

Day



**New retail
starts now**

**X5 Capital
Markets Day**

27 OCTOBER 2020

Disclaimer

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.

For Russian law purposes, the securities mentioned in this presentation (the "Securities") represent foreign securities.

No prospectus for the issue of the Securities has been or is intended to be registered with the Central Bank 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 advisers intend or have any duty or obligation to supplement, amend, update or revise any of the statements contained in this presentation.

Agenda

01 Strategy 2023

02 Performance update

03 Q3 and 9M 2020 results

04 Overview by format:

 Pyaterochka

 Perekrestok

05 Online businesses

X5 Capital Markets Day

27 October 2020



Igor Shekhterman
Chief Executive Officer



Strategy 2018–2020 implementing and adapting

STRATEGY
IMPLEMENTATION
STAGES



1–2 YEARS

Strengthen the core business

- › EBITDA margin above 7%
- › Increased NPS
- › Updated CVPs of retail chains, rolling out new store concept for proximity and supermarkets
- › Increased share of private labels in sales
- › Increased share of direct import
- › Reduced shrinkage level
- › Reduced employee turnover
- › Launched client experience management programmes
- › Launched transformation of Karusel hypermarket format
- › Created ready-to-eat business unit



1–3 YEARS

Digital transformation

- › Formed big data team and competence centre
- › Launched digital transformation programme
- › Implemented big data analytics in pricing, assortment management and demand forecasting processes
- › Transformed IT development process, implementing product mindset
- › Launched X5 Digital Academy
- › Created innovation centre and retail technology alliances
- › Launched new technologies developed in house, including self-checkout counters, self-scanning and scan & go offering



1–5 YEARS

New generation retail

- › Achieved market leadership in the e-grocery segment in Russia
- › Launched express delivery mobile apps for retail chains
- › 5Post e-commerce logistics platform is delivering over 1 mn orders per month
- › Approved sustainable development strategy, defining X5's areas of focus in ESG

Pandemic— finding opportunities in a crisis

KEY TRENDS

Transitioning
to a digital world

01

Increasing importance
of health and safety

02

Decreasing purchasing
power of customers

03

Changing competitive
environment

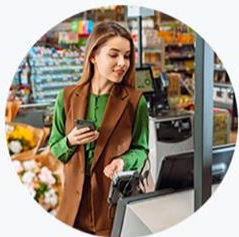
04



X5 RESPONSE

-  Strengthening leadership driven by proximity format
-  Achieving top position in Russian e-grocery market
-  Acceleration of digitalisation and new technologies
-  Roll-out of new CVP
-  Expanding private label and health food assortments
-  Expanding social initiatives
-  Piloting hard discounter format

Key consumer trends in Russia



01

**Consumer seeking convenience—
“here and now”**



02

Ageing consumer



03

Health-conscious consumer



04

Consumer looking for simplicity



05

Consumer that values safety



06

Consumer searching for impressions



07

Conscientious consumer



08

Technological consumer



09

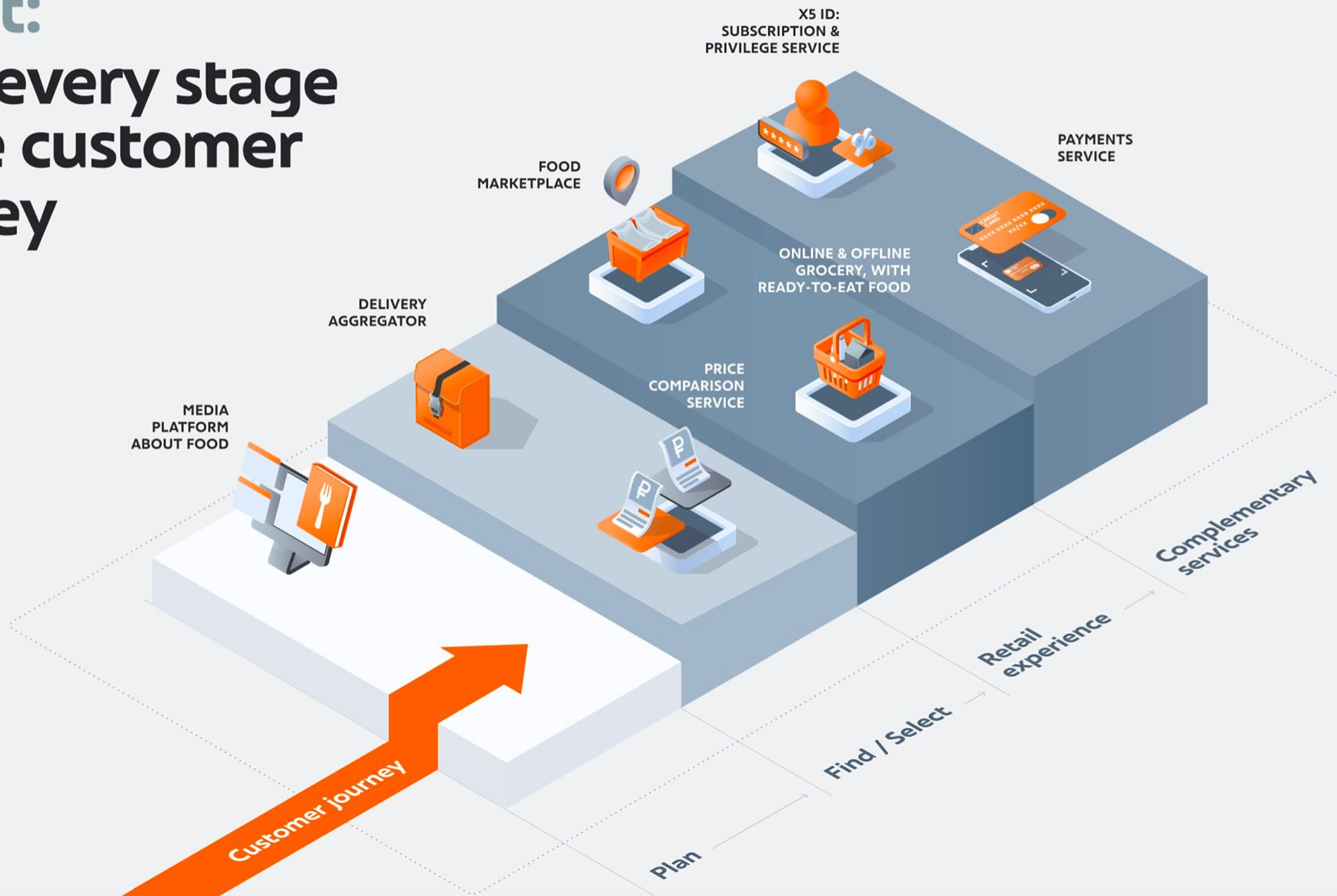
Media-savvy consumer



10

Omnichannel consumer

Target: be at every stage of the customer journey



X5 strategy highlights

As we expand to address all key customer missions in the food market, our core business remains our top priority. We continuously update our value proposition based on the customer experience and the economic environment.

We create a culture that enables us to attract, retain and promote the best professionals in the industry.



We are implementing a new management model that combines traditional competitive advantages with a new level of speed and efficiency.

We sustain our advantage over traditional and new competitors by creating a digital infrastructure around the core business that covers all stages of the customer journey in food and complementary categories.

Strategy 2023

Our goal is to increase value for both X5 shareholders and the broader society by advancing and evolving our technology and competitive strategies to further cement our position as **the top choice in the food market**



Leadership in food market

15%

X5 share of grocery market in 2023

20%

X5 share of e-grocery market in 2023



Commitment to shareholders

Growing shareholder value

Growing dividends



Leadership in digitalisation

38 mn

Monthly active users in X5 digital channels and mobile apps in 2023

5%

Share of digital businesses in revenue in 2023



Care for the community

Implementing a sustainable business model

X5 Capital Markets Day

27 October 2020



Vladimir Salakhutdinov
Director of Strategy



Leadership in food market

WHAT WE DO



Leader in key customer missions

- › Digital transformation helping achieve significant improvement in assortment and price
- › Best in market ready-to-eat food assortment, with our own production facilities
- › New retail format: hard discounter



Best customer experience





- › Best mobile applications in the market
- › CX-transformation aimed at improving customer experience
- › CVM programme: address each customer with personalised products, prices and services



Services at all stages of the customer journey

- › Digital infrastructure and services at all stages of the customer journey: plan, find / select, purchase, complementary services
- › Digital services attract and monetise customer traffic to the core retail chain businesses

X5 multi-format offer

				
Format	Pyaterochka	Perekrestok	Chizhik	Perekrestok Vprok
	Proximity store	Supermarket	Hard discounter	FMCG marketplace
Price segment	[Low]—[Mid]	[Mid]—[Mid+]	[Low]—[Mid-]	[Mid-]—[Mid]
Assortment	Medium choice of food products, ready-to-eat food	Wide choice of food products, wide range of ready-to-eat food	Primary food offer	Hypermarket assortment: the widest choice of food and non-food products
Sales channels	Offline (physical) stores, express delivery	Offline (physical) stores, click & collect, express delivery	Offline (physical) stores, express delivery	Online

Express delivery



ОКОЛО

Leadership in customer missions: X5's target CVP positioning by 2023








CUSTOMER VALUE PROPOSITION

MANY ARE BETTER THAN US

WE ARE LIKE EVERYONE ELSE

WE ARE BETTER THAN MANY

WE ARE THE LEADERS

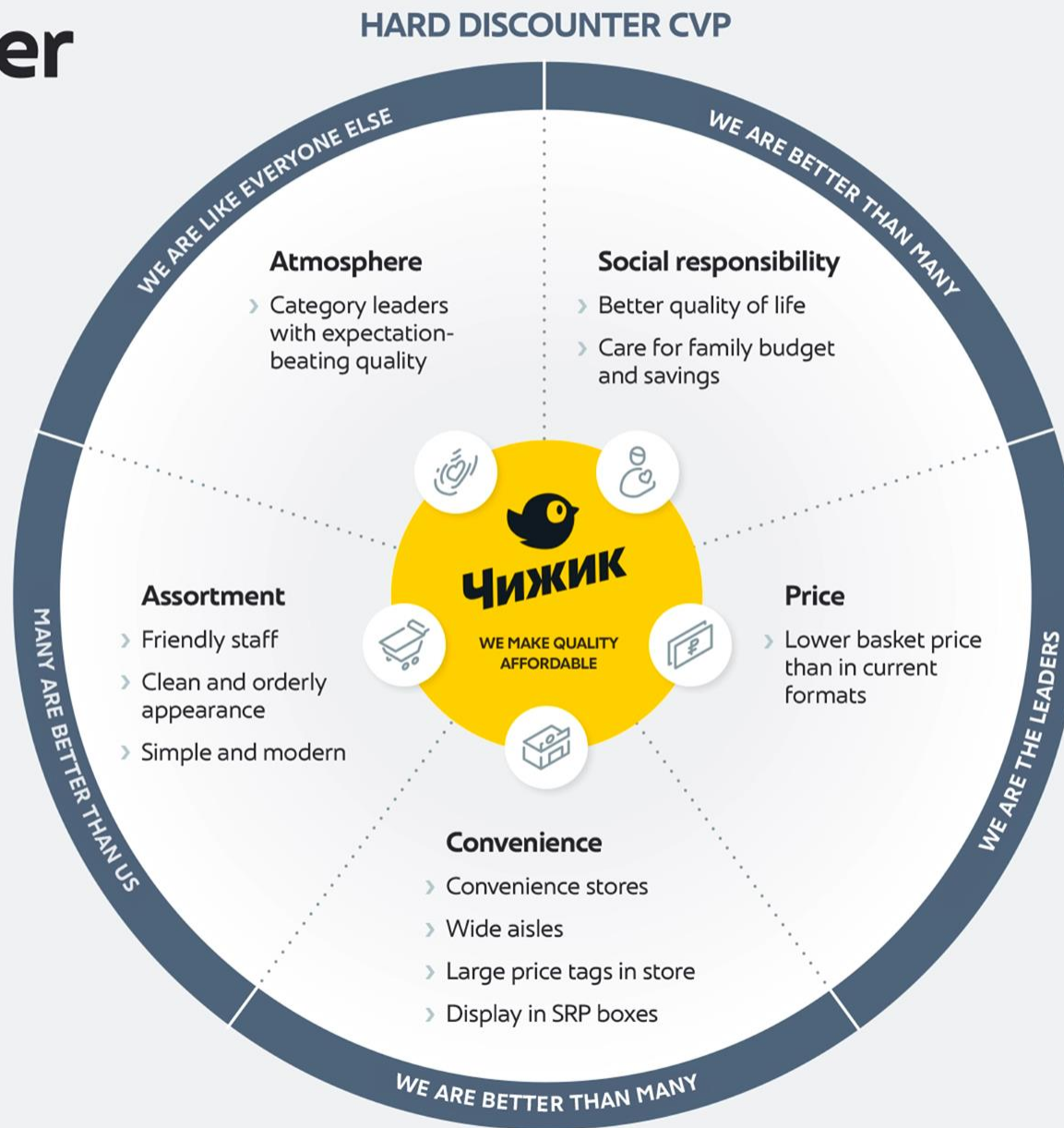
CUSTOMER VALUE PROPOSITION	MANY ARE BETTER THAN US	WE ARE LIKE EVERYONE ELSE	WE ARE BETTER THAN MANY	WE ARE THE LEADERS
 Price IT IS BENEFICIAL FOR ME				 
 Convenience IT IS CONVENIENT FOR ME				 
 Assortment I CAN FIND ALL I NEED				
 Atmosphere IT IS PLEASANT FOR ME				
 Social responsibility I CARE				 



