Q4 2019 Financial Results

X5 RETAIL GROUP

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I. HIGHLIGHTS

STRATEGIC HIGHLIGHTS

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

- X5 is a **multi-format** retailer with focus on two largest segments of the Russian food retail - proximity and supermarkets
- **Balanced approach to expansion** (up to 2,000 new store openings in 2020)
- **Fast growth of online supermarket**; express delivery in pilot stage

- Constant adaptation of **value proposition** to Russian consumers' changing needs and current macro environment, including expansion of fresh assortment, widening local assortment, development of loyalty programmes

- Significant **investments in logistics and transport**: adding new links in the value chain and operating a fleet of **4,124 owned trucks** as of Q4 2019
- In the last three years X5 opened **17** DCs, including **7 DCs** in 2018-2019

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

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

KEY ACHIEVEMENTS IN Q4 2019

- Revenue growth at **10.9%** in Q4 2019

- Adjusted EBITDA margin **6.7%** in Q4 2019

- Net debt / EBITDA at **1.71x** as of 31 December 2019

- LFL sales growth of **2.3%** in Q4 2019, of which LFL traffic growth 1.8%

- **+12.0%** YoY selling space growth in Q4 2019 (**545** net new stores, **231 th. sq.m** added)

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

- **40.6 mln** active loyalty card users as of 31 December 2019, across formats

- **82%** of net store additions in Q4 2019 was **organic growth**
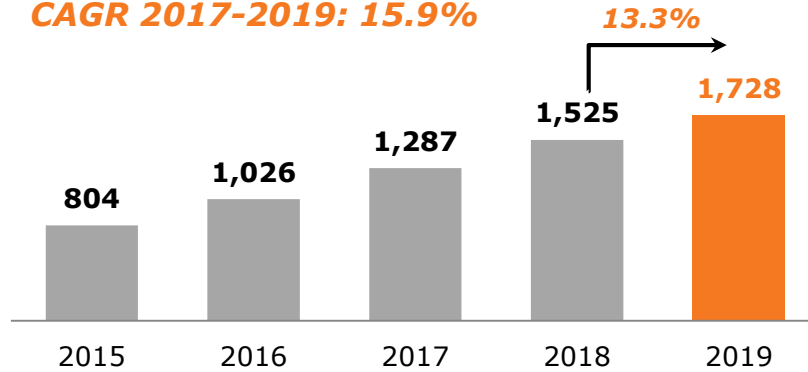- **95%** of net store additions **was in lease**

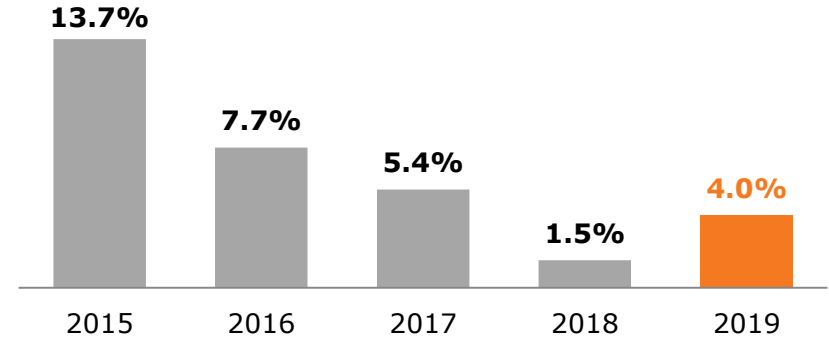*Source: X5 data*

OPERATIONAL HIGHLIGHTS

Net retail sales dynamics, RUB bn
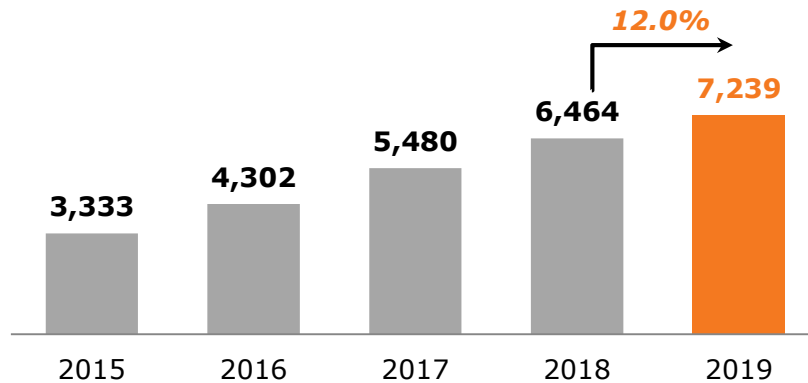
CAGR 2015-2019: 21.1%
CAGR 2017-2019: 15.9%

13.3%

2015	2016	2017	2018	2019
804	1,026	1,287	1,525	1,728

LFL sales, % y-o-y growth

2015	2016	2017	2018	2019
13.7%	7.7%	5.4%	1.5%	4.0%

Selling space, th. sq. m

CAGR 2015-2019: 21.4%
CAGR 2017-2019: 14.9%

12.0%

2015	2016	2017	2018	2019
3,333	4,302	5,480	6,464	7,239

Number of stores, end of period

CAGR 2015-2019: 23.4%
CAGR 2017-2019: 16.0%

12.9%

2015	2016	2017	2018	2019
7,020	9,187	12,121	14,431	16,297
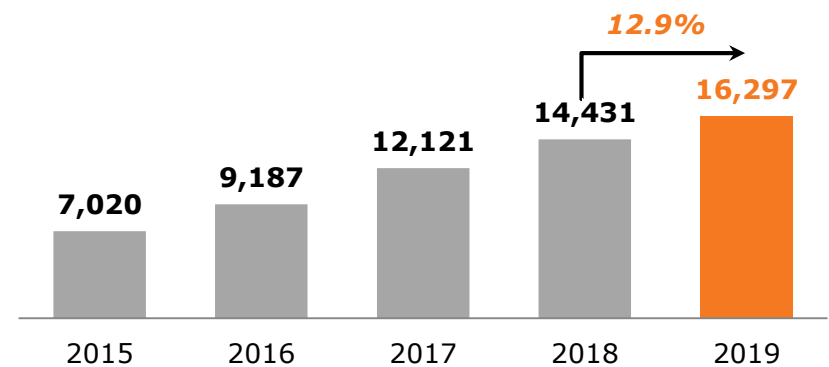
Source: X5 data

FINANCIAL HIGHLIGHTS

Revenue dynamics, RUB bn

CAGR 2015-2019: 21.0%
CAGR 2017-2019: 15.7%

13.2%

2015	2016	2017	2018	2019
809	1,034	1,295	1,533	1,734
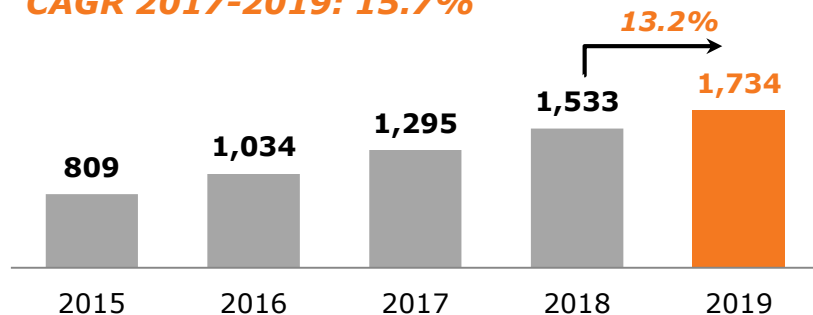
Gross profit & gross margin

CAGR 2015-2019: 21.0%
CAGR 2017-2019: 17.4%

15.2%

	2015	2016	2017	2018	2019
Gross margin, %	24.5%	24.2%	23.9%	24.1%	24.6%
Gross profit, RUB bn	198	250	309	370	426

■ Gross profit, RUB bn ─○─ Gross margin, %
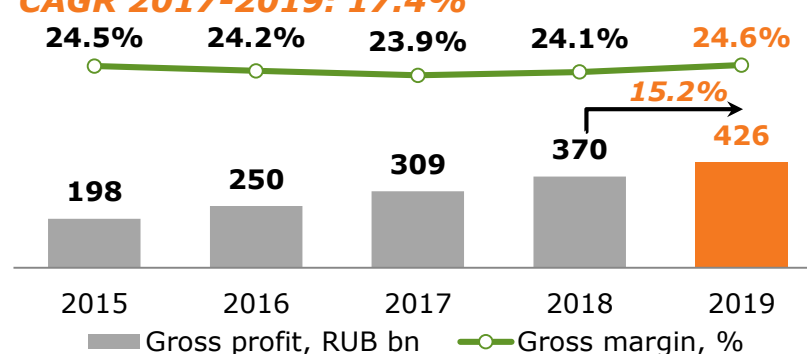
Adj. EBITDA & adj. EBITDA margin[1]

CAGR 2015-2019: 21.0%
CAGR 2017-2019: 13.4%

15.9%

	2015	2016	2017	2018	2019
Adj. EBITDA margin, %	7.3%	7.7%	7.7%	7.2%	7.3%
Adj. EBITDA, RUB bn	59	80	99	110	127

■ Adj. EBITDA, RUB bn ─○─ Adj. EBITDA margin, %
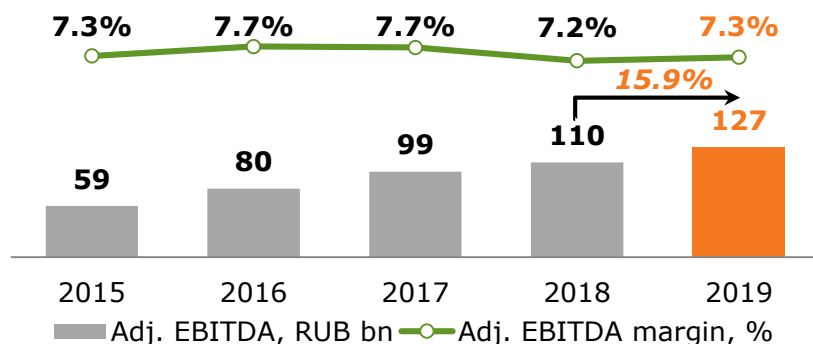
Adj. Net profit and adj. net profit margin[2]

