



# Investor Presentation

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# X5 is a leading Russian food retailer...

## Q1 2023 Highlights

#1 Russian food retailer by revenue

**13.2% market share<sup>1</sup>**

vs 9.5% in 2017

**21,760 stores**

in 72 Russian regions  
+11.7% y-o-y

**>345 ths**

employees

Loyal customer base

**71.2 mln**

active loyalty card users  
>60% of adult population

**21.8 mln**

MAUs of X5 digital services in Q1 2023  
+14.9% y-o-y

**>17 mln**

average daily purchases

New and digital businesses

**+35.9% y-o-y**

digital businesses' sales growth to **RUB 25.6 bln**

**>166 ths**

average number of daily online orders

**>3,000**

hard discounters in the next three years

Strong financials

**15.2%**

revenue growth y-o-y

**5.7%**

EBITDA margin (pre-IFRS 16)

**+1.9 p.p.**

adj. ROIC<sup>2</sup> growth y-o-y

1. FY 2022 numbers

2. 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

# X5 businesses

**5** Пятёрочка

**19,549**  
Proximity stores

**Перекрёсток**

**956**  
Supermarkets

**5post**

**24,332**  
Pickup points and  
parcel lockers

**ЧИЖИК**

**591**  
Hard discounter  
stores

**5** Express  
delivery

**5,709**  
Stores  
**46**  
Dark stores

**Vprok.ru**  
Перекрёсток

**3**  
Large dark stores

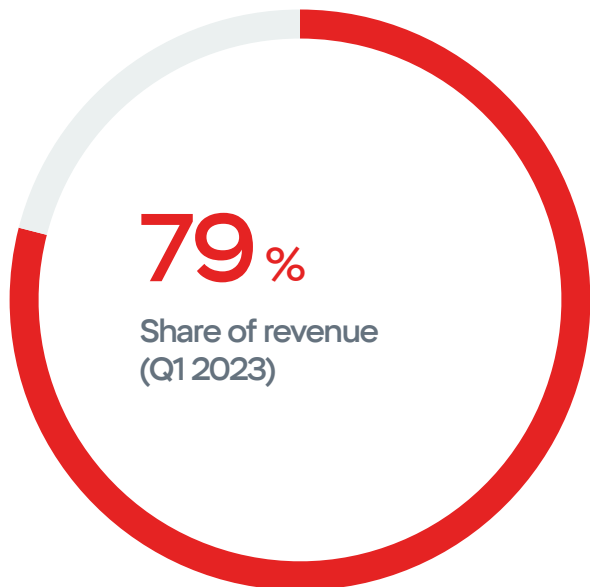
**Много  
лосося**

**60**  
Dark kitchens (incl. 4 franchisees)



# Pyaterochka 5

Proximity stores



19,549

Stores

>4 THS

SKUs

391 SQM

Average selling space

# Perekrestok

Supermarkets

15%

Share of revenue  
(Q1 2023)



956

Stores

8-15 THS

SKUs

1,117 SQM

Average selling space

# Chizhik

Hard discounter stores

3%

Share of revenue  
(Q1 2023)



