

Profitable Growth & Long-Term Leadership

Investor Presentation
June 2010



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I. Introduction & 2009 Highlights

II. Q1 2010 Operational Performance

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X5 Retail Group today

- 2009 net sales - USD 8,717 mln; growth on 2008 of 25% on pro-forma basis ⁽¹⁾ in RUR terms, 33% on consolidation basis ⁽²⁾ in RUR terms
- Q1 2010 net retail sales - USD 2,534 mln; growth on Q1 2009 of 20% in RUR terms
- Market position: # 1
 - #1 position in Moscow and St. Petersburg
 - Leading positions in 5 other cities with population of ≥ 500,000 people
 - Presence in 45 cities of European Russia and the Urals
- 1,399 company-managed stores in Russia and Ukraine⁽³⁾
- Three complementary formats:
 - ✓ Discounter (1,063 stores)
 - ✓ Supermarket (276 stores)
 - ✓ Hypermarket (60 stores)
- 1,084 thousand sq. m. of net selling space⁽²⁾
- Approximately 1 billion check-out transactions per year
- Over 68 thousand employees⁽³⁾

Russia's Leading Food Retailers

#	Company	FY 2009 Net Retail Sales (USD mln) ⁽⁴⁾	% in Top-10	% in Total Market ⁽⁵⁾
1	X5	8,675	26.3%	4.4%
2	Magnit	5,346	16.2%	2.7%
3	Auchan	4,999	15.3%	2.6%
4	Metro	4,203	12.8%	2.2%
5	O'Key	2,106	6.4%	1.1%
6	Kopeyka	1,759	5.4%	0.9%
7	Lenta	1,734	5.3%	0.9%
8	Dixy	1,687	5.1%	0.9%
9	Seventh Continent	1,346	4.1%	0.7%
10	Viktoria	1,022	3.1%	0.5%
Total		32,877	100.0%	16.9%



(1) Including Karusel on pro-forma basis from 1 January 2008; (2) Including Karusel on consolidation basis, i.e. from 30 June 2008;

(3) As at 31 December 2009; (4) X5 estimates for non-public companies (5) Based on estimated gross sales; total market size (food retail) – USD 223 USD bln



X5 Operates Stores for Every Lifestyle and Family Budget

Soft Discounters



1,063 stores
56% of sales

Net selling space: from 300 to 800 sq.m.
Average assortment: 3,000 SKUs
Pricing policy: Lowest price in the market on 100% of assortment
Format strengths: Price and convenience



Supermarkets



276 stores
26% of sales

Net selling space: from 800 to 1,500 sq.m.
Assortment: 6,000 – 16,000 SKUs
Pricing policy: Best price in supermarkets
Format strengths: Wide choice, focus on fresh



Hypermarkets



60 stores
18% of sales

Net selling space: from 3,000 to 10,000 sq.m.
Assortment: 20,000 – 50,000 SKUs
Pricing policy: Lowest price in the market on basic assortment, super offers for card holders on the rest
Format strengths: Wide choice at low price, ideal place for w/e & family shopping





2009 Conditions Were a Successful Test of X5's Strength and Endurance

Strategic Progress, Customer Success

- Strengthened position as #1 retailer in Russia
- Won customers thanks to “close-to-the-customer” approach
- Expanded selling space well in excess of plan, while staying within CapEx limit
- Completed Paterson acquisition – excellent value and fit – financed from cash flow
- Launched Strategic Efficiency Program to create new competitive advantages

Delivering on 2009 Objectives

- Met 25% pro-forma RUR sales growth target
- Industry-beating LFL growth of 10% on discounters' 17% LFL outperformance
- Nearly 1 billion customer visits during the year
- Expanded selling space by 189 thousand sq.m. on a net basis (271 new stores)
- Increased warehouse capacity by 118 thousand sq.m. on a net basis for supply centralization rate to 61% - ahead of target

Strong Financial Performance

- Reduced SG&A expenses before D&A⁽¹⁾ by nearly 90 bp to 16.9% of sales
- Achieved EBITDA margin of 8.4% despite gross margin investment of 140 bp and ESOP cost of USD 59 mln
- Generated a record USD 734 mln in operating cash flow
- Maintained CapEx within RUR 14 bln with strong store openings and Paterson acquisition
- Reduced net debt by USD 250 mln, for net debt/EBITDA of 2.08x as at 31-Dec-09



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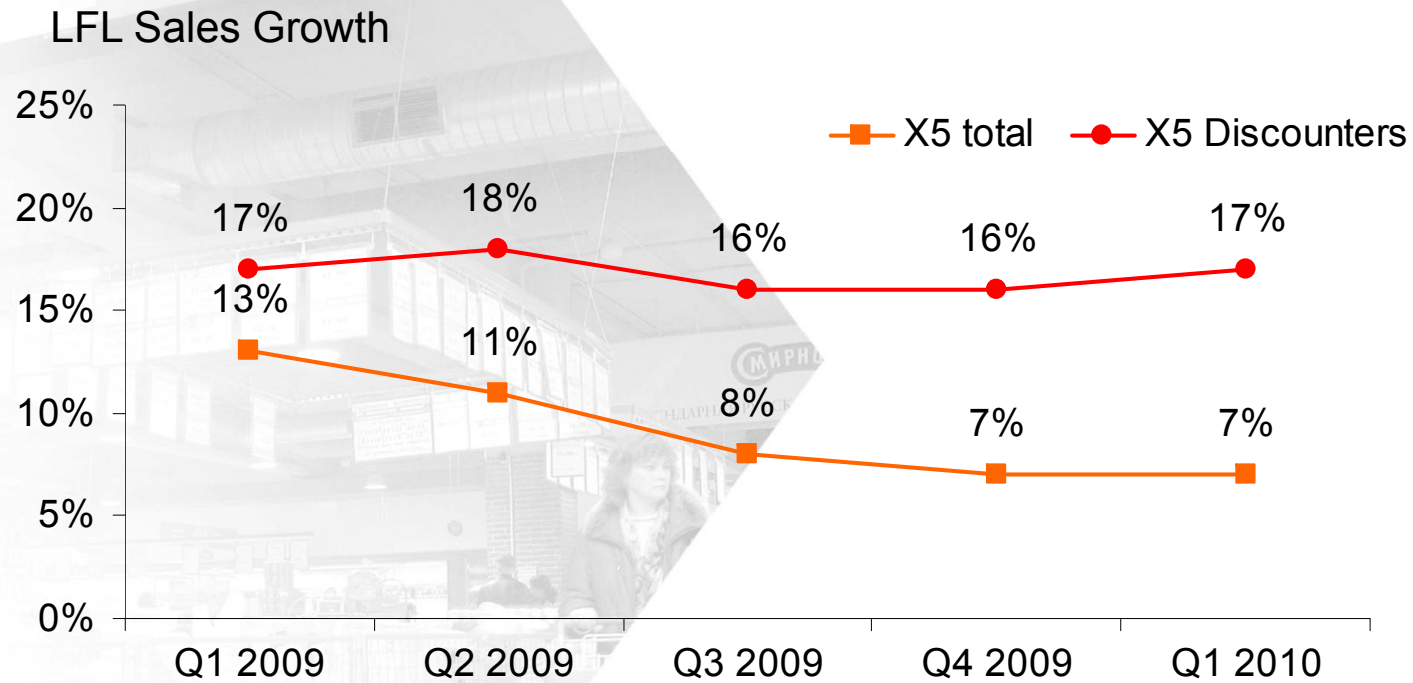
V. 2010 Outlook





