



Q2&H1 2015 Financial Results Conference Call

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Moscow, Russian Federation
13 August 2015



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DELIVERING GROWTH



Strong organic growth



Solid financial results



50% of Pyaterochka stores under new concept



NPS of Perekrestok demonstrates solid growth



Positive traffic at Karusel stores



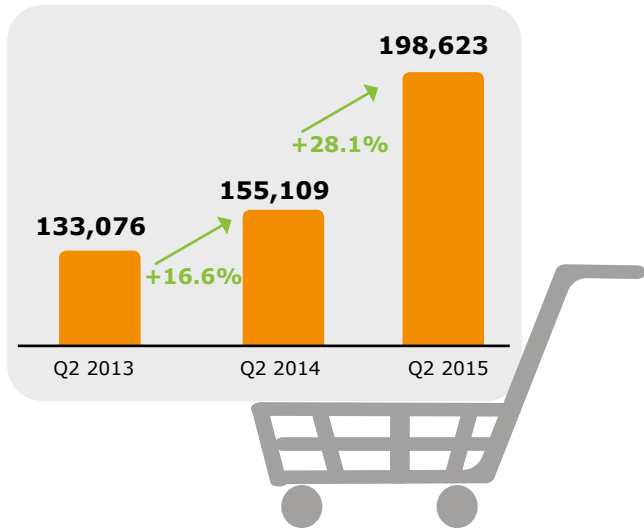
Successful integration of 103 Pokupochka stores



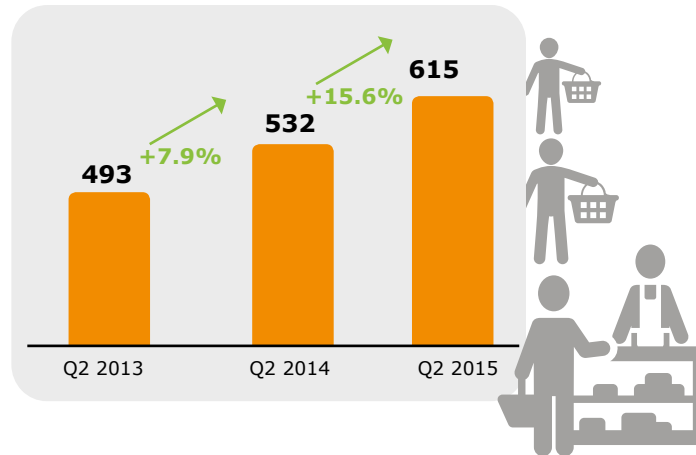
New DC in Voronezh



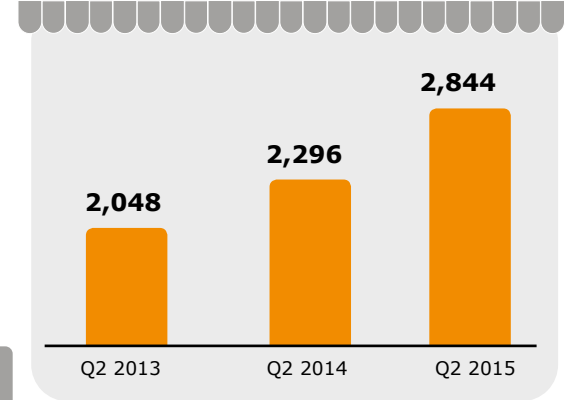
NET RETAIL SALES (mln RUB)



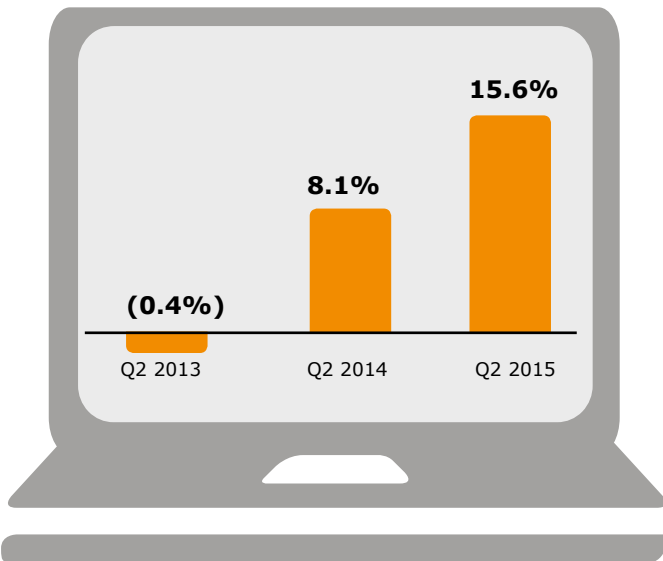
TRAFFIC (mln, customers)



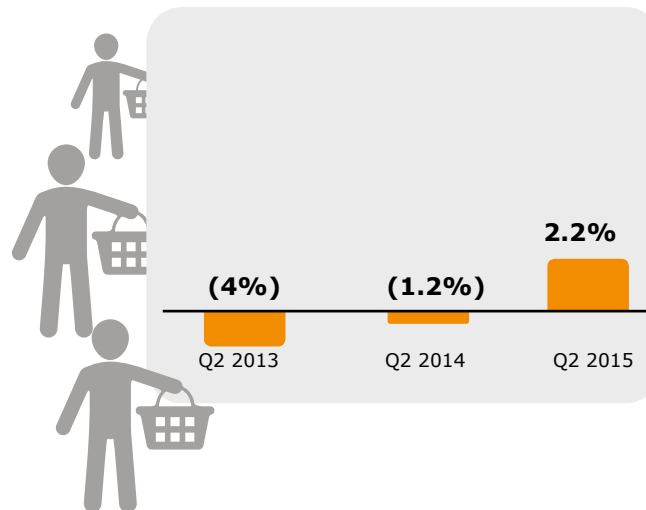
NET SELLING SPACE (mln sq. m.)



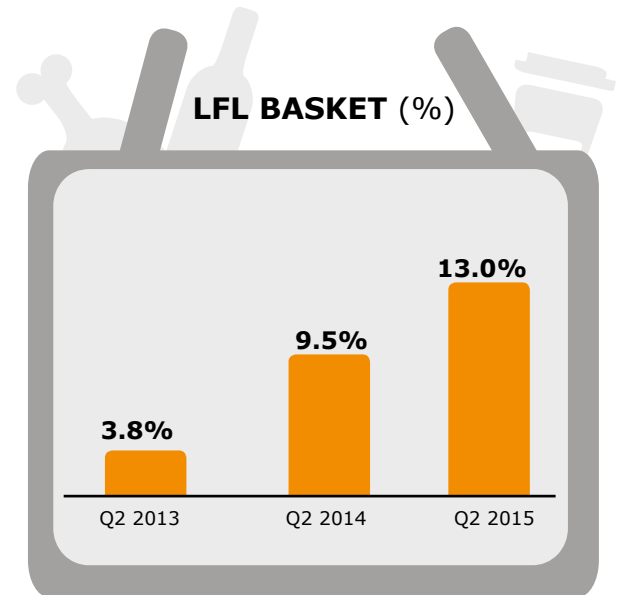
LFL SALES (%)



LFL TRAFFIC (%)

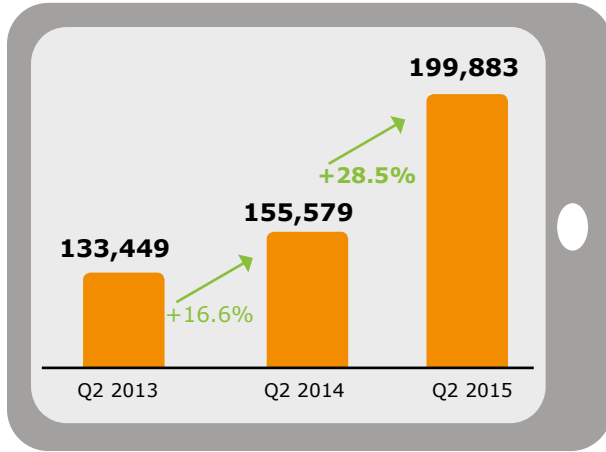


LFL BASKET (%)

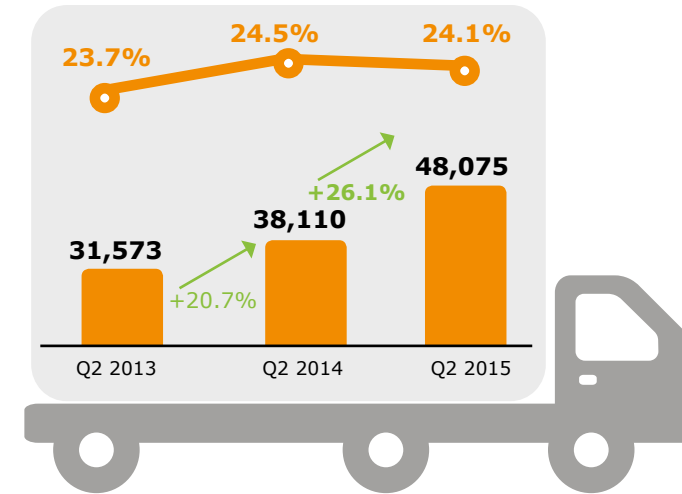


FINANCIAL HIGHLIGHTS

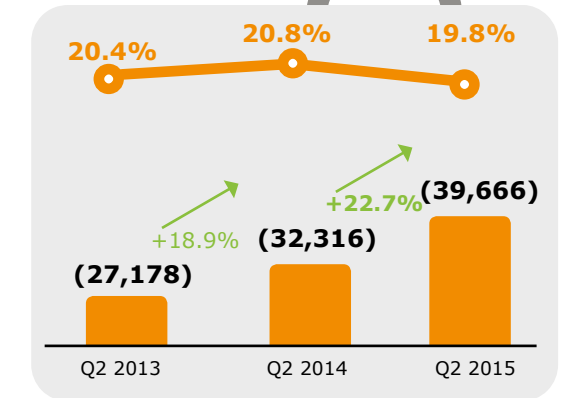
TOTAL REVENUE (mln RUB)



