

Q1 2010 Financial Results

Conference Call Presentation
27 May 2010



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Operational Drivers

- Strong 7% LFL sales growth supported by 2% traffic growth
- Industry-leading discounters
- Rollout of loyalty programme in supermarkets and hypermarkets

- New structure to position supermarkets and hypermarkets for upturn
- Paterson integration on track. 35 stores reopened in Q1 2010

- New store openings and capex on track
- Low-20 percent sales growth outlook in lower inflation environment

Customer Focus

Operational Excellence

Disciplined Growth

Financial Drivers

- Controlled 110 bp gross margin investment YoY
- Continued focus on cost management and improving Paterson contribution will allow for improved EBITDA margin rest of 2010

- Continued efficiency focus resulting 60 bp decrease in SG&A as % sales excl. ESOP
- Paterson Q1 integration effects, setting stage for improved performance
- Resilient Q1 EBITDA margin 8% excl. ESOP

- Strong cash position allowed gross debt reduction by USD 133 mln
- Well positioned for USD 1.1 bn loan refinancing later this year

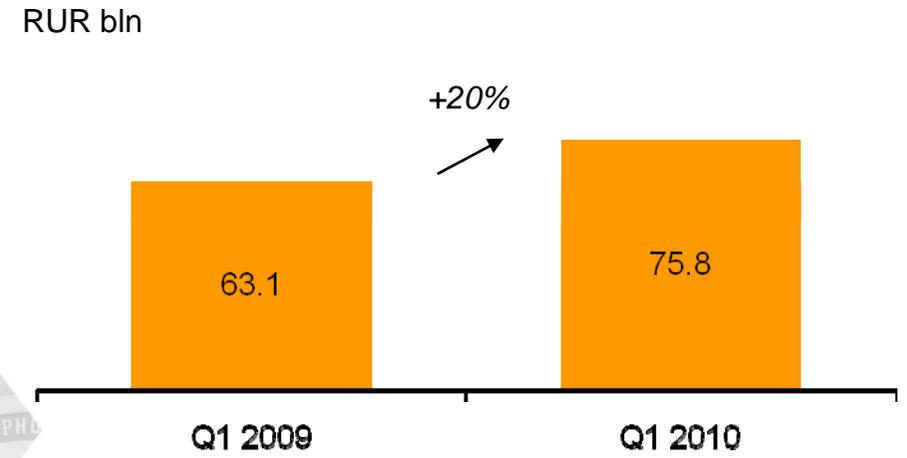


... Was Solid Against Still Weak Consumer Spending & Dramatically Lower Food Inflation

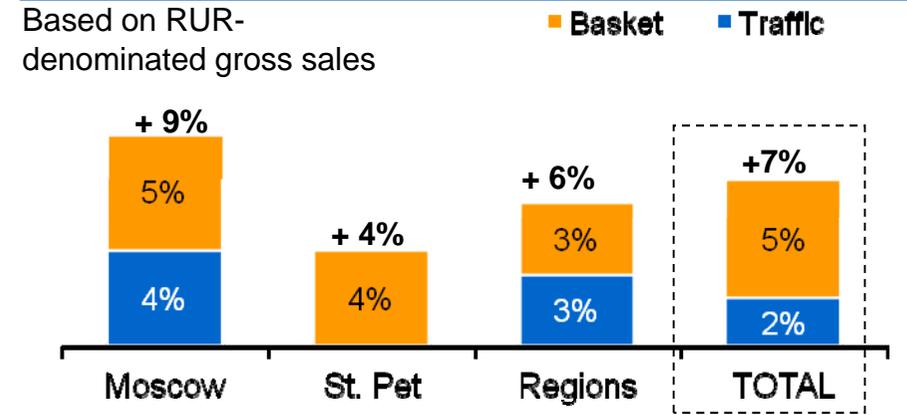
- 20% net retail sales growth in RUR against a backdrop of weak consumer spending....
- ...and drastically lower food inflation in Russia: 4.8% in March 2010 year-on-year compared to 16% in March 2009
- X5 continued to pursue its “close to the customer” policy with constant investment in prices and store value propositions - prices on X5’s shelves rose on average just 1.6% in March 2010 compared to March 2009
- Paterson sales in Q1 2010 reflect temporary store closings, inventory clearance sales and integration process (in line with X5’s expectations)

