Financial Discipline

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Financial Discipline

Cash Generation From Operations

- Ensure sustainable operational performance
- Capture cost saving opportunities
- Optimize gross margin / EBITDA balance for each format
- Efficiently manage working capital

Disciplined Growth

- Focus on discounters, primarily rented
- Capitalize on lower construction/repair and rental costs
- Look for outstanding hypermarket and supermarket locations
- Deliver substantially better returns vs pre-crisis

Liquidity Management

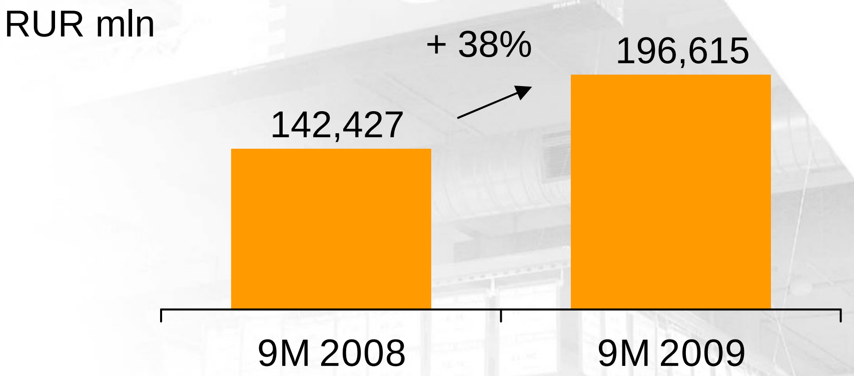
- Optimize debt structure with focus on maturity profile improvement
- Ensure sufficient access to credit facilities to finance operations and investment activities

Areas of Focus

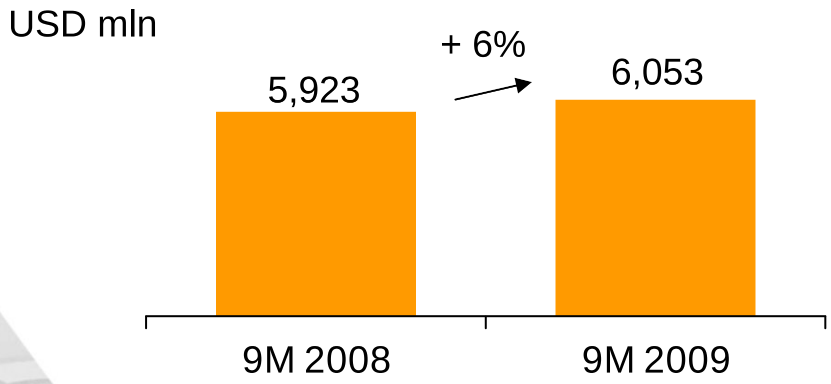
X5's Top Line Growth…

… Remains Solid Despite Tough Macro-Economic Environment

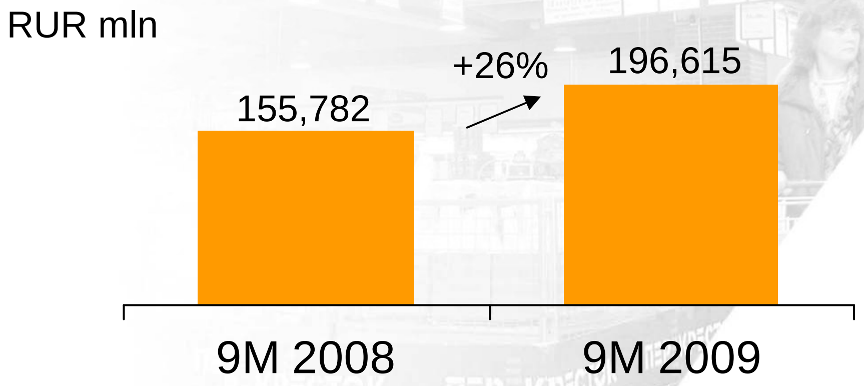
Net Sales, consolidation (1)