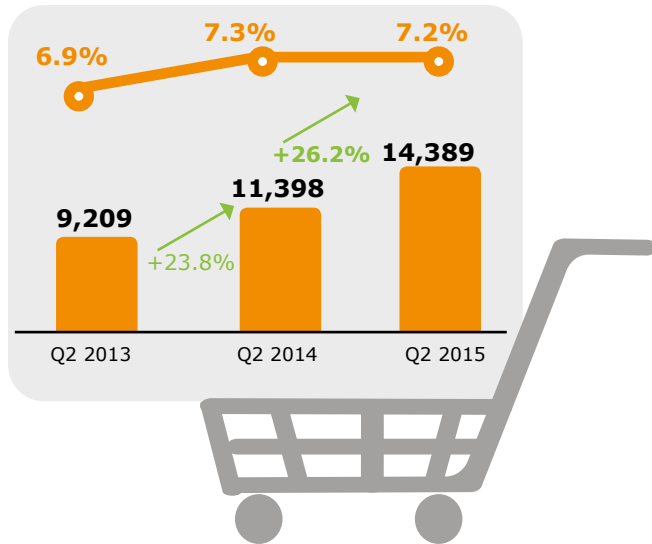
GROSS PROFIT (mln RUB, %)



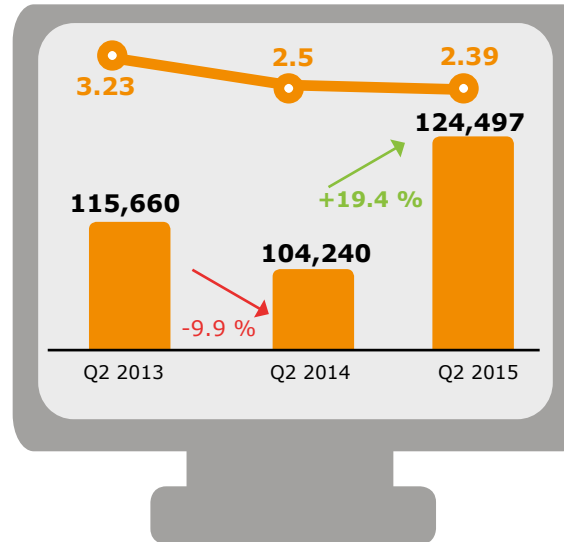
SG&A (mln RUB, %)



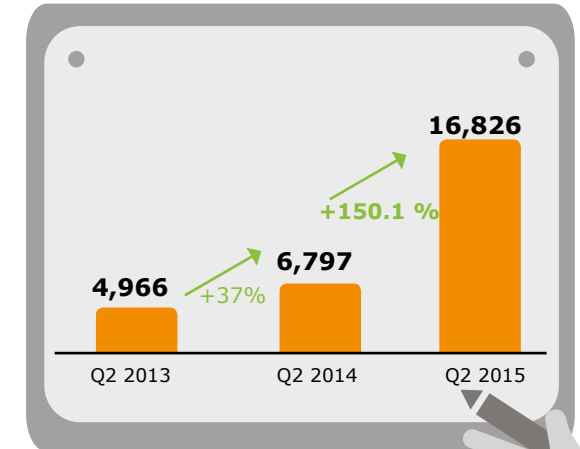
EBITDA (mln RUB, %)



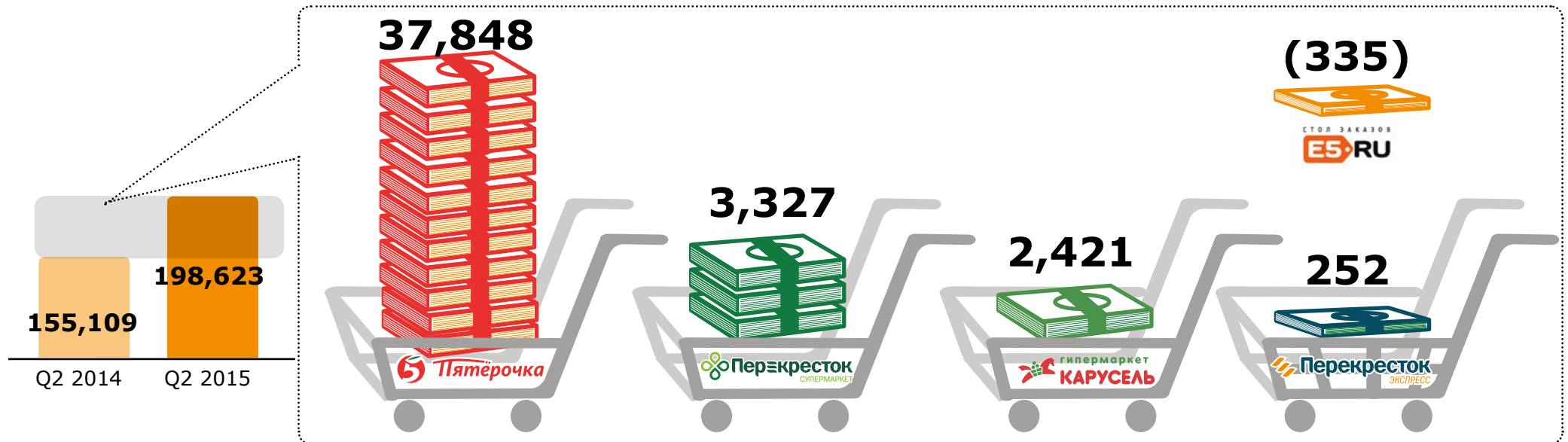
NET DEBT & NET DEBT/EBITDA (mln RUB, X)



CAPITAL EXPENDITURE (mln RUB)



Q2 2015 NET RETAIL SALES BREAKDOWN, RUB MLN



KEY DRIVERS

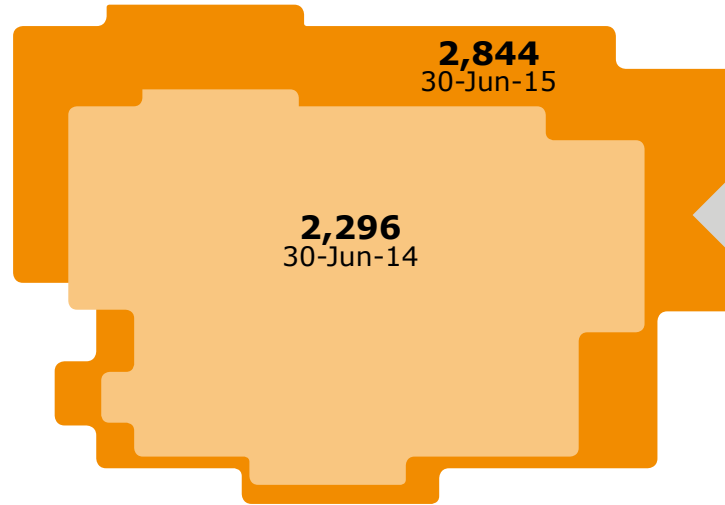
Net retail sales grew by 28.1% due to an increase in new selling space and improved LFL sales

Pyaterochka's strong results relative to other formats is due to the success of the rebranding work leading to:

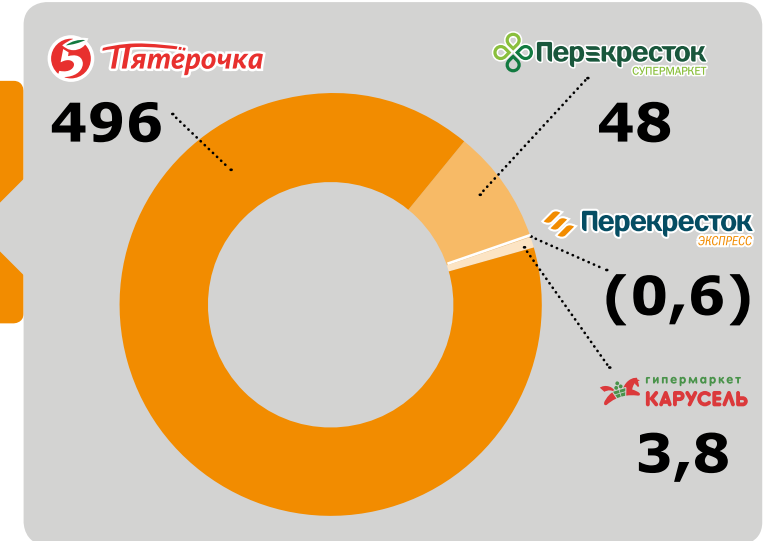
- improved assortment and promotional offer;
- updated store look with more modern feel and upgraded fixtures; and
- better shelf availability of products due to improvements in logistics