Sales Growth Composition RUR	LFL, %	Organic Expansion, %	Scope Change Paterson, %	Total Change %
Hypermarkets	(1)	19	-	18
Supermarkets	(6)	4	8	6
Soft Discounters	17	11	1	29
Total Gross Retail Sales	7	10	3	20
FX Effect				16
Total change %, incl. FX				36

Q1 2010 Net Retail Sales



Q1 2010 LFL Sales by Region



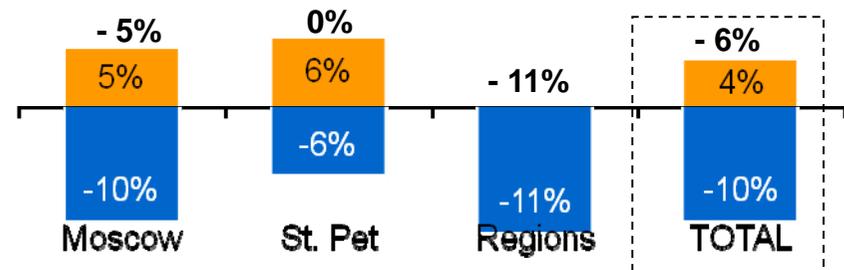
... Led by Powerful Performance at Discounters with Basket Significantly Above Internal Inflation

- X5's LFL sales growth stable at 7% quarter-on-quarter versus internal inflation of 1.6%
- Soft discounters continued to outperform on strong traffic and improved basket
- Supermarkets' performance affected by customer traffic declines across regions
- Hypermarkets' performance, while stable in Moscow and the regions, faced competitive pressure in St. Petersburg