ЧИЖИК

Hard discounter new format

With declining household incomes, development of the hard discounter format will strengthen our market position and facilitate the flow of customers from key competitors



KEY CHARACTERISTICS

200–250 sq m

Selling space

c. 800

SKU range

c. 60%

High penetration of private label guarantees attractive price / quality offer

Competitive advantage in ready-to-eat food (RTE)

X5 retail chains have gained a competitive advantage in RTE thanks to the taste, quality and freshness of ready-to-eat food, the assortment and our express delivery services

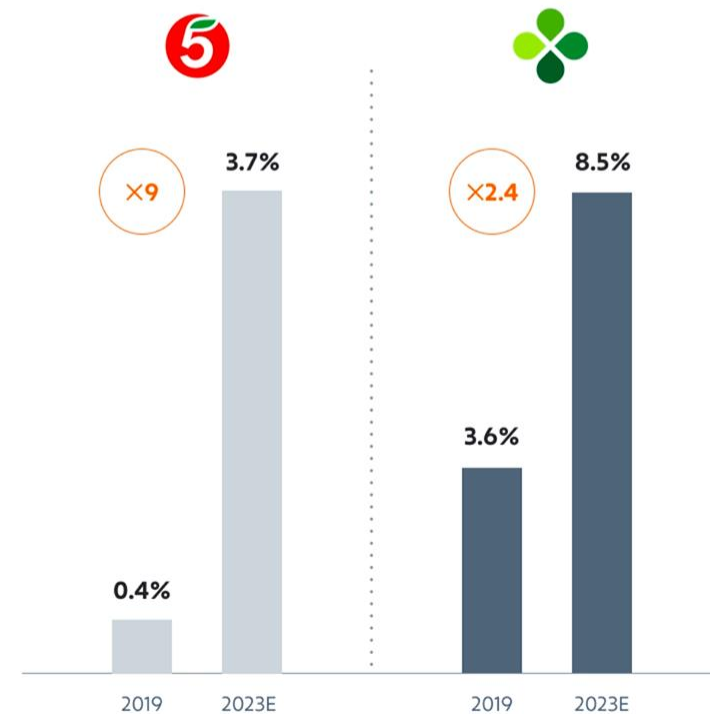
DEFINITION OF RTE FOR X5 CUSTOMERS



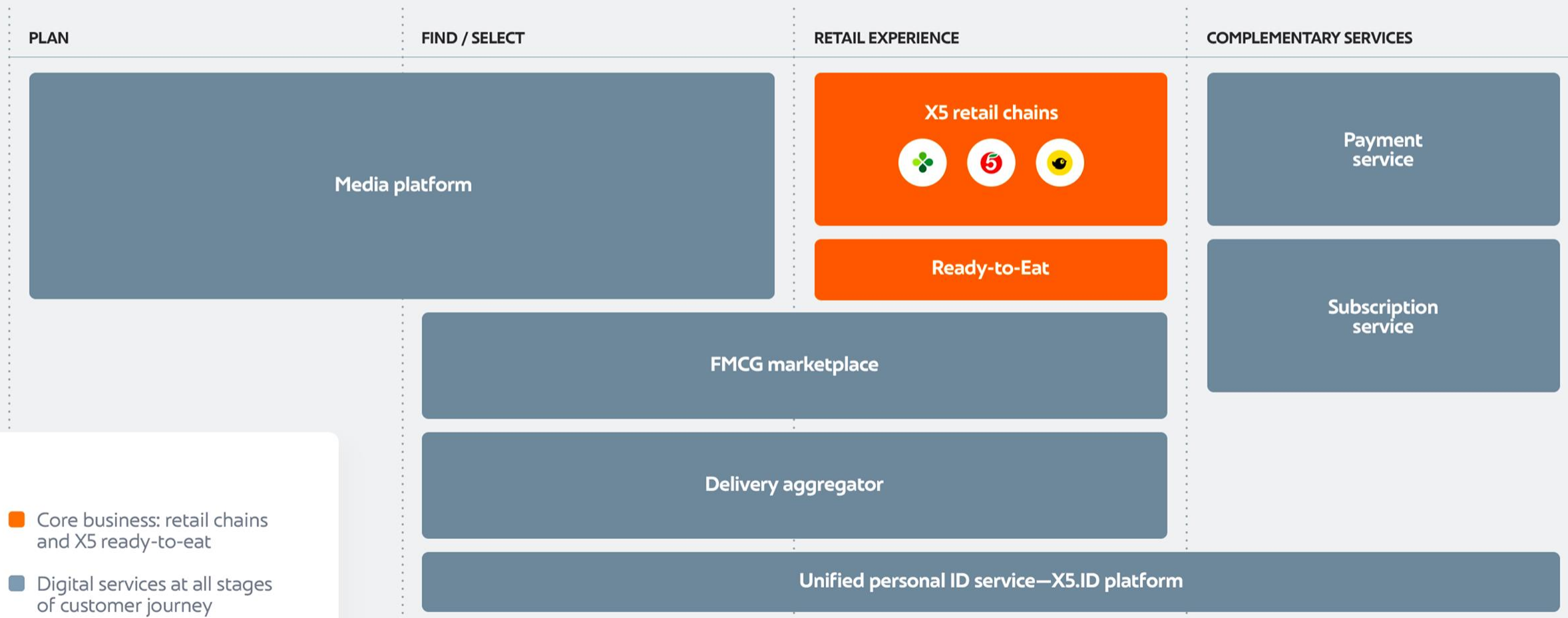
DIFFERENTIATION POINTS

- › Café bakery to go—single zone for convenience food and bakery
- › Coffee and food—in line with quality of leading coffee houses, but with 10%–20% price advantage
- › Open kitchen concept with dedicated thematic cooking areas: wok, sushi, pizza, shawarma
- › In-store café formats with opportunities to eat now / take away
- › Unique assortment
- › Collaboration with famous restaurant chefs
- › Healthy lifestyle food

RTE share in retail chain sales



Services at every stage of the customer journey



- Core business: retail chains and X5 ready-to-eat
- Digital services at all stages of customer journey

X5 strategy is largely driven by digital transformation

WHAT WE DO



Industry leader in digitalisation

- › Best mobile interfaces and services in retail
- › AI in commercial decision-making processes (pricing, assortment, promo)
- › End-to-end digitalisation of processes
- › Single sign-on and a 360-degree view of customer journeys across all X5 businesses



Speed and flexibility comparable to digital companies

- › Transition to new IT architecture with a new level of speed and flexibility
- › Cross-functional teams based on Agile principles, including products and projects



EXPECTED RESULTS 2023

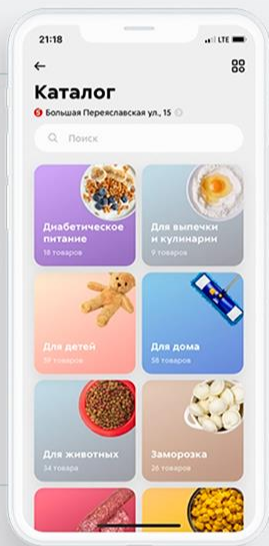
50%

Digitalisation index

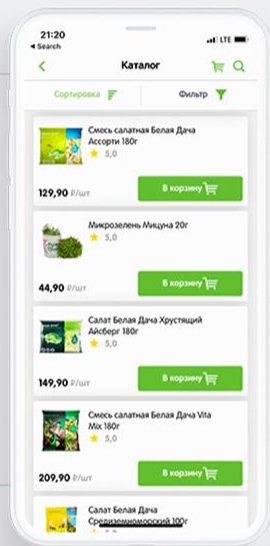
> 20 ₪ bn

Effect of digital transformation on EBITDA from 2021

Best mobile interfaces and services in retail



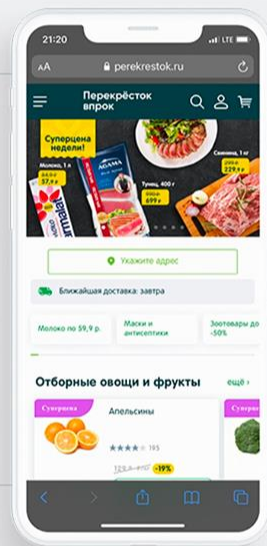
Proximity store



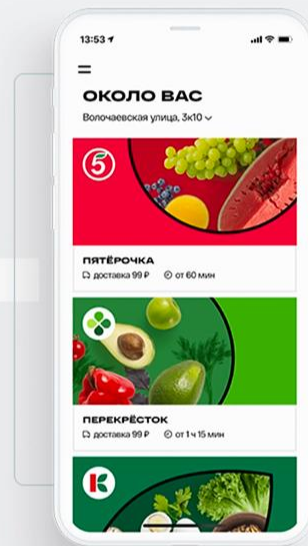
Supermarket



Hard discounter



Food marketplace



Delivery aggregator

X5 ID

Password

Login



X5 ID service provides customers with a single account that gives access to all apps within X5's digital infrastructure



Single sign-on in all apps with seamless transition between them while switching between consumer missions



Omnichannel services, incl express delivery and click & collect in all applications









Aggregator—separate application, combining all X5 formats, and other retail chains and restaurants

Industry leader in digitalisation

Implementation of digital transformation programme will enable X5 to maintain profitability in the highly competitive retail market.

KEY ELEMENTS OF DIGITAL TRANSFORMATION

-  **Assortment, prices, promo**
-  **Supply chain**
-  **Supporting functions**
-  **Digital Academy**
-  **Digital platform**
-  **Enterprise processes**
Finance, Transport, Import, HR, IT

39%

Digitalisation index 2020

50%

Digitalisation index 2023

Sustainable development performance targets

STRATEGIC TARGETS BY 2023

30x30—STRATEGIC GOALS BY 2030



COMMUNITIES

+100%

families receiving Basket of Kindness help by 2023

up to 30%

increase of the growth rate of number of families receiving Basket of Kindness per year