- Strong organic opening programs at Pyaterochka and Perekrestok
- Increased total store base to 5,971 stores by Q2 2015 end
- Continued investments into existing stores resulted in 267 refurbishments in Q2 2015

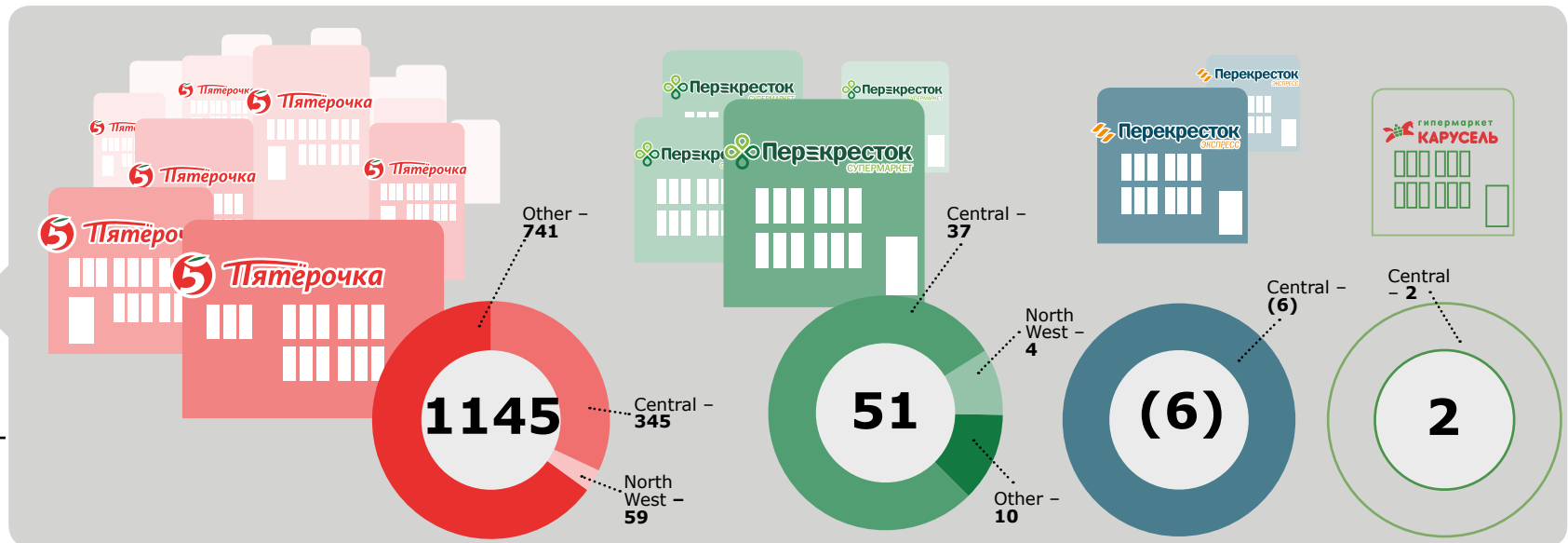
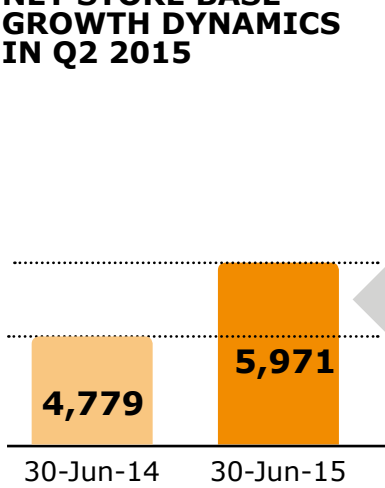
NET SELLING SPACE, th.sq.m.



NET SELLING SPACE ADDED, th.sq.m.



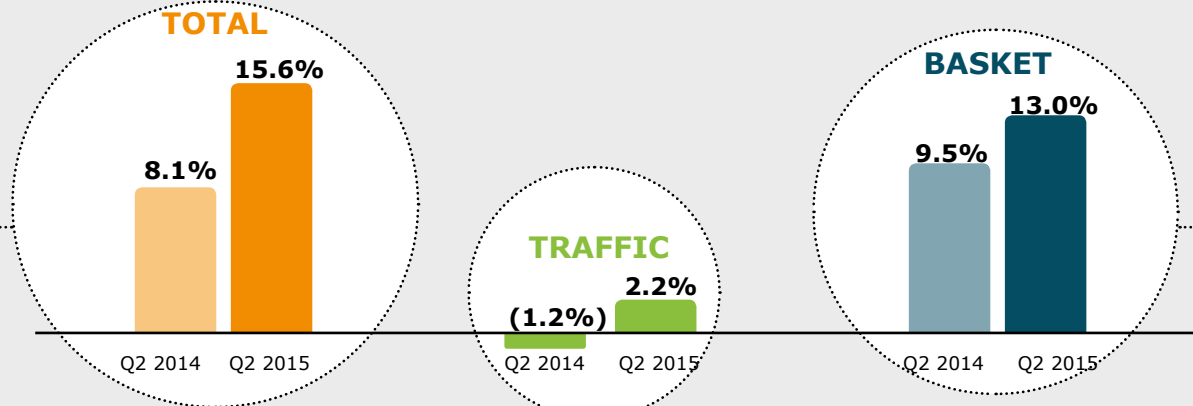
NET STORE BASE GROWTH DYNAMICS IN Q2 2015



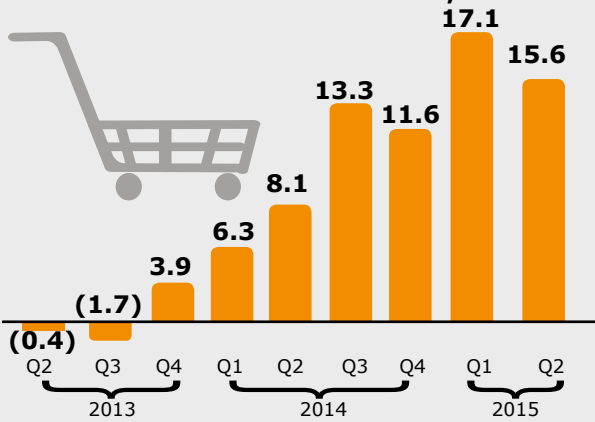
IMPROVING LFL RESULTS



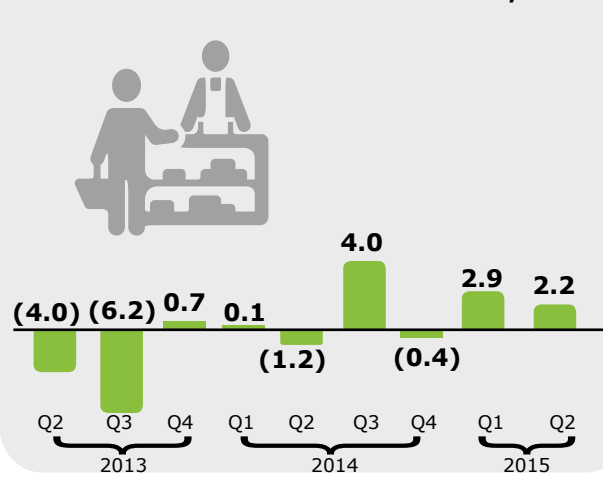
X5 LFL RESULTS



X5 LFL SALES GROWTH, %



X5 LFL TRAFFIC GROWTH, %



X5 LFL BASKET GROWTH, %



EBITDA BREAKDOWN

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Q2&H1 2015 FINANCIAL RESULTS CONFERENCE CALL

11,398
mln RUB

14,389
mln RUB

+26.2%

7.3%

(0.44%)

