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I. HIGHLIGHTS
KEY ACHIEVEMENTS IN Q1 2017

- Revenue increased by **26.5%** y-o-y
- EBITDA margin up by **44 b.p.** y-o-y to **7.6%**
- Comfortable level of Net debt / EBITDA at **1.90x** as of 31 March 2017
- LFL traffic growth improved to **4.6%** in Q1 2017, highest level since Q4 2009
- LFL traffic of Perekrestok was positive for **five quarters** in a row, of Karusel – for **two quarters** in a row
- The Company added **630** new stores in Q1 2017, vs. **377** stores in Q1 2016.
- **111** stores refurbished
- >96% of Pyaterochka stores and >56% of Perekrestok stores operating under new concept
- Net additional selling space of **248.6 th. sq. m.**, 87% of which was attributable to **organic growth**
- Pyaterochka added **251.6 th. sq. m.** of net selling space
**05 OPERATIONAL HIGHLIGHTS**

### Net retail sales dynamics, Rub bn

- **CAGR 2012-2016:** 20.3%
- **CAGR 2014-2016:** 27.4%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>490.1</td>
</tr>
<tr>
<td>2013</td>
<td>532.7</td>
</tr>
<tr>
<td>2014</td>
<td>631.9</td>
</tr>
<tr>
<td>2015</td>
<td>804.1</td>
</tr>
<tr>
<td>2016</td>
<td>1,025.6</td>
</tr>
</tbody>
</table>

### Customer visits, mln

- **CAGR 2012-2016:** 14.4%
- **CAGR 2014-2016:** 20.5%

<table>
<thead>
<tr>
<th>Year</th>
<th>Visits (mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,793</td>
</tr>
<tr>
<td>2013</td>
<td>1,918</td>
</tr>
<tr>
<td>2014</td>
<td>2,114</td>
</tr>
<tr>
<td>2015</td>
<td>2,468</td>
</tr>
<tr>
<td>2016</td>
<td>3,072</td>
</tr>
</tbody>
</table>

### Selling space, th. sq. m.

- **CAGR 2012-2016:** 21.6%
- **CAGR 2014-2016:** 29.3%

<table>
<thead>
<tr>
<th>Year</th>
<th>Selling space (th. sq. m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,970</td>
</tr>
<tr>
<td>2013</td>
<td>2,223</td>
</tr>
<tr>
<td>2014</td>
<td>2,572</td>
</tr>
<tr>
<td>2015</td>
<td>3,333</td>
</tr>
<tr>
<td>2016</td>
<td>4,302</td>
</tr>
</tbody>
</table>

### Number of stores, end of period

- **CAGR 2012-2016:** 24.7%
- **CAGR 2014-2016:** 29.4%

<table>
<thead>
<tr>
<th>Year</th>
<th>Stores (th.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3,802</td>
</tr>
<tr>
<td>2013</td>
<td>4,544</td>
</tr>
<tr>
<td>2014</td>
<td>5,483</td>
</tr>
<tr>
<td>2015</td>
<td>7,020</td>
</tr>
<tr>
<td>2016</td>
<td>9,187</td>
</tr>
</tbody>
</table>

**Source:** X5 data
Revenue dynamics, Rub bn
CAGR 2012-2016: 20.4%
CAGR 2014-2016: 27.7%

Adjusted EBITDA & adjusted EBITDA margin[1]
CAGR 2012-2016: 22.7%
CAGR 2014-2016: 30.9%

Gross profit & gross margin
CAGR 2012-2016: 21.2%
CAGR 2014-2016: 27.0%

Capex dynamics, Rub bn
CAGR 2012-2016: 28.1%
CAGR 2014-2016: 51.3%

[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments
Source: X5 data
II. MARKET OVERVIEW
The Russian consumer market is still feeling the pressure despite stabilization of Food CPI and real wage growth.
## RECENT MARKET TRENDS...