...Has Demonstrated Strong Resilience Since Economic Downturn

X5 LFL Performance Quarterly



Operational Drivers

- Strong 7% LFL sales growth supported by 2% traffic growth
- Industry-leading discounters
- Rollout of loyalty programme in supermarkets and hypermarkets

- New structure to position supermarkets and hypermarkets for upturn
- Paterson integration on track. 35 stores reopened in Q1 2010

- New store openings and capex on track
- Low-20 percent sales growth outlook in lower inflation environment

Customer Focus

Operational Excellence

Disciplined Growth

Financial Drivers

- Controlled 110 bp gross margin investment YoY
- Continued focus on cost management and improving Paterson contribution will allow for improved EBITDA margin rest of 2010

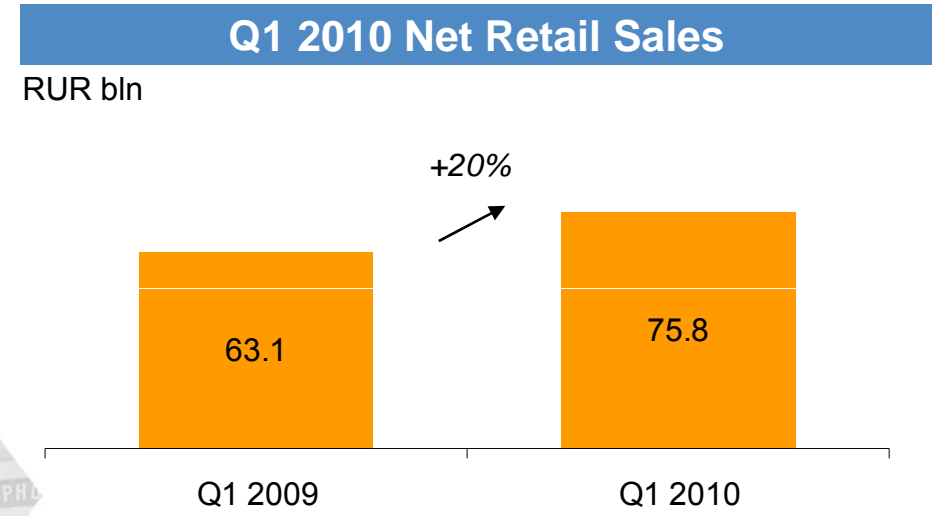
- Continued efficiency focus resulting 60 bp decrease in SG&A as % sales excl. ESOP
- Paterson Q1 integration effects, setting stage for improved performance
- Resilient Q1 EBITDA margin 8% excl. ESOP

- Strong cash position allowed gross debt reduction by USD 133 mln
- Well positioned for USD 1.1 bn loan refinancing later this year

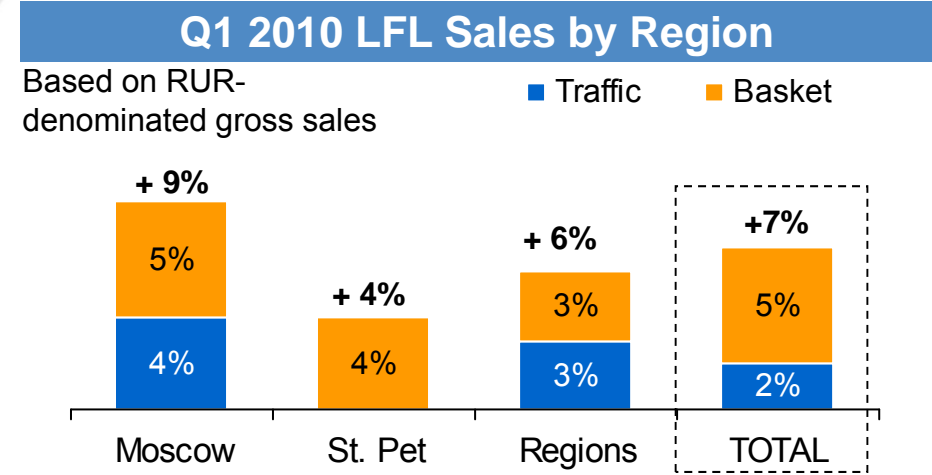


... Was Solid Against Still Weak Consumer Spending & Dramatically Lower Food Inflation

- 20% net retail sales growth in RUR against a backdrop of weak consumer spending....
- ...and drastically lower food inflation in Russia: 4.8% in March 2010 year-on-year compared to 16% in March 2009
- X5 continued to pursue its “close to the customer” policy with constant investment in prices and store value propositions - prices on X5’s shelves rose on average just 1.6% in March 2010 compared to March 2009
- Paterson sales in Q1 2010 reflect temporary store closings and integration process (in line with X5’s expectations)



Sales Growth Composition RUR	LFL, %	Organic Expansion, %	Scope Change Paterson, %	Total Change %
Hypermarkets	(1)	19	-	18
Supermarkets	(6)	4	8	6
Soft Discounters	17	11	1	29
Total Gross Retail Sales	7	10	3	20
FX Effect				16
Total change %, incl. FX				36



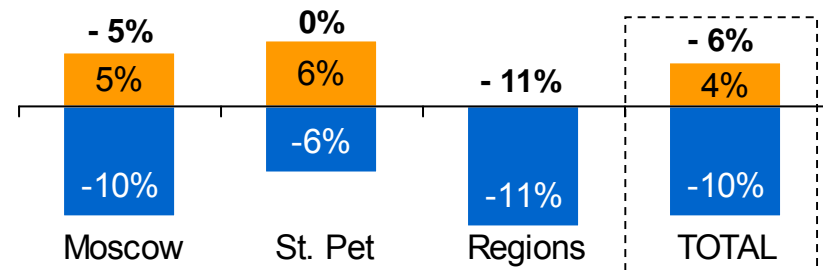
... Led by Powerful Performance at Discounters with Basket Significantly Above Internal Inflation (1.6%)

- X5's LFL sales growth stable at 7% quarter-on-quarter
- Soft discounters continued to outperform on strong traffic and improved basket
- Supermarkets' performance affected by customer traffic declines across regions
- Hypermarkets' performance, while stable in Moscow and the regions, faced competitive pressure in St. Petersburg

