



Investor Presentation

January 2012

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I. Introduction

II. Q4 2011 Operational Results & Q3 2011 Financial Results

III. 2011 Strategic Priorities and Long-Term Vision

- X5's **FY 2011** consolidated net retail sales reached USD 15.4 billion
- The Company reported consolidated net retail sales of USD 4.0 billion for **Q4 2011**
- As of 31 December 2011 Company operated **3,002** multi-format stores (**1,727** th. sq. m. of net selling space)
- Over **1.6 billion** check-out transactions recorded in 2011
- Historical **#1 position** in Moscow and St. Petersburg
- Leading positions in several other cities with population $\geq 500,000$
- **Market leadership** further enhanced by Kopeyka acquisition

Russia's Leading Food Retailers

Company	FY 2010 Net Retail Sales (USD mln) ⁽¹⁾	% in Top-10	% in Total Market ⁽²⁾
X5 Retail Group ⁽³⁾	13,079	30.2%	5.8%
Magnit	7,777	17.9%	3.4%
Auchan	5,944	13.7%	2.6%
Metro C&C	4,678	10.8%	2.1%
Dixy Group ⁽⁴⁾	3,221	7.4%	1.4%
O'Key	2,690	6.2%	1.2%
Lenta	2,325	5.4%	1.0%
Seventh Continent	1,466	3.4%	0.7%
Spar	1,278	2.9%	0.6%
Monetka	906	2.1%	0.4%
Total	43,364	100.0%	19.2%

(1) X5 estimates for non-public companies. (2) Based on estimated gross sales, i.e. including VAT; total market size (food retail) – USD 263 bln as reported by Rosstat. (3) Including Kopeyka 2010 sales. (4) Including Victoria 2010 sales.



X5 Operates Stores for Every Lifestyle and Family Budget

As at 31 December 2011

Soft Discounters



2,525 stores
63% 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
Value proposition: Price and convenience



Supermarkets



330 stores
22% of sales

Net selling space: from 800 to 1,500 sq. m.
Assortment: 6,000 – 16,000 SKUs
Pricing policy: Best price in supermarkets
Value proposition: Quality, service, choice



Hypermarkets



77 stores⁽¹⁾
15% of sales

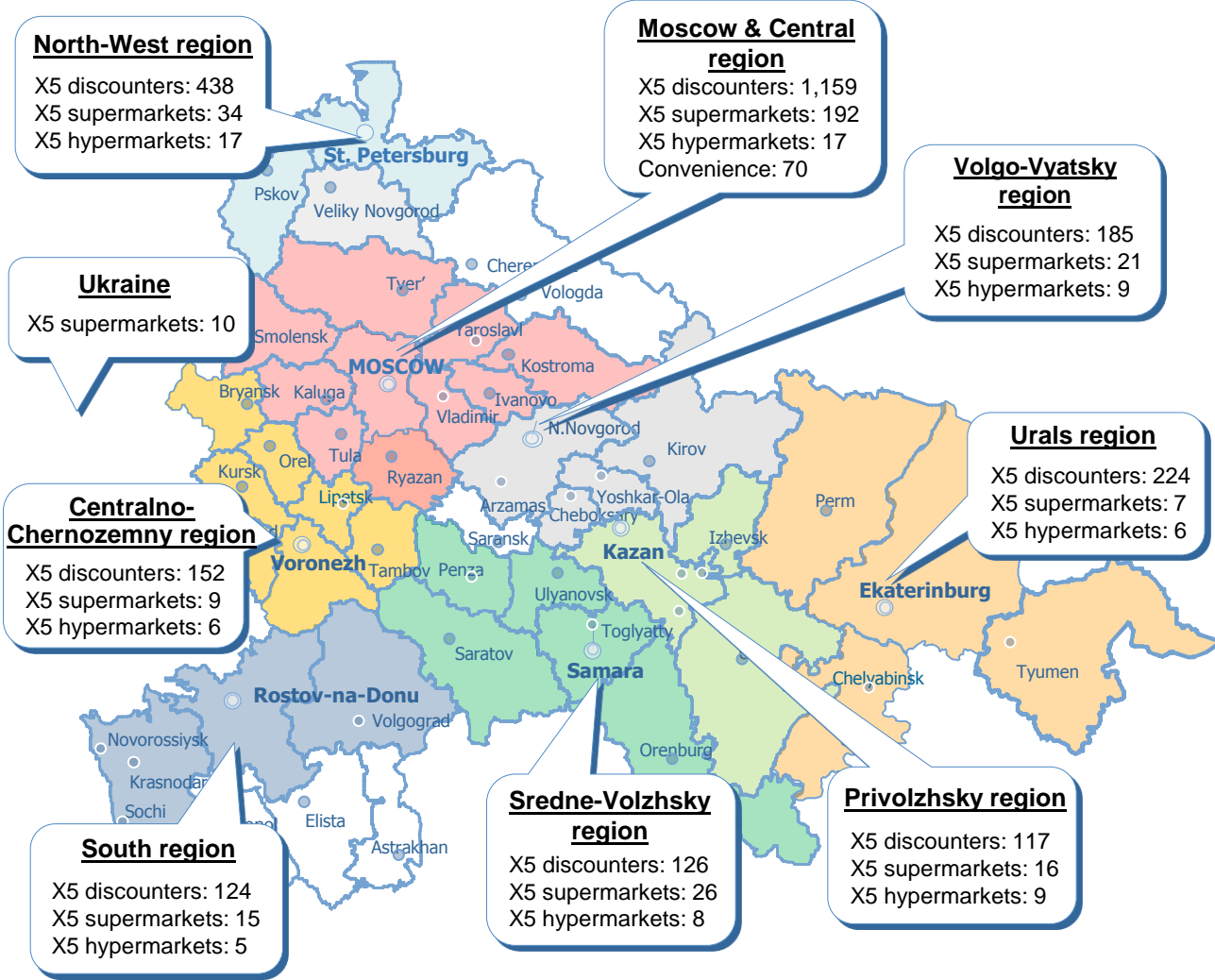
Net selling space: from 3,000 to 10,000 sq. m.
Assortment: 20,000 – 50,000 SKUs
Pricing policy: Lowest price in the market on basic assortment, super offers for card holders on the rest
Value proposition: Wide choice at low price



