



# Investor Presentation

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# X5 is a leading Russian food retailer...

## 2021 Highlights

#1 Russian food retailer by revenue

**12.7%** market share

vs 9.5% in 2017

**19,121** stores

in 67 Russian regions  
+57.8% vs 2017

**>340** ths

employees

Loyal customer base

**63** mln

active loyalty card users  
54% of adult population

**27** mln

MAUs of X5 digital services  
+78% y-o-y growth

**+6.9**

increase in Pyaterochka's NPS y-o-y

**+3.6**

increase in Perekrestok's NPS y-o-y

New and digital businesses

**+140%** y-o-y

digital businesses' sales growth to **RUB 47.9 bln**

**>65** ths

daily online orders on average in 2021

**>3,000**

hard discounters in the next three years

Strong financials

**14.2%**

Revenue CAGR in 2017-2021

**>7%**

EBITDA margin (under pre-IFRS 16)

**+1.0 p.p.**

adj. ROIC<sup>1</sup> growth in 2021

# X5 businesses

**5** Пятёрочка

**18,320**  
Proximity stores

**Перекрёсток**

**983**  
Supermarkets

**5post**

**23,802**  
Pickup points and  
parcel lockers

**ЧИЖИК**

**89**  
Hard discounter  
stores

**5** Express  
delivery

**1,722**  
Stores

**Vprok.ru**  
Перекрёсток

**5**  
Large dark stores

**Много  
лосося**

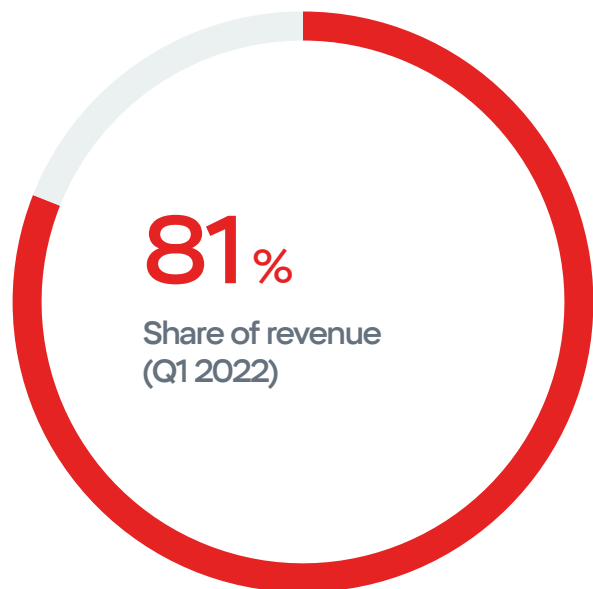
**53**  
Dark kitchens (incl. 2 franchisees)





# Pyaterochka 5

Proximity stores



18,320

Stores

>4 THS

SKUs

392 SQM

Average selling space

# Perekrestok

Supermarkets



983

Stores

8-15 THS

SKUs

1,115 SQM

Average selling space



# Chizhik

Hard discounter stores

0.7%

Share of revenue  
(Q1 2022)