0.17%

0.16%

7.2%

Q2 2014
EBITDA

Gross
margin

Staff
costs

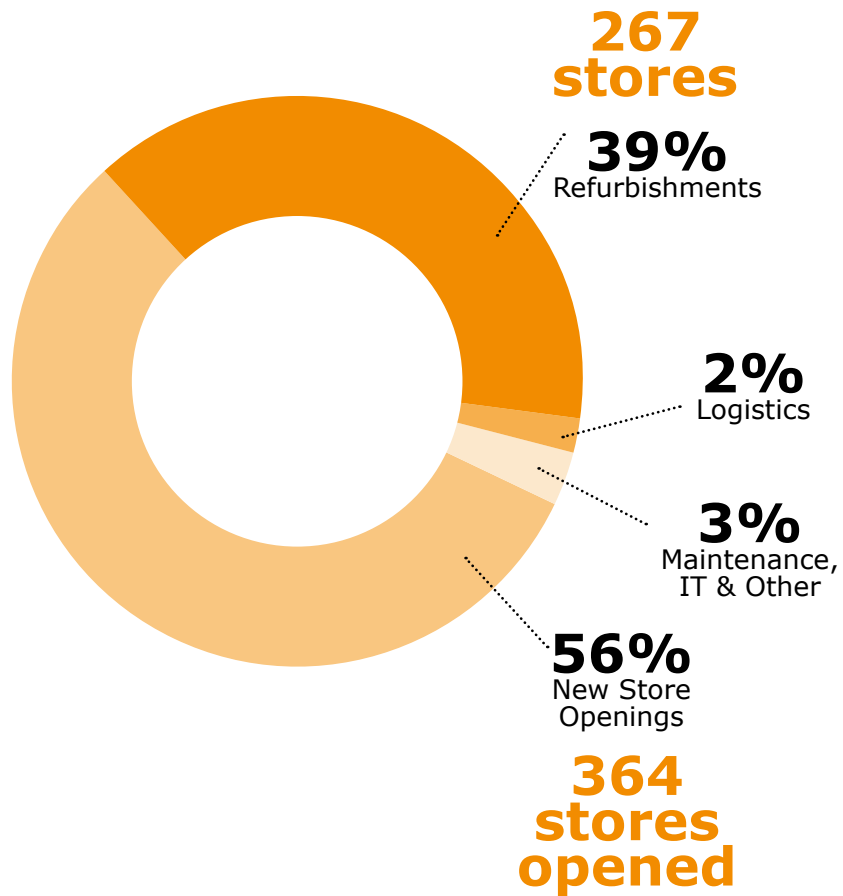
Other

Q2 2015
EBITDA

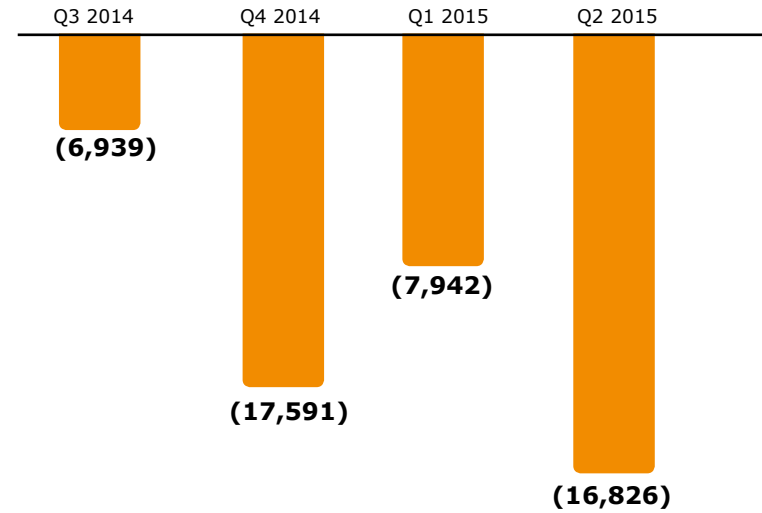
- Decline in gross margin due to higher shrinkage on the back of higher inventory volumes to support the Company's enhanced fresh assortment, increased availability of goods on shelves, and record organic growth through both new store openings and refurbishment.
- Staff costs and other operating expenses declined as a percentage of revenue primarily due to improvements in operating leverage.



Q2 2015 CAPITAL EXPENDITURES— 16,826 RUB MLN



Q3 2014 — Q2 2015 CAPITAL EXPENDITURES



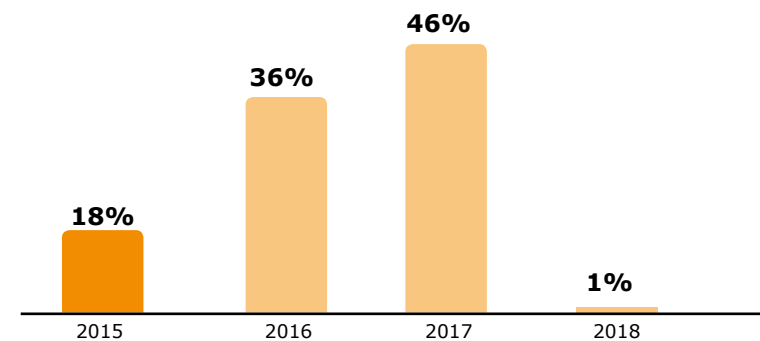
IN Q2 2015, CAPEX FOCUSED ON ORGANIC EXPANSION AND INVESTMENTS IN STORE REFURBISHMENTS



DEBT PROFILE

RUB mln	30 Jun 2015	31 Dec 2014
Total Debt	129,029	130,986
Short-Term Debt	30,779	15,834
% of total debt	23.9%	12.1%
Long-Term Debt	98,250	115,152
% of total debt	76.1%	87.9%
Net Debt	124,497	105,363

DEBT PORTFOLIO MATURITY



COVENANTS & LIQUIDITY UPDATE

Covenant metrics & liquidity sources	30 Jun 2015	31 Dec 2014	Covenants
Net Debt / EBITDA ⁽¹⁾	2.39x	2.30x	< 4.00x
Interest Coverage ratio ⁽¹⁾	3.61x	3.76x	> 2.75x
Cash & Cash equivalents Balance, RUB mln	4,532	25,623	
Undrawn credit lines, RUB mln	114,900	84,200	

HIGHLIGHTS

- X5's debt portfolio is 100% RUB-denominated.
- The weighted average effective interest rate on X5's total debt for H1 2015 amounted to 13.3%.
- YTD decrease in the amount of total debt

¹⁾ Based on last 12 months financial results

QUARTERLY FINANCIAL HIGHLIGHTS

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Q2&H1 2015 FINANCIAL RESULTS CONFERENCE CALL

RUB MLN	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015	Y-o-Y +/(-)%
Revenue	155,579	152,539	181,588	633,873	182,725	199,883	28.5%
Net retail sales	155,109	152,028	180,894	631,930	182,053	198,623	28.1%
COGS	(117,469)	(114,950)	(136,951)	(478,891)	(137,829)	(151,808)	29.2%
Gross profit	38,110	37,589	44,637	154,982	44,896	48,075	26.1%
Gross profit margin	24.5%	24.6%	24.6%	24.5%	24.6%	24.1%	—
SG&A	(32,316)	(31,825)	(38,580)	(133,512)	(37,417)	(39,666)	22.7%
EBIT	7,290	7,310	7,781	28,288	9,068	9,923	36.1%
EBIT margin	4.7%	4.8%	4.3%	4.5%	5.0%	5.0%	—
Net profit	3,980	3,420	2,822	12,691	4,110	3,832	(3.7%)
Net profit margin	2.6%	2.2%	1.6%	2.0%	2.2%	1.9%	—
EBITDA	11,398	11,171	13,495	45,860	13,129	14,389	26.2%
EBITDA margin	7.3%	7.3%	7.4%	7.2%	7.2%	7.2%	—
Operating cash flow	12,776	6,825	13,598	28,567	(2,251)	6,843	(46.4%)
Investing cash flow	(4,911)	(6,590)	(13,947)	(29,737)	(7,820)	(13,520)	175.3%

CONDENSED BALANCE SHEET

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Q2&H1 2015 FINANCIAL RESULTS CONFERENCE CALL

RUB MLN	30 June 2015	31 December 2014	+/(-)	+/(-)%
Total current assets	91,875	110,509	18,634	(16.9%)
Cash & cash equivalents	4,532	25,623	(21,091)	(82.3%)
Inventories	50,400	47,084	3,316	7.0%
Total non-current assets	257,155	240,411	16,744	7.0%
Net PP&E	164,386	150,328	14,058	9.4 %
Goodwill	68,344	65,684	2,660	4.0%
Total assets	349,030	350,920	(1,890)	(0.5%)
Total current liabilities	148,703	141,273	7,430	5.3%
ST debt	30,779	15,834	14,945	94.4%
Trade accounts payable	82,264	92,001	(9,737)	(10.6%)
Total non-current liabilities	101,861	119,089	(17,228)	(14.5%)
LT debt	98,250	115,152	(16,902)	(14.7%)
Total liabilities	250,564	260,362	(9,798)	(3.8%)
Total equity	98,466	90,558	7,908	8.7%
Total liabilities & equity	349,030	350,920	(1,890)	(0.5%)

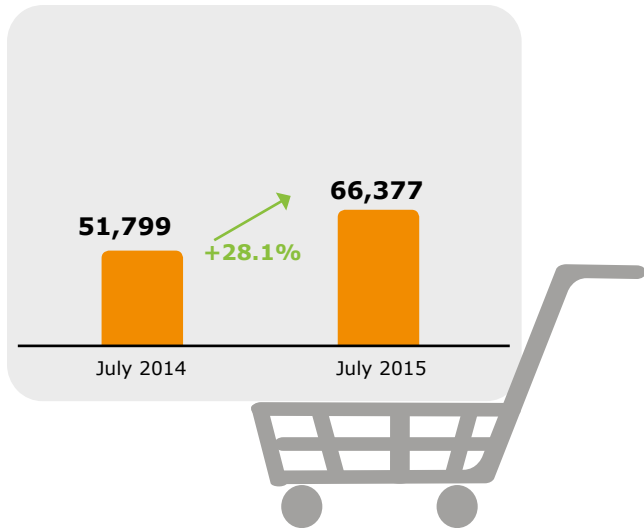
CASH FLOW HIGHLIGHTS

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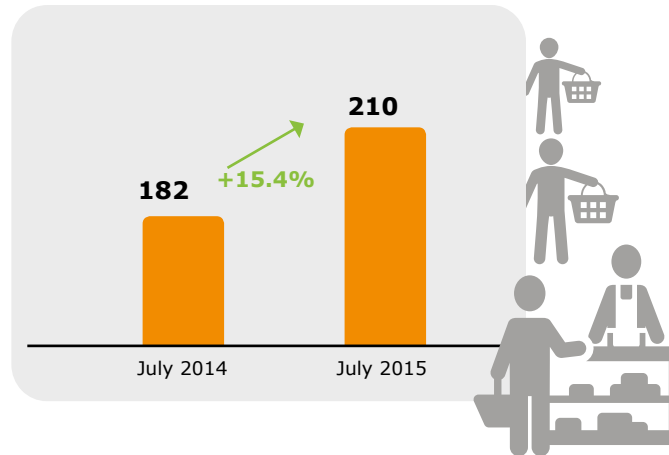
Q2&H1 2015 FINANCIAL RESULTS CONFERENCE CALL