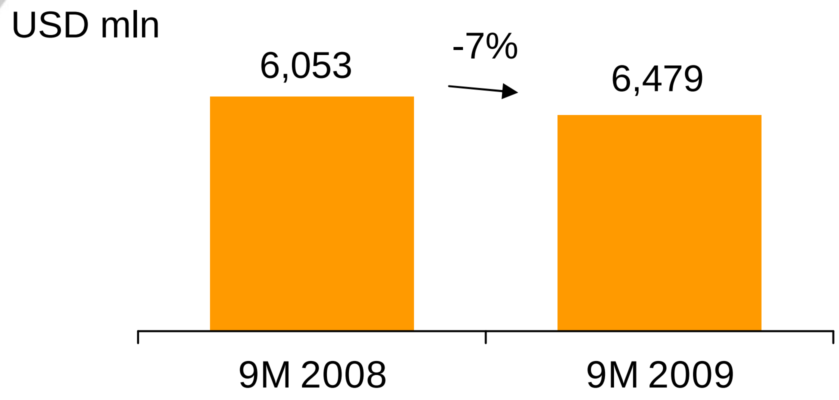
Net Sales, consolidation (1)



Net Sales, pro-forma (2)



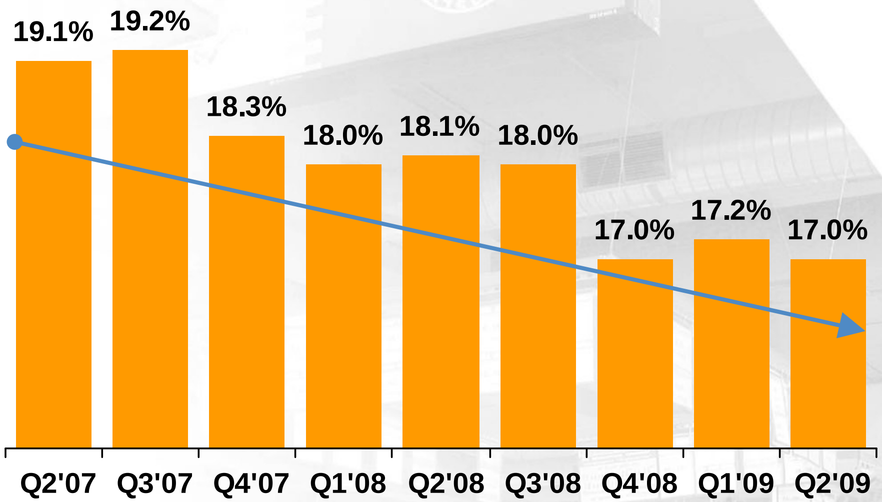
Net Sales, pro-forma (2)



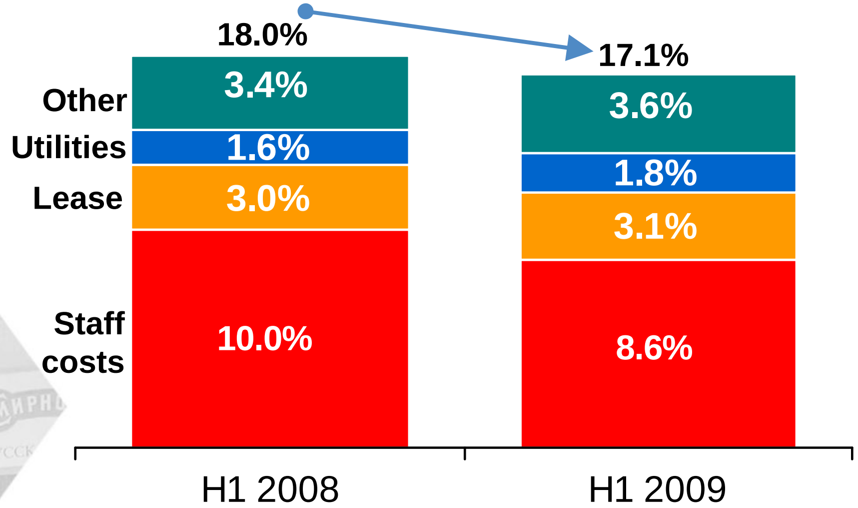
(1) Consolidated sales figures include acquired Karusel's business in Q2&H1 2009 and exclude it in Q2&H1 2008.
(2) Pro-forma sales figures include acquired Karusel's business in both Q2&H1 2008 and Q2&H1 2009.