89

Stores

750-800

SKUs

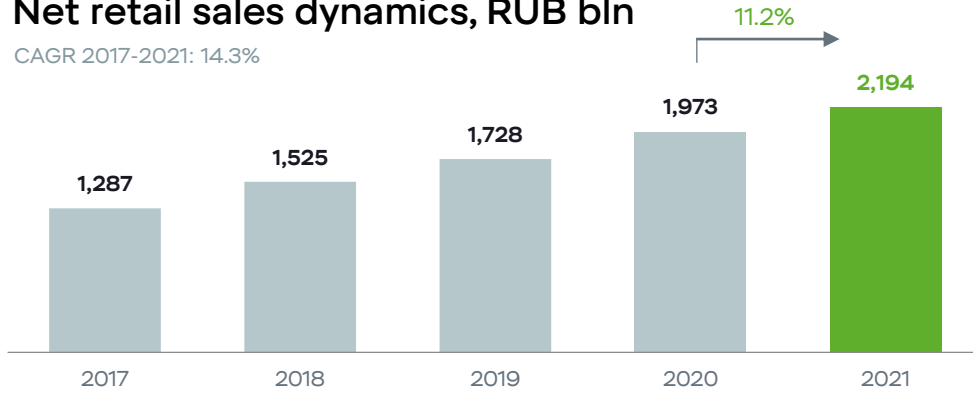
285 SQM

Average selling space

# Track record of strong operational performance...

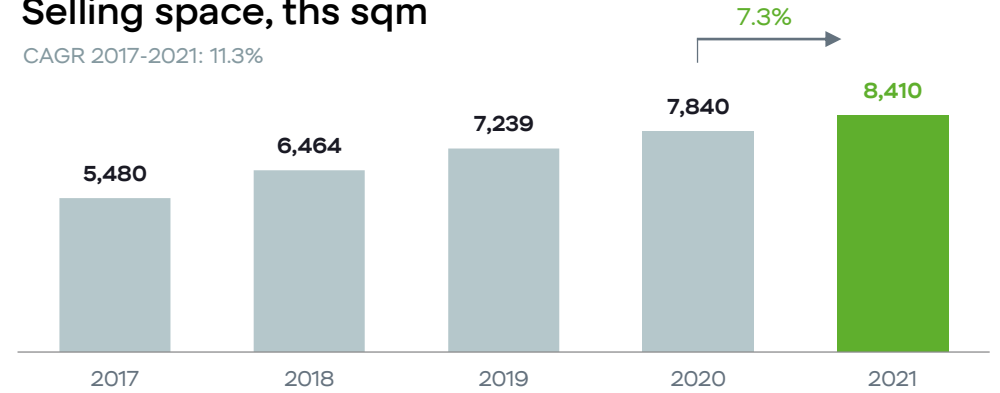
Net retail sales dynamics, RUB bln

CAGR 2017-2021: 14.3%

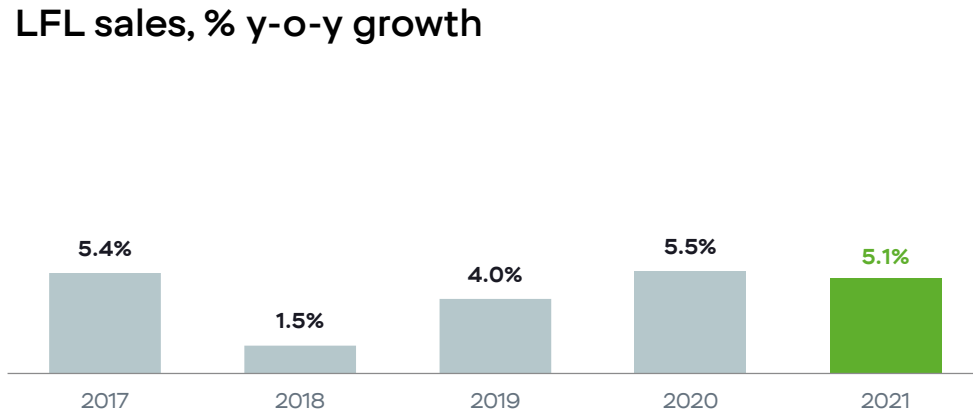


Selling space, ths sqm

CAGR 2017-2021: 11.3%

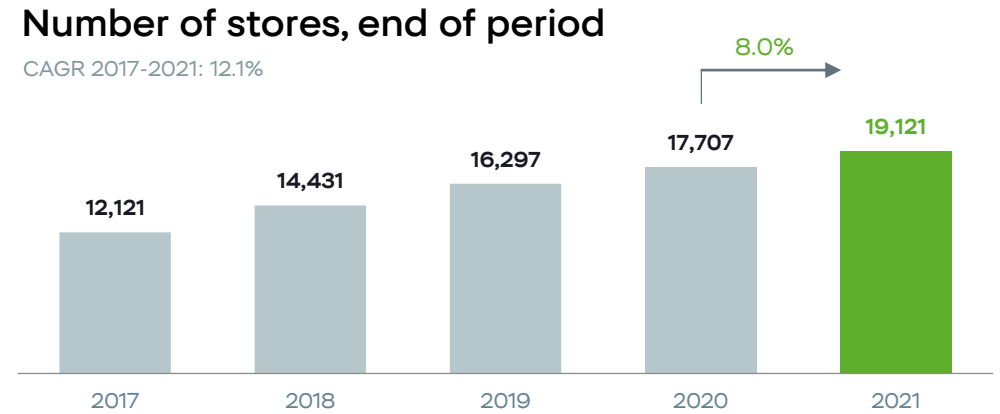


LFL sales, % y-o-y growth



Number of stores, end of period

CAGR 2017-2021: 12.1%

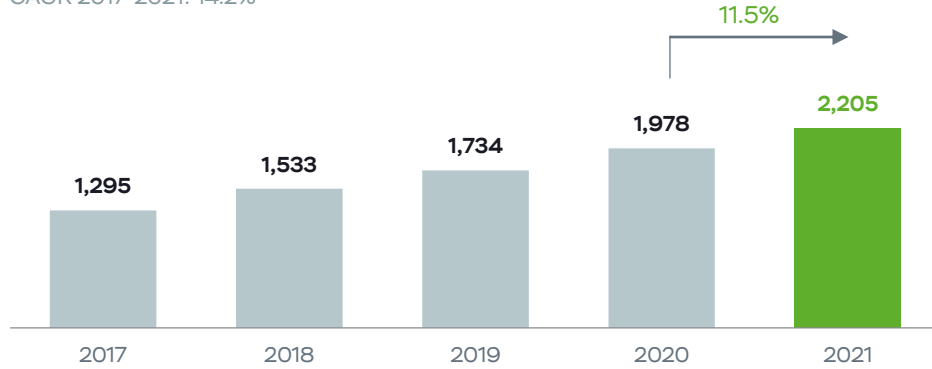




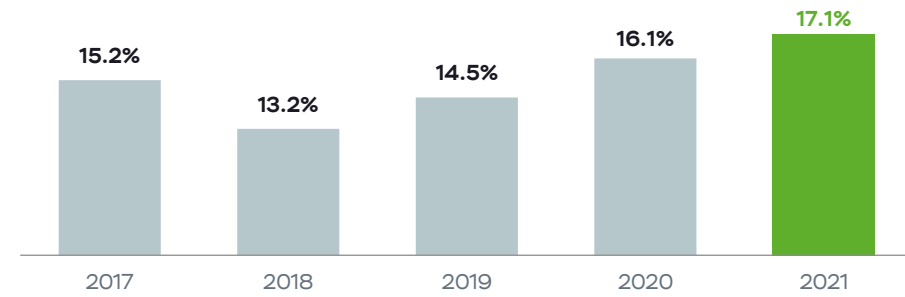
# ...supported by robust profitability

## Revenue CAGR exceeding 14% in 2017-21

CAGR 2017-2021: 14.2%

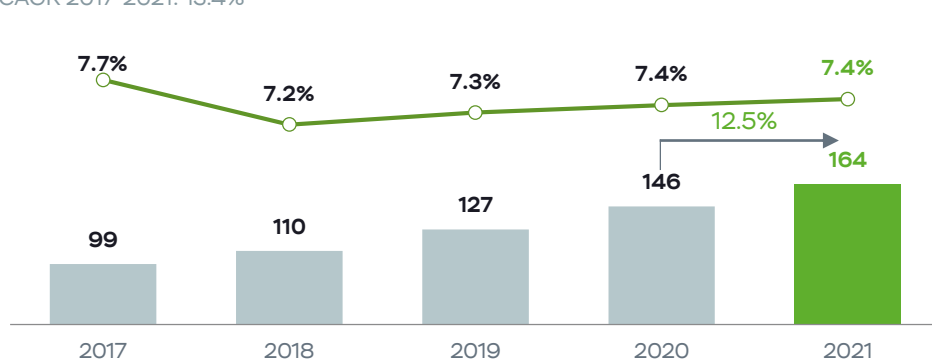


## Adj. ROIC<sup>2</sup> has increased by 4 p.p. since 2018

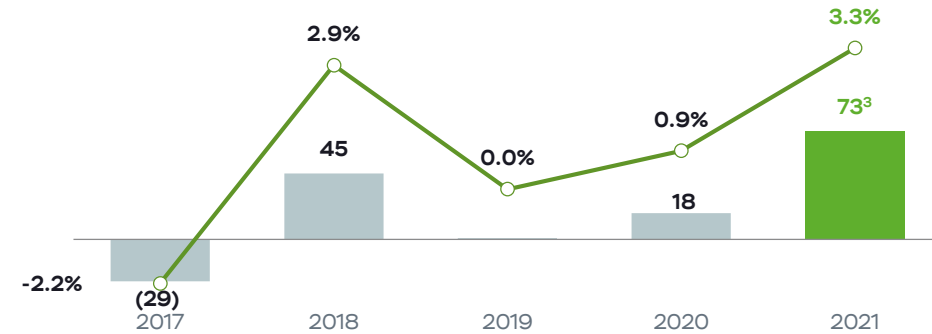


## Adj. EBITDA margin<sup>1</sup> consistently above 7%

CAGR 2017-2021: 13.4%



## FCF at record high level



● Adj. EBITDA,<sup>1</sup> RUB bln    ● Adj. EBITDA margin, %

● FCF, RUB bln    ● FCF / Revenue, %

Source: X5 data

- Adjusted for LTI, exit share-based payments and other one-off remuneration payments
- ROIC = NOPAT / average (equity + net debt, including short-term financial investment), adjusted for impact from Karusel transformation, tax on investments and tax accrual related to X5's reorganisation in previous periods
- Adjusted for short-term financial investments

# X5 uses its core strengths to create upside potential...

## Our strengths



### Strong brands

X5 brands were among the top Russian brands\* in 2021, with Pyaterochka in 1<sup>st</sup> place



### Strong presence in growing market segments

X5 is the leader in the format that has seen the most growth – convenience (43% of the market in 2021) – and is entering the fastest-growing format – hard discounters (32% y-o-y growth)



### Strong team

Experienced managers and entrepreneurs



### Diverse and reliable supply base

- X5 successfully partners with the largest FMCG and grocery suppliers, relying upon a growing base of local suppliers including producers of private labels
- As the largest food retailer in Russia, X5 has the best possible purchasing terms with suppliers
- Perekrestok and Pyaterochka were ranked #1 and #2, respectively, by the Advantage 2021 supplier survey



### Operational efficiency

Continuously strengthening operational efficiency and maintaining EBITDA at the level of 7%+ combined with aggressive geographical expansion

## Upside potential



Driving LFL sales growth above food CPI level



Accelerated expansion in the fast-growing hard discounter segment



Adapting Pyaterochka's CVP to customer needs, to increase the proposition to the low-mid-income segment



Organisational model development to achieve more speed and greater flexibility



Growing efficiency of operating and capital expenses



Positive unit economics for digital businesses

Sustaining market leadership and strong financial performance

# ...and is committed to key strategic objectives

## 1 Leadership in the food market

- Focus on the largest and fastest-growing market segments: convenience and hard discounters
- Further improving the CVP to reflect changes in the market environment and customer trends by leveraging operational and capex efficiency
- Increasing sales density, growing LFL sales above CPI
- Expanding both organic and non-organic market share growth, incl. regional M&A opportunities

## 2 Digitalisation

- Focus on express delivery from stores and dark stores, the largest and fastest-growing segment of e-grocery
- Achieving positive unit economics of express delivery
- Digitalisation projects to improve operational efficiency in stores, logistics operations and the back office

## 3 Focus on efficiency

- Ensuring sourcing leverage and scalability of infrastructure
- Driving operational efficiency and synergies across all business units
- Increasing efficiency of capital investments and working capital optimisation