(1) Including six Pyaterochka-Maxi stores.

X5's Multi-Format Approach Enables the Company to:

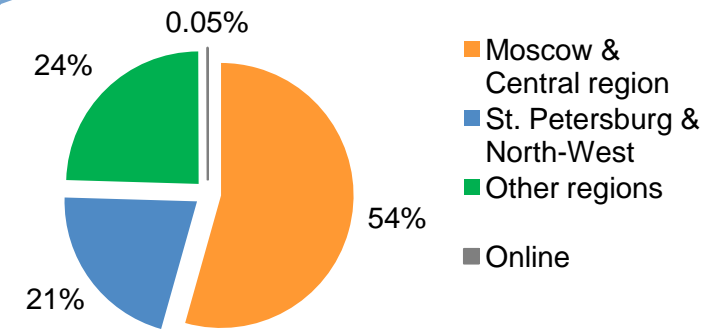
- Appeal to diverse customer segments and regional demographics
- Ensure a balance between growth and profitability
- Scale efficiencies in purchasing power, IT and supply chain logistics
- Respond effectively to economic climate and shifts in consumer preferences
- Share knowledge and best practices in private label, loyalty programs, etc.
- More efficiently integrate acquired stores with varying sizes and formats



As at 31 December 2011, X5:

- Multi-format presence in 52⁽¹⁾ cities of European Russia, the Urals and Ukraine
- Operated 3,002 stores in total (1,727 thousand sq. m. in selling space), including:
 - ✓ 2,525 Pyaterochka soft discounters, including 607 Kopeyka stores rebranded as Pyaterochka
 - ✓ 330 Perekrestok supermarkets, including nine Kopeyka stores rebranded as Perekrestok
 - ✓ 77 Karusel and Pyaterochka-Maxi hypermarkets
 - ✓ 70 convenience stores