Enables for Gross Margin Investment in Customer Loyalty

SG&A(1) as % of Sales



Key SG&A Lines



Key drivers :

- Staff costs optimization both at head office and store level. In Q4 2008 X5 reduced headquarters' headcount by 30% (including vacancies), while in Q1 2009 X5's headcount increased by less than 600 people despite that we opened 63 stores, including 7 hypermarkets and actively expanded logistics capacity
- Savings from renegotiation of existing lease agreements (estimated at around USD 15 mln annualized) have not been reflected in H1 2009 numbers yet
- In order to offset imminent growth in government-regulated utility tariffs, X5 has initiated strategic energy saving program

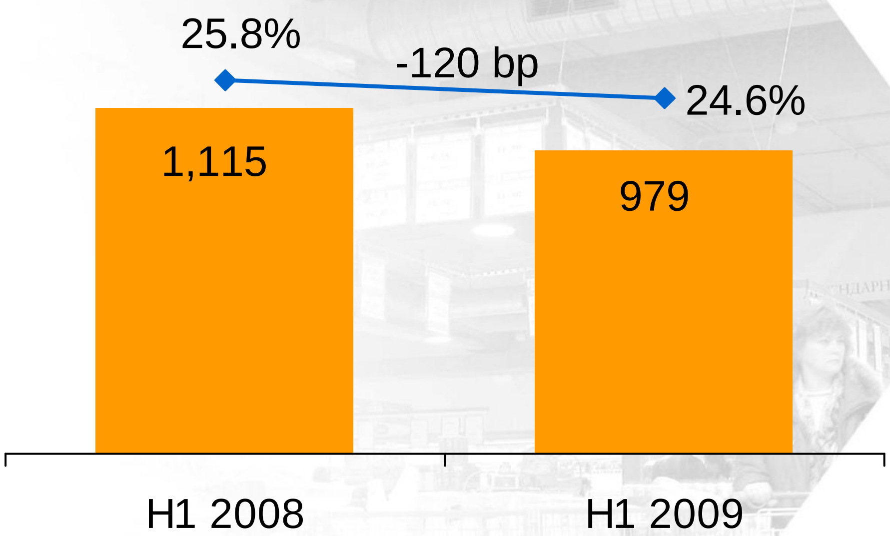
(1) Excluding Depreciation and Amortization