CAGR 2015-2019: 26.7%
CAGR 2017-2019: 7.8%

	2015	2016	2017	2018	2019
Net profit margin, %	1.8%	2.2%	2.6%	1.9%	2.1%
Net profit, RUB bn	14	22	34	29	37

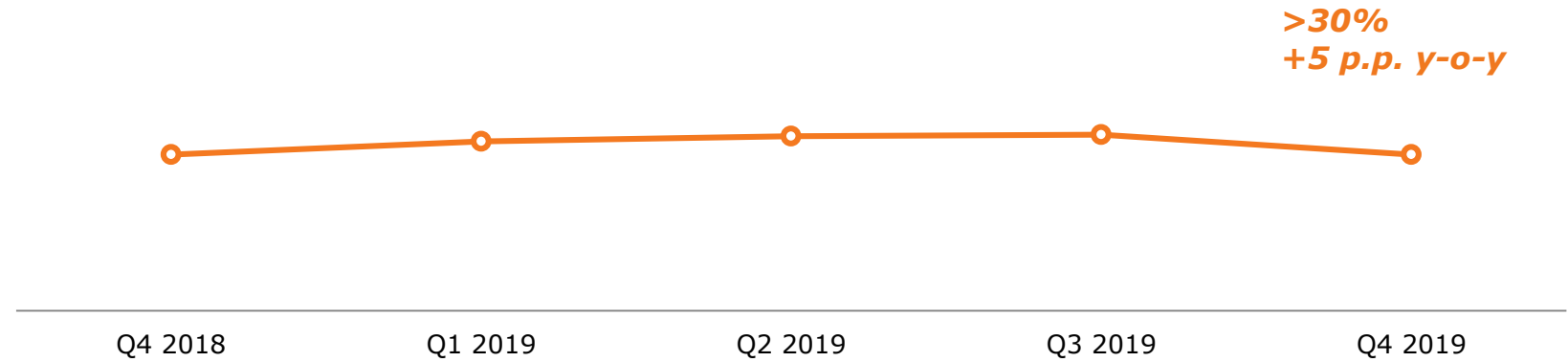■ Net profit, RUB bn ─○─ Net profit margin, %
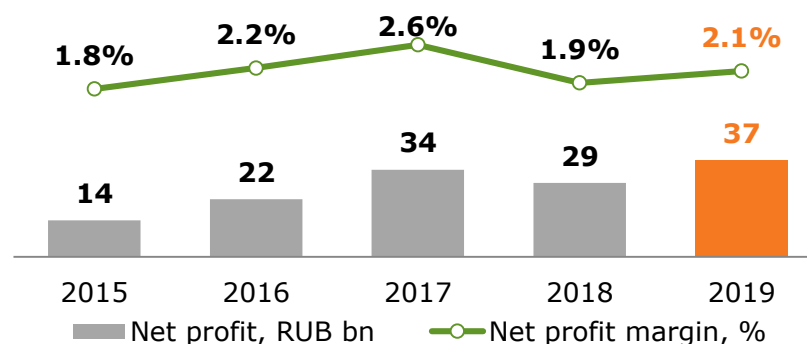
Source: X5 data
[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments
[2] – Adjusted net profit is net profit before one-off impacts from Karusel transformation and tax accrual due to X5 reorganisation in previous periods.
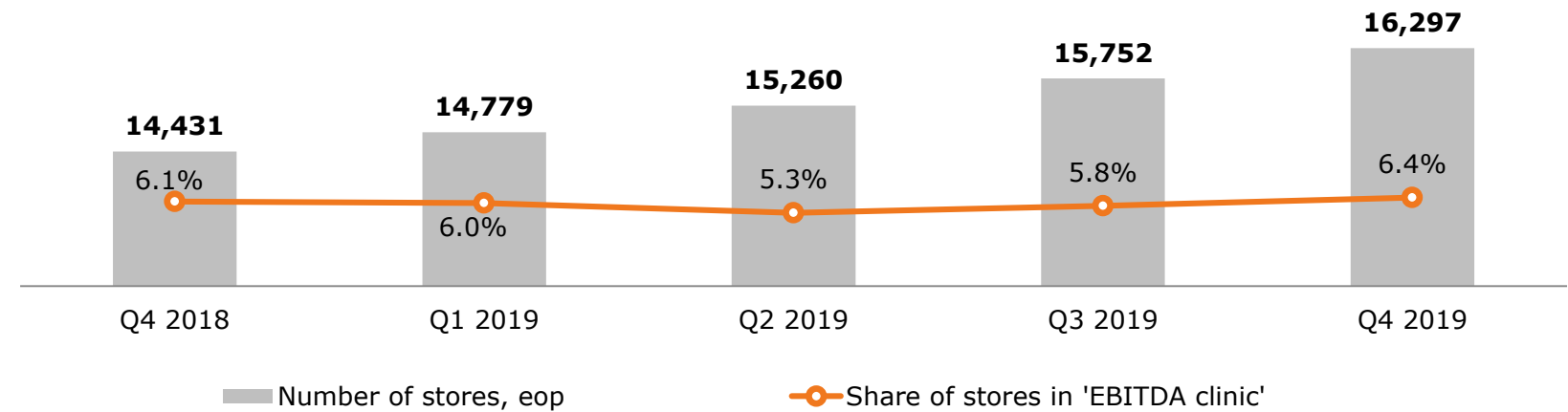
QUALITY OF NEW OPENINGS

Cash return on new store opened

>30%
+5 p.p. y-o-y

| Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 |

Note: Opened 12-36 months ago

Share of stores in 'clinic'

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Number of stores, eop	14,431	14,779	15,260	15,752	16,297
Share of stores in 'EBITDA clinic'	6.1%	6.0%	5.3%	5.8%	6.4%

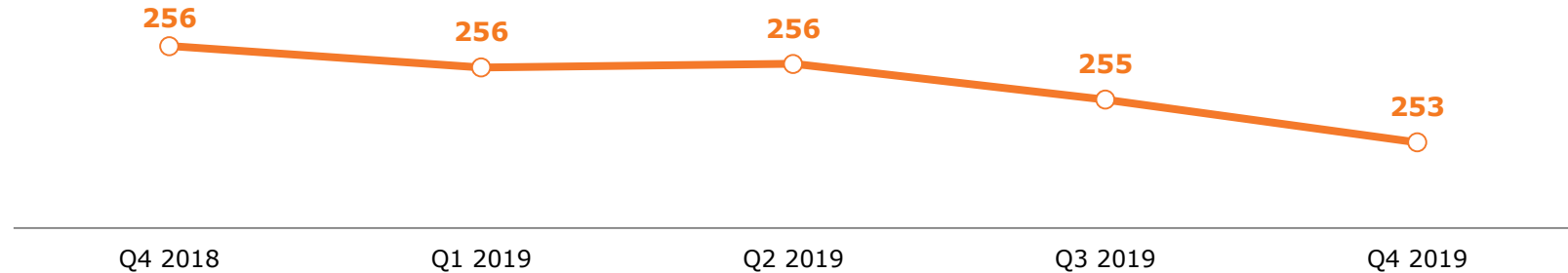■ Number of stores, eop   ─○─ Share of stores in 'EBITDA clinic'

Source: X5 data

SALES DENSITY STABILISATION
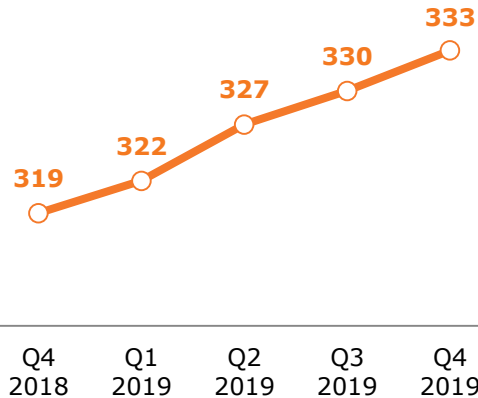## *IMPACT OF REGIONAL MIX*

Unit: '000 RUB/m2 (annualised)

Overall

	256	256	256	255	253
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019

Moscow & Moscow region

370	371	372	371	370
Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
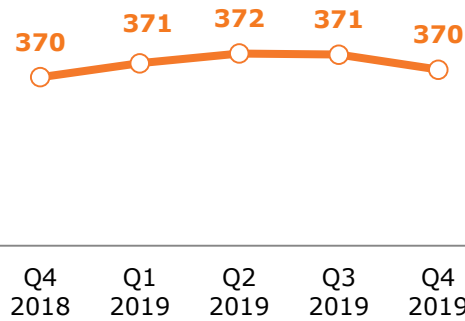
St Petersburg & Leningrad region

319	322	327	330	333
Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019

Rest of Russia

202	202	203	203	202
Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
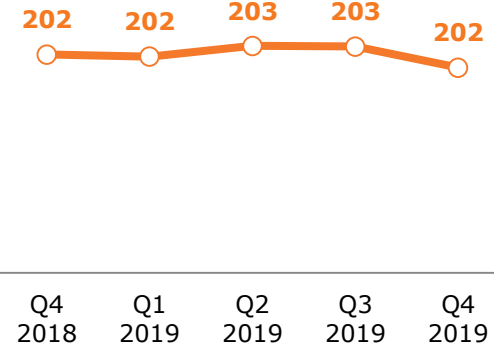
Source: X5 data

Sales densities have declined mainly due to growing share of regional stores.

