Q2 AND H1 2017 FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION
2 AUGUST 2017
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I. HIGHLIGHTS
X5 is a true **multi-format** retailer with unique **decentralised model** that allows development autonomy for three banners, with support of Corporate Centre enhancing efficiency and sharing best-practices.

X5 achieved its strategic milestone of **market leadership** in Russian food retail, with **market share increasing to 8.0% in 2016**, up from 6.3% in 2015.

Constant adaptation of **value proposition** to Russian consumers’ changing needs and current macro environment.

Significant **improvements in logistics and transport**: adding new links in the value chain, including **import hubs** and **cross-docking stations**, acquisition of **976 trucks** in 2016.

**Seven new DCs** opened in Moscow, St. Petersburg, Adygea, and Orenburg adding 213 th. sq. m. of storage space in 2016.

**Four new DCs** opened in Orel, Yekaterinburg and Perm in 1H 2017.
05 KEY ACHIEVEMENTS IN 12M 2016

- Revenue increased by 27.8% y-o-y the fastest pace since 2011
- The Company added a record 2,167 new stores in 2016, vs. 1,537 stores in 2015.
- 1,254 stores refurbished
- Adj. EBITDA margin up by 35 b.p. y-o-y to 7.7%, X5’s highest margin since 2010
- >94% of Pyaterochka stores and >52% of Perekrestok stores operating under new concept
- The lowest level of Net debt / EBITDA in X5’s public history at 1.81x as of 31 December 2016
- Net additional selling space of 968.6 th. sq. m., 86% of which was attributable to organic growth
- LFL traffic growth improved to 2.5% in 2016, up from 2.3% in 2015
- LFL traffic of Perekrestok was positive for four quarters in a row
- Pyaterochka added 906.6 th. sq. m. of net selling space
### OPERATIONAL HIGHLIGHTS

**Net retail sales dynamics, Rub bn**
- **CAGR 2012-2016:** 20.3%
- **CAGR 2014-2016:** 27.4%

**Customer visits, mln**
- **CAGR 2012-2016:** 14.4%
- **CAGR 2014-2016:** 20.5%

**Selling space, th. sq. m.**
- **CAGR 2012-2016:** 21.6%
- **CAGR 2014-2016:** 29.3%

**Number of stores, end of period**
- **CAGR 2012-2016:** 24.7%
- **CAGR 2014-2016:** 29.4%

Source: X5 data
FINANCIAL HIGHLIGHTS

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
III. MARKET OVERVIEW
Although the majority of macroeconomic indicators confirm a trend towards gradual economic recovery, market environment still remains challenging because of some negative temporary factors.
## Recent Market Trends...

<table>
<thead>
<tr>
<th>Key Trends</th>
<th>Description</th>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changing demographics</strong></td>
<td>▪ Growth of 60+ age population by 2-3% p.a. vs. reduction of 20-29 year group by 6% p.a.</td>
<td>▪ Growth of price-sensitive consumer segment</td>
</tr>
<tr>
<td></td>
<td>▪ Growth of price-sensitive consumer segment</td>
<td>▪ Growth of proximity format popularity</td>
</tr>
<tr>
<td><strong>Declining population income</strong></td>
<td>▪ Increased price sensitivity and rational spending</td>
<td>▪ Growth in attractiveness of proximity/discounters</td>
</tr>
<tr>
<td></td>
<td>▪ Growth of “cherry pickers”</td>
<td>▪ Increased pressure on margins (need for opex reduction)</td>
</tr>
<tr>
<td><strong>Growing competition</strong></td>
<td>▪ Retail space saturation</td>
<td>▪ Increasing pressure on LFL</td>
</tr>
<tr>
<td></td>
<td>▪ “Value” format development (e.g., hard discounters, dollar stores)</td>
<td>▪ Increased pressure on margins (need for opex reduction)</td>
</tr>
<tr>
<td><strong>Spread of new technologies</strong></td>
<td>▪ Growth of online shopping and price transparency</td>
<td>▪ Opportunity to improve competitiveness through service and personalisation</td>
</tr>
<tr>
<td></td>
<td>▪ Increase in Big Data analytics</td>
<td></td>
</tr>
<tr>
<td><strong>Tightening market regulation</strong></td>
<td>▪ Retail trade legislation (back margin constraints)</td>
<td>▪ Additional costs due to new regulation</td>
</tr>
<tr>
<td></td>
<td>▪ EGAIS and other control systems</td>
<td>▪ Growing margin pressures</td>
</tr>
<tr>
<td></td>
<td>▪ International sanctions</td>
<td>▪ Product shortages and price inflation</td>
</tr>
</tbody>
</table>
### KEY TRENDS