591

Stores

750–800

SKUs

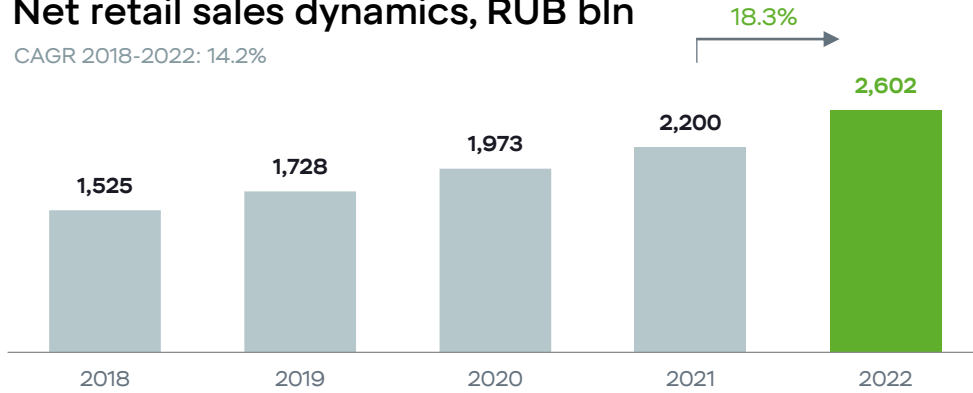
295 SQM

Average selling space

# Track record of strong operational performance...

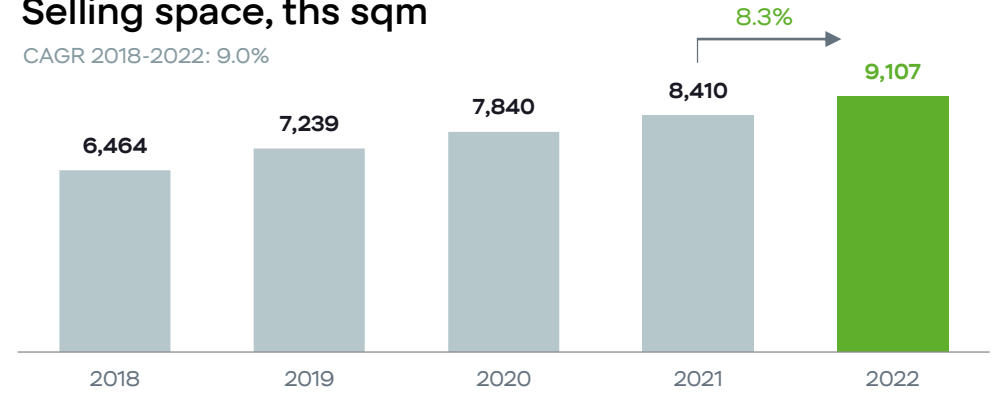
Net retail sales dynamics, RUB bln

CAGR 2018-2022: 14.2%

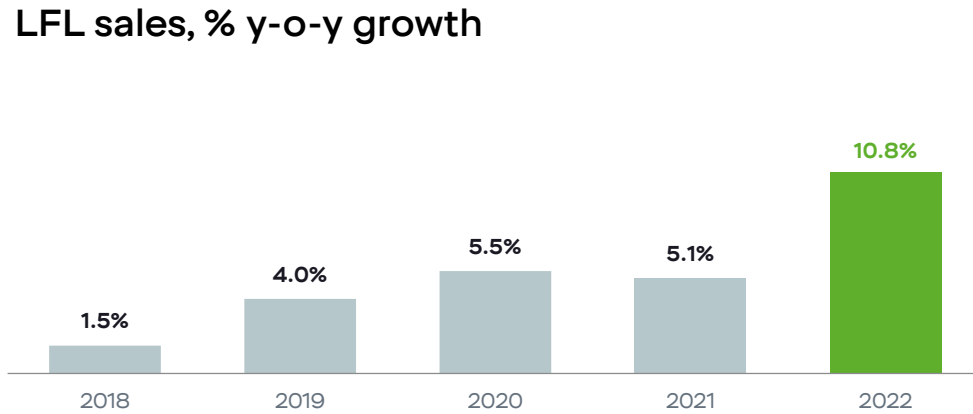


Selling space, ths sqm

CAGR 2018-2022: 9.0%

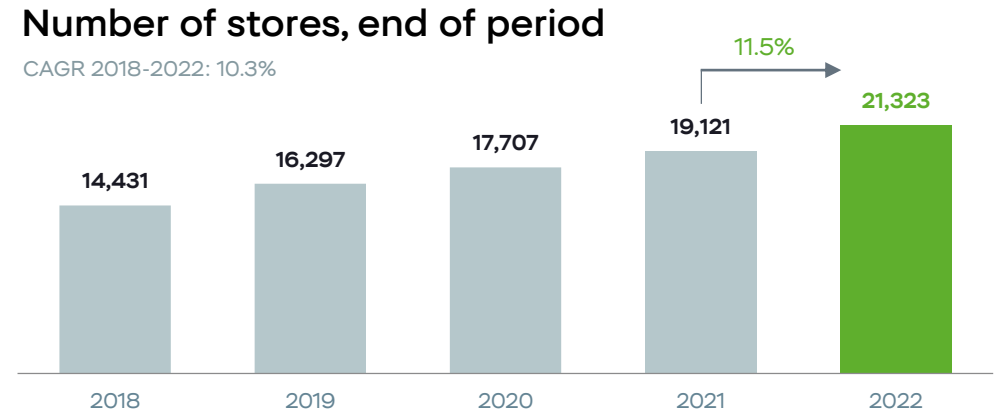


LFL sales, % y-o-y growth



Number of stores, end of period

CAGR 2018-2022: 10.3%

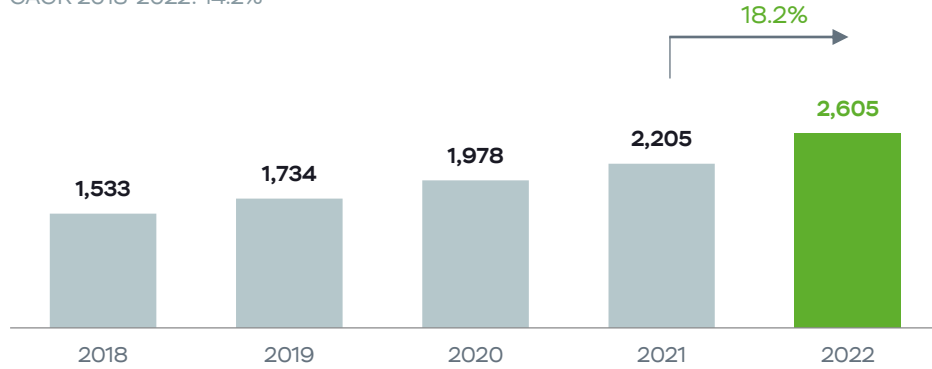




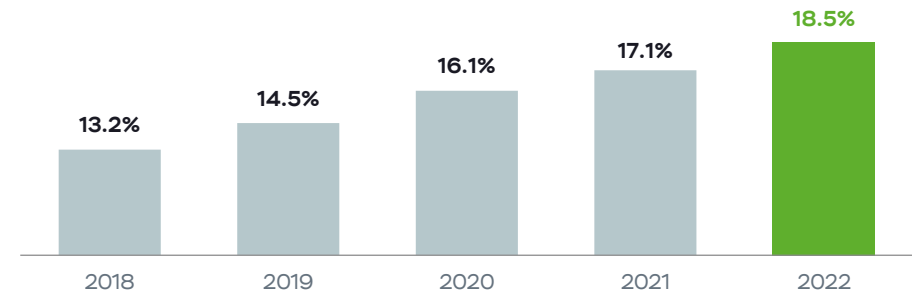
# ...supported by robust profitability

## Revenue CAGR exceeding 14% in 2018-22

CAGR 2018-2022: 14.2%

