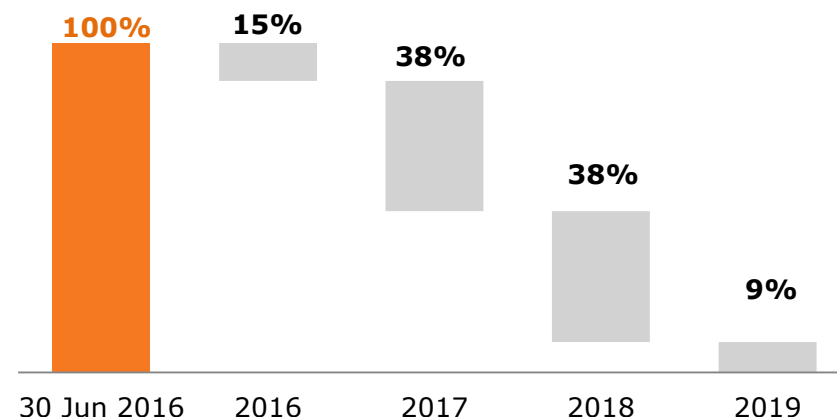
## Debt profile

| Rub mln                | 30 Jun 2016    | 30 Jun 2015    |
|------------------------|----------------|----------------|
| <b>Total Debt</b>      | <b>156,000</b> | <b>129,029</b> |
| Short-Term Debt        | 43,063         | 30,779         |
| <i>% of total debt</i> | <i>27.6%</i>   | <i>23.9%</i>   |
| Long-Term Debt         | 112,937        | 98,250         |
| <i>% of total debt</i> | <i>72.4%</i>   | <i>76.1%</i>   |
| <b>Net Debt</b>        | <b>150,569</b> | <b>124,497</b> |

## Covenants & liquidity update

| Covenant metrics & liquidity sources | 30 Jun 2016 | 30 Jun 2015 | Covenants |
|--------------------------------------|-------------|-------------|-----------|
| Net Debt / EBITDA                    | 2.34x       | 2.39x       | < 4.00x   |
| Cash & cash equiv., Rub mln          | 5,431       | 4,532       |           |
| Available credit limits, Rub mln     | 156,475     | 114,900     |           |

## Debt portfolio maturity



## Highlights

- X5's debt portfolio is 100% RUB-denominated
- The weighted average effective interest rate on X5's debt in H1 2016 amounted to 11,67%
- In April 2016, Standard and Poor's revised its Outlook on X5» from «Stable» to «Positive and confirm «BB-» long-term corporate credit rating
- In May 2016, X5 issued corporate bonds in the total amount of RUB 5 bln. at a 10.5% coupon rate with a 1.5-year put option
- In June 2016 X5 made several drawdowns out of Alfa-Bank long-term credit line in the total amount of RUB 14.7 bln

# FINANCIAL STATEMENT (1/3)

## PROFIT AND LOSS STATEMENT

| Rub mln                        | Q2 2016        | Q2 2015        | +/( - )       | +/( - ),<br>%    | H1 2016        | H1 2015        | +/( - )        | +/( - ),<br>%    |
|--------------------------------|----------------|----------------|---------------|------------------|----------------|----------------|----------------|------------------|
| <b>Revenue</b>                 | <b>251,633</b> | <b>199,883</b> | <b>51,750</b> | <b>25.9</b>      | <b>483,244</b> | <b>382,608</b> | <b>100,636</b> | <b>26.3</b>      |
| Net retail sales               | 249,722        | 198,623        | 51,099        | 25.7             | 480,323        | 380,676        | 99,647         | 26.2             |
| COGS                           | 191,826        | 151,808        | 40,018        | 26.4             | 367,246        | 289,637        | 77,609         | 26.8             |
| <b>Gross profit</b>            | <b>59,807</b>  | <b>48,075</b>  | <b>11,732</b> | <b>24.4</b>      | <b>115,998</b> | <b>92,971</b>  | <b>23,027</b>  | <b>24.8</b>      |
| <i>Gross profit margin</i>     | <i>23.8</i>    | <i>24.1</i>    |               | <i>(28) b.p.</i> | <i>24.0</i>    | <i>24.3</i>    |                | <i>(30) b.p.</i> |
| SG&A                           | 47,083         | 39,666         | 7,417         | 24.0             | 93,479         | 77,083         | 16,396         | <b>21.3</b>      |
| <b>EBITDA</b>                  | <b>20,005</b>  | <b>14,389</b>  | <b>5,617</b>  | <b>39.0</b>      | <b>36,498</b>  | <b>27,517</b>  | <b>8,981</b>   | <b>32.6</b>      |
| <i>EBITDA margin</i>           | <i>8.0</i>     | <i>7.2</i>     |               | <i>75 b.p.</i>   | <i>7.6</i>     | <i>7.2</i>     |                | <i>36 b.p.</i>   |
| <b>Operating profit</b>        | <b>14,458</b>  | <b>9,923</b>   | <b>4,535</b>  | <b>45.7</b>      | <b>25,864</b>  | <b>18,991</b>  | <b>6,873</b>   | <b>36.2</b>      |
| <i>Operating profit margin</i> | <i>5.7</i>     | <i>5.0</i>     |               | <i>78 b.p.</i>   | <i>5.4</i>     | <i>5.0</i>     |                | <i>39 b.p.</i>   |
| <b>Net profit</b>              | <b>7,950</b>   | <b>3,832</b>   | <b>4,118</b>  | <b>107.5</b>     | <b>13,004</b>  | <b>7,942</b>   | <b>5,062</b>   | <b>63.7</b>      |
| <i>Net profit margin</i>       | <i>3.2</i>     | <i>1.9</i>     |               | <i>124 b.p.</i>  | <i>2.7</i>     | <i>2.1</i>     |                | <i>62 b.p.</i>   |