<table>
<thead>
<tr>
<th>Changing demographics</th>
<th>X5 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Continued expansion of proximity segment (&gt;75% of X5 revenues)</td>
<td></td>
</tr>
<tr>
<td>▪ 5-10% discounts for pensioners from 9:00 until 13:00</td>
<td></td>
</tr>
<tr>
<td>▪ Focus on mothers with children</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Declining population income</th>
<th>X5 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Constant adaptation of value proposition to customers’ needs</td>
<td></td>
</tr>
<tr>
<td>▪ Best-in-class “promo engine”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growing competition</th>
<th>X5 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Strong regional expansion with effective value proposition for small cities and towns</td>
<td></td>
</tr>
<tr>
<td>▪ Development and rollout of new regional supermarket concept</td>
<td></td>
</tr>
<tr>
<td>▪ Effective GIS system to help find optimal locations</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spread of new technologies</th>
<th>X5 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Online retail initiative within the supermarket segment</td>
<td></td>
</tr>
<tr>
<td>▪ Successful development of loyalty programme and personalised promo in Perekrestok</td>
<td></td>
</tr>
<tr>
<td>▪ Further implementation of advanced analytics</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tightening market regulation</th>
<th>X5 RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Self-regulation approach</td>
<td></td>
</tr>
<tr>
<td>▪ Switch to net-net pricing</td>
<td></td>
</tr>
<tr>
<td>▪ Strategic partnerships with suppliers</td>
<td></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

* X5 estimate
### RETAIL MARKET SNAPSHOT

<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 X5</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
IV. OPERATIONAL RESULTS
Q2 2017
Q2 2017 RESULTS: OPERATIONAL HIGHLIGHTS

Net retail sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, RUB bn</td>
<td>250</td>
<td>254</td>
<td>291</td>
<td>291</td>
<td>319</td>
</tr>
<tr>
<td>Growth y-o-y, %</td>
<td>25.7%</td>
<td>30.2%</td>
<td>27.5%</td>
<td>26.4%</td>
<td>27.7%</td>
</tr>
</tbody>
</table>

Traffic, mln customers

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic, mln customers</td>
<td>768</td>
<td>799</td>
<td>831</td>
<td>848</td>
<td>961</td>
</tr>
<tr>
<td>Growth y-o-y, %</td>
<td>31.8%</td>
<td>30.7%</td>
<td>29.1%</td>
<td>29.5%</td>
<td>28.7%</td>
</tr>
</tbody>
</table>

Net selling space (eop), th. sq. m

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling space, ths. sq. m</td>
<td>3,747</td>
<td>4,025</td>
<td>4,302</td>
<td>4,550</td>
<td>4,821</td>
</tr>
<tr>
<td>Growth y-o-y, %</td>
<td>6.3%</td>
<td>9.1%</td>
<td>7.5%</td>
<td>7.3%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

LFL sales, y-o-y

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>LFL sales, y-o-y</td>
<td>3.0%</td>
<td>3.2%</td>
<td>1.8%</td>
<td>4.6%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Growth y-o-y, %</td>
<td>5.7%</td>
<td>6.4%</td>
<td>5.3%</td>
<td>3.8%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

LFL traffic, y-o-y

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>LFL traffic, y-o-y</td>
<td>3.1%</td>
<td>5.7%</td>
<td>5.6%</td>
<td>2.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Growth y-o-y, %</td>
<td>3.1%</td>
<td>5.7%</td>
<td>5.6%</td>
<td>2.6%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

