First Quarter 2012
Financial Results Conference Call

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Moscow, Russian Federation
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Summary Highlights – Q1 2012

Our Business

- Russia's **largest food retailer** in terms of sales **–** 5.7% of total food retail market[1]
- **Multi-format brand** retail operator: **Pyaterochka** (Soft Discounter), **Perekrestok** (Supermarket), **Karusel** (Hypermarket) plus assorted brand name convenience stores

Q1 2012 Operating Results

- Total number of stores – **3,139** with **net selling space** of **1,770 th sq. m.**
- Total number of Distribution Centers (DCs) **– 29;** number of own trucks **– 1,392**
- Over **414 mln check-out transactions** recorded in Q1 2012, a 7.2% year-on-year increase
- Operations in **567 population centers** across **European Russia** and **Ukraine**
- **#1 position** in **Moscow** and **St. Petersburg** in terms of number of stores
- **Leading position** in Russian cities with **population ≥ 500,000**

Q1 2012 Financial Results

- Consolidated **net sales increased by 4.1% in RUR terms** to **RUR 117.1 bln (USD 3.9 bln)**
- **Gross profit margin** = **24.5%**
- **EBITDA margin** = **7.1%**

Notes:
(1) As of 31 December 2011 based on Rosstat

Financial Overview – Q1 2012 vs. Q1 2011

Financial Highlights

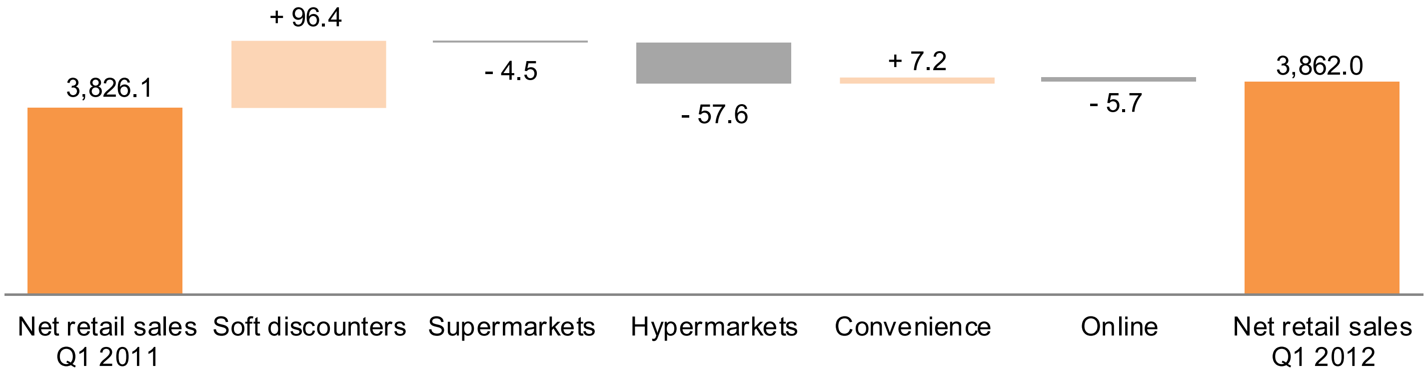
USD mln	Q1 2012	Q1 2011	+/(-)	+/(-)%
Retail sales	3,862.0	3,826.1	35.9	*0.9%*
Total revenues	3,870.7	3,845.4	25.3	*0.7%*
COGS	(2,923.5)	(2,931.8)	(8.3)	*(0.3%)*
Gross profit	947.2	913.6	33.6	*3.7%*
Gross profit margin	*24.5%*	*23.8%*	-	-
EBITDA	274.0	281.1	(7.1)	*(2.5%)*
EBITDA margin	*7.1%*	*7.3%*	-	-
Effective income tax rate	26.6%	26.1%	-	-
Net profit	66.3	96.9	(30.6)	*(31.6%)*
Net profit margin	*1.7%*	*2.5%*	-	-
Earnings per share (EPS)	0.98	1.43	(0.45)	*(31.6%)*
Diluted EPS	0.98	1.42	(0.44)	*(31.0%)*
Capex (1)	177.5	98.2	79.3	*80.7%*
Net debt	3,808.3	3,656.5	151.8	*4.2%*