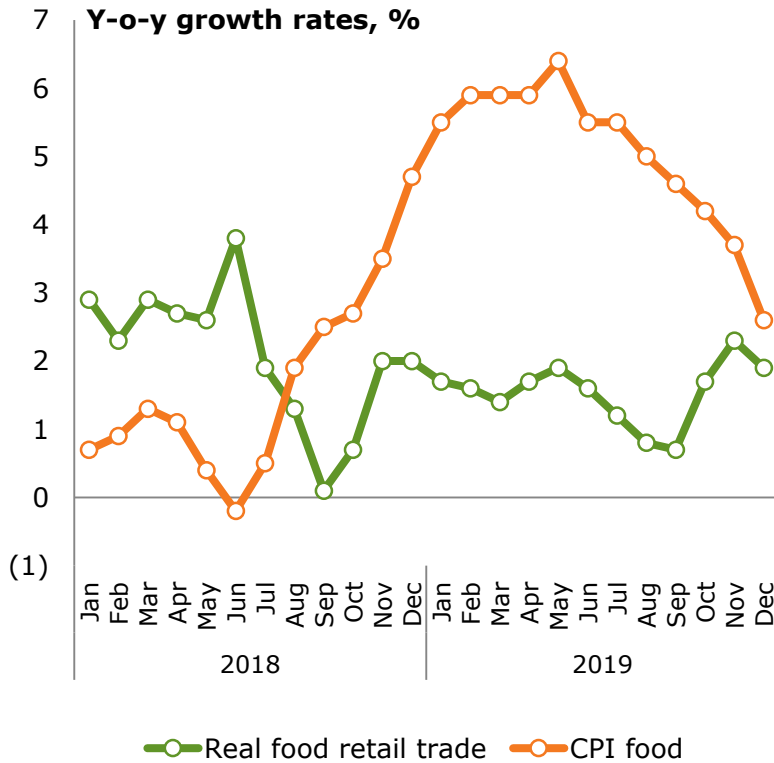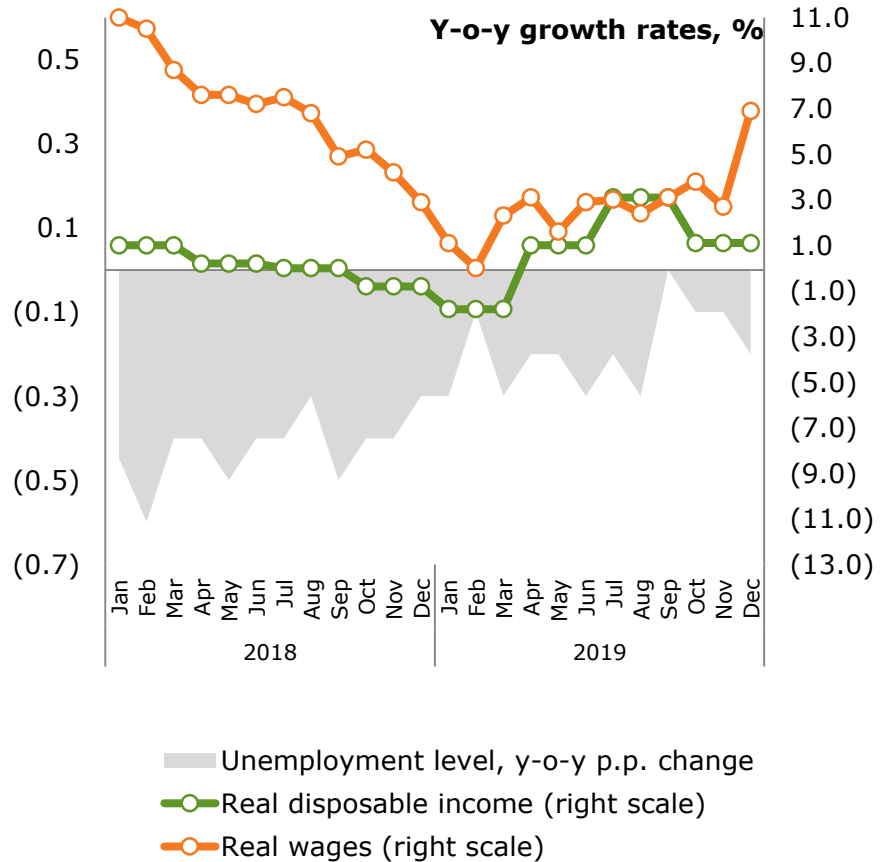# III. MACRO AND MARKET OVERVIEW

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

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

Y-o-y growth rates, %

Real food retail trade — CPI food

Y-o-y growth rates, %

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

Source: Rosstat

In 2019 the consumer demand growth rates for food products remained steadily positive despite weak real disposable income dynamics and increased inflationary pressure
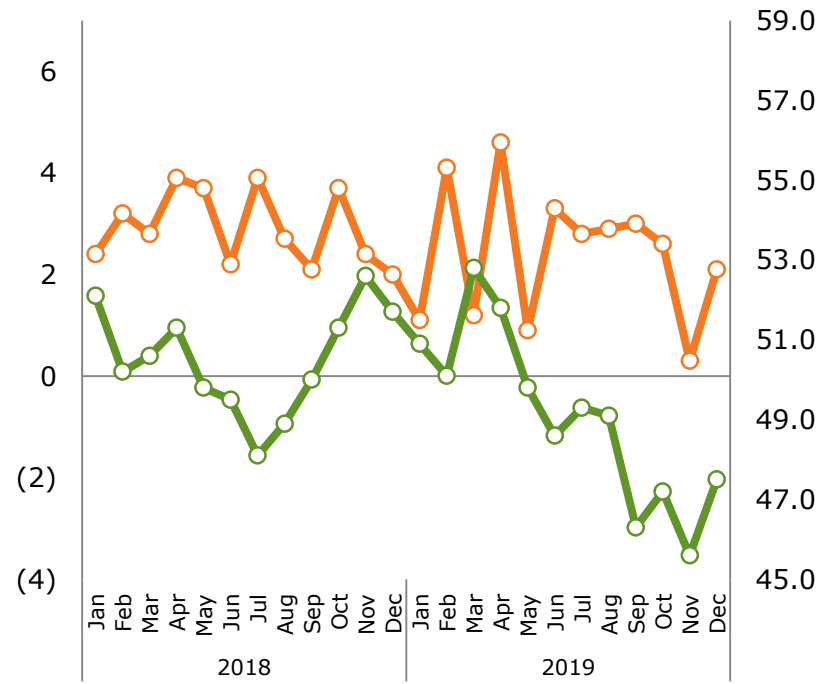
X5

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MACRO ENVIRONMENT (2/2)

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

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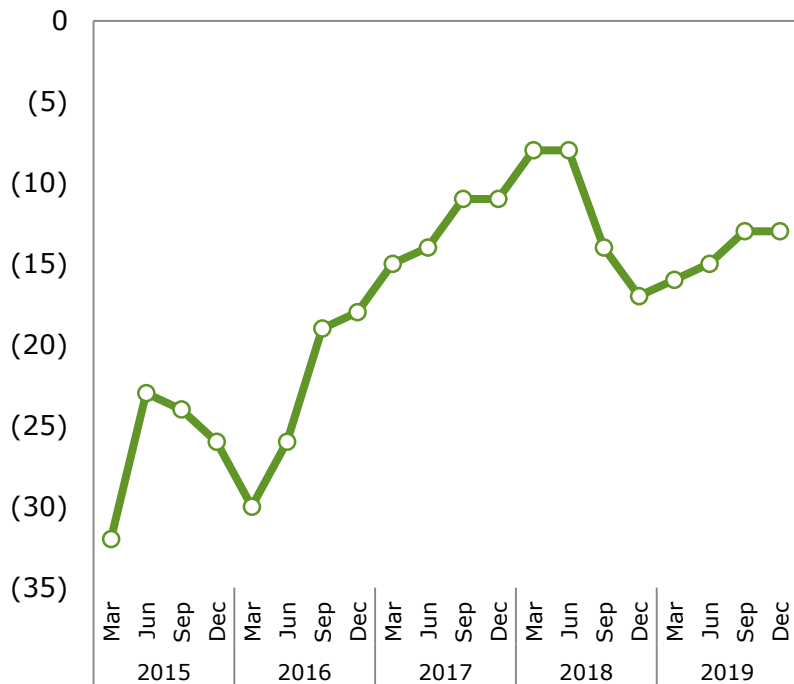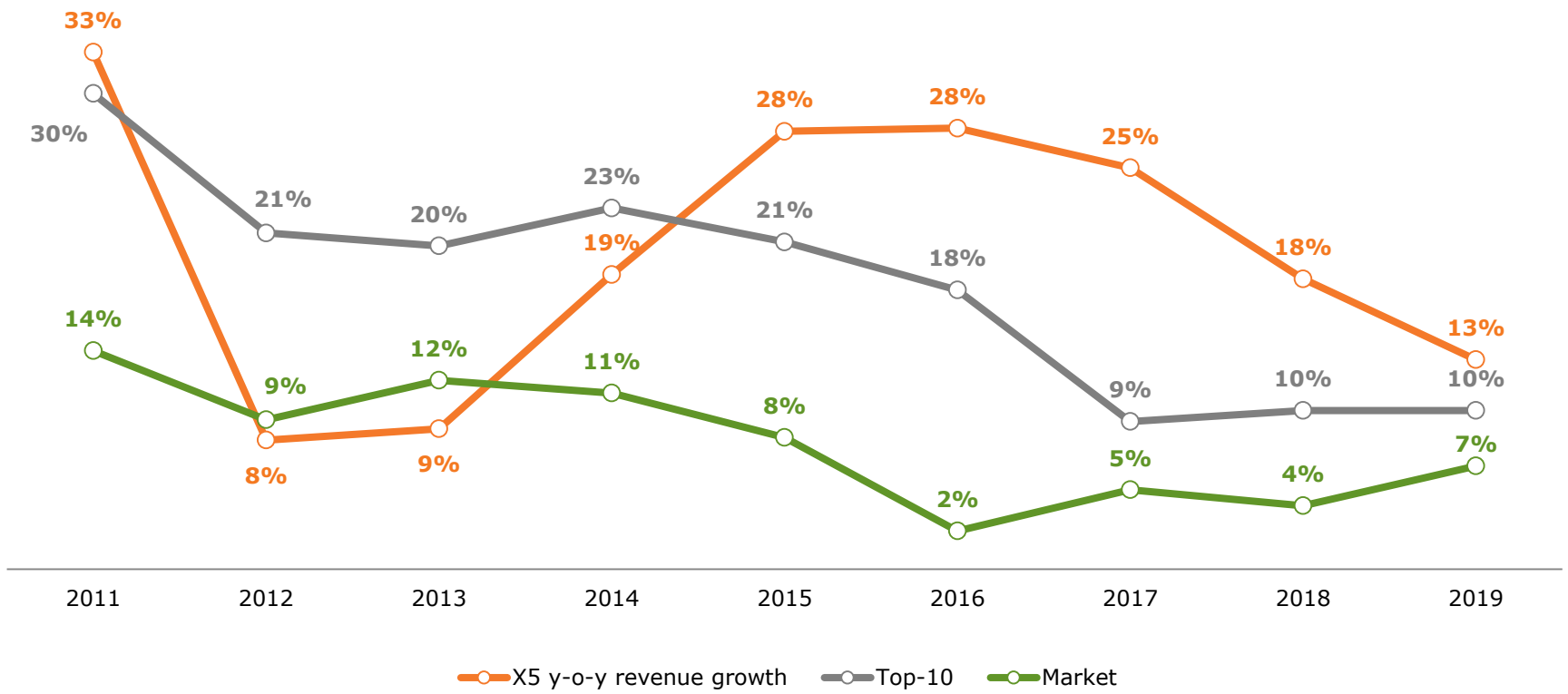