<table>
<thead>
<tr>
<th>KEY TRENDS</th>
<th>DESCRIPTION</th>
<th>CONCLUSIONS</th>
</tr>
</thead>
</table>
| Changing demographics       | ▪ Growth of 60+ age population by 2-3% p.a. vs. reduction of 20-29 year group by 6% p.a. | ▪ Growth of price-sensitive consumer segment  
                                  ▪ Growth of proximity format popularity |
| Declining population income | ▪ Increased price sensitivity and rational spending  
                                  ▪ Growth of “cherry pickers” | ▪ Growth in attractiveness of proximity/discounters  
                                  ▪ Increased pressure on margins (need for opex reduction) |
| Growing competition         | ▪ Retail space saturation  
                                  ▪ “Value” format development (e.g., hard discounters, dollar stores) | ▪ Increasing pressure on LFL  
                                  ▪ Increased pressure on margins (need for opex reduction) |
| Spread of new technologies  | ▪ Growth of online shopping and price transparency  
                                  ▪ Increase in Big Data analytics | ▪ Opportunity to improve competitiveness through service and personalisation |
| Tightening market regulation| ▪ Retail trade legislation (back margin constraints)  
                                  ▪ EGAIS and other control systems  
                                  ▪ International sanctions | ▪ Additional costs due to new regulation  
                                  ▪ Growing margin pressures  
                                  ▪ Product shortages and price inflation |
<table>
<thead>
<tr>
<th><strong>KEY TRENDS</strong></th>
<th><strong>X5 RESPONSE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing demographics</td>
<td>- Continued expansion of proximity segment (&gt;75% of X5 revenues)</td>
</tr>
<tr>
<td></td>
<td>- 5-10% discounts for pensioners from 9:00 until 13:00</td>
</tr>
<tr>
<td></td>
<td>- Focus on mothers with children</td>
</tr>
<tr>
<td>Declining population income</td>
<td>- Constant adaptation of value proposition to customers’ needs</td>
</tr>
<tr>
<td></td>
<td>- Best-in-class “promo engine”</td>
</tr>
<tr>
<td>Growing competition</td>
<td>- Strong regional expansion with effective value proposition for small cities and towns</td>
</tr>
<tr>
<td></td>
<td>- Development and rollout of new regional supermarket concept</td>
</tr>
<tr>
<td></td>
<td>- Effective GIS system to help find optimal locations</td>
</tr>
<tr>
<td>Spread of new technologies</td>
<td>- Online retail initiative within the supermarket segment</td>
</tr>
<tr>
<td></td>
<td>- Successful development of loyalty programme and personalised promo in Perekrestok</td>
</tr>
<tr>
<td></td>
<td>- Further implementation of advanced analytics</td>
</tr>
<tr>
<td>Tightening market regulation</td>
<td>- Self-regulation approach</td>
</tr>
<tr>
<td></td>
<td>- Switch to net-net pricing</td>
</tr>
<tr>
<td></td>
<td>- Strategic partnerships with suppliers</td>
</tr>
</tbody>
</table>
X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH

- Strategic transformation of X5
- X5 is delivering on growth strategy while others are slowing down

Starting from 2013, X5 has constantly accelerated its growth rates

Source: Infoline, X5 analysis
## RETAIL MARKET SNAPSHOT

### Top 10 Russian Food retailers

<table>
<thead>
<tr>
<th>#</th>
<th>Company name</th>
<th>% in total market 2015</th>
<th>% in total market 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X5 RETAIL GROUP</td>
<td>6.3%</td>
<td>8.0%</td>
</tr>
<tr>
<td>2</td>
<td>Magnit</td>
<td>6.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>3</td>
<td>Auchan</td>
<td>2.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>4</td>
<td>Dixy</td>
<td>2.2%</td>
<td>2.4%</td>
</tr>
<tr>
<td>5</td>
<td>Lenta</td>
<td>1.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>6</td>
<td>Metro</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>7</td>
<td>SPS Holding</td>
<td>0.7%</td>
<td>1.2%</td>
</tr>
<tr>
<td>8</td>
<td>O'Key</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>9</td>
<td>Monetka</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>10</td>
<td>Globus</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>24.5%</strong></td>
<td><strong>28.0%</strong></td>
</tr>
</tbody>
</table>

Source: InfoLine

X5’s market share increased from 6.3% in 2015 to 8.0% in 2016
III. OPERATIONAL RESULTS
Q1 2017
Q1 2017 RESULTS: OPERATIONAL HIGHLIGHTS