Supermarkets' Q1 2010 LFL Performance

Based on RUR-denominated gross sales

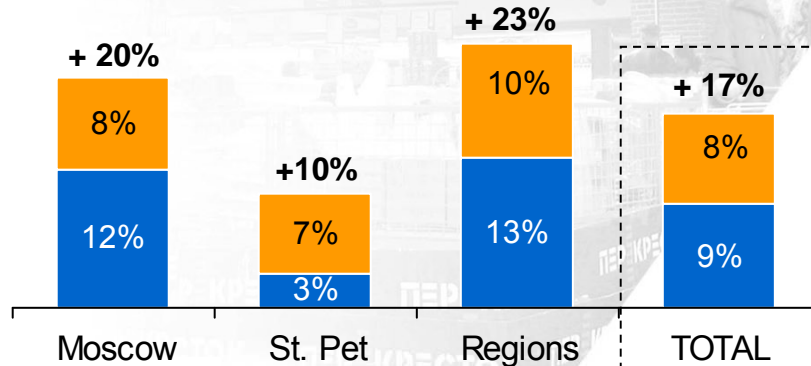
■ Traffic ■ Basket



Discounters' Q1 2010 LFL Performance

Based on RUR-denominated gross sales

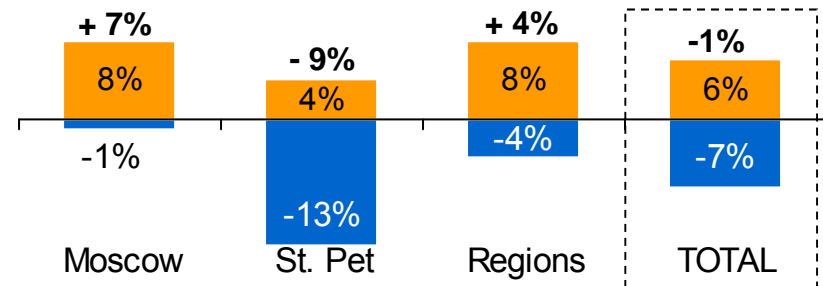
■ Traffic ■ Basket



Hypermarkets' Q1 2010 LFL Performance

Based on RUR-denominated gross sales

■ Traffic ■ Basket



Selective and Efficient New Store Openings

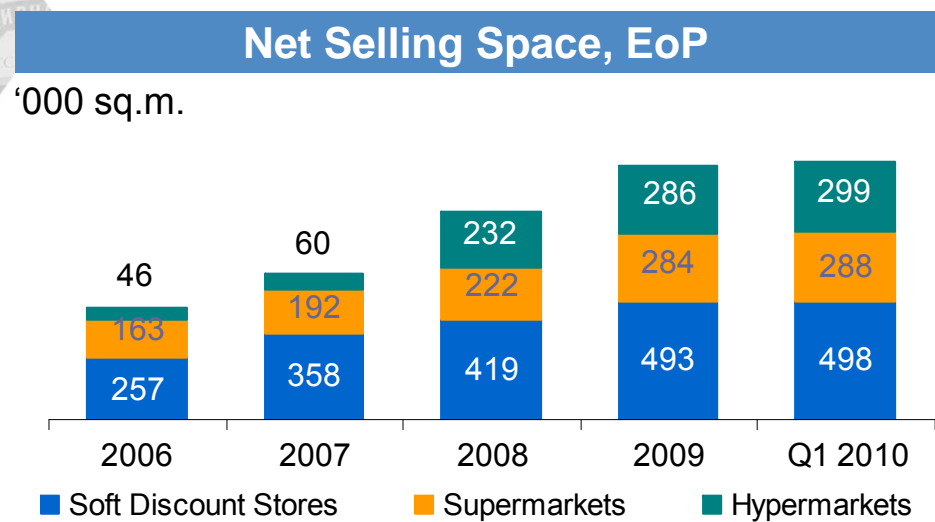
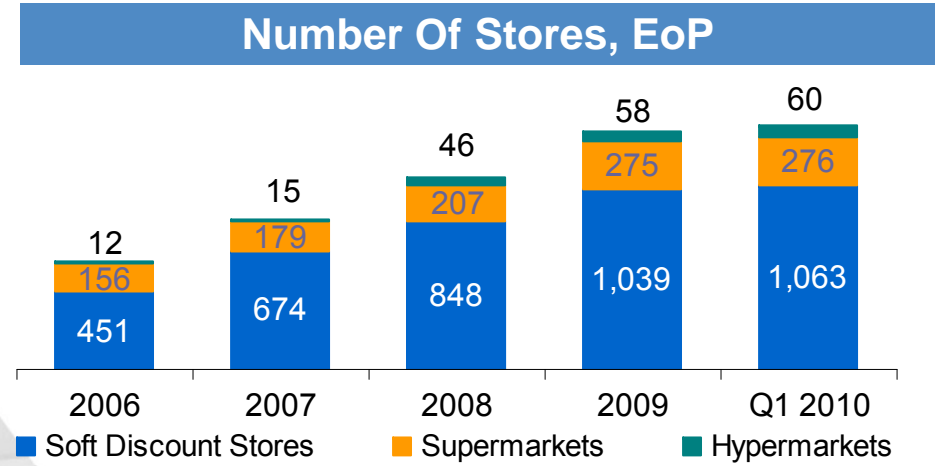
In 2009 X5 substantially exceeded its initial expansion plan, while staying well within CapEx limit

- Net 271 stores or 189 th. sq.m. of selling space added :
 - Organically X5 added 126 th.sq. m. or 189 stores
 - Shifted real estate strategy to leasing new locations to take advantage of lower rents and availability of vacant retail space
 - CapEx savings allowed X5 to finance acquisition of Paterson retail chain (82 stores of 63 th. sq.m.) from operating cash flow

In Q1 2010

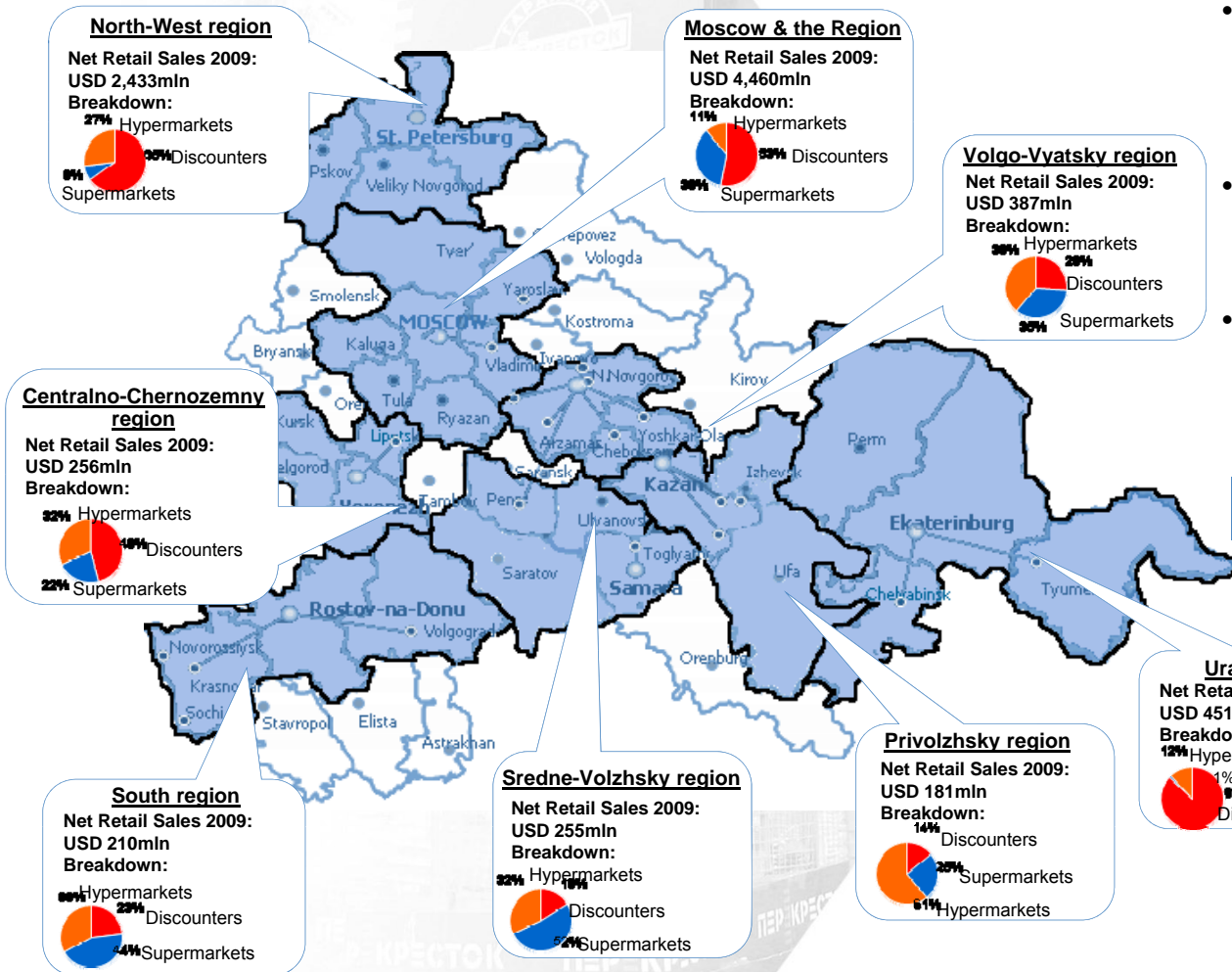
- Net 27 stores or 22 th. sq.m. of selling space added:
 - 24 discounters
 - one supermarket
 - two hypermarkets