HEALTH

up to 50%

share of fresh and fruit & vegetables in assortment by 2023

Promote responsible programmes and principles across the supply chain

Expansion of healthy lifestyle assortment



EMPLOYEES

>75%

employee engagement by 2023

#1

employer in ranking of Russian food retailers

#1

employer in ranking of Russian food retailers

Organisation of healthy and safe workplace for all employees



PLANET

up to 10%

reduction in GHG emissions by 2023

up to 10%

reduction in waste generation

up to 95%

share of X5's recyclable waste sent for recycling

30%

share of renewable energy in X5 operations

30%

Reduction in ratio of waste generated to retail sales

up to 40%

of non-expired food waste to be reprocessed by 2023

at least every 5th

supplier promotes sustainable packaging

>50%

private label assortment with sustainable packaging

30%

reduction of GHG emissions Scope 1 + Scope 2

X5 Capital Markets Day

27 October 2020



Svetlana Demyashkevich
Chief Financial Officer



Attractive market

Russian food retail market



₽16.7 tn

Total market size

29%

Share of top 5 players

₽145 bn

Russian e-grocery market

236%

Russian e-grocery market growth in 2020

X5 Retail Group's position



#1

Player in Russian food retail

13%

Market share in 9M 2020

50–60%

Of new openings are replacements of existing players

#1

In Russian e-grocery

320%

X5 total online sales growth

Committed to major food retail formats

Substantial mid-term growth potential for proximity and supermarkets

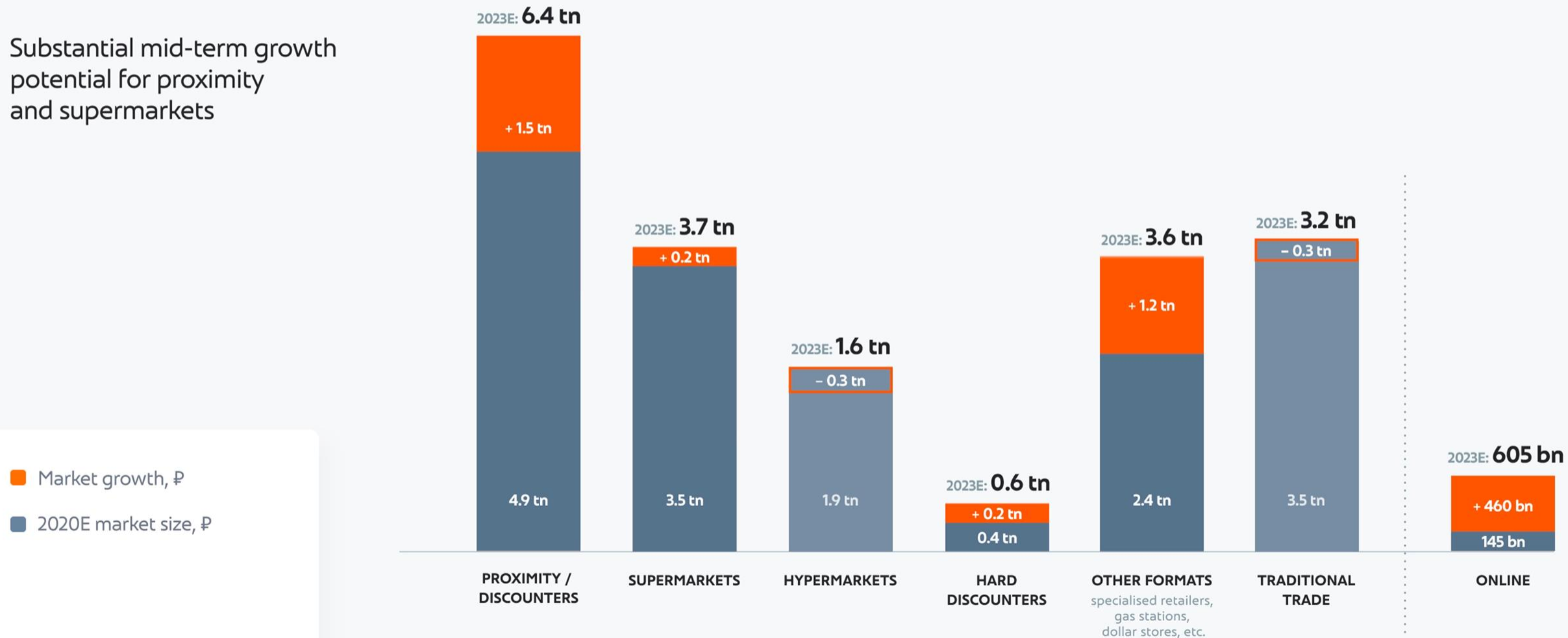
₽16.7 tn

Total market size 2020E



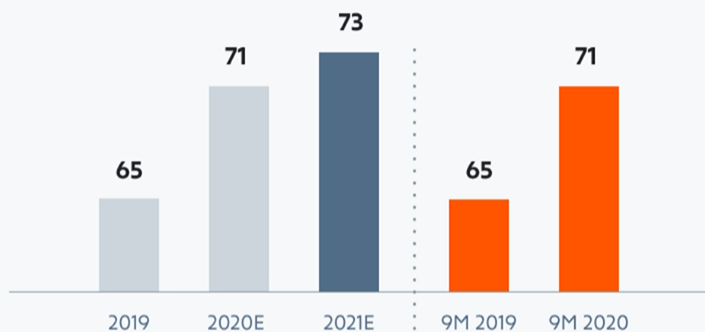
₽19.6 tn

Total market size 2023E

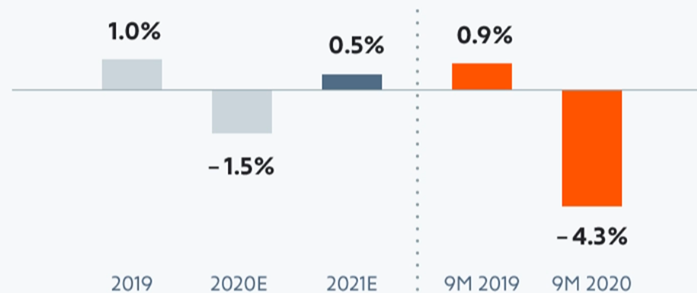


Key macro indicators

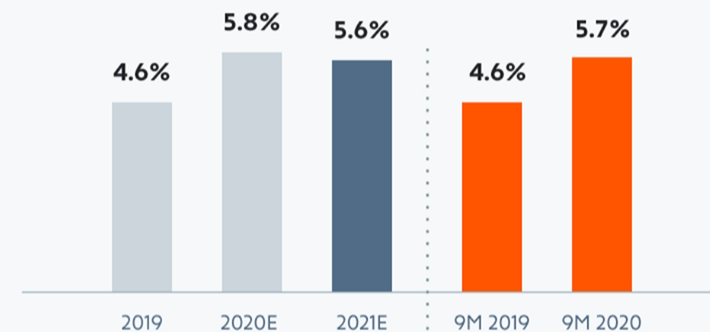
Average USD/RUB rate



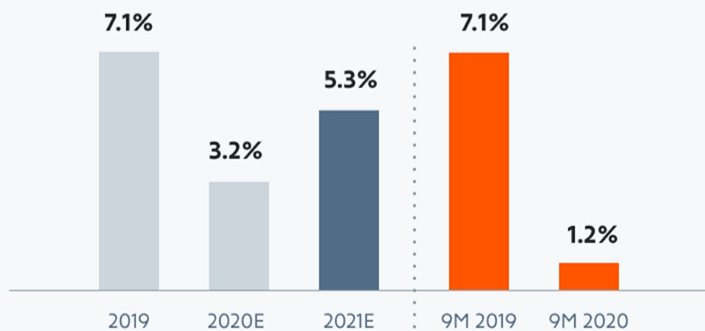
Real disposable income growth



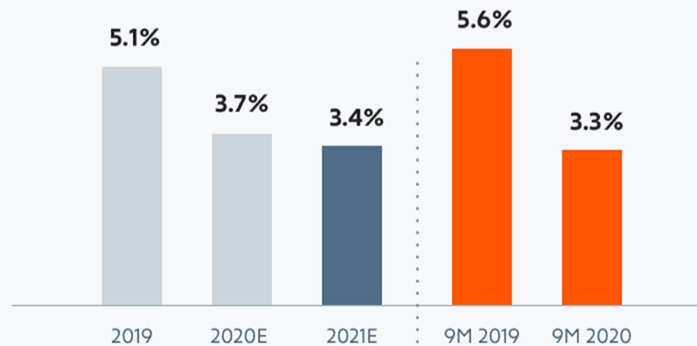
Unemployment rate



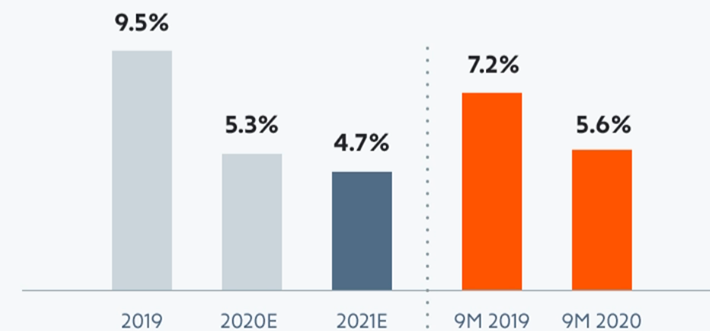
Food retail market growth



Food CPI



Nominal wage growth



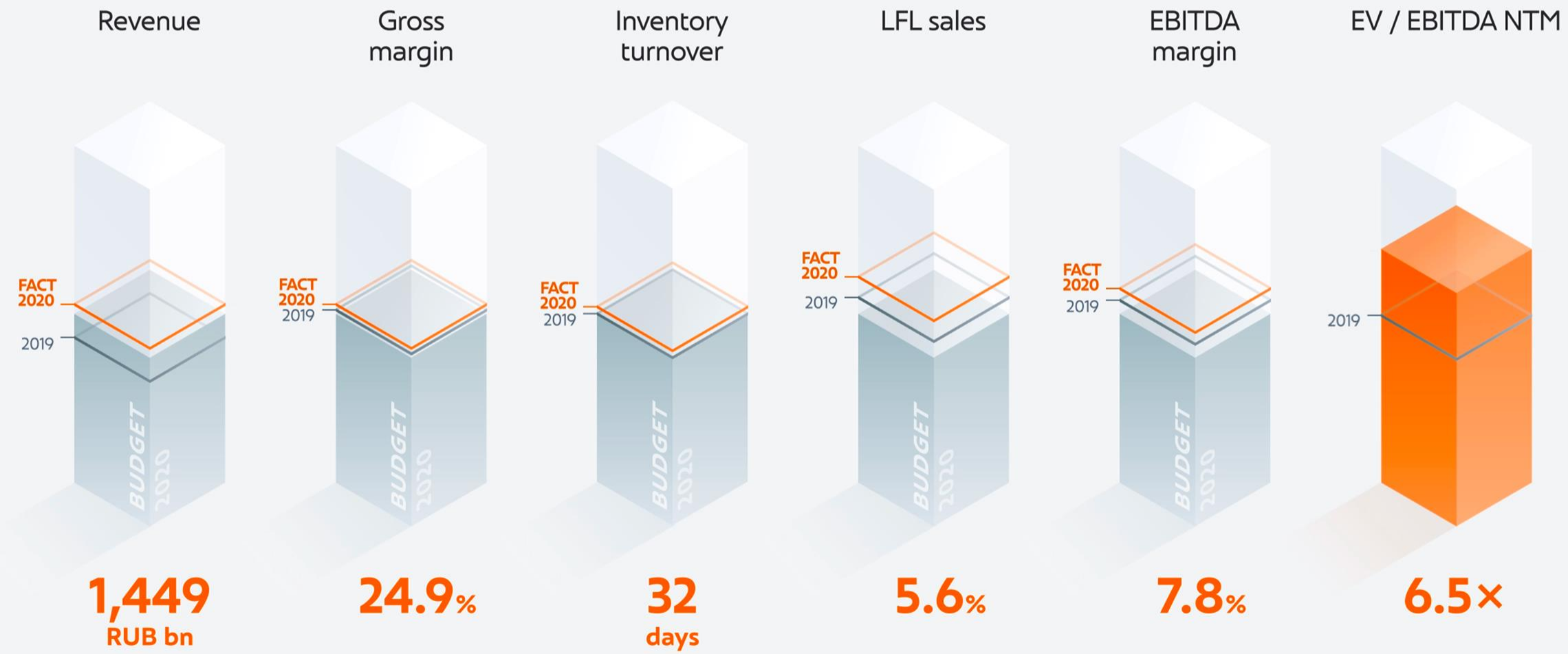
Shareholder \$-based returns above sector average