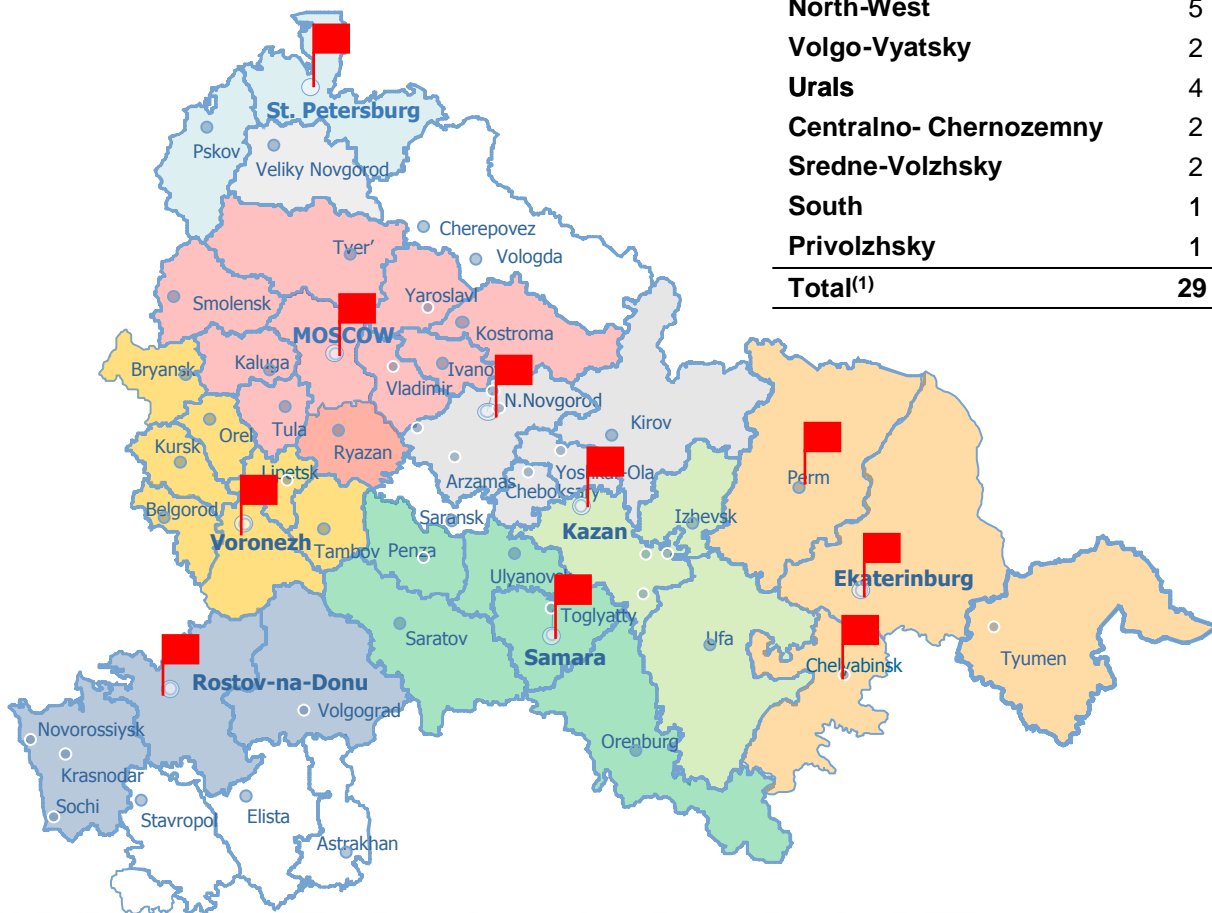
FY 2011 Net Retail Sales by Region



(1) With population over 200,000 people.

DC locations as of 31 December 2011

Region	# of DCs	000 sq. m.	Dry	Fruit & Veg.	Fresh	Frozen	Non-Food
Central	12	302.3	v	v	v	v	v
North-West	5	81.7	v	v	v	v	
Volgo-Vyatsky	2	29.8	v	v	v	v	
Urals	4	27.7	v	v	v	v	
Centralno- Chernozemny	2	33.7	v	v	v		
Sredne-Volzhsky	2	20.1	v	v	v	v	
South	1	15.6	v	v	v		
Privolzhsky	1	13.1	v	v	v		
Total⁽¹⁾	29	524.0					



- As at 31 December 2011 the Company operated 29 DCs with overall warehouse capacity of 524 thousand sq. m. – i.e. the Company had an operational DC in each region of operations
- We integrated five DCs previously operated by Kopeyka into our logistics infrastructure, two in the Moscow region, one in N. Novgorod, one in Voronezh and one in Samara
- The Company’s supply centralization level reached 75% for the first nine months of 2011

I. Introduction

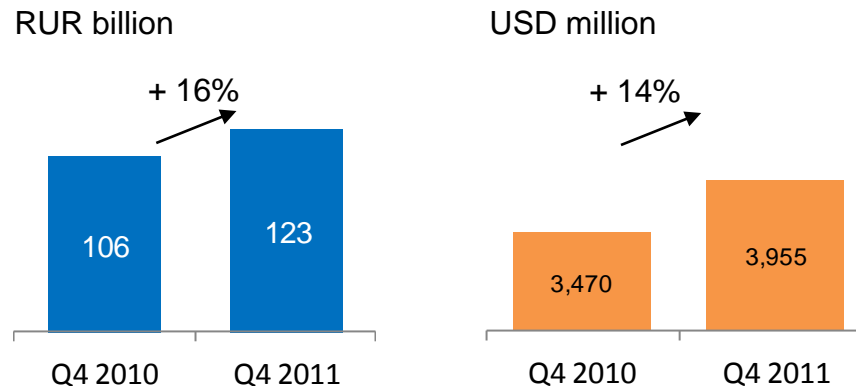
II. Q4 2011 Operational Results & Q3 2011 Financial Results

