



X5 Retail Group

Capital Markets Day

Sergey Piven

X5 Chief Financial Officer

11 October 2013

This presentation does not constitute or form part of and should not be construed as an advertisement of securities, an offer or invitation to sell or issue or the solicitation of an offer to buy or acquire or subscribe for securities of X5 Retail Group N.V. or any of its subsidiaries or any depositary receipts representing such securities in any jurisdiction or an invitation or inducement to engage in investment activity in relation thereto. In particular, this presentation does not constitute an advertisement or an offer of securities in the Russian Federation.

No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No representation, warranty or undertaking, express or implied, is given by or on behalf of X5 Retail Group N.V. or any of its directors, officers, employees, shareholders, affiliates, advisers, representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein or any other material discussed at the presentation. Neither X5 Retail Group N.V. nor any of its directors, officers, employees, shareholders, affiliates, advisers, representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or any other material discussed at the presentation or their contents or otherwise arising in connection with the presentation.

This presentation includes statements that are, or may be deemed to be, "forward-looking statements", with respect to the financial condition, results, operations and businesses of X5 Retail Group N.V. These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal" believe", or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, X5 Retail Group N.V.'s actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements. X5 Retail Group N.V. assumes no responsibility to update any of the forward looking statements contained in this presentation.

This presentation is not for distribution in, nor does it constitute an offer of securities for sale, or the solicitation of an offer to subscribe for securities in Australia, Canada, Japan or in any jurisdiction where such distribution, offer or solicitation is unlawful. Neither the presentation nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions, or distributed, directly or indirectly, in the United States of America, its territories or possessions or to, or viewed by any U.S. person as defined in Regulation S under the US Securities Act 1933 (the "Securities Act"). Any failure to comply with these restrictions may constitute a violation of United States, Australian, Canadian or Japanese securities laws. The distribution of this presentation in certain jurisdictions may be restricted by law and persons into whose possession this document or any other document or other information referred to herein comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

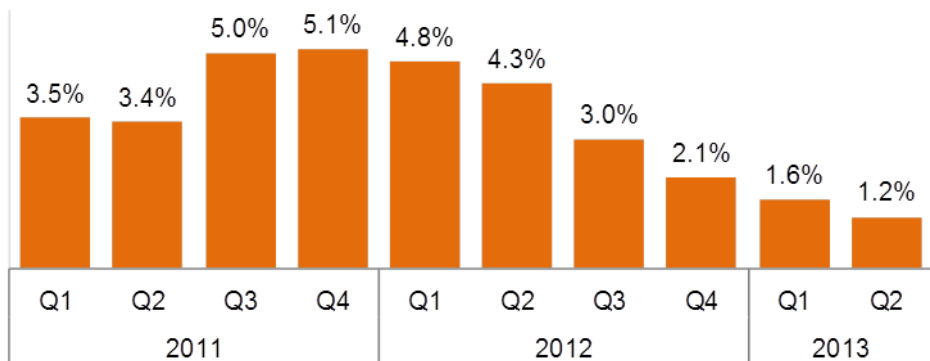
For Russian law purposes, the securities mentioned in this presentation (the "Securities") represent foreign securities. It is not permitted to place or publicly circulate the Securities on the territory of the Russian Federation at present. No prospectus for the issue of the Securities has been or is intended to be registered with the Federal Service for Financial Markets of the Russian Federation. The information provided in this presentation is not intended to advertise or facilitate the offer of the Securities in the territory of the Russian Federation. This presentation does not represent an offer to acquire the Securities or an invitation to make offers to acquire the Securities.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. Some of the information is still in draft form and neither X5 Retail Group N.V. nor any other party is under any duty to update or inform recipients of this presentation of any changes to such information or opinions. In particular, it should be noted that some of the financial information relating to X5 Retail Group N.V. and its subsidiaries contained in this document has not been audited and in some cases is based on management information and estimates.

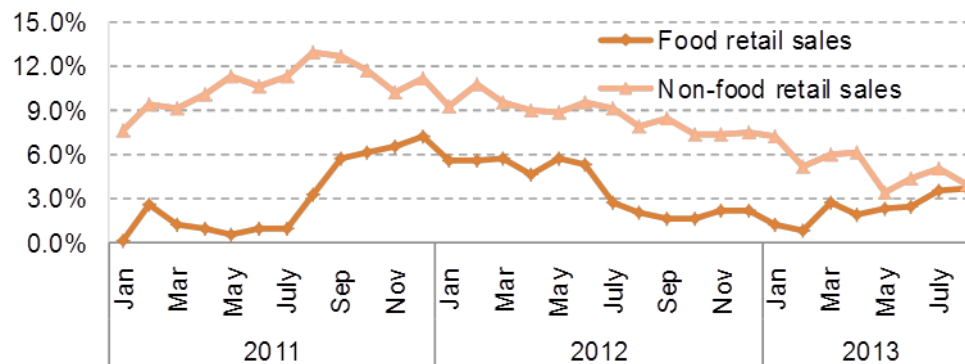
Neither X5 Retail Group N.V. nor any of its agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the statements contained in this presentation.