Source: X5 data
Q2 2017 RESULTS: NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln

249,905

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 27.7% was driven by a 6.6% increase in like-for-like (LFL) sales and a 21.1% sales growth contribution from a 28.7% rise in selling space
Q2 2017 RESULTS: EXPANSION SUMMARY

- Total store base increased to 10,506 stores as of 30 June 2017
- Continued investments into existing stores, with 90 refurbishments in Q2 2017
- Pyaterochka was the main driver for the store base increase. In Q2 2017, net added space increased by 11.8% y-o-y

Net stores added in Q2 2017 by formats and by regions

Source: X5 data
V. FINANCIAL RESULTS
Q2 2017
Q2 2017 RESULTS: FINANCIAL HIGHLIGHTS

**Revenue**
- Revenue, RUB bn
- Growth y-o-y, %

**Gross profit & gross margin**
- Gross profit, RUB bn
- Margin, %

**SG&A (excl. D&A, I, & LTI), Rub bn**
- as % of revenue

**EBITDA & EBITDA margin**
- EBITDA, RUB bn
- EBITDA margin, %

**Net profit & net profit margin**
- Net profit, RUB bn
- Net profit margin, %

**Capital expenditures, Rub bn**

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

Source: X5 data
In Q2 2017, capex programme focused on organic expansion, investments in store refurbishments and logistics.
Q2 2017 RESULTS: DEBT STRUCTURE

Debt profile

<table>
<thead>
<tr>
<th>Rub mln</th>
<th>30 Jun 2017</th>
<th>30 Jun 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt</td>
<td>170,635</td>
<td>156,000</td>
</tr>
<tr>
<td>Short-Term Debt</td>
<td>46,389</td>
<td>43,063</td>
</tr>
<tr>
<td>% of total debt</td>
<td>27.2%</td>
<td>27.6%</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>124,246</td>
<td>112,937</td>
</tr>
<tr>
<td>% of total debt</td>
<td>72.8%</td>
<td>72.4%</td>
</tr>
<tr>
<td>Net Debt</td>
<td>163,856</td>
<td>150,569</td>
</tr>
</tbody>
</table>

Debt portfolio maturity

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>100%</td>
<td></td>
<td>14%</td>
<td>34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34%</td>
<td></td>
<td></td>
<td></td>
<td>34%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Covenants & liquidity update

<table>
<thead>
<tr>
<th>Covenant metrics &amp; liquidity sources</th>
<th>30 Jun 2017</th>
<th>30 Jun 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / EBITDA</td>
<td>1.83x</td>
<td>2.34x</td>
</tr>
<tr>
<td>Cash &amp; cash equiv., Rub mln</td>
<td>6,779</td>
<td>5,431</td>
</tr>
<tr>
<td>Available credit limits, Rub mln</td>
<td>298,696</td>
<td>156,475</td>
</tr>
</tbody>
</table>

Highlights

- X5’s debt portfolio is 100% RUB-denominated
- All of the X5’s loans and bonds have fixed interest rates
- X5’s available credit limits increased by 1.9 times to RUB 298.7 bn
- The weighted average effective interest rate on X5’s debt during H1 2017 decreased by 182 b.p. to 9.85% from 11.67% in H1 2016.
- Net debt/EBITDA ratio decreased to 1.83x as of 30 June 2017, from 2.34x as of 30 June 2016
Q2 2017 analysis as percent of revenue

15.4% (104) b.p. 16.5%

- Third party services
- Other expenses
- Other store costs
- Utilities
- Lease expenses
- Staff costs

H1 2017 analysis as percent of revenue

16.2% (95) b.p. 17.1%

- Third party services
- Other expenses
- Other store costs
- Utilities
- Lease expenses
- Staff costs