X5 Efficiency Focus…

Supports Stable EBITDA Margin and Helps Maximize Operating Cash Flow

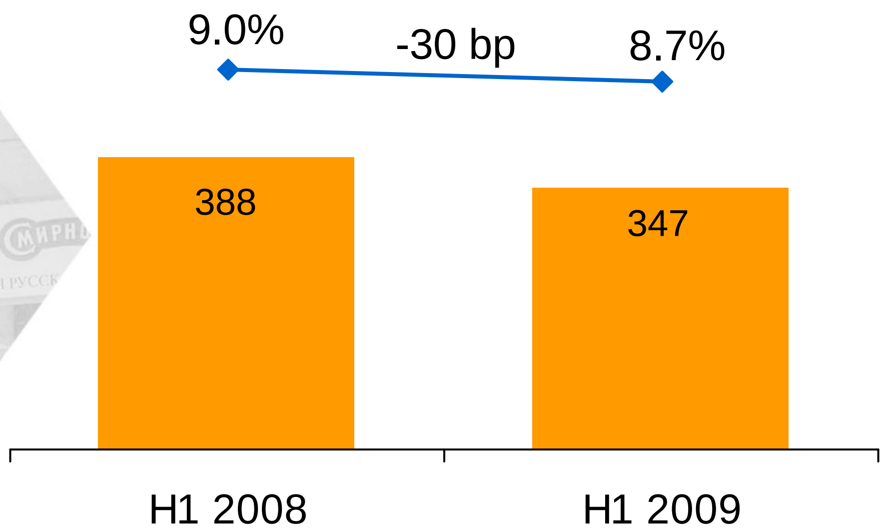
Gross Profit & Gross Margin

USD mln %



EBITDA & EBITDA Margin

USD mln %



(1) All P&L numbers are provided on pro-forma basis, i.e. including Karusel results both in Q2&H1 2008 and Q2&H1 2009