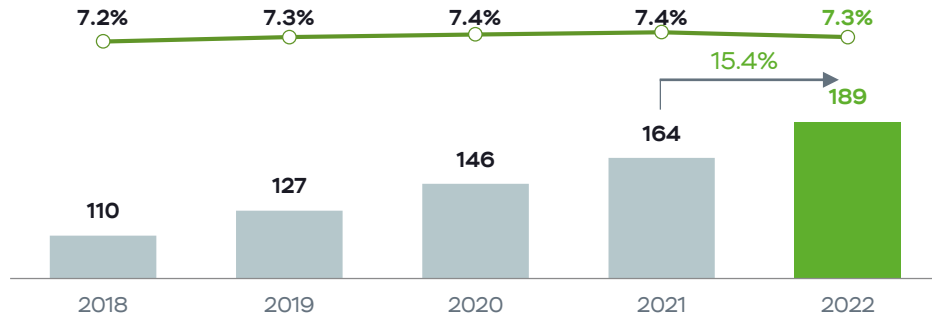


## Adj. ROIC<sup>2</sup> has increased by 5 p.p. since 2018

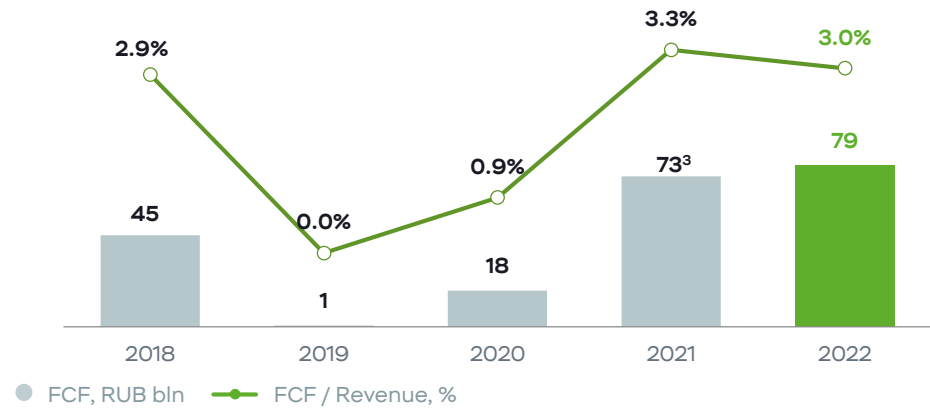


## Adj. EBITDA margin<sup>1</sup> consistently above 7%

CAGR 2018-2022: 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



### 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

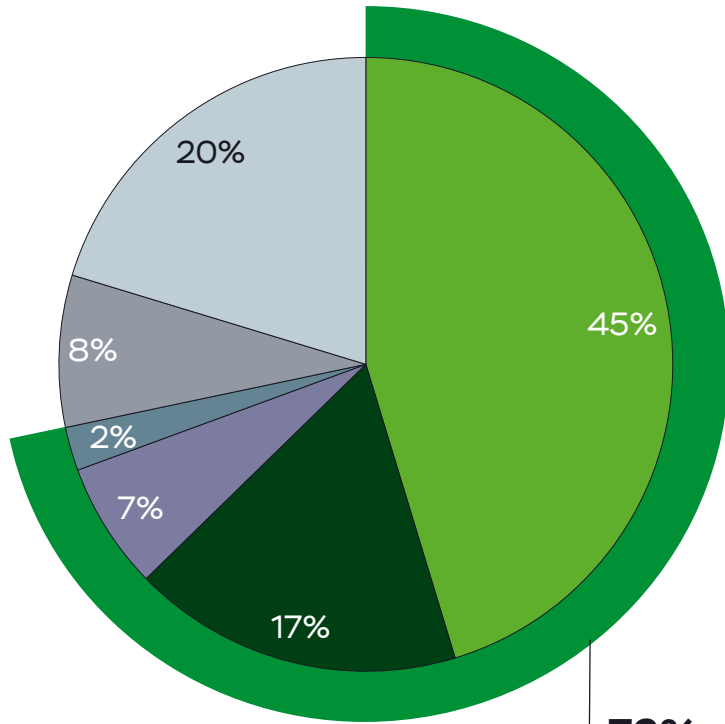
## 4 Care for the community

- 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

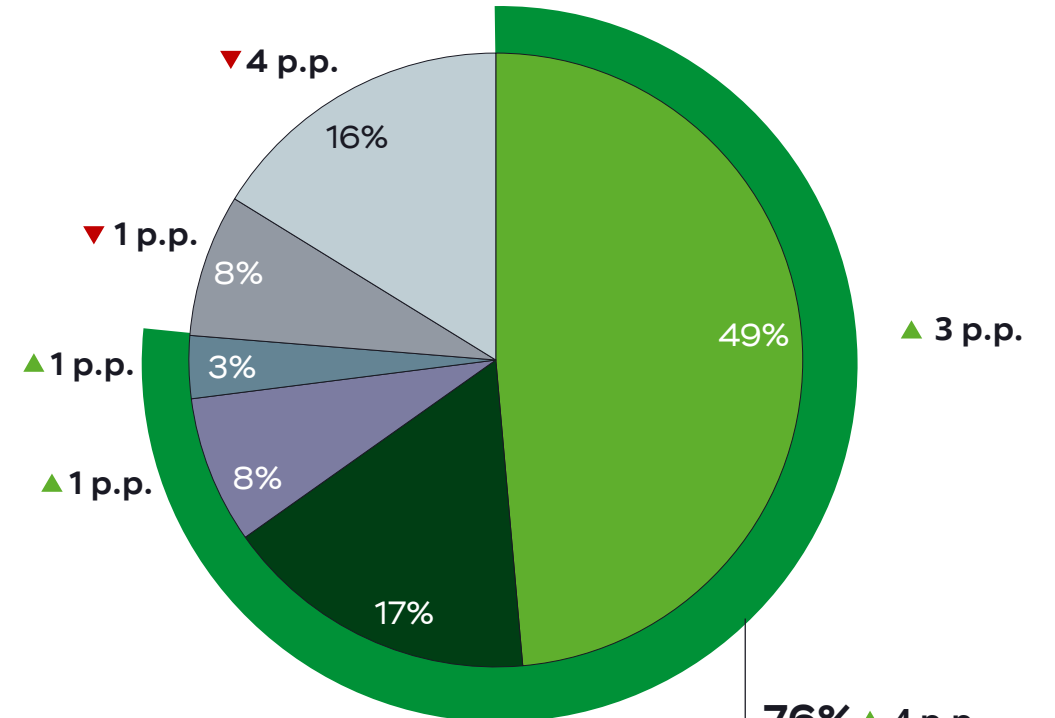
Diverse grocery business with growth potential across convenience, hard discounter and online segments