III. 2011 Strategic Priorities and Long-Term Vision

In Q4 2011:

- Consolidated net retail sales increased 16% year-on-year in RUR terms to RUR 123,316 mln or 14% in USD terms to USD 3,955 mln
- Organic sales increased 8% in RUR terms year-on-year while Kopeyka's Q4 2011 sales contributed approx. 8% to X5's consolidated Q4 2011 RUR net retail sales growth⁽¹⁾
- X5's LFL sales decreased by 2% in RUR terms year-on-year
- 217 stores added on net basis

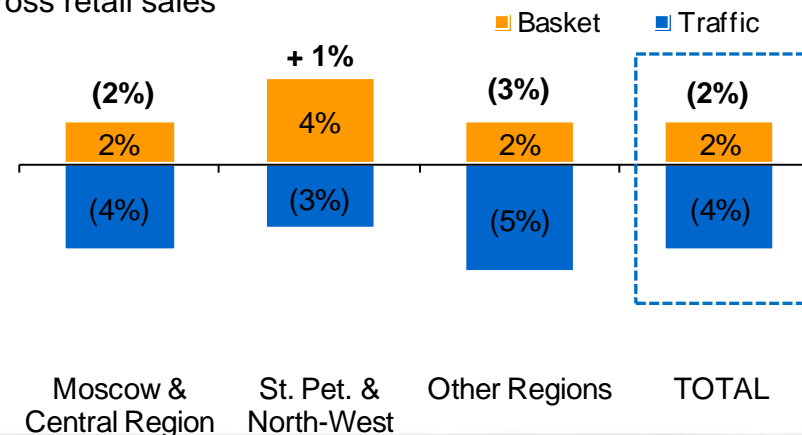
Q4 2011 Net Retail Sales⁽¹⁾



Sales Growth Composition RUR	LFL, %	Organic Expansion, %	Kopeyka Contribution, %	Total Change, %
Hypermarkets	(6)	4		(2)
Supermarkets	1	5		6
Soft Discounters	(1)	14		13
Convenience Stores	4	22		26
Total Gross Retail Sales	(2)	10	8	16
FX Effect				(2)
Total Change %, incl. FX				14

Q4 2011 LFL Sales by Region

Based on RUR-denominated gross retail sales

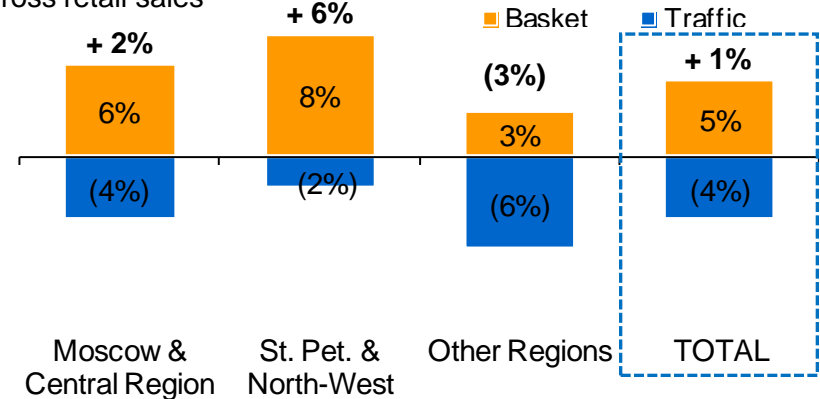


(1) Kopeyka results are consolidated from 1 December 2010.

- Soft discounters' LFL sales decreased by 1% in Q4 2011 on 3% lower traffic and a 2% increase in basket, reflecting the tougher market environment. Additionally, this format faces the highest base effect due to very strong performance in the same period in Q4 2010, when soft discounters delivered LFL growth of 13% on top of a 16% increase in LFL sales in Q4 2009
- Supermarkets delivered 1% LFL growth in Q4 2011 on 4% lower traffic and a 5% increase in basket. After delivering double-digit LFL performance in the first half of the year on rising consumer trends, our supermarkets experienced traffic and basket declines in the second half of 2011 as trading down trends became more and more visible in Russia
- Hypermarkets' LFL sales decreased by 6% in Q4 2011 on 8% lower traffic and 2% higher basket