RUB MLN	Q2 2015	Q2 2014	+/(-)	+/(-)%
Net cash generated from operating activities	6,843	12,776	(5,933)	(46.4%)
Net cash from operating activities before changes in working capital	15,384	12,201	3,183	26.1%
Change in Working Capital	(2,919)	3,056	(5,975)	n/a
Decrease in trade and other accounts receivable	(3,307)	(1,342)	(1,965)	146.4 %
Increase /decrease in inventories	2,531	(407)	2,938	n/a
(Increase)/decrease in trade payable	(3,276)	3,905	(7,181)	n/a
Increase in other accounts payable	1,133	900	233	25.9%
Net interest and income tax paid	(5,622)	(2,481)	(3,141)	126.6 %
Net cash used in investing activities	(13,520)	(4,911)	(8,609)	175.3 %
Net cash (used in)/generated from financing activities	6,100	(6,556)	12,656	n/a
Effect of exchange rate changes on cash & cash equivalents	6	(13)	19	n/a
Net decrease in cash & cash equivalents	(571)	1,296	(1,867)	n/a

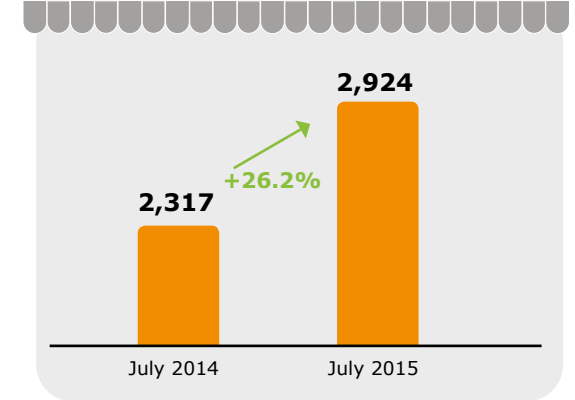
NET RETAIL SALES (mln RUB)



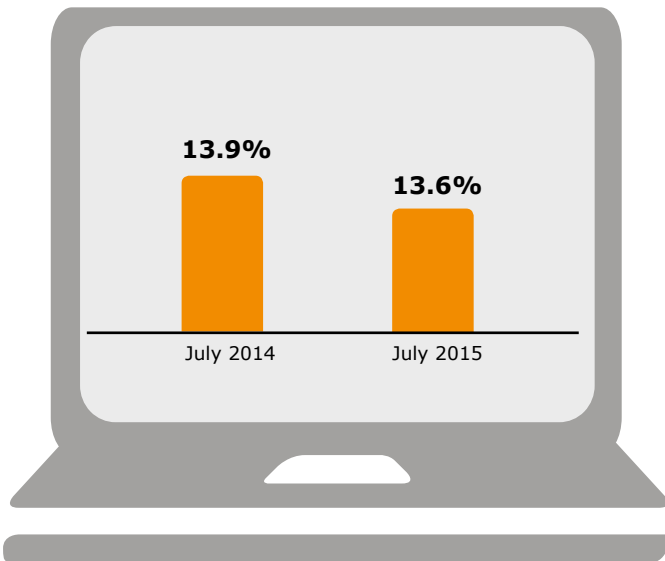
TRAFFIC (mln, customers)



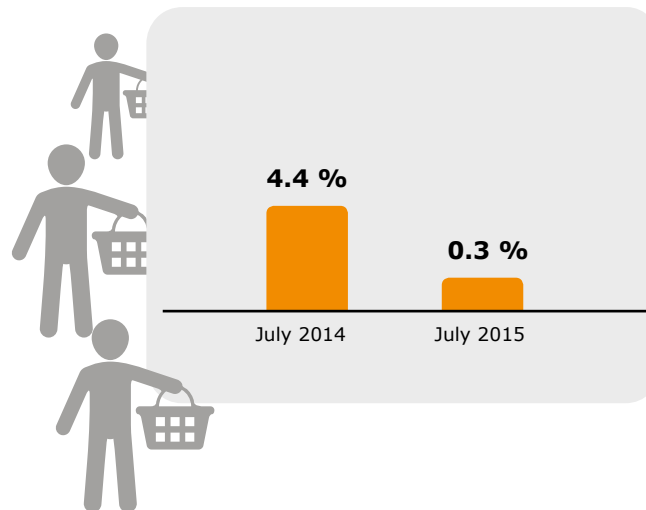
NET SELLING SPACE (mln sq. m.)



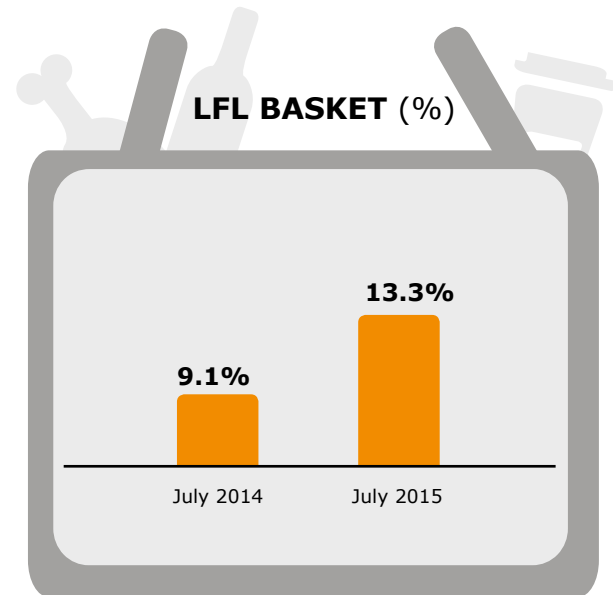
LFL SALES (%)



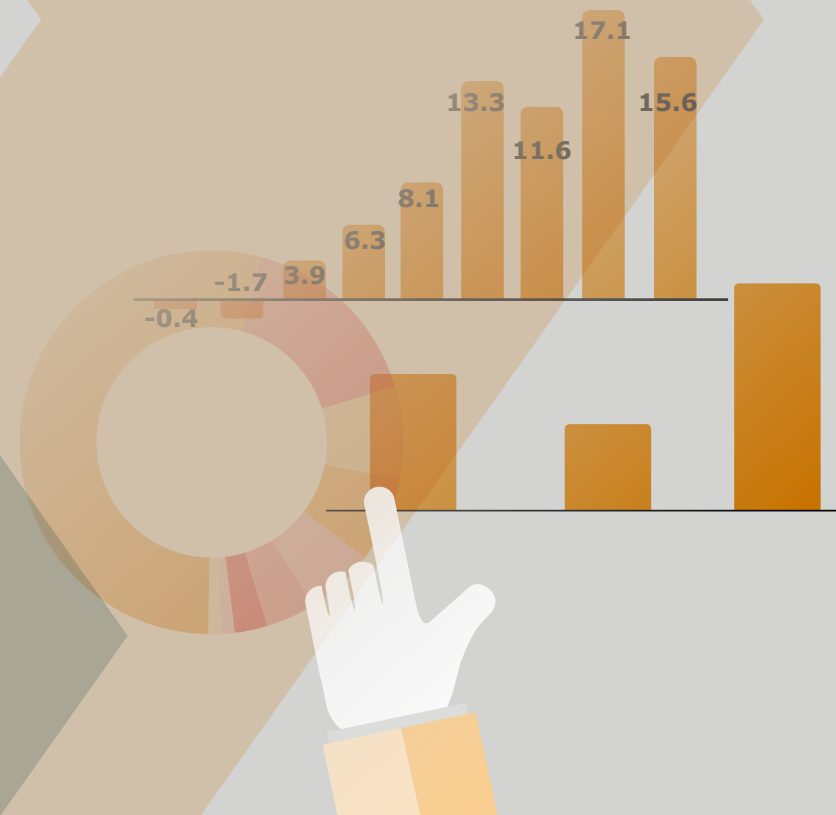
LFL TRAFFIC (%)



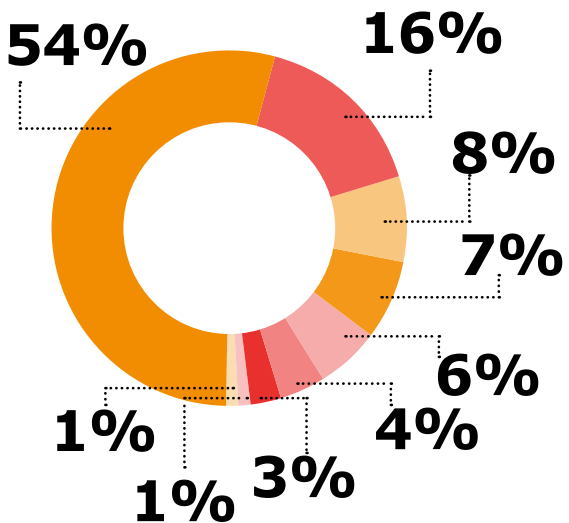
LFL BASKET (%)