## 4 Care for the community

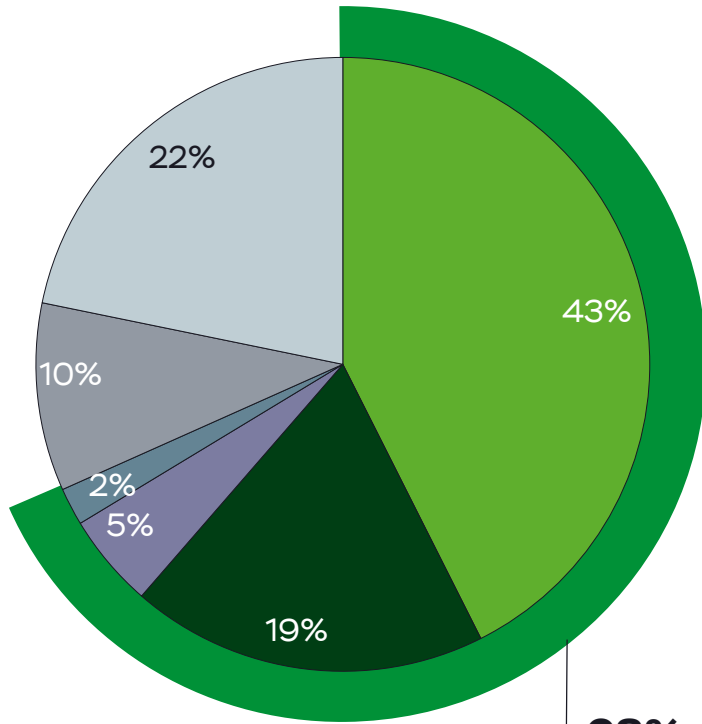
- Providing reliable food supply
- ESG targets are integrated into X5's business processes
- Regular ESG reporting under GRI standards



# 1 Focus on the fastest-growing market segment

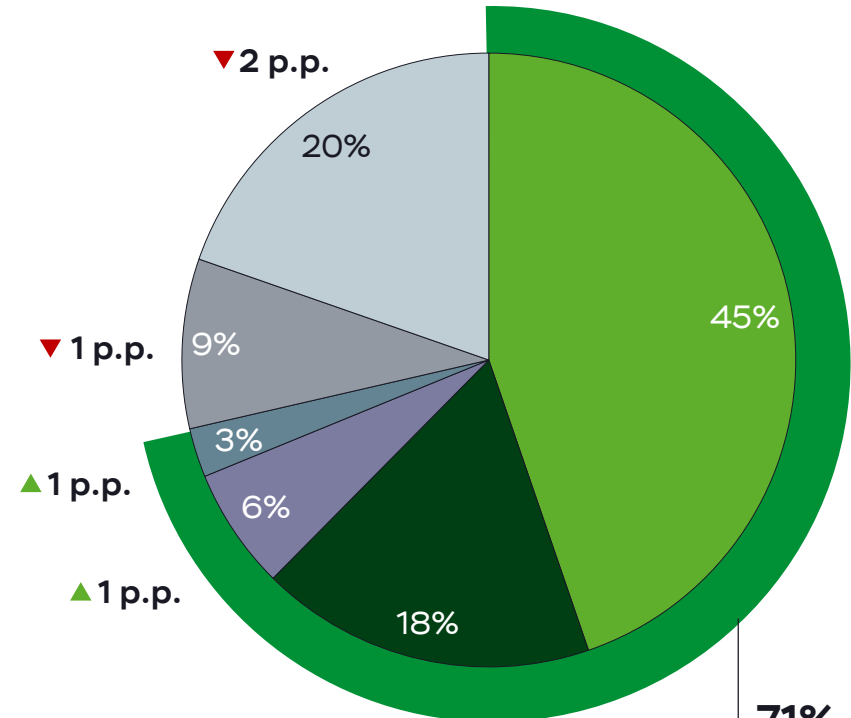
Diverse grocery business with growth potential across convenience, hard discounters and online segments

2021



**68%**  
share of grocery market  
addressable by X5

2022E

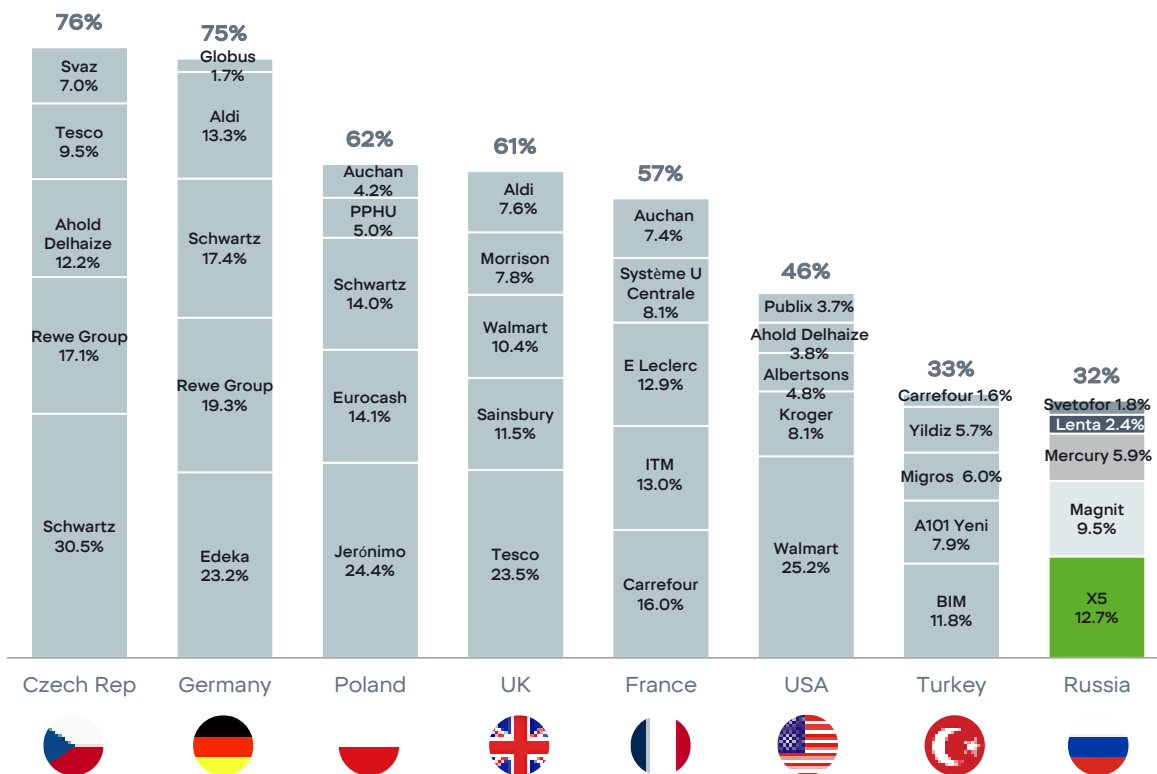


**71%** ▲ 3 p.p.  
share of grocery market  
addressable by X5

- Convenience
- Supermarkets
- Other (Hard Discounters, variety and other.)
- Online (without aggregators)
- Hypermarkets
- Traditional trade
- x p.p. - y-o-y growth