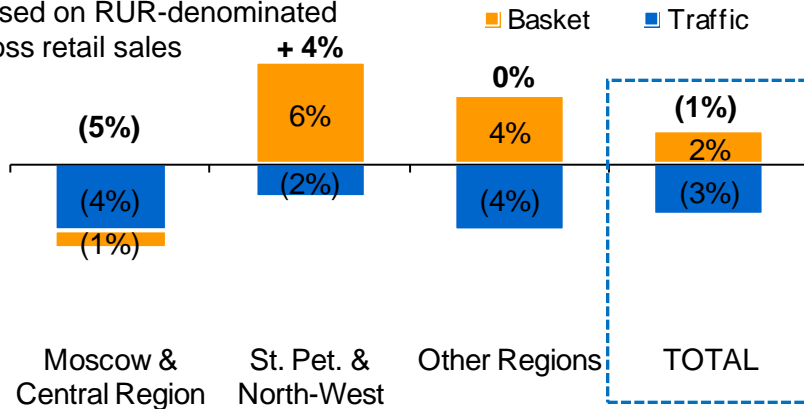
Supermarkets' Q4 2011 LFL Performance⁽¹⁾

Based on RUR-denominated gross retail sales



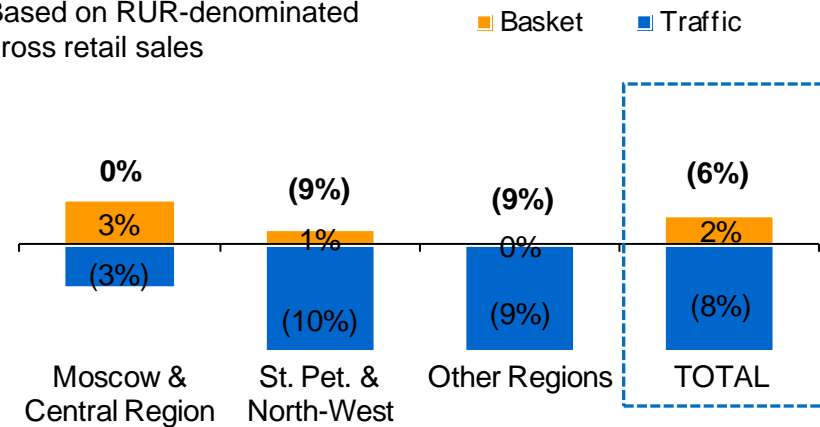
Discounters' Q4 2011 LFL Performance⁽¹⁾

Based on RUR-denominated gross retail sales



Hypermarkets' Q4 2011 LFL Performance

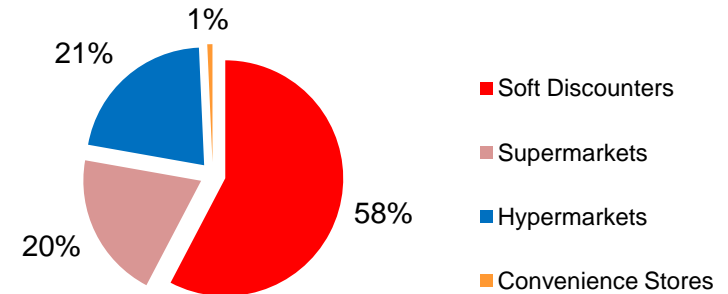
Based on RUR-denominated gross retail sales



(1) Kopeyka stores' sales are not included in LFL calculation.

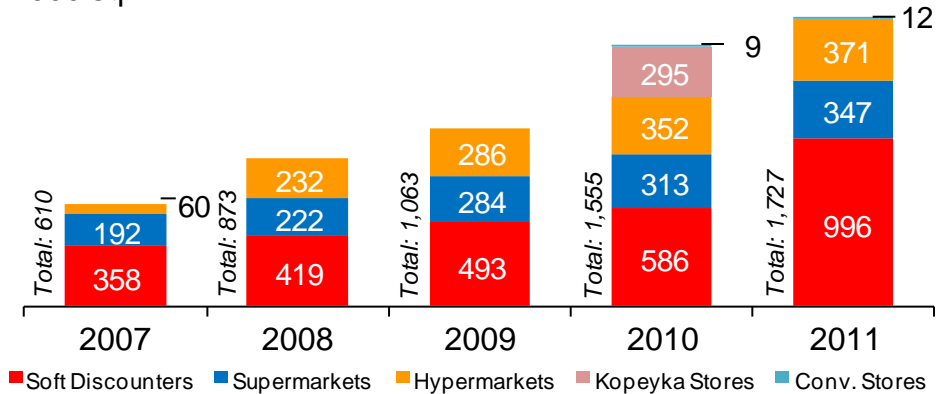
- In Q4 2011 X5 added a net 217 stores, which includes 198 soft discounters, nine supermarkets, five hypermarkets, five convenience stores, for a total expansion of net selling space of 86 th. sq. m.
- For the FY 2011 X5 has added organically a net 577 stores, which includes 526 soft discounters, 20 supermarkets, six hypermarkets, 25 convenience stores, for a total expansion of net selling space of 172 th. sq. m.
- In FY 2011 X5 converted 616 Kopeyka stores (607 as soft discounters and nine as supermarkets) and closed 44 acquired stores