# FINANCIAL STATEMENT (2/3)

## BALANCE SHEET

| Rub mln                               | 30 June 2016   | 30 June 2015   | +/( - )       | +/( - )%    |
|---------------------------------------|----------------|----------------|---------------|-------------|
| <b>Total current assets</b>           | <b>101,986</b> | <b>91,875</b>  | <b>10,111</b> | <b>11.0</b> |
| Cash & cash equivalents               | 5,431          | 4,532          | 899           | 19.8        |
| Inventories                           | 62,970         | 50,400         | 12,570        | 24.9        |
| <b>Total non-current assets</b>       | <b>315,098</b> | <b>257,155</b> | <b>57,943</b> | <b>22.5</b> |
| Net PP&E                              | 208,387        | 164,386        | 44,001        | 26.8        |
| Goodwill                              | 77,800         | 68,344         | 9,456         | 13.8        |
| <b>Total assets</b>                   | <b>417,084</b> | <b>349,030</b> | <b>68,054</b> | <b>19.5</b> |
| <b>Total current liabilities</b>      | <b>180,044</b> | <b>148,703</b> | <b>31,341</b> | <b>21.1</b> |
| ST debt                               | 43,063         | 30,779         | 12,284        | 39.9        |
| Trade accounts payable                | 99,185         | 82,264         | 16,921        | 20.6        |
| <b>Total non-current liabilities</b>  | <b>119,305</b> | <b>101,861</b> | <b>17,444</b> | <b>17.1</b> |
| LT debt                               | 112,937        | 98,250         | 14,687        | 14.9        |
| <b>Total liabilities</b>              | <b>299,349</b> | <b>250,564</b> | <b>48,785</b> | <b>19.5</b> |
| <b>Total equity</b>                   | <b>117,735</b> | <b>98,466</b>  | <b>19,269</b> | <b>19.6</b> |
| <b>Total liabilities &amp; equity</b> | <b>417,084</b> | <b>349,030</b> | <b>68,054</b> | <b>19.5</b> |

# FINANCIAL STATEMENT (3/3)

## CASH FLOW

| Rub mln  | Q2 2016         | Q2 2015         | +/( - )        | +/( - )%    | H1 2016         | H1 2015         | +/( - )         | +/( - )%      |
|--|-----------------|-----------------|----------------|-------------|-----------------|-----------------|-----------------|---------------|
| <b>Net cash generated from operating activities</b>                  | <b>12,555</b>   | <b>6,843</b>    | <b>5,712</b>   | <b>83.5</b> | <b>18,281</b>   | <b>4,592</b>    | <b>13,689</b>   | <b>298.1</b>  |
| Net cash from operating activities before changes in working capital | 20,122          | 15,384          | 4,738          | 30.8        | 36,810          | 28,957          | 7,853           | 27.1          |
| Change in Working Capital, incl.:                                    | (2,914)         | (2,919)         | 5              | (0.2)       | (9,221)         | (14,058)        | 4,837           | n.a.          |
| Decrease/(increase) in trade and other accounts receivable           | 2,575           | (3,307)         | 5,882          | n.a.        | 6,499           | (1,642)         | 8,141           | n.a.          |
| Decrease/(increase) in inventories                                   | (50)            | 2,531           | (2,581)        | n.a.        | (5,083)         | (3,185)         | (1,898)         | 59.6          |
| (Increase)/decrease in trade payable                                 | (2,930)         | (3,276)         | 346            | (10.6)      | (4,559)         | (10,924)        | 6,365           | n.a.          |
| (Decrease)/increase in other accounts payable                        | (2,509)         | 1,133           | (3,642)        | n.a.        | (6,078)         | 1,693           | (7,771)         | n.a.          |
| Net interest and income tax paid                                     | (4,653)         | (5,622)         | 969            | (17.2)      | (9,308)         | (10,307)        | 999             | n.a.          |
| <b>Net cash used in investing activities</b>                         | <b>(18,596)</b> | <b>(13,520)</b> | <b>(5,076)</b> | <b>37.5</b> | <b>(33,531)</b> | <b>(21,340)</b> | <b>(12,191)</b> | <b>57.1</b>   |
| <b>Net cash generated from/(used in) financing activities</b>        | <b>6,979</b>    | <b>6,100</b>    | <b>879</b>     | <b>14.4</b> | <b>11,728</b>   | <b>(4,340)</b>  | <b>16,068</b>   | <b>n.a.</b>   |
| Effect of exchange rate changes on cash & cash equivalents           | (6)             | 6               | (12)           | n.a.        | (5)             | (3)             | (2)             | n.a.          |
| <b>Net increase/(decrease) in cash &amp; cash equivalents</b>        | <b>932</b>      | <b>(571)</b>    | <b>1,503</b>   | <b>n.a.</b> | <b>(3,527)</b>  | <b>(21,091)</b> | <b>17,564</b>   | <b>(83.3)</b> |

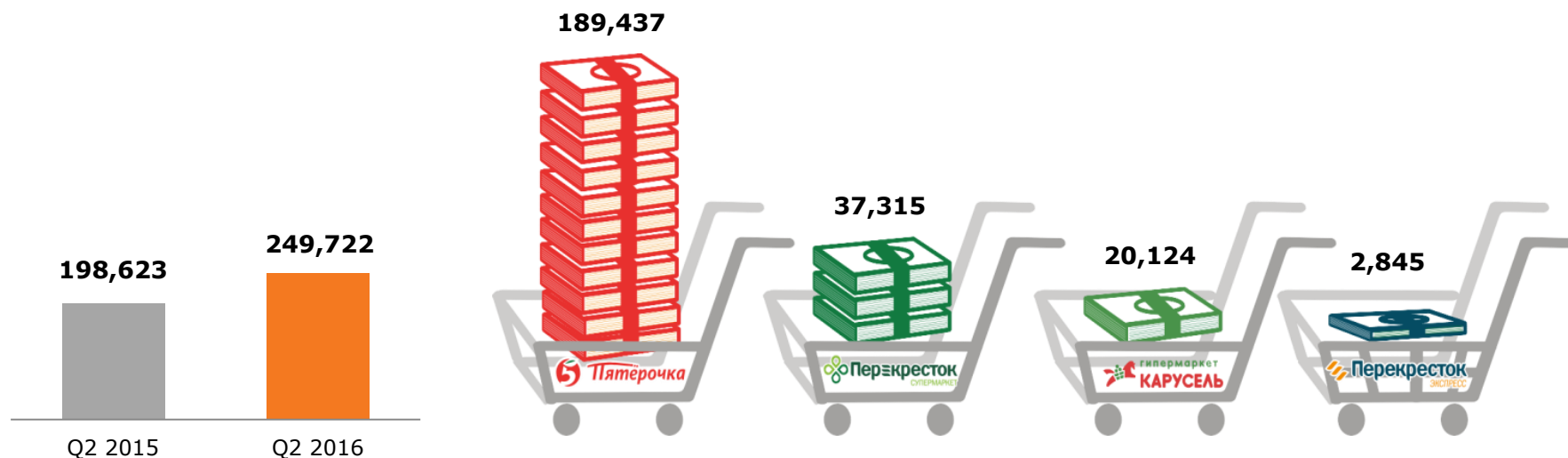
### III. OPERATIONAL RESULTS





# NET RETAIL SALES SUMMARY

Net retail sales breakdown by formats, RUB mln



Source: X5 data

## KEY DRIVERS

Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's growth thanks to:

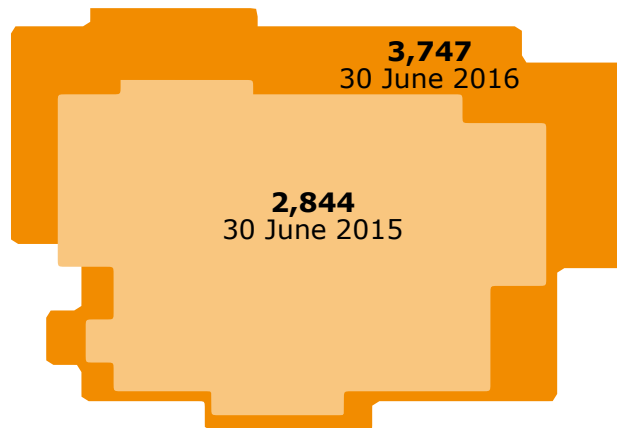
- Ambitious expansion programme
- Improved shopping experience at existing stores due to successful refurbishment programme and better shelf availability

**Net retail sales growth of 25.7% was driven by a 6.3% increase in like-for-like (LFL) sales and a 19.4% sales growth contribution from a 31.8% rise in selling space**

# EXPANSION SUMMARY

- Total store base increased to 7,936 stores as of 30 June 2016
- Continued investments into existing stores resulted in 370 refurbishments in Q2 2016
- Pyaterochka was the main driver for the store base increase. In Q2 2016, net added space increased by 64.8% y-o-y

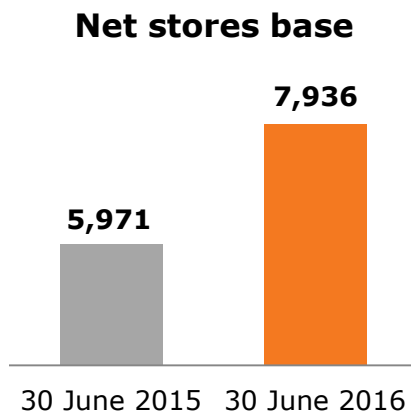
Net selling space, th. sq. m.



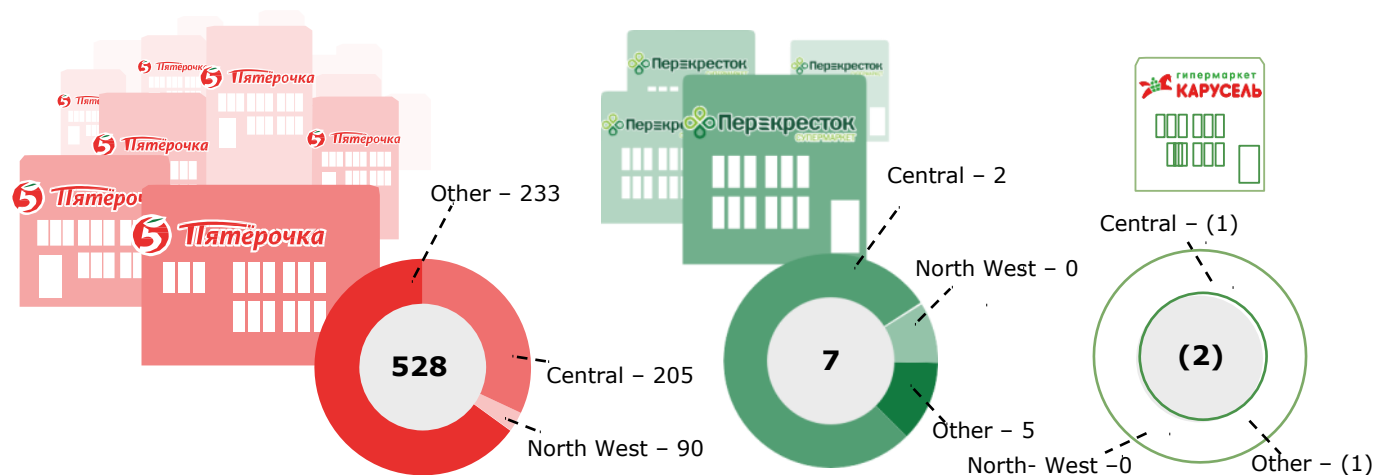
Net selling space added (last 12 months), th. sq. m.



Net stores added in Q2 2016 by formats and by regions



Source: X5 data

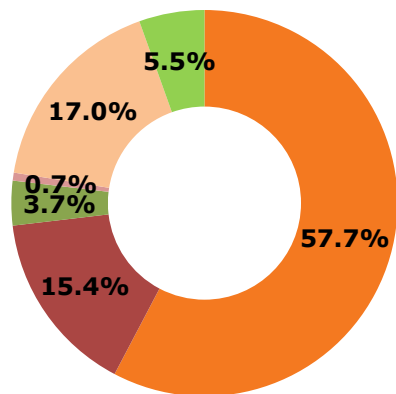


# X5 REGIONAL PRESENCE

## X5 today

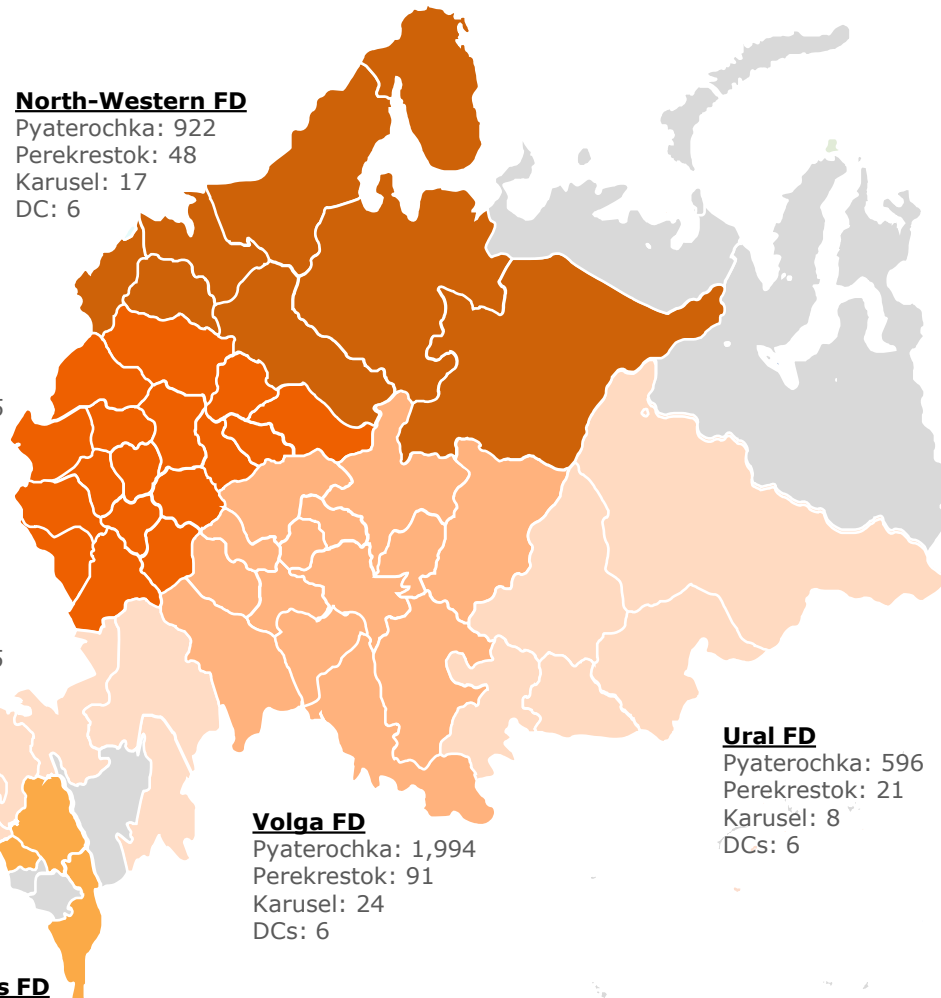
- Multi-format presence in six Federal Districts
- Total stores – 7,936, including:
  - 7,164 Pyaterochka
  - 493 Perekrestok
  - 89 Karusel
  - 190 Express stores