Note (1): based on investing cash flow consolidated statement of cash flows

Sales & EBITDA Breakdown

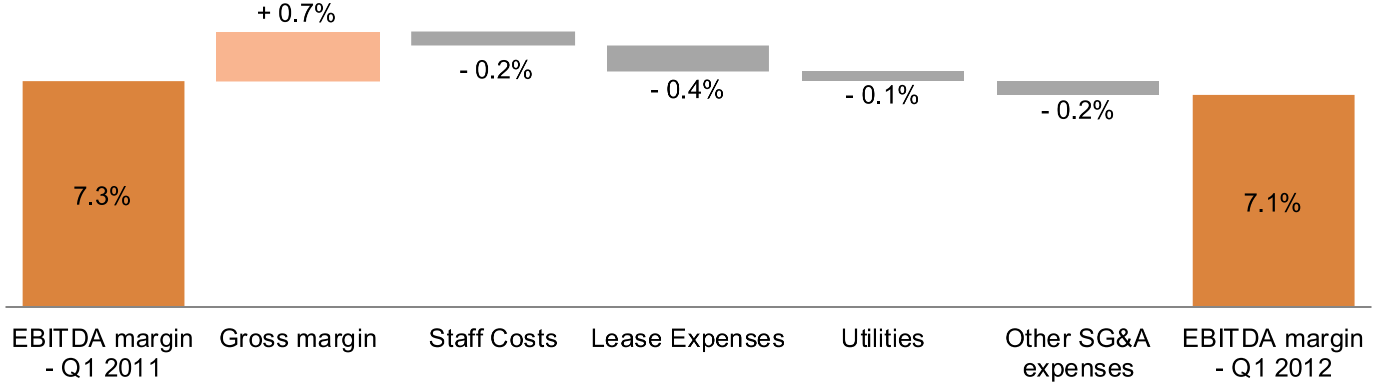
Change in net retail sales by format, USD mln

Net retail sales grew by 0.9% in USD terms on the back of soft discounters' sales growth offset by decrease in hypermarkets sales



Sustainable EBITDA margin

Maintained healthy EBITDA margin during step-up in organic growth



SG&A Breakdown

USD mln	Q1 2012	% of Net Sales	Q1 2011	% of Net Sales	% change, y-o-y
Staff Costs[(1)]	(342.4)	8.8%	(332.5)	8.6%	3.0%
Lease Expenses	(151.3)	3.9%	(135.9)	3.5%	11.4%
Other Store Costs[(1)]	(61.3)	1.6%	(48.0)	1.2%	27.6%
D&A	(103.0)	2.7%	(106.4)	2.8%	(3.2%)
Utilities	(91.2)	2.4%	(85.5)	2.2%	6.7%
Third Party Services	(23.7)	0.6%	(24.7)	0.6%	(3.9%)
Other Expenses	(46.0)	1.2%	(51.0)	1.3%	(9.7%)
Total SG&A	**(818.9)**	**21.2%**	**(783.9)**	**20.4%**	**4.5%**

SG&A expenses increased by 80 bp y-o-y to 21.2% as a percentage of revenue. The significant step-up in store openings and associated SG&A expenses in the second half of 2011 as well as the continued ramp-up of these and Kopeyka stores' sales densities negatively affected our SG&A expenses' as a percentage of net sales:

- **staff costs** increased 20 bp y-o-y as a percentage of revenue to 8.8% affected by increase in store personnel, associated with the increase in new store openings, employee bonuses and expenses recognized on the Company's ESOP. The increases in these costs were partially offset by reclassification of security expense from staff costs to other store costs, the decrease in long-term incentive expense and the decrease in the social tax rate from 34% to 30%, effective from 1 January 2012
- **lease expenses** rose 40 bp y-o-y, as percentage of revenue, to 3.9%, due to the addition of new selling space under lease agreements as a percentage of our real estate portfolio to 53.9% at 31 March 2012 compared to 52.0% at 31 March 2011. More favorable rental rates in the regions of expansion (other than Central and North-West regions) are offset by lower sales densities in these stores
- **other store costs** increased by 40 bp y-o-y, as a percentage of revenue, to 1.6% mainly due to the reclassification of security expenses from staff costs to other store costs
- **utilities expenses** increased by 20 bp y-o-y, as a percentage of revenue, to 2.4% due to significant step-up in store openings as well as an increase in tariffs compared to Q1 2011

