



# Q3 2019 FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION  
22 October 2019

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## **I. HIGHLIGHTS**

# 04 STRATEGIC HIGHLIGHTS



- X5 is a true **multi-format** retailer with focus on the three largest segments of Russian food retail market and primarily on proximity stores and supermarkets
- According to the new strategy X5 uses **smart and balanced** approach to expansion



- X5 reinforced its **market leadership** in Russian food retail, with **market share reaching 11.6% in H1 2019**



- Constant adaptation of **value proposition** to Russian consumers' changing needs and current macro environment, including expansion of fresh assortment, widening local assortment, development of loyalty programmes



- Significant **improvements in logistics and transport**: adding new links in the value chain and acquisition of **910 trucks in 2018**
- In the last three years X5 opened 17 DCs, including **4 DCs** in 2018



- Focus on **innovations**: X5 already kicked off joint projects with a number of finance and high-tech companies
- Development and implementation of the **Big Data** strategy



- Approval of the **dividend policy** by the Supervisory Board in September 2017
- X5 made its second dividend payment in the amount of **RUB 25.0 bln/ RUB 92.06 per GDR**, which represents **87.3%** of X5 Retail Group's 2018 net profit



# 05 / KEY ACHIEVEMENTS IN Q3 2019



- Revenue growth remained strong at **12.4%** in Q3 2019



- Adjusted EBITDA margin at solid **7.1%** in Q3 2019



- Net debt / EBITDA at **1.75x** as of 30 September 2019



- LFL sales growth of **3.9%** in Q3 2019
- LFL traffic of Perekrestok was positive for **15 quarters** in a row



- The Company added **492** net new stores in Q3 2019 adding net **222 th. sq. m** of selling space, **78%** of which was **organic growth**



- All** of Pyaterochka stores and **91%** of Perekrestok stores operating under new concept as of 30 September 2019



