



Q4 2020 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 **45 DCs**
- adding new links in the value chain and operating a fleet of **4,055 owned trucks** as of 31 December 2020



- 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 IAS 17**

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KEY RESULTS Q4 2020



- **12.7%** revenue growth at in Q4 2020 (12.6% net retail sales growth in Q4 2020)



- **8.3%** YoY selling space growth in 2020 (**+1,410** new stores added, net)



- **5.1%** LFL sales growth in Q4 2020



- **13%** of X5 stores operate in new concept as of Q4 2020 (new CVP launched in 2019)



- **6.2%** EBITDA margin in Q4 2020



- **+17%** YoY loyal customers; **47.3 mln** active loyalty card users as of 31 Dec 2020, across formats

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- **1.67x** Net debt / EBITDA as of 31 December 2020



- **96%** of net store additions in Q4 2020 was **organic growth**
- **96%** of net store additions **in lease**

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- **52.2 thousand daily online** orders in Q4 2020, **up 9.5 times** YoY

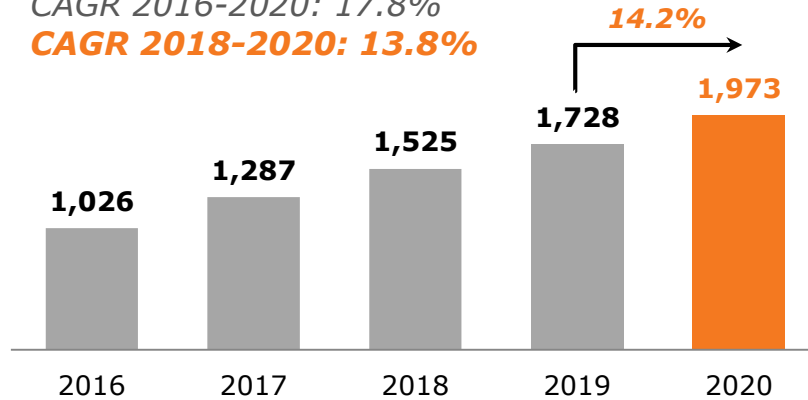


- **+412%** digital sales in Q4 2020, contributed 1.6% to net sales and 1.4ppt to sales growth rate

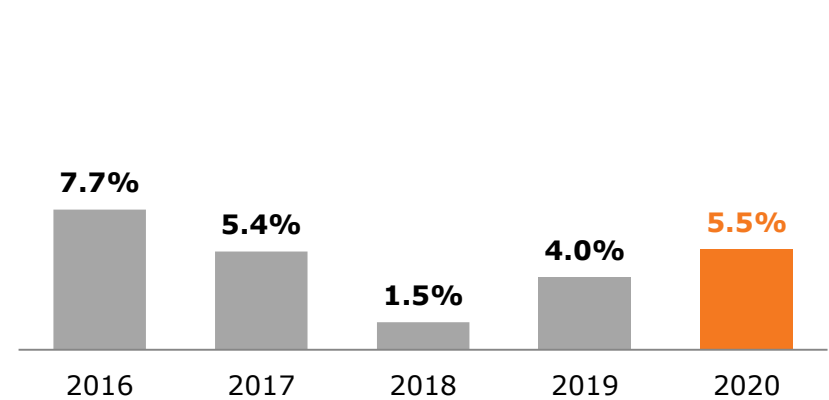
OPERATIONAL HIGHLIGHTS (ANNUAL)

Net retail sales dynamics, RUB bn

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

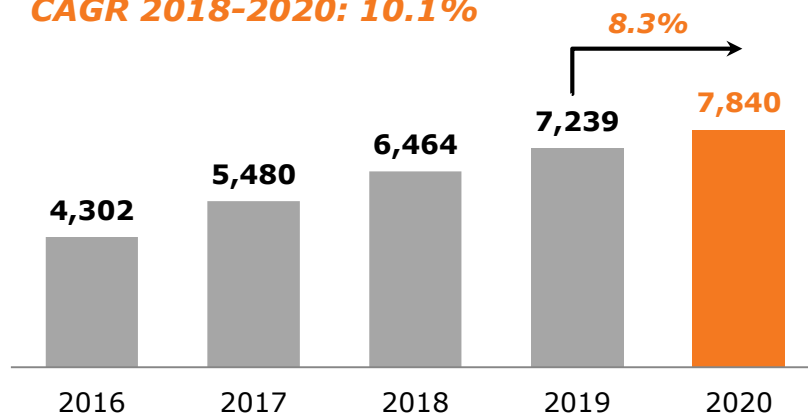


LFL sales, % y-o-y growth



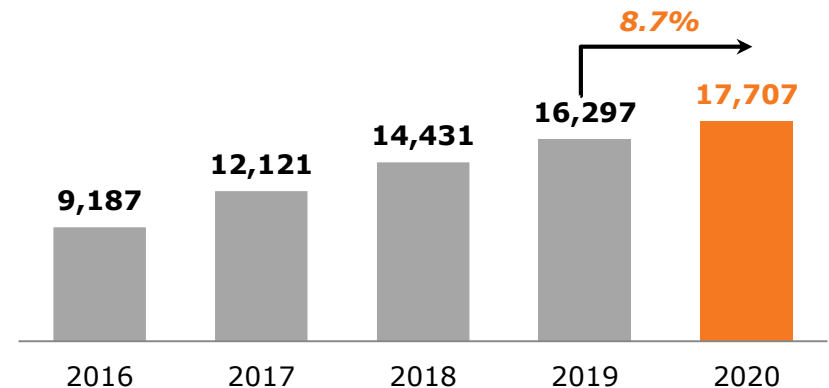
Selling space, th. sq. m

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%



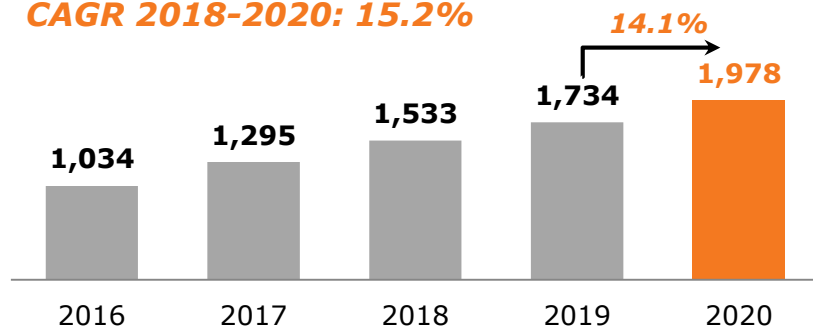
Source: X5 data

FINANCIAL HIGHLIGHTS (ANNUAL)