— Consumer confidence index (Rosstat, %)

— Industrial production (y-o-y, %)

— IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM

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

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 2018	% market share 2019
1	X5 RETAIL GROUP — X5	⬆	10.7%	11.5%
2	МАГНИТ — Magnit	⬇	7.7%	7.6%
3	дикси Красное&Белое — DKBR	⬆	5.1%	5.7%
4	ЛЕНТА — Lenta	⬇	2.8%	2.5%
5	Auchan — Auchan	⬇	1.9%	1.5%
6	METRO — Metro	⬇	1.3%	1.1%
7	O'KEY — O'key	⬇	1.1%	1.0%
8	МОНЕТКА — Monetka	⬆	0.6%	0.7%
9	светофор — Svetofor	⬆	0.6%	0.7%
10	globus — Globus	⬌	0.6%	0.6%
	Total Top 10	⬆	**31.9%**	**32.9%**

Source: InfoLine

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

X5

III. OPERATIONAL RESULTS Q4 2019

X5 OPERATIONAL SUMMARY

Net retail sales
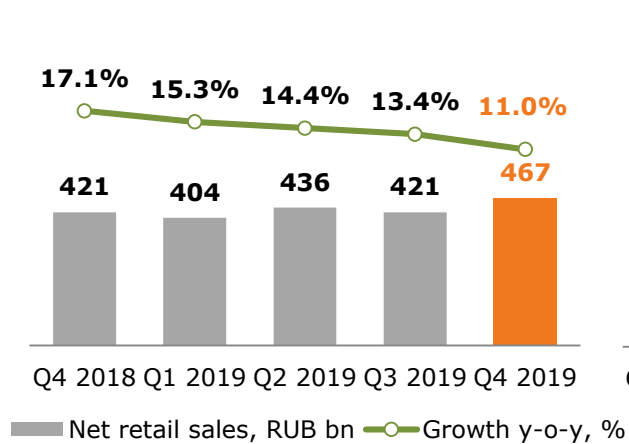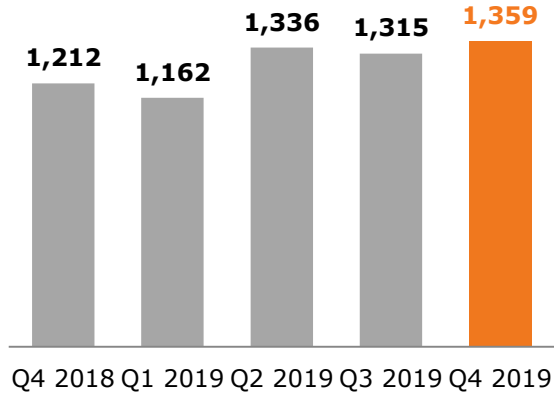
17.1% 15.3% 14.4% 13.4% **11.0%**

421 404 436 421 **467**

Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019

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

Traffic, mln customers

1,212 1,162 1,336 1,315 **1,359**

Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019

Net selling space (eop)

18.0% 15.1% 14.1% 13.9% **12.0%**

6,464 6,599 6,786 7,009 **7,239**

Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019

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

LFL sales, y-o-y

3.7% 5.0% 5.0% 3.9% **2.3%**

Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019

LFL traffic, y-o-y

2.2% 2.7% 3.3% 0.5% **1.8%**

Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019

LFL basket, y-o-y

3.6% 5.8% 5.9% 5.0% **3.5%**

1.4% 2.2% 1.6% 3.4% **0.5%**

Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019

LFL basket, y-o-y — Food CPI, %

Source: X5 data

16
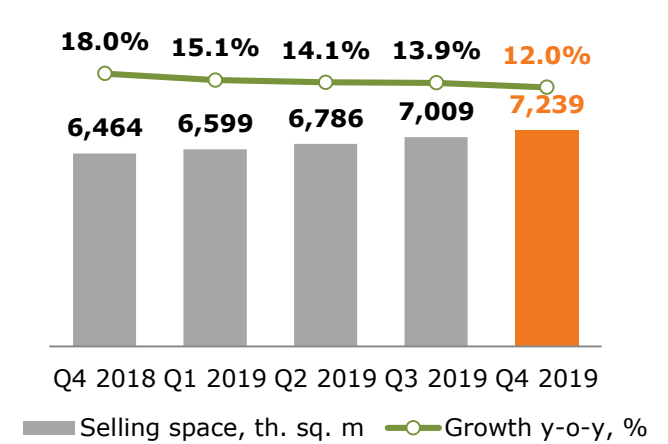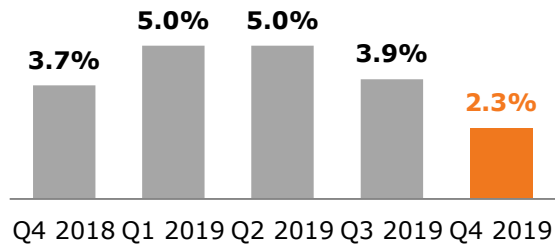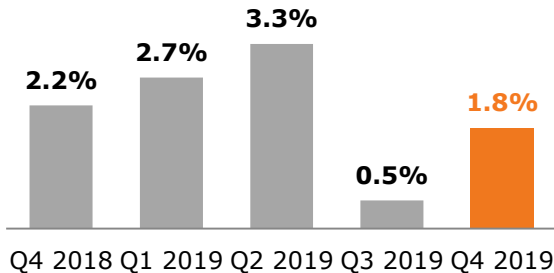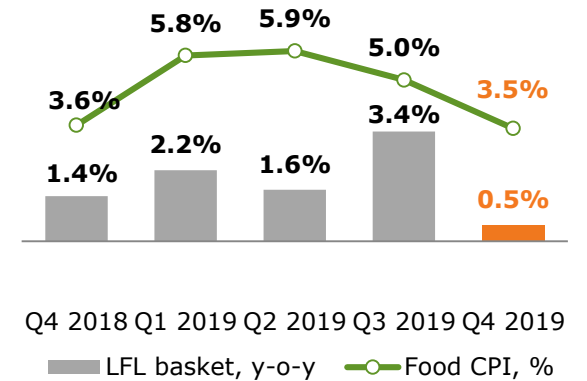
Q4 2019 RESULTS: X5 NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln

Q4 2018

Q4 2019

+11.0%
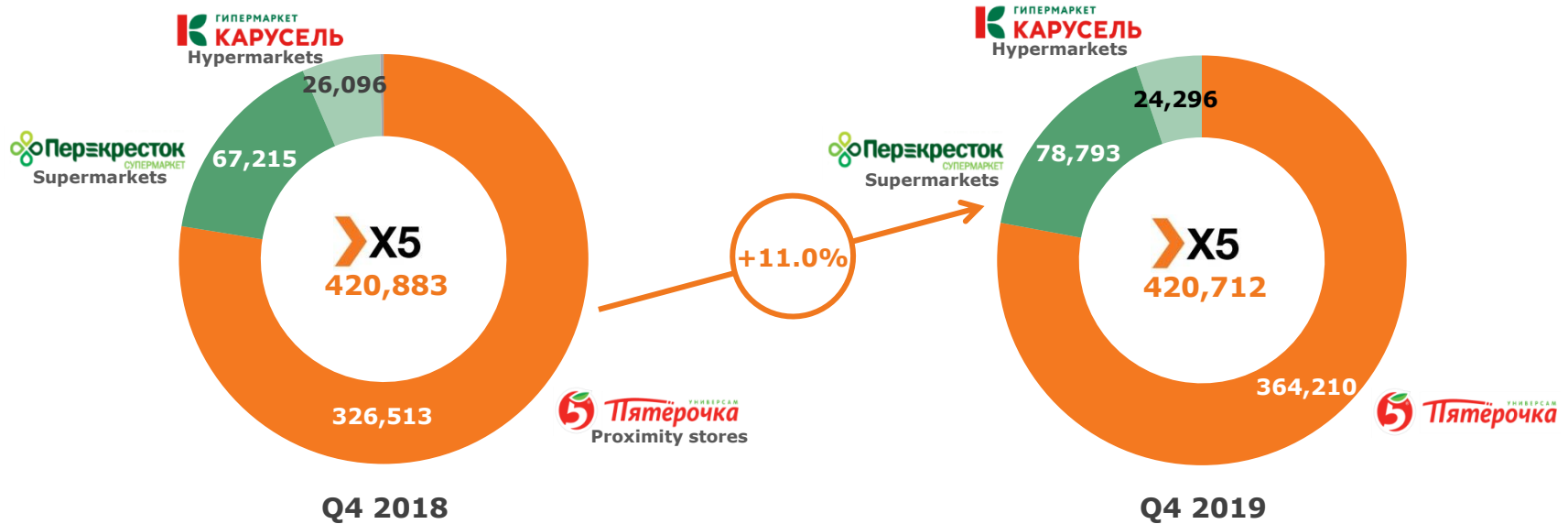
KEY DRIVERS

- 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 11.0% was driven by a 2.3% increase in like-for-like sales and a 8.7% sales growth contribution from a 12.0% rise in selling space