**Net retail sales**
- Q1 2016: 231
- Q2 2016: 250
- Q3 2016: 254
- Q4 2016: 291
- Q1 2017: 291

Growth y-o-y: 26.7% (Q1 2016), 25.7% (Q2 2016), 30.2% (Q3 2016), 27.5% (Q4 2016), 26.4% (Q1 2017)

**Traffic, mln customers**
- Q1 2016: 675
- Q2 2016: 768
- Q3 2016: 799
- Q4 2016: 831
- Q1 2017: 848

**Net selling space (eop), th. sq. m.**
- Q1 2016: 3,514
- Q2 2016: 3,747
- Q3 2016: 4,025
- Q4 2016: 4,302
- Q1 2017: 4,550

Growth y-o-y: 31.0% (Q1 2016), 31.8% (Q2 2016), 30.7% (Q3 2016), 29.1% (Q4 2016), 29.5% (Q1 2017)

**LFL sales, y-o-y**
- Q1 2016: 7.8%
- Q2 2016: 6.3%
- Q3 2016: 9.1%
- Q4 2016: 7.5%
- Q1 2017: 7.3%

**LFL traffic, y-o-y**
- Q1 2016: 2.0%
- Q2 2016: 3.0%
- Q3 2016: 3.2%
- Q4 2016: 1.8%
- Q1 2017: 4.6%

**LFL basket, y-o-y**
- Q1 2016: 6.9%
- Q2 2016: 5.7%
- Q3 2016: 6.3%
- Q4 2016: 4.6%
- Q1 2017: 3.5%

**LFL basket, y-o-y**
- Q1 2016: 5.8%
- Q2 2016: 3.1%
- Q3 2016: 5.7%
- Q4 2016: 5.6%
- Q1 2017: 2.6%

Source: X5 data
Q1 2017 RESULTS: NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln

Source: X5 data

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
  - Ambitious expansion programme

Net retail sales growth of 26.4% was driven by a 7.3% increase in like-for-like (LFL) sales and a 19.1% sales growth contribution from a 29.5% rise in selling space
Total store base increased to 9,817 stores as of 31 March 2017

Continued investments into existing stores, with 111 refurbishments in Q1 2017

Pyaterochka was the main driver for the store base increase. In Q1 2017, net added space increased by 50.7% y-o-y

Net stores added in Q1 2017 by formats and by regions

Source: X5 data
IV. FINANCIAL RESULTS
Q1 2017
Q1 2017 RESULTS: FINANCIAL HIGHLIGHTS

Revenue

Gross profit & gross margin

SG&A (excl. D&A&I), Rub bn

EBITDA & EBITDA margin

Net profit & net profit margin

Capital expenditures, Rub bn


Source: X5 data
In Q1 2017, capex programme focused on organic expansion, investments in store refurbishments and truck fleet expansion.

Capex breakdown for Q1 2017

- 678 stores opened (gross)
- 111 stores refurbished

**Capex breakdown by quarter, RUB mln**

- New store openings
- Refurbishments
- Logistics
- IT, Maintenance and other

**Total Capex in Q1 2017: 14,403 RUB mln**

Source: X5 data
# 20Q1 2017 RESULTS: DEBT STRUCTURE

## Debt profile

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2017</th>
<th>31 Mar 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Debt</strong></td>
<td>162,156</td>
<td>148,991</td>
</tr>
<tr>
<td><strong>Short-Term Debt</strong></td>
<td>49,280</td>
<td>46,059</td>
</tr>
<tr>
<td>% of total debt</td>
<td>30.4%</td>
<td>30.9%</td>
</tr>
<tr>
<td><strong>Long-Term Debt</strong></td>
<td>112,876</td>
<td>102,932</td>
</tr>
<tr>
<td>% of total debt</td>
<td>69.6%</td>
<td>69.1%</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>155,924</td>
<td>144,492</td>
</tr>
</tbody>
</table>

## Debt maturity schedule

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2017</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RUB 162,156 mln</strong></td>
<td></td>
<td>30%</td>
<td>34%</td>
<td>36%</td>
</tr>
</tbody>
</table>