OPERATIONAL REVIEW



Q2 2015 NET RETAIL SALES BY REGION



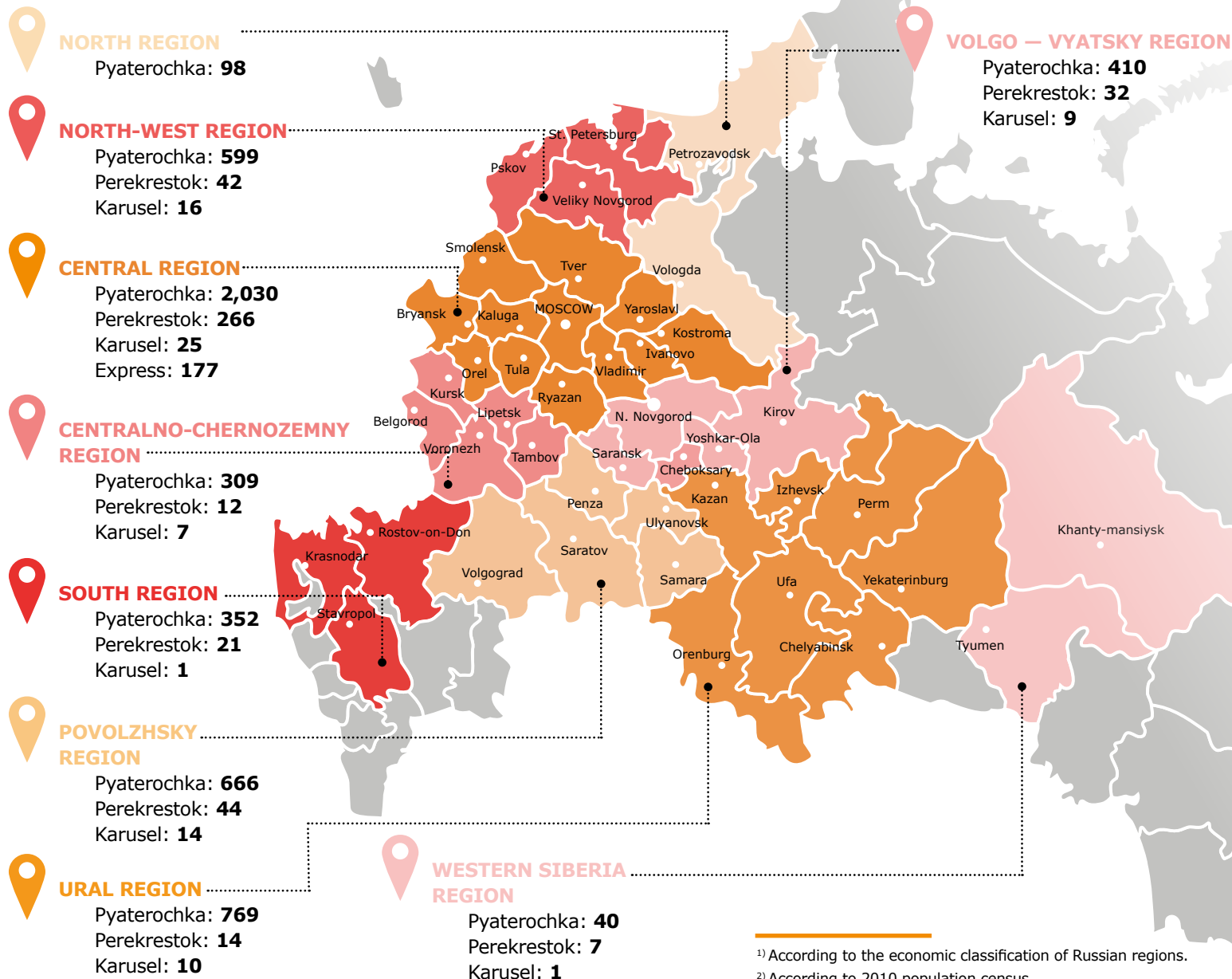
OVERVIEW

Multi-format presence in **62 cities** of European Russia, the Urals and Western Siberia with population **>200,000**⁽²⁾

Total stores – 5,971, including:

- Пятёрочка** – 5,273
- Перекресток** – 438
- гипермаркет КАРУСЕЛЬ** – 83
- Перекресток** – 177

NUMBER OF STORES BY REGION as of 30.06.2015⁽¹⁾



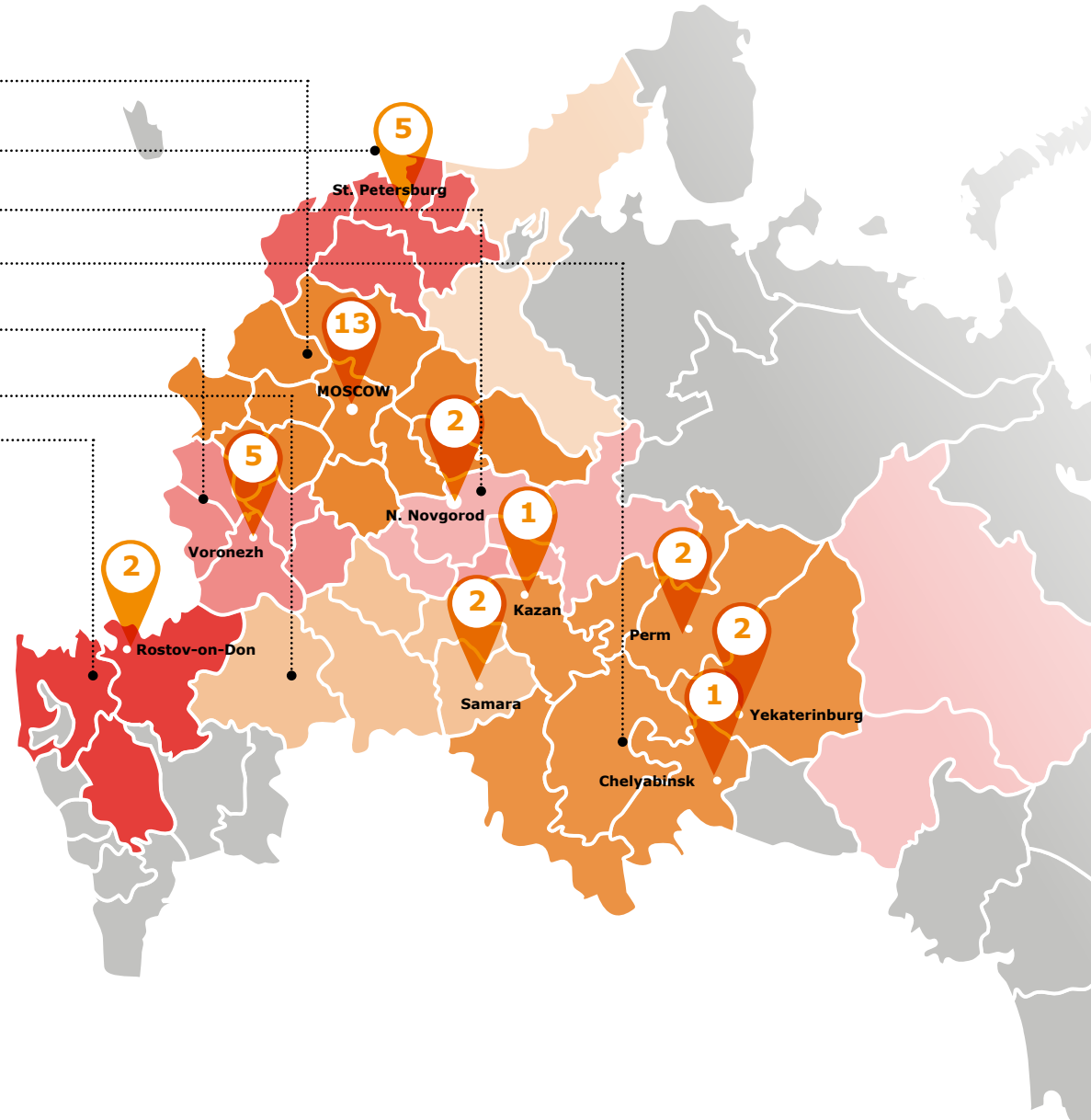
¹⁾ According to the economic classification of Russian regions.