2022



**72%**  
share of grocery market  
addressable by X5

2023E

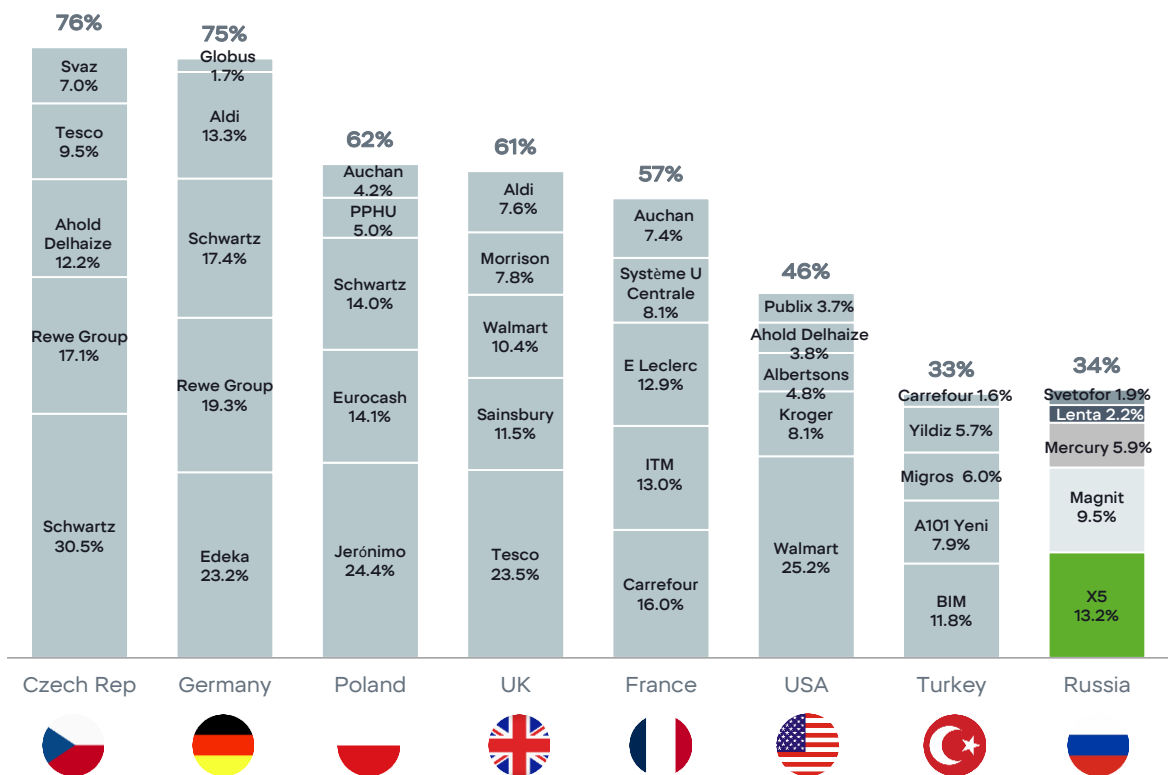


**76% ▲ 4 p.p.**  
share of grocery market  
addressable by X5

- 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

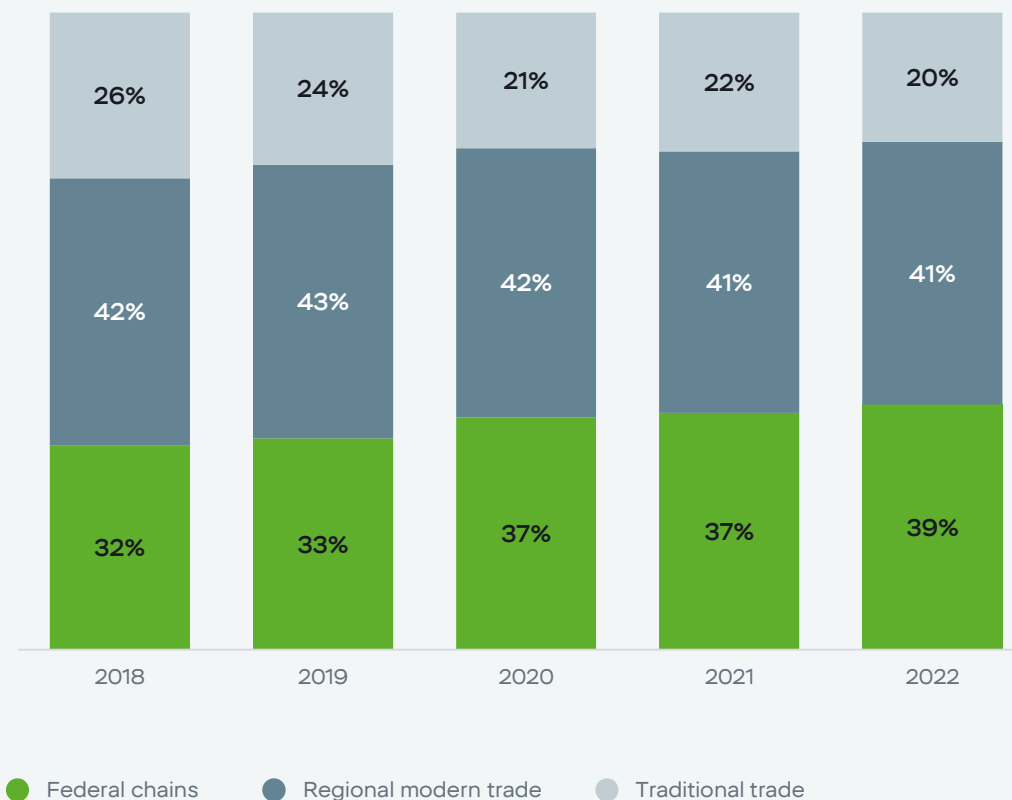
Potential for growth in the market shares of top-5 players\*



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

\* 2022 data for Russia, 2021 data for other countries

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



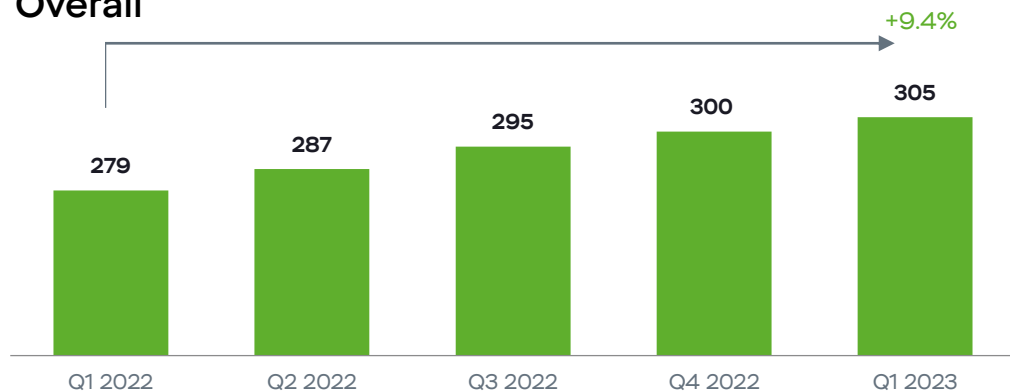
Source: Infoline

# 1 Growth and profitability supported by improving sales density

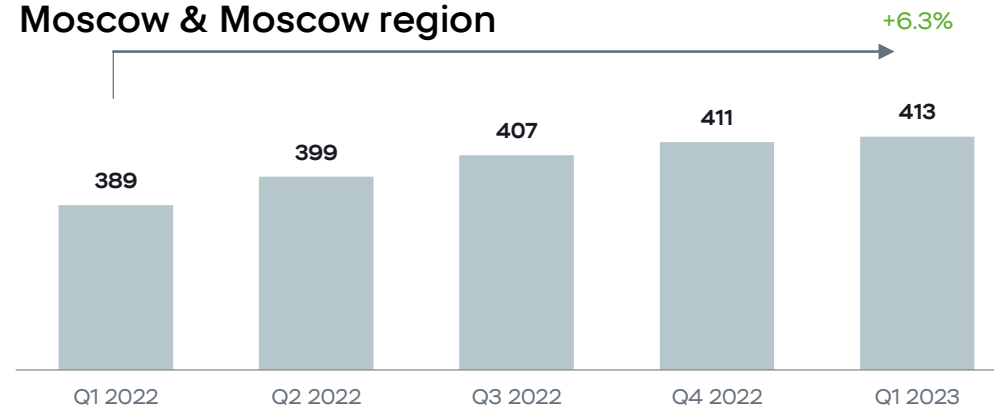
Maintain sales density leadership in proximity segment in key geographies (Moscow and St Petersburg)

Unit: '000 RUB/sqm (annualised)