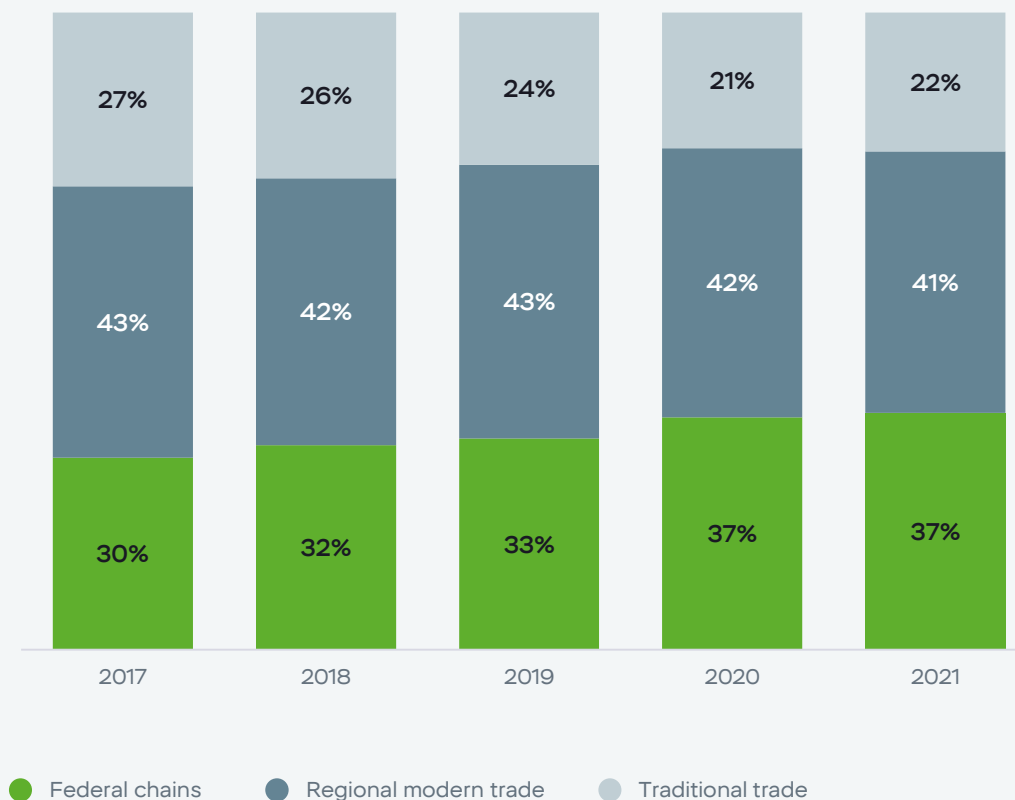
# 1 Market consolidation is the key source of growth for the top players

Potential for growth in the market shares of top-5 players



Source: Euromonitor, Infoline (for Russian market only), Company reports, X5 analysis

Continued shift to modern trade and the growing role of nationwide players

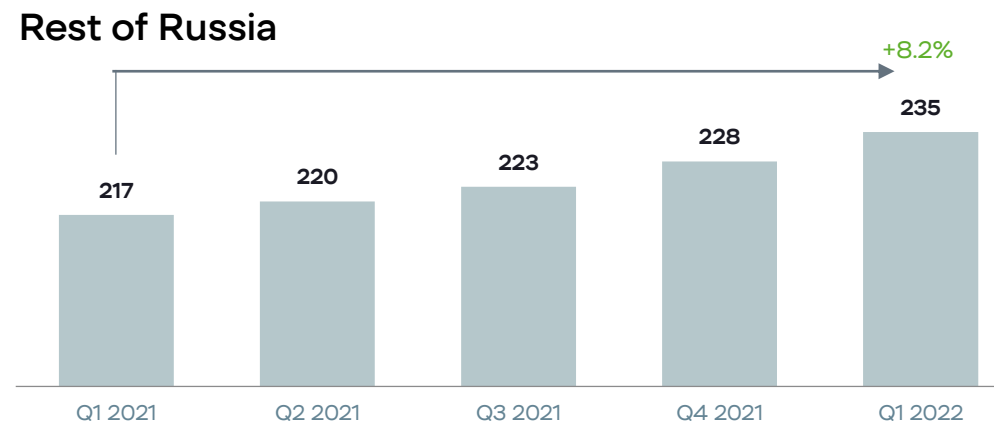
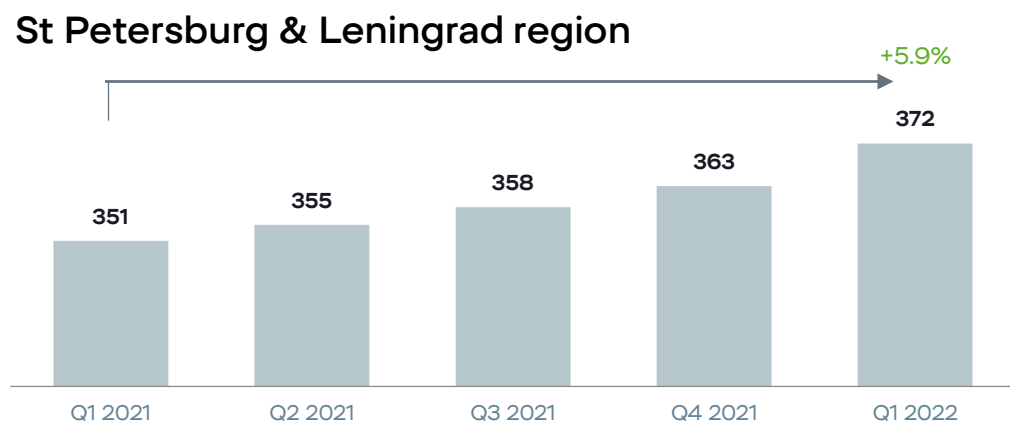
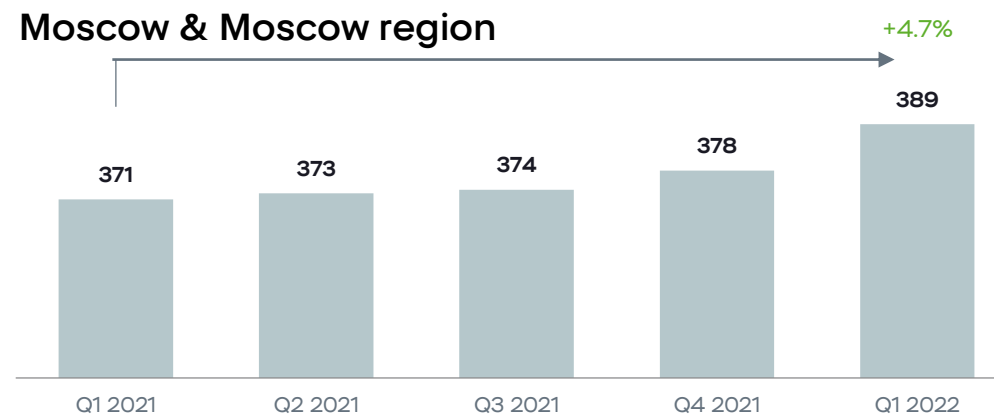
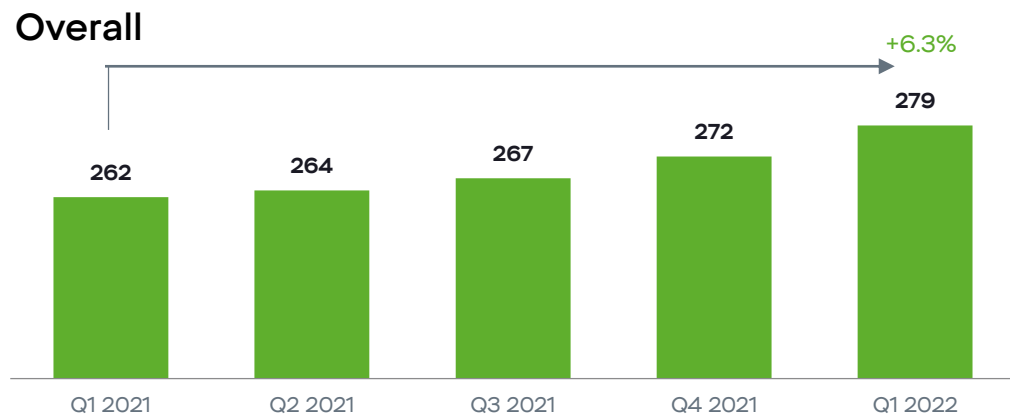


Source: Infoline

# 1 Growth and profitability supported by improving sales density

Maintain sales density leadership in proximity segment in key geographies (Moscow and St Petersburg)

Unit: '000 RUB/sqm (annualised)