- X5
- RTS Consumer & Retail
- RTS

X5 share price vs market
 \$-denominated, rebased to Jan-2019

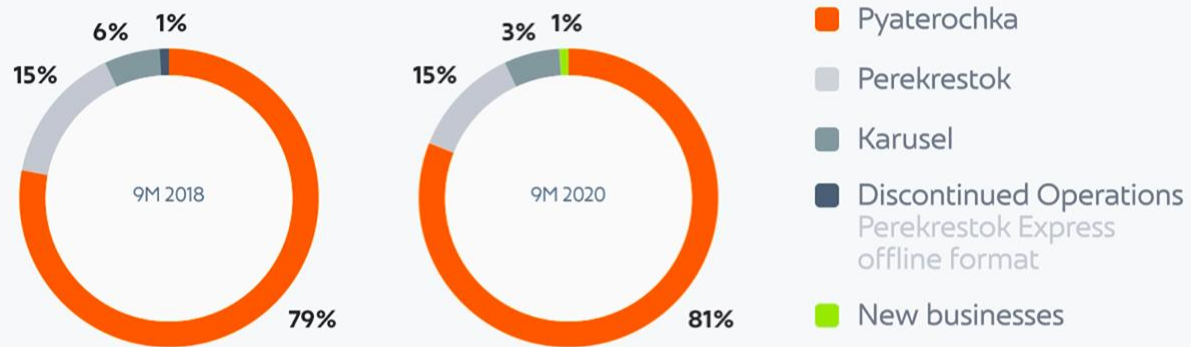


Strong 9M 2020 results



Growing share of most profitable businesses

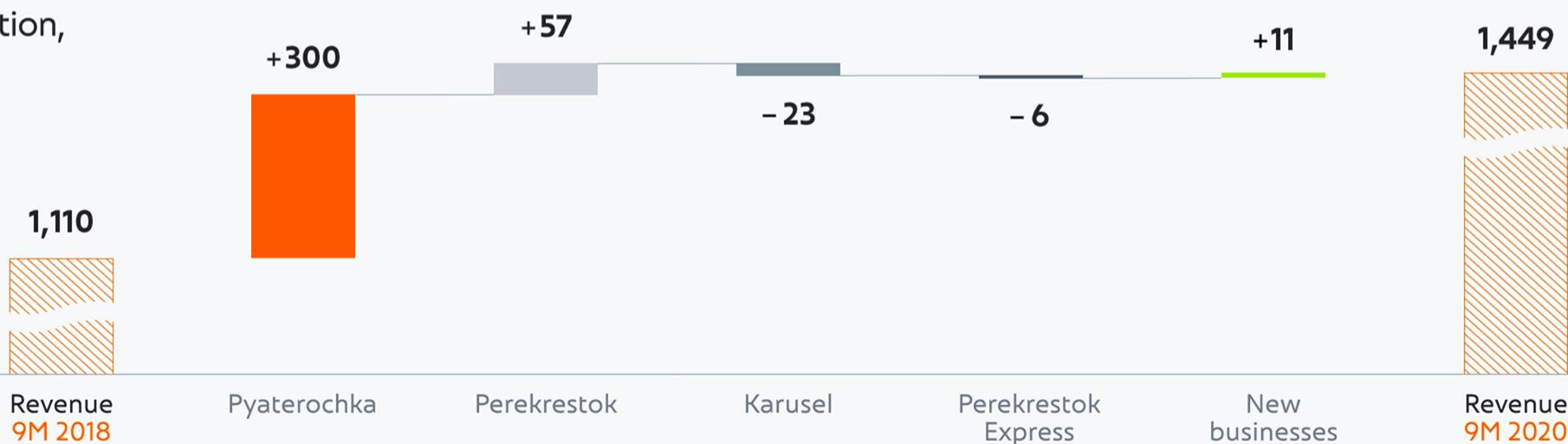
X5 revenue breakdown



EBITDA margin H1 2020



X5 revenue 2Y evolution, RUB bn

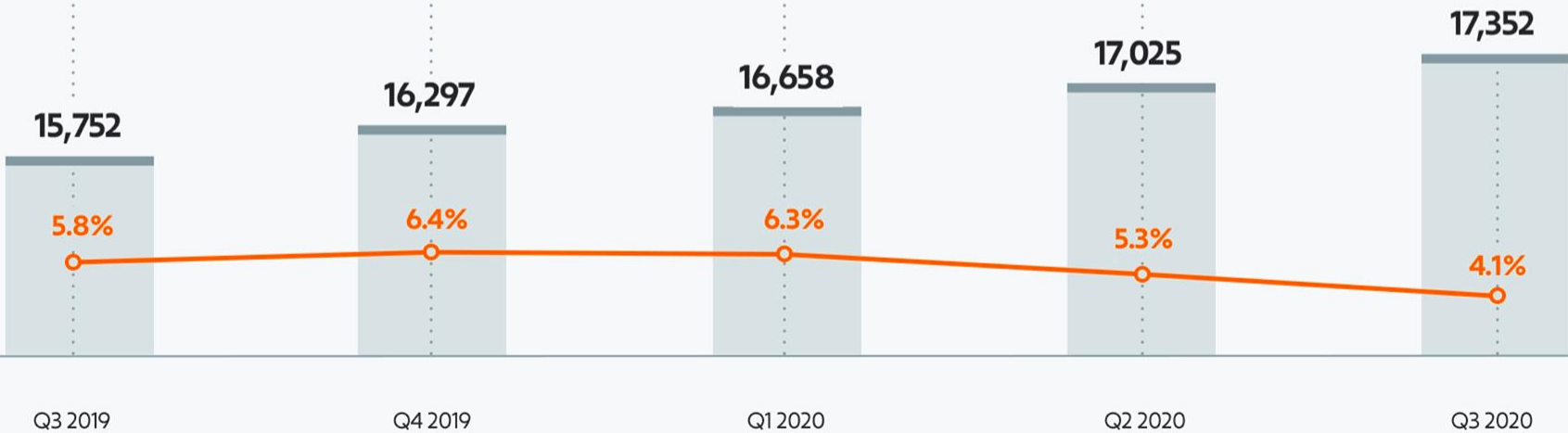


Quality of new openings

Cash return on new store opened

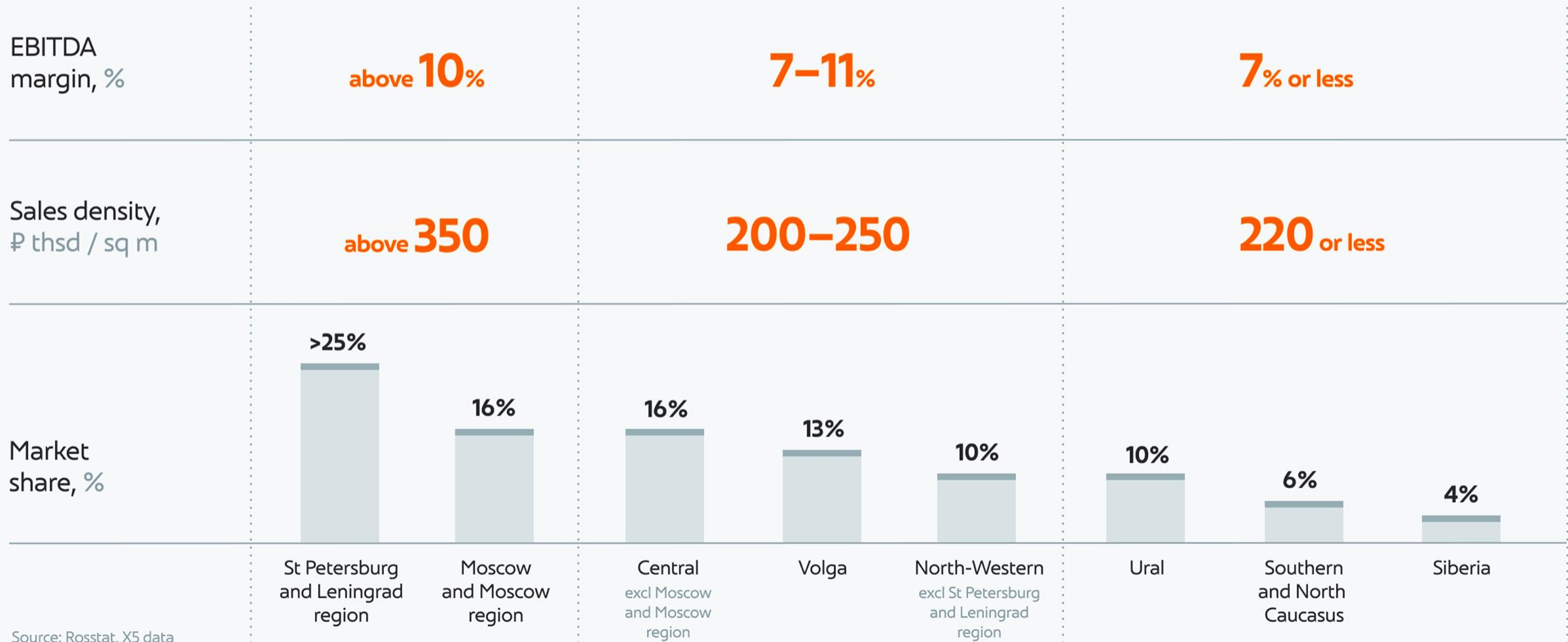


Share of stores in "clinic"



○ Share of stores in "EBITDA clinic"
 ■ Number of stores, EOP

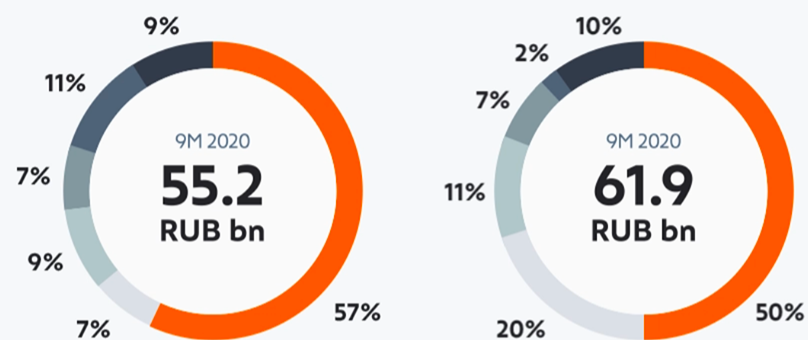
Larger market share drives higher profitability



Source: Rosstat, X5 data

CAPEX structure dynamics

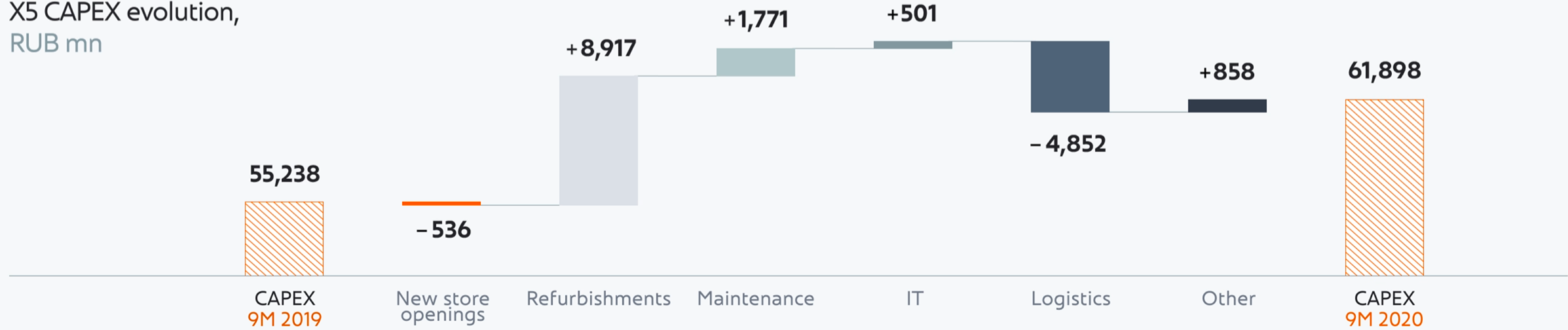
X5 CAPEX breakdown



CAPEX, RUB mn

	9M 2019	9M 2020	Change, %
New store openings	31,213	30,677	-2%
Refurbishments	3,702	12,619	241%
Maintenance	5,172	6,943	34%
IT	3,973	4,475	13%
Logistics	5,955	1,103	-81%
Other	5,223	6,081	16%
Total	55,238	61,898	12%