Revenue dynamics, RUB bn

CAGR 2016-2020: 17.6%

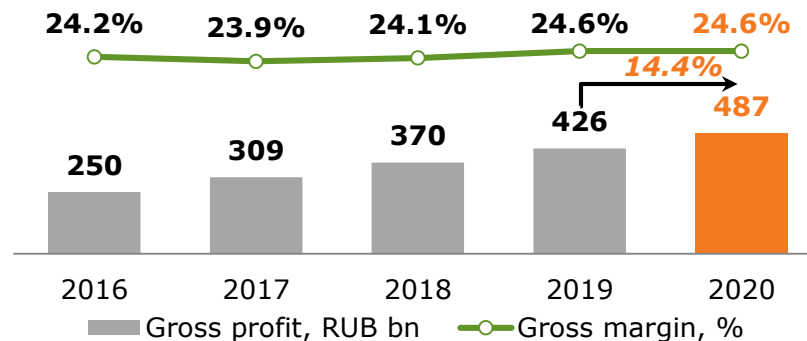
CAGR 2018-2020: 15.2%



Gross profit & gross margin

CAGR 2016-2020: 18.2%

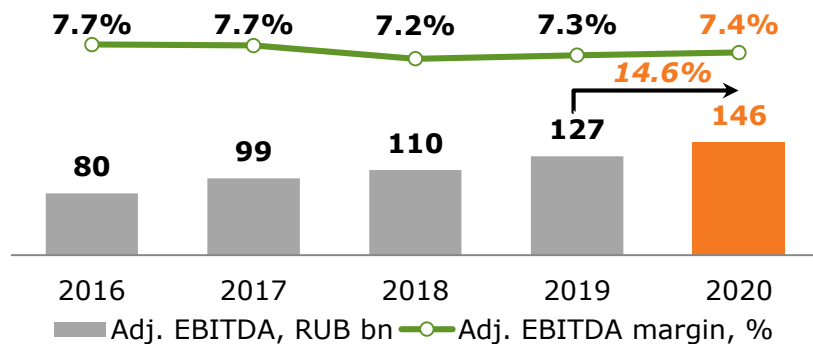
CAGR 2018-2020: 14.8%



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

CAGR 2016-2020: 16.4%

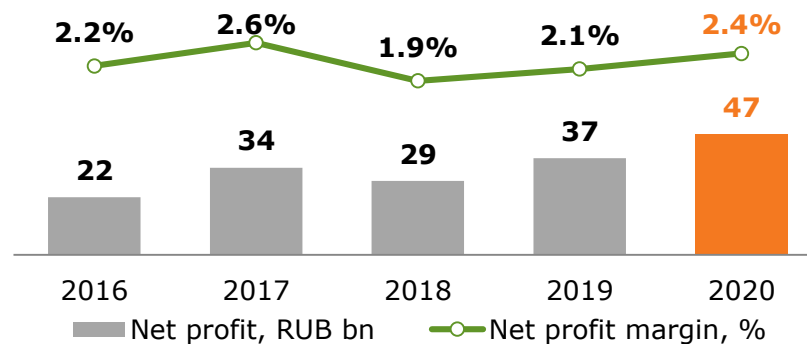
CAGR 2018-2020: 15.3%



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

CAGR 2016-2020: 20.4%

CAGR 2018-2020: 27.8%



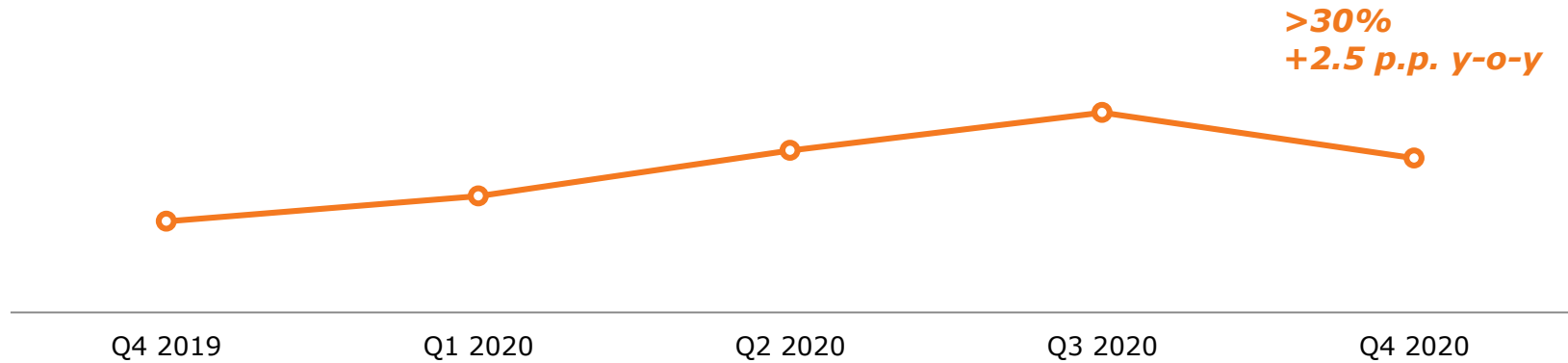
Source: X5 data

[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.

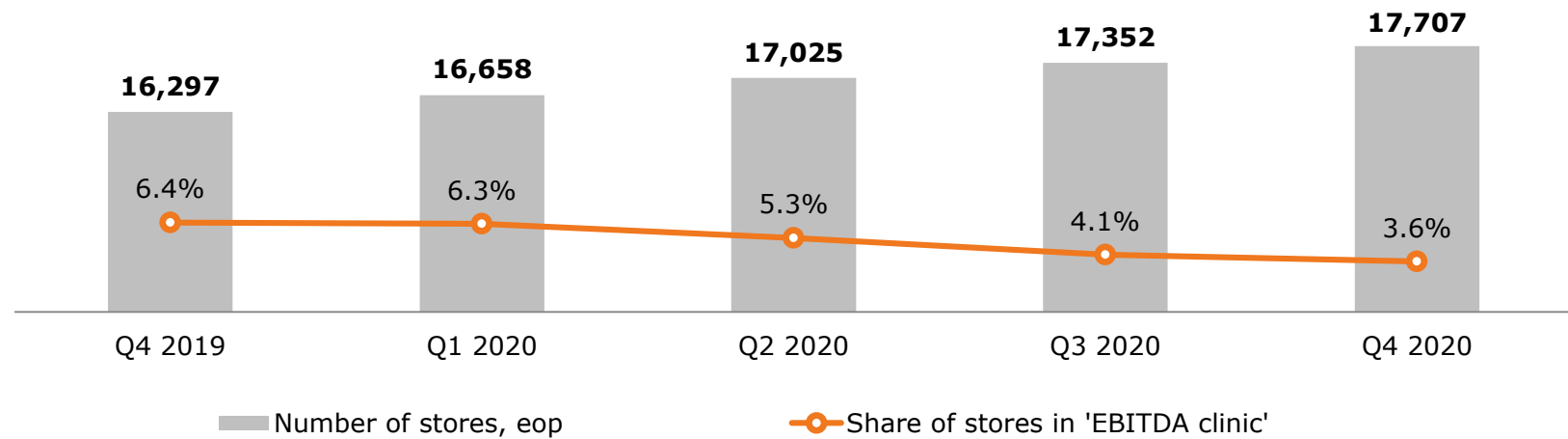
QUALITY OF NEW OPENINGS

Cash return on new store opened



Note: Opened 12-36 months ago

Share of stores in 'clinic'



Source: X5 data

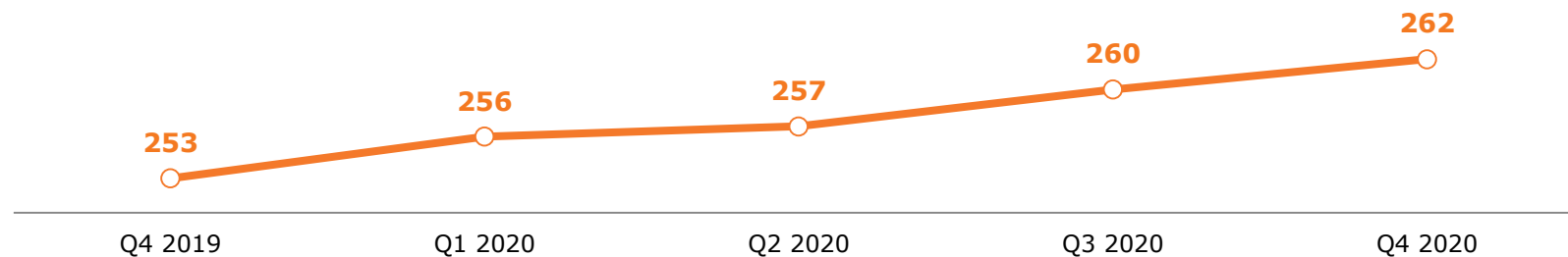


SALES DENSITY STABILISATION

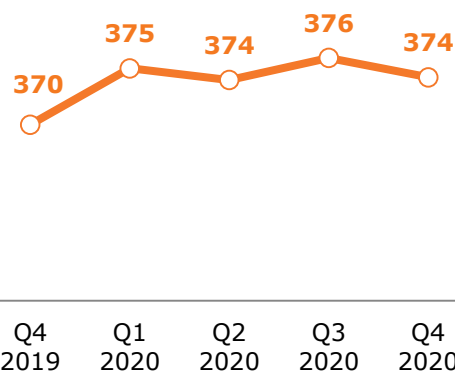
IMPACT OF REGIONAL MIX

Unit: '000 RUB/m² (annualised)

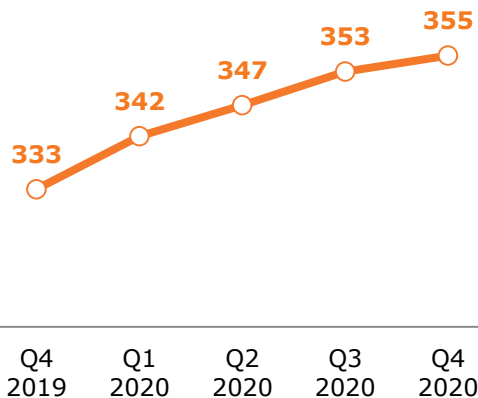
Overall



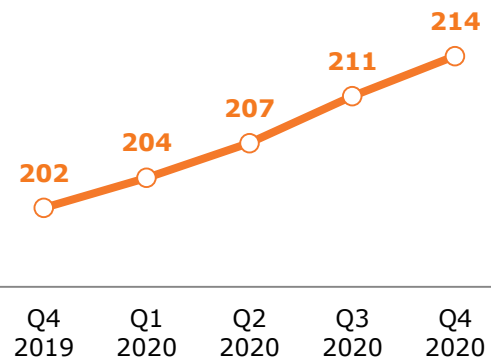
Moscow & Moscow region



St Petersburg & Leningrad region



Rest of Russia



Source: X5 data

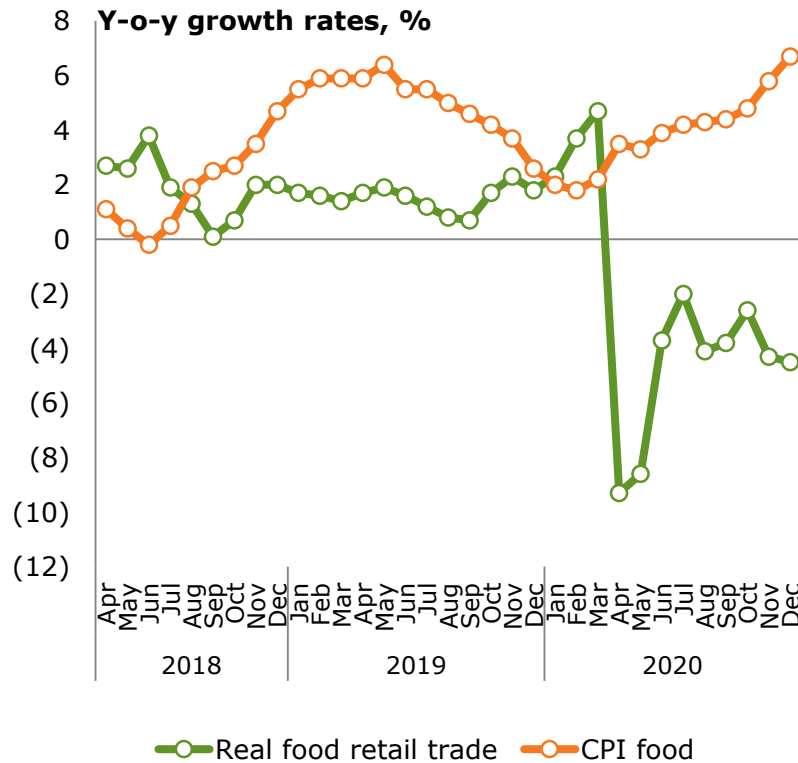
Sales densities are consistently improving during 2020.