- At 31 March 2010 X5 operated 1,399 stores (1,084 sq. m. of net selling space):
 - 1,063 soft discounters
 - 276 supermarkets
 - 60 hypermarkets



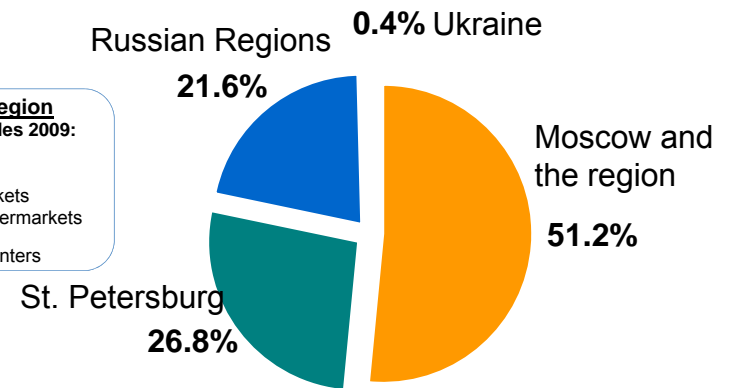


Further Strengthened Presence in the Regions



- Increased share of regional sales from 19% in 2008 to 21.6% in Q1 2010 with regions accounting for approx.50% of new sq.m. added in 2009 and over 80% in Q1 2010
- As at 31 March 2010, X5 was present in 45 cities of European Russia and the Urals, and also in Ukraine
- In addition to Moscow and St. Petersburg, a leading position secured in 5 large regional cities: Nizhny Novgorod, Lipetsk, Samara, Chelyabinsk and Perm

Q1 2010 Net Retail Sales by Region



■ X5 Existing Operations as at 31 March 2010





As of May, All Acquired Stores Converted, Setting Stage for Improving Performance

Strategic & Operational Fit

- Reinforces X5 positions in supermarkets, securing high quality locations in key geographies
- Most stores fully compatible with X5's requirements both operationally and geographically...
- ...offering opportunity of leverage X5's operational scale & supply chain infrastructure

Financial Upside

- Substantial upside potential in sales per square meter
- Margin upside by raising performance towards X5 levels
- Attractive valuation and cash generation potential – approx. USD 50 mln of expected annualized synergies from 2011

Integration Update

- Q1 2010: 35 out of 82 acquired stores re-launched + 30 additional stores temporarily closed for rebranding, reconstruction and IT systems upgrades. Three stores closed permanently
- Q1 2010 margin effects from integration and inventory clearance sales
- Purchasing, HR, administrative and finance functions centralized, staff re-trained
- For re-launched stores, centralized key operational functions, including pricing and assortment



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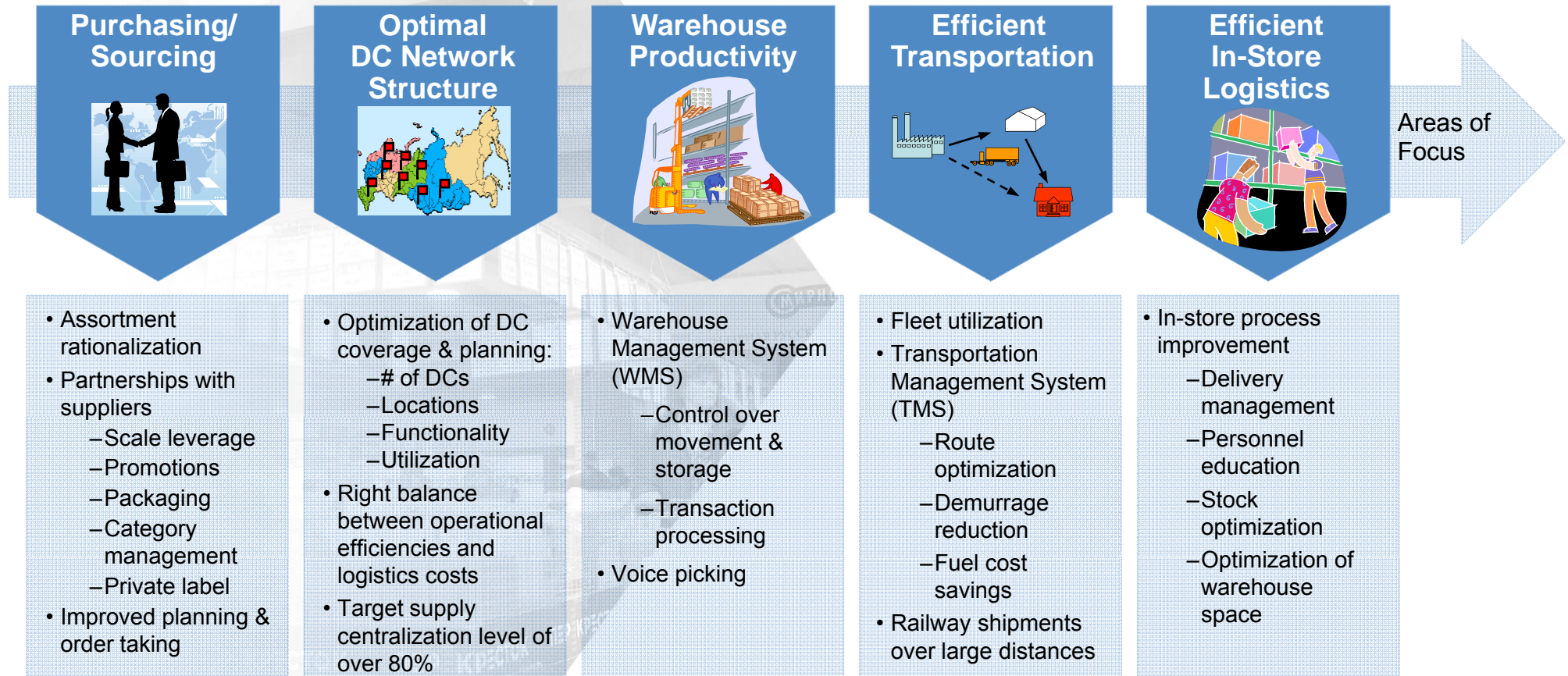
...Impacts Every Area of X5's Business, to Create New Competitive Advantages