Market Overview

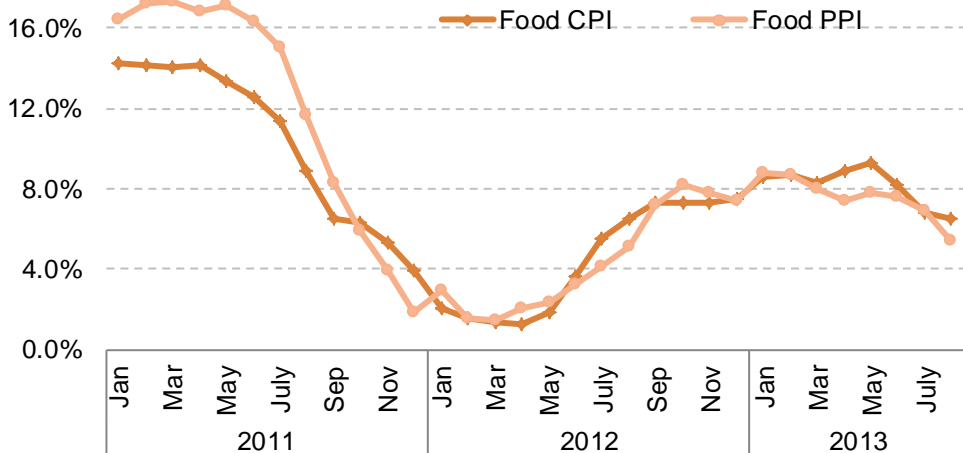
Real GDP growth, y-o-y



Real monthly retail sales dynamics, y-o-y



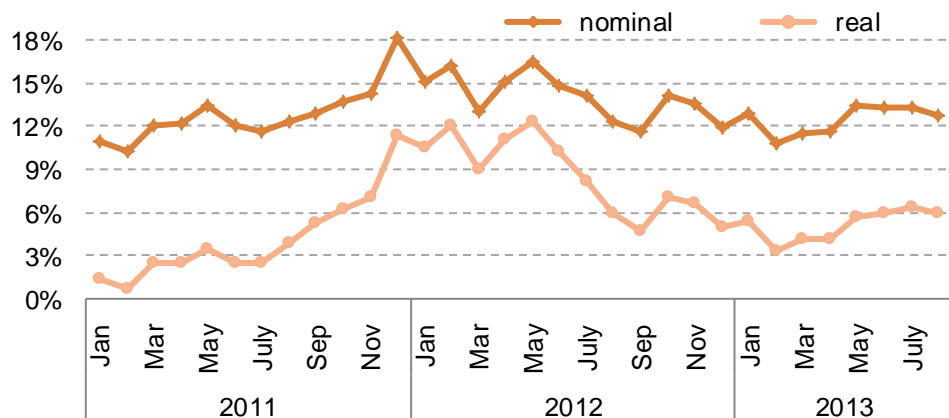
Food CPI vs. food PPI, y-o-y



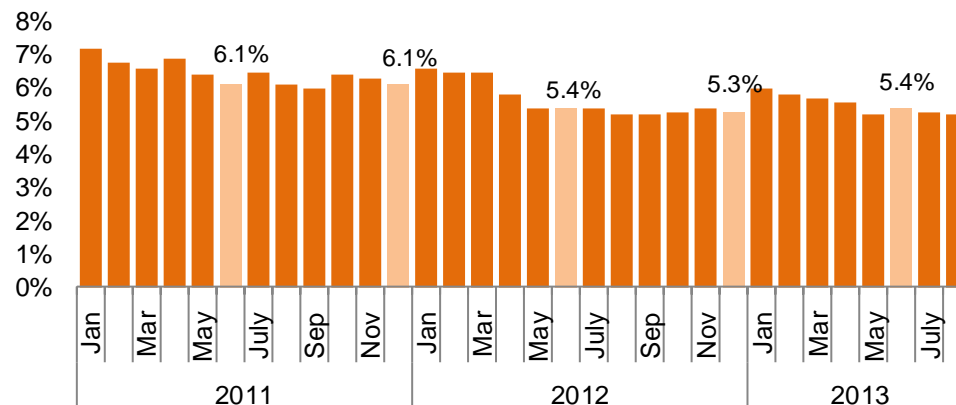
Comments

- **GDP growth decelerated in H1 2013: H2 slight recovery expected however FY GDP has been revised down by World Bank from 2.3% to 1.8%**
- **Food retail sales in H1 2013 were supported by solid consumption and high food inflation, while non-food retail sales have slowed reflecting some consumer concern over economic growth**
- **Food CPI and PPI peaked in May reflecting the low base of 2012 resulting in price freezes related to presidential election and started to decline into H2 and is expected to continue into 2014**
- **FY 2013 CPI expectation is 6.5%; if tariff freezes in 2014 go through CPI forecast for FY 2014 is 5.4%, which will impact retailers' avg. ticket**

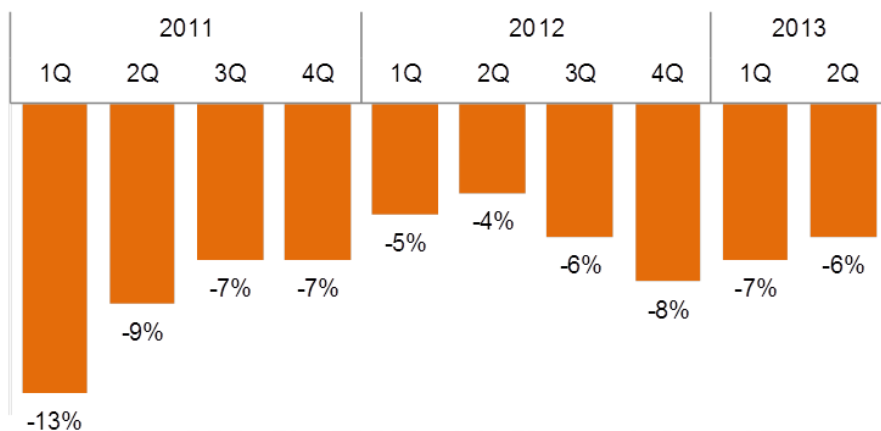
Real wage, y-o-y



Unemployment rate



Consumer confidence index



Comments

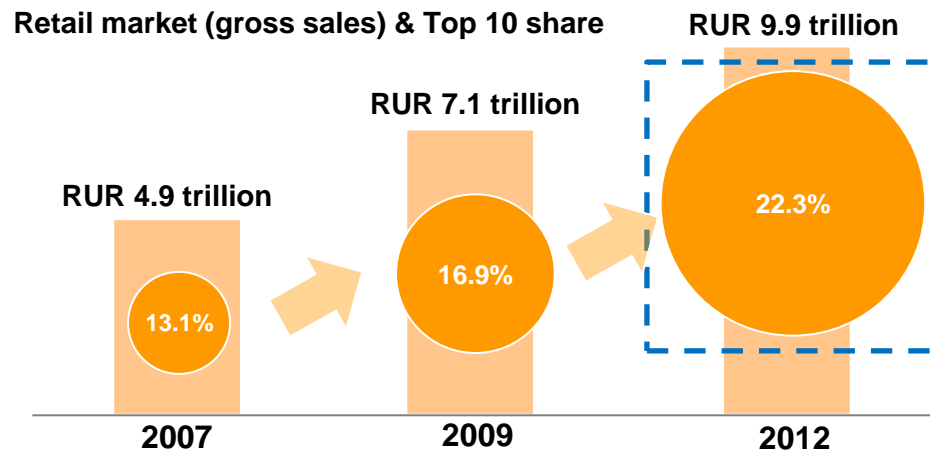
- Real wage growth remained healthy in 2013 supported by tightness in the Russian labor market
- Unemployment rate was consistently decreasing during the year and reached the lowest post-crisis level
- Consumer confidence index demonstrated marginal improvement in Q1 and Q2 2013 vs Q4 2012
- In general, Russian consumer is healthy although increasingly worried by ongoing economic slowdown
- According to Sberbank consumer survey in August, the consumer is willing to absorb a ~10% increase in food prices