## Net sales by federal districts in Q2 2016, %



- Central
- Southern
- Volga
- North-Western
- North-Caucasus
- Ural

Source: X5 data



**North-Western FD**  
 Pyaterochka: 922  
 Perekrestok: 48  
 Karusel: 17  
 DC: 6

**Central FD**  
 Pyaterochka: 3,095  
 Perekrestok: 306  
 Karusel: 34  
 DCs: 15

**Southern FD**  
 Pyaterochka: 455  
 Perekrestok: 23  
 Karusel: 5  
 DCs: 2

**Volga FD**  
 Pyaterochka: 1,994  
 Perekrestok: 91  
 Karusel: 24  
 DCs: 6

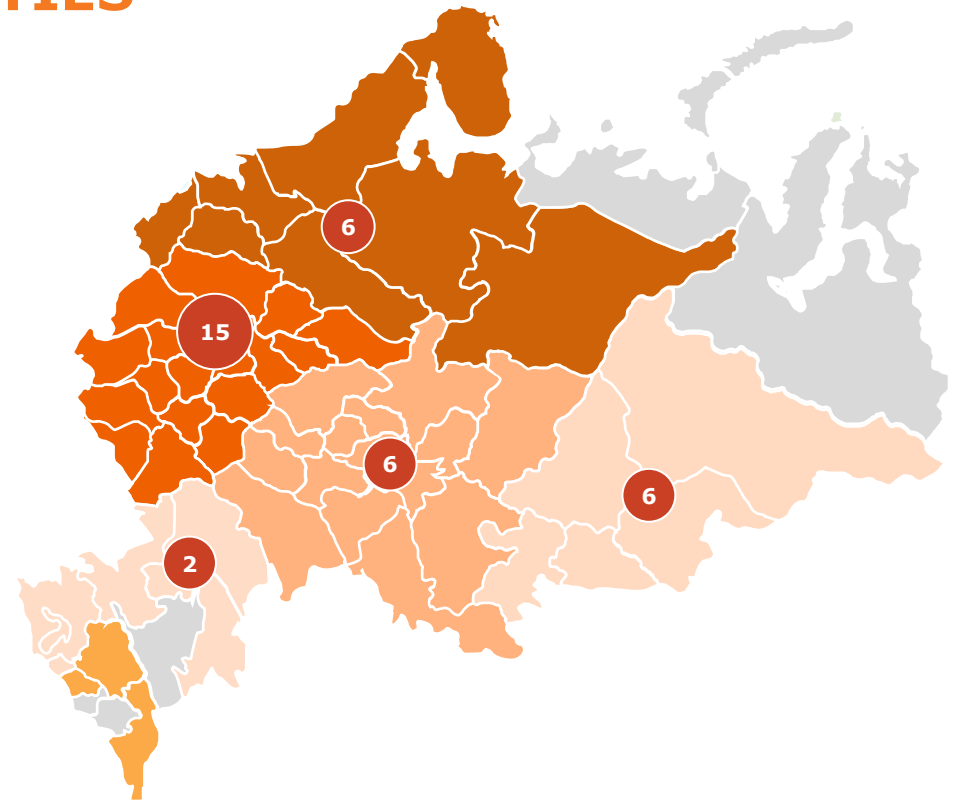
**Ural FD**  
 Pyaterochka: 596  
 Perekrestok: 21  
 Karusel: 8  
 DCs: 6

**North-Caucasus FD**  
 Pyaterochka: 102  
 Perekrestok: 4  
 Karusel: 1  
 DCs: 0

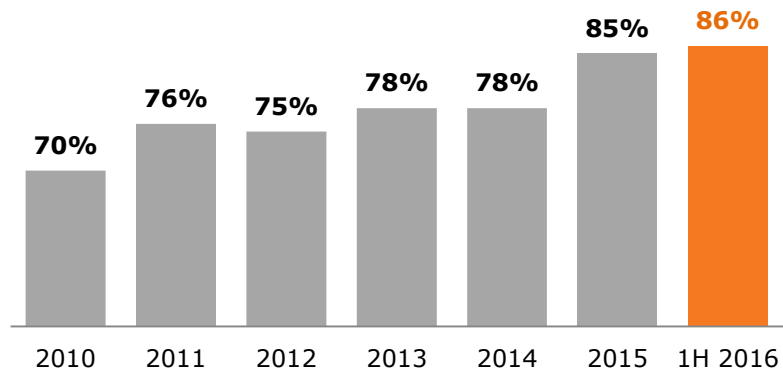
# X5 DISTRIBUTION CAPABILITIES

## Warehouse space as of 30 June 2016

| Federal district | Space, th. sq. m. | # of DCs  |
|------------------|-------------------|-----------|
| Central          | 469               | 15        |
| North-Western    | 140               | 6         |
| Volga            | 129               | 6         |
| Ural             | 70                | 6         |
| Southern         | 43                | 2         |
| <b>Total</b>     | <b>851</b>        | <b>35</b> |