Note (1): Starting from Q1 2012, security expenses were reclassified from staff costs to other store costs in accordance with the change in the Company's accounting policies

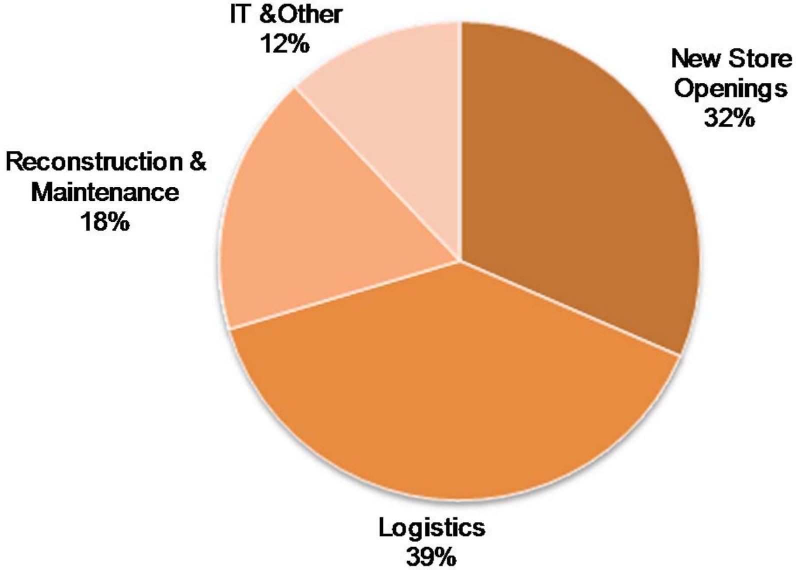
Cash Flow Highlights

USD mln	Q1 2012	Q1 2011	+/(-)	+/(-)%
Net Cash Flows (Used in)/Generated from Operating Activities	**(77.1)**	**74.9**	**(152.1)**	***n/a***
Net Cash from Operating Activities before Changes in Working Capital	*289.8*	*297.4*	*(7.7)*	*(2.6%)*
Change in Working Capital	*(240.5)*	*(119.9)*	*(120.6)*	*100.6%*
Net Interest and Income Tax Paid	*(126.4)*	*(102.6)*	*(23.8)*	*23.2%*
Net Cash Used in Investing Activities	**(180.4)**	**(98.2)**	**(82.2)**	***83.7%***
Net Cash Generated from/(Used in) Financing Activities	**31.6**	**(123.9)**	**155.5**	***n/a***
Effect of Exchange Rate Changes on Cash & Cash Equivalents	*29.8*	*15.2*	*14.6*	*96.4%*
Net Decrease in Cash & Cash Equivalents	**(196.2)**	**(132.0)**	**(64.2)**	***48.7%***