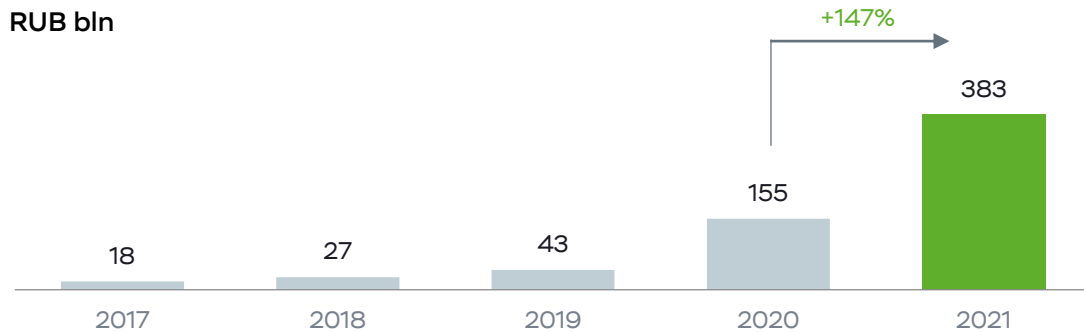


Source: X5 data



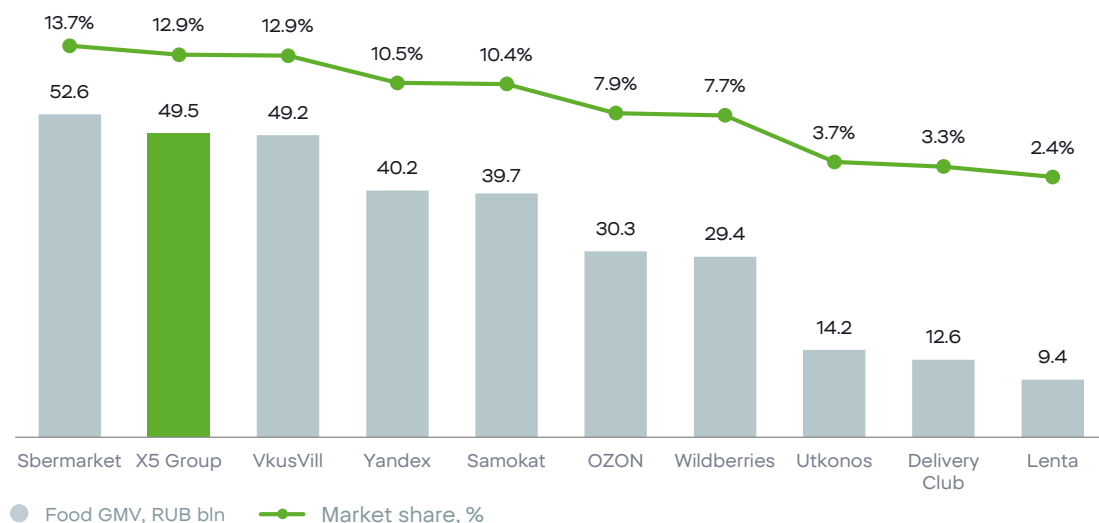
## 2 X5 is among the leaders in e-grocery

### Fastest-growing food retail segment



Source: Infoline

### X5 e-grocery market position, 2021



Source: Infoline

- Offering a range of e-grocery services: express delivery, click&collect and scheduled delivery
- Launched in 2020, express delivery service is available from 1,611 stores in 50 regions
- Operating an express delivery platform with advanced planning and routing and maintaining a leading position in customer service
- Successful pilot of multi-format dark stores (Pyaterochka and Perekrestok)
- Continuous improvement in unit economics on the back of scale and operational efficiency
- Delivered over 65 thousand orders per day in 2021 and over 136 thousand on peak days in December 2021
- X5 digital services reached 27 million MAUs in Q4 2021, 78% growth y-o-y

# 3 Focus on efficiency

## Key EBITDA drivers

### Private labels and direct import share growth

Delivering assortment differentiation and gross margin improvement through private label and direct import development

### Regional growth contribution

EBITDA margin in new regions increased by c. 1.5 p.p. y-o-y in 2021 through DC and other costs utilisation

### Driving commercial function efficiency

Automation of category management, personalised promo, pricing and customer value management using big data capabilities; using cross-format synergies in the commercial function

### Operating costs optimisation

Leveraging the scale of the business, cross-format synergies and driving efficiency initiatives to deliver lean and efficient retail operations

### Improving personnel efficiency

Driving productivity growth via process simplification and automation

## Capex drivers

### Continue ambitious space expansion

Focus on Pyaterochka proximity format and aggressive Chizhik rollout with 3,000+ stores in the next 3 years

### Smart refurbishments

Extended store life cycle in terms of equipment renewal and repairs

### Driving business efficiency

Key process digitalisation with high investment returns (IRR >100%)

### Logistics development

Renewal of the truck park and opening of new DCs in line with expansion plans; increasing transport utilisation

### New businesses

supporting and strengthening the core X5 formats

# 4 ESG is becoming a core element of X5's strategy – 2020 progress against strategic goals



## Planet

**-9%**

GHG emissions (Scope 1 + Scope 2) per sqm of selling space  
2020 vs 2019  
2023 goal: -10%

**48%**

of private labels in sustainable packaging<sup>1</sup>  
2023 goal: >50%

**85%**

of recyclable waste from X5 operations was sent for recycling  
2023 goal: up to 95%

**14%**

of non-expired food waste was sent for reprocessing<sup>2</sup>  
2023 goal: up to 40%



## Health

**45.5%**

Share of FRESH and F&V products<sup>3</sup>  
2023 goal: up to 50%



## Employees

**77.7%**

Employee engagement  
2023 goal: >75%

**99.8%**

Healthy and safe work environment for employees  
The respective standard is to be rolled out across the Company  
2023 goal: 100%



## Communities

**100%**

of Pyaterochka stores engage in the Help for Lost People programme  
2023 goal: 100%

**142k**

Families received food aid as part of the Basket of Kindness project  
2023 goal: 100% of families

**70%**

Share of SMEs among X5 suppliers created partnerships with 1,313 new Russian suppliers in 2020, including 189 sole proprietors and SMEs

<sup>1</sup> Sustainable packaging is the recommended packaging, which is recyclable or made of recycled feedstock, among other materials (e.g. PET, PP, glass, cardboard/paper, metal)

<sup>2</sup> Calculation for X5 based on the results for 2 RC

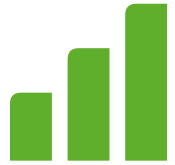
<sup>3</sup> Calculation for X5 based on the results for 2 RC. The share is calculated from retail turnover



# Key priorities for the next 6 months



# 2022 financial goals



**Accelerated revenue growth**



**Capex reduction in absolute terms**



**Focus on cost optimisation & FCF management**



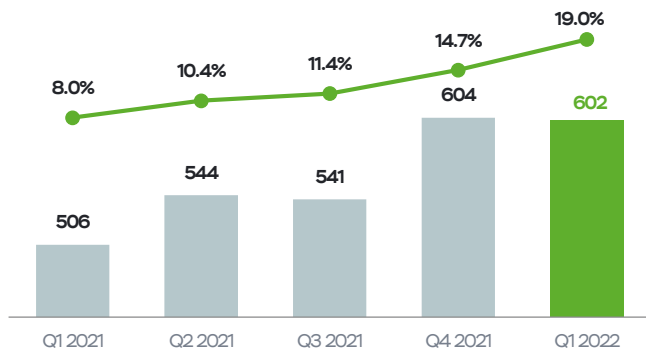
**Net financial debt / EBITDA <1.8x**

# Q1 2022 Results



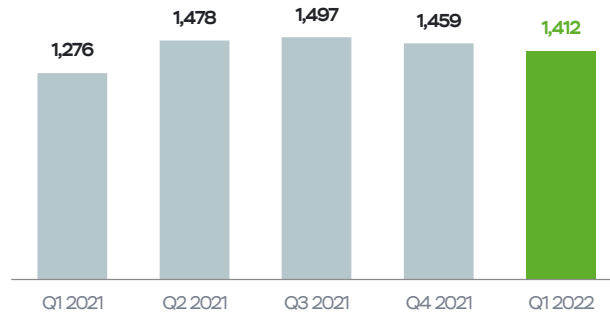
# Double-digit top-line growth supported by strong LFL sales dynamics...