Selling Area by Format

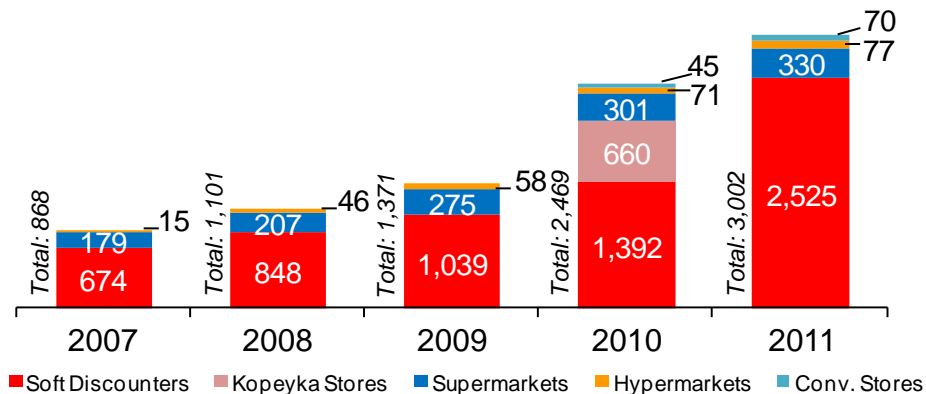


Net Selling Space, EoP

'000 sq.m.



Number of Stores, EoP



USD mln	Q3 2011	Q3 2010	% change y-o-y
Net Sales	3,623.0	2,614.0	39%
incl. Retail	3,610.7	2,606.6	39%
Gross Profit	838.3	629.9	33%
Gross Margin, %	23.1%	24.1%	
SG&A	(765.1)	(545.9)	40%
% of Net Sales	21.1%	20.9%	
EBITDA	219.8	194.4	13%
EBITDA Margin, %	6.1%	7.4%	
Operating Profit	116.1	120.8	(4%)
Operating Margin, %	3.2%	4.6%	
Net FX Result	(52.5)	23.1	n/a
(Loss)/Profit before Tax	(2.8)	111.3	n/a
Income Tax Benefit/(Expense)	0.7	(31.7)	n/a
Net (Loss)/Profit	(2.1)	79.6	n/a
Net Margin, %	(0.1%)	3.0%	

(1) Kopeyka results are consolidated from 1 December 2010.

- **Net sales** increased 32% year-on-year in RUR terms to RUR 105,340 mln or 39% in USD terms to USD 3,623 mln;
- **Gross profit** totaled USD 838 mln, for a gross margin of 23.1%;
- **EBITDA** amounted to USD 220 mln, for an EBITDA margin of 6.1%;
- **SG&A expenses** as a percentage of revenue increased by 20 bp year-on-year to 21.1%. Kopeyka integration effects impacted almost all SG&A items as percent of sales;
- **Net finance costs** increased 103% year-on-year in USD terms and 93% in RUR terms due to higher debt;
- Non-cash USD 52.5 mln **FX loss** due to sharp RUR/USD movement;
- **Net loss** of USD 2.1 mln.

(1) Kopeyka results are consolidated from 1 December 2010.

Net Cash from Operations of USD 309 mln in Q3 2011 on Significant Improvement in Working Capital

USD mln	Q3 2011	Q3 2010	% change y-o-y
Net Cash Flows Generated from Operating Activities	308.6	72.8	324%
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	224.4	210.6	7%
<i>Change in Working Capital</i>	181.0	(86.9)	n/a
<i>Net Interest and Income Tax Paid</i>	(96.9)	(50.9)	90%
Net Cash Used in Investing Activities	(226.6)	(114.8)	97%
Net Cash (Used in)/Generated from Financing Activities	(89.1)	28.9	n/a
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(18.0)	0.5	n/a
Net Decrease in Cash & Cash Equivalents	(25.1)	(12.7)	99%

- As of the end of September 2011, the Company's total debt amounted to USD 3,578 mln (at RUR exchange rate of 31.88), out of which 22% was short-term (USD 771 mln) and 78% long-term (USD 2,807 mln). Ruble-denominated borrowings accounted for 89% of X5 net debt at 30 September, 2011. X5's Net Debt/EBITDA ratio improved slightly to 3.57x compared to 3.70x at the end of 2010;
- As of 30 September 2011, the Company had access to RUR-denominated credit facilities of approximately RUR 125.9 billion (approximately USD 3.9 billion). Of this amount, approximately RUR 59.3 billion (approximately USD 1.9 billion) represented available undrawn credit lines with major Russian and international banks.