X5 CAPEX evolution, RUB mn



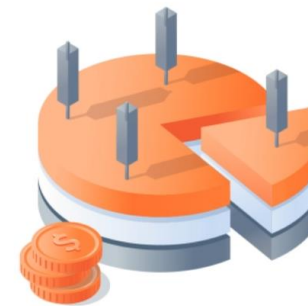
2021 guidance



New openings not more than in 2020



Maintaining level of profitability and returns in line with 2019–2020



Increase dividend payments by not less than 50%

Financial goals for strategy 2021–2023

IAS 17 basis



>10%

Annual revenue growth in each year



above **7%**

EBITDA margin in each year



Dividend growth

in absolute terms



ROI growth

From current level



<2.0

Net financial debt / EBITDA



>50%

of dividends covered by FCF

X5 Capital Markets Day

27 October 2020



Sergei Goncharov

General Director of Pyaterochka



Pyaterocka new concept— earning the trust of our guests



Pyaterochka today: the neighborhood store for your daily shopping needs



Customers

+9%

increase in trust among customers in 2020 vs 2018

6 MN MAU

in September 2020, 3x growth y-o-y



Employees

2x

decrease in staff turnover in 2020 vs 2018

+8.2%

increase in labour productivity in 2020 vs 2018



Partners

Top 3

partner for suppliers according to Advantage rating in 2020



Efficient operations

6.9%

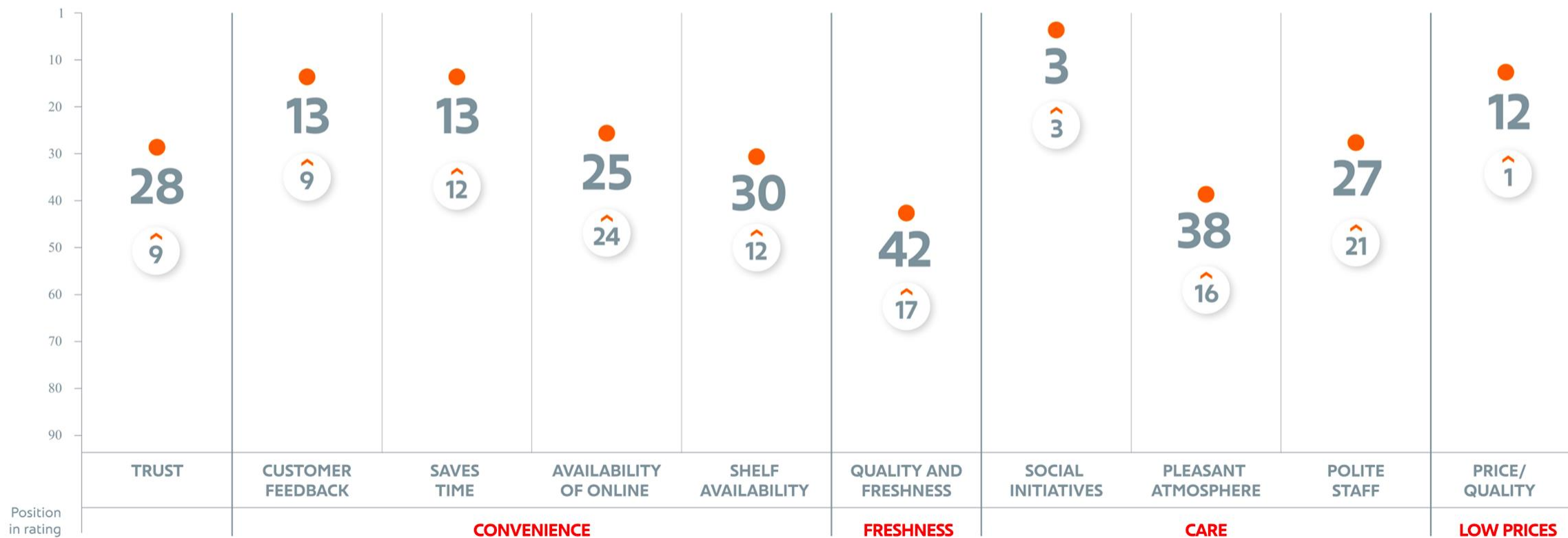
LFL sales growth in 9M 2020

-0.9 PP

shrinkage reduction in 2020 vs 2018

Pyaterochka: improvement in key perception categories

PYATEROCHKA POSITION AMONG FOOD RETAILERS, 2020 VS 2018

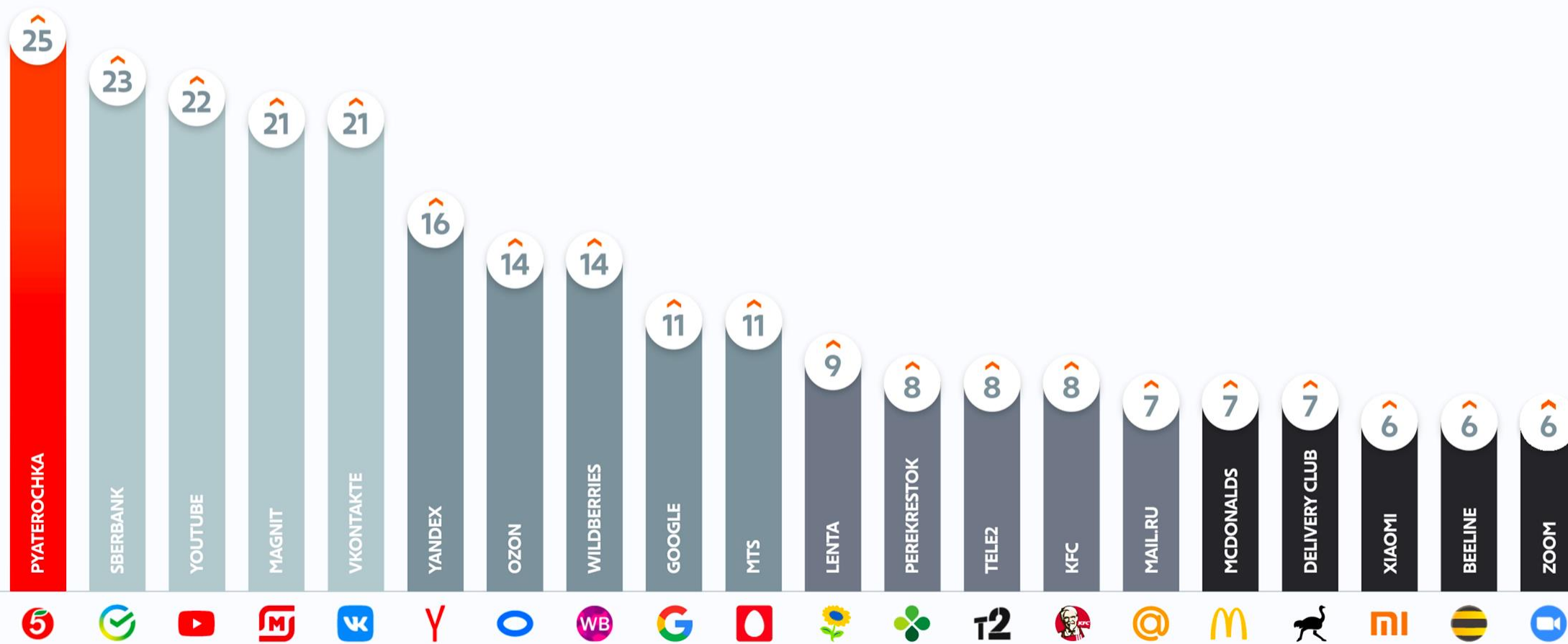


Source: Ipsos



#1 Russian brand across all categories during the COVID-19 pandemic

CHOICE OF TOP-5 FAVOURITE BRANDS DURING THE COVID-19 PANDEMIC, % OF RESPONSES



Source: BCG and Romir, September 2020



New concept

NEW CONCEPT TARGETS

Roll-out of new concept:
100% of new openings and refurbishments

Increase in NPS

Higher sales growth

Increase in cash flow /
EBITDA

Control and ROIC



KEY RESULTS

1,252 stores opened and **591 stores** refurbished (11% of store base)

NPS 53 points (+21 vs. old concept) in 8M 2020

LFL increase **>10%**

EBITDA margin in the new concept (organic openings) higher vs old concept

CapEx per store is comparable vs. old format ROIC increase vs. old format

NEW VS OLD CONCEPT: INCREASING LEVEL OF CUSTOMER SATISFACTION



+44%

Cleanliness



+33%

Freshness



+32%

Assortment



+31%

Price level



+29%

Care



+26%

Convenience



+9%

Polite personnel

Source: Internal NPS study



Leader in convenience



Convenience in stores

- › Number of customers in queues decreased by **26%** y-o-y in September
- › Over **1,200 stores** have self checkouts
- › c. **10,000** lockers and pick-up points in stores



Convenient delivery

- › Express delivery service in **10 cities**
- › **>1.5 mn** orders delivered YTD in 2020
- › Run-rate in October **11,506** daily orders delivered in 76 min on average



Empowered customer

- › **6 mn** MAU of Pyaterochka mobile app in September 2020
- › **>60 mn** customer ratings on products since the beginning of 2020



Convenient food

- › **10× growth** in share of ready-to-eat / food-to-go in the new concept
- › **3.7%** penetration of ready-to-eat (including own baked goods / coffee / juice) in sales in new concept stores
- › In-store bakery and coffee / fresh juice points in over **1,600 stores**



Freshness and quality

KEY FRESHNESS PROGRAMME INITIATIVES



Improve store operations

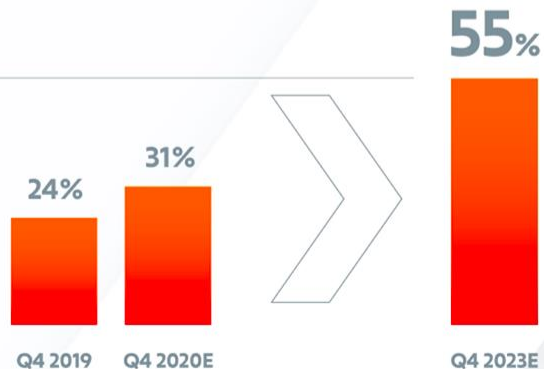
- › Implement unified quality standards
- › Store staff training
- › Store performance monitoring and control



Strengthening control within supply chain

- › Strengthening entry quality control
- › Strengthening control of DC operations

SHARE OF GUESTS SAYING THAT PYATEROCHKA OFFERS FRESH AND QUALITY PRODUCTS, %



Source: X5 data

KEY PRIVATE LABEL PROJECTS



Digitalisation

- › Product lifecycle management (PLM)
- › Development of supplier portal



Guest feedback

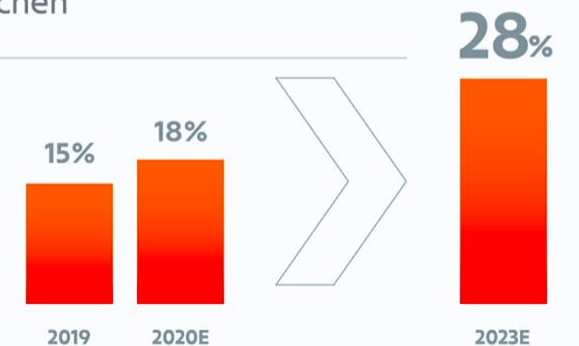
- › Introduction of private label product ratings



Quality assurance

- › Implementation of regular quality control processes
- › Depository of samples / product standards
- › Tasting kitchen

SHARE OF PRIVATE LABEL IN SALES, %





Care for the community



Supporting local communities

- › “Basket of Kindness”
- › Assistance to lost people (“Islands of safety”)
- › Collection of food for homeless animals
- › Charity contribution from sales of private label goods



Promoting healthy lifestyles

- › Expanding healthy assortment
- › Creating health food corners in stores
- › Construction of neighbourhood sports facilities



Rational consumption of resources

- › Waste management
- › Sustainable packaging for private label goods
- › Recyclable shopping bags
- › Reverse vending machines in stores





Low prices

ADVANTAGES OF AUTOMATED PRICING



Increase in margins
while maintaining sales and traffic



Flexibility of pricing management
through the implementation of indexes



Systemic process
with minimal risk of errors
by reducing the human factor

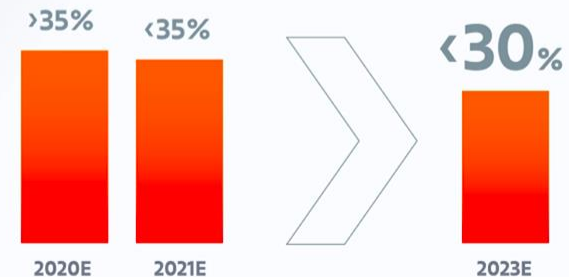


**Pilot project in 773 stores
in Moscow and Urals
regions achieved 1.0%
increase in front margin**

KEY PRINCIPLES OF AUTOMATED PRICING

- › Prices are automatically calculated for all products
- › Prices are based on monitoring of competitors
- › Prices vary between stores depending on nearby competitors and customer profile

SHARE OF PROMO IN TOTAL PYATEROCHKA SALES



Source: X5 data

Strategic priorities



Creation of customer trust and loyalty



Further adaptation and rollout of CVP



Leadership in NPS and service level



Increase in personnel engagement



Further improvement in operational efficiency, incl shrinkage



Leverage big data tools and omni-channel capabilities

X5 Capital Markets Day

27 October 2020



Vladislav Kurbatov

General Director of Perekrestok



Perekrestok today: largest national supermarket chain



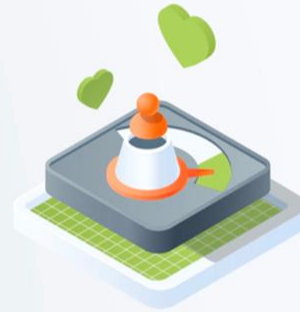
900+

supermarkets



5+

consecutive years
of positive LFL sales



+44 P.P.