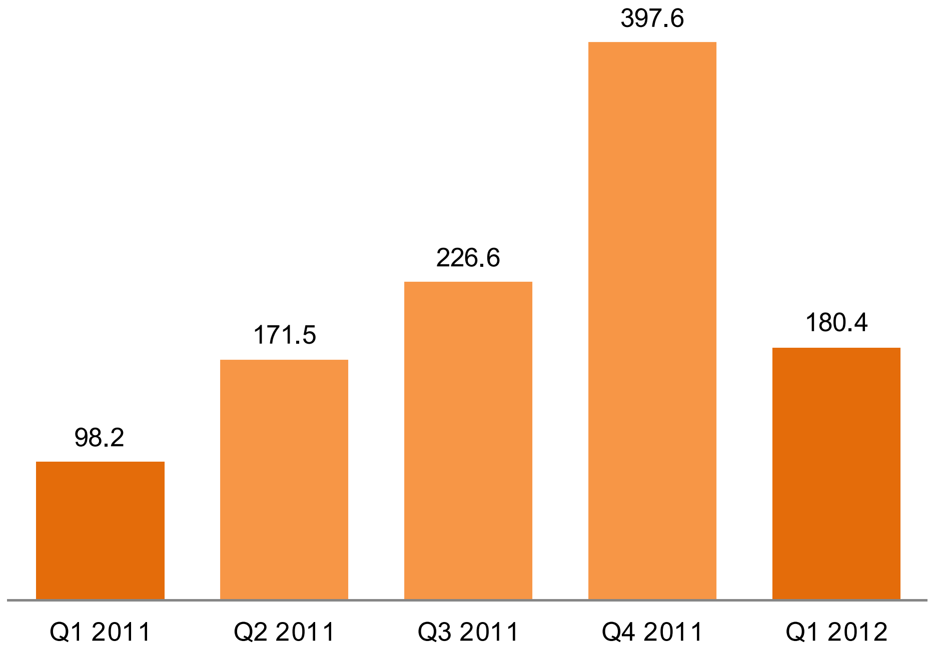
- **Net Cash Flows Used in Operating Activities** in Q1 2012 totaled USD 77 mln compared to net cash flows generated from operating activities of USD 75 mln in the corresponding period of 2011. The decrease was primarily due to a USD 344 mln reduction in trade accounts payable in Q1 2012 and the subsequent effect on changes in working capital. The reduction was due to the customary seasonal inventory buildup in Q4 2011 and the subsequent decrease in purchases in Q1 2012
- **Net Cash Used in Investing Activities** increased in Q1 2012 to USD 180 mln as we almost doubled the number of new store openings (from 76 to 137 stores)
- **Net Cash Generated from Financing Activities** in Q1 2012 amounted to USD 32 mln as the Company accessed short-term credit facilities to finance working capital needs

Capital Expenditures Overview

Capital Expenditures in Q1 2012 – USD 177 mln



Net Cash Flows From Investing Activities, USD mln



In Q1 2012, X5 almost doubled capital expenditures to finance new store openings, logistics initiatives, reconstruction of stores and IT projects

Condensed Balance Sheet

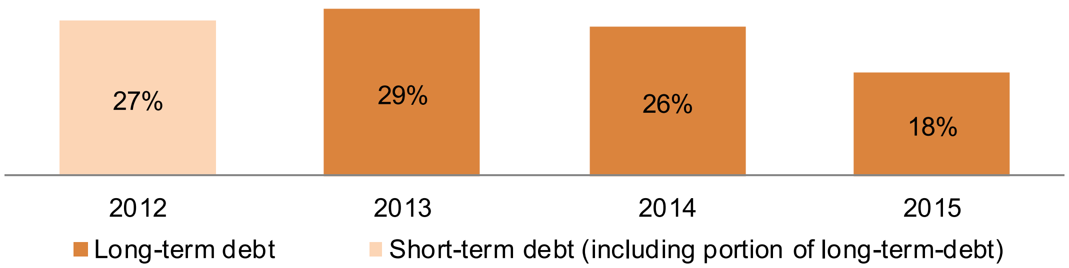
USD mln	31 March 2012	31 December 2011	+/(-)	+/(-)%
Total current assets	**1,962.5**	**2,051.2**	**(88.6)**	***(4.3%)***
incl. Cash & cash equivalents	*188.8*	*385.0*	*(196.2)*	*(51.0%)*
incl. Inventories	*916.0*	*895.0*	*21.0*	*2.3%*
Total non-current assets	**7,486.8**	**6,759.0**	**727.8**	***10.8%***
incl. Net PP&E	*4,287.9*	*3,824.9*	*463.1*	*12.1%*
incl. Goodwill	*2,152.2*	*1,957.9*	*194.3*	*9.9%*
Total assets	**9,449.4**	**8,810.2**	**639.2**	***7.3%***
Total current liabilities	**3,830.3**	**3,704.2**	**126.1**	***3.4%***
incl. ST debt	*1,091.9*	*913.2*	*178.7*	*19.6%*
incl. Trade accounts payable	*1,737.9*	*1,906.4*	*(168.5)*	*(8.8%)*
Total non-current liabilities	**3,139.1**	**2,910.0**	**229.1**	***7.9%***
incl. LT debt	*2,905.2*	*2,696.9*	*208.4*	*7.7%*
Total liabilities	**6,969.5**	**6,614.2**	**355.2**	***5.4%***
Total equity	**2,479.9**	**2,196.0**	**283.9**	***12.9%***
Total liabilities & equity	**9,449.4**	**8,810.2**	**639.2**	***7.3%***