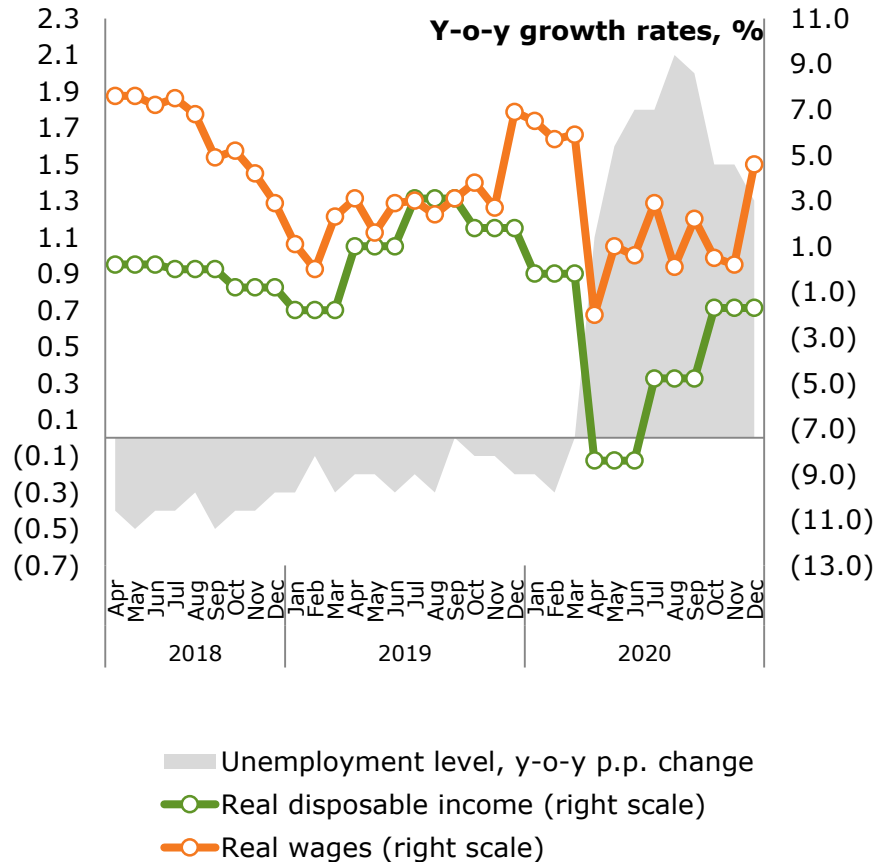
II. MARKET OVERVIEW

MACRO ENVIRONMENT (1/2)

The main factor of the decline in real food retail trade in 2020 was the self-isolation regime amid the spread of COVID-19, as well as the seasonal factor of vacations



The decrease in real disposable income in 2020 was due to the transition to part-time employment and the placement of employees on unpaid leave



Source: Rosstat

12M 2020 food retail trade value was +1.8% (-2.6% in real terms) due to COVID-19 pandemic. Food inflation averaged 3.9% in 2020



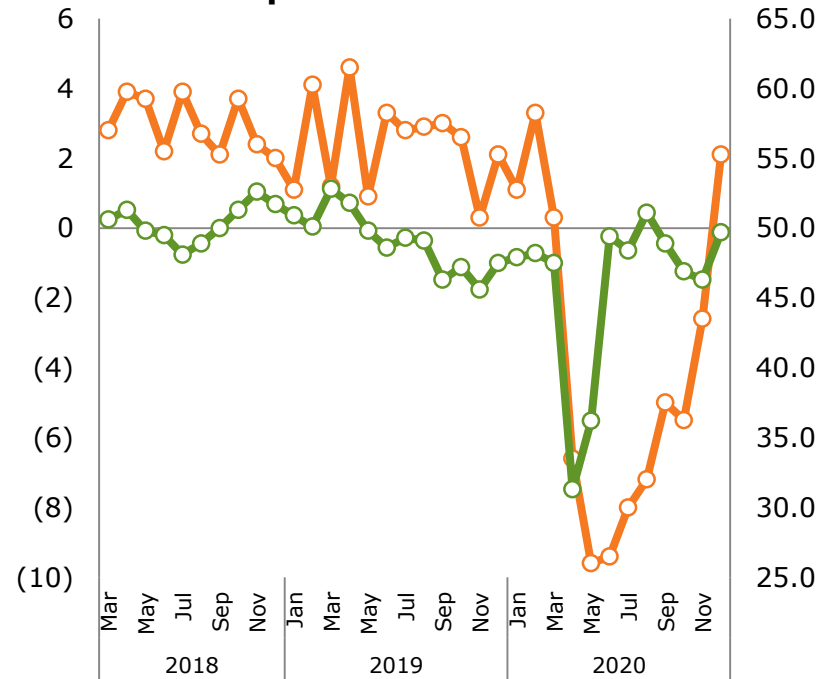
MACRO ENVIRONMENT (2/2)

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



—○— Consumer confidence index (Rosstat, %)

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



—○— Industrial production (y-o-y, %)

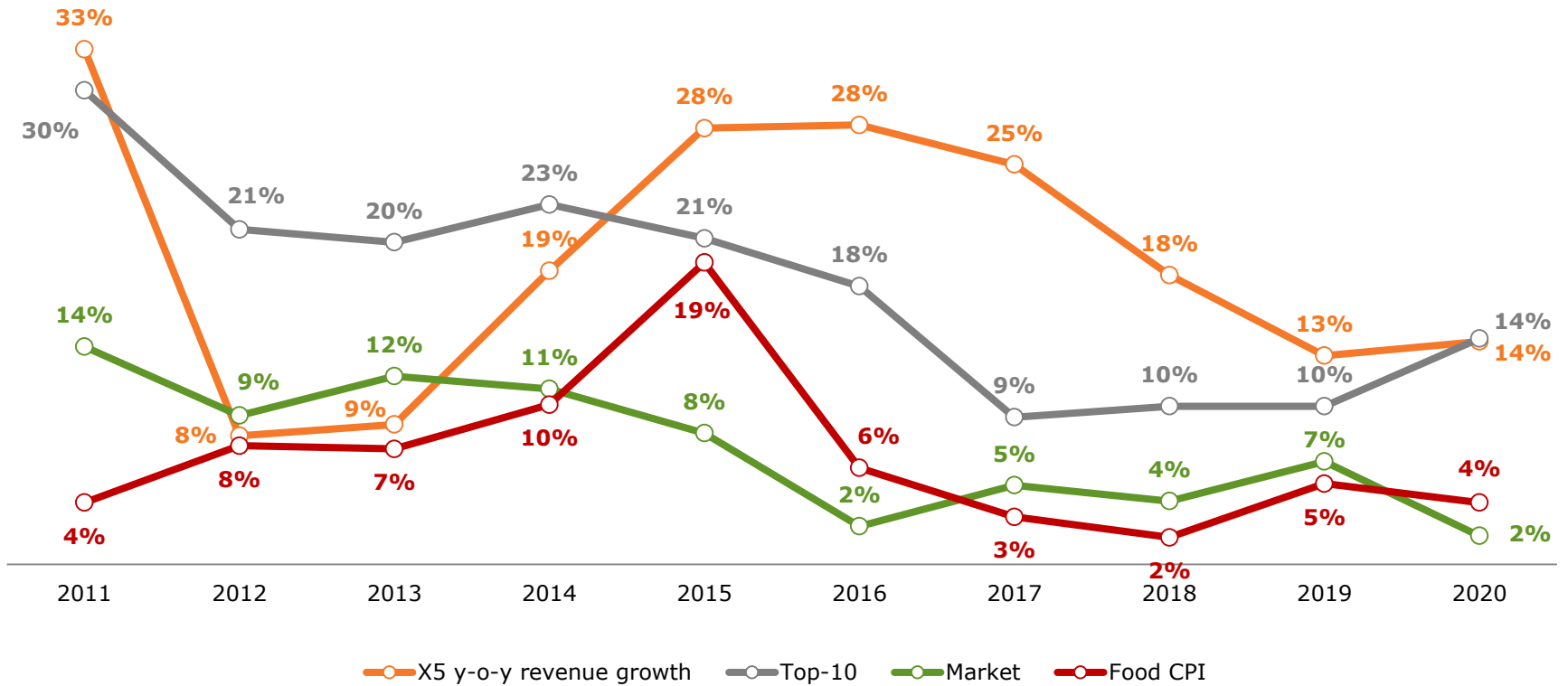
—○— IHS Markit Manufacturing PMI (SA, right scale)

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

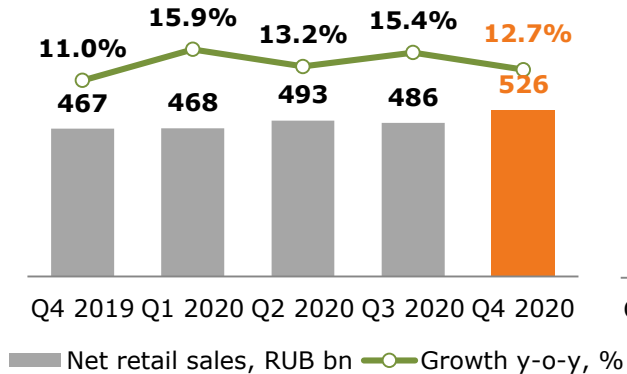
X5's market share in offline food retail increased from 11.5% in 2019 to 12.8% in 2020



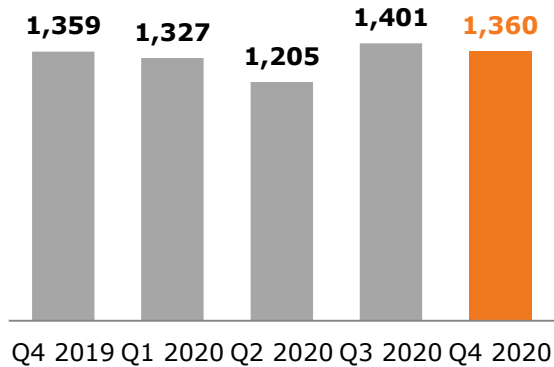
**III. OPERATIONAL RESULTS
Q4 2020**

X5 OPERATIONAL SUMMARY (QUARTERLY)