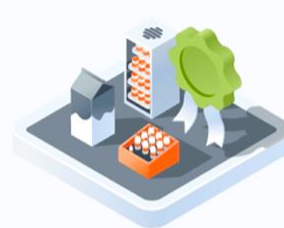
growth in NPS over
the last 5 years,
+7 p.p. y-o-y



-20 P.P.

decrease in 9M staff
turnover over the
last two years

Perekrestok CVP: the store I trust



**Assortment,
freshness
and quality**



**Personnel
and service**



**Atmosphere
and convenience**



Fair price



**Sustainable
development**

New store concept driving higher results

NEW CONCEPT GOALS

Roll-out of new concept:
100% of new openings and refurbishments

Increase in NPS

Higher sales growth

Increase in cash flow /
EBITDA

Control of capex growth



KEY RESULTS

- › 71 stores opened and 20 stores refurbished
- › NPS +7 vs. old concept in September 2020
- › LFL increase >10%
- › EBITDA margin in the new concept (organic openings) higher vs the old concept
- › ROIC increase vs. old format
- › CapEx per store is comparable vs. old format

INCREASED LEVEL OF
CUSTOMER SATISFACTION
(NEW VS. PEREKRESTOK
AVERAGE)



+100%

Cleanliness



+43%

Convenience



+40%

Quality and
freshness



+31%

Speed of service



+14%

Assortment

Source: Internal NPS study

Ready-to-eat— a differentiator vs competitors

DIFFERENTIATION POINTS

High income level Medium income level Low income level

Meeting the needs of ready-to-eat food for all customer segments:



KEY INITIATIVES

- › Share of Smart Kitchen in Central region's sales increased by **18%** in 2020 and number of SKUs by **38%** to over 300
- › Open Kitchen concept with dedicated thematic cooking areas
- › Re-design of store layout and new ready-to-eat food positioning
- › Various café formats with opportunities to eat now / take away
- › Unique assortment, including:
 - Collaborations with restaurant chains, famous chefs
 - Range of packed ready-to-eat food for children (school lunch or after school meal)
 - Healthy lifestyle products

READY-TO-EAT SHARE IN SALES, %



Source: X5 data

Healthy lifestyle and private label assortment as differentiation factor

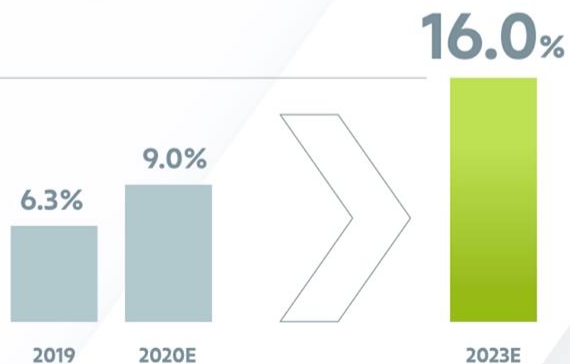
HEALTHY LIFESTYLE

Differentiator: teaching customers how to lead healthy lifestyle with Perekrestok through communications

Key priorities 2020–2021

- › Expanding healthy assortment
- › Special assortment for advanced customers
- › Green Line private label development
- › Eco packaging and labelling

HEALTHY ASSORTMENT SHARE IN SALES, %



Source: X5 data

PRIVATE LABELS

Key projects

- › Product portfolio management based on customer feedback
- › Digitalisation of business processes
- › Enhancement of development process for new products
- › Relaunch of key brands and promotion of individual brands
- › Private label pricing automation
- › Market leader in innovative products with a focus on healthy lifestyle

PRIVATE LABEL SHARE IN SALES, %



Gaining trust

One of Perekrestok's key goals is to earn trust and loyalty of customers, employees and partners



Customers

+44 P.P.

growth in NPS over the last 5 years

+7 P.P.

growth in NPS y-o-y



Employees

-20 P.P.

decrease in 9M staff turnover over the last 2 years

2.8x

increase in eNPS y-o-y



Partners

#1

partner for suppliers among food retailers according to Advantage rating of retailers in 2020

Gaining customers' trust

Key initiatives

- › Over 1,000 improvements in the quality of products implemented in 2020 based on feedback
- › More than 20 channels for feedback
- › Digital transformation and automation of feedback
- › Time to resolve issues declined from 24 hours to 3 minutes
- › More than 2 mn contacts and ratings from customers
- › Quality and assortment improvements and changes in ready-to-eat recipes based on customers' feedback

NPS DYNAMICS



PRODUCT RATINGS IN MOBILE APP



Source: X5 data

Positive response from employees

KEY HIGHLIGHTS

- › Developed new concept for personnel facilities with focus on comfort and safety of store employees
- › Automation of key HR processes
- › Launched mobile app for employees—single point of access to information and services for store employees
- › Implementing personnel planning and management system

eNPS DYNAMICS



STAFF TURNOVER DYNAMICS



LABOUR PRODUCTIVITY, RUB THSD / MAN-HOUR



Source: X5 data

Increasing operational efficiency

SHRINKAGE



RETAIL OPEX, % OF NET RETAIL



Source: X5 data

DIGITALISATION

Key initiatives

- › Digitalisation of key commercial processes
- › In-store process digitalisation
- › CVM project
- › Improvement and automation of forecasting and replenishment
- › Digitalisation of private label management
- › Automation of interactions with suppliers
- › HR process automation

Expected effect on EBITDA in 2021: c. RUB 3.8 bn

Strategic priorities



Continue grow business and market share



Roll-out of new concept



Further implementation of customer feedback into decision-making processes. Growth of NPS and eNPS