Project	Support of Long-Term Scalable Expansion	Sales Growth	Cost Savings	Working Capital Improvement
Efficient Supply Chain Management				
IT Systems Integration				
Business Processes Improvement				
Labour Productivity Improvement				
Efficient Asset Employment				



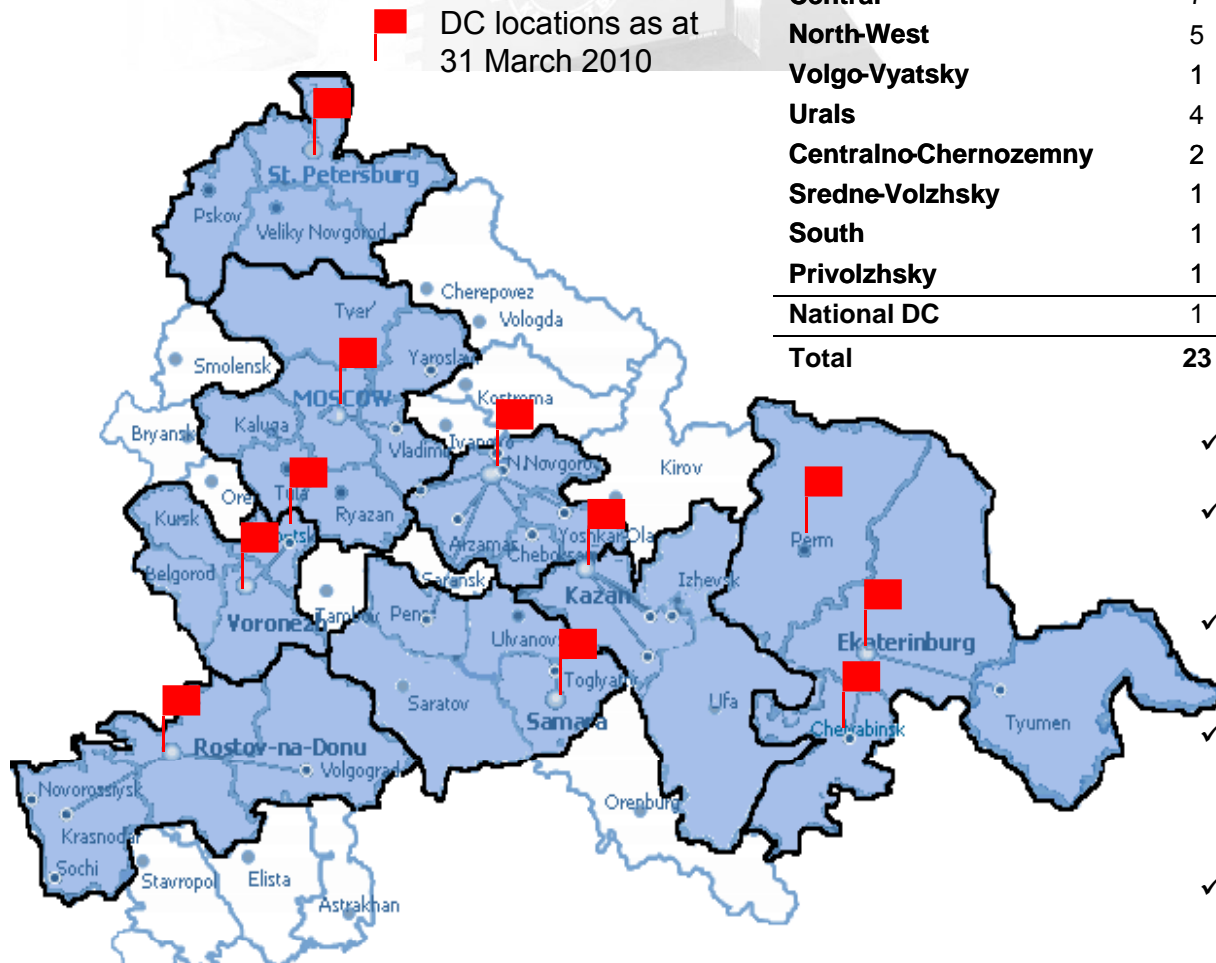
... Now We are Bringing It to a New Level...

... to Create a Fully Integrated & Efficient Supply Chain





Supply Centralization Rate Rose From 51% to 61% by Year-End 2009, Well Ahead of Target



Region	# of DCs	000 sq. m.	Dry	Fruit & Veg	Fresh	Frozen	Non-Food
Central	7	128.4	v	v	v	v	
North-West	5	65.1	v	v	v	v	
Volgo-Vyatsky	1	17.5	v	v	v		
Urals	4	21.8	v	v	v		
Centralno-Chernozemny	2	11.8	v	v	v		
Sredne-Volzhsky	1	13.4	v	v	v		
South	1	12.6	v	v	v		
Privolzhsky	1	13.1	v	v	v		
National DC	1	46.97	v				v
Total	23	330.5					

- ✓ X5 now operates DCs in all regions of operations
- ✓ At 31 March 2010, X5 operated 23 DC with overall warehouse capacity of 330.5 th. sq.m
- ✓ Since 31 Dec 2008 X5 opened six new food and expanded storage capacity of several existing DCs
- ✓ First national non-food DC in the Moscow region launched in Q3 2009. National dry food capacity added in Q1 2010
- ✓ Supply centralization target for year-end 2010 is 67%