Top-10 Russian retailers, selling space (thd sqm)

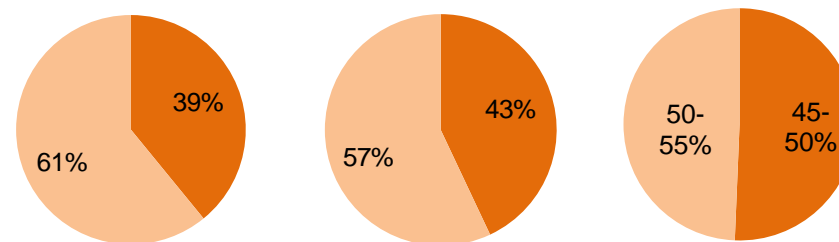
#	Company name	2007	2012	Space added	%, change
1	Magnit	652	2,549	1,898	291%
2	X5	609	1,970	1,361	223%
3	Auchan	173	569	396	229%
4	Dixy	151	515	364	241%
5	Metro	439	710	271	62%
6	O'key	194	428	234	120%
7	Lenta	177	350	173	98%
8	Monetka	99	234	135	137%
9	SPAR	~60	148	~90	~150%
10	7th Continent	140	205	65	47%

Top-10 retailers added approximately 5,000 thd sqm of selling space over the last 5 years, significantly contributing to strengthening of competitive environment in the sector

Top-10 Market Share & market evolution



Modern retail penetration⁽¹⁾

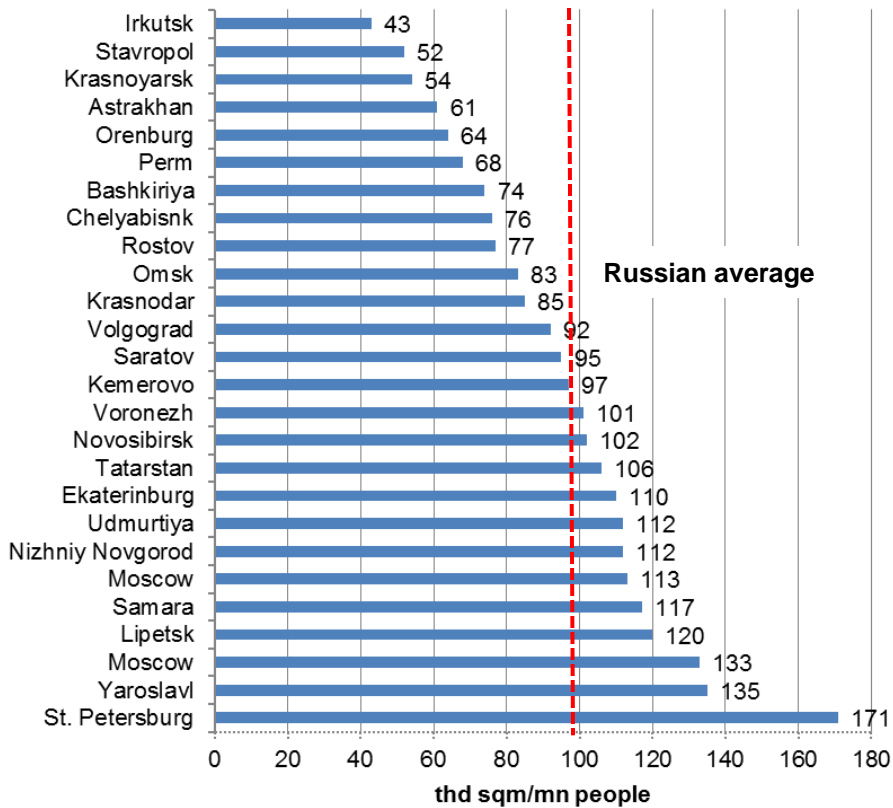


Increased from 39% in 2007 to ~50% in 2012

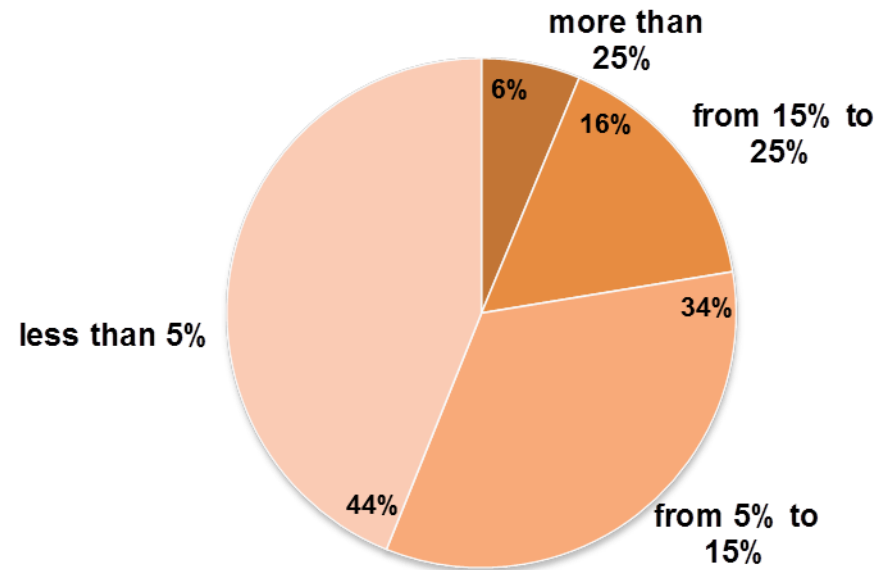
Source: Companies' information, Planet retail; including stores added via M&A

Note (1): Modern retail penetration (MRP) based on total market size reported by Rostat, MRP reported by Planet Retail and adjusted for market share of open markets according to analysts' estimates

Modern Retail Penetration (MRP)