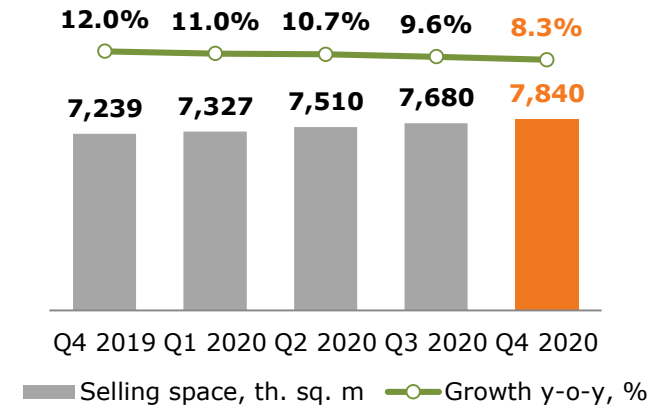
Net retail sales



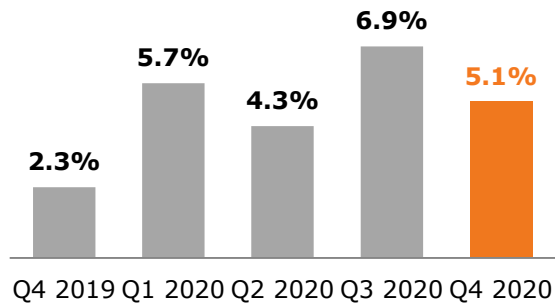
Traffic, mln customers



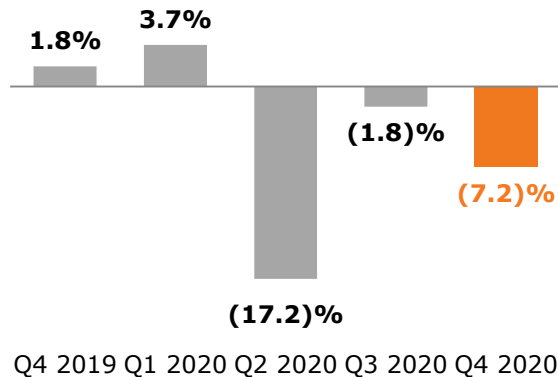
Net selling space (eop)



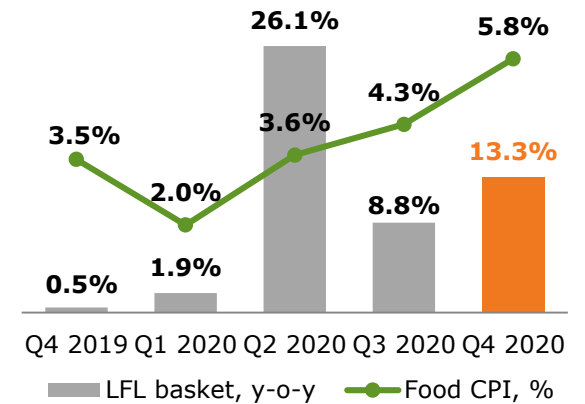
LFL sales, y-o-y



LFL traffic, y-o-y



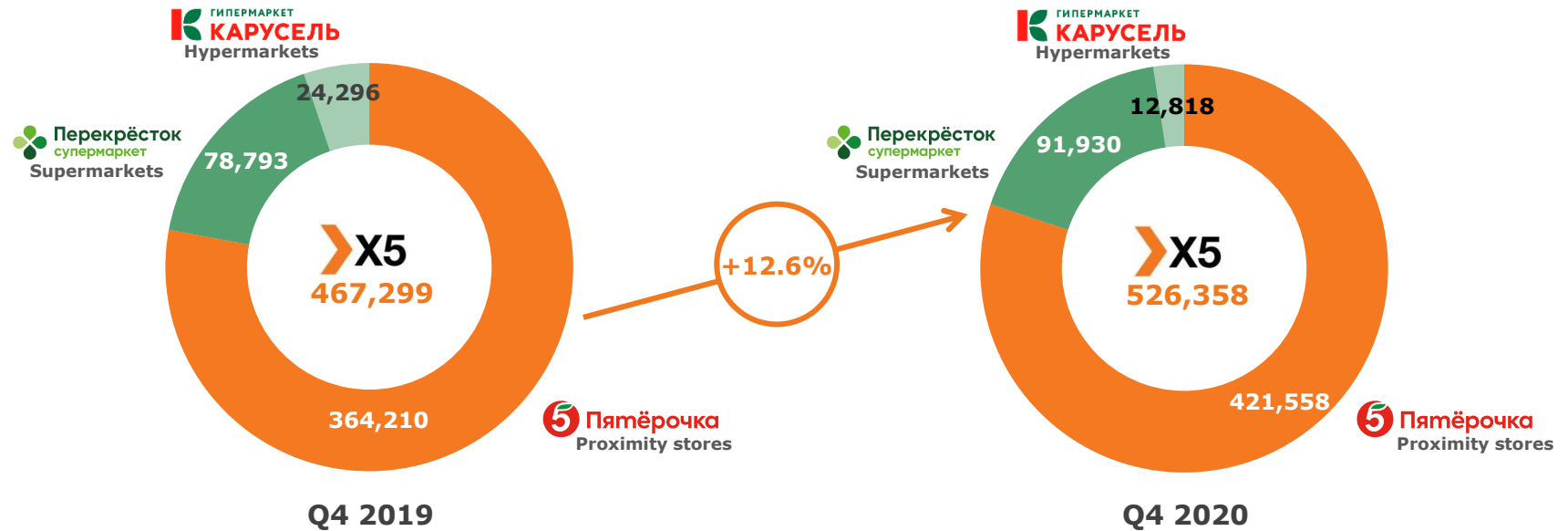
LFL basket, y-o-y



Source: X5 data

Q4 2020 RESULTS: X5 NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln



KEY DRIVERS

- Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's growth thanks to:
 - Value proposition that is one of the best-adapted to Russian consumers' needs
 - Smart expansion programme



Source: X5 data

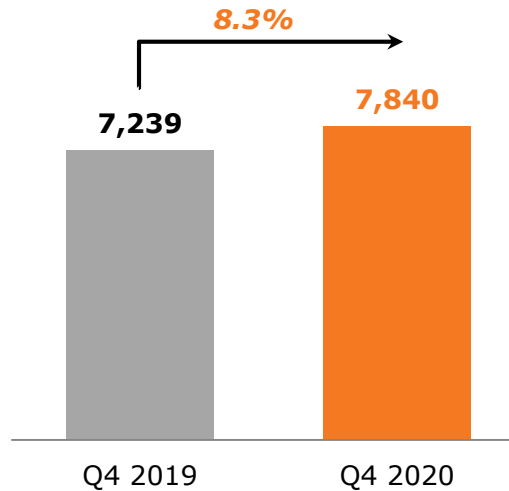
Net retail sales growth of 12.6% was driven by a 5.1% increase in like-for-like sales and a 7.5% sales growth contribution from a 8.3% rise in selling space



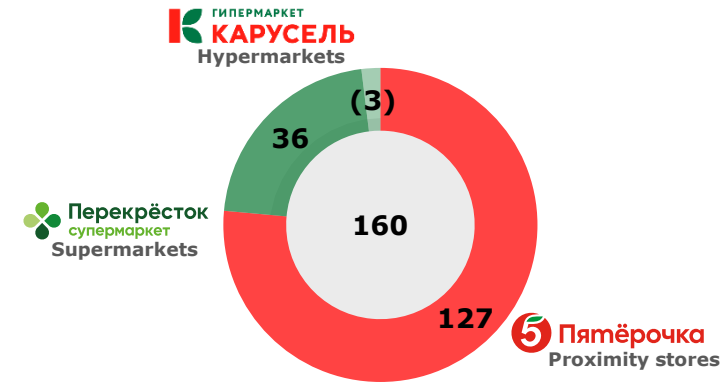
Q4 2020 RESULTS: EXPANSION SUMMARY

- Total store base increased to 17,707 stores as of 31 December 2020
- Pyaterochka was the main driver for the store base increase with a 127 th. sq. m selling space addition in Q4 2020

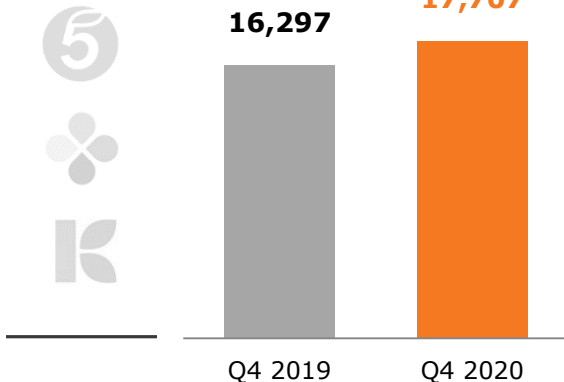
Net selling space, th. sq. m



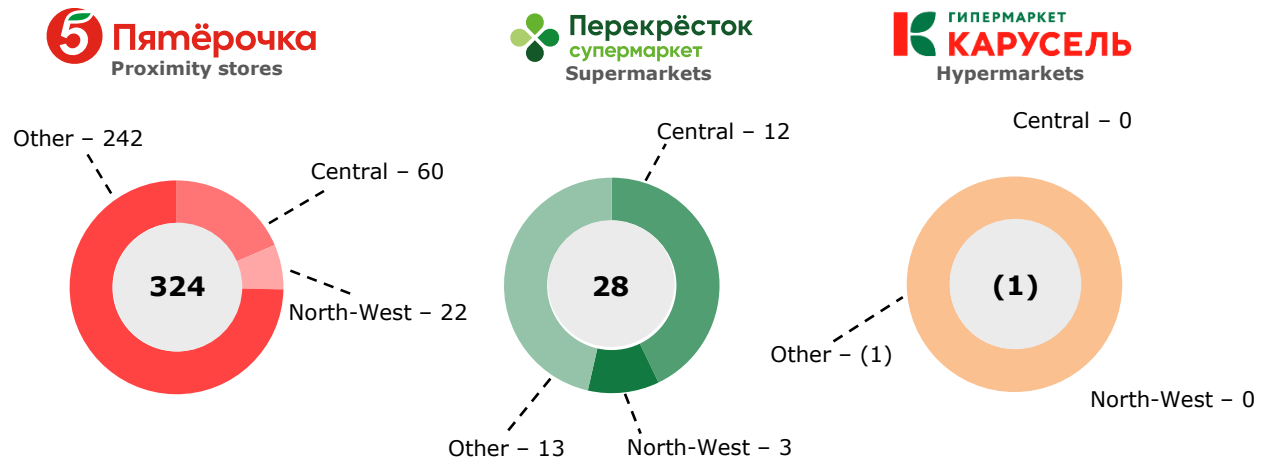
Net selling space added in Q4 2020, th. sq. m