Q4 2019 RESULTS: EXPANSION SUMMARY

- Total store base increased to 16,297 stores as of 31 December 2019
- Pyaterochka was the main driver for the store base increase with a 186 th. sq. m selling space addition in Q4 2019

Net selling space, th. sq. m

12.0%

6,464 → 7,239

Q4 2018 — Q4 2019
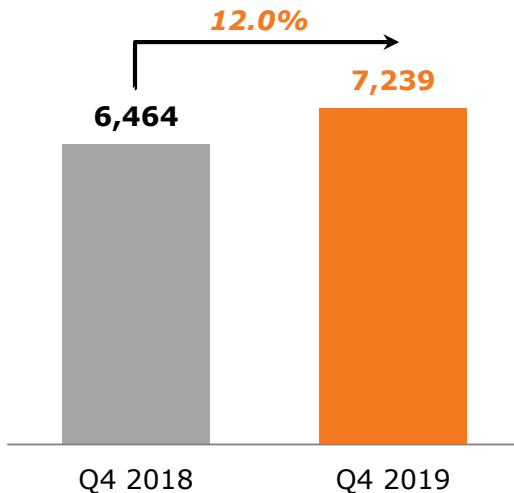
Net selling space added in Q4 2019, th. sq. m

ГИПЕРМАРКЕТ КАРУСЕЛЬ Hypermarkets

ПерЕкресток Supermarkets — 46

(2)

231

186

Пятёрочка

Total stores base

14,431 — 16,297

Q4 2018 — Q4 2019
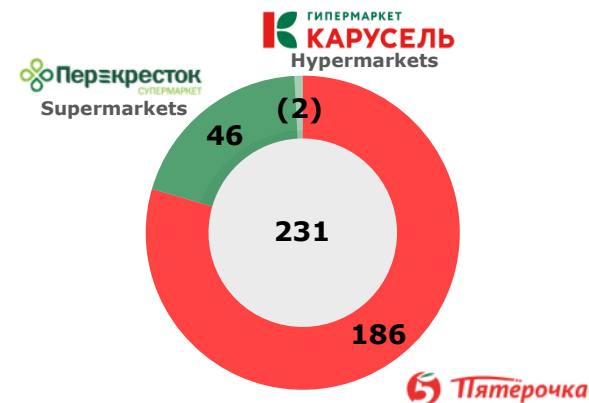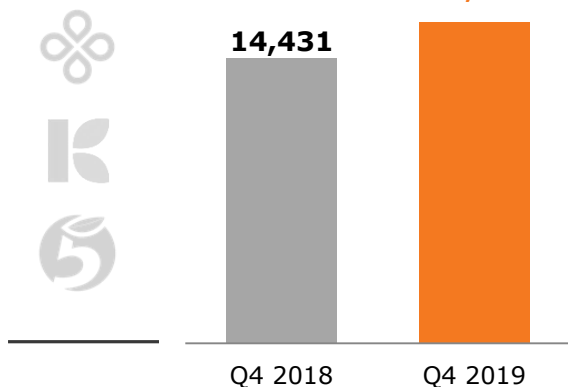
Stores added (net) in Q4 2019 by formats and by regions

Пятёрочка УНИВЕРСАМ **Proximity stores**

Other – 358
Central – 117
North West – 29

504

ПерЕкресток СУПЕРМАРКЕТ **Supermarkets**

Other – 16
Central – 18
North-West – 7

41

ГИПЕРМАРКЕТ КАРУСЕЛЬ **Hypermarkets**

0

Source: X5 data
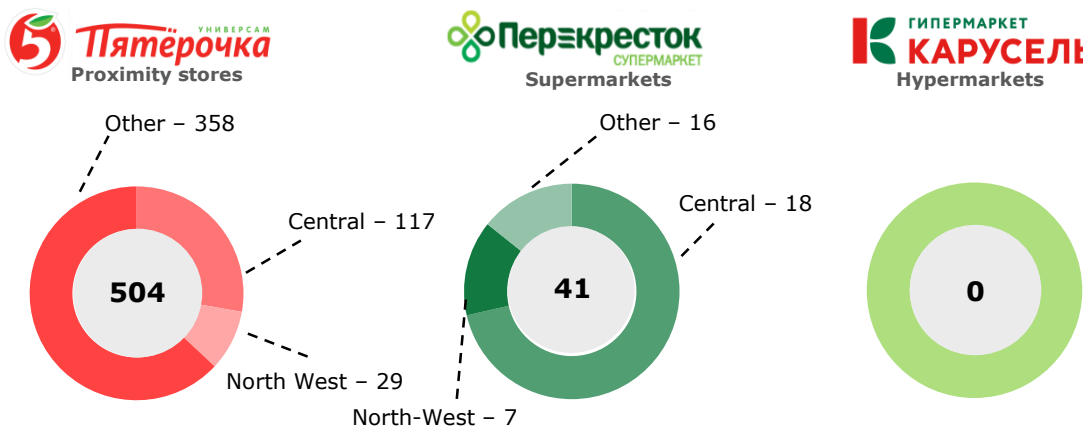
X5 REGIONAL PRESENSE

X5 today

- Multi-format presence in **seven** Federal Districts

- Total stores – 16,297, including:
  — 15,354 Pyaterochka stores
  — 852 Perekrestok supermarkets
  — 91 Karusel hypermarkets (before transformation)
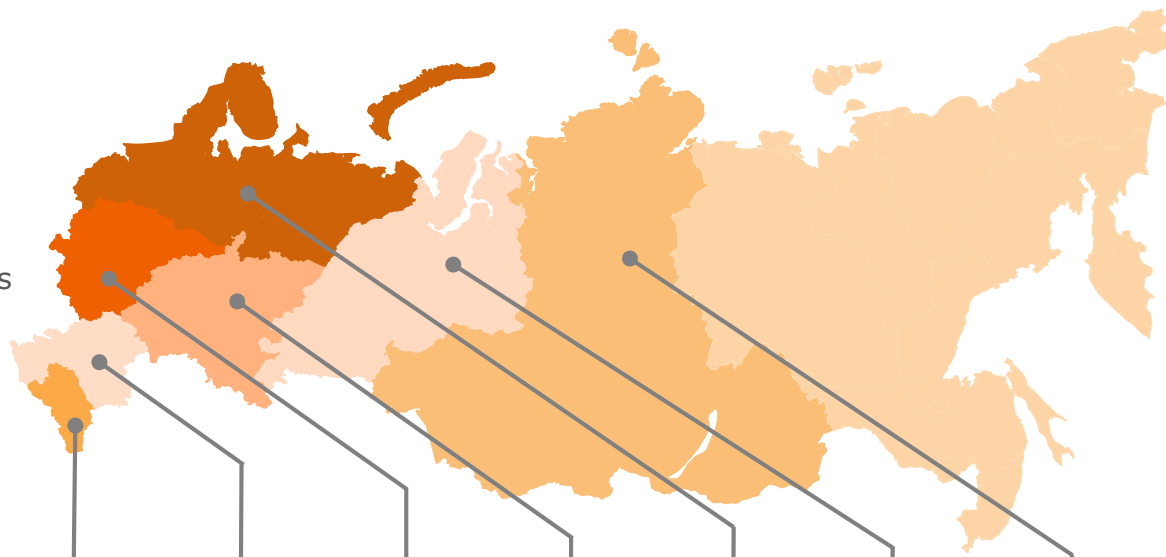
Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
Пятёрочка УНИВЕРСАМ		284	1,447	5,759	4,153	1,703	1,306	702	**15,354**
ПерЕкресток СУПЕРМАРКЕТ	Number of stores, #	8	49	503	128	116	48	-	**852**
ГИПЕРМАРКЕТ КАРУСЕЛЬ		1	5	39	25	17	4	-	**91**
X5 RETAIL GROUP	Net retail sales (12M 2019), %	*1.0%*	*6.0%*	*51.1%*	*18.8%*	*14.5%*	*6.4%*	*2.2%*	***100%***

Source: X5 data

X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 31 December 2019

Federal district	Space, th. sq. m	# of DCs
Central	587	16
North-Western	150	6
Volga	200	8
Ural	139	6
Southern	96	4
Siberian	29	2
Total	**1,202**	**42**

Centralisation levels

- 2013: 78%
- 2014: 78%
- 2015: 85%
- 2016: 88%
- 2017: 93%
- 2018: 95%
- 2019: 95%
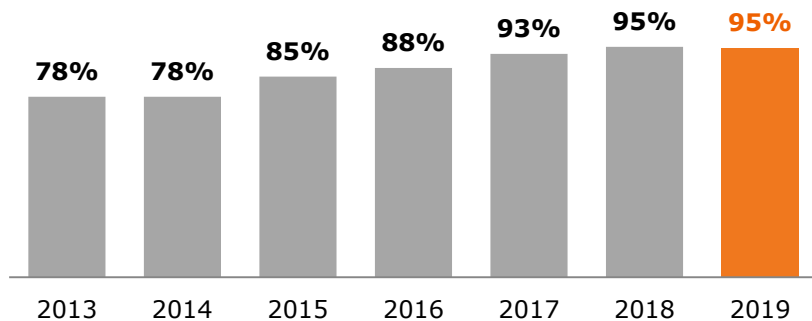
Source: X5 data

Highlights for Q4 2019

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

- As of 31 December 2019 the Company owned 4,124 trucks.