- 38.7 mln** loyalty card users as of 30 September 2019



- Pyaterochka added **181 th. sq. m** of net selling space in Q3 2019



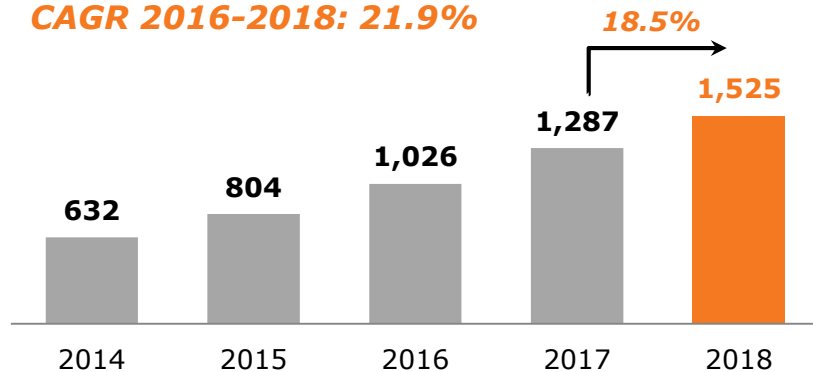
Source: X5 data

# 06 OPERATIONAL HIGHLIGHTS

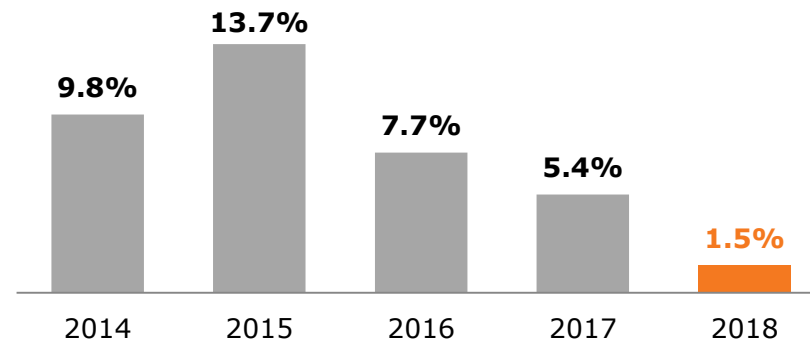
## Net retail sales dynamics, RUB bn

CAGR 2014-2018: 24.6%

**CAGR 2016-2018: 21.9%**



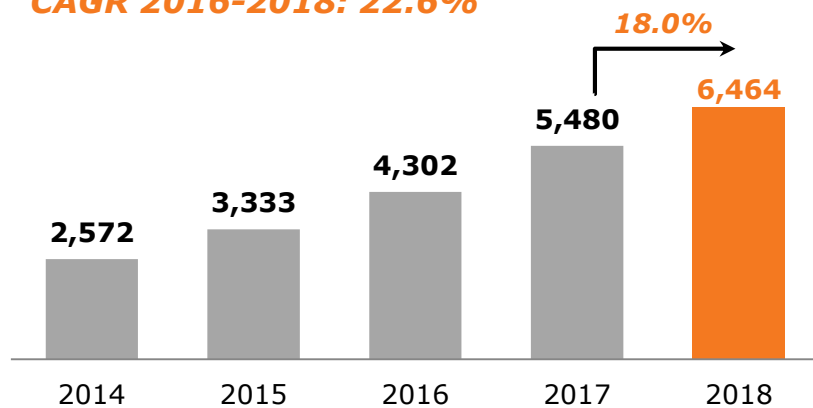
## LFL sales, % y-o-y growth



## Selling space, th. sq. m

CAGR 2014-2018: 25.9%

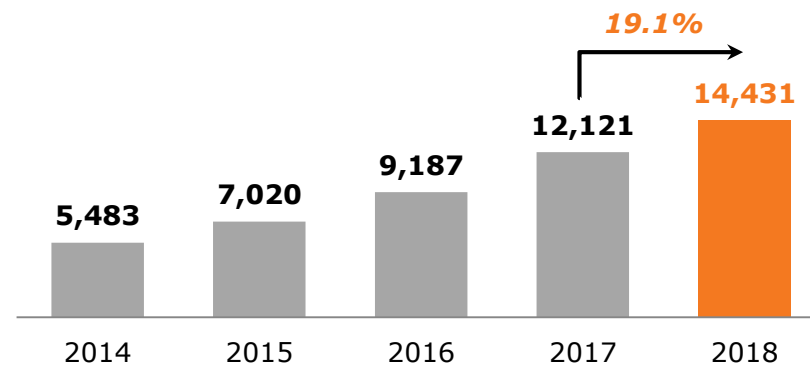
**CAGR 2016-2018: 22.6%**



## Number of stores, end of period

CAGR 2014-2018: 27.4%

**CAGR 2016-2018: 25.3%**



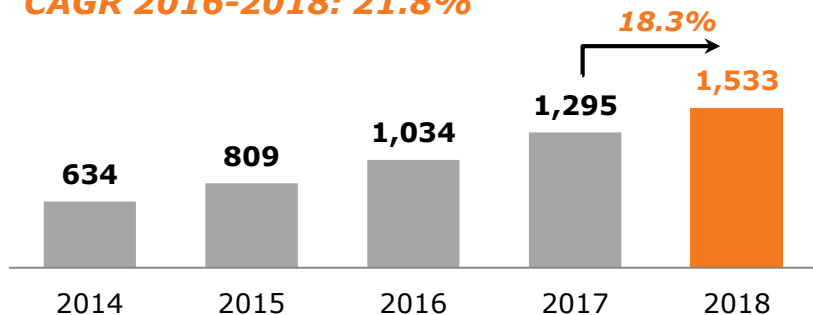
Source: X5 data

# 07 / FINANCIAL HIGHLIGHTS

## Revenue dynamics, RUB bn

CAGR 2014-2018: 24.7%

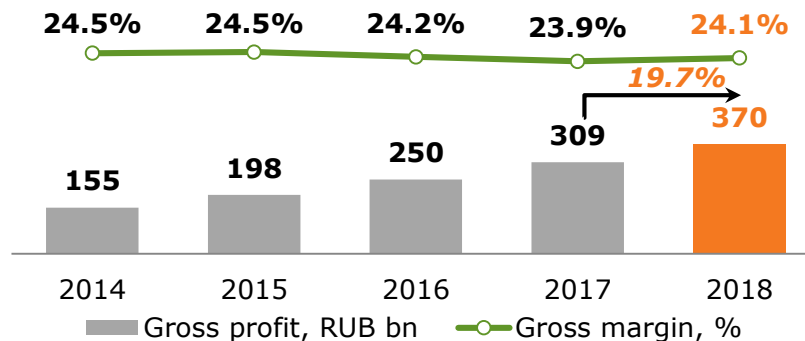
**CAGR 2016-2018: 21.8%**



## Gross profit & gross margin

CAGR 2014-2018: 24.3%

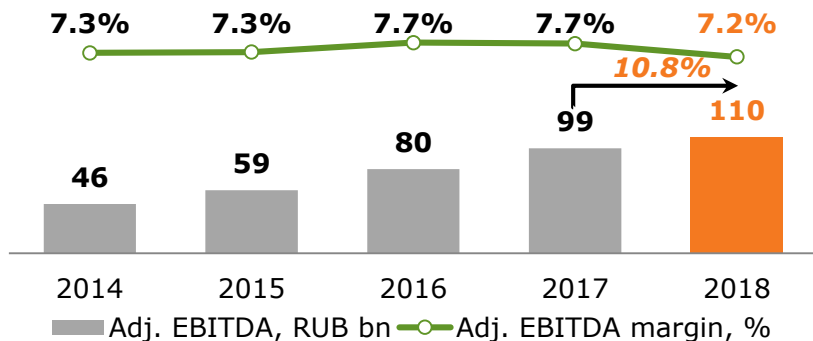
**CAGR 2016-2018: 21.6%**



## Adj. EBITDA & adj. EBITDA margin<sup>[1]</sup>

CAGR 2014-2018: 24.0%

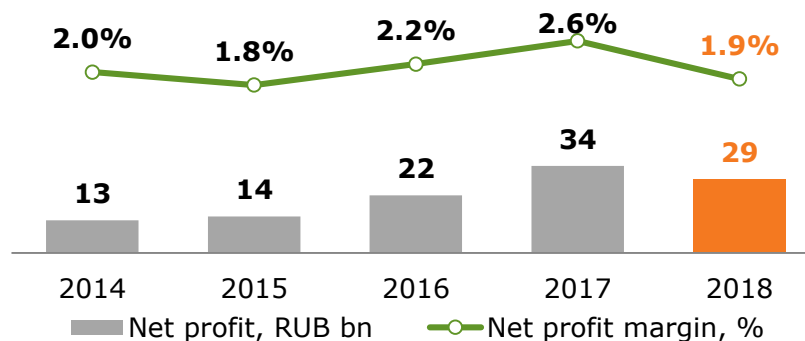
**CAGR 2016-2018: 17.5%**



## Net profit and net profit margin

CAGR 2014-2018: 22.6%

**CAGR 2016-2018: 13.4%**



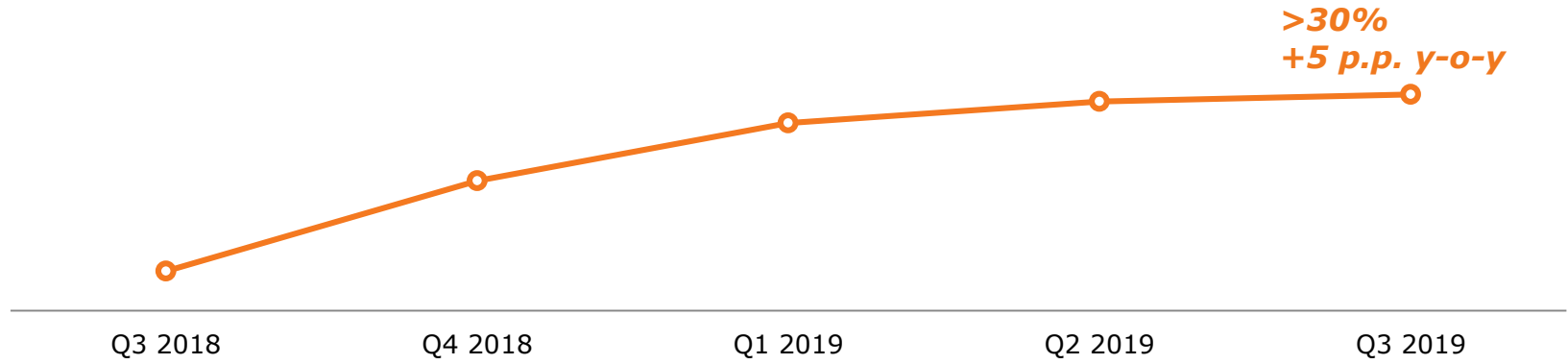
Source: X5 data

[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments



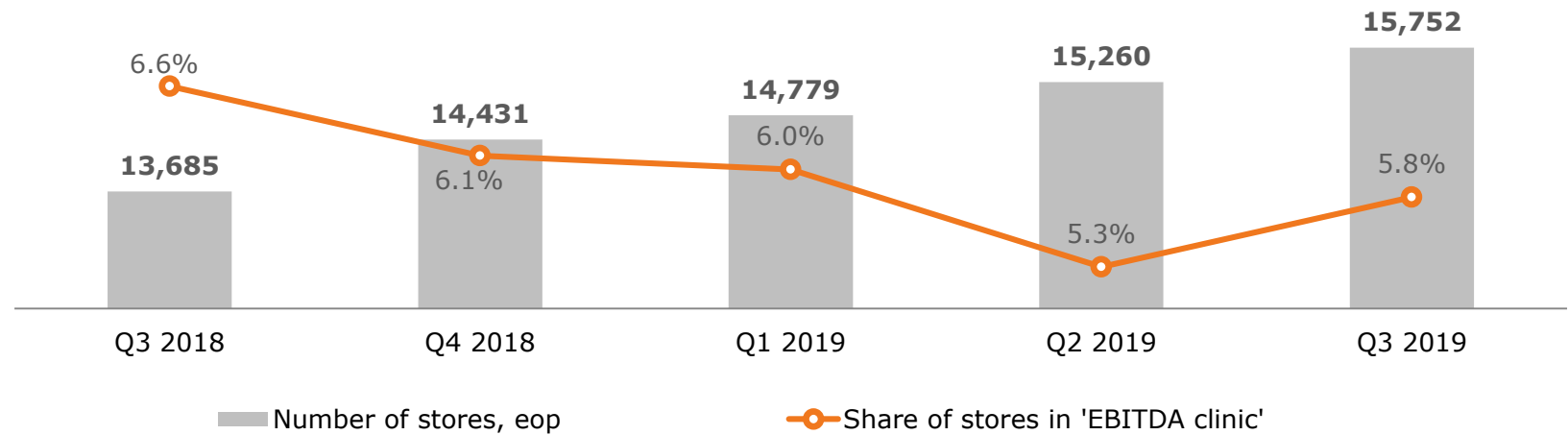
# 08 QUALITY OF NEW OPENINGS

## Cash return on new store opened



Note: Opened 12-36 months ago

## Pyaterochka and Perekrestok - Organic



Number of stores, eop

Share of stores in 'EBITDA clinic'