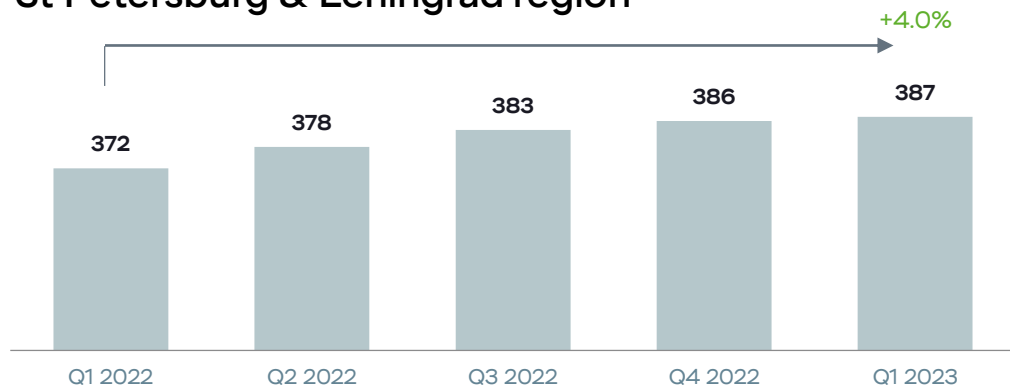
## Overall



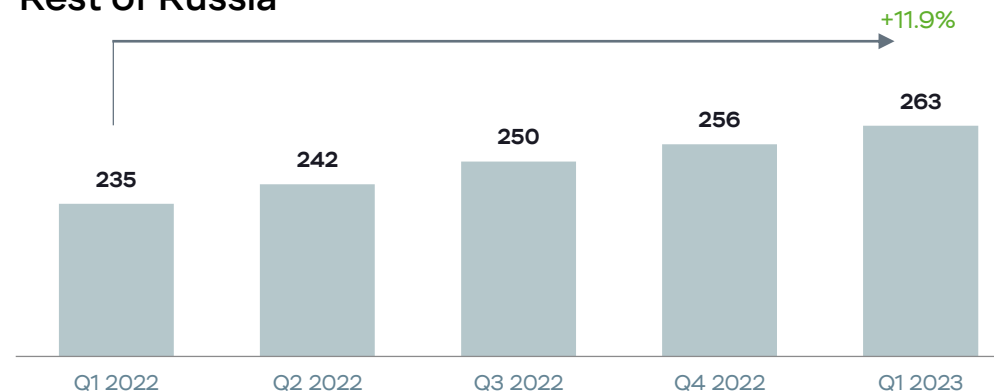
## Moscow & Moscow region



## St Petersburg & Leningrad region



## Rest of Russia

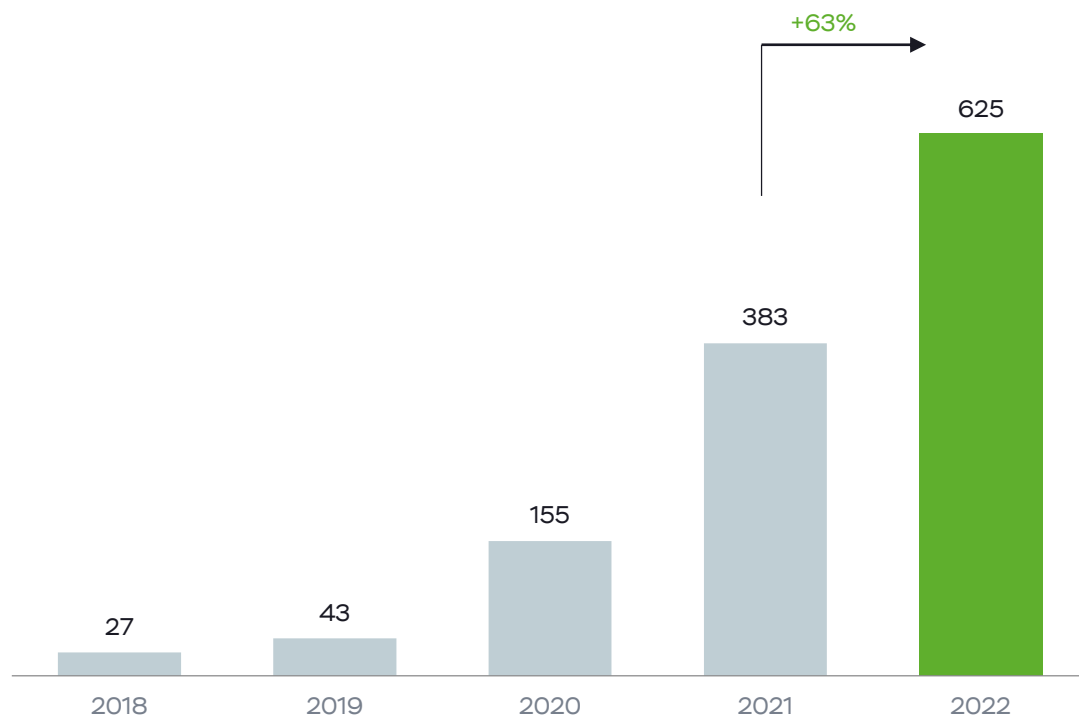


Source: X5 data

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

### Fastest-growing food retail segment

RUB bln



Source: Infoline

- X5 Digital oversees express delivery technology platform, small dark-store of express delivery and large dark-store infrastructure under Vprok.ru brand
- Offering a range of e-grocery services: express delivery, click&collect and scheduled delivery
- Launched in 2020, express delivery service is available from 5,709 stores in 69 regions
- Successful pilot of multi-format dark stores (Pyaterochka and Perekrestok)
- Continuous improvement in unit economics on the back of scale and operational efficiency
- Partnered with SberMarket, Delivery Club and Yandex Eats in 2022 to expand its online delivery offering
- Delivered over 223 thousand on peak days in March 2023
- X5 digital services reached 21.8 million MAUs in Q1 2023

# 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 increase 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 – 2021 progress against strategic goals



## Planet

**-9%**

GHG emissions (Scope 1 + Scope 2) per sqm of selling space 2021 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<sup>2</sup>  
2023 goal: up to 95%

**16%**

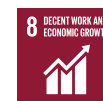
of non-expired food waste was sent for reprocessing<sup>2</sup>  
2023 goal: up to 40%



## Health

**45.5%**

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



## Employees

**82.5%**

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%

**184k**

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 2021, 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

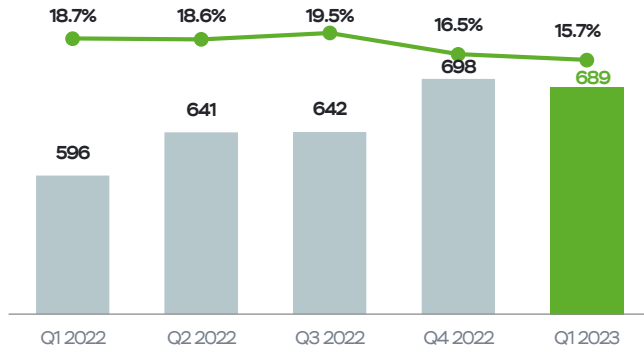
<sup>3</sup> Calculation for X5 based on the results for 2 RC. The share is calculated from retail turnover

# Q1 2023 Results



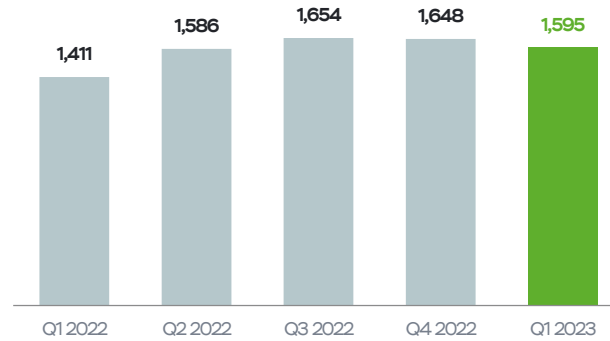
# Double-digit top-line growth supported by strong LFL sales dynamics...

Net retail sales<sup>1</sup>

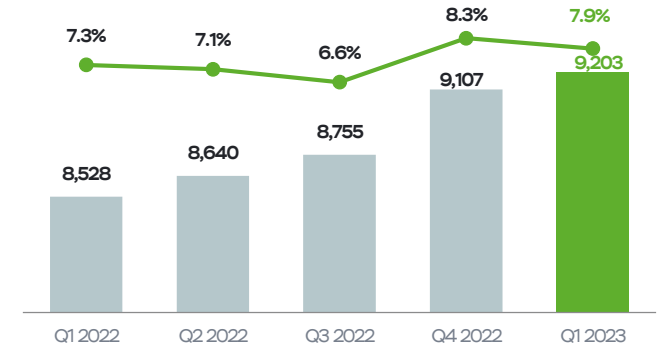


● Net retail sales, RUB bln ● Growth y-o-y, %

Traffic, mln customers

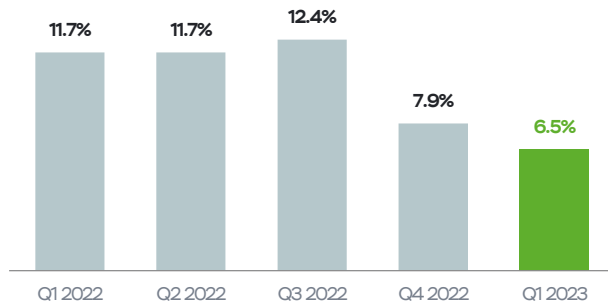


Net selling space (eop)