X5 market share breakdown by municipality

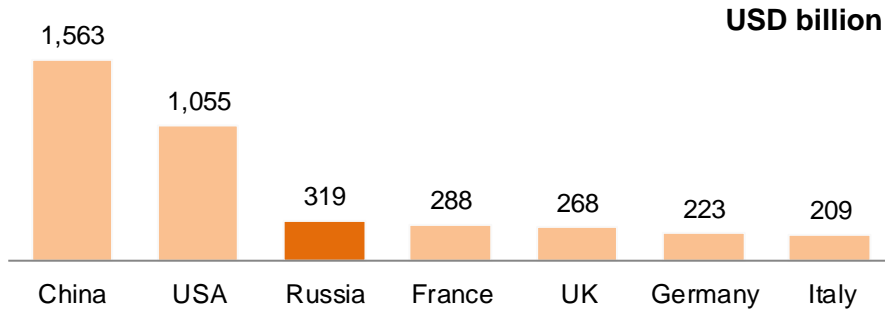


X5 market share is below 15% in ~80% of municipalities

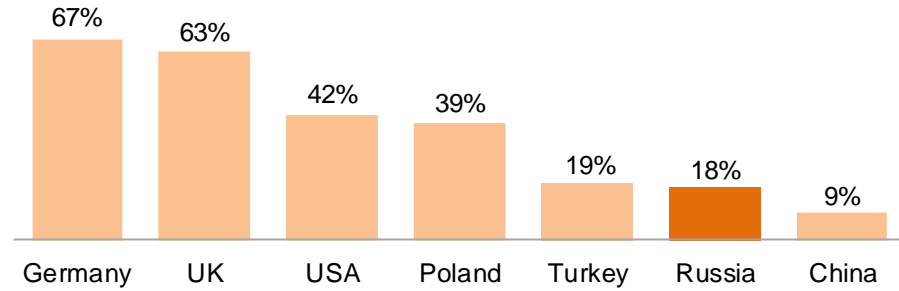
Below average MRP & limited regulatory constraints in a majority of regions

Source: Goldman Sachs Investment Research, Russia: Retail, 5 April 2013 and Company data

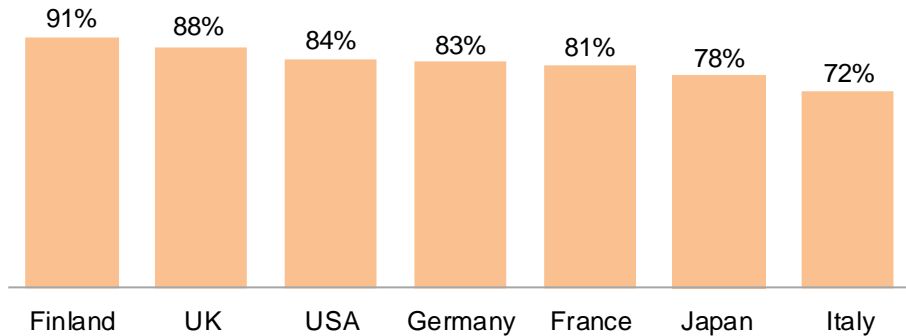
Largest Global and European Retail Markets



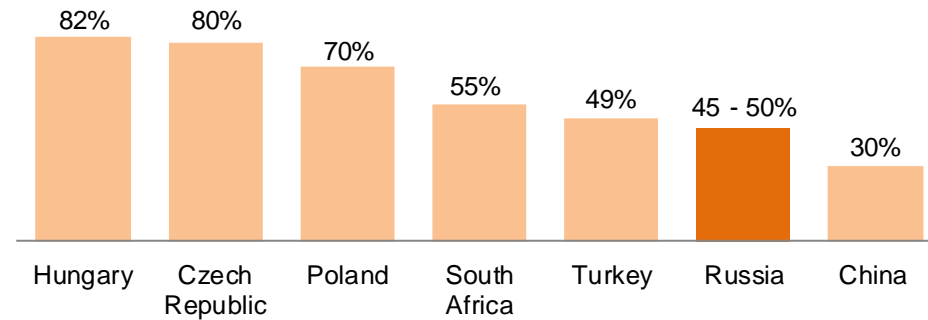
Market Share of Top-5 Largest Players



MRP – Developed Markets, 2012



MRP – Emerging Markets, 2012



Low modern retail penetration (MRP), market size & fragmentation create opportunities

Sources: Planet Retail, Euromonitor and X5 estimates

Financial Strategy

Liquidity Management

- ❖ Top-tier banks placements, limit cash concentrations
- ❖ Maintain available bank credit lines sufficient to cover short-term debt

Funding Principles

- ❖ Centralized approach to funding and liquidity management
- ❖ Establish diversified sources of funding by instrument and maturity
- ❖ Funding priorities: Working capital, bank loans, bonds

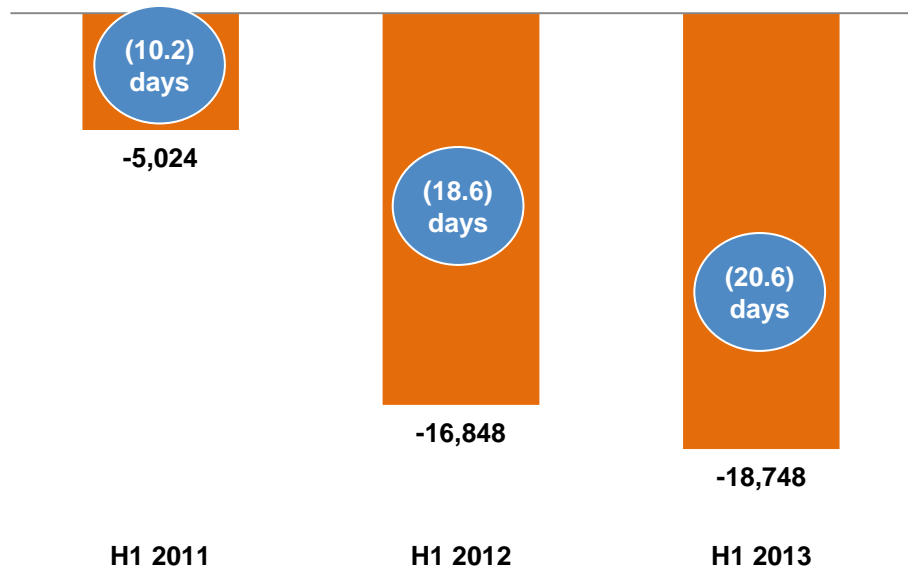
Debt Structure

- ❖ No exposure to FX rate change - 100% Rouble debt
- ❖ Optimized balance between debt with fixed/floating rate and ST/LT debt
- ❖ Reliance on unsecured debt financing
- ❖ Focus on RUR funding with tenor of three to five years