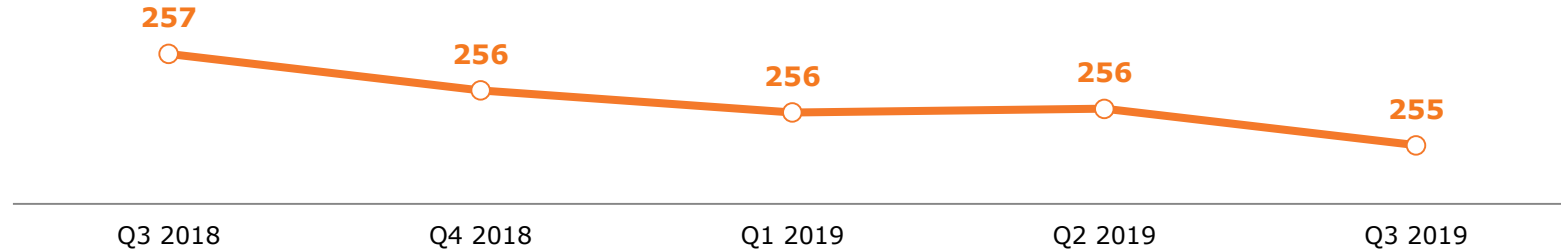
Source: X5 data



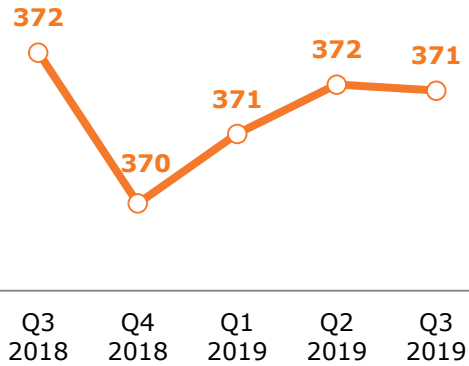
# 09 SALES DENSITY STABILISATION

## PRESSURE FROM REGIONAL MIX

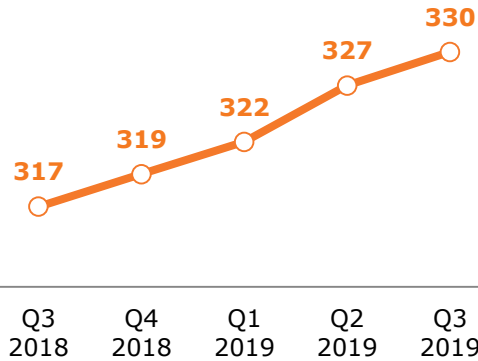
### Overall



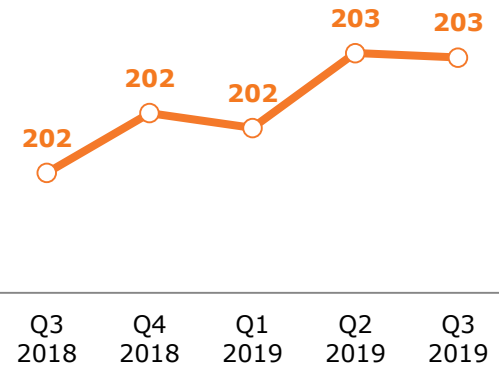
### Moscow & Moscow region



### St Petersburg & Leningrad region



### Rest of Russia



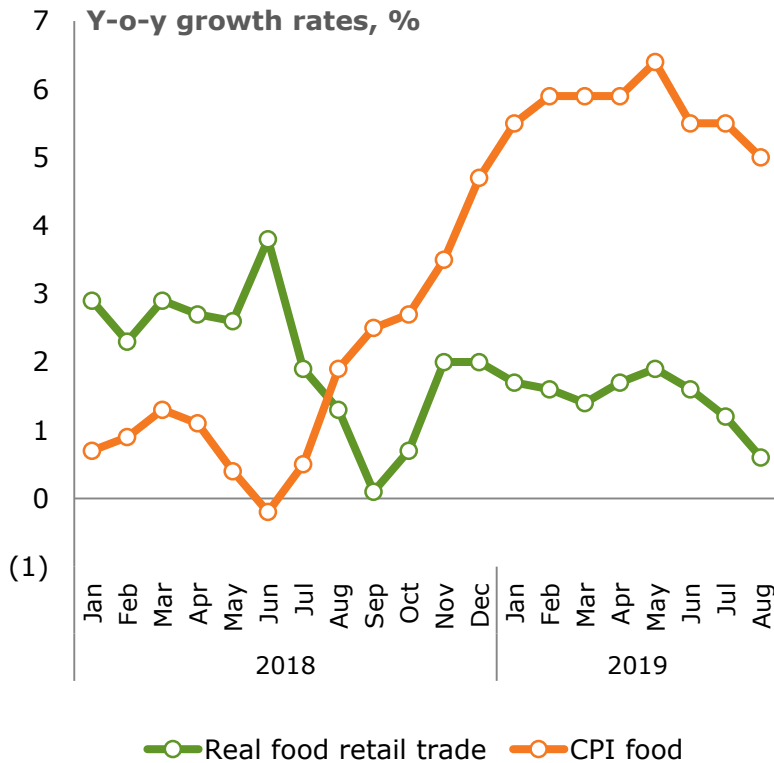
Source: X5 data



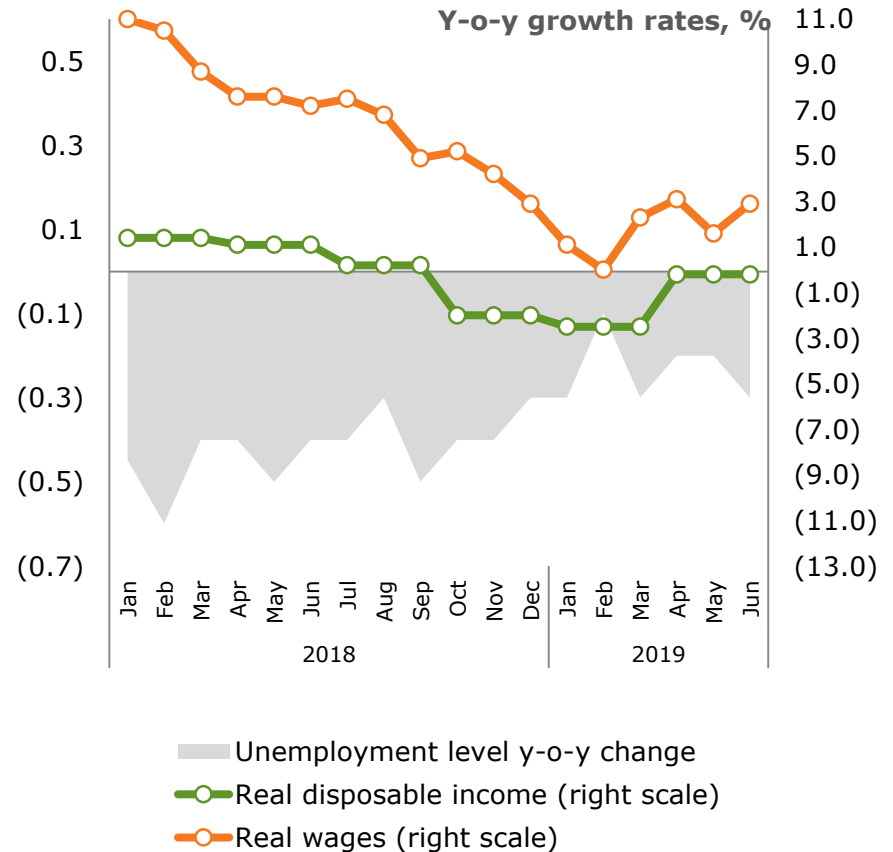
## **II. MARKET OVERVIEW**

# 11 / MACRO ENVIRONMENT (1/2)

**Real food retail trade continued its moderate recovery in H1 2019 despite CPI food acceleration**



**Real wages showed a marked acceleration in H1 2019 with the new record lows of the unemployment rate. However, real disposable income continued to fall**



Source: Rosstat

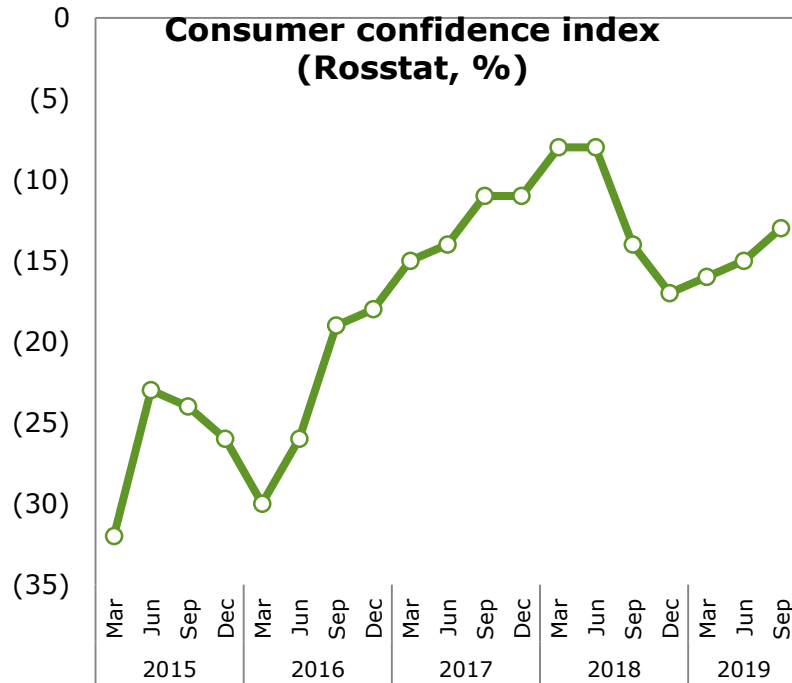
**In H1 2019 the consumer demand growth rates for food products remained steadily positive despite weak real disposable income dynamics and increased inflationary pressure**



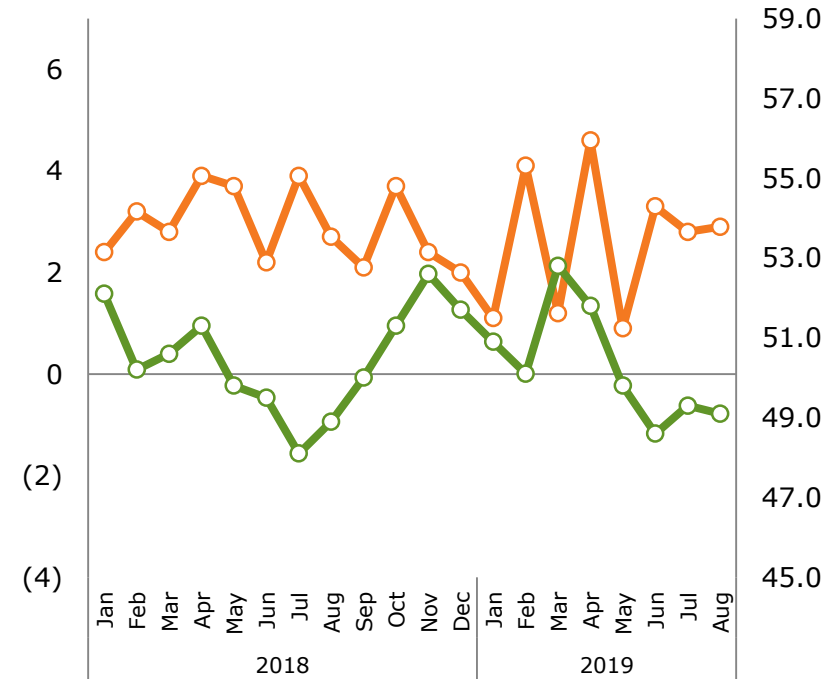
# 12 / MACRO ENVIRONMENT (2/2)

**Consumer confidence slightly improved in H1 2019 relative to the end of 2018. Trading down continued declining**

**Positive growth in industrial production is still largely based on mining sector acceleration – without significant improvement in the manufacturing sector**



○ Consumer confidence index (Rosstat, %)



○ Industrial production (y-o-y, %)

○ IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM

**The key macroeconomic risks for the sustainability of the economic upturn are weak consumer demand and uncertainty of recovery on the supply side**

# 13 RECENT FOOD RETAIL MARKET TRENDS...

KEY TRENDS	DESCRIPTION	CONCLUSIONS
<b>Changing consumer behavior</b>	<ul style="list-style-type: none"> <li>Consumers are raising the bar on product quality and customer experience</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to improve competitiveness through service and personalisation</li> </ul>
<b>Increasing popularity of fruit and vegetables, ready-to-eat and fresh categories</b>	<ul style="list-style-type: none"> <li>Consumer preferences shift towards a unique and local assortment, with healthy, ready-to-eat and ready-to-cook options becoming more popular</li> </ul>	<ul style="list-style-type: none"> <li>Traditional retailers need to adapt to changing preferences and growing popularity of specialised retailers</li> </ul>
<b>Online offer</b>	<ul style="list-style-type: none"> <li>Online shopping starting to replace regular shopping outings, especially in hypermarkets</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to improve competitiveness through online service development</li> </ul>
<b>Emergence of non-traditional players</b>	<ul style="list-style-type: none"> <li>New players entering the market are able to challenge and disrupt the status quo, and are starting to transform the market</li> </ul>	<ul style="list-style-type: none"> <li>Traditional retailers need to adapt to changing competitive environment</li> </ul>
<b>Increasing competition</b>	<ul style="list-style-type: none"> <li>Retail space saturation</li> <li>"Value" format development (e.g., specialists, hard discounters, dollar stores)</li> </ul>	<ul style="list-style-type: none"> <li>Increasing pressure on LFL</li> <li>Increased pressure on margins (need for opex reduction)</li> </ul>
<b>Aging population</b>	<ul style="list-style-type: none"> <li>Growth of over working age population by 2% p.a. vs. reduction of working age group by 1% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>Growth of price-sensitive consumer segment</li> <li>Growth of proximity format popularity</li> </ul>



# 14 / ...AND X5'S RESPONSE

## KEY TRENDS

## X5 RESPONSE

### Changing consumer behavior

- Constant adaptation of CVPs to customers' needs leveraging extensive knowledge from our loyalty programs across all formats
- Personalised offers based on the loyalty programmes

### Increasing popularity of fruit and vegetables, ready-to-eat and fresh categories

- Improving the quality of the fresh category, especially fruits and vegetables, and adding new positions in the product range, including ready-to-eat category
- Launch of own brand of products with ultra-short shelf life, Green Line, in Perekrestok. In Moscow, the project is run jointly with the suppliers of VkusVill

### Online offer

- Perekrestok Online expansion covering Moscow, Moscow region (partially) and St. Petersburg
- Pilot of Click & Collect and express delivery in supermarkets and hypermarkets

### Emergence of non-traditional players

- Constant adaptation of the assortment and service in accordance with market trends and consumer needs
- Development of detailed roadmaps for innovative projects across X5 Retail Group, and expansion of the "big data" division to further improve the efficiency of the business in all areas