Operational Excellence in Our Business Management Platforms

SAP Implementation in line with initial schedule

SAP for Retail

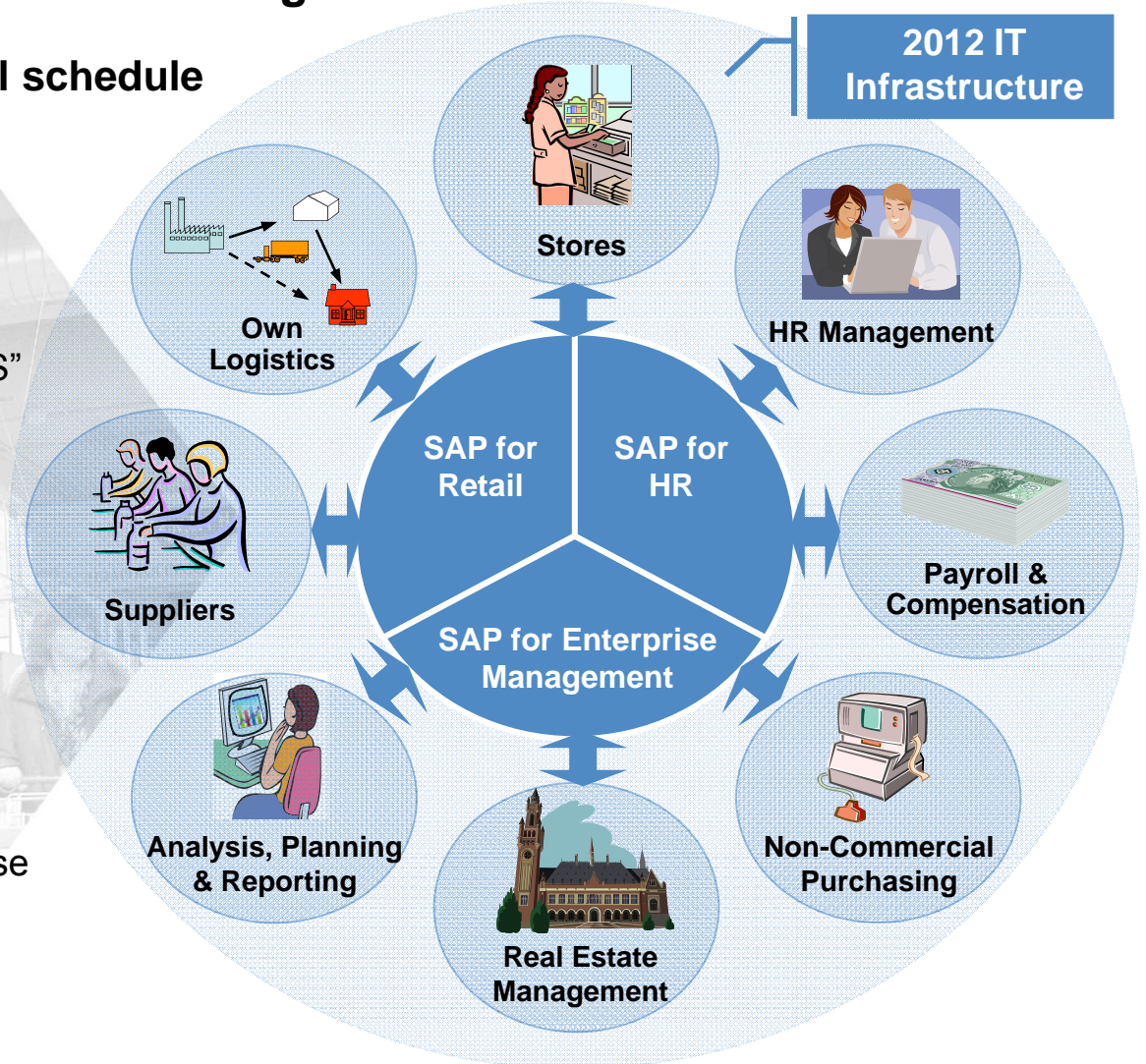
- ✓ Successfully launched in a pilot region in 2009
- ✓ X5 earned SAP's #1 ranking for "Highest Quality SAP for Retail Implementation in CIS"
- ✓ Roll-out to other regions began in Q1 2010 and will be finalized by year-end

SAP for HR (SAP HCM)

- ✓ Successfully launched in a pilot region in Q1 2010
- ✓ Roll-out to be finalized by year-end

SAP for Enterprise Management

- ✓ In a blue-print development and testing phase
- ✓ Pilot launch planned for 2010
- ✓ Roll-out to be finalized by end of 2011



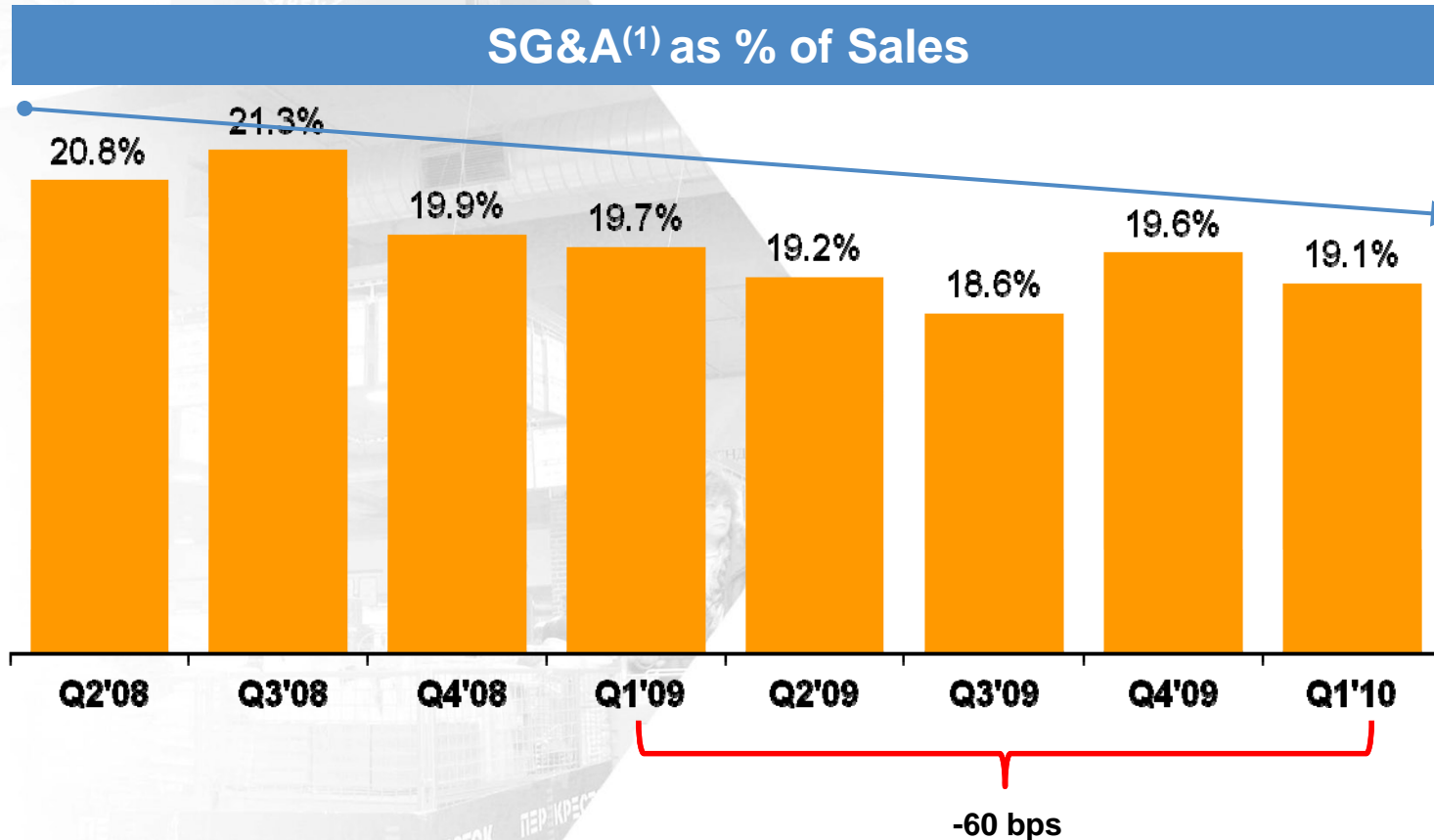


... Can be Substantially Enhanced through Improving Efficiency of...