[1] – Adjusted for D&A&I, LTI, exit share-based payments

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

### PROFIT AND LOSS STATEMENT

<table>
<thead>
<tr>
<th>RUB mln</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
<th>+/- (%)</th>
<th>+/- ( %),</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>+/- (%)</th>
<th>+/- ( %),</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>320,801</td>
<td>251,633</td>
<td>69,168</td>
<td>27,5</td>
<td>613,879</td>
<td>483,244</td>
<td>130,635</td>
<td>27,0</td>
</tr>
<tr>
<td>Net retail sales</td>
<td>318,867</td>
<td>249,722</td>
<td>69,145</td>
<td>27,7</td>
<td>610,351</td>
<td>480,323</td>
<td>130,028</td>
<td>27,1</td>
</tr>
<tr>
<td>COGS</td>
<td>(244,180)</td>
<td>(191,826)</td>
<td>(52,354)</td>
<td>27,3</td>
<td>(466,646)</td>
<td>(367,246)</td>
<td>(99,400)</td>
<td>27,1</td>
</tr>
<tr>
<td>Gross profit</td>
<td>76,621</td>
<td>59,807</td>
<td>16,814</td>
<td>28,1</td>
<td>147,233</td>
<td>115,998</td>
<td>31,235</td>
<td>26,9</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>23.9</td>
<td>23.8</td>
<td>12 b.p.</td>
<td>24.0</td>
<td>24.0</td>
<td>(2) b.p.</td>
<td>27,0%</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>(60,684)</td>
<td>(47,084)</td>
<td>(13,600)</td>
<td>28,9</td>
<td>(118,685)</td>
<td>(93,480)</td>
<td>25,205</td>
<td>27,0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27,833</td>
<td>20,005</td>
<td>7,828</td>
<td>39,1</td>
<td>50,000</td>
<td>36,498</td>
<td>13,502</td>
<td>37,0</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8,7</td>
<td>8,0</td>
<td>73 b.p.</td>
<td>8,1</td>
<td>7,6</td>
<td>59 b.p.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>18,039</td>
<td>14,458</td>
<td>3,581</td>
<td>24,8</td>
<td>32,498</td>
<td>25,864</td>
<td>6,634</td>
<td>25,6</td>
</tr>
<tr>
<td>Operating margin</td>
<td>5,6</td>
<td>5,7</td>
<td>(12) b.p.</td>
<td>5,3</td>
<td>5,4</td>
<td>(6) b.p.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>10,343</td>
<td>7,950</td>
<td>2,393</td>
<td>30,1</td>
<td>18,698</td>
<td>13,004</td>
<td>5,694</td>
<td>43,8</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>3,2</td>
<td>3,2</td>
<td>6 b.p.</td>
<td>3,0</td>
<td>2,7</td>
<td>35 b.p.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**BALANCE SHEET**

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2017</th>
<th>30 Jun 2016</th>
<th>+/(-)</th>
<th>+/(-)%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current assets</strong></td>
<td>114,153</td>
<td>101,986</td>
<td>12,167</td>
<td>11,9</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>6,779</td>
<td>5,431</td>
<td>1,348</td>
<td>24,8</td>
</tr>
<tr>
<td>Inventories</td>
<td>82,767</td>
<td>62,970</td>
<td>19,797</td>
<td>31,4</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>360,137</td>
<td>315,098</td>
<td>45,039</td>
<td>14,3</td>
</tr>
<tr>
<td>Net PP&amp;E</td>
<td>246,994</td>
<td>208,199</td>
<td>38,795</td>
<td>18,6</td>
</tr>
<tr>
<td>Goodwill</td>
<td>81,207</td>
<td>77,800</td>
<td>3,407</td>
<td>4,4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>474,290</td>
<td>417,084</td>
<td>57,206</td>
<td>13,7</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>198,110</td>
<td>180,044</td>
<td>18,066</td>
<td>10,0</td>
</tr>
<tr>
<td>ST debt</td>
<td>46,389</td>
<td>43,063</td>
<td>3,326</td>
<td>7,7</td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>99,257</td>
<td>99,185</td>
<td>72,000</td>
<td>0,1</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>130,476</td>
<td>119,305</td>
<td>11,171</td>
<td>9,4</td>
</tr>
<tr>
<td>LT debt</td>
<td>124,246</td>
<td>112,937</td>
<td>11,309</td>
<td>10,0</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>328,586</td>
<td>299,349</td>
<td>29,237</td>
<td>9,8</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>145,704</td>
<td>117,735</td>
<td>27,969</td>
<td>23,8</td>
</tr>
<tr>
<td><strong>Total liabilities &amp; equity</strong></td>
<td>474,290</td>
<td>417,084</td>
<td>57,206</td>
<td>13,7</td>
</tr>
</tbody>
</table>