Total stores base



Stores added (net) in Q4 2020 by formats and by regions



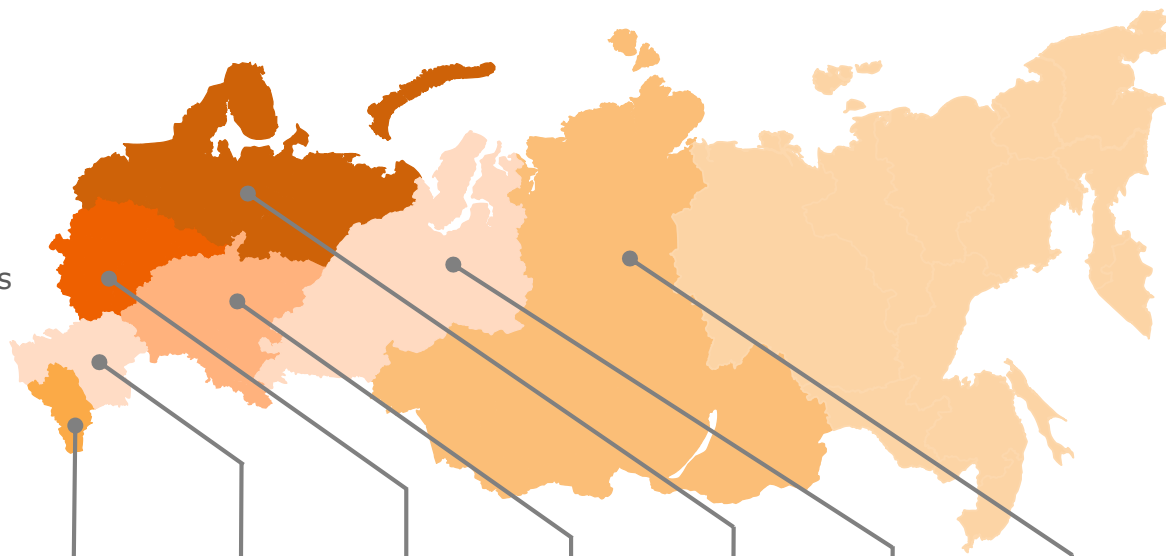
Source: X5 data







X5 REGIONAL PRESENCE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 17,707, including:
 - 16,709 Pyaterochka stores
 - 933 Perekrестok supermarkets
 - 56 Karusel hypermarkets



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 Пятёрочка		323	1,660	6,147	4,462	1,772	1,459	886	16,709
 Перекрёсток супермаркет	Number of stores, #	10	56	519	144	129	75	-	933
 ГИПЕРМАРКЕТ КАРУСЕЛЬ		1	2	30	14	8	1	-	56
 X5 RETAIL GROUP	Net retail sales (FY 2020), %	1.1%	6.5%	49.4%	18.8%	14.3%	7.0%	2.9%	100%

Source: X5 data

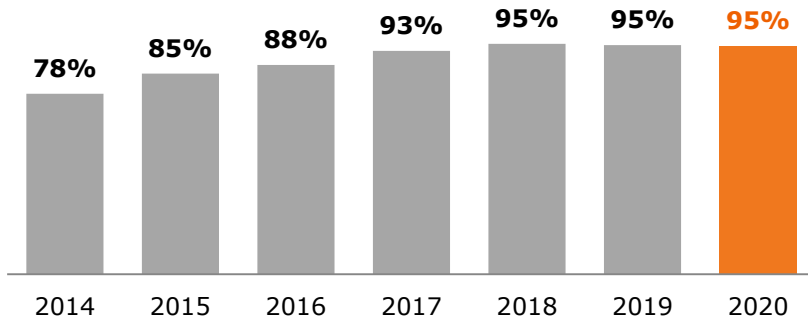
X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 31 December 2020

Federal district	Space, th. sq. m	# of DCs
Central	658	18
North-Western	150	6
Volga	230	9
Ural	148	6
Southern	141	5
Siberian	37	1
Total	1,364	45



Centralisation levels



Source: X5 data

Highlights for Q4 2020

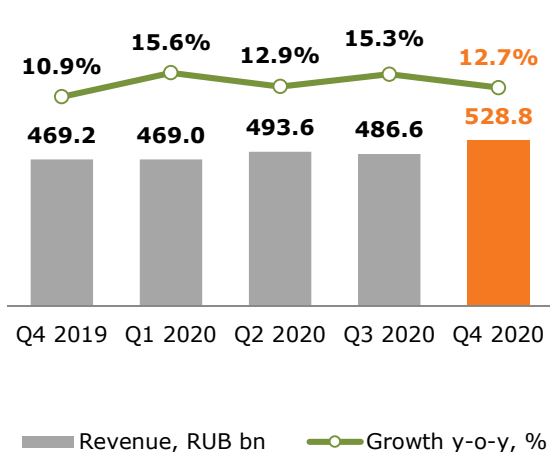
- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 31 December 2020 the Company owned 4,055 trucks.



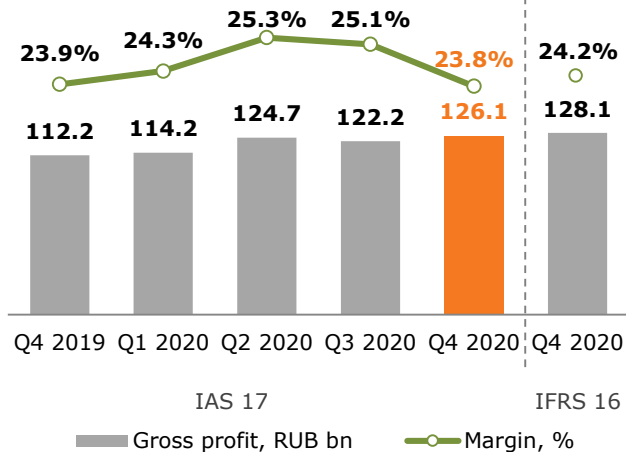
**IV. FINANCIAL RESULTS
Q4 2020**

X5 QUARTERLY FINANCIAL HIGHLIGHTS (QUARTERLY)

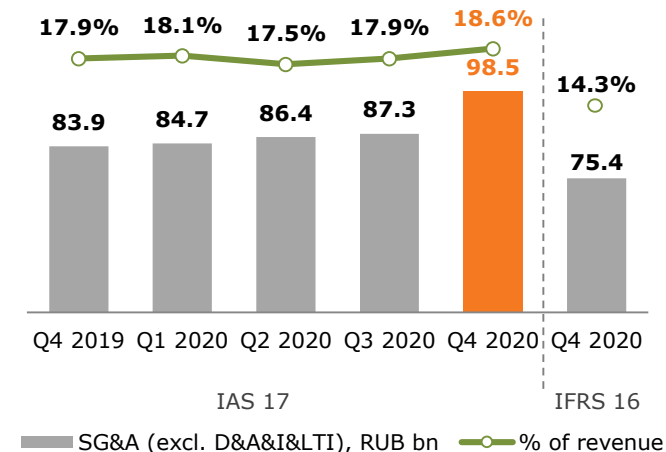
Revenue



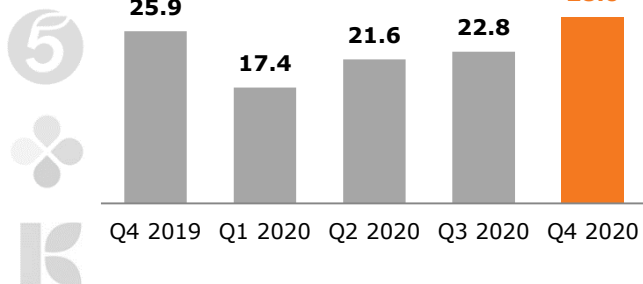
Gross profit & gross margin



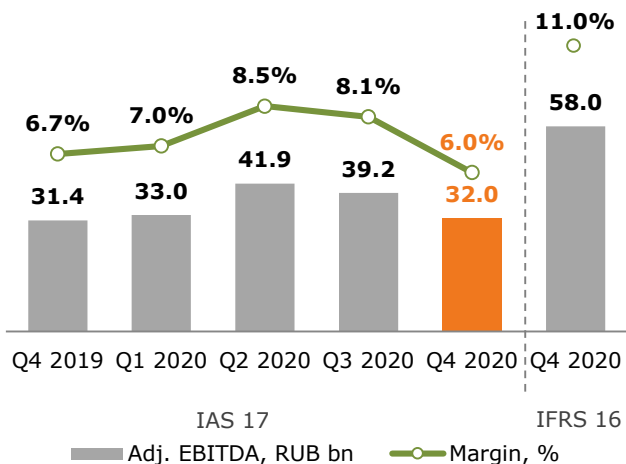
SG&A (excl. D&A&I<I)^[1]