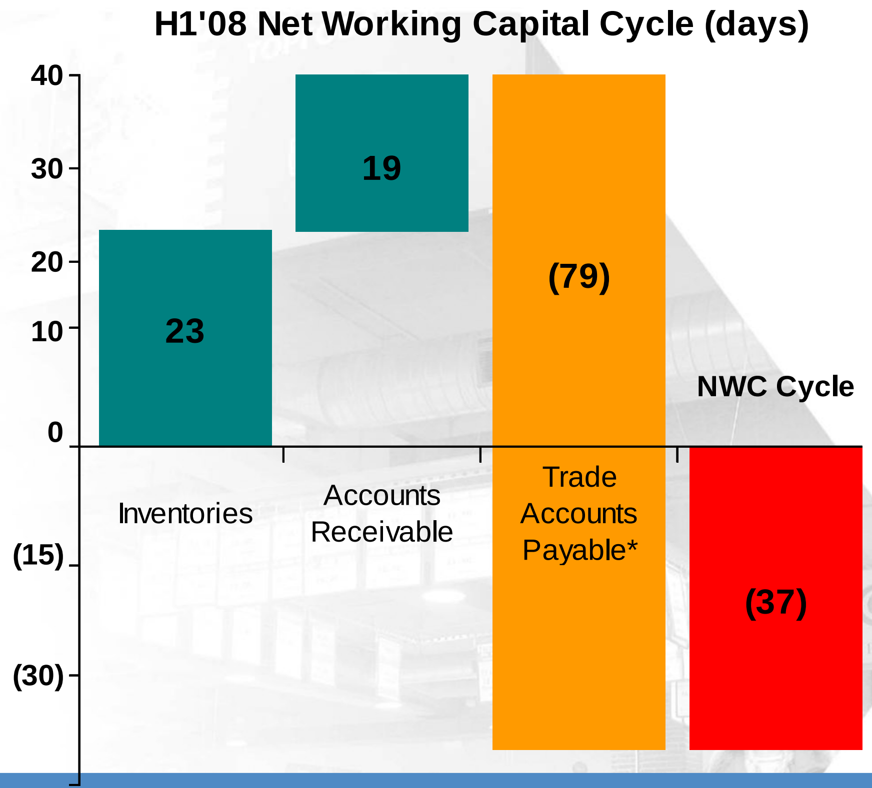
Strong Operating Cash Flow…

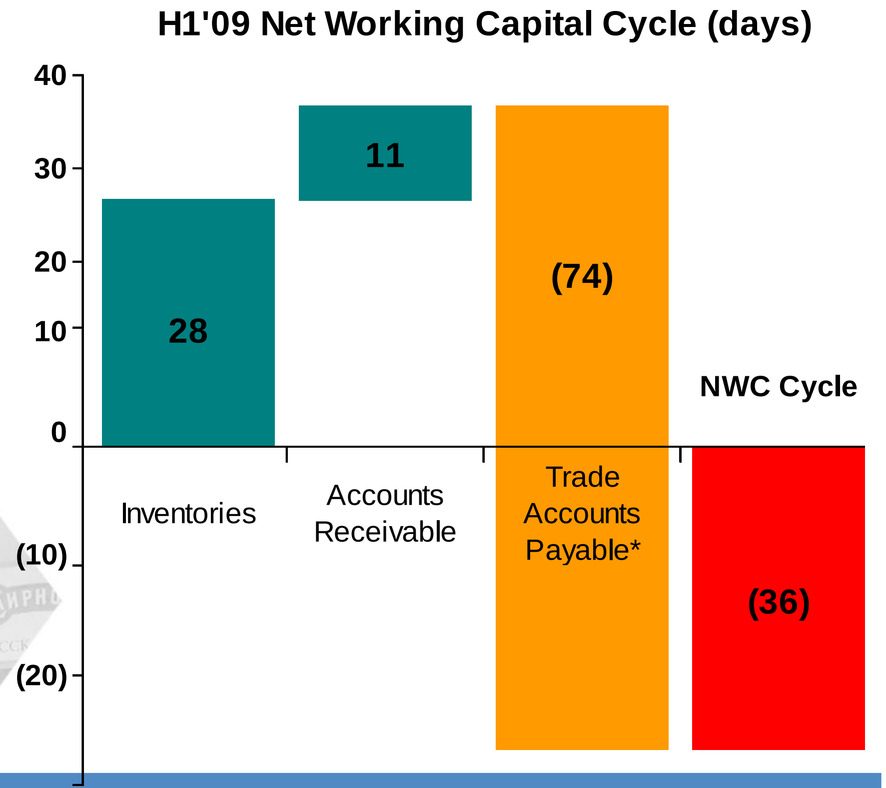
…Offset by Working Capital Seasonality

USD mln	Q2 2009	Q2 2008	% change USD	% change RUR	H1 2009	H1 2008	% change USD	% change RUR
Net Cash Flows from Operating Activities	77.9	77.8	*0%*	*41%*	39.5	112.1	*(65%)*	*(51%)*
Net Cash from Operating Activities before Changes in Working Capital	*210.2*	*200.2*	*5%*	*44%*	*380.1*	*369.8*	*3%*	*42%*
Change in Working Capital	*(56.1)*	*(9.1)*	*514%*	*774%*	*(182.9)*	*(69.6)*	*163%*	*263%*
Net Interest and Income Tax Paid	*(76.2)*	*(113.2)*	*(33%)*	*(9%)*	*(157.8)*	*(188.1)*	*(16%)*	*16%*
Net Cash Used in Investing Activities	(55.8)	(1,074.6)	*(95%)*	*(93%)*	(99.0)	(1,226.7)	*(92%)*	*(89%)*
Net Cash (Used in/Generated from Financing Activities	23.9	1,221.6	*(98%)*	*(97%)*	(61.4)	1,299.8	*n/a*	*(107%)*
Effect of Exchange Rate Changes on Cash	17.3	5.7	*201%*	*n/a*	(11.0)	12.3	*n/a*	*8,577%*
Net Increase/(Decrease) in Cash	**63.2**	**230.6**	***(73%)***	***(67%)***	**(132.0)**	**197.5**	***n/a***	***(181%)***

(1) Consolidated sales figures include acquired Karusel's business in Q2&H1 2009 and exclude it in Q2&H1 2008.