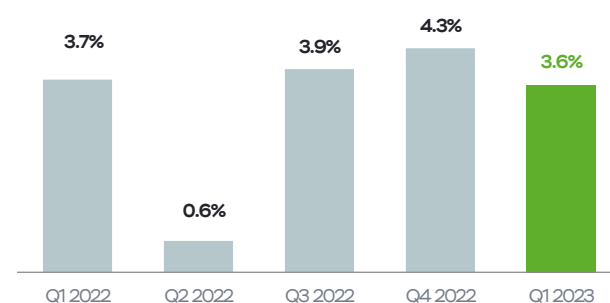


● Selling space, thsqm ● Growth y-o-y, %

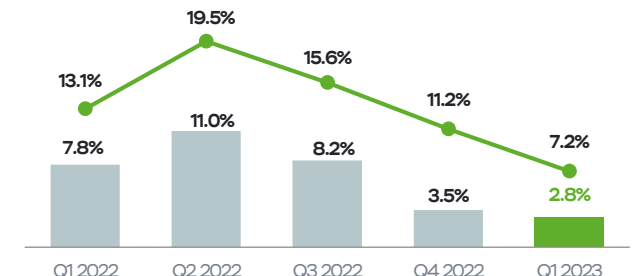
LFL sales, y-o-y



LFL traffic, y-o-y



LFL basket, y-o-y



● LFL basket, y-o-y ● Food CPI, %

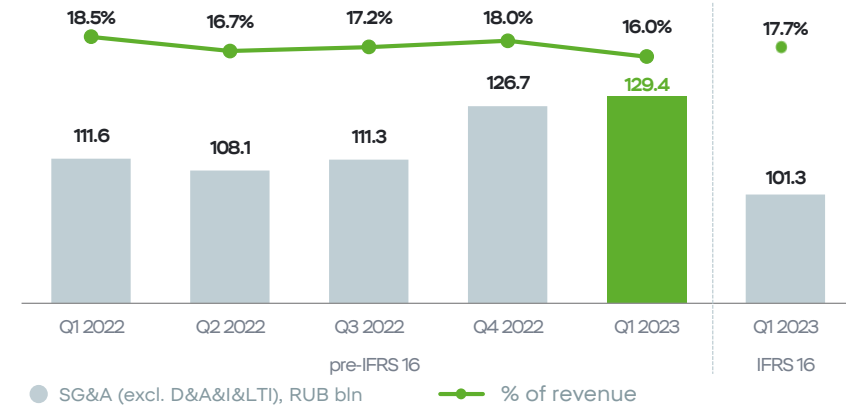
<sup>1</sup> Excluding Vprok.ru Perekrestok