²⁾ According to 2010 population census

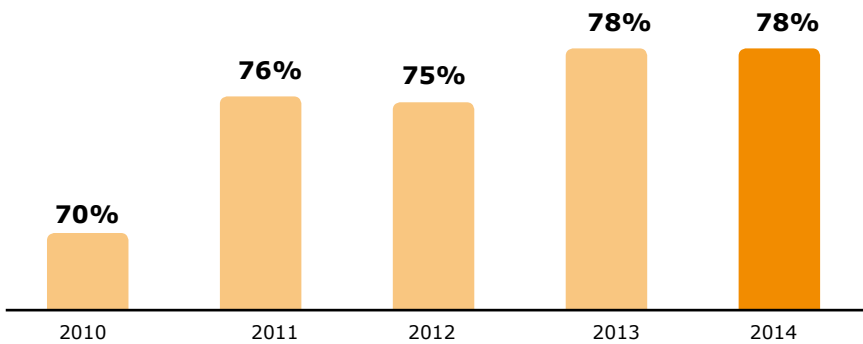
WAREHOUSE SPACE ⁽¹⁾

Region	Space, th. sq. m.	# of DCs
Central	359,7	13
North-West	82,8	5
Volgo-Vyatsky	41,9	2
Ural	58,7	5
Central-Chernozemny	74,5	5
Povolzhsky	71,7	3
South	41,3	2
Total	730,6	35

DISTRIBUTION CENTER (DC) LOCATIONS



CENTRALIZATION LEVEL



¹⁾ As at 30 June 2015

KEY FORMATS

 Перекресток
СУПЕРМАРКЕТ

 Пятёрочка

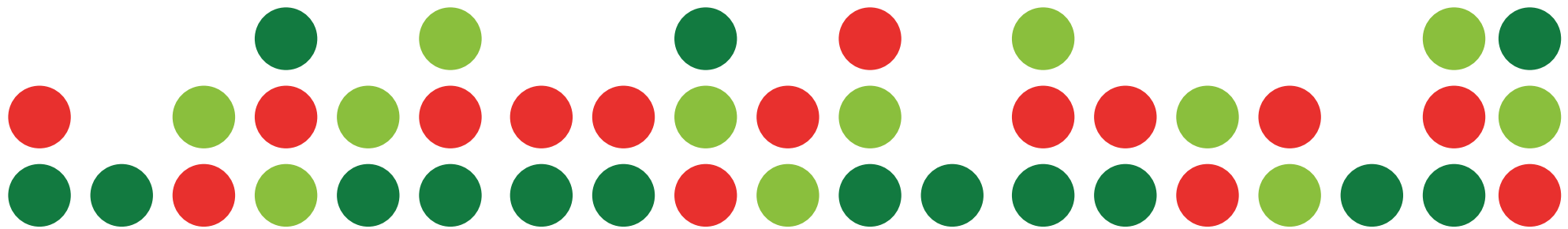
 гипермаркет
КАРУСЕЛЬ



YOUR NEIGHBORHOOD STORE FOR DAILY SHOPPING NEEDS

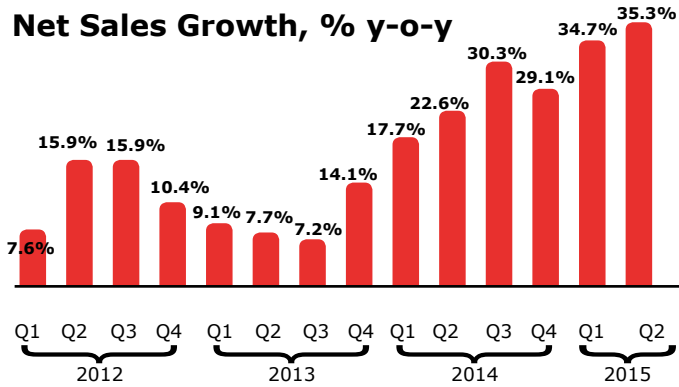


- **5,273 stores** at 30 June 2015, 28 % increase y-o-y
- **2,002 thousand sq. m. of selling space** (at 30 June 2015), 32.9% increase y-o-y
- **2014 Net sales – RUB 436 billion**, 25% increase y-o-y
- Q2 2015 **Net retail sales – RUB 145 billion**, 35% increase y-o-y
- Share in X5's Q2 2015 sales: **~73%**
- Q2 2015 LFL Results:
 - **Sales: 18.6%;**
 - **Traffic: 3.5%;**
 - **Basket: 14.6%**
- **Average check: 335 RUB** (Q2 2015), 13.1% increase y-o-y
- Avg. net selling space, **350 sq. m.;** formats: **150-300 sq. m. / 300-400 sq. m. / 400-600 sq. m. / 600-800 sq. m.**
- **Average assortment size: +4,000 skus**, 15% to 20% increase in 2014

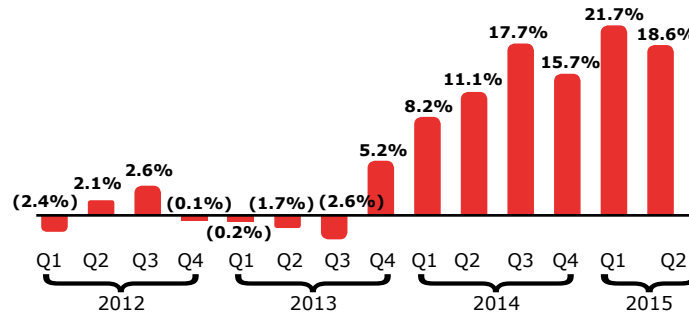




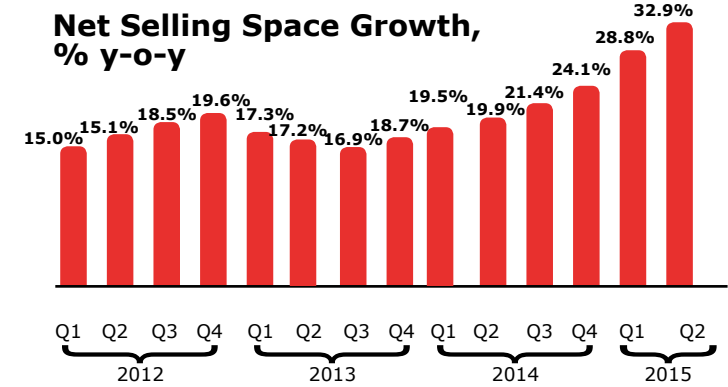
Net Sales Growth, % y-o-y



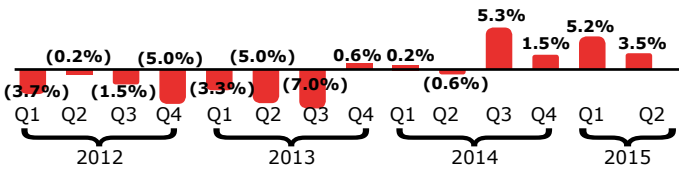
Total LFL Sales Growth, % y-o-y



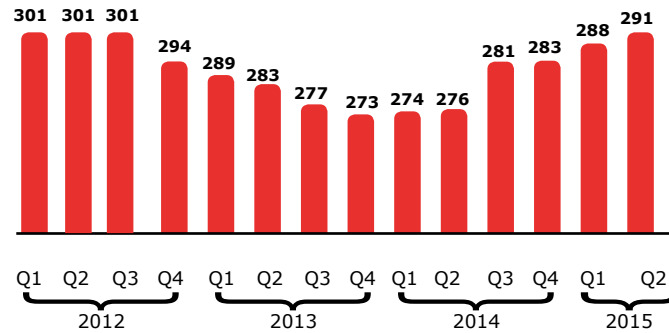
Net Selling Space Growth, % y-o-y



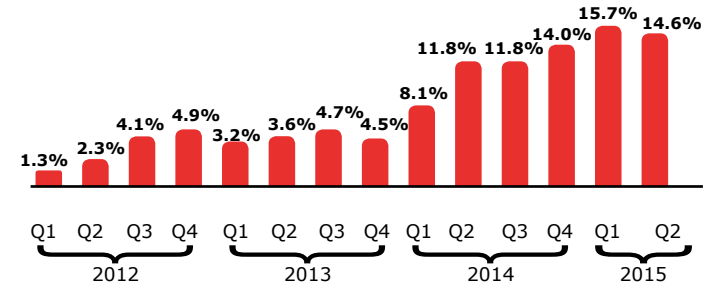
Total LFL Traffic Growth, % y-o-y



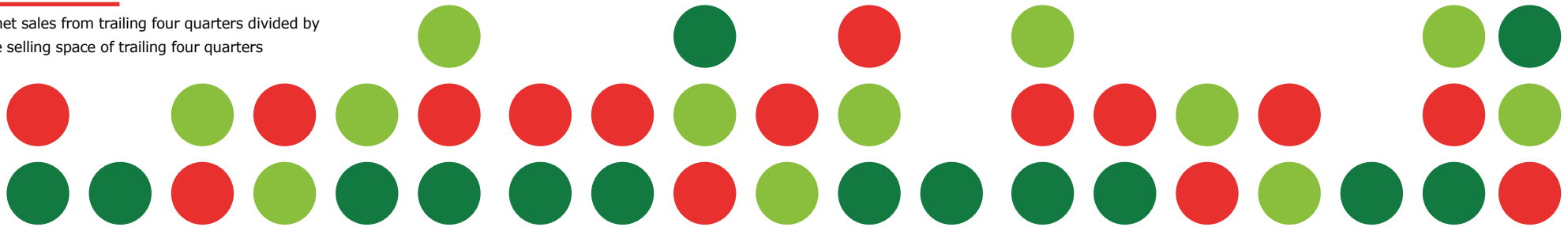
Sales Densities, th.RUB/sq.m.⁽¹⁾



Total LFL Basket Growth, % y-o-y



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





RUSSIA'S FAVORITE, HIGH QUALITY FRESH SUPERMARKET



- **438 stores** at 30 June 2015, 13.2% increase y-o-y
- **445 thousand sq. m.** of selling space (at 30 June 2015), 12.2% increase y-o-y
- 2014 Net sales – **RUB 116 billion**; 4.5% increase y-o-y