Working Capital Management





RUR bln	9	10	(32)	(13)	14	6	(34)	(15)

- Control over stock levels aimed at improving inventory turnover
- Partnerships with suppliers to minimize pressure on payment days. Improvement should be possible along with economic recovery
- Control over accounts receivable to shorten cash collection period and optimize tax accounts receivable and payable

Disciplined Growth

X5's Approach is Aimed at Balancing Growth & Returns

Growth Potential

X5 Expansion Strategy

Discounters

- Accelerating expansion in 2010 and beyond
- Focus on all regions of X5's presence
- Primarily leased locations

Supermarkets

- Top locations in cities with high income per capita
- Intensive market share growth

Hypermarkets

- Primarily leased locations
- Priority given to locations with maximum coverage of a city's/region's population

Distribution Centres (DCs)

- Increase regional supply centralization levels
- Capitalize on availability and low rental costs of leased DCs

Return on Investments

X5 Investment Efficiency Requirements

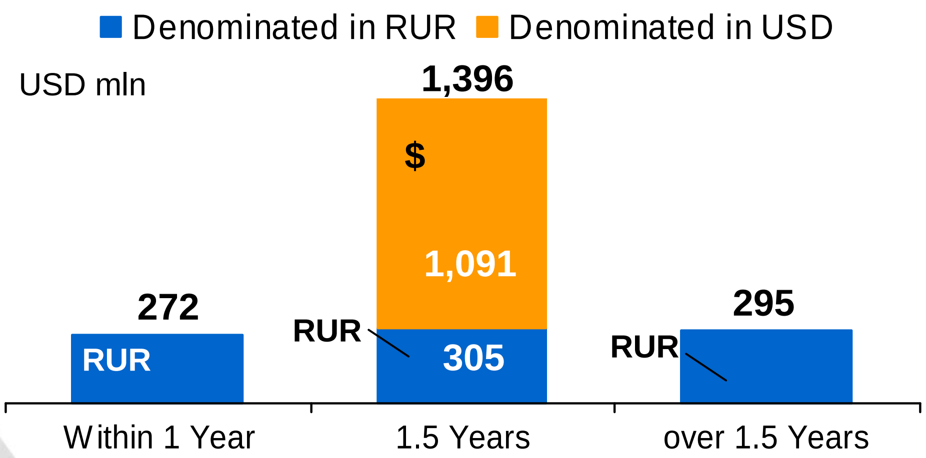
- Each location considered for optimal format to maximize the Company's benefits
- New store standards optimization
  - start-up and operating costs optimization
  - increase in number of acceptable locations
  - capitalizing on lower equipment and construction costs due to larger number of new openings
- Increased internal hurdles/return requirements
  - Target payback periods: 12m for discounters, 20-24m for supermarkets, 30-36m for hypermarkets
- Investment in infrastructure/efficiency/customer loyalty to maximize value of retail operations
- Investments in supply chain currently deliver the highest returns

Liquidity Management

In H1 X5:

- Completely eliminated its short-term FX exposure by repaying short-term USD-denominated debt
- Placed 7-year RUR 8 bln corporate bonds with a put option in 2 years. Proceeds were used for repayment of short-term obligations, which decreased from USD 441 mln as at 31 March 2009 to USD 272 mln as at 30 June 2009.
- As at 30 June 2009 X5 had access to RUR-denominated credit facilities of over RUR 23 bln (USD 700 mln), out of which RUR 15 bln (appr. USD 484 mln) are available undrawn credit lines.

Debt Maturity Profile as at 30.06.09



USD mln	30-Jun-09	*% in total*	31-Mar-09	*% in total*	31-Dec-08	*% in total*
Total Debt	**1,962.4**		**1,863.9**		**2,059.4**	
Short-Term Debt	272.1	*14%*	440.7	*24%*	578.4	*28%*
Long-Term Debt	1,690.3	*86%*	1,423.2	*76%*	1,481.0	*72%*
Net Debt	**1,817.6**		**1,782.2**		**1,782.60**	
Denominated in USD	1,061.8	*58%*	1,081.5	*61%*	1,170.0	*66%*
Denominated in RUR	755.8	*42%*	700.7	*39%*	612.6	*34%*
FX, EoP	31.3		34		29.4	
Net Debt/EBITDA	**2.38x**		**2.26x**		**2.22x**	

THANK YOU!