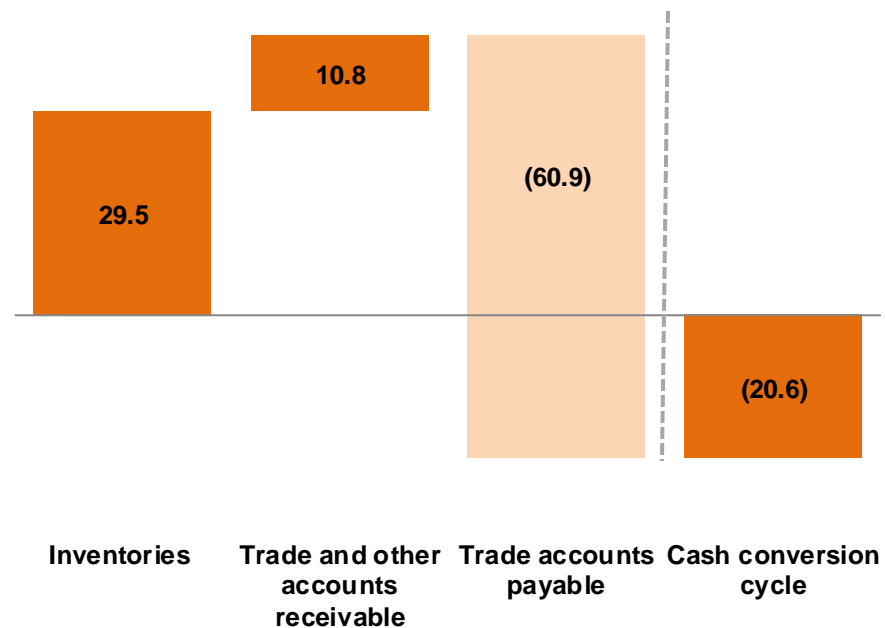
We plan to maintain Net debt/EBITDA ratio of less than 3.5x in the mid-term

Working Capital⁽¹⁾

RUR mln



Working Capital Days 6M 2013



X5's strategic initiatives will lead to a decrease in inventory levels, better receivables collection and respective improvements in cash conversion cycle

Note (1): Working capital is calculated as current assets less current liabilities as of indicated date. Current assets include only inventories of goods for resale, trade and other accounts receivable while current liabilities include only trade accounts payable. Working capital days are calculated using COGS for the numerator and the average of the assets and liabilities for the period.

Metric	Covenants	2012	H1 2013	2013 guidance
Sales Growth, %	na	8.1%	8.0%	In line with 2012
EBITDA Margin, %	na	7.1%	6.9%	7%+
CAPEX, RUR billion	na	28	7	30
Selling Space Growth, %	na	14%	12.5%	11%
Net Debt / EBITDA, x	< 4.00x	3.15x	3.23x	< 3.50x
Interest Coverage Ratio, x	> 2.75x	3.29x	3.17x	> 2.75x

We are on track to deliver 7.0%+ EBITDA margin in 2013

Q3 Operating Results Overview

Expansion dynamics (1)

	30-Sep-2013	9M Net added	31-Dec-2012	% Δ vs 31-Dec-12	30-Sep-2012	% Δ vs 30-Sep-12
Selling space , thd sqm						
Pyaterochka	1,302	111	1,191	9.3%	1,114	16.9%
Perekrestok	391	8	383	2.0%	369	5.9%
Karusel	359	(10)	368	(2.6%)	361	(0.8%)
Convenience Stores	29	3	27	9.9%	21	38.4%
X5 Retail Group	2,081	111	1,970	5.6%	1,865	11.5%
Number of stores						
Pyaterochka	3,568	348	3,220	10.8%	2,936	21.5%
Perekrestok	382	12	370	3.2%	350	9.1%
Karusel	78	-	78	0.0%	76	2.6%
Convenience Stores	159	25	134	18.7%	110	44.5%
X5 Retail Group	4,187	385	3,802	10.1%	3,472	20.6%

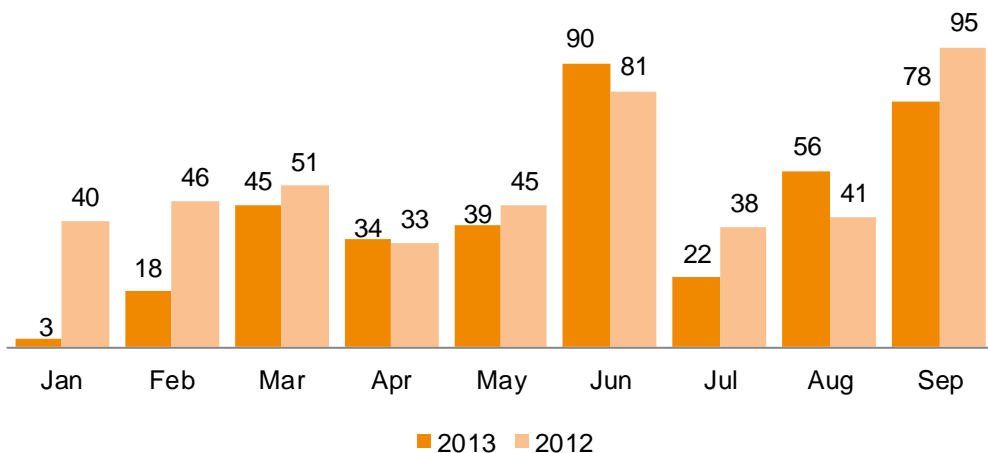
Net retail sales and LFL dynamics (1)

Net retail sales, RUR mln	Q3 2013	Q3 2012	% Δ , y-o-y
Pyaterochka	81,708	76,193	7.2%
Perekrestok	24,615	24,130	2.0%
Karusel	14,964	14,166	5.6%
Convenience Stores	1,959	1,269	54.4%
E5.RU	288	124	132.7%
X5 Retail Group	123,534	115,882	6.6%
LFL	Total LFL, %	Traffic, %	Basket, %
Pyaterochka	(2.6)	(7.0)	4.7
Perekrestok	(2.8)	(6.0)	3.4
Karusel	4.1	0.7	3.4
Convenience Stores	12.7	2.2	10.3
X5 Retail Group	(1.7)	(6.2)	4.9