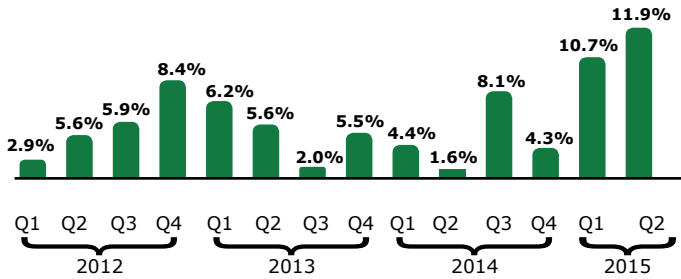
- Q2 2015 Net retail sales – **RUB 31 billion**; 11.9% increase y-o-y
- Share in X5's sales – **~16%**
- Q2 2015 LFL Results:
Sales: 6.9%;
traffic: (4.2%);
basket: 11.6%

- Average check: **475 RUB** (Q2 2015)
- **Avg. net selling space, ~ 1,000 sq. m.**; formats:
800 sq. m. /
1,200 sq. m. /
1,600 sq. m.
- Average assortment size: **+13,500 skus**, 5% increase in 2014

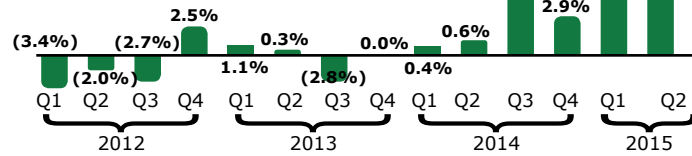




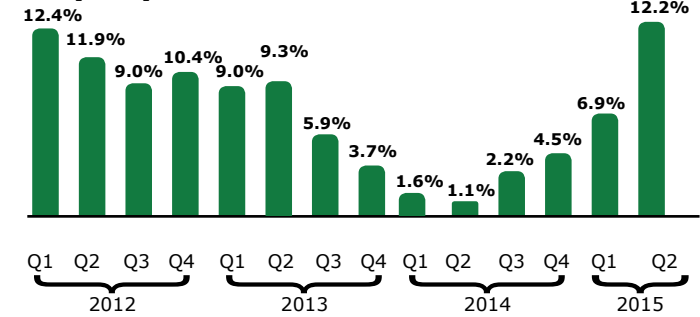
Net Sales Growth, % y-o-y



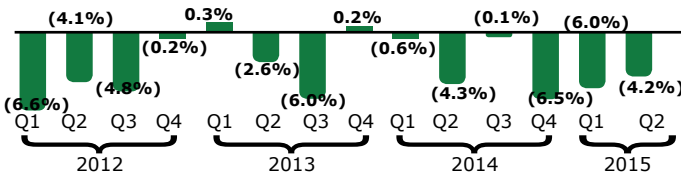
Total LFL Sales Growth, % y-o-y



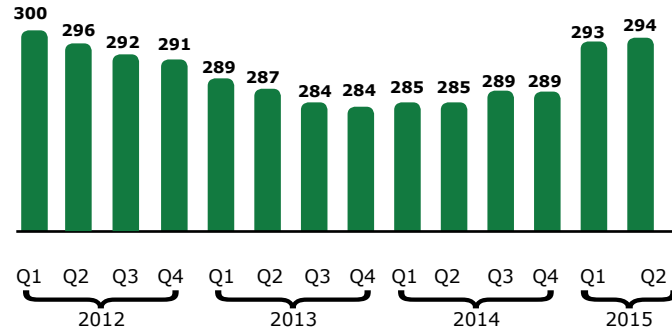
Net Selling Space Growth, % y-o-y



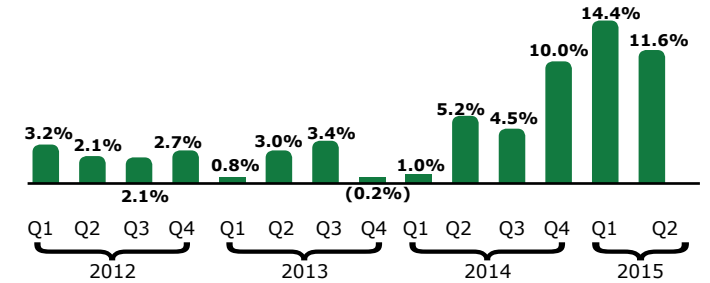
Total LFL Traffic Growth, % y-o-y



Sales Densities, th.RUB/sq.m.⁽¹⁾



Total LFL Basket Growth, % y-o-y



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





YOUR DESTINATION STORE FOR ALL FOOD & HOUSEHOLD NEEDS



- **83 stores** at 30 June 2015, 2.5% increase y-o-y
- **361 thousand sq. m.** of selling space (at 30 June 2015), 1.1% increase y-o-y
- 2014 **Net sales – RUB 69 billion**, 7.9% increase y-o-y

- Q2 2015 **Net retail sales – RUB 19 billion**, 14.2% increase y-o-y
- Share in X5's sales – **~10%**
 - Q2 2015 LFL Results:
Sales: 12.3%;
Traffic: 2.4%;
Basket: 9.7%

- Average check: **682 RUB (Q2 2015)**
- Average net selling space: **3,000 – 4,500 sq. m.**
- Average assortment size: **17,000 – 25,000 skus**, new assortment targets up to 10,000 new skus and 15% – 20% rotation

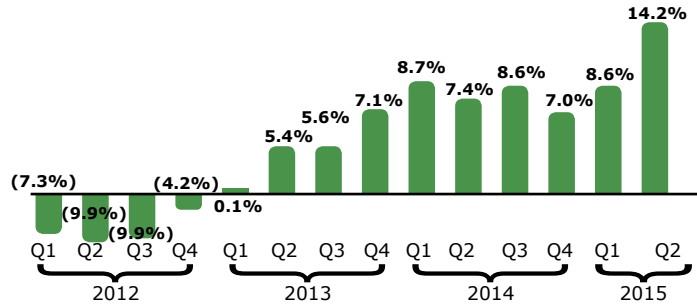
ESTABLISHING A TRACK RECORD — KARUSEL

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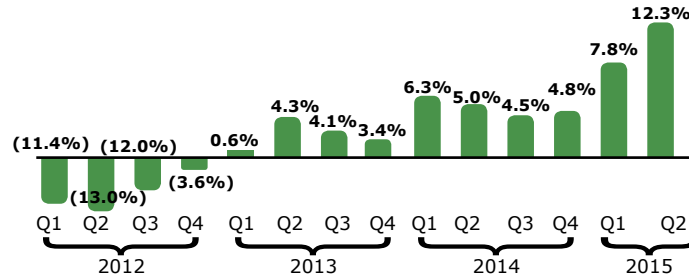
Q2&H1 2015 FINANCIAL RESULTS CONFERENCE CALL



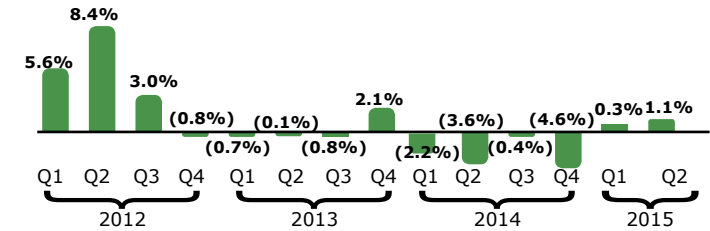
Net Sales Growth, % y-o-y



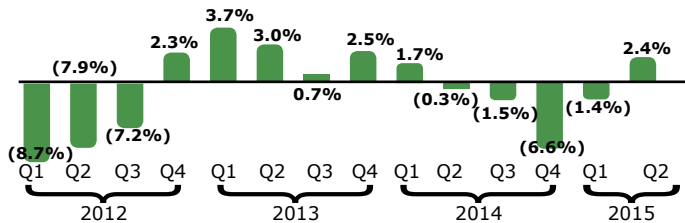
Total LFL Sales Growth, % y-o-y



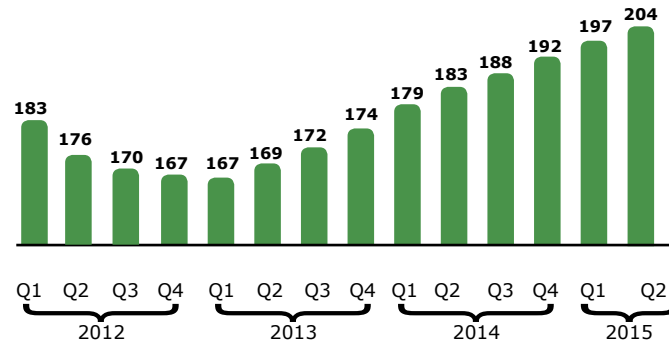
Net Selling Space Growth, % y-o-y



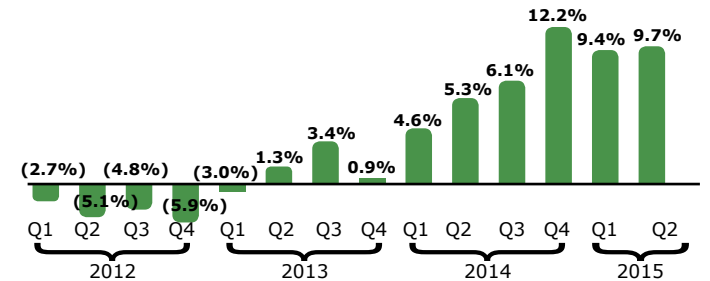
Total LFL Traffic Growth, % y-o-y



Sales Densities, th.RUB/sq.m.⁽¹⁾



Total LFL Basket Growth, % y-o-y



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