USD mln	30-Sep-11	% in total	30-Jun-11	% in total	31-Dec-10	% in total
Total Debt	3,578.0		4,098.4		3,684.8	
Short-Term Debt	770.9	22%	634.8	15%	508.0	14%
Long-Term Debt	2,807.1	78%	3,463.7	85%	3,176.8	86%
Net Debt	3,451.6		3,946.9		3,414.0	
Denominated in USD	390.5	11%	388.8	10%	385.8	11%
Denominated in RUR	3,061.1	89%	3,558.1	90%	3,028.2	89%
FX, EoP	31.88		28.08		30.48	
Net Debt/EBITDA (RUR) ⁽¹⁾	3.57x⁽²⁾		3.59x⁽³⁾		3.70x⁽⁴⁾	

(1) Debt covenants are set in RUR terms in accordance with loan facilities the Group maintains.

(2) Based on pro-forma EBITDA of RUR 30,812 mln, i.e. including Kopeyka from 1 October 2010.

(3) Based on pro-forma EBITDA of RUR 30,861 mln, i.e. including Kopeyka from 1 July 2010.

(4) Based on pro-forma EBITDA of RUR 28,131 mln, i.e. including Kopeyka from 1 January 2010.

I. Introduction

II. Q4 2011 Operational Results & Q3 2011 Financial Results

III. 2011 Strategic Priorities and Long-Term Vision

Customer Focus

- Focus on formats' value propositions
- Further assortment improvements: local sourcing, private label, non-food

Organic Expansion

- Step-up in new store openings
 - Special focus on discounters, selective openings of supermarkets and hypermarkets
 - Moscow remains an important growth area, while regional expansion is concentrated on regions with existing operations to grow market share, improve local purchasing power and maximise economies of scale

Kopeyka Integration

- Kopeyka integration fast-tracked to one year

Supply Chain & IT Systems

- Further improvement of service levels and product availability to enhance competitive advantages and drive sales
- Completion of SAP introduction with roll-out of SAP for Enterprise Management