In Q3 net retail sales growth amounted to 6.6% or 7.5% YTD

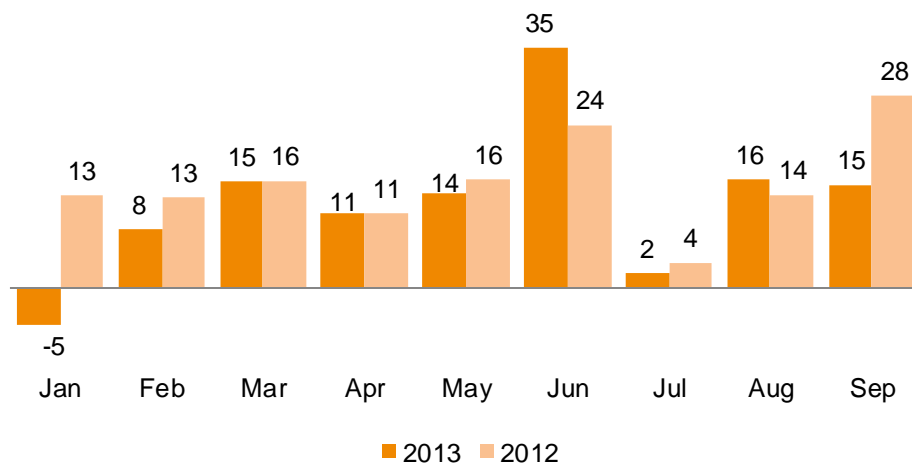
Note (1) : Immaterial deviations in total in the tables on this slide are explained by rounding

Number of Stores Opened, net



9M 2013 = 385 stores
9M 2012 = 470 stores

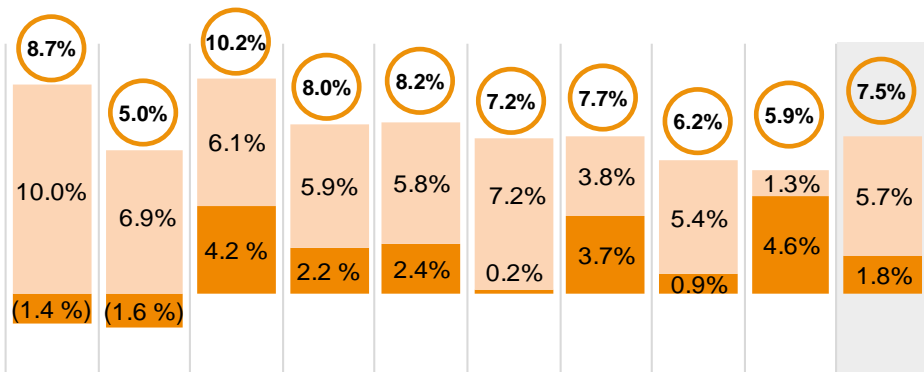
Selling Space Added, net thd sqm



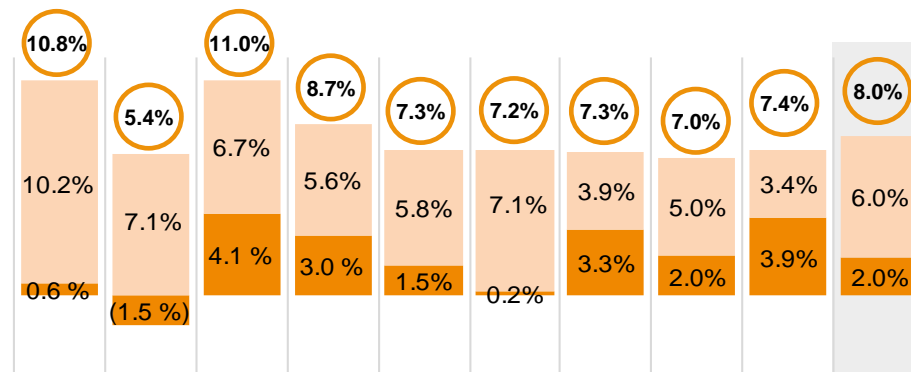
9M 2013 = 111 thd sqm
9M 2012 = 139 thd sqm

We are committed to organic expansion and reiterate our 11% selling space guidance for the year