## Centralization level dynamics



Source: X5 data

## Highlights for H1 2016

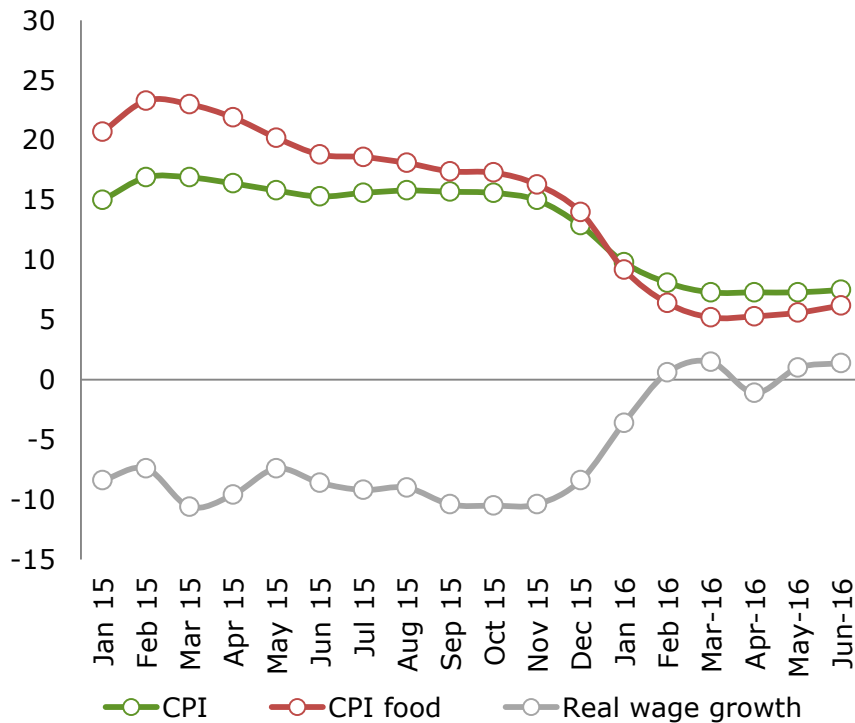
- X5 opened a new 65,000 sq. m. DC in the Moscow region to serve the Perekrestok format and a new 33,000 sq. m. DC in St. Petersburg was opened to serve the Perekrestok and Karusel formats
- X5 closed one DC in St. Petersburg and one in Voronezh region that did not meet the Company's efficiency criteria

## IV. MARKET OVERVIEW



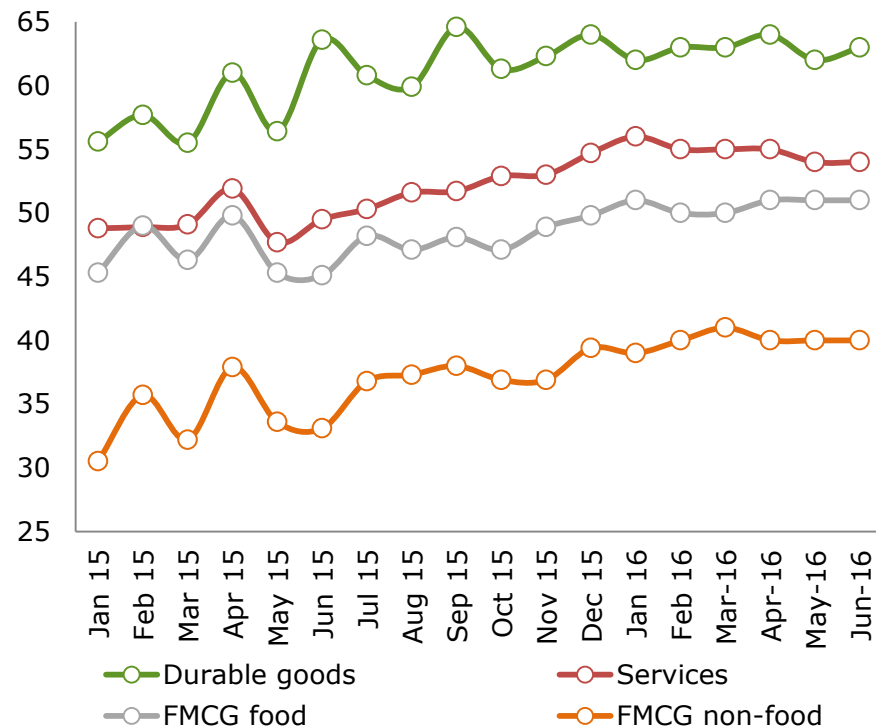
# CHALLENGING CONSUMER & MACRO ENVIRONMENT

## Inflation and real wage growth



## Changing consumer attitudes:

Percentage of consumers, which cut spending on different categories for the past month



Source: Synovate Comcon, Rosstat

The Russian consumer market is feeling the pressure

# X5 IS RESPONDING TO THE CHALLENGE

## Drivers for Macro and consumer pressure

- Increase in prices for locally produced products
- Declining/negative real wage growth
- Decline of food expenditures as a percentage of the customers budget

## Changes in consumer behavior

- Active search for attractive promotions
- Trading down within categories & formats
- Decreasing consumption/basket volume
- Splitting purchases between different formats and stores
- Price hunting increased
- Big purchases declined

## X5 response



### Assortment

- Ensure adequate representation/ share of value products in assortments
- Expand local assortment and further increase import substitution



### Price strategy

- Price monitoring of competition and formats' price perception to maintain market positioning
- Further increase import substitution with goods less affected by FX fluctuations
- Selectively control the amount of shelf inflation for certain categories to maintain price perception
- Selectively invest in the customer to support traffic and price perception













### Supplier relations/ cooperation

- Active promotions supported by suppliers
- Maximizing import substitution and local production, particularly in the entry price category
- Trade improved payment terms for lower prices

# RETAIL MARKET SNAPSHOT

## Top 10 Russian Food retailers

| #  | Company name  | % in total market 2014 | % in total market 2015 |
|----|---|------------------------|------------------------|
| 1  |  Magnit <sup>[1]</sup> | 6.2%                   | 6.9%                   |
| 2  |  X5                    | 5.2%                   | 6.2%                   |
| 3  |  Auchan                | 2.5%                   | 2.5%                   |
| 4  |  Dixy                  | 1.9%                   | 2.1%                   |
| 5  |  Lenta                 | 1.5%                   | 1.8%                   |
| 6  |  Metro                 | 1.6%                   | 1.5%                   |
| 7  |  O'Key                 | 1.2%                   | 1.2%                   |
| 8  |  SPS Holding           | 0.4%                   | 0.7%                   |
| 9  |  Globus                | 0.4%                   | 0.5%                   |
| 10 |  Monetka               | 0.5%                   | 0.5%                   |
|    | <b>Total</b>  | <b>21.5%</b>           | <b>24.0%</b>           |