Supermarkets' Q1 2010 LFL Performance

Based on RUR-denominated gross sales

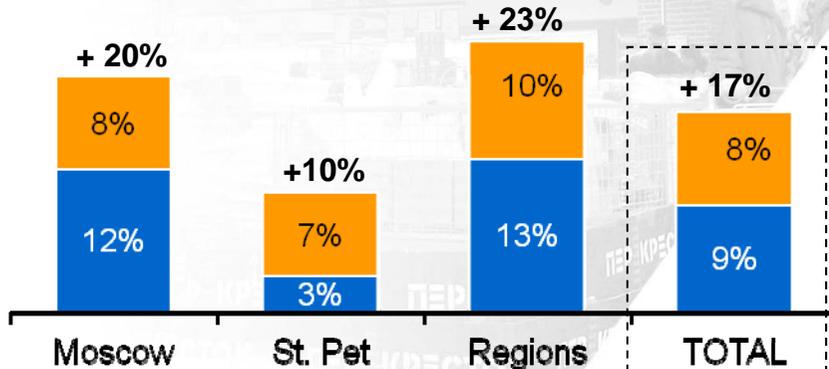
■ Basket ■ Traffic



Discounters' Q1 2010 LFL Performance

Based on RUR-denominated gross sales

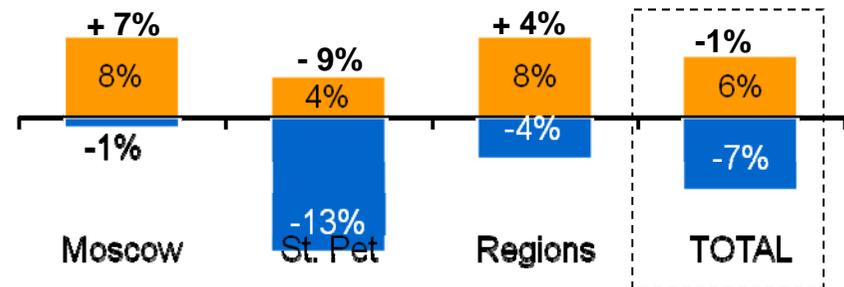
■ Basket ■ Traffic



Hypermarkets' Q1 2010 LFL Performance

Based on RUR-denominated gross sales

■ Basket ■ Traffic

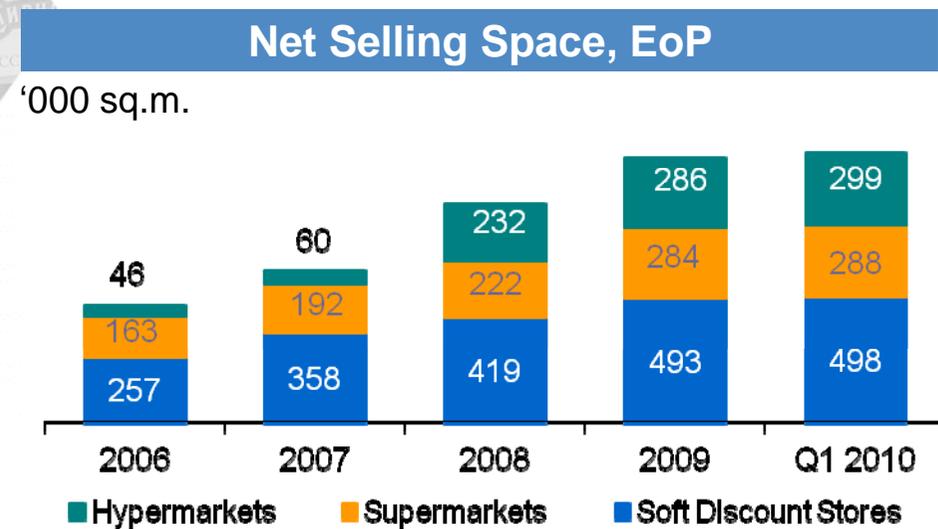
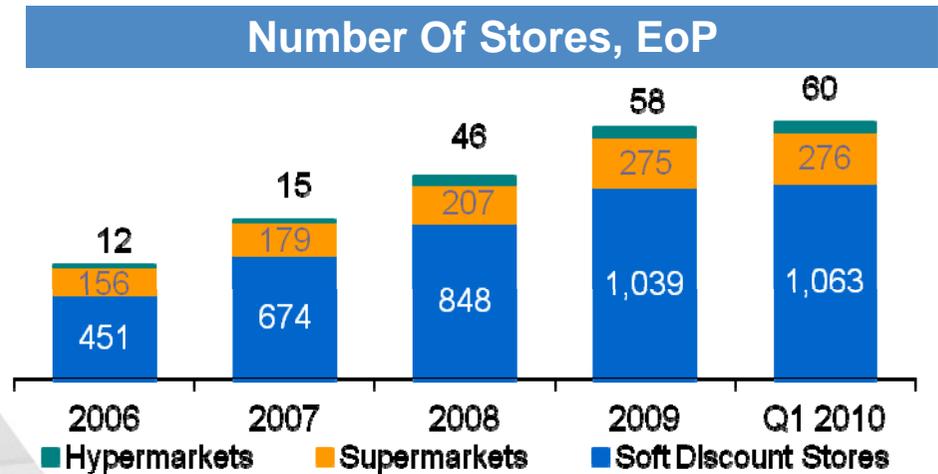