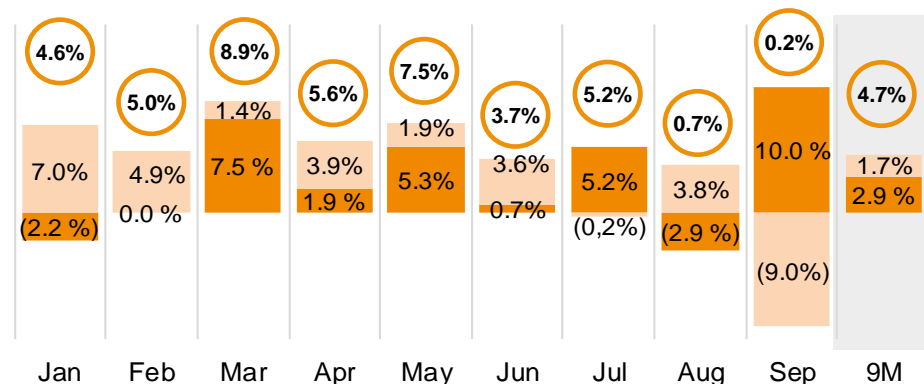
Total X5 Sales Growth, %



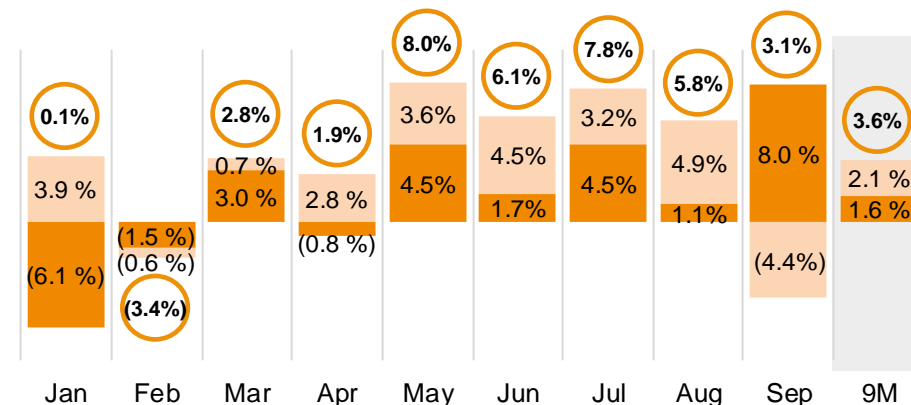
Pyaterochka Sales Growth, %



Perekrestok Sales Growth, %



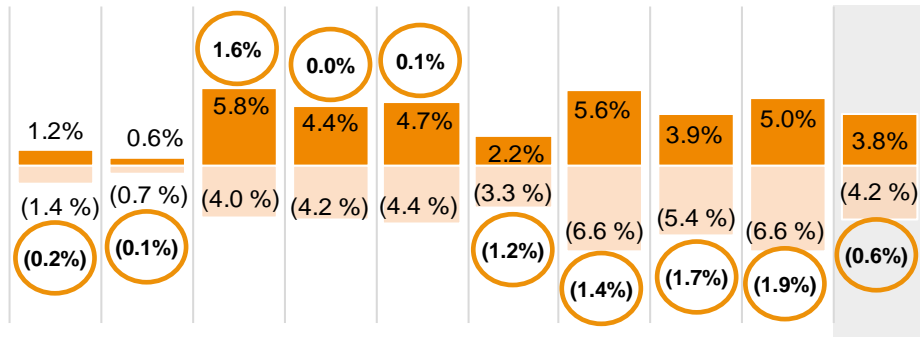
Karusel Sales Growth, %



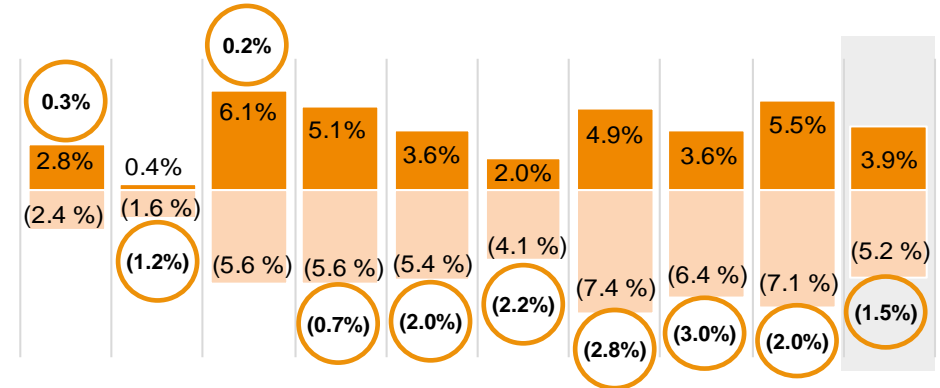
■ Total basket growth, % ■ Total traffic growth, % ○ Total sales growth, %

Note (1): LFL results are based on gross RUR sales

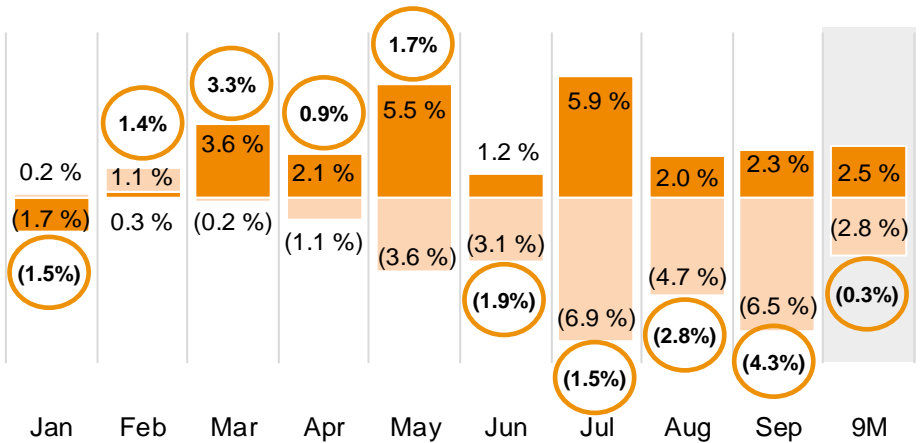
Total LFL Sales Growth, %



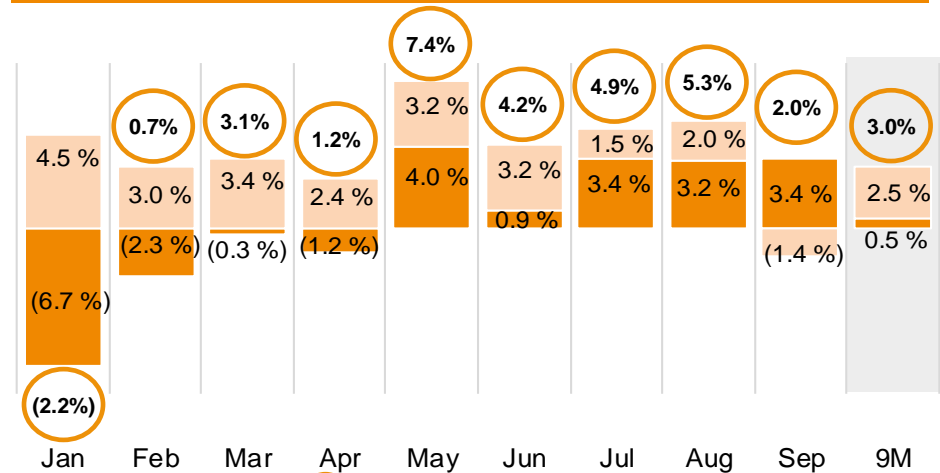
Pyaterochka LFL Sales Growth, %



Perekrestok LFL Sales Growth, %



Karusel LFL Sales Growth, %



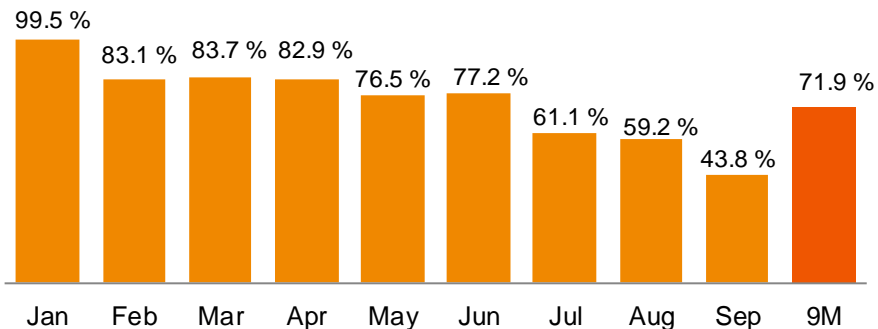
Note (1): LFL results are based on gross RUR sales