[1] – Magnit retail sales exclude Magnit Cosmetic stores sales

Source: InfoLine

**X5's market share increased from 5.2% in 2014 to 6.2% in 2015**



# APPENDICIES

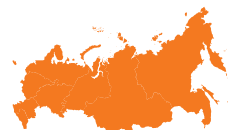
## I. PERFORMANCE SUMMARY OF KEY FORMATS



# PYATEROCHKA SUMMARY (1/2)



**7,164 stores** as of 30 June 2016,  
35.9% increase y-o-y



**2,825 th. sq. m. of selling space**  
(as of 30 June 2016), 41.1% increase y-o-y



**Q2 2016 net retail sales –  
RUB 189.4 bn,**  
30.6% increase y-o-y



**635 mln of customers** (Q2 2016),  
28.2% increase y-o-y



Share of X5's Q2 2016 sales: **~76%**



Q2 2016 LFL Results

- **Sales: 8.1%**
- **Traffic: 3.6%**
- **Basket: 4.3%**



Average check:  
**RUB 342** (Q2 2016),  
2.0% increase y-o-y



Avg. net selling space: **394 sq. m.**

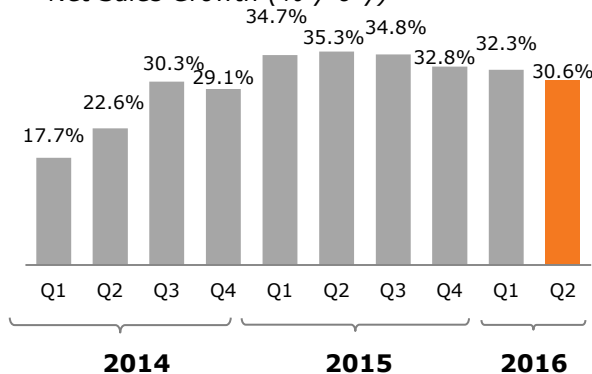
- **Formats**
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more

Your neighborhood store for daily shopping needs

# PYATEROCHKA SUMMARY (2/2)

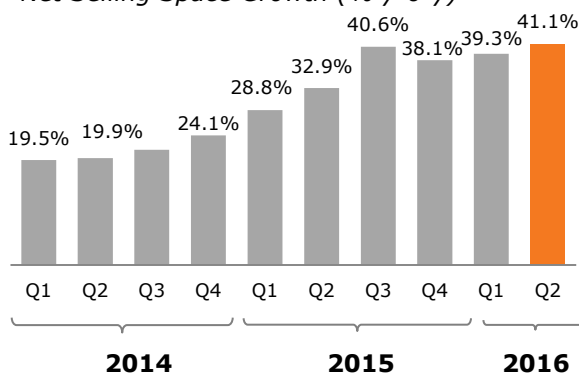
**Q2 2016 net retail sales growth: 30.6% increase y-o-y**

Net Sales Growth (% y-o-y)



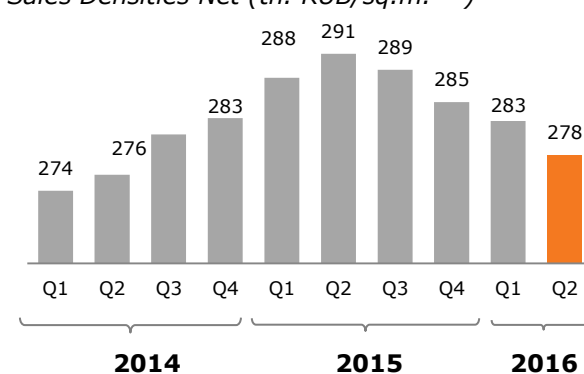
**Q2 2016 selling space growth: 41.1% increase y-o-y**

Net Selling Space Growth (% y-o-y)



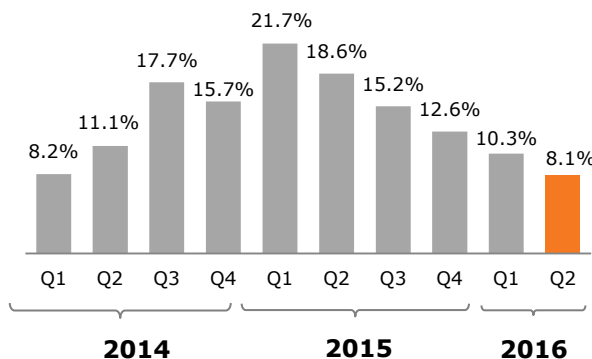
**Q2 2016 sales densities: 4.3% decline y-o-y**

Sales Densities Net (th. RUB/sq.m. <sup>[1]</sup>)



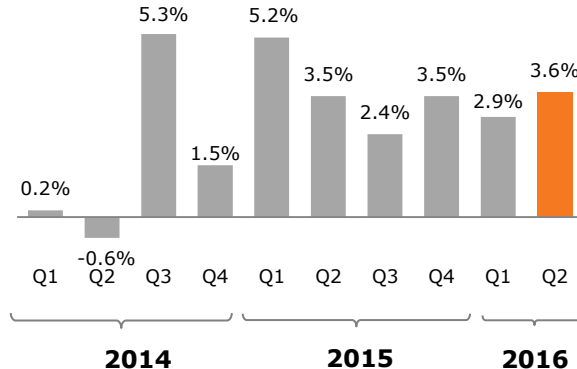
**Q2 2016 LFL sales growth: 8.1% increase y-o-y**

Total LFL Sales Growth (% y-o-y)



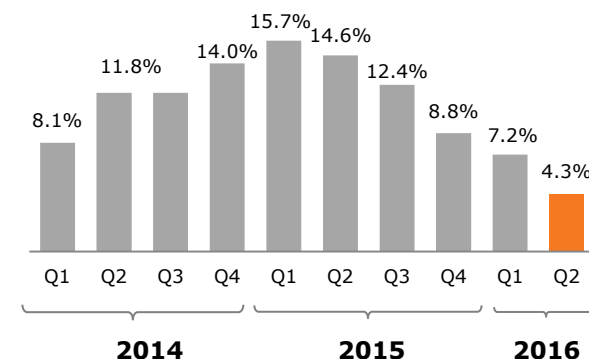
**Q2 2016 LFL traffic growth: 3.6% increase y-o-y**

Total LFL Traffic Growth (% y-o-y)



**Q2 2016 LFL basket growth: 4.3% increase y-o-y**

Total LFL Basket Growth (% y-o-y)



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

# SUMMARY OF PYATEROCHKA STRATEGY

Pyaterochka is a key growth engine for X5 thanks to its customer value proposition, which has already proved its efficiency and resilience to the crisis