Selective and Efficient New Store Openings

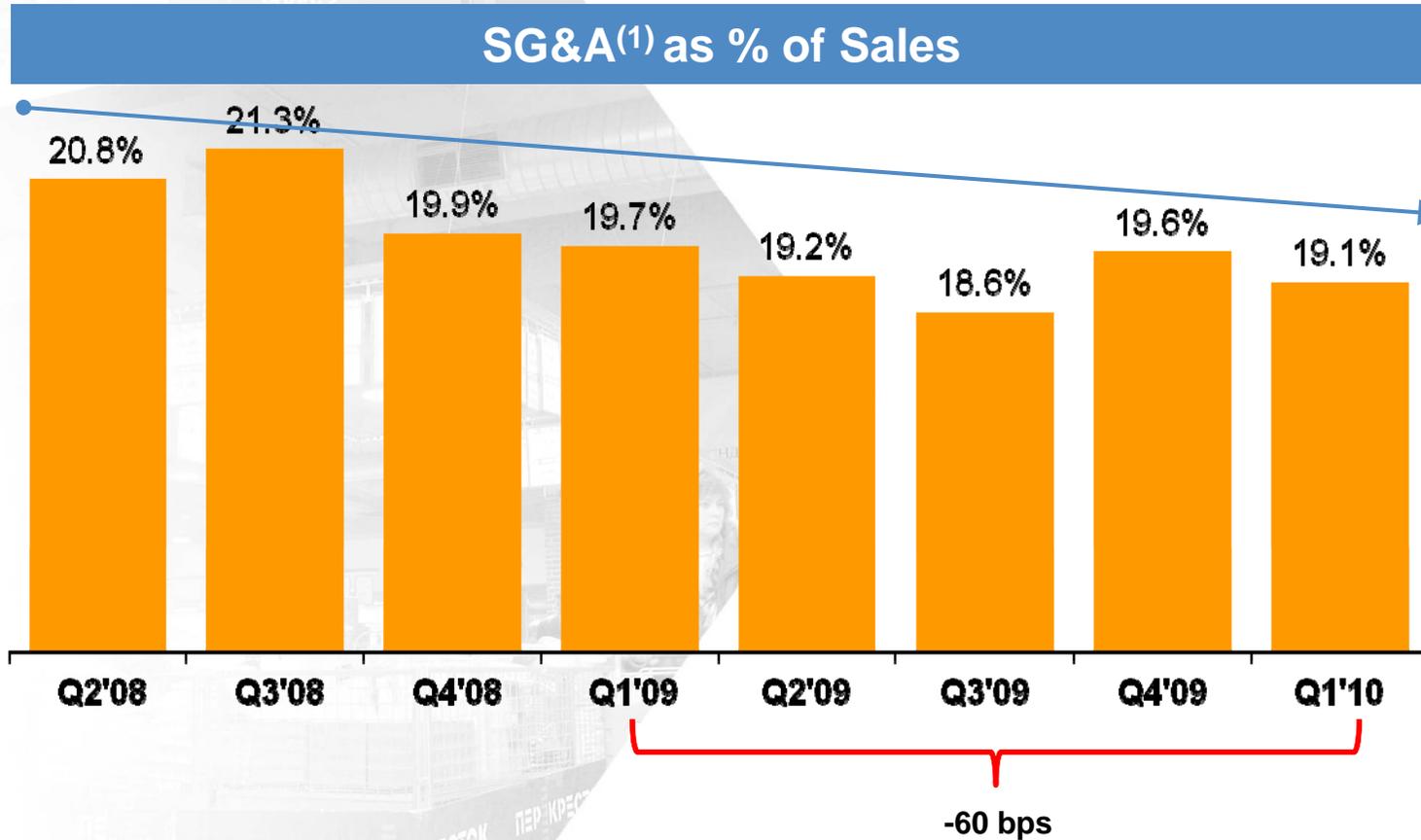
In Q1 2010

- Net 27 stores or 22 th. sq.m. of selling space added:
 - 24 discounters
 - one supermarket
 - two hypermarkets

- At 31 March 2010 X5 operated 1,399 stores (1,084 sq. m. of net selling space):
 - 1,063 soft discounters
 - 276 supermarkets
 - 60 hypermarkets