Debt Structure

Debt profile

USD mln	31-Mar-12	*% in total*	31-Dec-11	*% in total*
Total Debt	**3,997.1**		**3,610.0**	
Short-Term Debt	1,091.9	*27.3%*	913.2	*25.3%*
Long-Term Debt	2,905.2	*72.7%*	2,696.9	*74.7%*
Net Debt / (Net Cash)	**3,808.3**		**3,225.0**	
Denominated in USD	(4.0)	-	(9.5)	-
Denominated in RUR	3,812.4	*100.0%*	3,234.5	*100.0%*
RUR/USD exch. rate, EoP	29.33		32.20	
Net Debt/EBITDA (RUR)[(1)]	**3.36x**		**3.13x**	

Debt Portfolio Maturity Structure



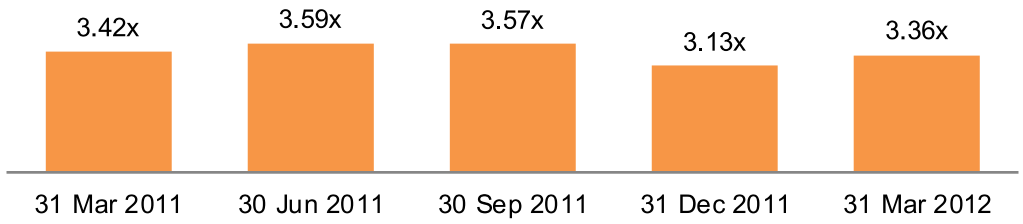
Comments

- X5's net debt to EBITDA ratio increased to 3.36x compared to 3.13x at the end of 2011 due to seasonal short-term movements in cash & cash equivalents
- 100% of X5's debt portfolio is RUR-denominated reducing the impact of future exchange rate volatility on reported financial results
- Balanced maturity structure of X5's debt:
  - Loans maturing in 2012 amount to 27% of the total debt portfolio and include the short-term portion of long-term debt, revolving loans and other short-term debt
  - Debt maturing in 2012 will be refinanced by credit facilities from Russian and International banks and new bonds issues
- In 2012, X5 plans to continue negotiations with Banks in order to increase average maturity of its debt portfolio

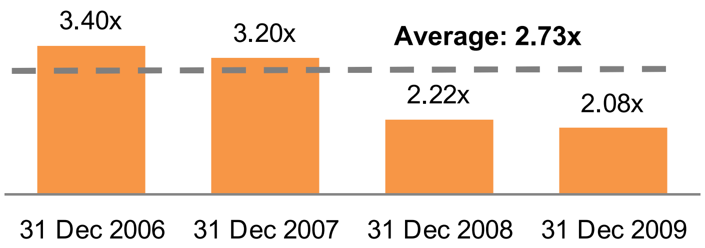
Notes:
(1) Debt covenants are set in RUR terms in accordance with loan facilities the Company maintains

Liquidity Update

Net debt/EBITDA in 2011 evolution



Historical Average



Stable Leverage and Liquidity Metrics

Metric	2008	2009	2010	2011	Q1 2012
Net Debt / EBITDA(1)	2.22x	2.08x	3.70x	3.13x	3.36x
Interest Coverage ratio	4.91x	4.77x	4.58x	3.74x	3.65x
Cash Balance, USD mln	277	412	271	385	189
Credit lines, USD mln	2,426	2,499	3,205	4,200	5,000
including undrawn, USD mln	367	555	1,129	1,600	2,000