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

### CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th>RUB mln</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
<th>+/( - )</th>
<th>+/( - )%</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>+/( - )</th>
<th>+/( - )%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11,323</td>
<td>12,555</td>
<td>(1,232)</td>
<td>(9,8)</td>
<td>10,905</td>
<td>18,281</td>
<td>(7,376)</td>
<td>(40,3)</td>
</tr>
<tr>
<td>Net cash from operating activities before changes in working capital</td>
<td></td>
<td>27,994</td>
<td>20,122</td>
<td>7,872</td>
<td>39,1</td>
<td>50,281</td>
<td>36,810</td>
<td>13,471</td>
<td>36,6</td>
</tr>
<tr>
<td>Change in Working Capital, incl.:</td>
<td></td>
<td>(11,873)</td>
<td>(2,914)</td>
<td>(8,959)</td>
<td>307,4</td>
<td>(25,787)</td>
<td>(9,221)</td>
<td>(16,566)</td>
<td>179,7</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other AR</td>
<td></td>
<td>(2,354)</td>
<td>2,575</td>
<td>(4,929)</td>
<td>n/a</td>
<td>13,224</td>
<td>6,499</td>
<td>6,725</td>
<td>103,5</td>
</tr>
<tr>
<td>Decrease/(increase) in inventories</td>
<td></td>
<td>(889)</td>
<td>(50)</td>
<td>(839)</td>
<td>1678,0</td>
<td>(8,966)</td>
<td>(5,083)</td>
<td>(3,883)</td>
<td>76,4</td>
</tr>
<tr>
<td>Increase/(decrease) in trade payable</td>
<td></td>
<td>(6,614)</td>
<td>(2,930)</td>
<td>(3,684)</td>
<td>125,7</td>
<td>(31,884)</td>
<td>(4,559)</td>
<td>(27,325)</td>
<td>599,4</td>
</tr>
<tr>
<td>(Decrease)/increase in other AP</td>
<td></td>
<td>(2,016)</td>
<td>(2,509)</td>
<td>493</td>
<td>(19,6)</td>
<td>1,839</td>
<td>(6,078)</td>
<td>7,917</td>
<td>n/a</td>
</tr>
<tr>
<td>Net interest and income tax paid</td>
<td></td>
<td>(4,798)</td>
<td>(4,653)</td>
<td>(145)</td>
<td>3,1</td>
<td>(13,589)</td>
<td>(9,308)</td>
<td>(4,281)</td>
<td>46,0</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td>(19,138)</td>
<td>(18,596)</td>
<td>(542)</td>
<td>2,9</td>
<td>(36,775)</td>
<td>(33,531)</td>
<td>(3,244)</td>
<td>9,7</td>
</tr>
<tr>
<td><strong>Net cash generated from/(used in) financing activities</strong></td>
<td></td>
<td>8,372</td>
<td>6,979</td>
<td>1,393</td>
<td>20,0</td>
<td>14,455</td>
<td>11,728</td>
<td>2,727</td>
<td>23,3</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash &amp; cash equiv.</td>
<td></td>
<td>(10)</td>
<td>(6)</td>
<td>(4)</td>
<td>66,7</td>
<td>4</td>
<td>(5)</td>
<td>9</td>
<td>(180,0)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash &amp; cash equiv.</strong></td>
<td></td>
<td>547</td>
<td>932</td>
<td>(385)</td>
<td>(41,3)</td>
<td>(11,411)</td>
<td>(3,527)</td>
<td>(7,884)</td>
<td>223,5</td>
</tr>
</tbody>
</table>

Source: X5 data
### X5 Regional Presence

#### X5 Today
- Multi-format presence in **seven** Federal Districts
- Total stores – 10,506, including:
  - 9,688 Pyaterochka
  - 557 Perekrestok
  - 90 Karusel
  - 171 Express stores