### Increasing competition

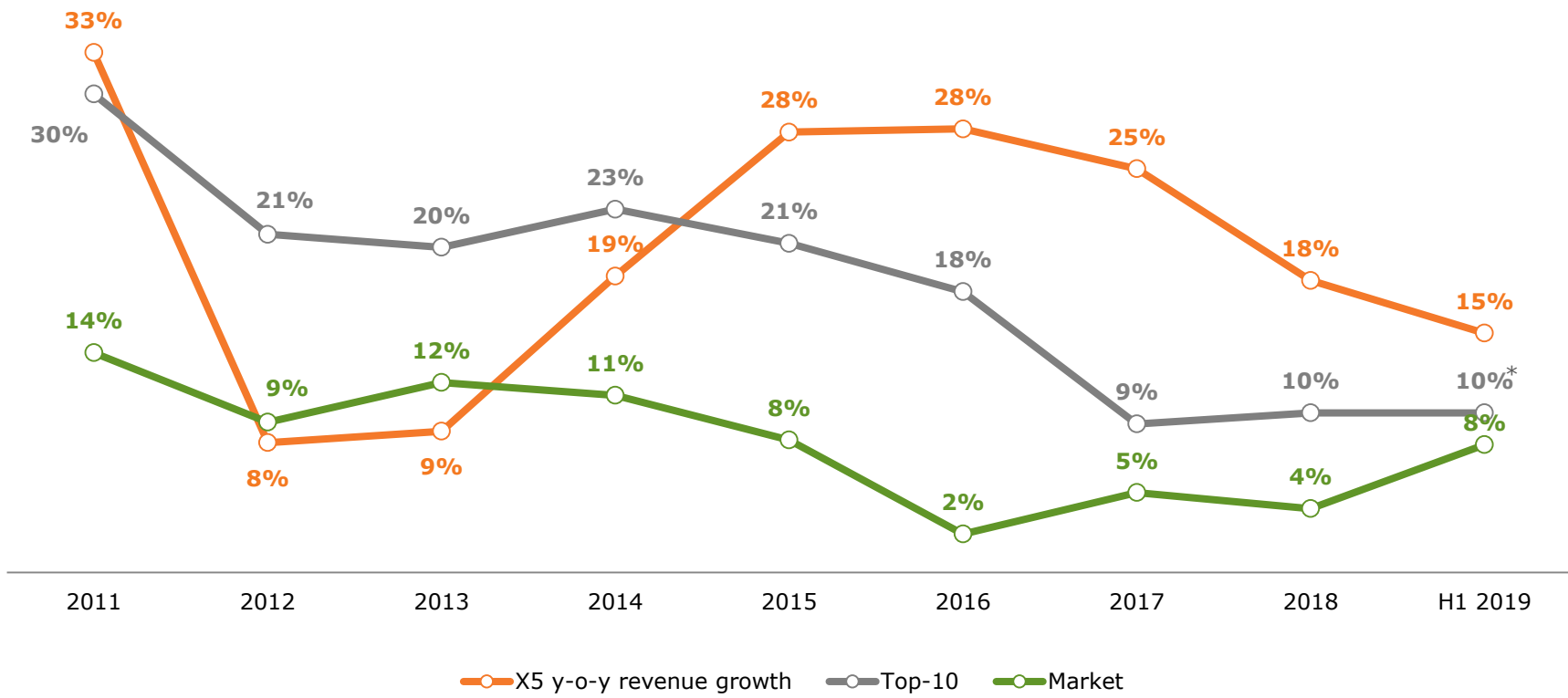
- Clusterisation of Pyaterochka stores into different segments to specifically target consumer needs
- Smart regional expansion with effective CVP for small cities and towns
- Effective GIS system to help find optimal locations

### Aging population

- Continued expansion of proximity segment (c. 80% of X5 revenue)
- 5-10% discounts for pensioners from 9:00 until 13:00
- Focus on mothers with children



# 15 X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH













Source: Infoline, X5 analysis  
\* X5 estimates

**Starting from 2015, X5 has constantly outperformed the market and competition**



# 16 / RUSSIAN RETAIL MARKET SNAPSHOT

## Top 10 Russian food retailers

#	Company name		% market share 2017	% market share 2018
1	 X5	↑	9.5%	10.7%
2	 Magnit	↑	7.5%	7.7%
3	 Lenta	↑	2.5%	2.8%
4	 SPS Holding (Red and White)	↑	1.8%	2.4%
5	 Dixy	↔	2.1%	2.1%
6	 Auchan	↓	2.2%	1.9%
7	 Metro	↓	1.4%	1.3%
8	 O'Key	↓	1.2%	1.1%
9	 Monetka	↔	0.6%	0.6%
10	 Globus	↔	0.6%	0.6%
<b>Total Top 10</b>		↑	<b>29.4%</b>	<b>31.2%</b>

Source: InfoLine

**X5's market share increased from 9.5% in 2017 to 10.7% in 2018**

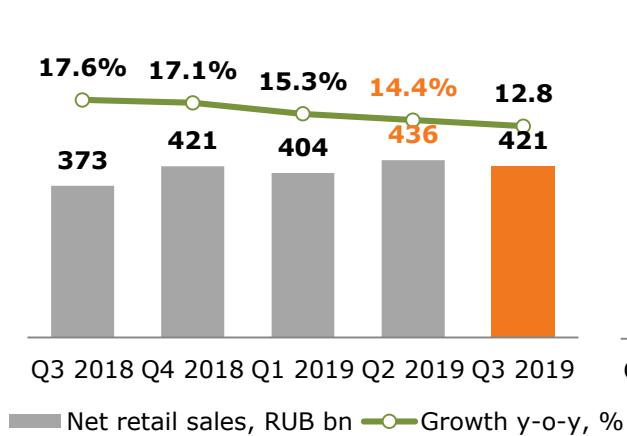




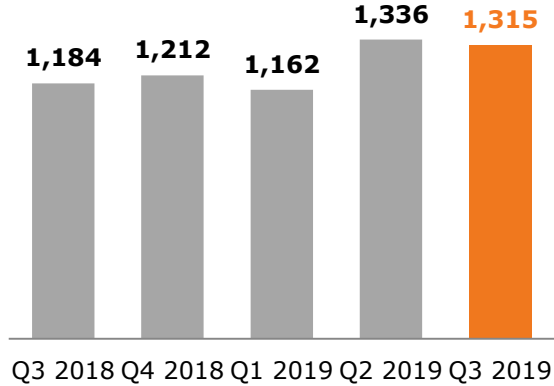
**III. OPERATIONAL RESULTS  
Q3 2019**

# 18 / Q3 2019 RESULTS: OPERATIONAL HIGHLIGHTS

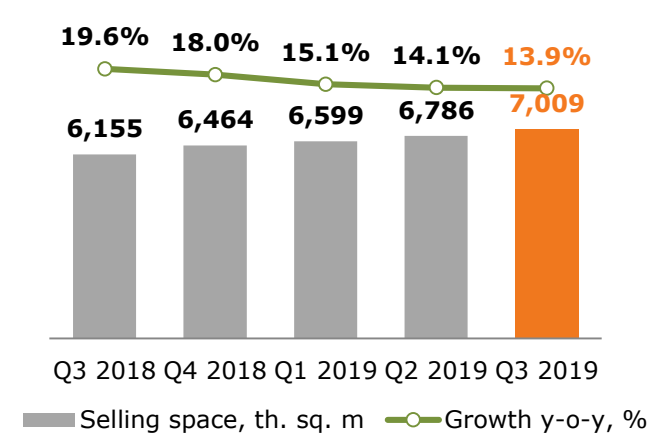
## Net retail sales



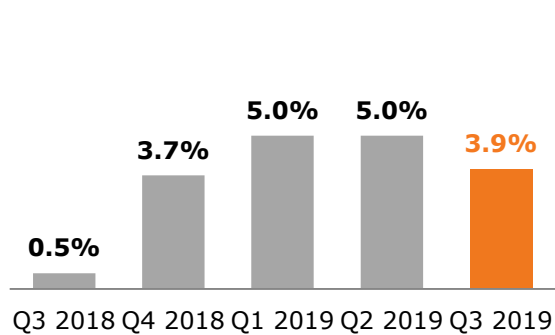
## Traffic, mln customers



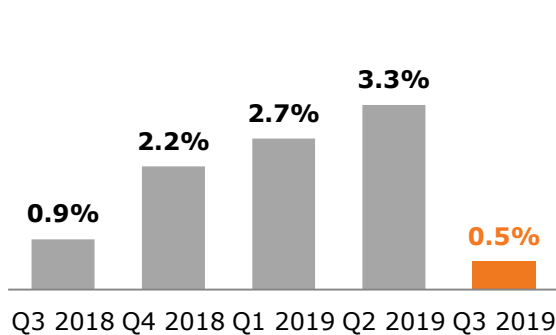
## Net selling space (eop)



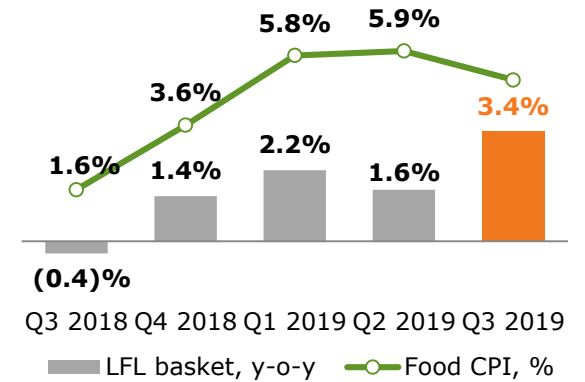
## LFL sales, y-o-y



## LFL traffic, y-o-y



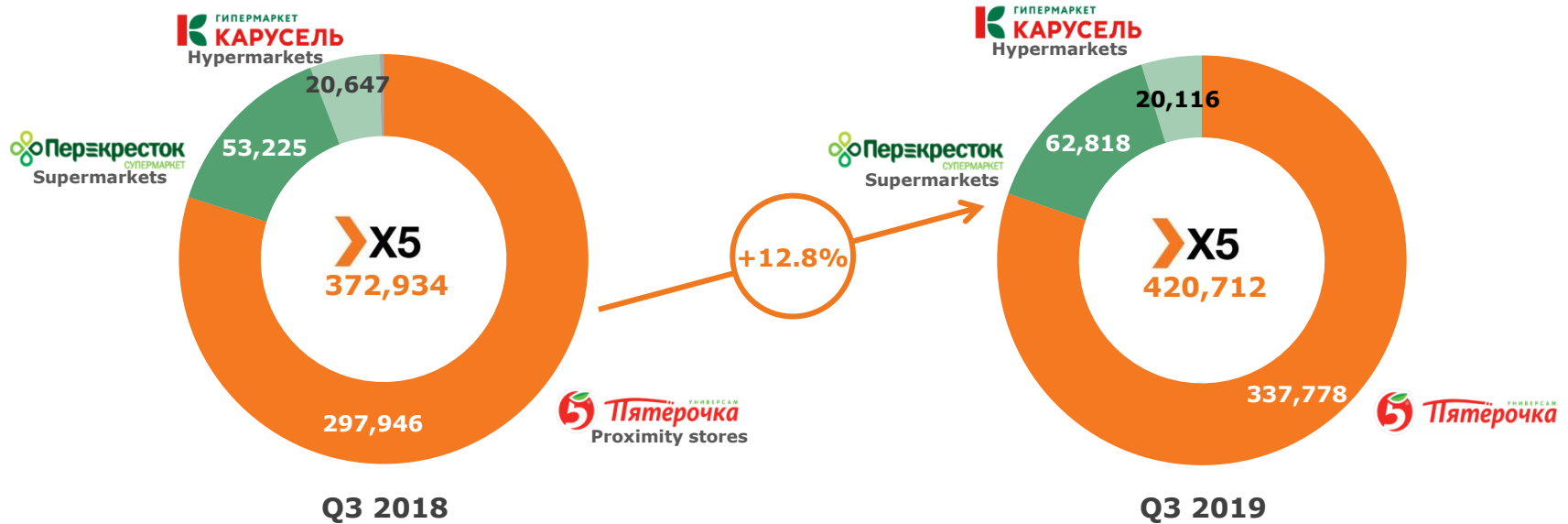
## LFL basket, y-o-y



Source: X5 data

# 19 / Q3 2019 RESULTS: X5 NET RETAIL SALES SUMMARY

## Net retail sales breakdown by retail format, RUB mln



### KEY DRIVERS

- Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's growth thanks to:
  - Value proposition that is one of the best-adapted to Russian consumers' needs
  - Smart expansion programme