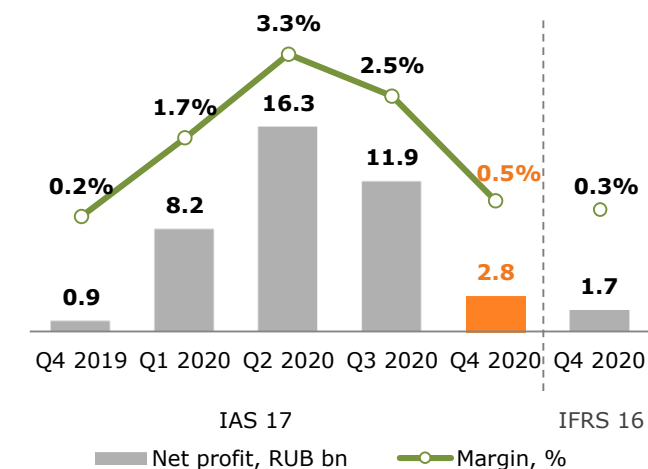
Capital expenditures, RUB bn



Adj. EBITDA & EBITDA margin^[2]



Net profit & net profit margin



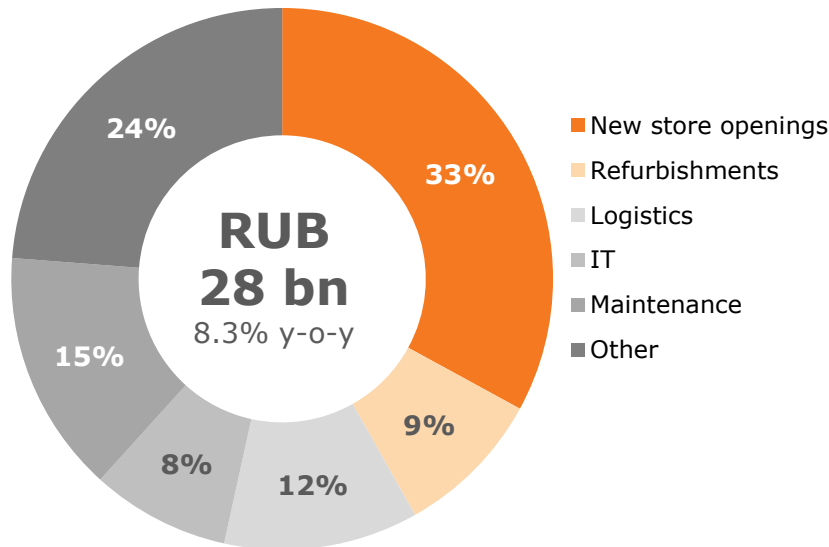
Source: X5 data

[1] - Adjusted for impact from Karusel transformation

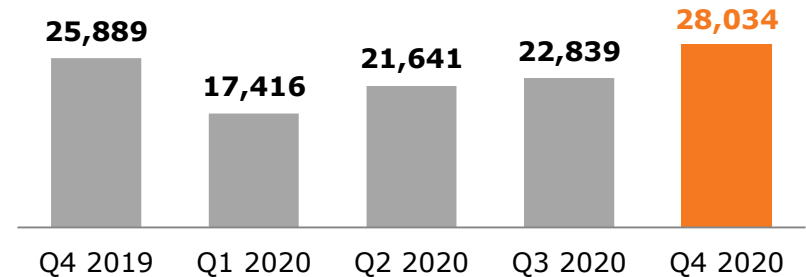
[2] - Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

X5 CAPITAL EXPENDITURES

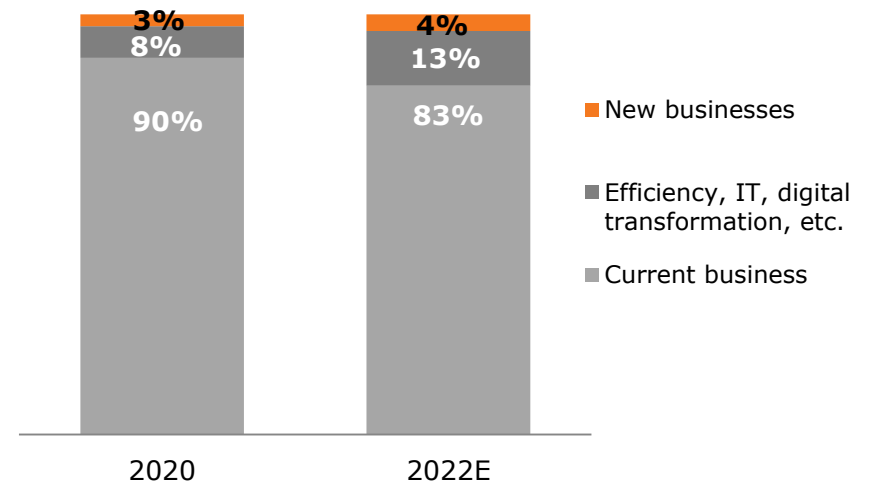
Capex breakdown, Q4 2020



Capex dynamics by quarter, RUB mln



Expected change in Capex structure



Source: X5 data (prepared under IAS 17)

In Q4 2020 the capex programme focused mainly on organic expansion, maintenance and logistics



X5 DEBT STRUCTURE

Debt profile

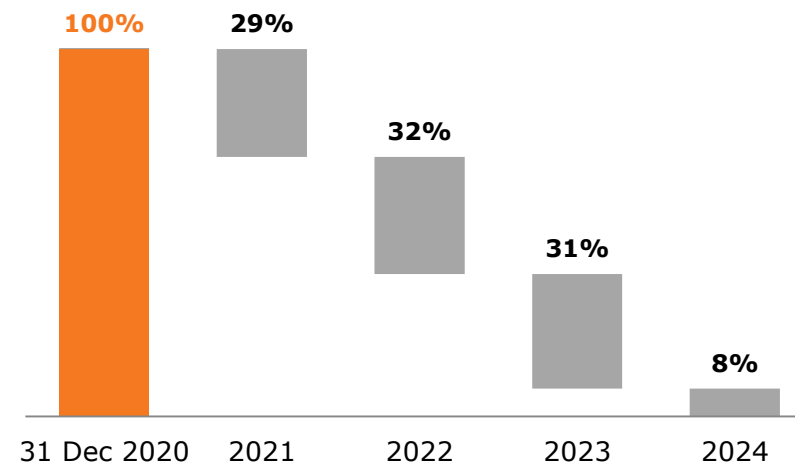
RUB mln	31 Dec 2020	31 Dec 2019
Total Debt	261,947	227,933
Short-Term Debt	77,026	74,755
% of total debt	29.4%	32.8%
Long-Term Debt	184,921	153,718
% of total debt	70.6%	67.2%
Net Debt	241,939	209,331

Covenants & liquidity update

Covenant metrics & liquidity sources	31 Dec 2020	31 Dec 2019
Net Debt / EBITDA (IAS 17)	1.67x	1.71x
Cash & cash equiv., RUB mln	20,008	18,602
Available credit limits, RUB mln	457,086	415,592

Source: X5 data

Debt portfolio maturity



Highlights

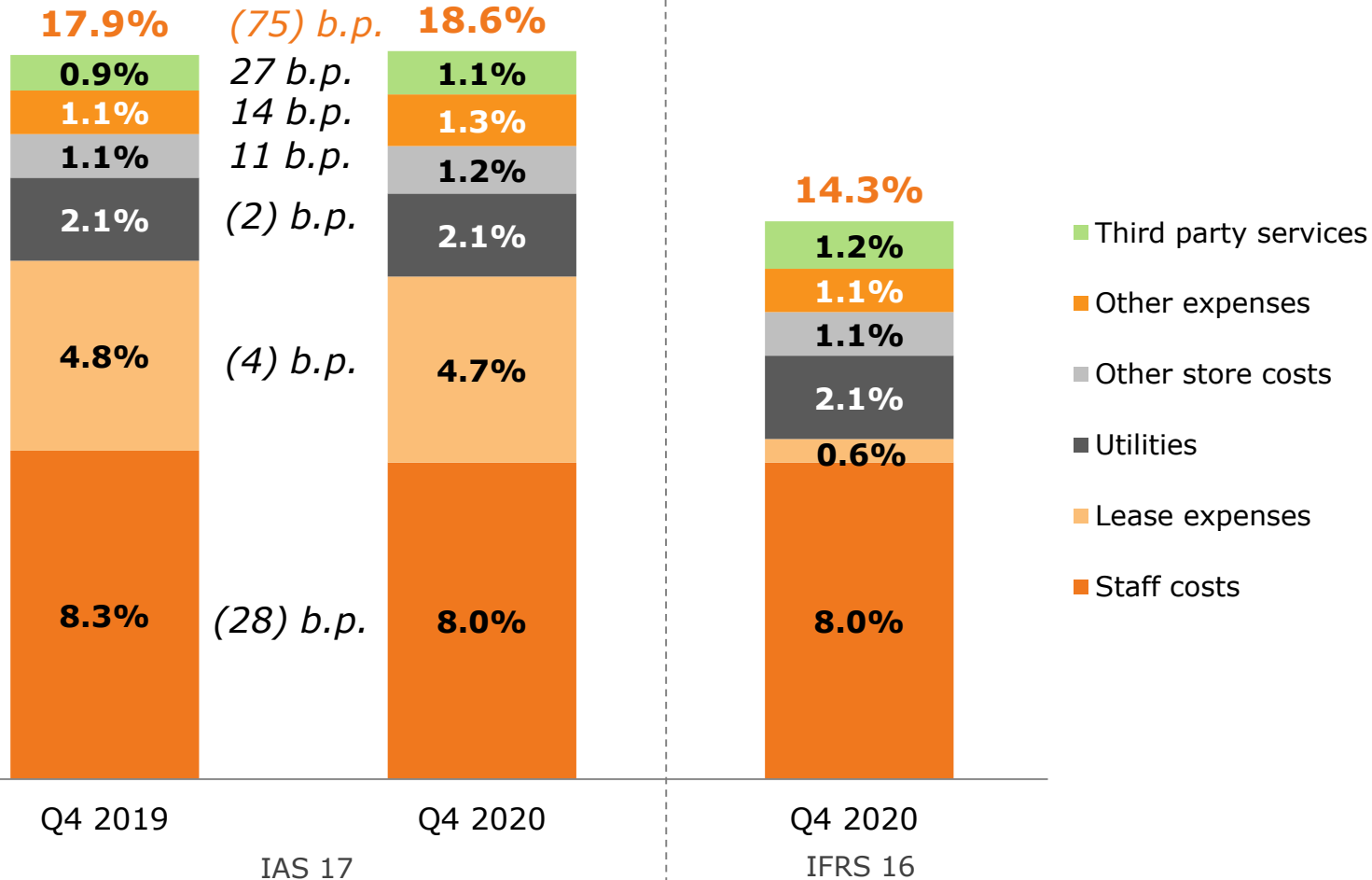
- X5's debt portfolio is 100% RUB-denominated
- The majority of the X5's loans and all bonds have fixed interest rates
- X5's available credit limits amounted to RUB 457.1 bln
- Record-low cost of debt
- Double achievement of the lowest new bonds issue coupon rate in the history of the entire Russian retail sector