IV. FINANCIAL RESULTS
Q4 2019

Revenue

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Growth y-o-y, %	16.9%	15.5%	14.3%	12.4%	10.9%
Revenue, RUB bn	423.0	405.9	437.3	423.0	469.2
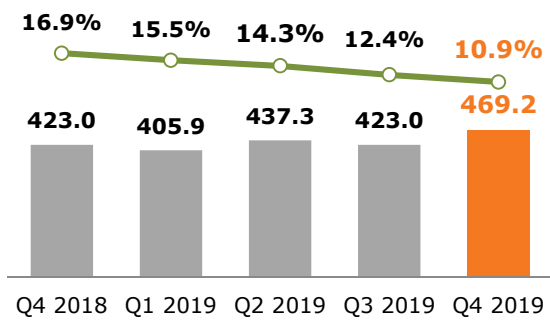
Revenue, RUB bn — Growth y-o-y, %

Gross profit & gross margin

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q4 2019
Margin, %	24.1%	24.8%	25.0%	24.5%	23.9%	24.3%
Gross profit, RUB bn	101.8	100.6	109.5	103.5	112.2	114.0
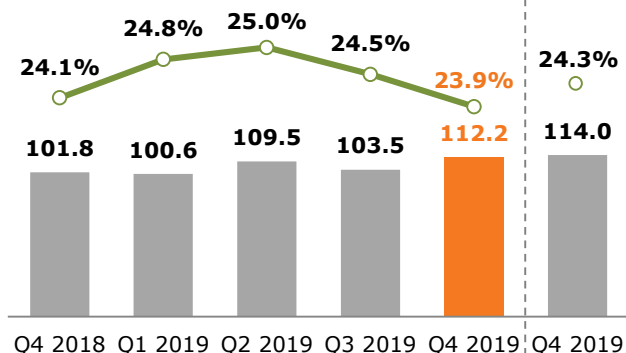
IAS 17 / IFRS 16

Gross profit, RUB bn — Margin, %

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

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q4 2019
% of revenue	18.0%	18.3%	17.3%	18.2%	17.9%	13.6%
SG&A, RUB bn	76.0	74.4	75.6	76.8	83.9	62.9
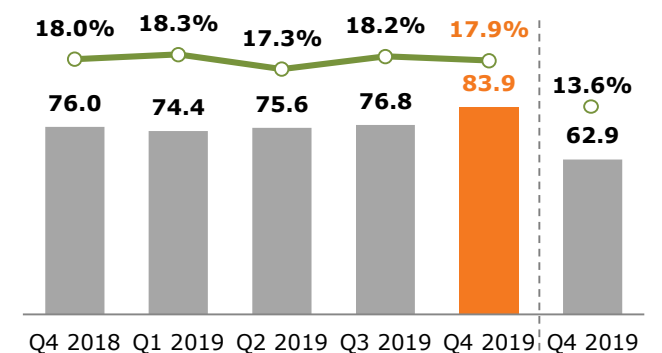
IAS 17 / IFRS 16

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

Capital expenditures, RUB bn

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
	28.0	12.4	21.8	21.0	25.9
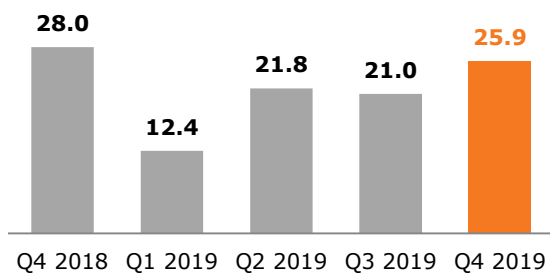
Adj. EBITDA & EBITDA margin[2]

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q4 2019
Margin, %	7.2%	7.3%	8.4%	7.1%	6.7%	11.6%
Adj. EBITDA, RUB bn	30.4	29.5	36.6	29.9	31.4	54.6
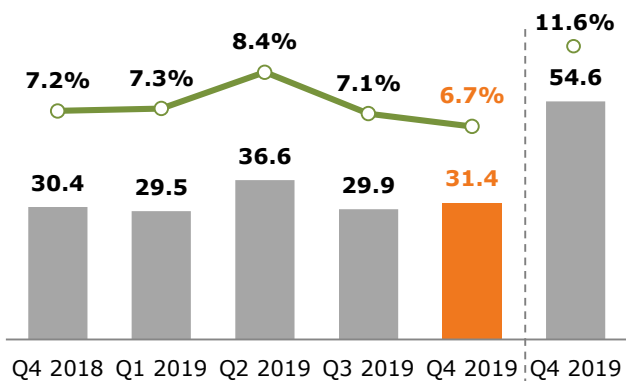
IAS 17 / IFRS 16

Adj. EBITDA, RUB bn — Margin, %

Net profit & net profit margin

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q4 2019
Margin, %	1.5%	2.3%	3.1%	1.8%	0.2%	(0.2)%
Net profit, RUB bn	6.2	9.3	13.5	7.6	0.9	(0.9)
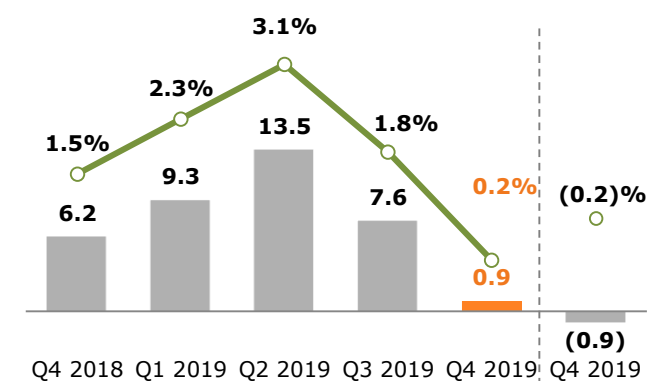
IAS 17 / IFRS 16

Net profit, RUB bn — 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, 2019

RUB 81 bn
-3.0% y-o-y

- 54%
- 7%
- 9%
- 6%
- 11%
- 13%

- New store openings
- Refurbishments
- Logistics
- IT
- Maintenance
- Other
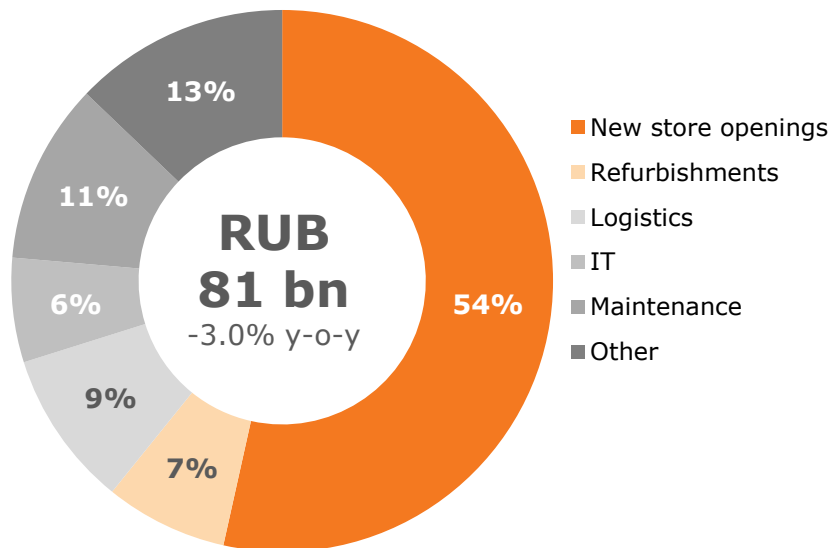
Capex dynamics by quarter, RUB mln

Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
28,037	12,414	21,818	21,006	25,889
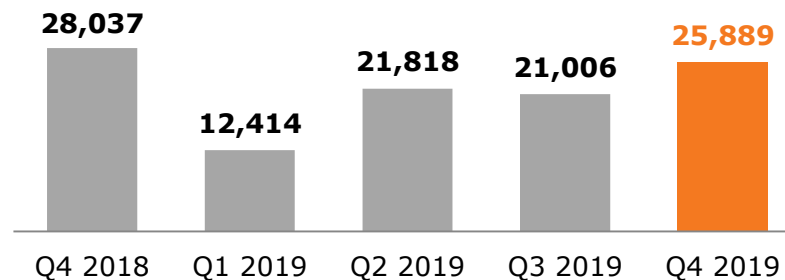
Expected change in Capex structure

	2019	2022E
New businesses	3%	4%
Efficiency, IT, digital transformation, etc.	9%	13%
Current business	88%	83%
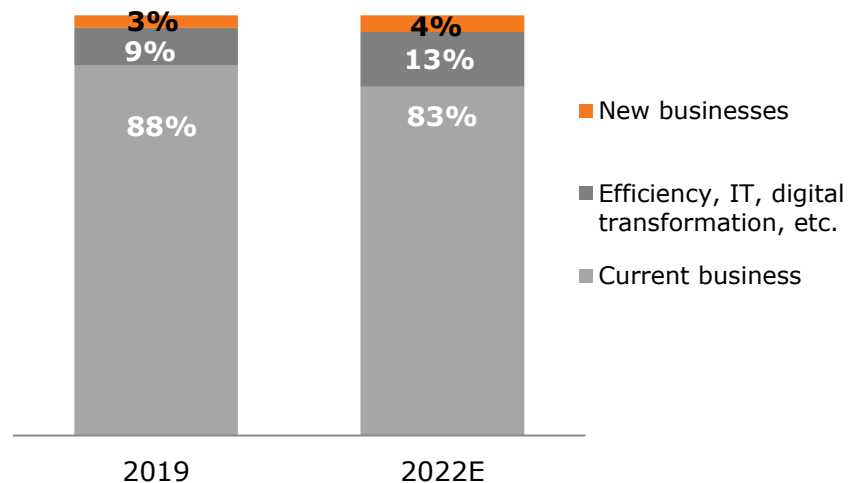
Source: X5 data (prepared under IAS 17)