#### Format Distribution

<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>152</td>
<td>681</td>
<td>4,016</td>
<td>2,717</td>
<td>1,166</td>
<td>841</td>
<td>115</td>
<td>9,688</td>
</tr>
<tr>
<td>Perekrestok</td>
<td></td>
<td>8</td>
<td>26</td>
<td>345</td>
<td>94</td>
<td>56</td>
<td>28</td>
<td>0</td>
<td>557</td>
</tr>
<tr>
<td>Karusel</td>
<td></td>
<td>1</td>
<td>5</td>
<td>36</td>
<td>23</td>
<td>17</td>
<td>8</td>
<td>0</td>
<td>90</td>
</tr>
<tr>
<td>Express</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**X5 Retail Group**
- Net retail sales (H1 2017), %
  - 0.8% North Caucasus
  - 4.3% Southern
  - 55.6% Central
  - 18.2% Volga
  - 14.6% North Western
  - 6.1% Ural
  - 0.4% Siberian
  - **100% Total**

*Source: X5 data*
Warehouse space as of 30 June 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>123</td>
<td>4</td>
</tr>
<tr>
<td>Volga</td>
<td>143</td>
<td>7</td>
</tr>
<tr>
<td>Ural</td>
<td>149</td>
<td>7</td>
</tr>
<tr>
<td>Southern</td>
<td>77</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>991</strong></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

Centralisation levels

- 2011: 76%
- 2012: 75%
- 2013: 78%
- 2014: 78%
- 2015: 85%
- 2016: 88%
- H1 2017: 91%

**Highlights for Q2 2017**

- In Q2 2017, X5 opened two new distribution centres (DC) in Yekaterinburg (36 th. sq. m.) and Perm (24 th. sq. m.) to serve the Pyaterochka format.
- X5 closed one DC in Perm that served the Pyaterochka format and did not meet the Company’s efficiency criteria. One DC in St Petersburg that served the Pyaterochka format was converted into an import hub.

Source: X5 data
APPENDICIES
I. PERFORMANCE SUMMARY OF KEY FORMATS
9,688 stores as of 30 June 2017, 35.2% increase y-o-y

Q2 2017 net retail sales – RUB 249.9 bn, 31.9% increase y-o-y

Share of X5's Q2 2017 sales: ~78%

Average check: RUB 350 (Q2 2017), 2.4% increase y-o-y

3,844 th. sq. m. of selling space as of 30 June 2017, 36.1% increase y-o-y

817 mln of customers for Q2 2017, 28.7% increase y-o-y

Q2 2017 LFL Results
- Sales: 6.0%
- Traffic: 2.0%
- Basket: 3.9%

- Avg. net selling space: 397 sq. m.
- Formats
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more

The neighborhood store for your daily shopping needs
Q2 2017 net retail sales growth: 31.9% increase y-o-y

Net Sales Growth (% y-o-y)

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.7</td>
<td>35.3</td>
<td>34.8</td>
<td>36.1</td>
</tr>
</tbody>
</table>

Q2 2017 selling space growth: 36.1% increase y-o-y

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

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.8</td>
<td>32.9</td>
<td>38.1</td>
<td>39.3</td>
</tr>
</tbody>
</table>

Q2 2017 sales densities: 4.4% decline y-o-y

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

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>288</td>
<td>291</td>
<td>289</td>
<td>295</td>
</tr>
</tbody>
</table>

Q2 2017 LFL sales growth: 6.0% increase y-o-y

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

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.7</td>
<td>18.6</td>
<td>15.2</td>
<td>12.6</td>
</tr>
</tbody>
</table>

Q2 2017 LFL traffic growth: 2.0% increase y-o-y

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

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2</td>
<td>3.5</td>
<td>2.4</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Q2 2017 LFL basket growth: 3.9% increase y-o-y

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

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>42.4</td>
<td>41.3</td>
<td>39.9</td>
<td>39.3</td>
</tr>
</tbody>
</table>

[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 (1/3)
RUSSIA’S #1 SUPERMARKET

557 stores as of 30 June 2017, 13.0% increase y-o-y

Q2 2017 net retail sales of RUB 44.9 bn, 20.4% increase y-o-y

Share of X5's Q2 2017 sales: ~14%

Average ticket: RUB 513 (Q2 2017) 5.4% increase y-o-y

565 th. sq. m. of selling space as of 30 June 2017, 12.6% increase y-o-y

99.8 min customers for Q2 2017, 14.3% increase y-o-y

Q2 2017 LFL Results
- Sales: 11.1%
- Traffic: 5.7%
- Basket: 5.2%

Avg. net selling space: 1,014 sq. m.