Q4 2020: ADJUSTED SG&A^[1] EXPENSES ANALYSIS

Q4 2020 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
	Q4 2020	Q4 2019	+ / (-)	+ / (-), %	Q4 2020
Revenue	528,760	469,217	59,543	12.7%	528,760
Net retail sales	526,358	467,299	59,059	12.6%	526,358
COGS	(402,690)	(356,976)	(45,714)	12.8%	(400,666)
Gross profit	126,070	112,241	13,829	12.3%	128,094
<i>Gross profit margin</i>	23.8%	23.9%		(8) b.p.	24.2%
SG&A	(117,482)	(104,713)	(12,769)	12.2%	(112,621)
EBITDA	32,623	28,789	3,834	13.3%	58,654
<i>EBITDA margin</i>	6.2%	6.1%		3 b.p.	11.1%
Operating profit	13,004	10,609	2,395	22.6%	20,818
<i>Operating margin</i>	2.5%	2.3%		20 b.p.	3.9%
Net profit	2,781	865	1,916	221.5%	1,730
<i>Net profit margin</i>	0.5%	0.2%		34 b.p.	0.3%

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Source: X5 data

FINANCIAL STATEMENTS (2/3)

BALANCE SHEET (IFRS 16)

RUB mln	31 Dec 2020	31 Dec 2019
Total current assets	206,284	179,754
Cash & cash equivalents	20,008	18,602
Inventories	144,393	127,462
Total non-current assets	966,945	894,576
Right-of-use assets	480,511	428,166
Net PP&E	322,707	315,257
Goodwill	104,890	101,927
Total assets	1,173,229	1,074,330
Total current liabilities	408,684	368,573
ST debt	77,026	74,755
ST finance lease payables	68,442	57,622
Trade accounts payable	170,909	160,434
Total non-current liabilities	669,703	589,201
LT debt	184,921	153,178
LT finance lease payable	480,059	427,173
Total liabilities	1,078,387	957,774
Total equity	94,842	116,556
Total liabilities & equity	1,173,229	1,074,330

Source: X5 data

FINANCIAL STATEMENTS (3/3)

CASH FLOW STATEMENT (IAS 17 AND IFRS 16)

	IAS 17				IFRS 16
RUB mln	Q4 2020	Q4 2019	+/(-)	+/(-), %	Q4 2020
Net cash generated from operating activities	20,353	28,935	(8,582)	(29.7)%	36,057
Net cash from operating activities before changes in working capital	32,858	29,740	3,118	10.5%	57,957
Change in Working Capital, incl.:	4,621	6,777	(2,156)	(31.8)%	5,163
Decrease/(increase) in trade and other AR	(6,578)	(5,702)	(876)	15.4%	(6,587)
Decrease/(increase) in inventories	(15,710)	(20,192)	4,482	(22.2)%	(15,710)
(Increase)/decrease in trade payable	21,679	29,247	(7,568)	(25.9)%	21,679
(Decrease)/increase in other AP	5,230	3,424	1,806	52.7%	5,781
Net interest and income tax paid	(17,126)	(7,582)	(9,544)	125.9%	(27,063)
Net cash used in investing activities	(25,611)	(22,588)	(3,023)	13.4%	(25,612)
Net cash generated from/(used in) financing activities	13,589	1,313	12,276	-	(2,114)
Effect of exchange rate changes on cash & cash equiv.	5	75	(70)	(93.3)%	5
Net increase/(decrease) in cash & cash equiv.	8,336	7,735	601	7.8%	8,336

Source: X5 data



**APPENDIX
PERFORMANCE SUMMARY OF KEY
FORMATS**

PYATEROCHKA SUMMARY (1/3)

RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



16,709 stores as of 31 December 2020, 8.8% increase y-o-y



6,542 th. sq. m of selling space as of 31 December 2020, +9.5% y-o-y



Q4 2020 net retail sales – RUB 421.6 bn, 15.7% increase y-o-y



1,190 mln of customer visits in Q4 2020, +2.0% y-o-y



Pyaterochka as % of X5's Q4 2020 sales: **~80%**



Q4 2020 LFL Results

- Sales: **6.9%**
- Traffic: **(5.9)% - COVID**
- Basket: **13.6% - COVID**



Average Pyaterochka check (offline): **RUB 407** (Q4 2020) 13.2% increase y-o-y



- Avg. net selling space: **392 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**

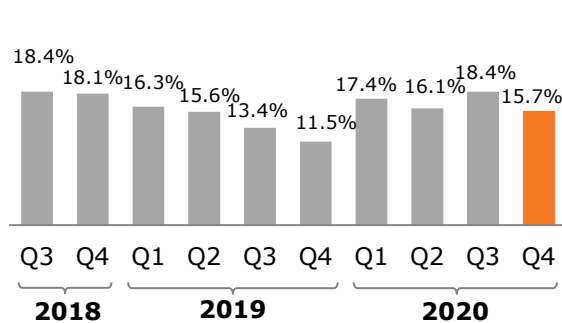


The proximity store for your daily shopping needs

PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

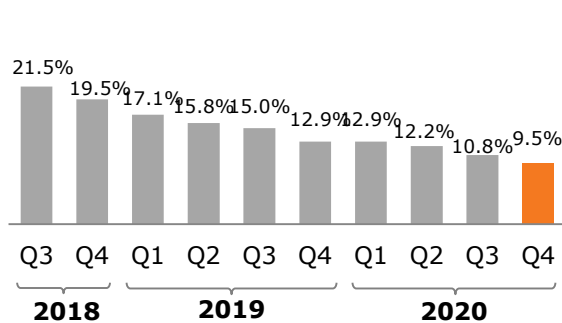
**Q4 2020 net retail sales:
15.7% increase y-o-y**

Net sales growth (% y-o-y)



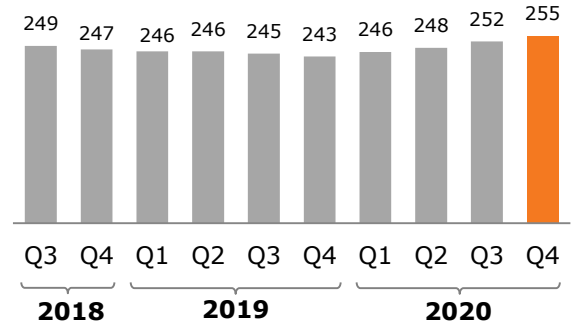
**Q4 2020 selling space:
9.5% increase y-o-y**

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



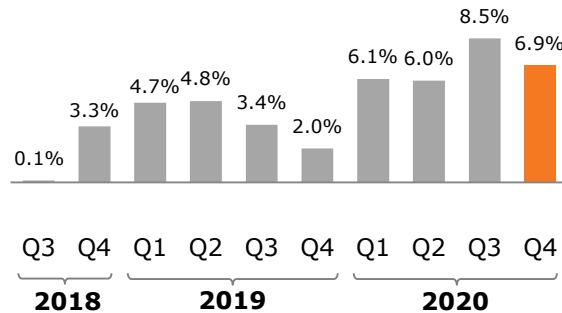
**Q4 2020 sales densities:
4.7% increase y-o-y**

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



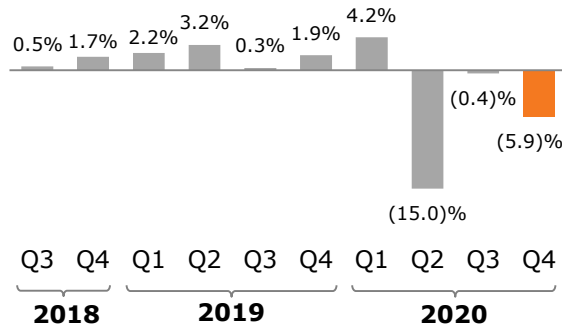
**Q4 2020 LFL sales:
6.9% increase y-o-y**

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



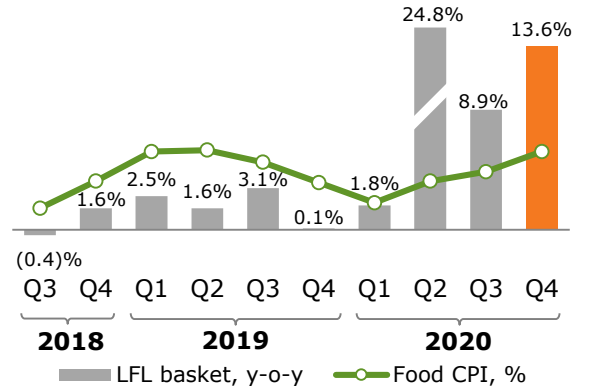
**Q4 2020 LFL traffic:
5.9% decrease y-o-y**