Source: X5 data

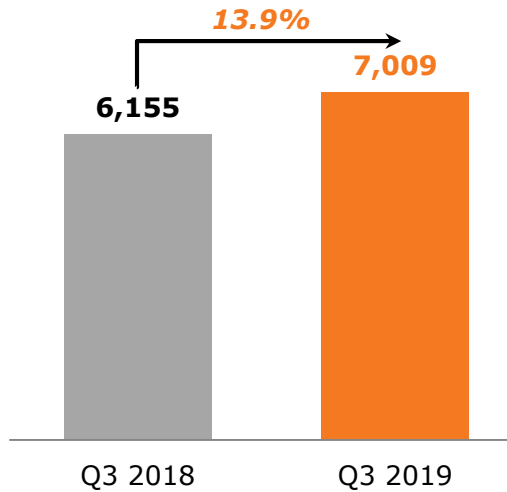
**Net retail sales growth of 12.8% was driven by a 3.9% increase in like-for-like sales and a 8.9% sales growth contribution from a 13.9% rise in selling space**



# 20 / Q3 2019 RESULTS: EXPANSION SUMMARY

- Total store base increased to 15,752 stores as of 30 September 2019
- Pyaterochka was the main driver for the store base increase with a 181 th. sq. m selling space addition in Q3 2019

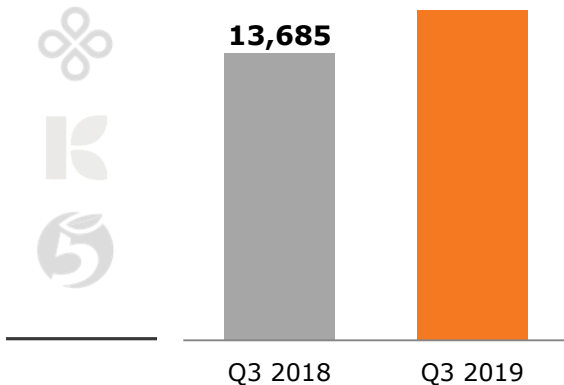
Net selling space, th. sq. m



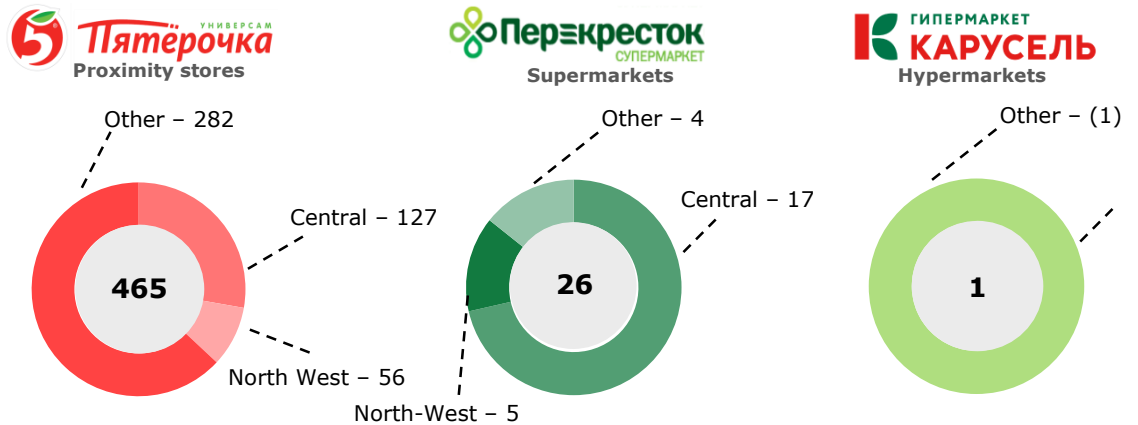
Net selling space added in Q3 2019, th. sq. m



Total stores base



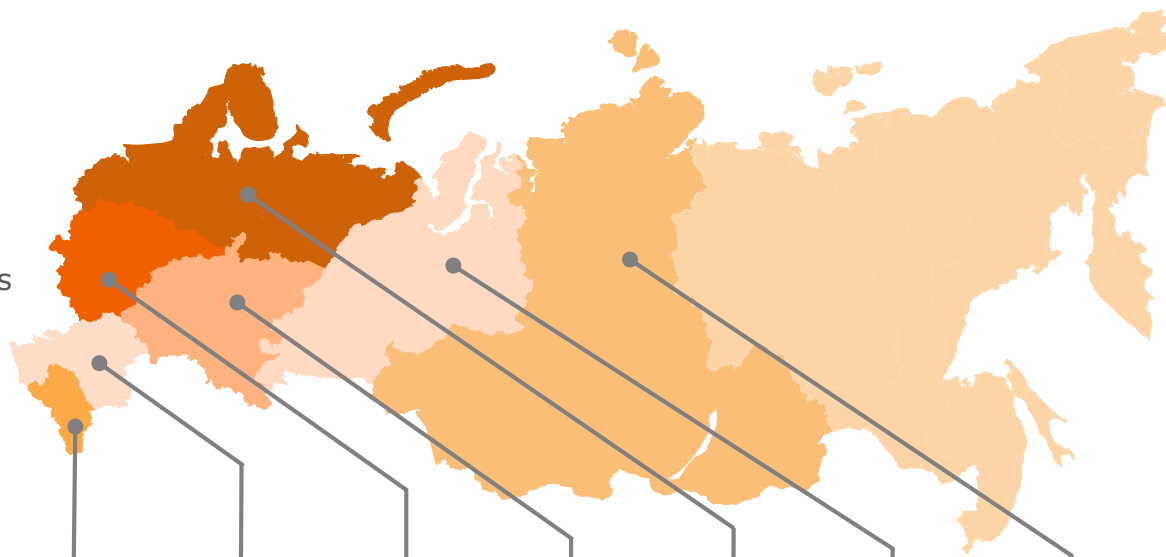
Stores added (net) in Q3 2019 by formats and by regions







# 21 X5 REGIONAL PRESENCE

## X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 15,752, including:
  - 14,850 Pyaterochka stores
  - 811 Perekrestok supermarkets
  - 91 Karusel hypermarkets



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 <b>Пятёрочка</b>		267	1,345	5,642	4,015	1,674	1,263	644	<b>14,850</b>
 <b>Перекресток</b> СУПЕРМАРКЕТ	Number of stores, #	8	46	485	118	109	45	-	<b>811</b>
 <b>ГИПЕРМАРКЕТ КАРУСЕЛЬ</b>		1	5	39	25	17	4	-	<b>91</b>
 <b>X5 RETAIL GROUP</b>	Net retail sales (9M 2019), %	1.0%	6.0%	51.4%	18.8%	14.4%	6.4%	2.0%	<b>100%</b>

Source: X5 data

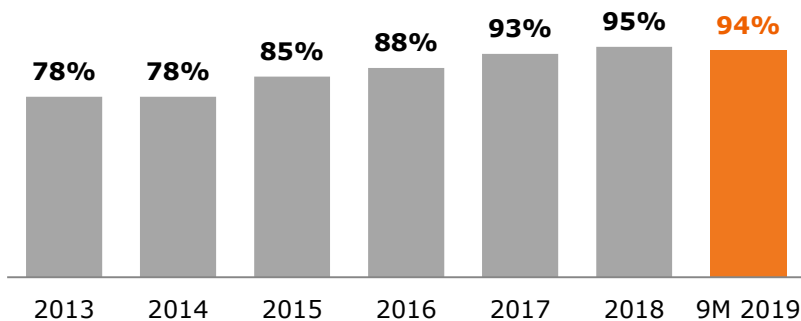
# 22 X5 DISTRIBUTION CAPABILITIES

## Warehouse space as of 30 September 2019

Federal district	Space, th. sq. m	# of DCs
Central	587	16
North-Western	151	6
Volga	195	9
Ural	139	6
Southern	96	4
Siberian	49	2
<b>Total</b>	<b>1,216</b>	<b>43</b>



## Centralisation levels



Source: X5 data

## Highlights for Q3 2019

- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 30 September 2019 the Company owned 4,029 trucks.