## Covenants & liquidity update

<table>
<thead>
<tr>
<th>Covenant metrics &amp; liquidity sources</th>
<th>31 Mar 2017</th>
<th>31 Mar 2016</th>
<th>Covenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / EBITDA</td>
<td>1.90x</td>
<td>2.47x</td>
<td>&lt; 4.00x</td>
</tr>
<tr>
<td>Cash &amp; cash equiv., Rub mln</td>
<td>6,232</td>
<td>4,499</td>
<td></td>
</tr>
<tr>
<td>Available credit limits, Rub mln</td>
<td>274,760</td>
<td>157,590</td>
<td></td>
</tr>
</tbody>
</table>

## Highlights

- X5’s debt portfolio is 100% RUB-denominated.
- All of X5’s loans and bonds have fixed interest rates.
- X5’s available credit limits increased by almost 2 times to RUB 275 bn.
- Net debt/EBITDA of 1.90x (as of 31 Mar 2017) remains at a comfortable level.
- In April 2017, X5 issued the debut RUB 20 billion Eurobond due April 2020 with a coupon rate of 9.25% p.a.
Q1 2017 RESULTS: ADJUSTED SG&A EXPENSES ANALYSIS

Source: X5 data
### FINANCIAL STATEMENTS (1/3)

#### PROFIT AND LOSS STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>+/- ( - )</th>
<th>+/- ( - ), %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>293,078</td>
<td>231,611</td>
<td>61,467</td>
<td>26.5</td>
</tr>
<tr>
<td>Net retail sales</td>
<td>291,484</td>
<td>230,601</td>
<td>60,883</td>
<td>26.4</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>(222,466)</td>
<td>(175,420)</td>
<td>(47,046)</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>70,612</td>
<td>56,191</td>
<td>14,421</td>
<td>25.7</td>
</tr>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>24.1</td>
<td>24.3</td>
<td>(17) b.p.</td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>(58,001)</td>
<td>(46,396)</td>
<td>(11,605)</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>22,167</td>
<td>16,493</td>
<td>5,674</td>
<td>34.4</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>7.6</td>
<td>7.1</td>
<td>44 b.p</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>14,459</td>
<td>11,406</td>
<td>3,053</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>4.9</td>
<td>4.9</td>
<td>1 b.p.</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>8,355</td>
<td>5,054</td>
<td>3,301</td>
<td>65.3</td>
</tr>
<tr>
<td><strong>Net profit margin</strong></td>
<td>2.9</td>
<td>2.2</td>
<td>67 b.p.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** X5 data
## FINANCIAL STATEMENTS (2/3)

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>31 Mar 2017</th>
<th>31 Mar 2016</th>
<th>+/(-)</th>
<th>+/(-)%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current assets</strong></td>
<td>110,322</td>
<td>104,841</td>
<td>5,481</td>
<td>5.2</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>6,232</td>
<td>4,499</td>
<td>1,733</td>
<td>38.5</td>
</tr>
<tr>
<td>Inventories</td>
<td>81,879</td>
<td>62,920</td>
<td>18,959</td>
<td>30.1</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>350,143</td>
<td>302,212</td>
<td>47,931</td>
<td>15.9</td>
</tr>
<tr>
<td>Net PP&amp;E</td>
<td>237,757</td>
<td>197,319</td>
<td>40,438</td>
<td>20.5</td>
</tr>
<tr>
<td>Goodwill</td>
<td>80,538</td>
<td>75,602</td>
<td>4,936</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>460,465</td>
<td>407,053</td>
<td>53,412</td>
<td>13.1</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>205,857</td>
<td>188,493</td>
<td>17,364</td>
<td>9.2</td>
</tr>
<tr>
<td>ST debt</td>
<td>49,280</td>
<td>46,059</td>
<td>3,221</td>
<td>7.0</td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>105,890</td>
<td>102,138</td>
<td>3,752</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>119,204</td>
<td>108,781</td>
<td>10,423</td>
<td>9.6</td>
</tr>
<tr>
<td>LT debt</td>
<td>112,875</td>
<td>102,932</td>
<td>9,943</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>325,061</td>
<td>297,274</td>
<td>27,787</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>135,404</td>
<td>109,779</td>
<td>25,625</td>
<td>23.3</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td>460,465</td>
<td>407,053</td>
<td>53,412</td>
<td>13.1</td>
</tr>
</tbody>
</table>