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



**Q4 2020 LFL basket:
13.6% increase y-o-y**

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



Source: X5 data

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



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**

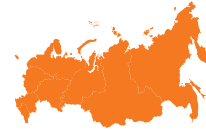


PEREKRESTOK SUPERMARKETS SUMMARY (1/4)

RUSSIA'S #1 SUPERMARKET



933 stores as of 31 December 2020, 10.0% increase y-o-y



1,014 th. sq. m. of selling space as of 31 December 2020, 15.4% increase y-o-y



Q4 2020 net retail sales of RUB 91.9 bn, 16.7% increase y-o-y



154 mln customers in Q4 2020, -4.8% y-o-y



Perekrestok of X5's Q4 2020 sales: **~17%**



Q4 2020 LFL Results

- Sales: **(0.2%)**
- Traffic: **(15.2)% - COVID**
- Basket: **17.8% - COVID**



NPS 27 points in Q4 2020, 6 p.p. increase y-o-y



Average Perekrestok check (offline): **RUB 650** (Q4 2020), 15.9% increase y-o-y



Avg. net selling space: **1,087 sq. m.**



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



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

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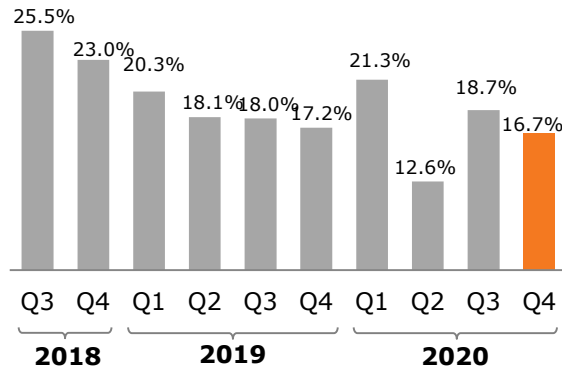


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PEREKRESTOK SUPERMARKETS SUMMARY (2/4)

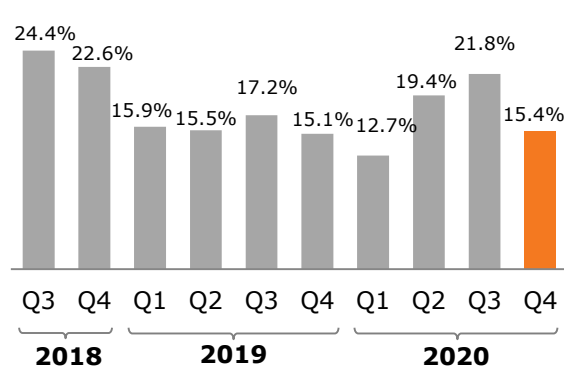
Q4 2020 net retail sales: 16.7% increase y-o-y

Net sales growth (% y-o-y)



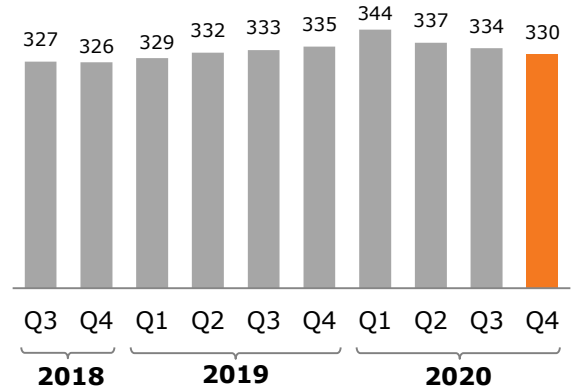
Q4 2020 selling space: 15.4% increase y-o-y

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



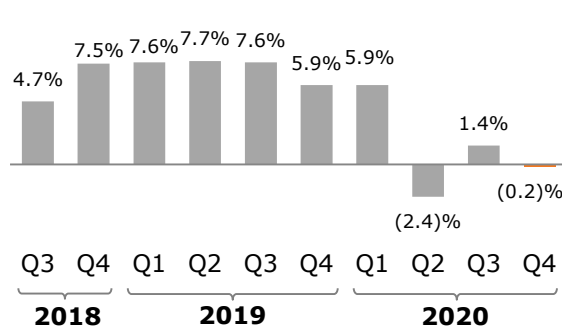
Q4 2020 sales densities: 1.3% decrease y-o-y

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



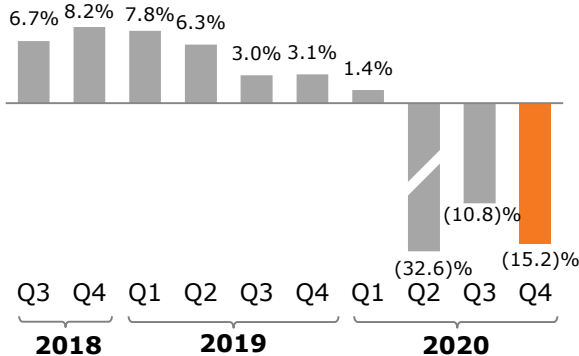
Q4 2020 LFL sales: 0.2% decrease y-o-y

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



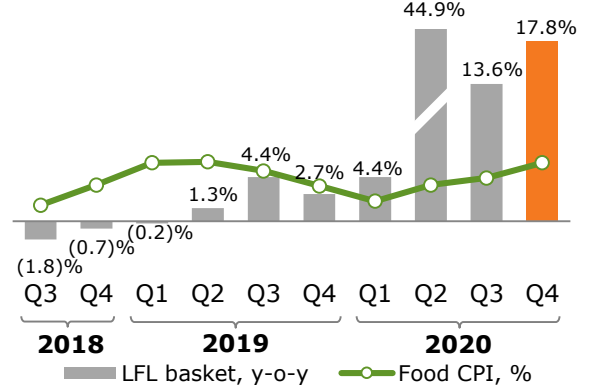
Q4 2020 LFL traffic: 15.2% decrease y-o-y

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



Q4 2020 LFL basket: 17.8% increase y-o-y

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



Source: X5 data

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



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)



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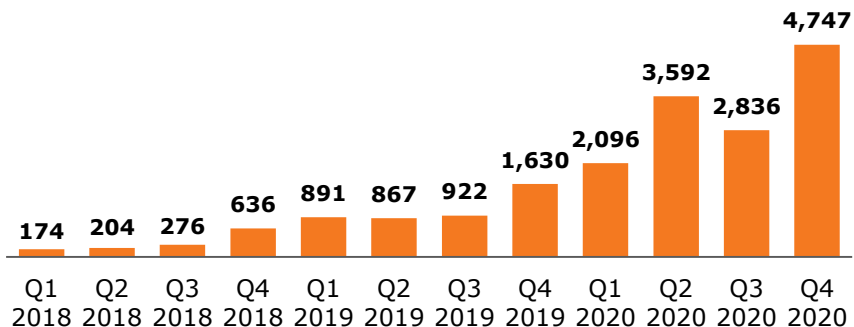
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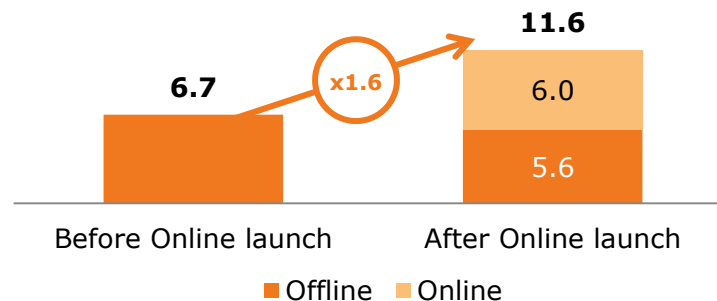
PEREKRESTOK SUMMARY (4/4):

ONLINE: ON TRACK TO BECOMING #1 IN RUSSIAN E-GROCERY

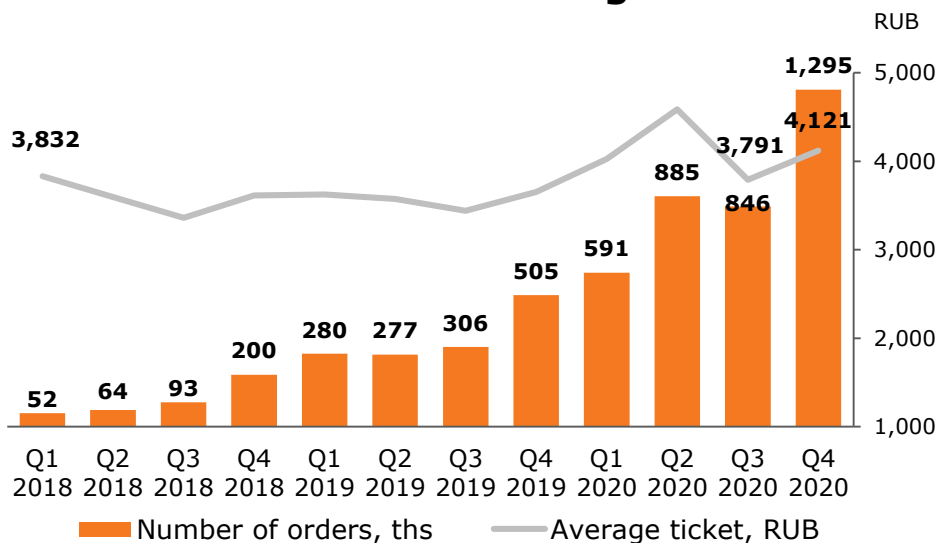
Net sales, RUB mln



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