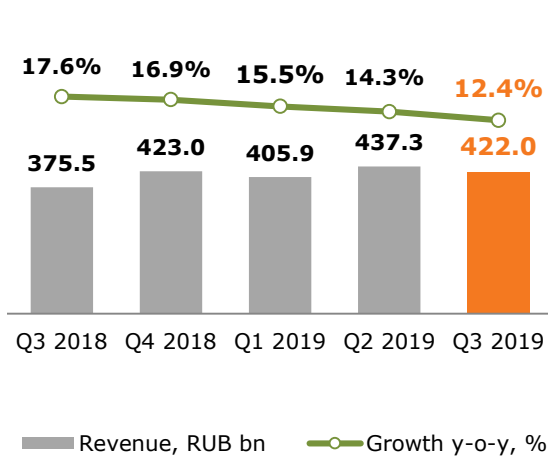




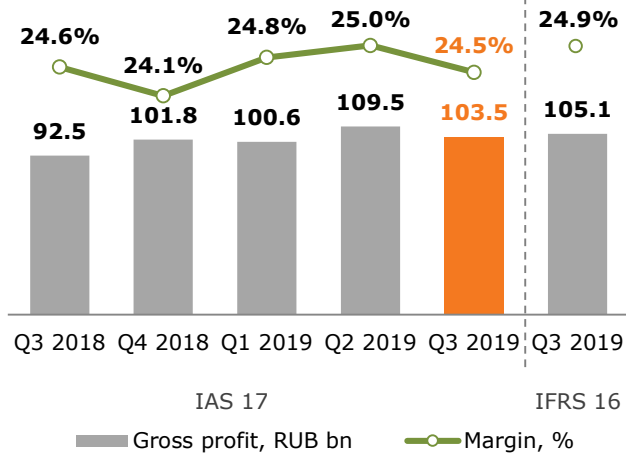
**IV. FINANCIAL RESULTS**  
**Q3 2019**

# 24 / Q3 2019 RESULTS: X5 FINANCIAL HIGHLIGHTS

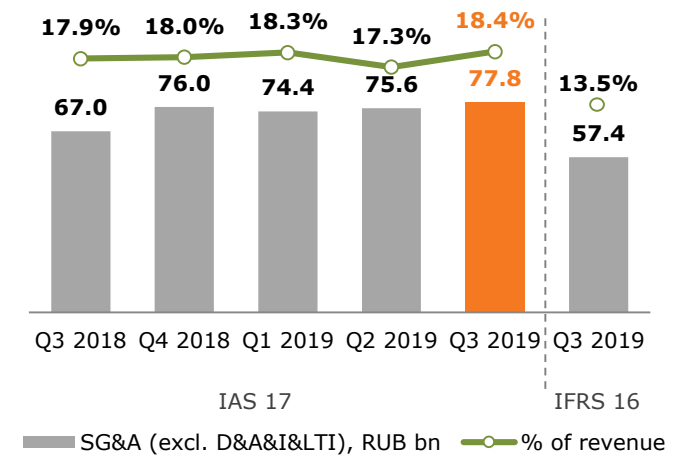
## Revenue



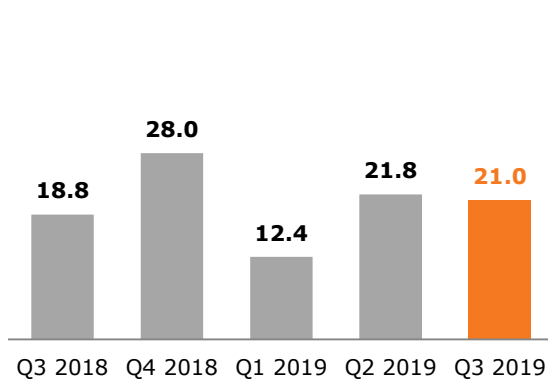
## Gross profit & gross margin



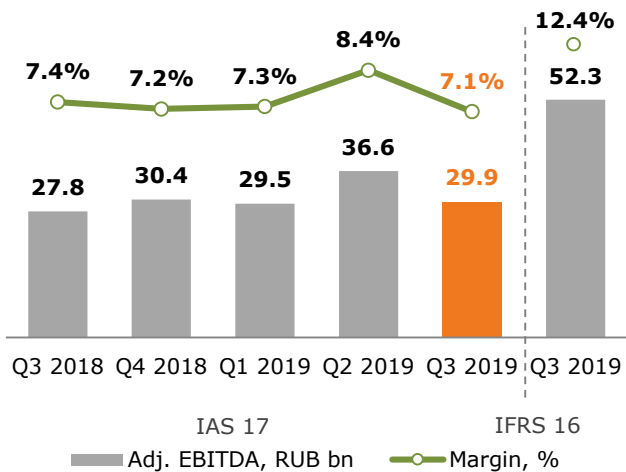
## SG&A (excl. D&A&I&LTI)<sup>2</sup>



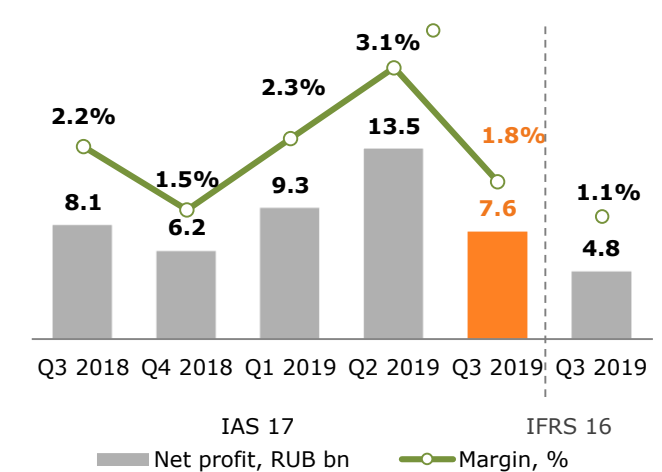
## Capital expenditures, RUB bn



## Adj. EBITDA & EBITDA margin<sup>[1]</sup>



## Net profit & net profit margin



Source: X5 data

[1] – Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

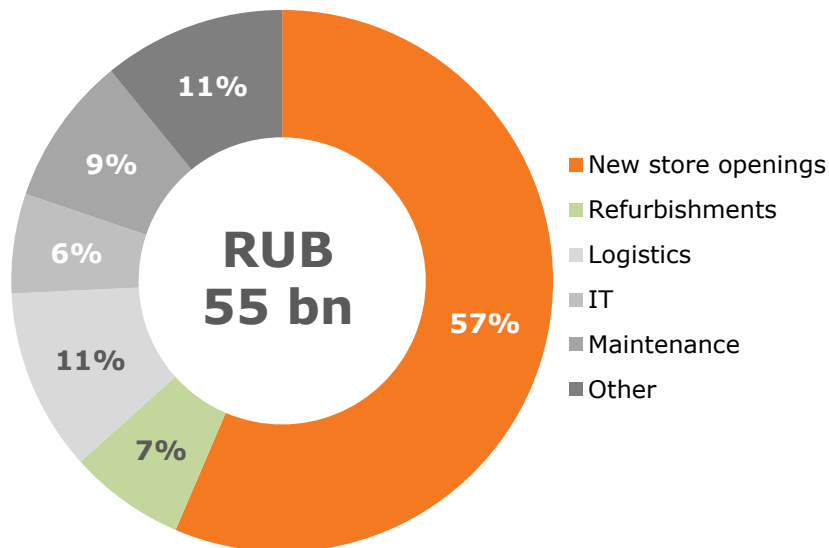
[2] – Adjusted for impact from Karusel transformation



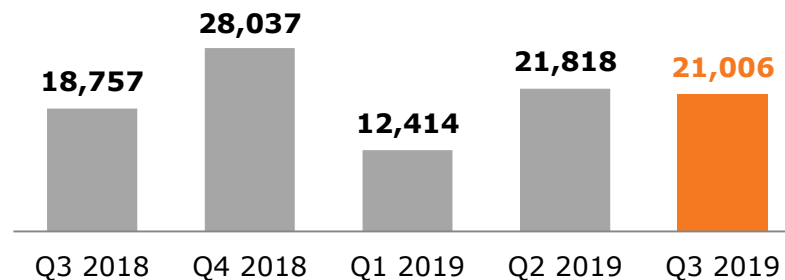
# 25 / Q3 2019 RESULTS: X5 CAPITAL EXPENDITURE OVERVIEW

## OVERVIEW

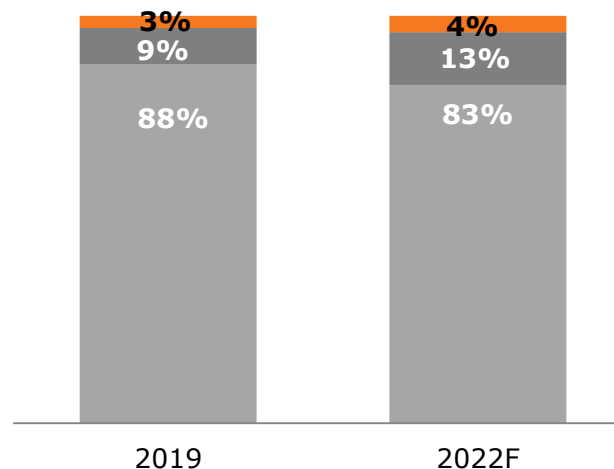
### Capex breakdown, 9M 2019



### Capex dynamics by quarter, RUB mln



### Expected change in Capex structure



Source: X5 data (prepared under IAS 17)

**In 9M 2019 the capex programme focused mainly on organic expansion, IT, maintenance and logistics**



# 26 / Q3 2019 RESULTS: DEBT STRUCTURE

## Debt profile

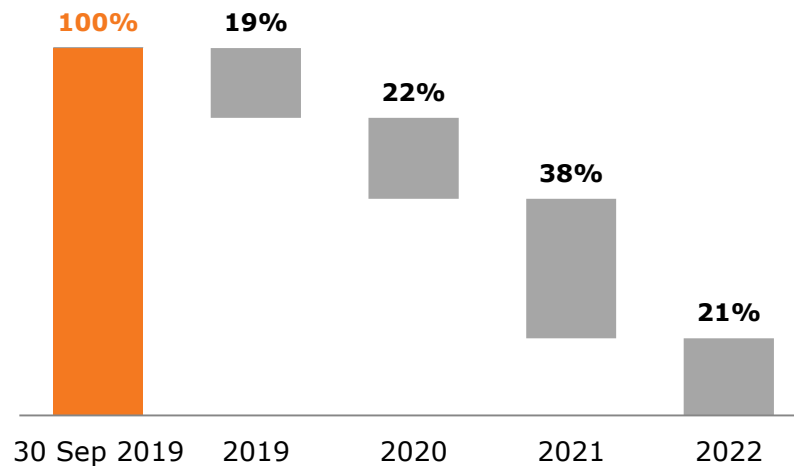
RUB mln	30 Sep 2019	30 Sep 2018
<b>Total Debt</b>	<b>226,586</b>	<b>217,184</b>
Short-Term Debt	72,868	55,987
<i>% of total debt</i>	<i>32.2%</i>	<i>25.8%</i>
Long-Term Debt	153,718	161,197
<i>% of total debt</i>	<i>67.8%</i>	<i>74.2%</i>
<b>Net Debt</b>	<b>215,719</b>	<b>201,846</b>

## Covenants & liquidity update

Covenant metrics & liquidity sources	30 Sep 2019	30 Sep 2018
Net Debt / EBITDA (IAS 17)	1.75x	1.99x
Cash & cash equiv., RUB mln	10,867	15,338
Available credit limits, RUB mln	358,455	303,048