Becoming #1 in ready-to-eat, healthy assortment and private labels



Focus on operational efficiency and digitalisation



Focus on sustainable development

X5 Capital Markets Day

27 October 2020

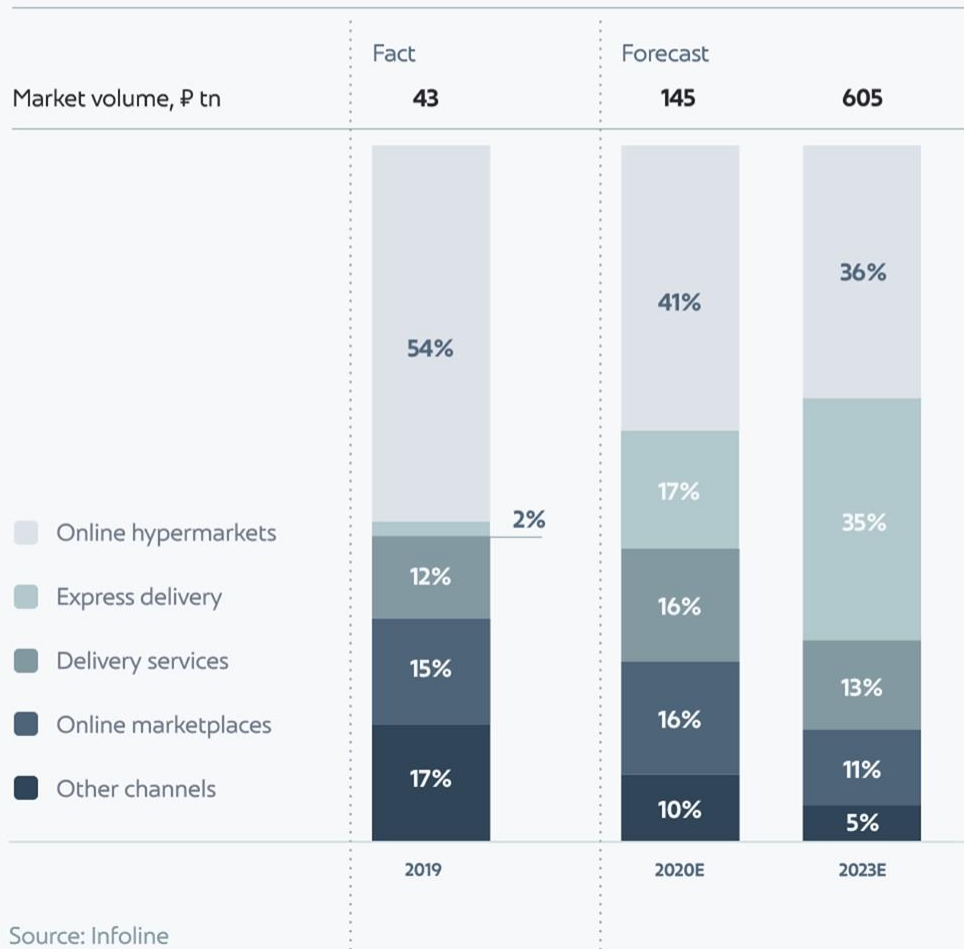


Leonid Dovladbegyan
Director of Perekrestok Vprok

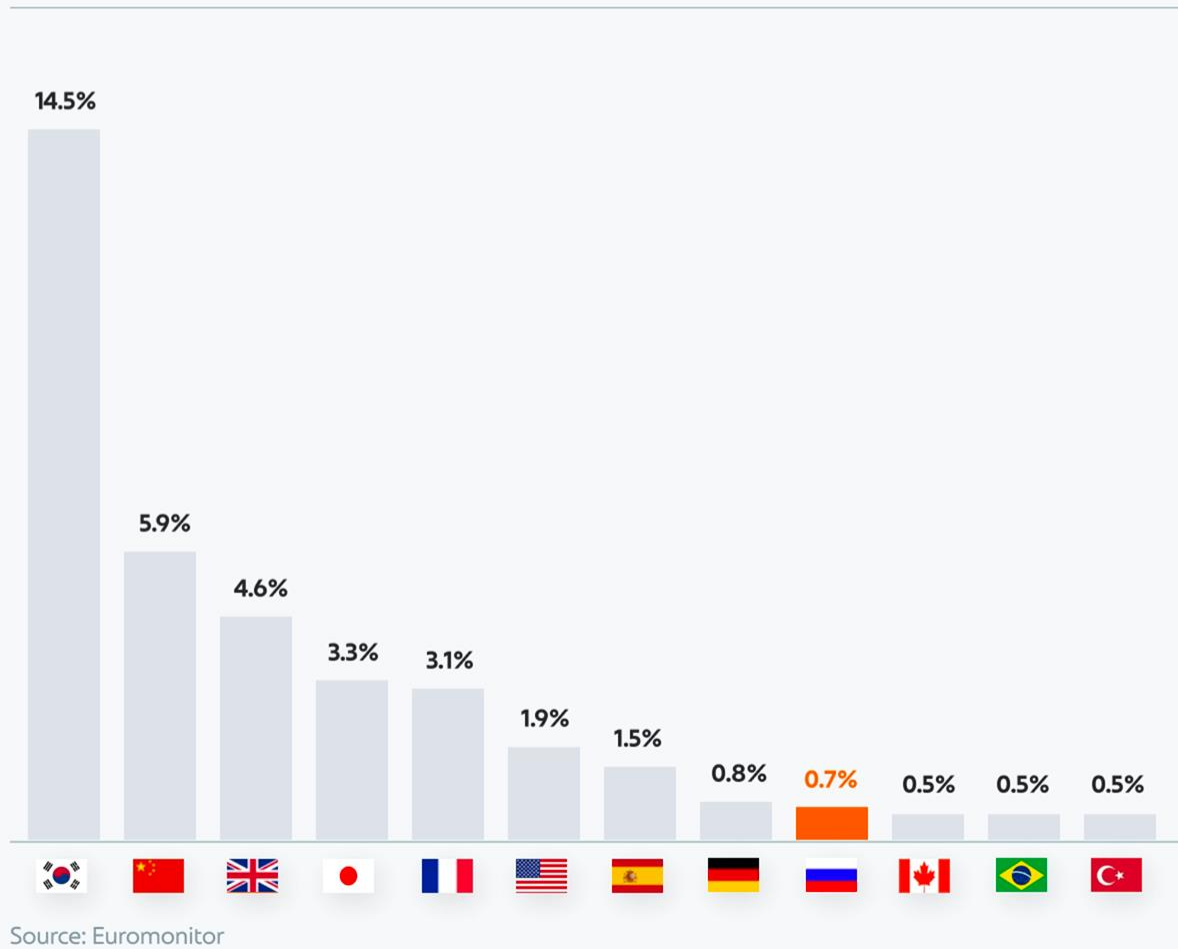


E-grocery market 2019–2023

RUSSIA E-GROCERY MARKET STRUCTURE



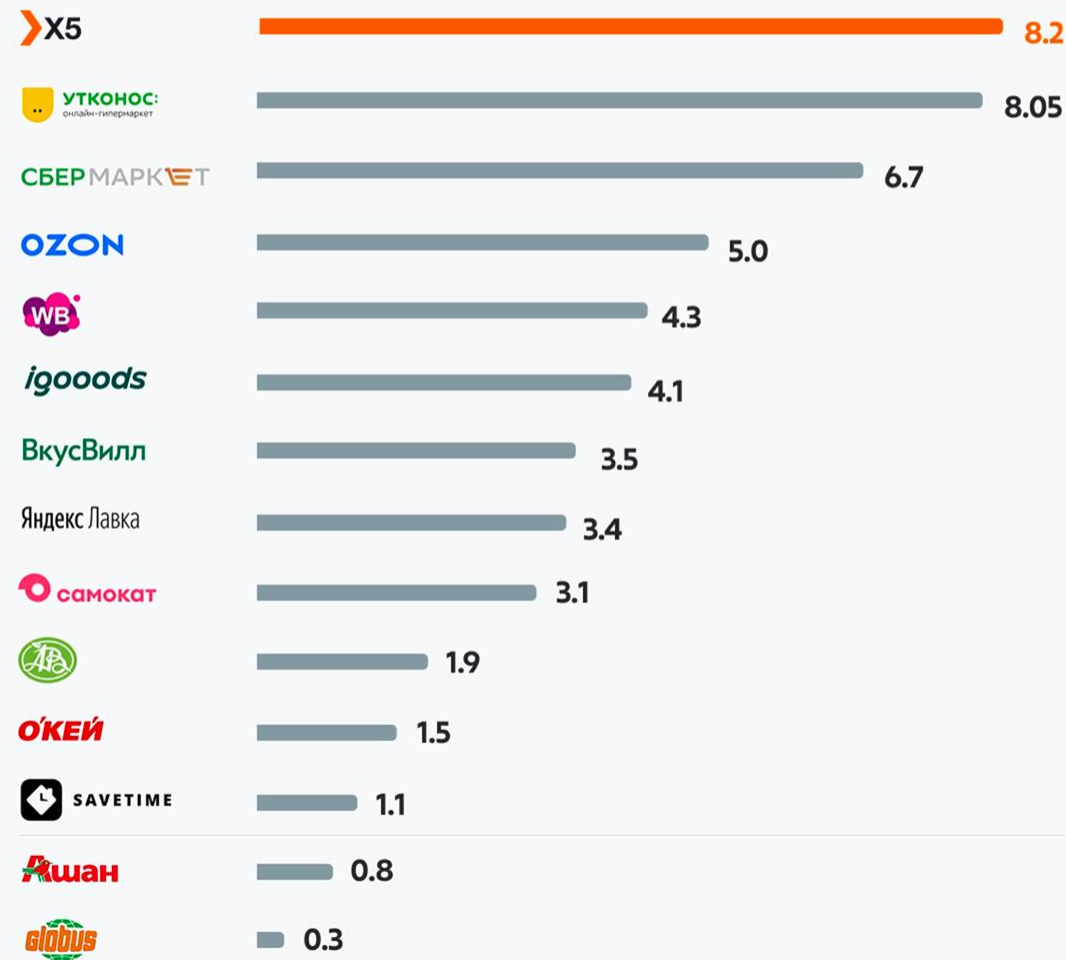
SHARE OF E-GROCERY IN FOOD RETAIL MARKET BY COUNTRY, 2019



Current market environment

	DELIVERY SPEED	ASSORTMENT	
ASSORTMENT ↑	Яндекс Маркет	Next day	-
	OZON	Next day	-
	WB	Next day	2.6 mn
	УТКОНОС: онлайн-гипермаркет	Same day	45 thsd
	Перекрёсток впрок	Same day	44 thsd
	Ашан	Same day	25 thsd
	О'КЕЙ	Same day	25 thsd
	АТ	3 hours	18 thsd
	УТКОНОС: МИНИ	3 hours	10 thsd
	СБЕРМАРКЕТ	2 hours	25+ thsd
	igoods	1 hour	25+ thsd
	Перекрёсток быстро	1 hour	15 thsd
	6 Доставка	30-60 min	5 thsd
	ЛЕНТОЧКА	15-30 min	5 thsd
	САМОКАТ	30 min	2 thsd
Яндекс Лавка	15 min	2 thsd	
DELIVERY ↓			

TOP RUSSIAN ONLINE FOOD RETAILERS H1 2020 SALES, RUB BN



Source: Companies data, Infoline

Perekrestok Vprok business model overview



KEY COMPETITIVE ADVANTAGES

- › Strong and well-known brand in food retail market
- › Wide and growing assortment of circa 42,000 SKUs
- › Own logistics infrastructure
- › In-house last-mile delivery (same day or next day)
- › Wide addressable market in cities of presence
- › Proprietary customer interface: mobile app & website
- › Perekrestok loyalty card (customer knowledge, additional data and marketing opportunities)
- › X5's supplier terms and bargaining power
- › High NPS due to full control over the assortment, pricing, promotions and supply chain

Perekrestok Vprok—key results

KEY OPERATING METRICS

Darkstores	5 (3 in Moscow, 1 in St Petersburg, 1 in Nizhniy Novgorod)
Employees	c. 3,000
Trucks	c. 280
Orders per day	>12,000
Average ticket	c. RUB 4,000
SKUs per order	40–45
Assortment	42,000
Profitability	Positive EBITDA from 2021
Delivery charge	Free delivery from order size of RUB 3,000 in Moscow, from RUB 2,000 in St Petersburg and RUB 1,500 in Nizhniy Novgorod

Source: X5 data

NET SALES, RUB MN



NUMBER OF ORDERS AND AVERAGE TICKET



■ Number of orders, thsd — Average ticket, RUB

New brand and mobile app

Rebranding



Assortment

PEREKRESTOK VPROK CVP

Hypermarket assortment
Non-food, pet food, etc.

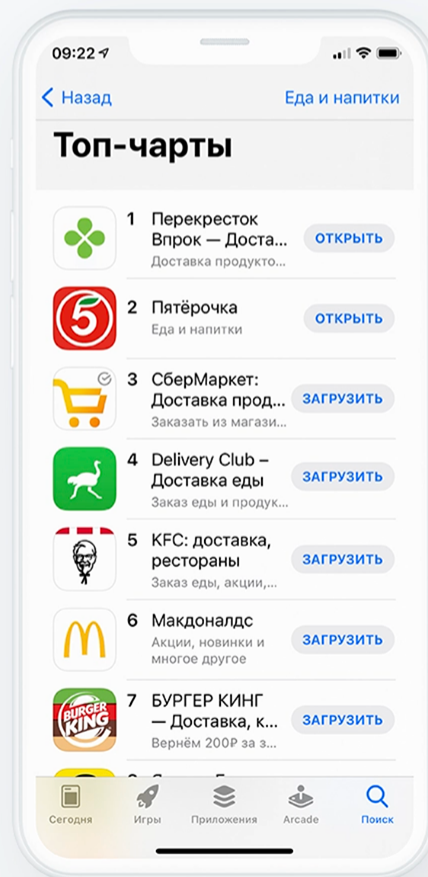
Prices

Low prices

Service

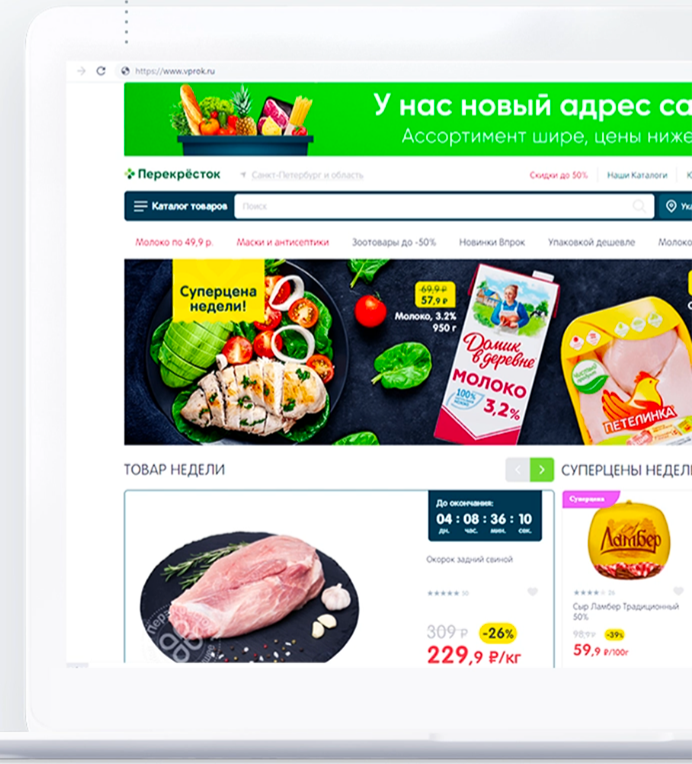
Excellent service

NEW MOBILE APP



NEW WEB ADDRESS

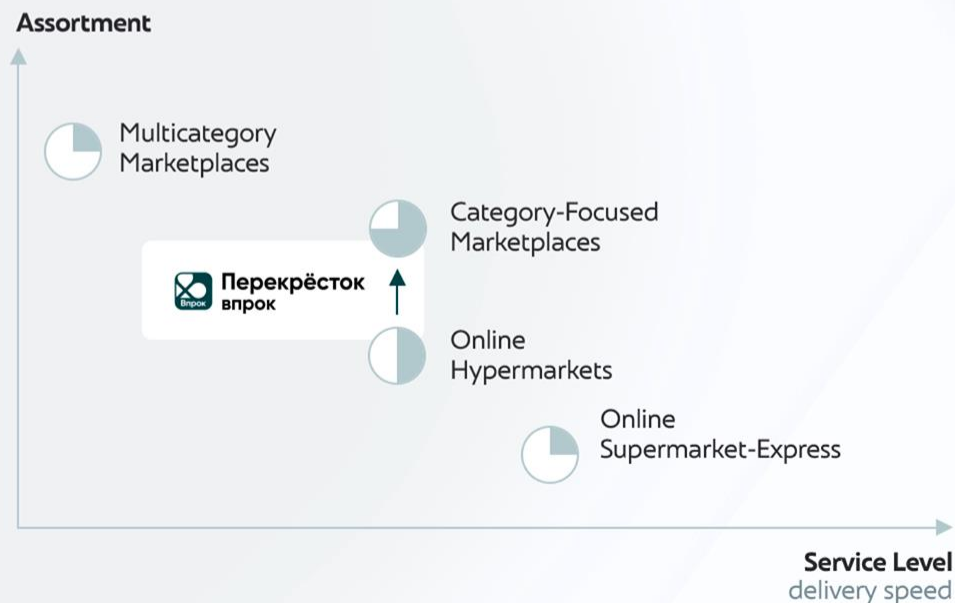
<https://www.vprok.ru>



Development of FMCG marketplace strategy

Perekrestok Vprok CVP: online hypermarket with wide assortment in categories with low involvement rate, low prices and next-day delivery

PEREKRESTOK VPROK CVP VS OTHER RUSSIAN ONLINE STORES



Assortment

Leadership in food, expansion into a limited number of complementary categories (small kitchen appliances, household goods, dietary supplements, etc.)