Net retail sales

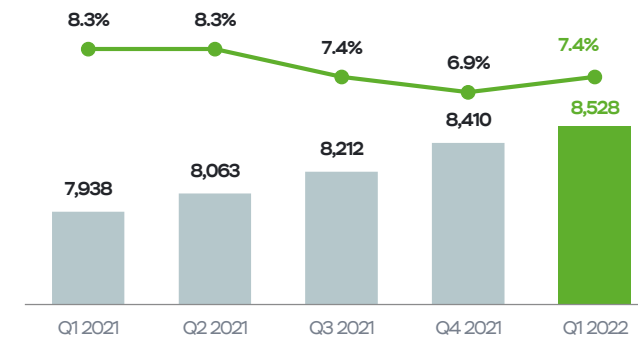


● Net retail sales, RUB bln ● Growth y-o-y, %

Traffic, mln customers

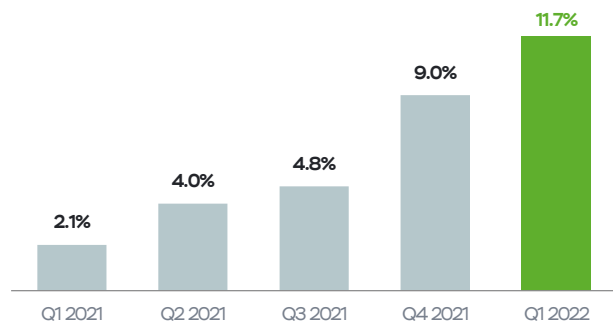


Net selling space (eop)