...is a Multi-Year Effort But We Are Already Delivering Results

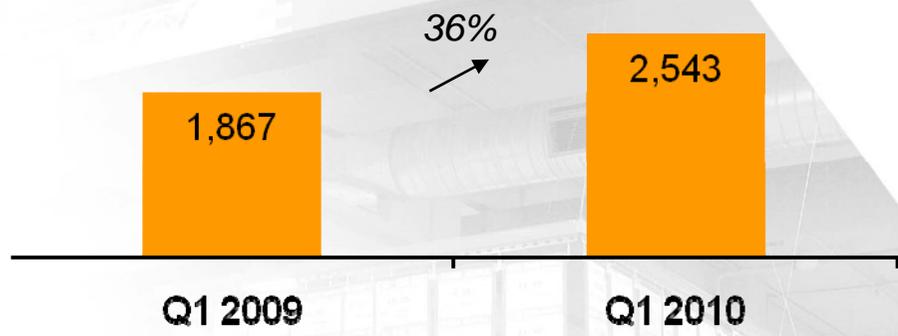


(1) Excluding ESOP



Net Sales

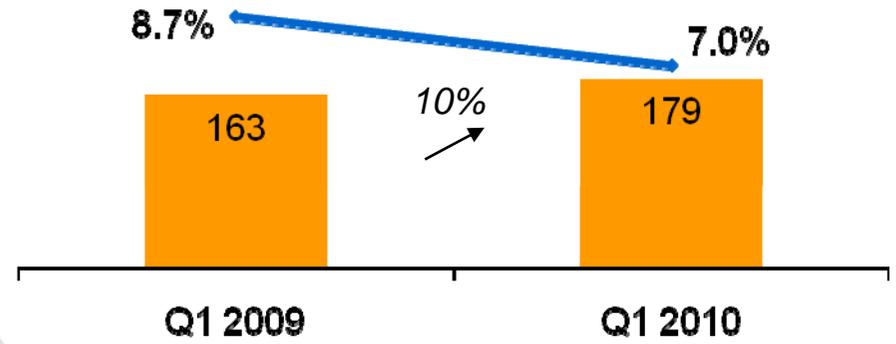
USD mln



EBITDA & EBITDA Margin

EBITDA, USD mln

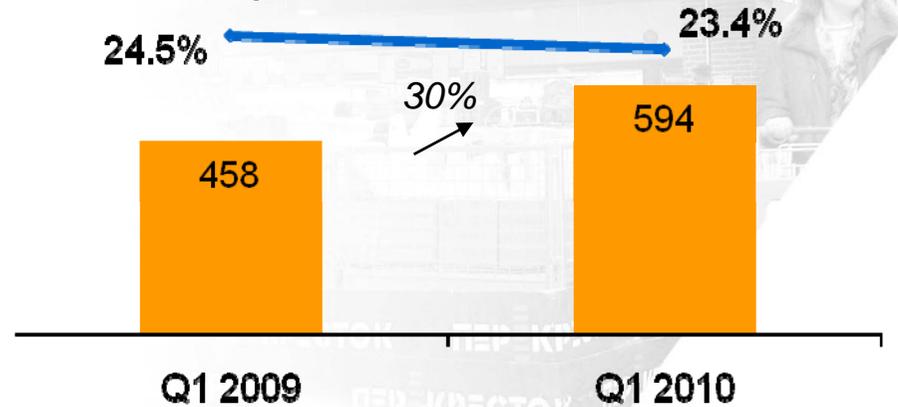
EBITDA Margin, %



Gross Profit

Gross Profit, USD mln

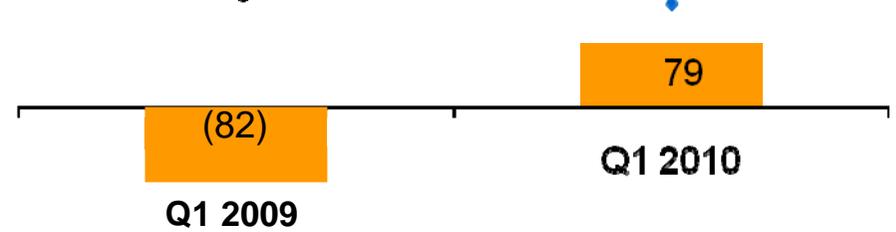
Gross Margin, %



Net Profit / (Loss)

Net Profit, USD mln

Net Margin, %



(1) All P&L numbers are provided on pro-forma basis

USD mln	Q1 2010	Q1 2009	% change y-o-y, USD	% change y-o-y, RUR
Net Sales	2,542.7	1,866.9	36%	20%
incl. Retail	2,534.4	1,859.3	36%	20%
Gross Profit	594.1	458.2	30%	14%
Gross Margin, %	23.4%	24.5%		
SG&A (excl. ESOP)	(485.5)	(368.1)	32%	16%
% of revenue	19.1%	19.7%		
ESOP Expense	(25.4)	2.1	n/a	n/a
% of revenue	1.0%	0.1%		
EBITDA	178.5	162.7	10%	(3.0%)
EBITDA Margin, %	7.0%	8.7%		
Operating Profit/(Loss)	111.2	116.9	(5%)	(16%)
Operating Margin, %	4.4%	6.3%		
Net FX Result	36.6	(163.7)	n/a	n/a
Profit/(Loss) before tax	113.1	(84.8)	n/a	n/a
Income Tax Expense	(34.2)	2.7	n/a	n/a
Net Profit/(Loss)	78.9	(82.1)	n/a	n/a
Net Margin, %	3.1%	n/a		



- Net sales increased 20% year-on-year in RUR terms to RUR 76,003 mln or 36% in USD terms to USD 2,543 mln;
- Gross profit totaled USD 594 mln, for a gross margin of 23.4%;
- SG&A expenses before ESOP as percent of sales decreased by 60 bp year-on-year to 19.1%. Total SG&A increased by 50 bp year-on-year to 20.1% driven by ESOP cost of USD 25 mln;
- EBITDA amounted to USD 179 mln reflecting ESOP cost of USD 25 mln for an EBITDA margin of 7.0%. Net of ESOP, EBITDA margin amounted to 8.0%;
- ESOP cost of USD 25 mln, attributable to significant X5 stock price appreciation in Q1 2010;
- Integration of Paterson resulted in temporary closings and inventory clearance sales during Q1;
- X5 reported a net profit of USD 79 mln;