Source: X5 data

## Debt portfolio maturity



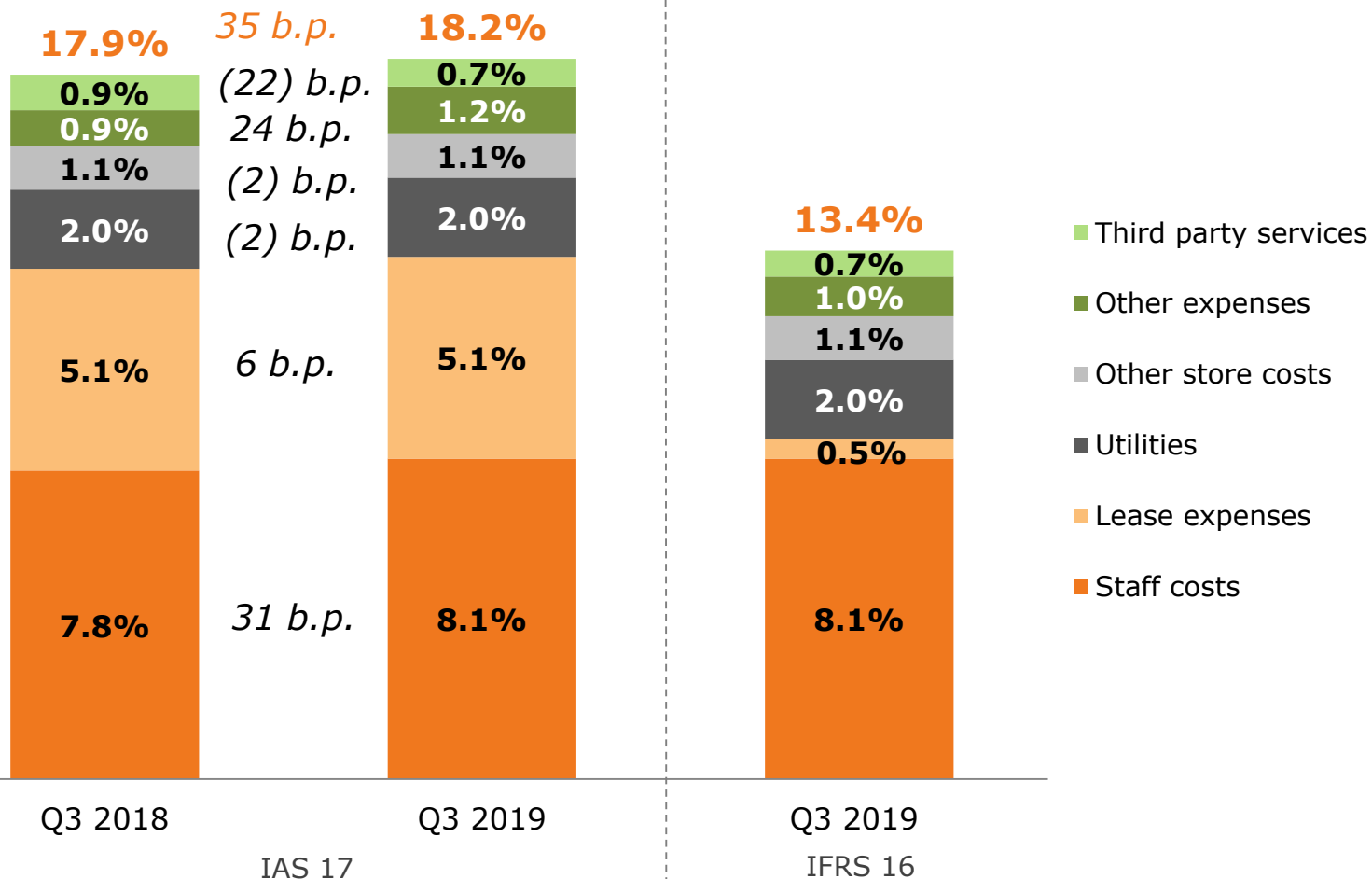
## Highlights

- X5's debt portfolio is 100% RUB-denominated
- The majority of the X5's loans and all bonds have fixed interest rates
- X5's available credit limits amounted to RUB 358.5 bn
- Record-low cost of debt with the weighted average effective interest rate on X5's total debt at 8.14% in H1 2019
- In July 2019 MOEX registered increase of the X5 bond program from RUB 50 bn to RUB 100 bn



# 27 / Q3 2019 RESULTS: ADJUSTED SG&A [1] EXPENSES ANALYSIS

## Q3 2019 analysis as percentage of revenue



Source: X5 data

[1] – Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation



# 28 / FINANCIAL STATEMENTS (1/3)

## PROFIT AND LOSS STATEMENT

RUB mln	IAS 17				IFRS 16
	Q3 2019	Q3 2018	+/( - )	+/( - ), %	Q3 2019
<b>Revenue</b>	<b>421,955</b>	<b>375,505</b>	<b>46,450</b>	12.4%	<b>421,955</b>
Net retail sales	420,712	372,934	<b>46,450</b>	12.8%	420,712
COGS	(318,462)	(283,023)	<b>35,439</b>	12.5%	(316,807)
<b>Gross profit</b>	<b>103,493</b>	<b>92,482</b>	<b>11,011</b>	11.9%	<b>105,148</b>
<i>Gross profit margin</i>	24.5%	24.6%		(10) b.p.	24.9%
SG&A	(95,938)	(79,466)	<b>(16,472)</b>	20.7%	(91,496)
<b>EBITDA</b>	<b>28,645</b>	<b>27,689</b>	<b>956</b>	3.5%	<b>51,878</b>
<i>EBITDA margin</i>	6.8%	7.4%		(59) b.p.	12.3%
<b>Operating profit</b>	<b>10,803</b>	<b>15,367</b>	<b>(4,564)</b>	(30.0%)	<b>18,099</b>
<i>Operating margin</i>	2.6%	4.1%		(153) b.p.	4.3%
<b>Net profit</b>	<b>2,238</b>	<b>8,087</b>	<b>(5,849)</b>	(72.3%)	<b>102</b>
<i>Net profit margin</i>	0.5%	2.2%		(162) b.p.	0.0%

Source: X5 data

# 29 / FINANCIAL STATEMENTS (2/3)

## BALANCE SHEET (IFRS 16)

RUB mln	30 Sep 2019	31 Dec 2018*
<b>Total current assets</b>	<b>148,592</b>	<b>170,840</b>
Cash & cash equivalents	10,867	24,368
Inventories	107,270	115,990
<b>Total non-current assets</b>	<b>866,857</b>	<b>439,959</b>
Right-of-use assets	410,323	-
Net PP&E	309,848	303,802
Goodwill	99,781	94,627
<b>Total assets</b>	<b>1,015,449</b>	<b>610,799</b>
<b>Total current liabilities</b>	<b>328,387</b>	<b>291,203</b>
ST debt	72,868	60,435
ST finance lease payables	56,374	-
Trade accounts payable	131,196	154,873
<b>Total non-current liabilities</b>	<b>569,598</b>	<b>154,121</b>
LT debt	153,718	147,329
LT finance lease payable	407,219	-
<b>Total liabilities</b>	<b>897,985</b>	<b>445,324</b>
<b>Total equity</b>	<b>117,464</b>	<b>165,475</b>
<b>Total liabilities &amp; equity</b>	<b>1,015,449</b>	<b>610,799</b>

Source: X5 data

\* The Group made a transition to IFRS 16 using the modified retrospective approach under which the comparative information was not restated (refer to Note 4).

# 30 / FINANCIAL STATEMENTS (3/3)

## CASH FLOW STATEMENT (IAS 17 AND IFRS 16)

RUB mln	IAS 17				IFRS 16
	Q3 2019	Q3 2018	+/( - )	+/( - ), %	Q3 2019
<b>Net cash generated from operating activities</b>	<b>2,437</b>	<b>28,147</b>	<b>(25,710)</b>	(91.3)%	<b>15,170</b>
Net cash from operating activities before changes in working capital	29,403	27,666	1,737	6.3%	51,440
Change in Working Capital, incl.:	(17,564)	8,475	(26,039)	n/a	(17,090)
Decrease/(increase) in trade and other AR	(890)	(717)	(173)	24.1%	(917)
Decrease/(increase) in inventories	(3,584)	3,192	(6,776)	n/a	(3,584)
(Increase)/decrease in trade payable	(7,522)	1,527	(9,049)	n/a	7,522
(Decrease)/increase in other AP	(5,568)	4,473	(10,041)	n/a	(5,067)
Net interest and income tax paid	(9,402)	(7,994)	(1,408)	17.6%	(19,180)
<b>Net cash used in investing activities</b>	<b>(23,003)</b>	<b>(19,533)</b>	<b>(3,470)</b>	17.8%	<b>(23,003)</b>
<b>Net cash generated from/(used in) financing activities</b>	<b>14,496</b>	<b>(7,012)</b>	<b>21,508</b>	n/a	<b>(1,763)</b>
Effect of exchange rate changes on cash & cash equiv.	(6)	(38)	32	(84.2)%	(6)
<b>Net increase/(decrease) in cash &amp; cash equiv.</b>	<b>(6,076)</b>	<b>1,564</b>	<b>(7,640)</b>	n/a	<b>(6,076)</b>

Source: X5 data



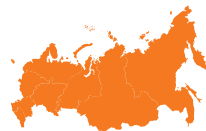
**APPENDIX  
PERFORMANCE SUMMARY OF KEY  
FORMATS**

# 32 / PYATEROCHKA SUMMARY (1/3)

## RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



**14,850 stores** as of 30 September 2019, 15.8% increase y-o-y



**5,789 th. sq. m of selling space** as of 30 September 2019, 15.0% increase y-o-y



**Q3 2019 net retail sales – RUB 337.8 bn,** 13.4% increase y-o-y



**1,142 mln of customer visits** in Q3 2019, 11.8% increase y-o-y



Share of X5's Q3 2019 sales: **~80%**



Q3 2019 LFL Results

- Sales: **3.4%**
- Traffic: **0.3%**
- Basket: **3.1%**



Average check: **RUB 341** (Q3 2019) 0.7% increase y-o-y



- Avg. net selling space: **390 sq. m.**
- **Formats**
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more



Average number of SKUs: **4,500**



Capex per leased store: **RUB 12-15 mln**

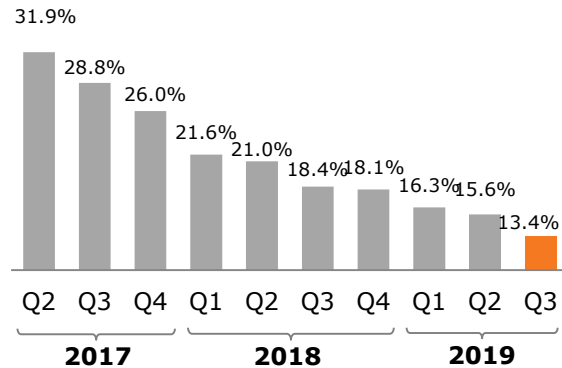
The proximity store for your daily shopping needs



# 33 PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

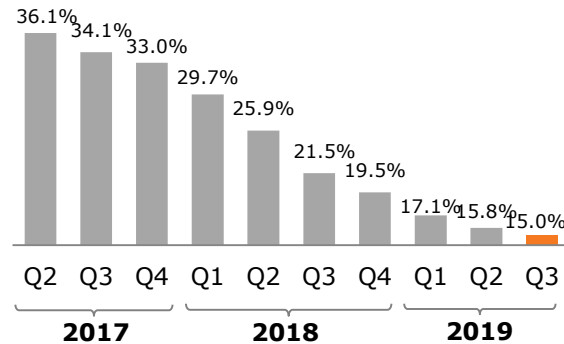
## Q3 2019 net retail sales: 13.4% increase y-o-y