In 2019 the capex programme focused mainly on organic expansion, IT, maintenance and logistics

X5 DEBT STRUCTURE

Debt profile

RUB mln	31 Dec 2019	31 Dec 2018
Total Debt	227,933	207,764
Short-Term Debt	74,755	60,435
% of total debt	*32.8%*	*29.1%*
Long-Term Debt	153,178	147,329
% of total debt	*67.2%*	*70.9%*
Net Debt	209,331	183,396

Debt portfolio maturity

	100%	33%	40%	27%
	31 Dec 2019	2020	2021	2022

Covenants & liquidity update

Covenant metrics & liquidity sources	31 Dec 2019	31 Dec 2018
Net Debt / EBITDA (IAS 17)	1.71x	1.70x
Cash & cash equiv., RUB mln	18,602	24,368
Available credit limits, RUB mln	415,592	341,502

Source: X5 data
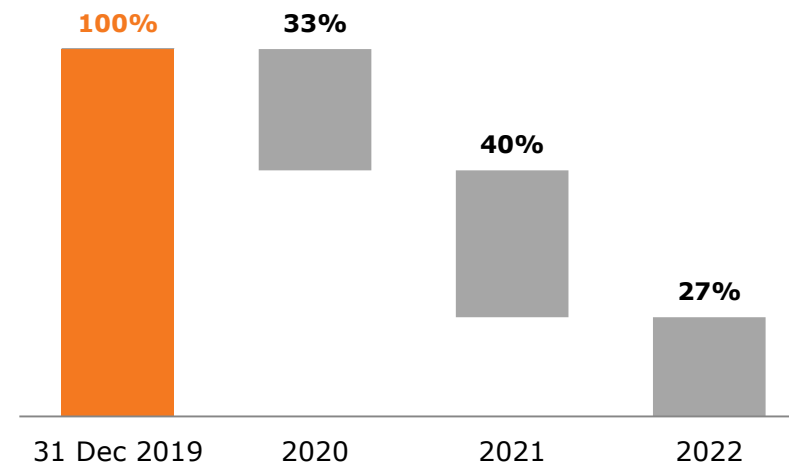
Highlights

- 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 415.6 bn

- Record-low cost of debt with the weighted average effective interest rate on X5's total debt at 7.94% in FY 2019

Q4 2019: ADJUSTED SG&A [1] EXPENSES ANALYSIS

Q4 2019 analysis
as percentage of revenue

Q4 2018 (IAS 17)
- 18.0%
- Third party services: 0.9%
- Other expenses: 1.6%
- Other store costs: 1.1%
- Utilities: 2.1%
- Lease expenses: 4.7%
- Staff costs: 7.6%

Changes:
- (9) b.p.
- (6) b.p.
- (45) b.p.
- (1) b.p.
- 3 b.p.
- 8 b.p.
- 33 b.p.

Q4 2019 (IAS 17)
- 17.9%
- Third party services: 0.9%
- Other expenses: 1.1%
- Other store costs: 1.1%
- Utilities: 2.1%
- Lease expenses: 4.8%
- Staff costs: 7.9%

Q4 2019 (IFRS 16)
- 13.4%
- Third party services: 0.9%
- Other expenses: 1.0%
- Other store costs: 1.0%
- Utilities: 2.1%
- Lease expenses: 0.4%
- Staff costs: 7.9%

Legend:
- ■ Third party services
- ■ Other expenses
- ■ Other store costs
- ■ Utilities
- ■ Lease expenses
- ■ Staff costs

Source: X5 data
[1] − Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation

X5 PROFIT AND LOSS STATEMENT

RUB mln	IAS 17				IFRS 16
	Q4 2019	Q4 2018	+/(-)	+/ (-), %	Q4 2019
Revenue	**469,217**	**422,955**	**46,262**	*10.9%*	**469,217**
Net retail sales	467,299	420,883	46,416	*11.0%*	467,299
COGS	(356,976)	(321,175)	(35,801)	*11.1%*	(355,232)
Gross profit	**112,241**	**101,780**	**10,461**	*10.3%*	**113,985**
Gross profit margin	*23.9%*	*24.1%*		*(14) b.p.*	*24.3%*
SG&A	(104,713)	(91,088)	(13,625)	*15.0%*	(98,588)
EBITDA	**28,789**	**29,802**	**(1,013)**	*(3.4)%*	**51,695**
EBITDA margin	*6.1%*	*7.0%*		*(91) b.p.*	*11.0%*
Operating profit	**10,609**	**15,316**	**(4,707)**	*(30.7)%*	**18,587**
Operating margin	*2.3%*	*3.6%*		*(136) b.p.*	*4.0%*
Net profit	**865**	**6,242**	**(5,377)**	*(86.1)%*	**(907)**
Net profit margin	*0.2%*	*1.5%*		*(129) b.p.*	*(0.2)%*

Source: X5 data

X5 BALANCE SHEET
(IFRS 16)

RUB mln	31 Dec 2019	31 Dec 2018*
Total current assets	**179,754**	**170,840**
Cash & cash equivalents	18,602	24,368
Inventories	127,462	115,990
Total non-current assets	**894,576**	**439,959**
Right-of-use assets	428,166	-
Net PP&E	315,257	303,802
Goodwill	101,927	94,627
Total assets	**1,074,330**	**610,799**
Total current liabilities	**368,573**	**291,203**
ST debt	74,755	60,435
ST finance lease payables	57,622	-
Trade accounts payable	160,434	154,873
Total non-current liabilities	**589,201**	**154,121**
LT debt	153,178	147,329
LT finance lease payable	427,173	-
Total liabilities	**957,774**	**445,324**
Total equity	**116,556**	**165,475**
Total liabilities & equity	**1,074,330**	**610,799**

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).

X5 CASH FLOW STATEMENT

RUB mln	IAS 17				IFRS 16
	Q4 2019	Q4 2018	+/(-)	+/ (-), %	Q4 2019
Net cash generated from operating activities	**28,935**	**42,255**	**(13,320)**	*(31.5)%*	**42,735**
Net cash from operating activities before changes in working capital	29,740	30,101	(361)	*(1.2)%*	52,541
Change in Working Capital, incl.:	6,777	21,148	(14,371)	*(68.0)%*	8,222
Decrease/(increase) in trade and other AR	(5,702)	(2,114)	(3,588)	*169.7%*	(5,713)
Decrease/(increase) in inventories	(20,192)	(16,235)	(3,957)	*24.4%*	(20,192)
(Increase)/decrease in trade payable	29,247	35,367	(6,120)	*(17.3)%*	29,247
(Decrease)/increase in other AP	3,424	4,130	(706)	*(17.1)%*	4,880
Net interest and income tax paid	(7,582)	(8,994)	1,412	*(15.7)%*	(18,028)
Net cash used in investing activities	**(22,588)**	**(23,774)**	**1,186**	*(5.0)%*	**(22,589)**
Net cash generated from/(used in) financing activities	**1,313**	**(9,451)**	**10,764**	*-*	**(12,486)**
Effect of exchange rate changes on cash & cash equiv.	75	-	75	*#DIV/0!*	75
Net increase/(decrease) in cash & cash equiv.	**7,735**	**9,030**	**(1,295)**	*(14.3)%*	**7,735**

Source: X5 data

APPENDIX

PERFORMANCE SUMMARY OF KEY FORMATS

PYATEROCHKA SUMMARY (1/3)
RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE

15,354 stores as of 31 December 2019, 13.5% increase y-o-y
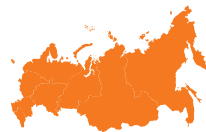
5,975 th. sq. m of selling space as of 31 December 2019, 12.9% increase y-o-y

Q4 2019 net retail sales – RUB 364.2 bn, 11.5% increase y-o-y

1,167 mln of customer visits in Q4 2019, 13.1% increase y-o-y

Share of X5's Q4 2019 sales: **~78%**

Q4 2019 LFL Results
- Sales: **2.0%**
- Traffic: **1.9%**
- Basket: **0.1%**

Average check: **RUB 359** (Q4 2019) 0.7% decrease y-o-y

- Avg. net selling space: **389 sq. m.**
- **Formats**
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more

Average number of SKUs: **4,500**

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

The proximity store for your daily shopping needs

PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

Q4 2019 net retail sales:
11.5% increase y-o-y

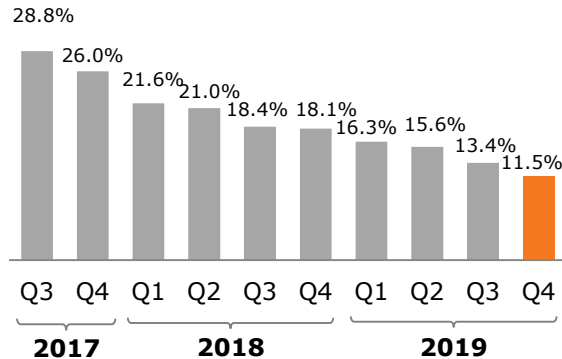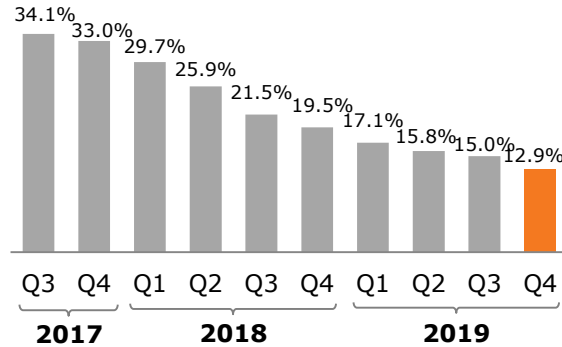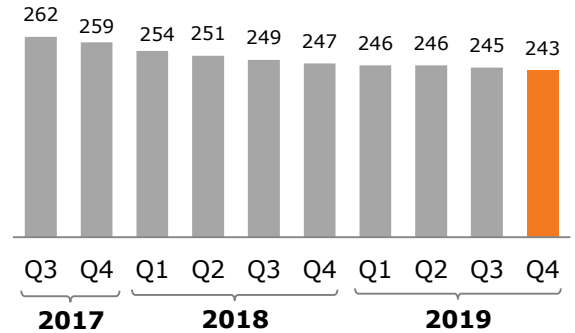*Net sales growth (% y-o-y)*