■ LFL basket growth, %

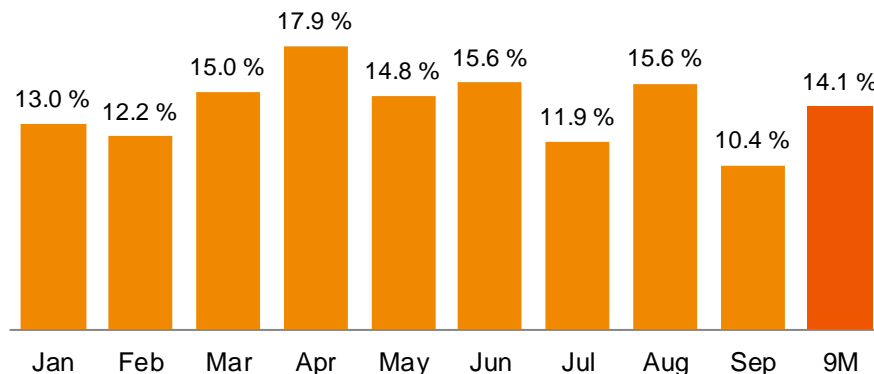
■ LFL traffic growth, %

○ Total LFL sales growth, %

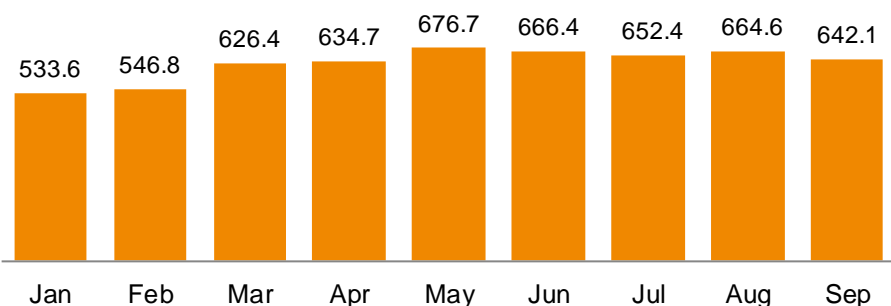
Net Retail Sales Growth, %



LFL Sales Growth², %



Net Retail Sales, mln

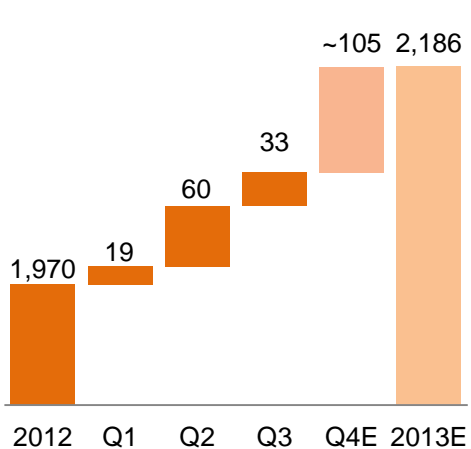


Comments

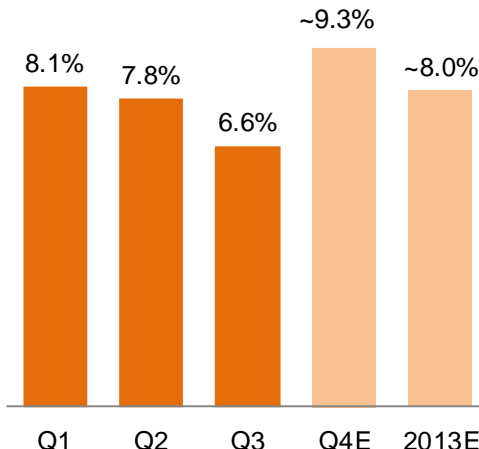
- Rapidly developing format operating under Perekrestok Express and Kopeyka brands
- Strong LFL and sales dynamics
- Strong demand for this format in urban centers

Notes:
 (1) Convenience stores are represented by Perekrestok Express and Kopeyka brands
 (2) LFL results are based on gross RUR sales

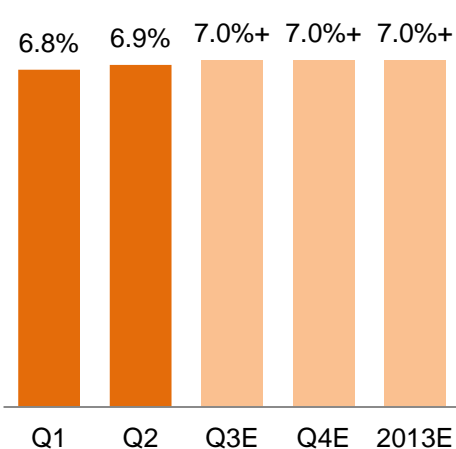
Selling space additions, thd sqm



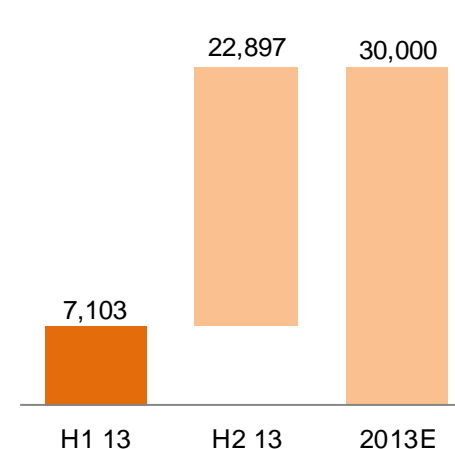
Net retail sales growth, % y-o-y



EBITDA margin, %



Capital expenditures, mln RUR



~105 thd sqm to be added in Q4 2013

Q4 - acceleration of net retail sales growth between 9.0% - 10.0%

7.0%+ EBITDA margin in Q4 2013

~75% of budgeted CapEx for the year to be spent in H2 2013

Thank you for your attention!