*Source: X5 data*
## FINANCIAL STATEMENTS (3/3)

### CASH FLOW

<table>
<thead>
<tr>
<th>RUB mln</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>+/(-)</th>
<th>+/-(-)%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash generated from/(used in) operating activities</strong></td>
<td>(418)</td>
<td>5,726</td>
<td>(6,144)</td>
<td>n/a</td>
</tr>
<tr>
<td>Net cash from operating activities before changes in working capital</td>
<td>22,287</td>
<td>16,688</td>
<td>5,599</td>
<td>33.6</td>
</tr>
<tr>
<td>Change in Working Capital, incl.:</td>
<td>(13,914)</td>
<td>(6,307)</td>
<td>(7,607)</td>
<td>120.6</td>
</tr>
<tr>
<td>Decrease/(increase) in trade and other AR</td>
<td>15,578</td>
<td>3,924</td>
<td>11,654</td>
<td>297.0</td>
</tr>
<tr>
<td>Decrease/(increase) in inventories</td>
<td>(8,077)</td>
<td>(5,033)</td>
<td>(3,044)</td>
<td>60.5</td>
</tr>
<tr>
<td>(Increase)/decrease in trade payable</td>
<td>(25,270)</td>
<td>(1,629)</td>
<td>(23,641)</td>
<td>1,451.3</td>
</tr>
<tr>
<td>(Decrease)/increase in other AP</td>
<td>3,855</td>
<td>(3,569)</td>
<td>7,424</td>
<td>n/a</td>
</tr>
<tr>
<td>Net interest and income tax paid</td>
<td>(8,791)</td>
<td>(4,655)</td>
<td>(4,136)</td>
<td>88.9</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(17,637)</td>
<td>(14,935)</td>
<td>(2,702)</td>
<td>18.1</td>
</tr>
<tr>
<td><strong>Net cash generated From financing activities</strong></td>
<td>6,083</td>
<td>4,749</td>
<td>1,334</td>
<td>7.8</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash &amp; cash equiv.</td>
<td>14</td>
<td>1</td>
<td>13</td>
<td>1,300.0</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash &amp; cash equiv.</strong></td>
<td>(11,958)</td>
<td>(4,459)</td>
<td>(7,499)</td>
<td>168.2</td>
</tr>
</tbody>
</table>

Source: X5 data
### X5 REGIONAL PRESENCE

**X5 today**

- Multi-format presence in **seven** Federal Districts
- Total stores – 9,817, including:
  - 9,002 Pyaterochka
  - 544 Perekrestok
  - 90 Karusel
  - 181 Express stores

<table>
<thead>
<tr>
<th>Format</th>
<th>Unit</th>
<th>North Caucasus</th>
<th>Southern</th>
<th>Central</th>
<th>Volga</th>
<th>North Western</th>
<th>Ural</th>
<th>Siberian</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pyaterochka</td>
<td></td>
<td>140</td>
<td>618</td>
<td>3,760</td>
<td>2,547</td>
<td>1,095</td>
<td>776</td>
<td>66</td>
<td>9,002</td>
</tr>
<tr>
<td>Perekrestok</td>
<td>Number of stores, #</td>
<td>8</td>
<td>25</td>
<td>339</td>
<td>94</td>
<td>52</td>
<td>26</td>
<td>0</td>
<td>544</td>
</tr>
<tr>
<td>Karusel</td>
<td></td>
<td>1</td>
<td>5</td>
<td>35</td>
<td>24</td>
<td>17</td>
<td>8</td>
<td>0</td>
<td>90</td>
</tr>
<tr>
<td>X5 RETAIL GROUP</td>
<td>Net retail sales, %</td>
<td>0.8%</td>
<td>4.3%</td>
<td>55.7%</td>
<td>18.1%</td>
<td>14.7%</td>
<td>6.1%</td>
<td>0.3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: X5 data*
### Warehouse space as of 31 March 2017

<table>
<thead>
<tr>
<th>Federal district</th>
<th>Space, th. sq. m.</th>
<th># of DCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>499</td>
<td>15</td>
</tr>
<tr>
<td>North-Western</td>
<td>131</td>
<td>5</td>
</tr>
<tr>
<td>Volga</td>
<td>143</td>
<td>7</td>
</tr>
<tr>
<td>Ural</td>
<td>101</td>
<td>6</td>
</tr>
<tr>
<td>Southern</td>
<td>77</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>951</strong></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