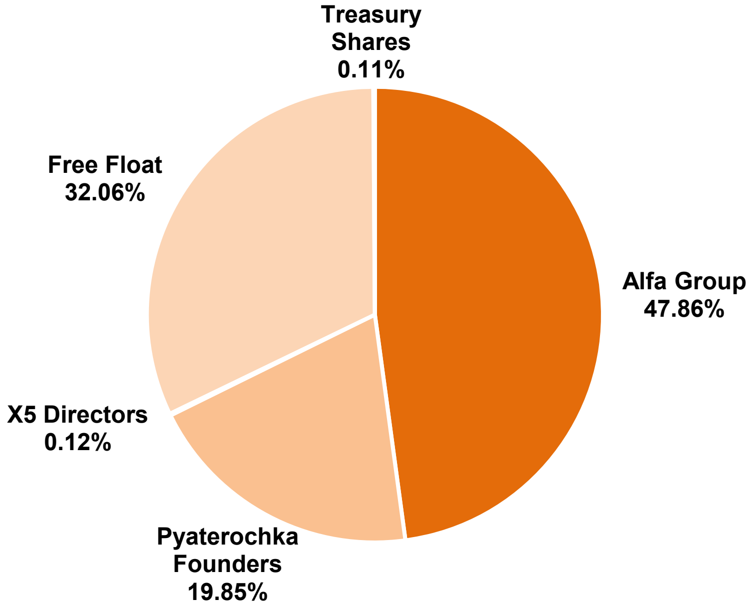
Comments

- As of 31 March 2012 – RUR-denominated revolving credit facilities of ~RUR 145.2 bln (~USD 5.0 bln) from Russian and international banks
  - of this, ~RUR 58.7 bln (~ USD 2.0 bln) was undrawn

Note (1): Since H2 2011, Net debt/EBITDA covenant is set in RUR terms in accordance with loan facilities the Company maintains. Prior to that Net debt/EBITDA ratio covenant was set in USD terms. Net Debt/EBITDA rations for 31 Dec 2010 and 31 Mar 2011 are recalculated in RUB terms for consistency reasons

Share Capital & Corporate Governance

Share Capital[1]



- The Company's shares are listed on the London Stock Exchange in the form of Global Depositary Receipts (GDRs)
- Each GDR represents an interest of 0.25 of one ordinary share
- X5's share capital consisted of 67,893,218 issued ordinary shares, with a nominal value of €1.00 each. This represents an equivalent of 271,572,872 GDRs

Notes:
(1) As of 31 March 2012
(2) Mr. Ashurkov will not stand for reelection to the Supervisory Board at X5's AGM in June 2012

Corporate Governance

General Meeting of Shareholders

Supervisory Board (7 members)

Management Board (3 members)

Audit Committee (3 members)

Nomination and Remuneration Committee (4 members)

Related Party Committee (2 members)

Strategy Committee (4 members)

Supervisory Board

Name	Position	Independent Non-Executive Director
Mr. Hervé Defforey	Chairman	✓
Mr. Mikhail Fridman	Member	
Mr. David Gould	Member	
Mr. Vladimir Ashurkov[2]	Member	
Mr. Alexander Tynkovan	Member	✓
Mr. Stephan DuCharme	Member	✓
Mr. Christian Couvreux	Member	✓

Benefits of X5 Multi-Format Strategy

Various purchase options in a one-to-one relationship with the customer behind different brands/value propositions

More efficiently captures real estate/location opportunities with varying sizes and formats

Ensures a balance between growth and profitability in a regulated market environment (25% market share cap)

Пятёрочка Перекресток

X5's Multi-Format/Brand Strategy

КАРУСЕЛЬ КОПЕЙКА

Shares knowledge and best practices across formats

Efficiencies of scale in purchasing power, IT and supply chain logistics

Mitigated risk of customer migration to other networks due to shifts in economic climate and consumer preferences/incomes

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