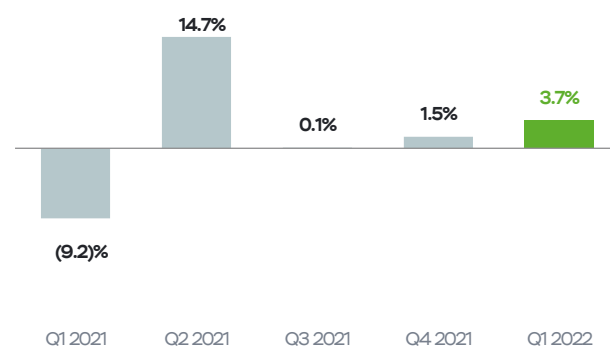


● Selling space, thsqm ● Growth y-o-y, %

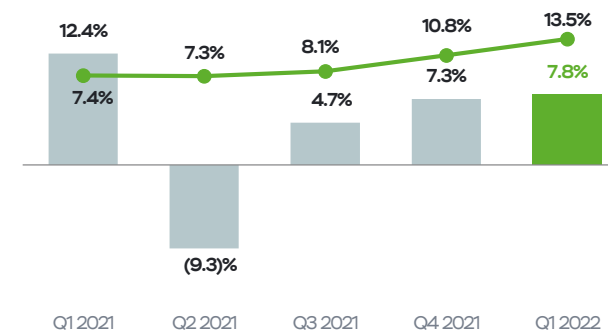
LFL sales, y-o-y



LFL traffic, y-o-y



LFL basket, y-o-y



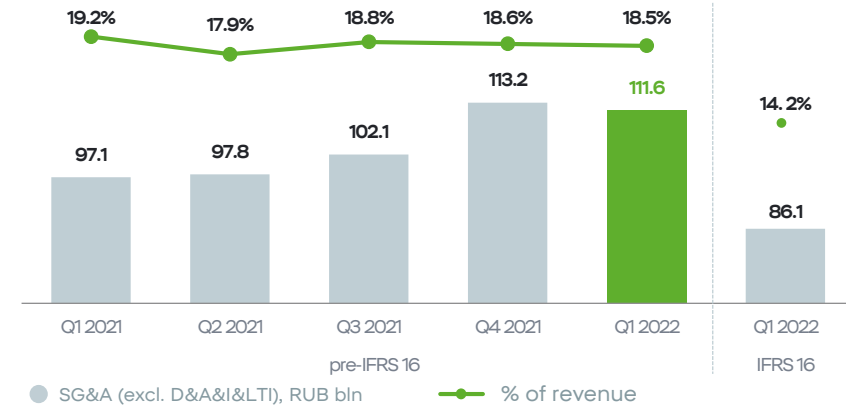
● LFL basket, y-o-y ● Food CPI, %

# ...combined with stable profitability

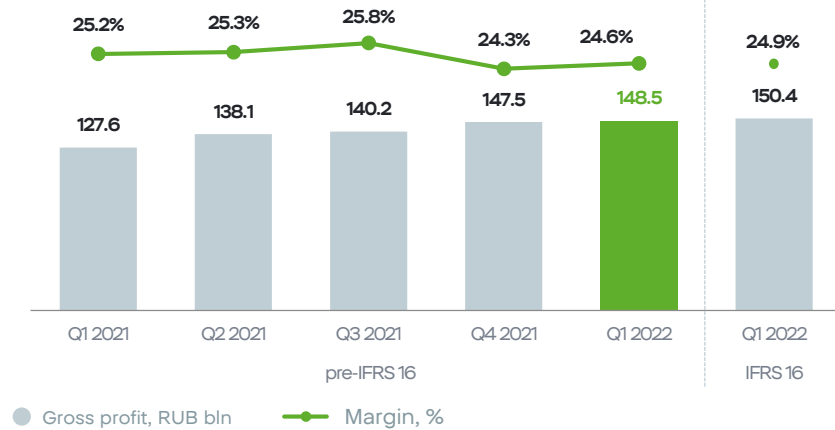
## Revenue



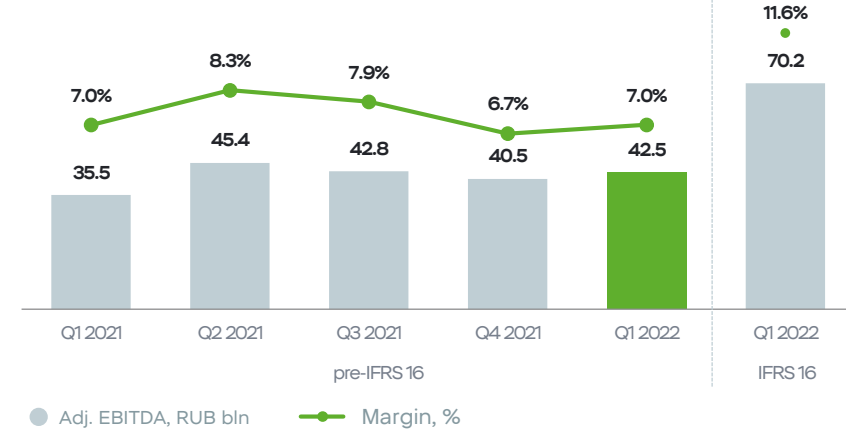
## SG&A (excl. D&A&I&LTI)<sup>1</sup>



## Gross profit & gross margin



## Adj. EBITDA & EBITDA margin<sup>2</sup>

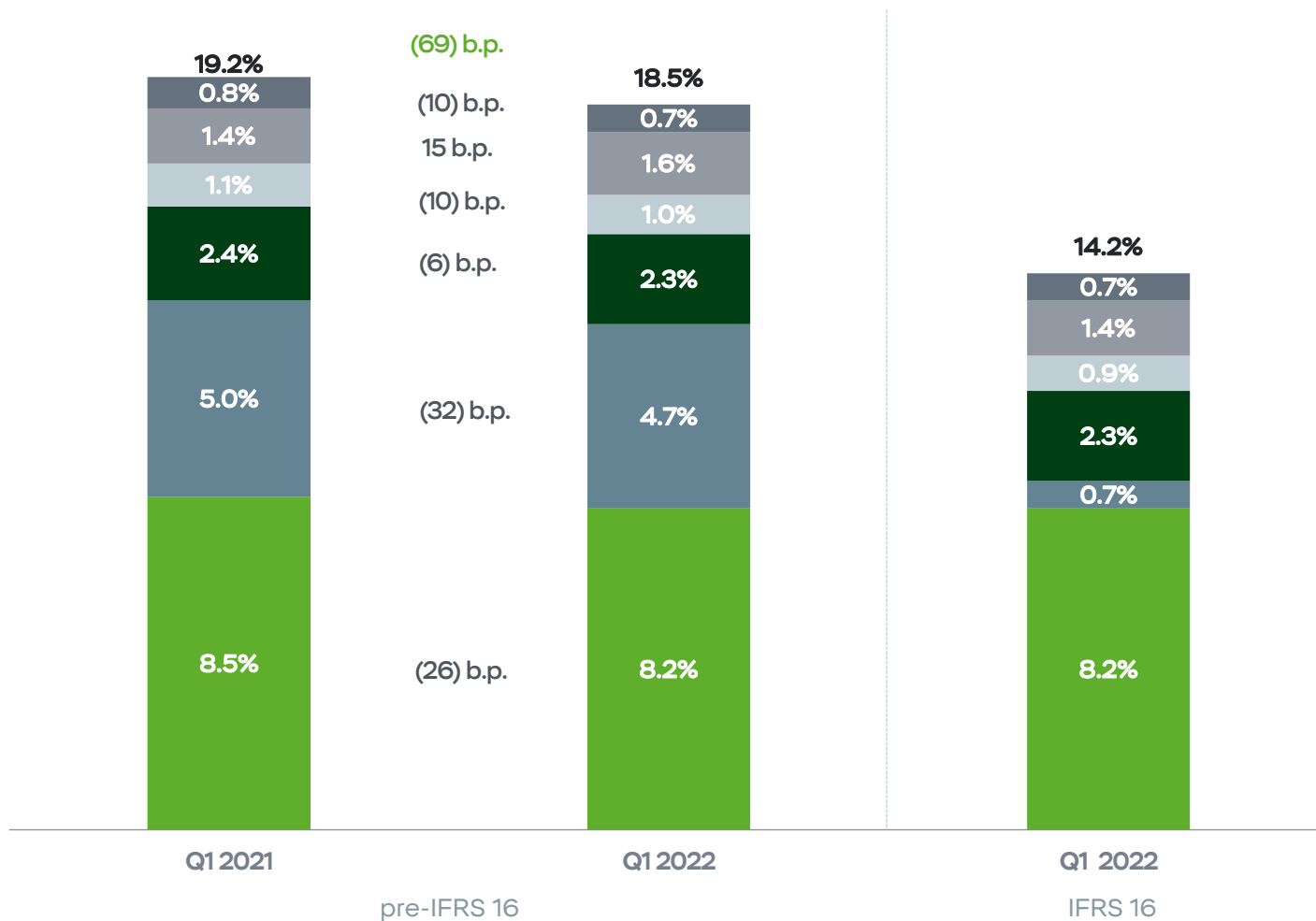


<sup>1</sup> Adjusted for impact from Karusel transformation

<sup>2</sup> Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

# Q1 2022: Adjusted SG&A<sup>1</sup> expense analysis

Q1 2022 analysis  
as a percentage of revenue



## Key Q1 2022 highlights

- ▼ **Staff costs (excluding LTI and share-based payments):** positive operating leverage effect partially offset by additional staff hiring due to increased consumer demand.
- ▼ **Lease expenses:** higher number of revenue-linked leases (IFRS 16); positive operational leverage effect (pre-IFRS 16).
- ▼ **Utilities:** positive operating leverage effect.
- ▼ **Other store costs** positive operating leverage effect.
- ▼ **Third-party service expenses:** decrease in marketing and advertising costs.
- ▲ **Other expenses:** growing share of courier service costs for express delivery and provisions driven by current environment.

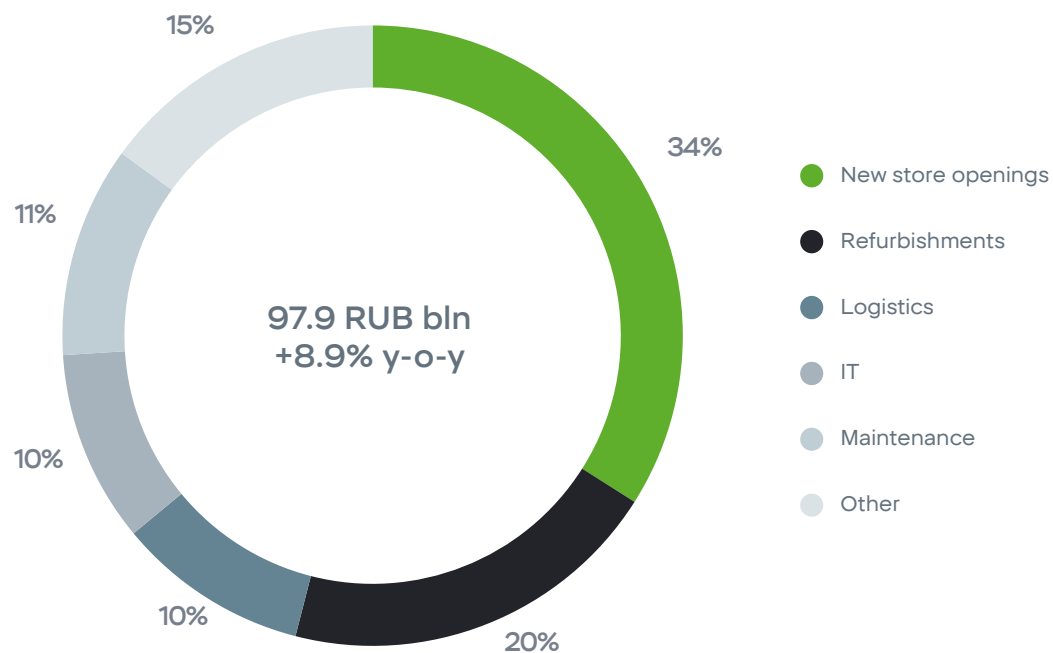
- Staff costs
- Lease expenses
- Utilities
- Other store costs
- Other expenses
- Third-party services

<sup>1</sup> Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation

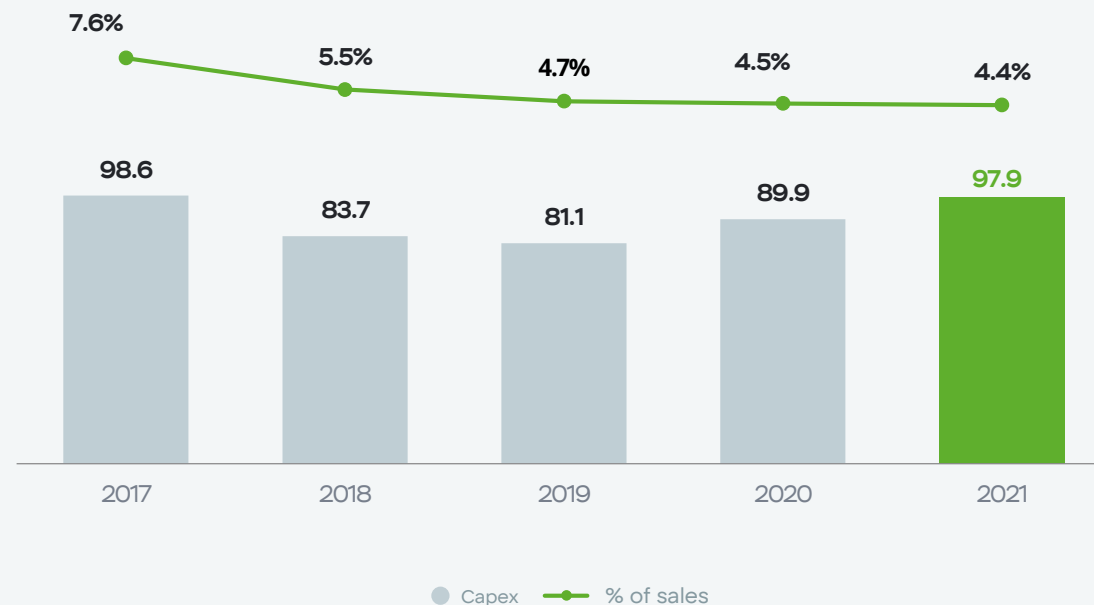


# X5 capital expenditures

Capex breakdown, 2021



Capex dynamics by year, RUB bln



Prioritising projects with highest return, consistent delivery of capex (as % of revenue) reduction