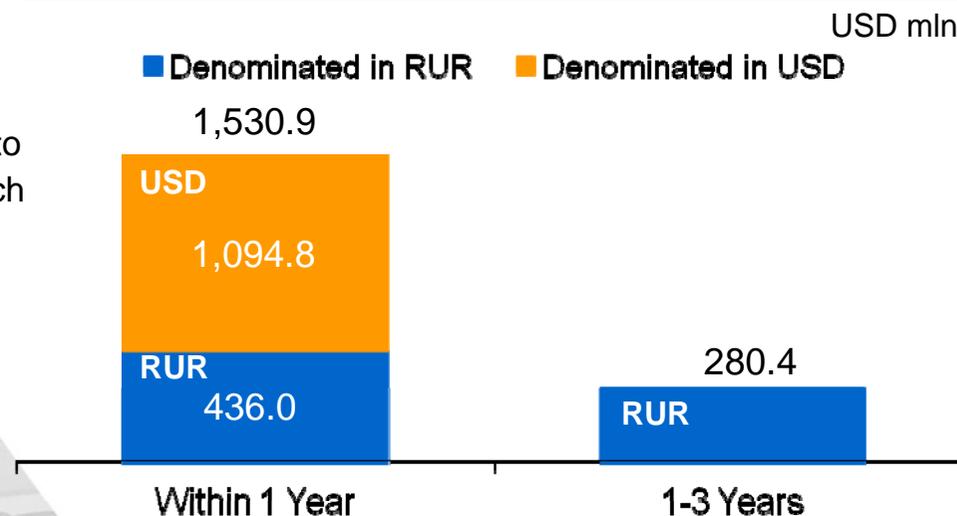
The Company used available cash to expand stores selectively and reduce total debt by net USD 133 million.

USD mln	Q1 2010	Q1 2009	% change USD	% change RUR
Net Cash Flows from Operating Activities	(129.5)	(38.4)	237%	197%
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	210.3	169.9	24%	9%
<i>Change in Working Capital</i>	(272.0)	(126.7)	115%	89%
<i>Net Interest and Income Tax Paid</i>	(67.7)	(81.6)	(17%)	(27%)
Net Cash Used in Investing Activities	(51.9)	(43.1)	20%	6%
Net Cash (used in)/generated from Financing Activities	(159.9)	(85.3)	87%	65%
Effect of Exchange Rate Changes on Cash & Cash Equivalents	6.2	(28.3)	n/a	n/a
Net Increase in Cash & Cash Equivalents	(335.1)	(195.2)	(72%)	90%

Highlights

- In the first quarter X5 continued to strengthen its balance sheet and liquidity, reducing total debt by net USD 133 mln.
- As of end March 2010, the Company's total debt amounted to USD 1,811 mln (at RUR exchange rate of 29.36), out of which 85% was short-term (USD 1,530 mln or RUR 45 bln) and 15% long-term (USD 280.4 mln or RUR 8.2 bln).
- As of 31 March 2010, the Company had access to RUR-denominated credit facilities of approximately RUR 24.6 billion (approximately USD 836 million). The company also has a commitment from Sberbank for 5-year ruble-denominated credit line (equivalent of up to USD 1.1 bln).

Debt Maturity Profile as at 31.03.10



USD mln	31-Mar-10	% in total	31-Dec-09	% in total	% change y-o-y
Total Debt	1,811.2		1,944.0		(7%)
Short-Term Debt	1,530.9	85%	1,656.6	85%	(8%)
Long-Term Debt	280.4	15%	287.4	15%	(2%)
Net Debt	1,734.7		1,532.3		13%
Denominated in USD	1,091.7	63%	1,162.8	76%	(45%)
Denominated in RUR	643.0	37%	369.5	24%	195%
FX, EoP	29.36		30.24		
Net Debt/EBITDA	2.31x		2.08x		

 2010 Outlook

- Net new store addition:
 - Hypermarkets: 7-10 stores;
 - Supermarkets: ~15 stores;
 - Discounters: 200-250 stores.
- Capital Expenditures of up to RUR 18 bln

Due to significantly lower food inflation to date and in the official forecast rate for the year, X5 provides a more conservative 2010 revenue growth outlook in the low-20 percent range in nominal RUR terms. Actual top line performance will depend on inflationary trends and the timing of a recovery in consumer spending.

We expect consumer spending to begin to show improvement towards the end of the year, and this, in combination with new store openings and post-integration contribution from Paterson in the second half of 2010, should enable X5 to deliver on its objectives.