### Centralisation levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>76%</td>
</tr>
<tr>
<td>2012</td>
<td>75%</td>
</tr>
<tr>
<td>2013</td>
<td>78%</td>
</tr>
<tr>
<td>2014</td>
<td>78%</td>
</tr>
<tr>
<td>2015</td>
<td>85%</td>
</tr>
<tr>
<td>2016</td>
<td>88%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>90%</td>
</tr>
</tbody>
</table>

### Highlights

- In Q1 2017, X5 opened a new 15,456 sq. m. distribution centre (DC) in Orel to serve the Pyaterochka format and a new 13,632 sq. m. DC in Yekaterinburg to serve the Perekrestok and Karusel formats.
- X5 closed one DC in Yekaterinburg that did not meet the Company’s efficiency criteria.

**Source:** X5 data
APPENDICIES
I. PERFORMANCE SUMMARY OF KEY FORMATS
The neighborhood store for your daily shopping needs

### HIGHLIGHTS

- **9,002 stores** as of 31 March 2017, 35.7% increase y-o-y
- **Q1 2017 net retail sales** – **RUB 222.9 bn**, 30.1% increase y-o-y
- **Share of X5's Q1 2017 sales:** ~76%
- **Average check:** **RUB 359** (Q1 2017), 0.9% increase y-o-y
- **3,581 th. sq. m. of selling space** as of 31 March 2017, 38.3% increase y-o-y
- **710 mln of customers** for Q1 2017, 28.8% increase y-o-y
- **Q1 2017 LFL Results**
  - Sales: **6.7%**
  - Traffic: **4.4%**
  - Basket: **2.2%**
- **Avg. net selling space:** **398 sq. m.**
- **Formats**
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more
Q1 2017 net retail sales growth: 30.1% increase y-o-y

Net Sales Growth (% y-o-y)

Q1 2017 selling space growth: 38.3% increase y-o-y

Net Selling Space Growth (% y-o-y)

Q1 2017 sales densities: 5.1% decline y-o-y

Sales Densities Net (th. RUB/sq.m. [1])

Q1 2017 LFL sales growth: 6.7% increase y-o-y

Total LFL Sales Growth (% y-o-y)

Q1 2017 LFL traffic growth: 4.4% increase y-o-y

Total LFL Traffic Growth (% y-o-y)

Q1 2017 LFL basket growth: 2.2% increase y-o-y

Total LFL Basket Growth (% y-o-y)

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters
Maximise the share of customers, and maximise share of these customers’ wallet:

- Continue applying the current *value proposition*, enhancing it through implementation of new initiatives
- Support rapid, *sustainable growth* with development in *new regions* (Siberia)
- Further *adaptation of assortment*, introducing new categories, entry-price PLUs
- Implement a *loyalty programme* and launch customised promotions
- Further *improve NPS*

**Improve efficiency and reduce costs:**

- Grow the share of *private label* to >20% during the next 3-5 years
- Increase the share of *direct import*
- *Lean and agile* approach
- *Further* improvements in opex and purchasing terms
PEREKRESTOK SUMMARY (1/5)
RUSSIA’S #1 SUPERMARKET

544 stores as of 31 March 2017, 11.9% increase y-o-y

552 th. sq. m. of selling space as of 31 March 2017, 11.7% increase y-o-y

Q1 2017 net retail sales of RUB 45.0 bn, 19.8% increase y-o-y

94.8 min customers for Q1 2017, 15.7% increase y-o-y

Share of X5’s Q1 2017 sales: ~15%

Q1 2017 LFL Results
- Sales: 10.3%
- Traffic: 7.2%
- Basket: 2.9%

Average check: RUB 542 (Q1 2017) 3.7% increase y-o-y

Avg. net selling space: 1,015 sq. m.