# X5 debt structure

## Debt profile

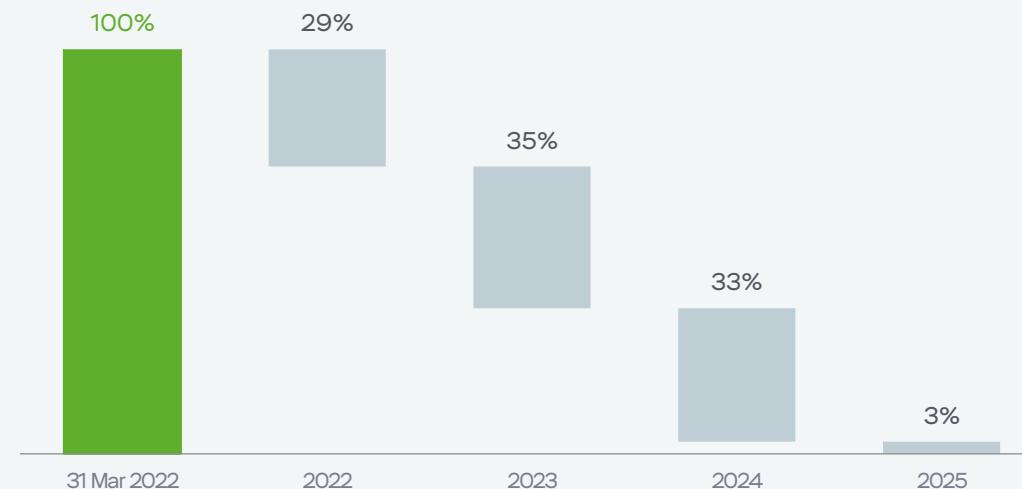
RUB mln	31 Mar 2022	31 Mar 2021
<b>Total debt</b>	<b>333,408</b>	<b>248,009</b>
Short-term debt	115,489	78,081
% of total debt	34.6%	31.5%
Long-term debt	217,919	169,928
% of total debt	65.4%	68.5%
<b>Net debt (pre-IFRS 16)</b>	<b>280,196</b>	<b>235,796</b>
<b>Adj. net debt<sup>1</sup> (pre-IFRS 16)</b>	<b>229,063</b>	<b>235,796</b>

## Covenants & liquidity update

Covenant metrics & liquidity sources	31 Mar 2022	31 Mar 2021
Net debt / EBITDA (pre-IFRS 16)	1.67x	1.60x
Adj. net debt / EBITDA (pre-IFRS 16) <sup>1</sup>	1.36x	1.60x
Cash & cash equiv., RUB mln	53,212	12,213
Short-term financial investments, RUB mln	51,133	-
Available credit limits, RUB mln	435,060	483,218

1. Adjusted for short-term financial investment

## Debt portfolio maturity



## Highlights

- X5's debt portfolio is 100% RUB-denominated
- 81% of X5's borrowings have fixed interest rates
- X5's available credit limits amounted to RUB 435 bln

# Appendix



# Pyaterochka – key format highlights (Q1 2022)

## Key results

**18,320** stores

+8.0% y-o-y

**489** RUB bln

Revenue +20.3% y-o-y

**8.1%**

2021 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+12.6%**

LFL sales

**+4.2%**

LFL traffic

**+8.1%**

LFL ticket

**1,241** mln

customer visits  
+11.3% y-o-y

**452** RUB

average ticket +8.1% y-o-y

**-17** b.p.

reduction in shrinkage in 2021

**+9.2%**

labour productivity growth in 2021

## CVP

**4,500**

SKUs

**392** sqm

average selling space

**44** mln

active loyalty card  
users

**64%**

loyalty card  
penetration in traffic

**80%**

Loyalty card  
penetration in sales

**23%**

private label share

**+6.9** points

increase in NPS y-o-y

# Perekrestok – key format highlights (Q1 2022)

## Key results

**983** stores

-0.7% y-o-y

**97** RUB bln

Revenue +13.5% y-o-y

**6.9%**

2021 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+8.0%**

LFL sales

**+0.4%**

LFL traffic

**+7.5%**

LFL ticket

**158** mln

customer visits  
+6.2% y-o-y

**700** RUB

average ticket +7.2% y-o-y

**+7.1%**

labour productivity growth in 2021

## CVP

**8-15** ths

SKUs

**1,115** sqm

average selling space

**14** mln

active loyalty card users

**72%**

loyalty card  
penetration in traffic

**85%**

loyalty card  
penetration in sales

**18%**

private label share

**+3.6** points

increase in NPS y-o-y

# Chizhik – key format highlights

**250–300** sqm

of store selling space

**7–9** RUB mln

net capex per store  
(excl. VAT)

**750–800** SKUs

in the assortment

**75%**

target share of private  
label assortment

**EDLP**

price strategy

**over 100%**

higher sales density  
compared with proximity  
format

**up to 50%**

higher return on investments  
compared with average  
proximity format figures

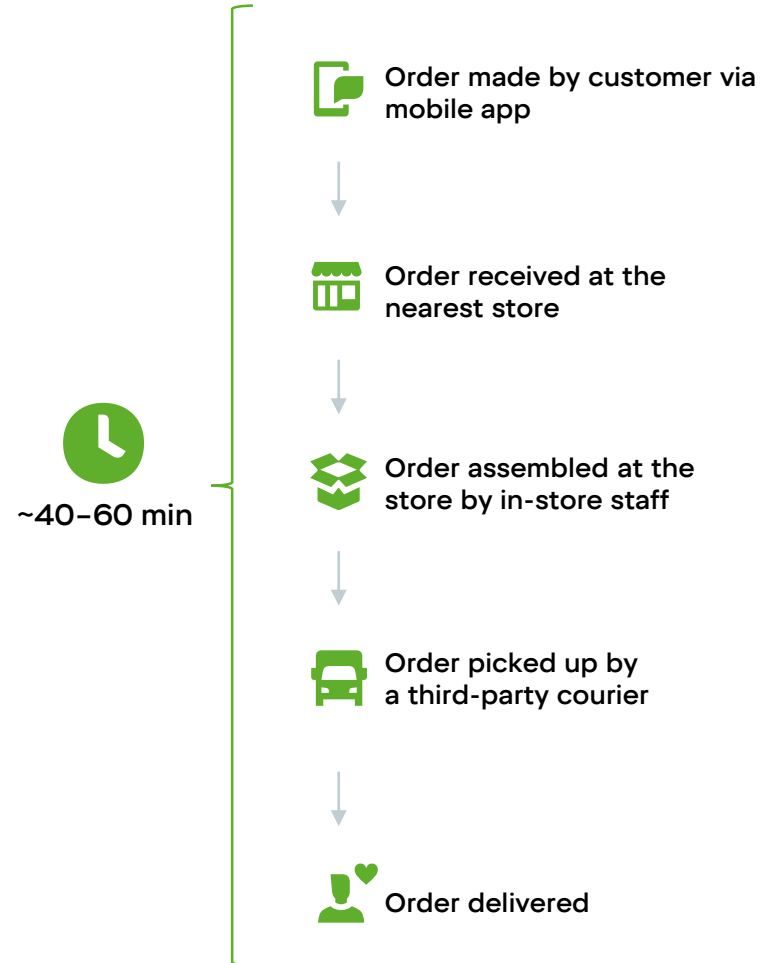
**7**

employees per store



# Express delivery

## Business model overview



## Key operating metrics Q1 2022

<b>GMV</b>	<b>RUB 13 bln</b>
<b>Orders per day</b>	<b>81 ths</b>
<b>Average ticket</b>	<b>RUB 1,729</b>
<b>Stores</b>	<b>1,722</b>
<b>Click to delivery</b>	<b>50-60 min</b>
<b>SKUs per order</b>	<b>12-14</b>
<b>Store assortment</b>	<b>&gt;5,000 SKUs</b>
<b>Delivery charge</b>	RUB 99 fixed (partially subsidised by X5) Free of charge for orders above RUB 1,700 in all regions except for Moscow and St Petersburg
<b>Regions of operations</b>	<b>52</b>



**X5 Investor Relations**

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