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

IMPROVING OPERATIONS: GROWING LFL AND SELLING SPACE

Q2 2017 net retail sales growth: 20.4% increase y-o-y

Net Sales Growth (% y-o-y)

Q2 2017 selling space growth: 12.6% increase y-o-y

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

Q2 2017 sales densities: 6.8% increase y-o-y

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

Q2 2017 LFL sales growth: 11.1% increase y-o-y

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

Q2 2017 LFL traffic growth: 5.7% increase y-o-y

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

Q2 2017 LFL basket growth: 5.2% 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
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 30 June 2017: 1.1% increase y-o-y

Q2 2017 net retail sales: RUB 21.6 bn, 7.2% increase y-o-y

Share of X5's Q2 2017 sales: ~7%

Average ticket: RUB 737 (Q2 2017) 9.7% increase y-o-y

380 th. sq. m. of selling space as of 30 June 2017, down 1.2% y-o-y

33.4 mln customers in Q2 2017, down 2.3% y-o-y

Q2 2017 LFL Results
- Sales: 6.3%
- Traffic: (2.3%)
- Basket: 8.8%

Avg. net selling space: 4,219 sq. m.

Destination store for all your food & household needs
THE RIGHT TIME FOR RELAUNCH

Q2 2017 net retail sales growth: 7.2% increase y-o-y

Net Sales Growth (% y-o-y)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>8.6%</td>
<td>14.2%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Q2</td>
<td>20%</td>
<td>15.4%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Q3</td>
<td>8.8%</td>
<td>6.3%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Q4</td>
<td>3.6%</td>
<td>6.4%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Q2 2017 selling space growth: 1.2% decline y-o-y

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.3%</td>
<td>1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Q2</td>
<td>2.0%</td>
<td>8.8%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Q3</td>
<td>9.1%</td>
<td>5.4%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Q4</td>
<td>-0.8%</td>
<td>-3.0%</td>
<td>-1.2%</td>
</tr>
</tbody>
</table>

Q2 2017 sales densities growth: 8.5% increase y-o-y

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>197</td>
<td>204</td>
<td>210</td>
</tr>
<tr>
<td>Q2</td>
<td>211</td>
<td>209</td>
<td>210</td>
</tr>
<tr>
<td>Q3</td>
<td>215</td>
<td>211</td>
<td>215</td>
</tr>
<tr>
<td>Q4</td>
<td>221</td>
<td>221</td>
<td>227</td>
</tr>
</tbody>
</table>

Q2 2017 LFL sales growth: 6.3% increase y-o-y

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>7.8%</td>
<td>12.3%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Q2</td>
<td>3.8%</td>
<td>13.3%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Q3</td>
<td>-1.4%</td>
<td>-3.1%</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Q4</td>
<td>-1.7%</td>
<td>-3.1%</td>
<td>-1.7%</td>
</tr>
</tbody>
</table>

Q2 2017 LFL traffic growth: 2.3% decline y-o-y

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>-1.4%</td>
<td>2.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Q2</td>
<td>7.8%</td>
<td>7.8%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Q3</td>
<td>1.9%</td>
<td>0.0%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Q4</td>
<td>-3.4%</td>
<td>-3.7%</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

Q2 2017 LFL basket growth: 8.8% increase y-o-y

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>-1.4%</td>
<td>5.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Q2</td>
<td>9.7%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Q3</td>
<td>5.1%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Q4</td>
<td>2.1%</td>
<td>22%</td>
<td>22%</td>
</tr>
</tbody>
</table>

[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