The main shop in every neighbourhood
PEREKRESTOK SUMMARY (2/3)

IMPROVING OPERATIONS: GROWING LFL AND SELLING SPACE

Q1 2017 net retail sales growth: 19.8% increase y-o-y

Net Sales Growth (% y-o-y)

Q1 2017 selling space growth: 11.7% increase y-o-y

Net Selling Space Growth (% y-o-y)

Q1 2017 sales densities: 5.6% increase y-o-y

Sales Densities Net (th. RUB/sq.m. [1])

---

Q1 2017 LFL sales growth: 10.3% increase y-o-y

Total LFL Sales Growth (% y-o-y)

Q1 2017 LFL traffic growth: 7.2% increase y-o-y

Total LFL Traffic Growth (% y-o-y)

Q1 2017 LFL basket growth: 2.9% increase y-o-y

Total LFL Basket Growth (% y-o-y)

---

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters.
Fine-tuning value proposition and adapting to customer needs:
- Maintaining the pace of organic growth and refurbishments
- Roll out the regional model to support the future growth
- Further adaptation of assortment to meet customer needs
- Increase loyalty card penetration, and implement personalised promotions
- Develop online supermarket
- Improve NPS

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
90 stores as of 31 March 2017: 1.1% decrease y-o-y

Q1 2017 net retail sales: RUB 21.1 bn, 10.7% increase y-o-y

Share of X5's Q4 2016 sales: ~7%

Average check: RUB 733 (Q1 2017) 4.3% increase y-o-y

383 th. sq. m. of selling space as of 31 March 2017, down 3.0% y-o-y

33 mln customers in Q1 2017, 5.9% increase y-o-y

Q1 2017 LFL Results
- Sales: 9.4%
- Traffic: 5.9%
- Basket: 3.4%

Avg. net selling space: 4,254 sq. m.
**Q1 2017 net retail sales growth: 10.7% increase y-o-y**

*Net Sales Growth (% y-o-y)*

![Net Sales Growth Chart]

- 2014: 7.0%
- 2015: 8.6%
- 2016: 8.8%
- 2017: 10.7%

**Q1 2017 selling space growth: 3.0% decline y-o-y**

*Net Selling Space Growth (% y-o-y)*

![Net Selling Space Growth Chart]

- 2014: 14.2%
- 2015: 14.5%
- 2016: 15.4%
- 2017: 6.4%

**Q1 2017 sales densities increase: 5.3%**

*Sales Densities Net (th. RUB/sq.m. [1])*

![Sales Densities Chart]

- 2014: 192
- 2015: 197
- 2016: 204
- 2017: 210

---

**Q4 2014**

- LFL sales growth: 4.8%
- LFL traffic growth: 12.2%
- Food CPI: 2.4%

**Q1 2015**

- LFL sales growth: 7.8%
- LFL traffic growth: 9.4%
- Food CPI: 2.4%

**Q2 2015**

- LFL sales growth: 13.3%
- LFL traffic growth: 7.8%
- Food CPI: 2.4%

**Q3 2015**

- LFL sales growth: 3.8%
- LFL traffic growth: 2.4%
- Food CPI: 2.4%

**Q4 2015**

- LFL sales growth: 8.1%
- LFL traffic growth: 1.9%
- Food CPI: 2.4%

**Q1 2016**

- LFL sales growth: 9.4%
- LFL traffic growth: 7.8%
- Food CPI: 2.4%

**Q2 2016**

- LFL sales growth: 9.7%
- LFL traffic growth: 2.4%
- Food CPI: 2.4%

**Q3 2016**

- LFL sales growth: 1.3%
- LFL traffic growth: 0.0%
- Food CPI: 2.4%

**Q4 2016**

- LFL sales growth: 2.4%
- LFL traffic growth: -3.4%
- Food CPI: 2.4%

**Q1 2017**

- LFL sales growth: 9.4%
- LFL traffic growth: 5.9%
- Food CPI: 2.4%

---

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters
Good results at model hypers

- Key achievements:
  - Positive LFL traffic in model hypers
  - Increase of average check
  - Improvement of on-shelf availability

- Results analysis

- Different instruments for model roll-out should be used

Development plan

- Upgrade operating model for new hypermarkets with all best practices taken from “Model Hypermarkets” pilots

- Further adaptation of assortment and pricing optimisation

- Increase loyalty card penetration, and implement personalised promotions

- Increase the share of private labels

- Increase sales density

- Improve logistics, reduce lease costs and shrinkage

Best practices from model hypers should be translated to new commercial model