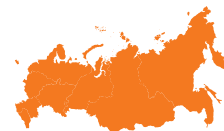
- Focus on **maximum sustainable growth rate**, entry and development in new regions with full coverage of all location types; sustain speed of new store openings
- Preserve **current CVP** with selective improvements in perceived quality and freshness
- Differentiation through **promo** (to be personalised in future) and **loyalty programme**
- Further focus on initiatives aimed at **loss reduction** and **optimisation of supply chain, planning** and **pricing**



# PEREKRESTOK SUMMARY (1/2)



**493 stores** as of 30 June 2016,  
12.6% increase y-o-y



**502 th. sq. m. of selling space**  
(as of 30 June 2016), 12.8% increase y-o-y



**Q2 2016 net retail sales –  
RUB 37.3 bn**, 19.2% increase y-o-y



**87 mln of customers** (Q2 2016),  
15.6% increase y-o-y



Share of X5's Q2 2016 sales: **~15%**



Q2 2016 LFL Results

- **Sales: 4.8%**
- **Traffic: 2.0%**
- **Basket: 2.7%**



Average check:  
**RUB 487** (Q2 2016)  
2.5% increase y-o-y



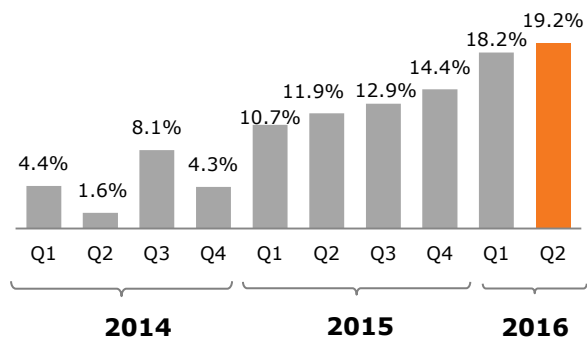
Avg. net selling space:  
**1,017 sq. m.**

Main district supermarket

# PEREKRESTOK SUMMARY (2/2)

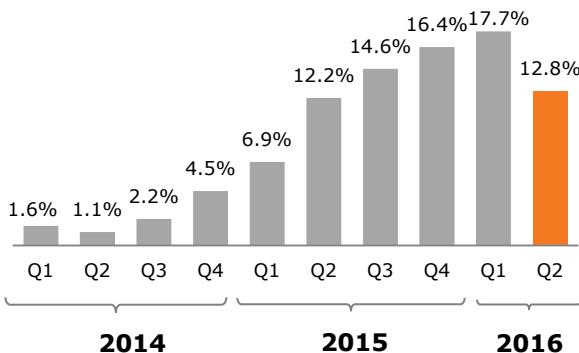
**Q2 2016 net retail sales growth: 19.2% increase y-o-y**

Net Sales Growth (% y-o-y)



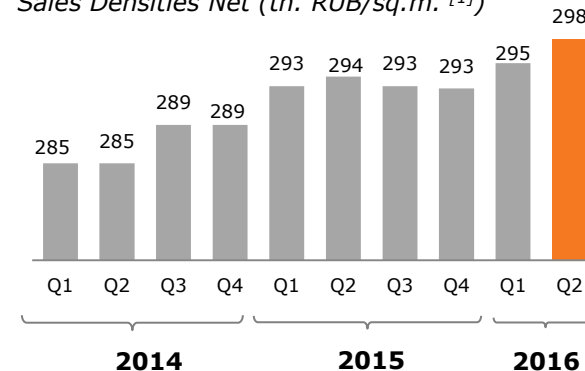
**Q2 2016 selling space growth: 12.8% increase y-o-y**

Net Selling Space Growth (% y-o-y)



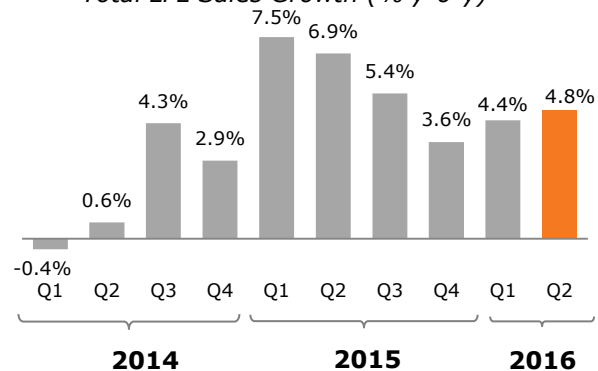
**Q2 2016 sales densities: 1.3% increase y-o-y**

Sales Densities Net (th. RUB/sq.m. <sup>[1]</sup>)



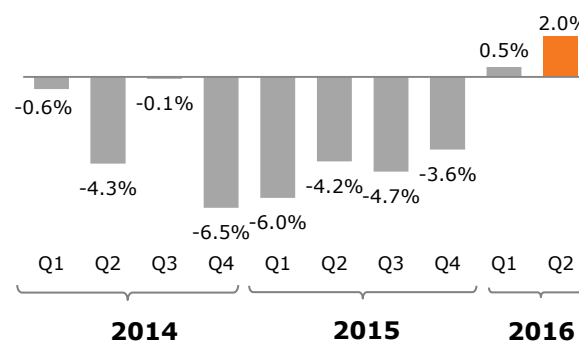
**Q2 2016 LFL sales growth: 4.8% increase y-o-y**

Total LFL Sales Growth (% y-o-y)



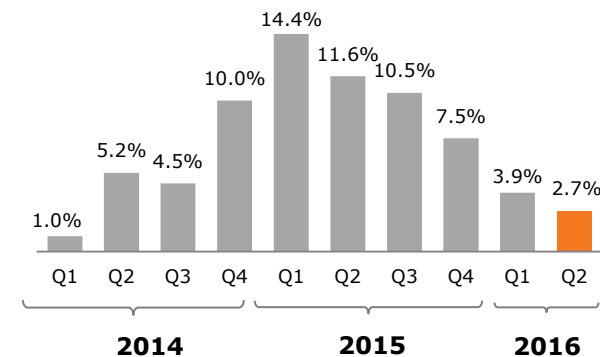
**Q2 2016 LFL traffic growth: 2.0% increase y-o-y**

Total LFL Traffic Growth (% y-o-y)



**Q2 2016 LFL basket growth: 2.7% increase y-o-y**

Total LFL Basket Growth (% y-o-y)



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

# SUMMARY OF PEREKRESTOK STRATEGY

Perekrestok has made significant progress fine-tuning its value proposition in 2015, including an updated product range, rebranding and refurbishment programme