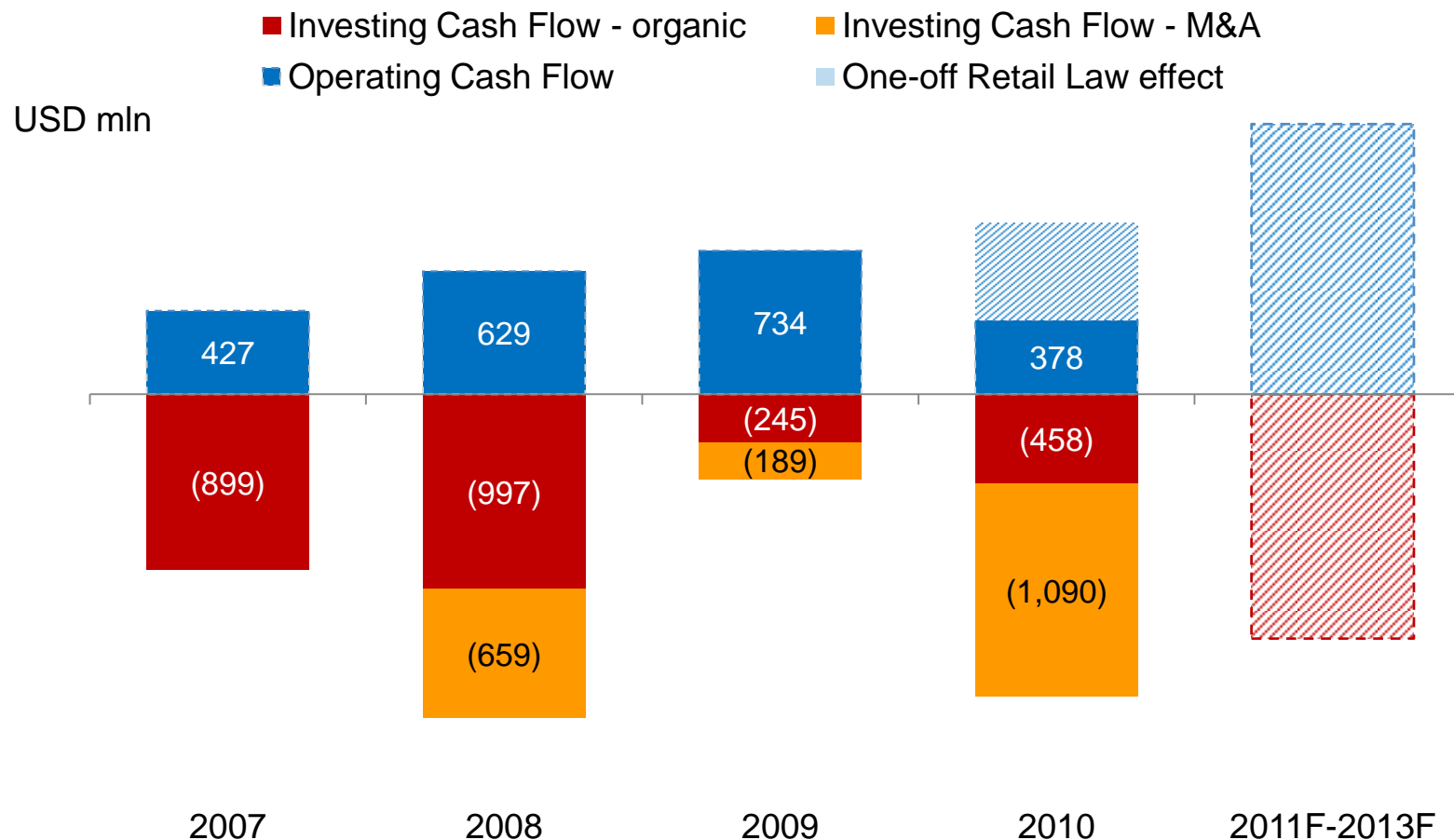
Hypermarket Turnaround

- Separation from supermarkets for more efficient management of the format
- Focus on "small boxes", further development of economy-class hypermarkets

Tight Financial Discipline

- Prudent cost management
- Focus on cash generation, working capital management and disciplined CapEx plan execution
- Gradual deleveraging of the balance sheet

illustrative⁽¹⁾⁽²⁾



(1) 2011F-2013F cash flows – not according to scale.

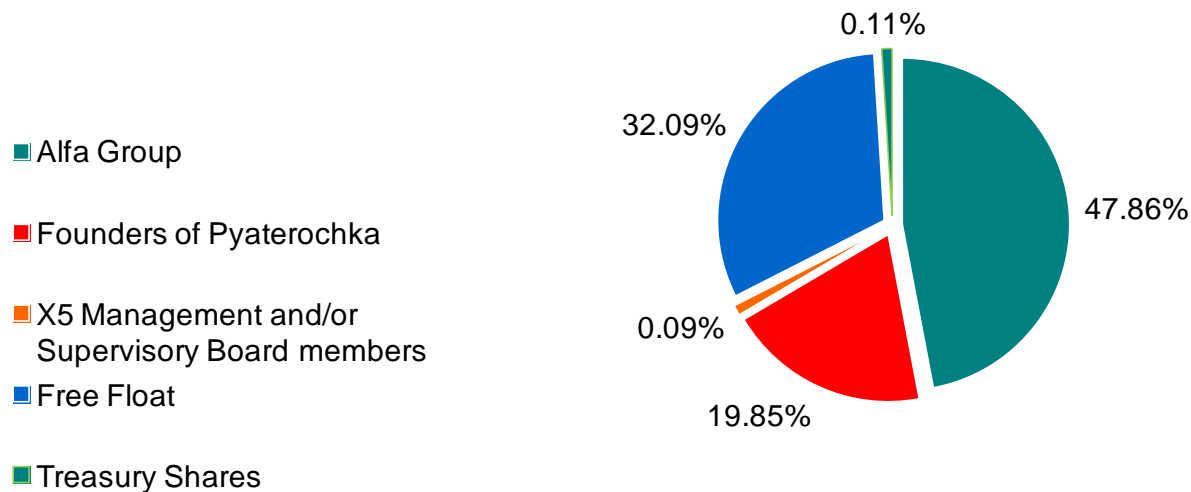
(2) Not including debt assumed in M&A transactions.

- **Successful Implementation of Multi-Format Strategy**
- **Low Cost, Best-in-Class Retail Operations**
- **Moscow and St. Petersburg as Cash Generators Supporting Growth of Regional Operations**



National Champion in Retail

As of 31 December 2011



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

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