Net sales growth (% y-o-y)



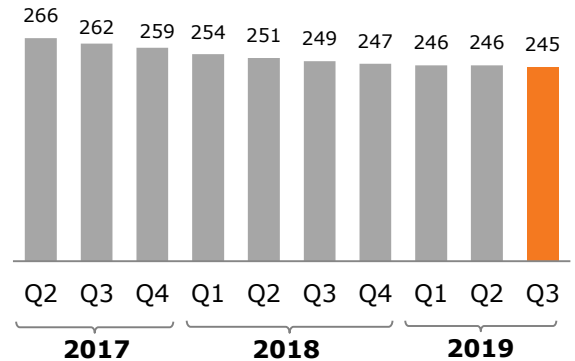
## Q3 2019 selling space: 15.0% increase y-o-y

Net selling space growth (% y-o-y)



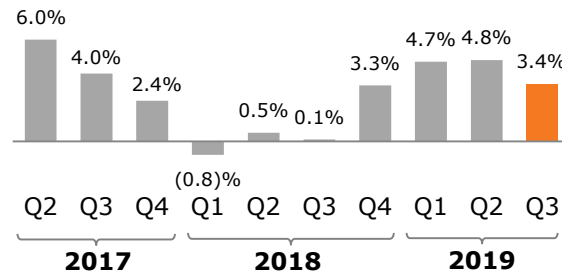
## Q3 2019 sales densities: 1.5% decline y-o-y

Net sales densities (th. RUB/sq. m<sup>[1]</sup>)



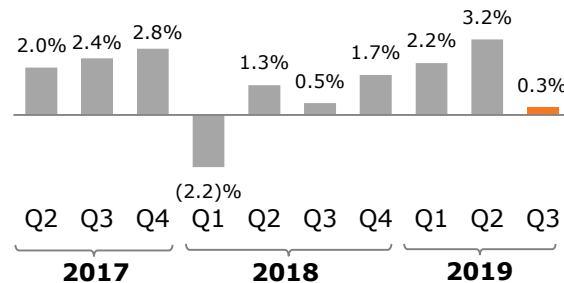
## Q3 2019 LFL sales: 3.4% increase y-o-y

Total LFL sales growth (% y-o-y)



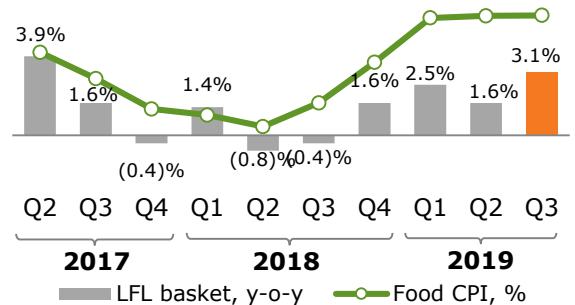
## Q3 2019 LFL traffic: 0.3% increase y-o-y

Total LFL traffic growth (% y-o-y)



## Q3 2019 LFL basket: 3.1% increase y-o-y

Total LFL basket growth (% y-o-y)



Source: X5 data

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters



# 34 / PYATEROCHKA SUMMARY (3/3)

## STRATEGY OVERVIEW

- **Maximise the share of customers, and maximise share of these customers' wallet:**
  - Further **adaptation of CVP** and **assortment**
  - **Leadership in NPS** and service level
  - **Decrease personnel turnover**; improve loyalty
  - Improvement in **operational efficiency**, incl. shrinkage
  - Roll-out of **personalised promotions**
  - Improve efficiency of **regional model**
- **Improve efficiency and reduce costs:**
  - **Further** improvements in opex and purchasing terms
  - Increase the share of **direct import**
  - Grow the share of **private label** to >20% during the next 3-5 years
  - **Lean and agile** approach

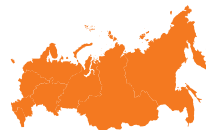


# 35 / PEREKRESTOK SUMMARY (1/3)

## RUSSIA'S #1 SUPERMARKET



**811 stores** as of  
30 September 2019,  
13.9% increase y-o-y



**854 th. sq. m. of selling space**  
as of 30 September 2019,  
17.2% increase y-o-y



**Q3 2019 net retail sales of  
RUB 62.8 bn,**  
18.0% increase y-o-y



**144 mln customers** in Q3 2019,  
14.5% increase y-o-y



Share of X5's Q3 2019 sales:  
**~15%**



Q3 2019 LFL Results

- Sales: **7.6%**
- Traffic: **3.0%**
- Basket: **4.4%**



Average check:  
**RUB 501** (Q3 2019),  
4.1% increase y-o-y



Avg. net selling space :  
**1,052 sq. m.**



Average number of SKUs:  
**8,000 – 15,000**



Capex per leased store:  
**RUB 50-60 mln**

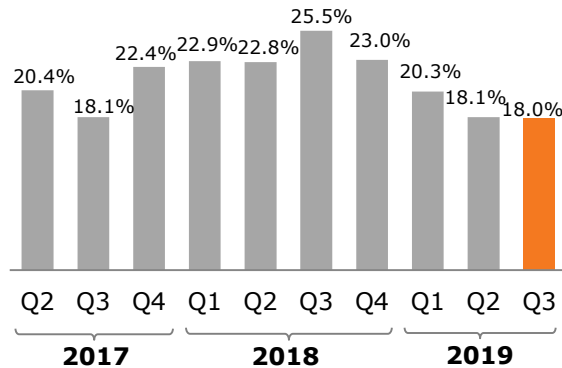


**The main supermarket in every neighbourhood**

# 36 PEREKRESTOK SUPERMARKETS SUMMARY (2/3)

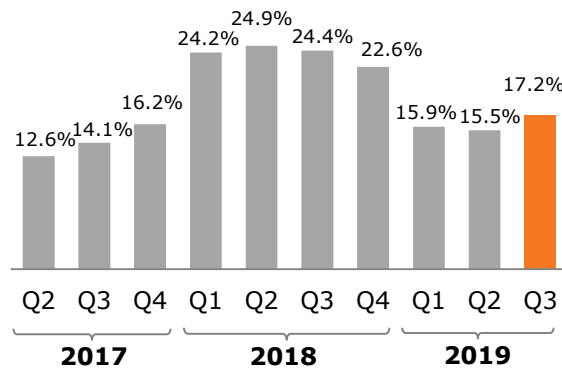
## Q3 2019 net retail sales: 18.0% increase y-o-y

Net sales growth (% y-o-y)



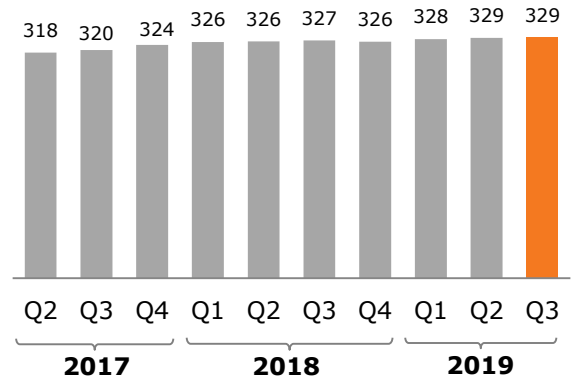
## Q3 2019 selling space: 17.2% increase y-o-y

Net selling space growth (% y-o-y)



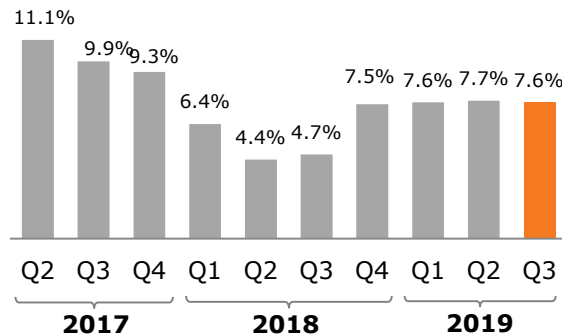
## Q3 2019 sales densities: 0.8% increase y-o-y

Net sales densities (th. RUB/sq. m<sup>[1]</sup>)



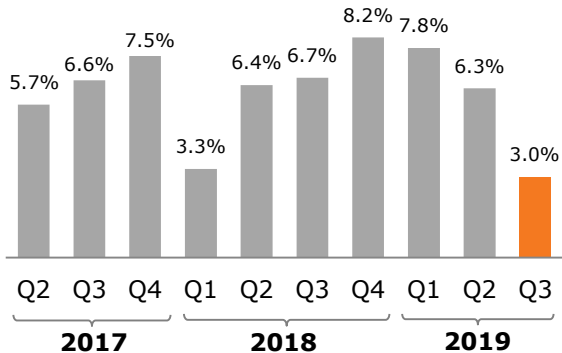
## Q3 2019 LFL sales: 7.6% increase y-o-y

Total LFL sales growth (% y-o-y)



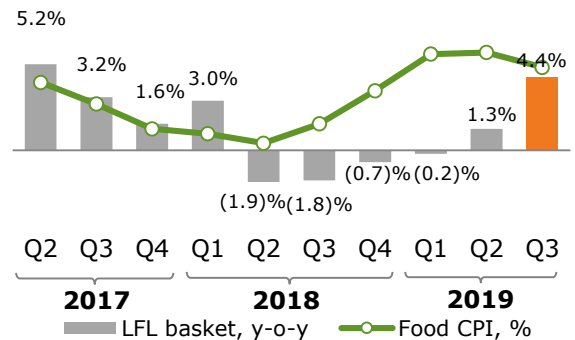
## Q3 2019 LFL traffic: 3.0% increase y-o-y

Total LFL traffic growth (% y-o-y)



## Q3 2019 LFL basket: 4.4% increase y-o-y

Total LFL basket growth (% y-o-y)



Source: X5 data

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters



# 37 / PEREKRESTOK SUMMARY (3/3)

## STRATEGY OVERVIEW

- **Fine-tuning value proposition and adapting to customer needs:**
  - Further adaptation of assortment with focus on **fresh, F&V, ready-to-eat**
  - **Omni-channel** development
  - Targeted **loyalty system** and **personalised** promo
  - **Best-in-class service**, further increase of NPS
  - **Comfort and positive emotions** from shopping
  - Chain expansion with aim of being **closer to the customer**
- **Improve efficiency and reduce costs:**
  - Increase the share of **private labels**
  - Increase the share of **direct import**
  - **Further improve logistics** (forecasting, stock replenishment system)
  - **Further** improvements in opex and purchasing terms