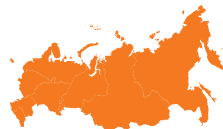
- Development **in Moscow and St. Petersburg** is a priority, critical mass growth in regional cities with >1 mln population
- Continue with **refurbishment programme**; new store openings to preserve foothold for future growth
- Regional model trial in 2016 and development from 2017
- Focus on **improving service and efficiency** of operations



# KARUSEL SUMMARY (1/2)



**89 stores** as of 30 June 2016:  
7.2% increase y-o-y



**384 th. sq. m. of selling space**  
(as of 30 June 2016), up 6.4% y-o-y



**Q2 2016 net retail sales:**  
**RUB 20.1 bn**, 3.6% increase y-o-y



**34 mln of customers** (Q2 2016),  
5.0% increase y-o-y



Share of X5's Q2 2016 sales: **~8%**



Q2 2016 LFL Results

- **Sales: (3.1)%**
- **Traffic: (0.0)%**
- **Basket: (3.1)%**



Average check:  
**RUB 672** (Q2 2016)  
1.5% decline y-o-y



Avg. net selling space:  
**4,317 sq. m.**

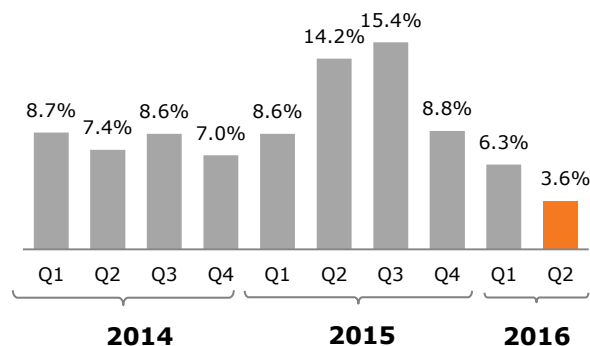
Your destination store for all food & household needs



# KARUSEL SUMMARY (2/2)

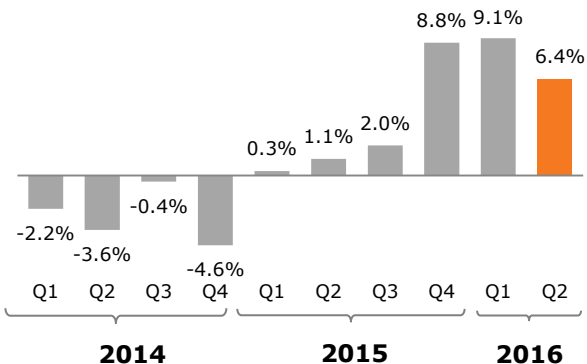
## Q2 2016 net retail sales growth: 3.6% increase y-o-y

Net Sales Growth (% y-o-y)



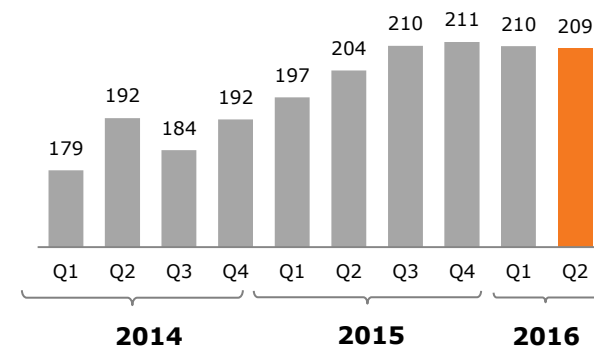
## Q2 2016 selling space growth: 6.4% increase y-o-y

Net Selling Space Growth (% y-o-y)



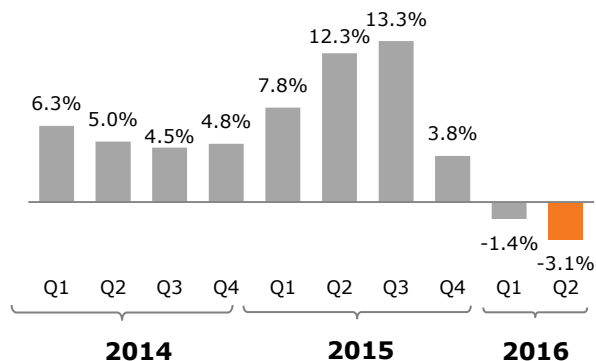
## Q2 2016 sales densities: 2.6% increase y-o-y

Sales Densities Net (th. RUB/sq.m. [1])



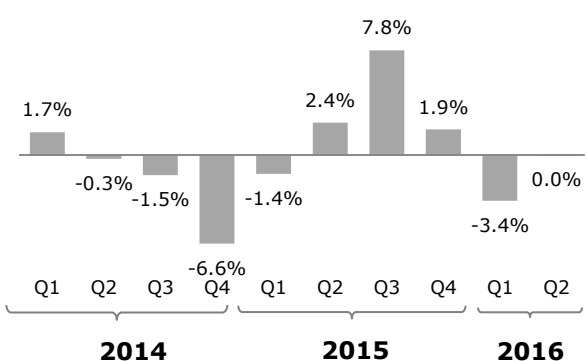
## Q2 2016 LFL sales growth: 3.1% decline y-o-y

Total LFL Sales Growth (% y-o-y)



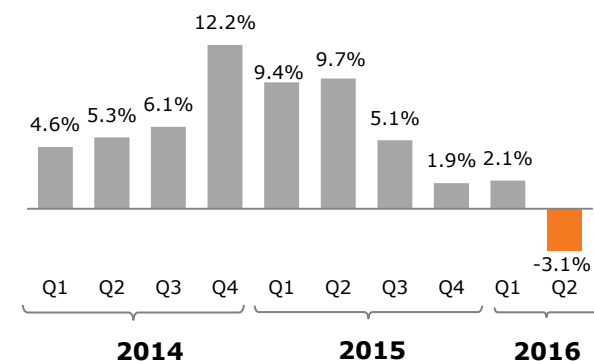
## Q2 2016 LFL traffic growth: flat dynamics

Total LFL Traffic Growth (% y-o-y)



## Q2 2016 LFL basket growth: 3.1% decline y-o-y

Total LFL Basket Growth (% y-o-y)



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

# SUMMARY OF KARUSEL STRATEGY

Development and testing of value proposition is at the core of Karusel's strategic agenda, as well as a focus on operations and efficiencies

- Gradual finalisation and testing of compact city hypermarket model **with focus on price perception**
- Transition to **active growth after actual results** of pilot models are attained by the end of 2016
- Relaunch of Karusel's **loyalty programme, promo optimisation, development of private label**
- Focus on **efficiency improvement** and **bottom-line growth**