# ...combined with stable profitability

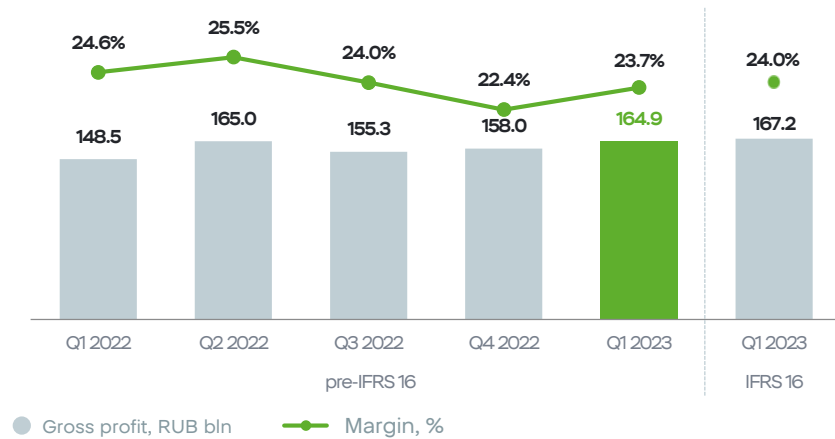
## Revenue



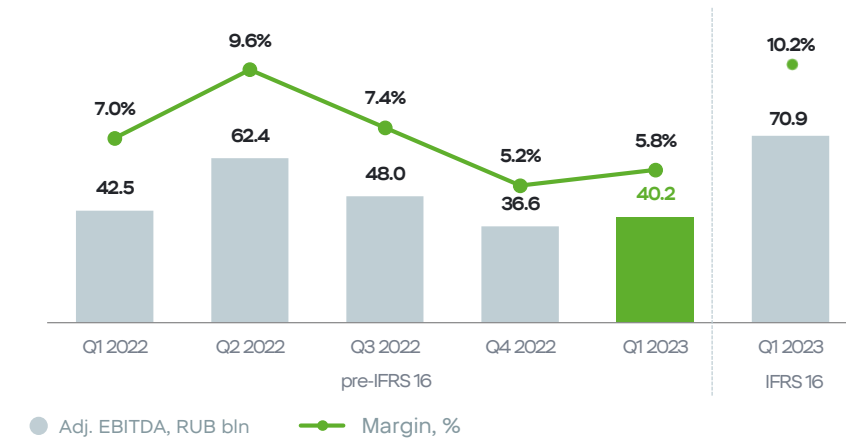
## SG&A (excl. D&A&I&LTI)<sup>1</sup>



## Gross profit & gross margin



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

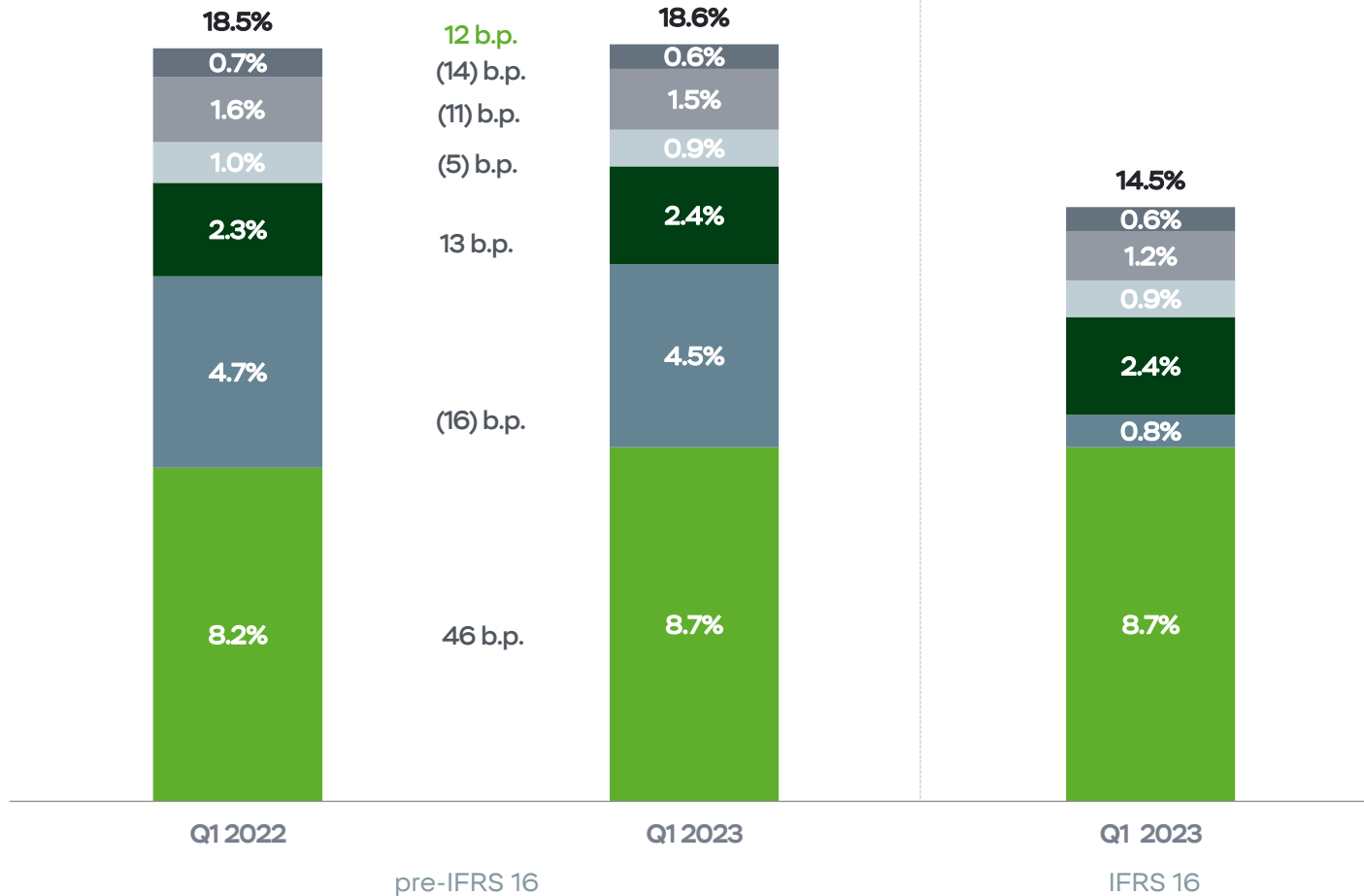


1. Adjusted for impact from Karusel transformation

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

# Q1 2023: Adjusted SG&A<sup>1</sup> expense analysis

Q1 2023 analysis  
as a percentage of revenue



## Key Q1 2023 highlights

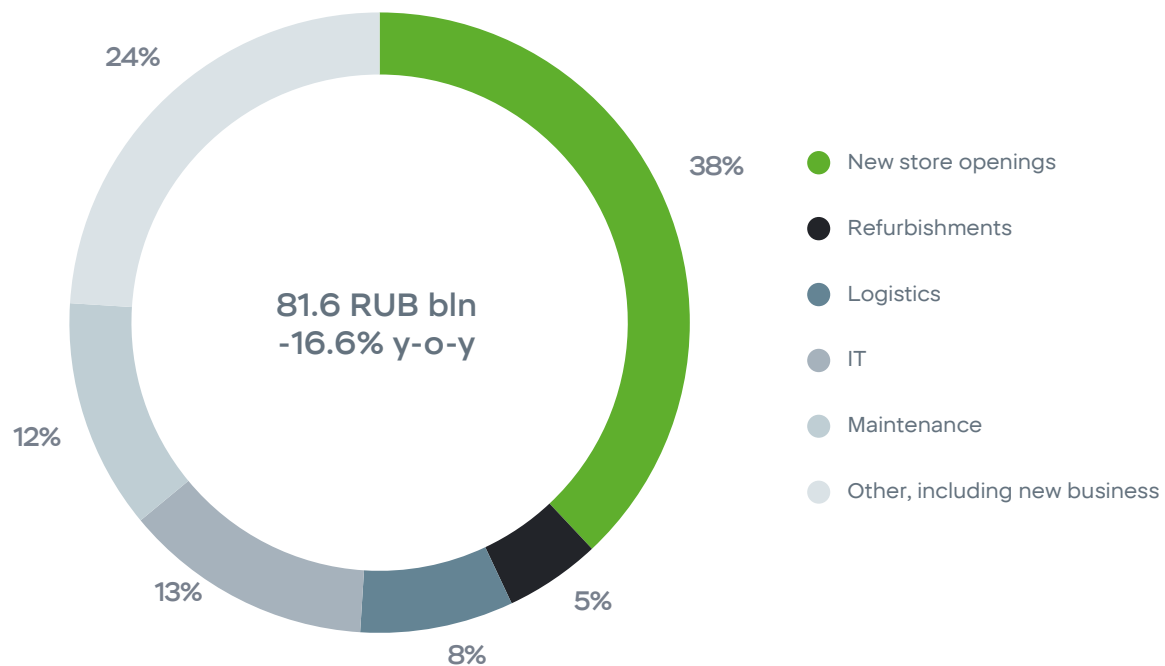
- ▲ **Staff costs (excluding LTI and share-based payments):** a negative operating leverage effect.
- ▼ **Lease expenses:** a positive operating leverage effect for fixed lease rates.
- ▲ **Utilities:** a negative operating leverage effect
- ▼ **Other store costs:** the increased cost efficiency of security and cleaning services.
- ▼ **Third-party service expenses:** a shift in the timing of marketing initiatives.
- ▼ **Other expenses:** the high base effect in Q1 2022 driven by one-off expenses.

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

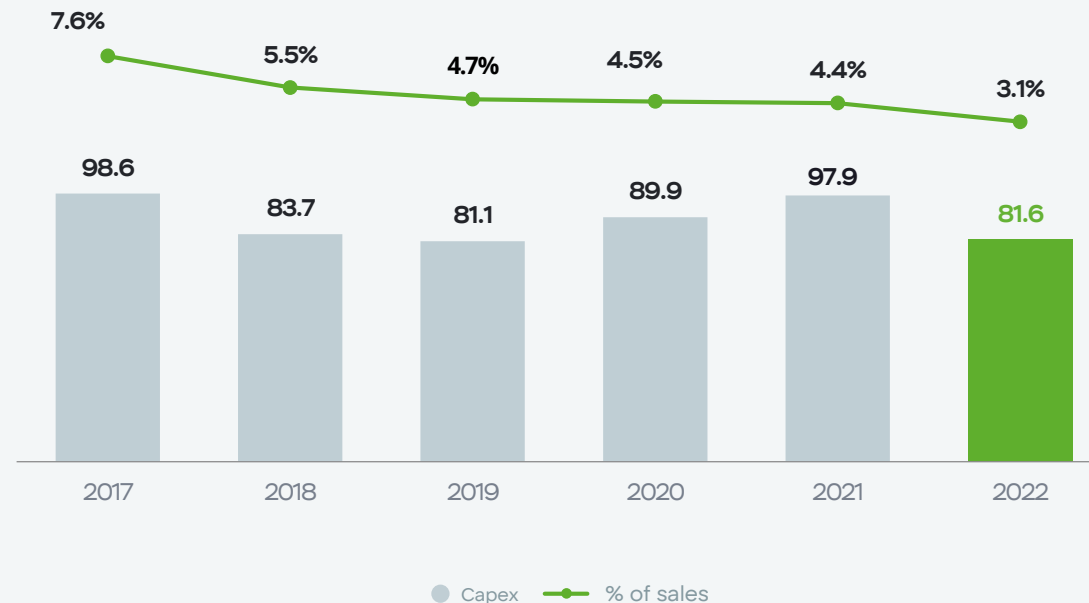
<sup>1</sup> Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation

# X5 capital expenditures

Capex breakdown, 2022



Capex dynamics by year, RUB bln



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

# X5 debt structure

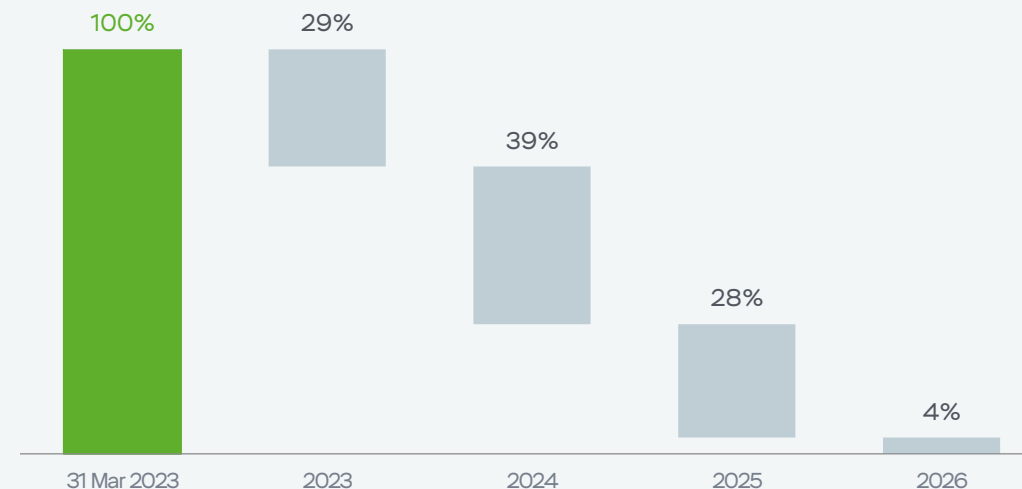
## Debt profile

RUB mln	31 Mar 2023	31 Mar 2022
<b>Total debt</b>	<b>247,390</b>	<b>333,408</b>
Short-term debt	99,989	115,489
% of total debt	40.4%	34.6%
Long-term debt	147,401	217,919
% of total debt	59.6%	65.4%
<b>Net debt (pre-IFRS 16)</b>	<b>208,271</b>	<b>280,196</b>

## Covenants & liquidity update

Covenant metrics & liquidity sources	31 Mar 2023	31 Mar 2022
Net debt / EBITDA (pre-IFRS 16)	1.13x	1.67x
Cash & cash equiv., RUB mln	39,119	53,212
Available credit limits, RUB mln	421,044	435,060

## Debt portfolio maturity



## Highlights

- X5's debt portfolio is 100% RUB-denominated
- 76% of X5's borrowings have fixed interest rates
- X5's available credit limits amounted to RUB 421 bln

# Appendix





# Pyaterochka – key format highlights (Q1 2023)

## Key results

**19,549** stores

+6.7% y-o-y

**549** RUB bln

Net retail sales +18.4% y-o-y

**8.0%**

FY 2022 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+7.0%**

LFL sales

**+3.8%**

LFL traffic

**+2.9%**

LFL ticket

**1,352** mln

customer visits  
+8.9% y-o-y

**465** RUB

average ticket +2.9% y-o-y

**-7 b.p.**

reduction in shrinkage in 2022

**+18.5%**

labour productivity growth in 2022

## CVP

**4,500**

SKUs

**391** sqm

average selling space

**61%**

loyalty card  
penetration in traffic

**77%**

Loyalty card  
penetration in sales

**24%**

private label share

**+3.7** points

increase in NPS y-o-y

# Perekrestok – key format highlights (Q1 2023)

## Key results

**956** stores

-2.6% y-o-y

**101** RUB bln

Net retail sales +10.0% y-o-y

**7.3%**

FY 2022 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+4.1%**

LFL sales

**+1.1%**

LFL traffic

**+2.6%**

LFL ticket

**160** mln

customer visits  
+1.7% y-o-y

**722** RUB

average ticket +7.1% y-o-y

**+10.9%**

labour productivity growth in 2022

## CVP

**8-15** ths

SKUs

**1,117** sqm

average selling space

**69%**

loyalty card  
penetration in traffic

**83%**

loyalty card  
penetration in sales

**18%**

private label share

**-2.7** 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

**2x**

higher sales density  
compared with proximity  
format

**up to 50%**

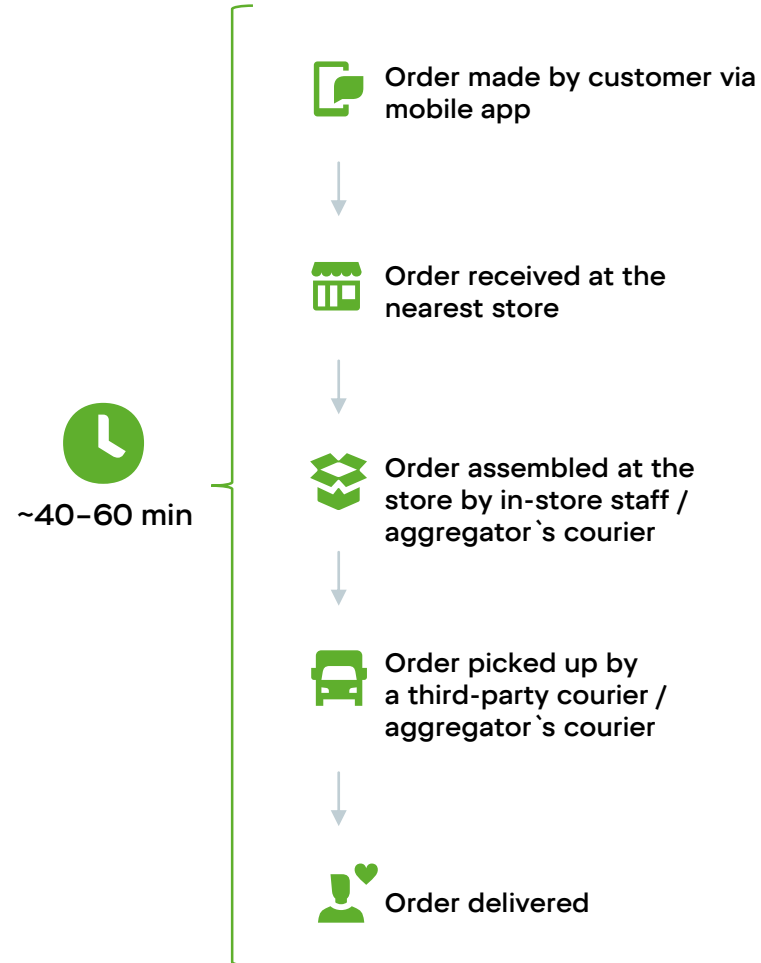
higher return on investments  
compared with average  
proximity format figures

**7**

employees per store

# Express delivery

## Business model overview



## Key operating metrics Q1 2023

<b>GMV</b>	<b>RUB 21.8 bln</b>
<b>Orders per day</b>	<b>149.2 ths</b>
<b>Average ticket</b>	<b>RUB 1,596</b>
<b>Stores</b>	<b>5,709</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>Delivery aggregators</b>	<b>SberMarket , Delivery Club and Yandex Eats</b>
<b>Regions of operations</b>	<b>69</b>



**X5 Investor Relations**

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