Targeted Improvement of In-Store Labour Productivity is 10-12%

...is a Multi-Year Effort But We Are Already Delivering Results



(1) Excluding ESOP





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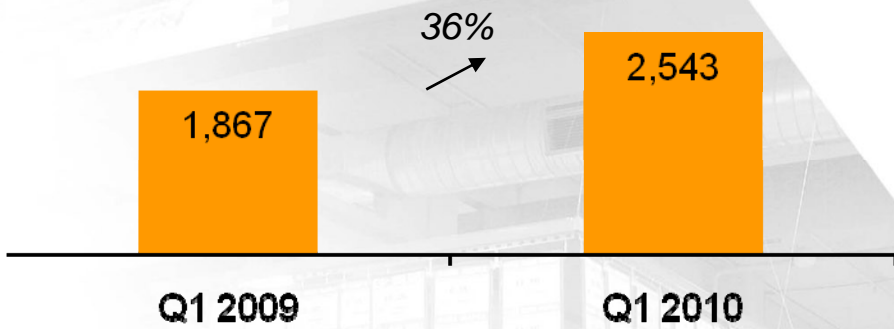
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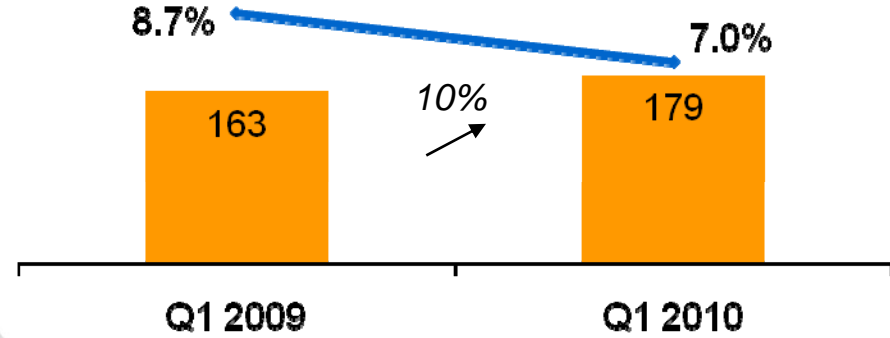
Net Sales

USD mln



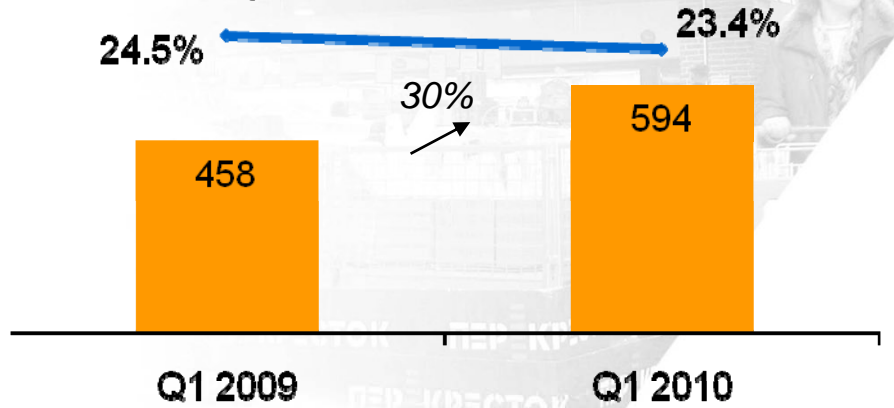
EBITDA & EBITDA Margin

EBITDA, USD mln
EBITDA Margin, %



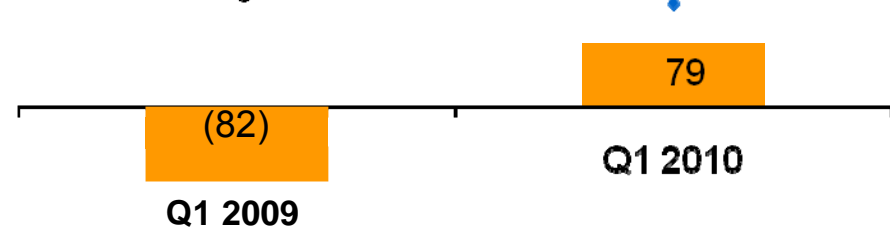
Gross Profit

Gross Profit, USD mln
Gross Margin, %



Net Profit / (Loss)

Net Profit, USD mln
Net Margin, %



(1) All P&L numbers are provided on pro-forma basis

USD mln	Q1 2010	Q1 2009	% change y-o-y, USD	% change y-o-y, RUR
Net Sales	2,542.7	1,866.9	36%	20%
incl. Retail	2,534.4	1,859.3	36%	20%
Gross Profit	594.1	458.2	30%	14%
Gross Margin, %	23.4%	24.5%		
SG&A (excl. ESOP)	(485.5)	(368.1)	32%	16%
% of revenue	19.1%	19.7%		
ESOP Expense	(25.4)	2.1	n/a	n/a
% of revenue	1.0%	0.1%		
EBITDA	178.5	162.7	10%	(3.0%)
EBITDA Margin, %	7.0%	8.7%		
Operating Profit/(Loss)	111.2	116.9	(5%)	(16%)
Operating Margin, %	4.4%	6.3%		
Net FX Result	36.6	(163.7)	n/a	n/a
Profit/(Loss) before tax	113.1	(84.8)	n/a	n/a
Income Tax Expense	(34.2)	2.7	n/a	n/a
Net Profit/(Loss)	78.9	(82.1)	n/a	n/a
Net Margin, %	3.1%	n/a		

- Net sales increased 20% year-on-year in RUR terms to RUR 76,003 mln or 36% in USD terms to USD 2,543 mln;
- Gross profit totaled USD 594 mln, for a gross margin of 23.4%;
- SG&A expenses before ESOP as percent of sales decreased by 60 bp year-on-year to 19.1%. Total SG&A increased by 50 bp year-on-year to 20.1% driven by ESOP cost of USD 25 mln;
- EBITDA amounted to USD 179 mln reflecting ESOP cost of USD 25 mln for an EBITDA margin of 7.0%. Net of ESOP, EBITDA margin amounted to 8.0%;
- ESOP cost of USD 25 mln, attributable to significant X5 stock price appreciation in Q1 2010;
- Integration of Paterson resulted in temporary closings and inventory clearance sales during Q1;
- X5 reported a net profit of USD 79 mln;

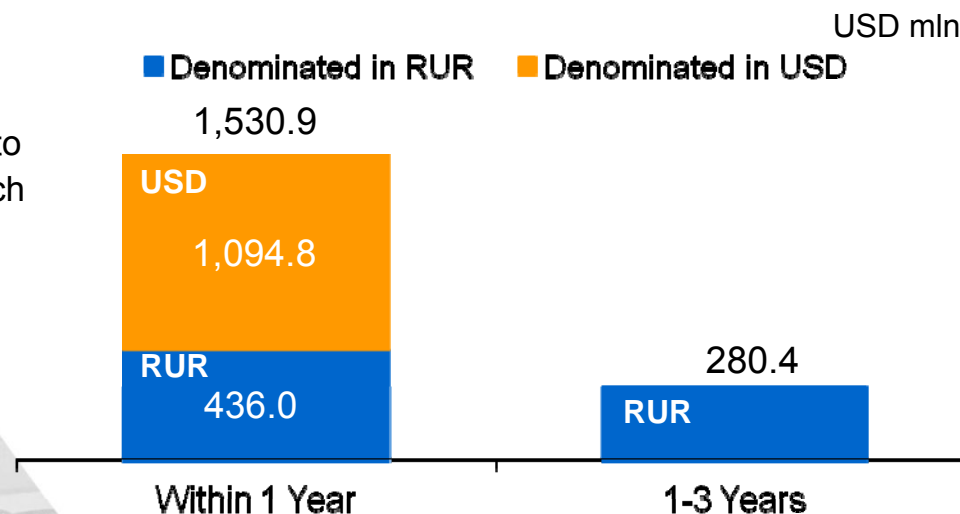
The Company used available cash to expand stores selectively and reduce total debt by net USD 133 million.