Pricing

Price advantage in food category



Service level

Next-day delivery in cities where Perekrestok Vprok is present; 1-3 days in other large cities



Customer experience

Convenience at the level of other digital benchmark players in Russia



Market coverage

Leadership in online hypermarket segment in Russia; Presence in all Russian cities with >1 M population; 8 darkstores by 2022

Wide presence in all cities

Presence in several largest cities

X5 Capital Markets Day

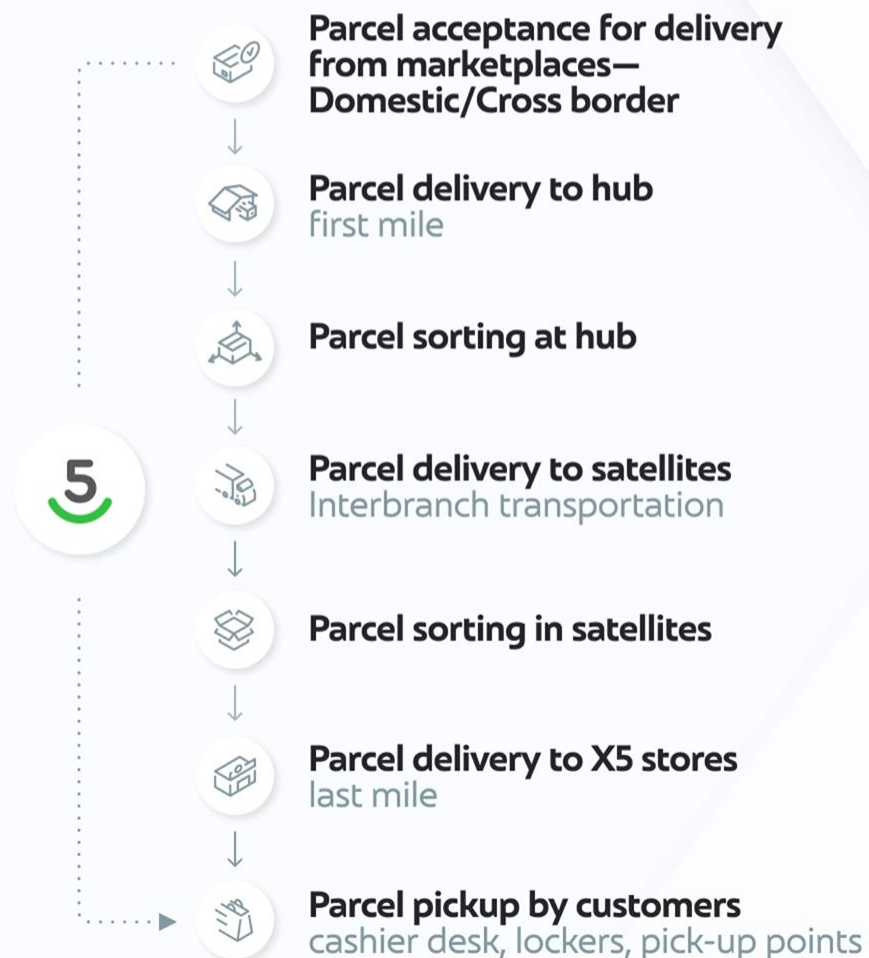
27 October 2020



Vitaly Dyrdasov
Director of 5Post



5Post's business model: logistics platform for X5 marketplace and partners



SUCCESS FACTORS

- › Low shipping costs due to leveraging X5 operations and own logistics capacity
- › High quality of last mile delivery
- › Flexible multi-service delivery model tobacco shop / parcel lockers / pickup points
- › Extensive loyal customer base
- › Leveraging existing X5 infrastructure distribution centers, logistics, stores
- › By 2023, 50% of 5Post's capacity will serve the X5 marketplace

Our partners

AliExpress

WILDBERRIES

OZON

Яндекс Маркет

JOOM

iHerb

TMALL

DNS

Тинькофф
Банк

ORIFLAME
SWEDEN

М.video

Лабиринт.ру

ЧИТАЙ
ГОРОД

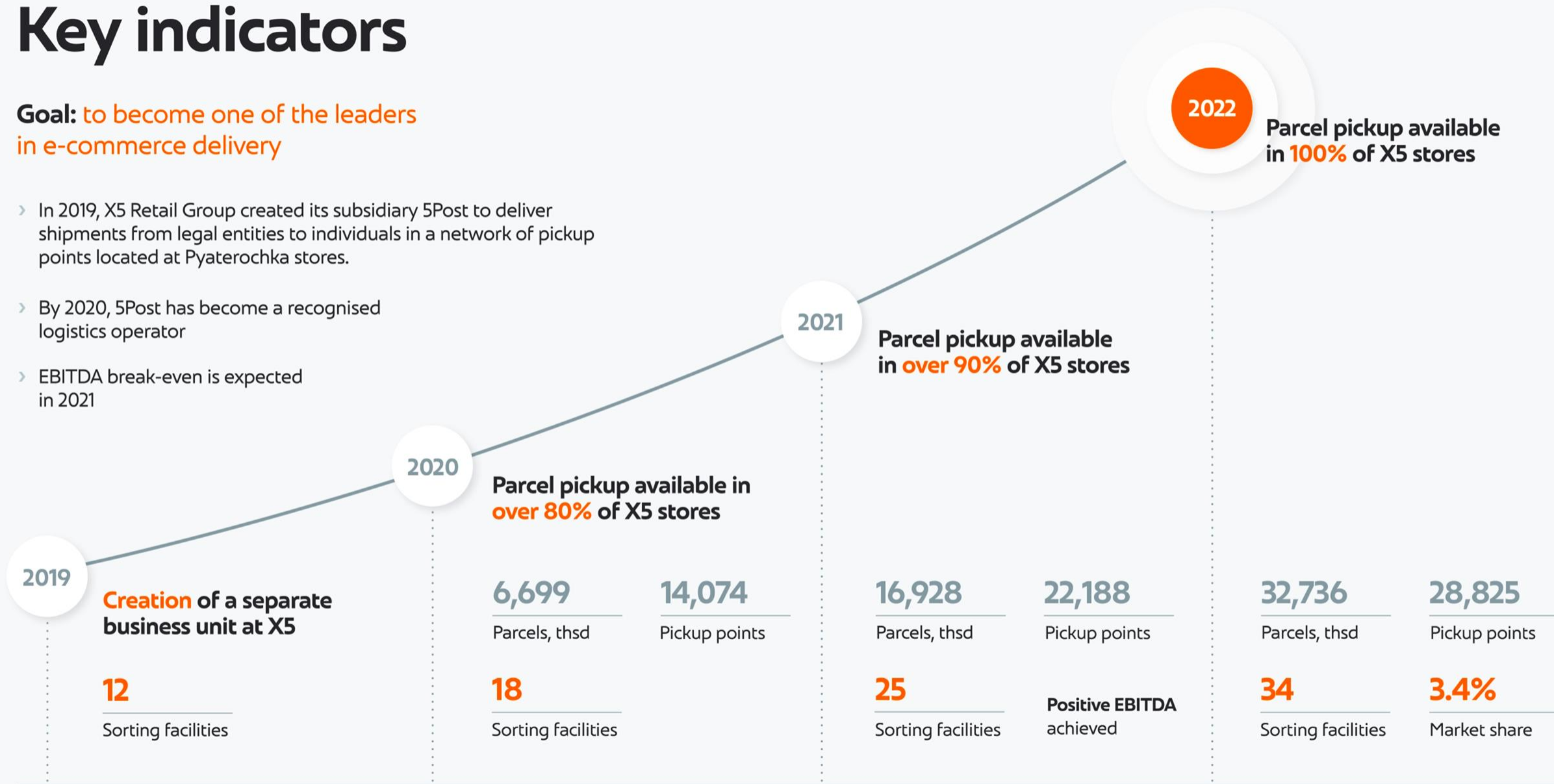
ЭКСМО

And over **50 more...**

Key indicators

Goal: to become one of the leaders in e-commerce delivery

- › In 2019, X5 Retail Group created its subsidiary 5Post to deliver shipments from legal entities to individuals in a network of pickup points located at Pyaterochka stores.
- › By 2020, 5Post has become a recognised logistics operator
- › EBITDA break-even is expected in 2021



X5 Capital Markets Day

27 October 2020



Vladimir Kholoznikov

X5 FoodTech Director



X5 express delivery business model overview



KEY COMPETITIVE ADVANTAGES

- › Available infrastructure of more than 17,000 stores allows coverage of ~76% of Russian households within 1 km from an X5 store
- › Wide assortment of 4,000 SKUs in essential food and non-food FMCG products
- › 1h target delivery time ensured by proximity
- › X5's attractive prices
- › Well-known food retail brands in Russia
- › Knowledge of the customer via data on over 40 million active loyalty card users
- › Lower than segment average customer acquisition costs
- › In-house logistics operations ensure low cost for delivery to stores/darkstores

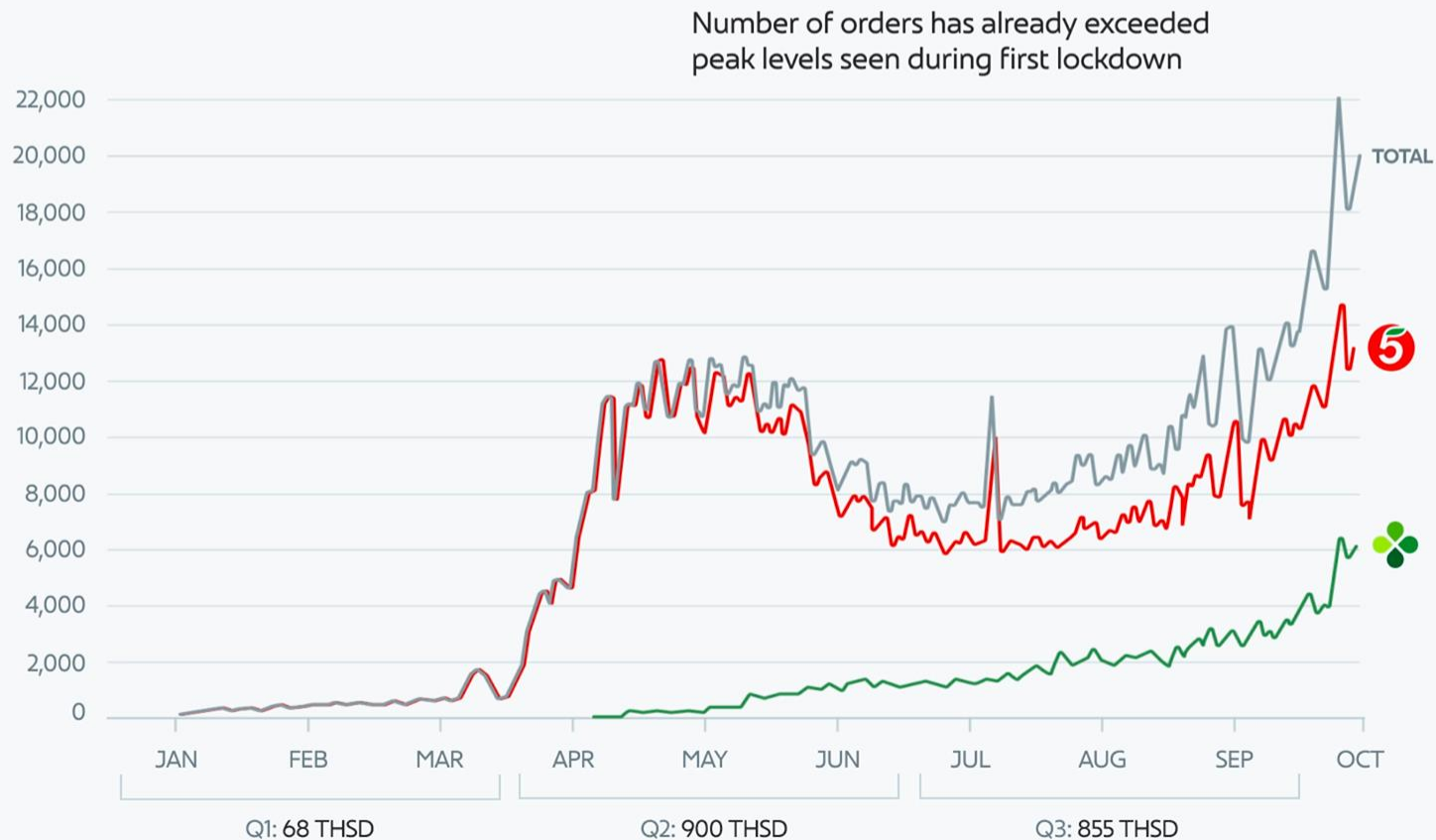
Express delivery— key results year-to-date

KEY OPERATING INDICATORS

Orders per day	c. 16,000
Average ticket, RUB	c. 1,500–1,700
Stores	>500
Click-to-deliver	1 hour
SKUs per order	14–15
Stores assortment	>5,000 SKUs
Delivery charge	Delivery charge of RUB 99 on all orders, delivery cost partially subsidised by X5
Cities of presence: 10	Moscow, St Petersburg, Krasnodar, Kazan, Rostov-on-Don, Nizhniy Novgorod, Voronezh, Samara, Ekaterinburg, Chelyabinsk

Source: X5 data

DAILY ORDERS DYNAMICS



Food delivery aggregator—attractive platform with positive impact on core business

Goal: A platform for cross-format interaction with customers in food segment and other most common daily needs via X5 proprietary app offering a hyperlocal model for online consumption of FMCG goods

The aggregator's functionality will offer convenient features at each stage of the customer journey

IMPLEMENTATION

-  Product offering from X5 chains
-  Traffic generation through unique product offering from partners (restaurants, drogeries, pharmacies and other specialised retailers)
-  Commission-based terms for partners
-  Geographical expansion, increasing number of partners and services
-  Leveraging X5 client base (X5.ID)





**Thank you
for your attention!**