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	28.8%	26.0%	21.6%	21.0%	18.4%	18.1%	16.3%	15.6%	13.4%	11.5%

Q4 2019 selling space:
12.9% increase y-o-y

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

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	34.1%	33.0%	29.7%	25.9%	21.5%	19.5%	17.1%	15.8%	15.0%	12.9%

Q4 2019 sales densities:
1.6% decline y-o-y

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

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	262	259	254	251	249	247	246	246	245	243

Q4 2019 LFL sales:
2.0% increase y-o-y

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

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	4.0%	2.4%	(0.8)%	0.5%	0.1%	3.3%	4.7%	4.8%	3.4%	2.0%
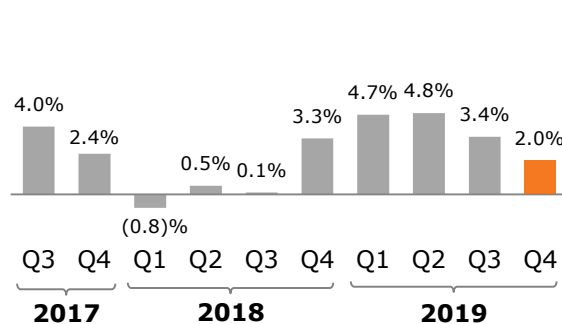
Q4 2019 LFL traffic:
1.9% increase y-o-y

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

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2.4%	2.8%	(2.2)%	1.3%	0.5%	1.7%	2.2%	3.2%	0.3%	1.9%
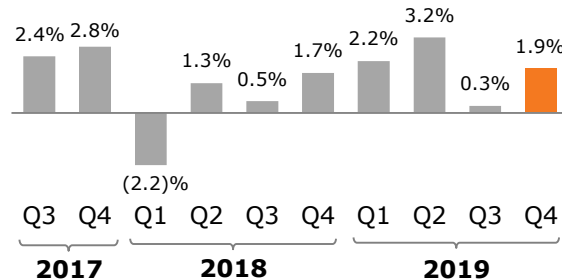
Q4 2019 LFL basket:
0.1% increase y-o-y

Total LFL basket growth (% y-o-y)
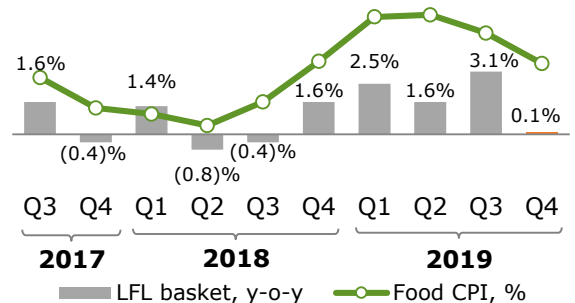
	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LFL basket			(0.4)%	(0.8)%	(0.4)%	1.6%	2.5%	1.6%	3.1%	0.1%
Food CPI	1.6%		1.4%							

- LFL basket, y-o-y
- Food CPI, %

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

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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

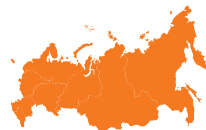 - Improve efficiency of **regional model**

PEREKRESTOK SUPERMARKETS SUMMARY (1/3)
RUSSIA'S #1 SUPERMARKET

852 stores as of 31 December 2019, 12.1% increase y-o-y

900 th. sq. m. of selling space as of 31 December 2019, 15.1% increase y-o-y

Q4 2019 net retail sales of RUB 78.8 bn, 17.2% increase y-o-y

161 mln customers in Q4 2019, 14.8% increase y-o-y

Share of X5's Q4 2019 sales: **~17%**

Q4 2019 LFL Results
- Sales: **5.9%**
- Traffic: **3.1%**
- Basket: **2.7%**

Average check: **RUB 561** (Q4 2019), 2.8% increase y-o-y

NPS 21 points in Q4 2019, 3 p.p. increase y-o-y

Avg. net selling space: **1,056 sq. m.**

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

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

The main supermarket in every neighbourhood

PEREKRESTOK SUPERMARKETS SUMMARY (2/3)

Q4 2019 net retail sales:
17.2% increase y-o-y

Net sales growth (% y-o-y)

18.1%	22.4%	22.9%	22.8%	25.5%	23.0%	20.3%	18.1%	18.0%	17.2%
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017		**2018**				**2019**			
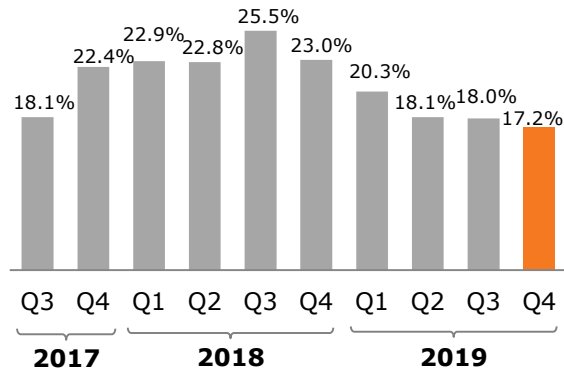
Q4 2019 selling space:
15.1% increase y-o-y

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

14.1%	16.2%	24.2%	24.9%	24.4%	22.6%	15.9%	15.5%	17.2%	15.1%
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017		**2018**				**2019**			
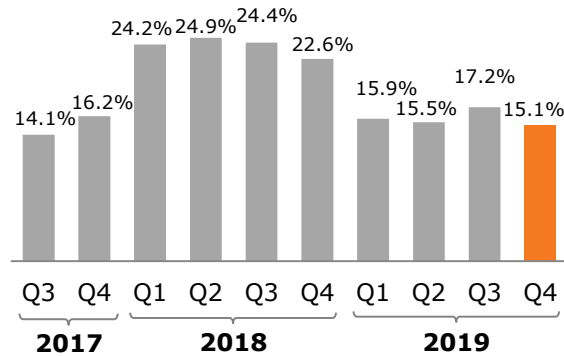
Q4 2019 sales densities:
1.0% increase y-o-y

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

320	324	326	326	327	326	328	329	329	330
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017		**2018**				**2019**			
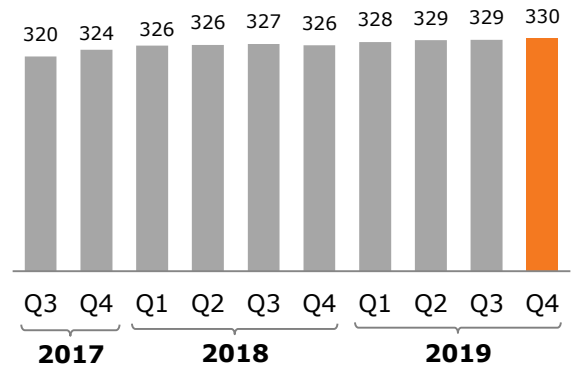
Q4 2019 LFL sales:
5.9% increase y-o-y

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

9.9%	9.3%	6.4%	4.4%	4.7%	7.5%	7.6%	7.7%	7.6%	5.9%
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017		**2018**				**2019**			
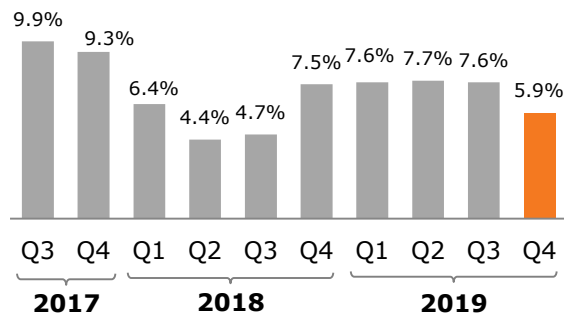
Q4 2019 LFL traffic:
3.1% increase y-o-y

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

6.6%	7.5%	3.3%	6.4%	6.7%	8.2%	7.8%	6.3%	3.0%	3.1%
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017		**2018**				**2019**			
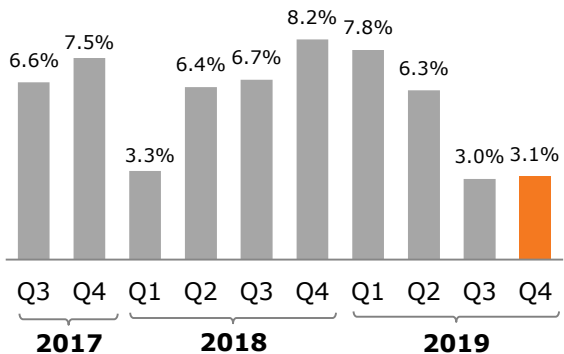
Q4 2019 LFL basket:
2.7% increase y-o-y

Total LFL basket growth (% y-o-y)
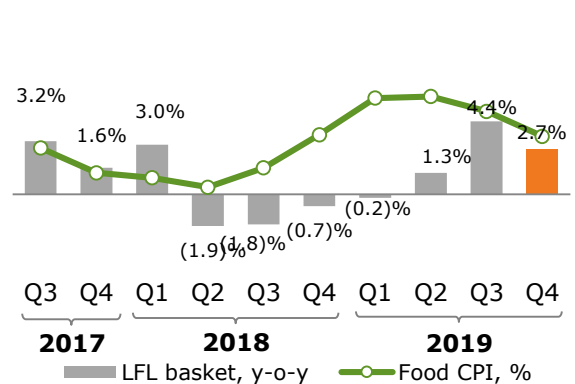
3.2%	1.6%	3.0%	(1.9)%	(1.8)%	(0.7)%	(0.2)%	1.3%	4.4%	2.7%
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017		**2018**				**2019**			

LFL basket, y-o-y — Food CPI, %

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

PEREKRESTOK SUMMARY (3/3)
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)