USD mln	Q1 2010	Q1 2009	% change USD	% change RUR
Net Cash Flows from Operating Activities	(129.5)	(38.4)	237%	197%
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	210.3	169.9	24%	9%
<i>Change in Working Capital</i>	(272.0)	(126.7)	115%	89%
<i>Net Interest and Income Tax Paid</i>	(67.7)	(81.6)	(17%)	(27%)
Net Cash Used in Investing Activities	(51.9)	(43.1)	20%	6%
Net Cash (used in)/generated from Financing Activities	(159.9)	(85.3)	87%	65%
Effect of Exchange Rate Changes on Cash & Cash Equivalents	6.2	(28.3)	n/a	n/a
Net Increase in Cash & Cash Equivalents	(335.1)	(195.2)	(72%)	90%

Highlights

- In the first quarter X5 continued to strengthen its balance sheet and liquidity, reducing total debt by net USD 133 mln.
- As of end March 2010, the Company's total debt amounted to USD 1,811 mln (at RUR exchange rate of 29.36), out of which 85% was short-term (USD 1,530 mln or RUR 45 bln) and 15% long-term (USD 280.4 mln or RUR 8.2 bln).
- As of 31 March 2010, the Company had access to RUR-denominated credit facilities of approximately RUR 24.6 billion (approximately USD 836 million). The company also has a commitment from Sberbank for 5-year ruble-denominated credit line (equivalent of up to USD 1.1 bln).

Debt Maturity Profile as at 31.03.10



USD mln	31-Mar-10	% in total	31-Dec-09	% in total	% change y-o-y
Total Debt	1,811.2		1,944.0		(7%)
Short-Term Debt	1,530.9	85%	1,656.6	85%	(8%)
Long-Term Debt	280.4	15%	287.4	15%	(2%)
Net Debt	1,734.7		1,532.3		13%
Denominated in USD	1,091.7	63%	1,162.8	76%	(45%)
Denominated in RUR	643.0	37%	369.5	24%	195%
FX, EoP	29.36		30.24		
Net Debt/EBITDA	2.31x		2.08x		



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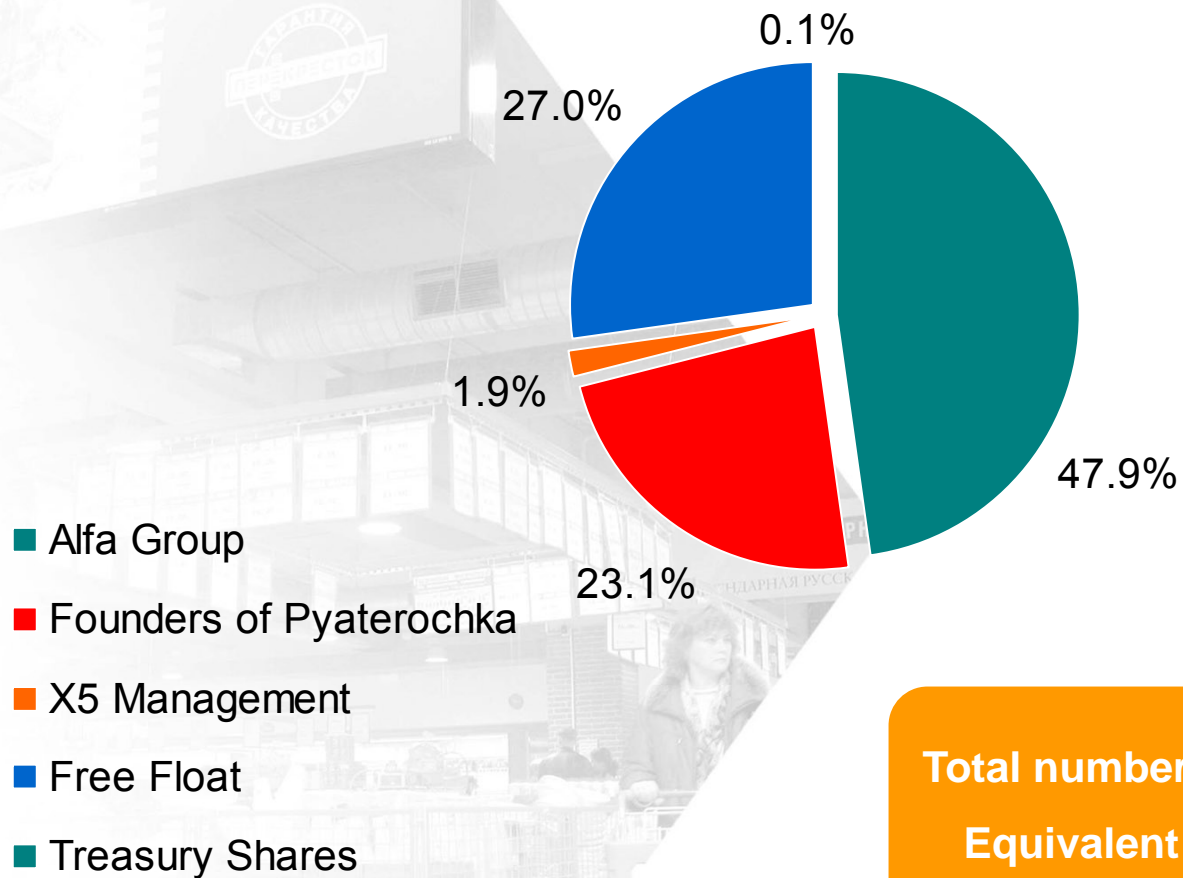


 2010 Outlook

- Net new store addition:
 - Hypermarkets: 7-10 stores;
 - Supermarkets: ~15 stores;
 - Discounters: 200-250 stores.
- Capital Expenditures of up to RUR 18 bln

Due to significantly lower food inflation to date and in the official forecast rate for the year, X5 provides a more conservative 2010 revenue growth outlook in the low-20 percent range in nominal RUR terms. Actual top line performance will depend on inflationary trends and the timing of a recovery in consumer spending.

We expect consumer spending to begin to show improvement towards the end of the year, and this, in combination with new store openings and post-integration contribution from Paterson in the second half of 2010, should enable X5 to deliver on its objectives.



Total number of shares – 67,893,218
Equivalent of 271,572,872 GDRs





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