

**X<sup>5</sup>**

## Winning Customers With The Power Of 5

**Q1 2009 Financial Results**

*Conference Call Presentation  
to Investors and Analysts*

Moscow, 28 May 2009



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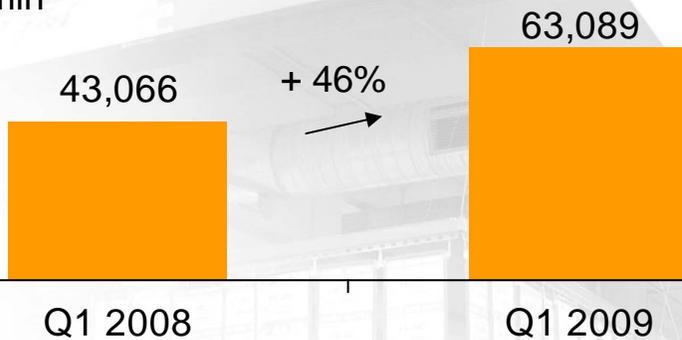
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## ... Was Solid Despite Tougher Macro-Economic Environment

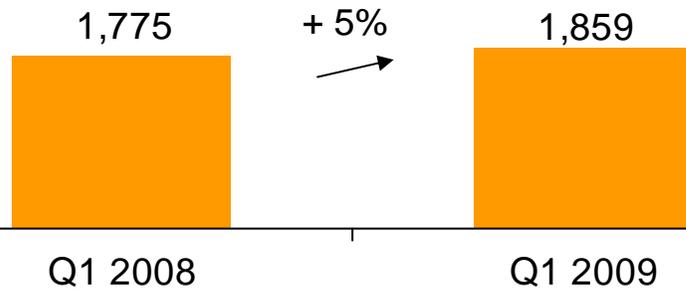
**Net Retail Sales, consolidation (1)**

RUR mln



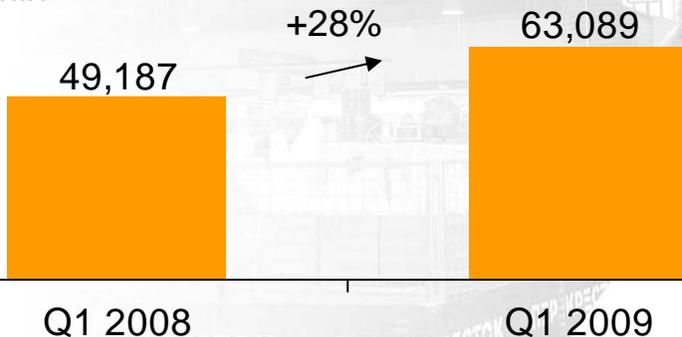
**Net Retail Sales, consolidation (1)**

USD mln



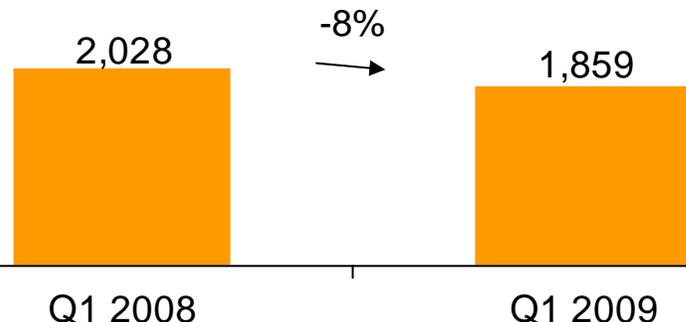
**Net Retail Sales, pro-forma (2)**

RUR mln



**Net Retail Sales, pro-forma (2)**

USD mln

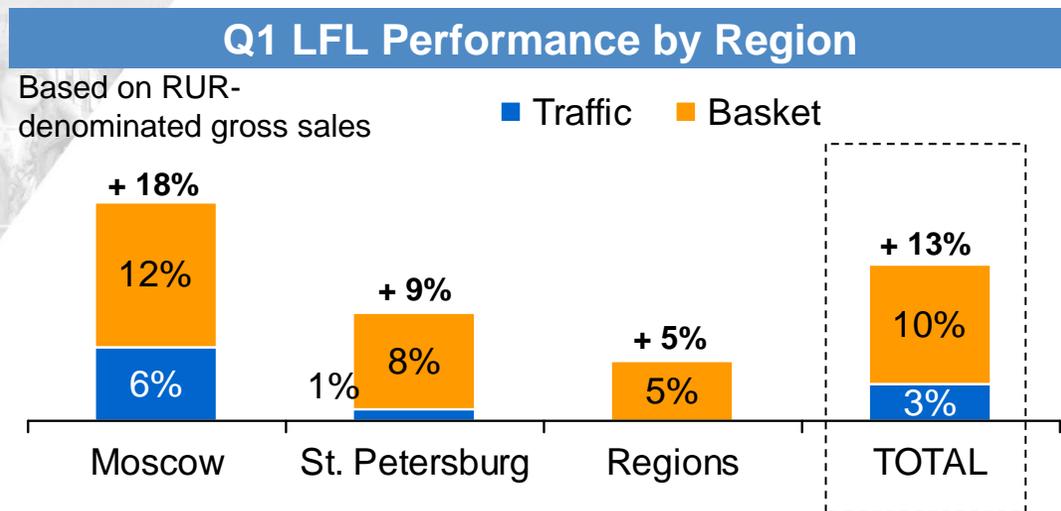
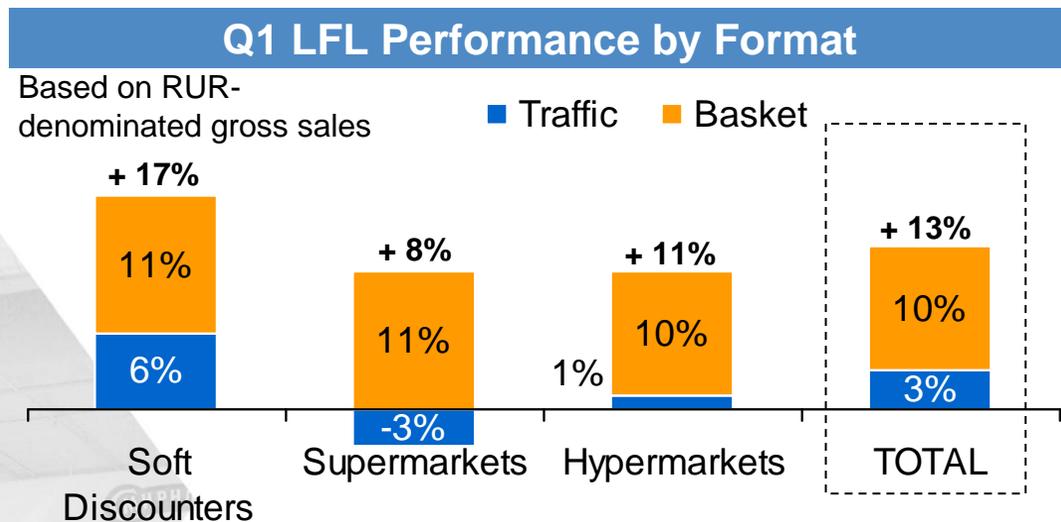


(1) Consolidated sales figures include acquired Karusel's business in Q1 2009 and exclude it in Q1 2008.

(2) Pro-forma sales figures include acquired Karusel's business in both Q1 2008 and Q1 2009.

**... Varied from Region to Region & Format to Format**

- Soft Discounters - clear winners in the trading down conditions:
  - 10% traffic inflow in Moscow
  - 11% traffic inflow in the regions
- Supermarkets performance in line with expectations:
  - Stable traffic in Moscow and St. Petersburg
  - LFL declines in regions affected by economic conditions
- Hypermarkets concept fine-tuning:
  - X5 completed rebranding of all Perekrestok hypermarkets as Karusel
  - “Everything Under One Roof – at Low Prices” concept being introduced
  - New PR and advertising campaigns launched



**... was Focused and Selective**

• 33 th.sq. m. or 43 stores added on a net basis:

- 38 soft-discounters (including 21 stores acquired in Agrotorg-Rostov transaction in December 2008)
- 2 supermarkets
- 3 hypermarkets

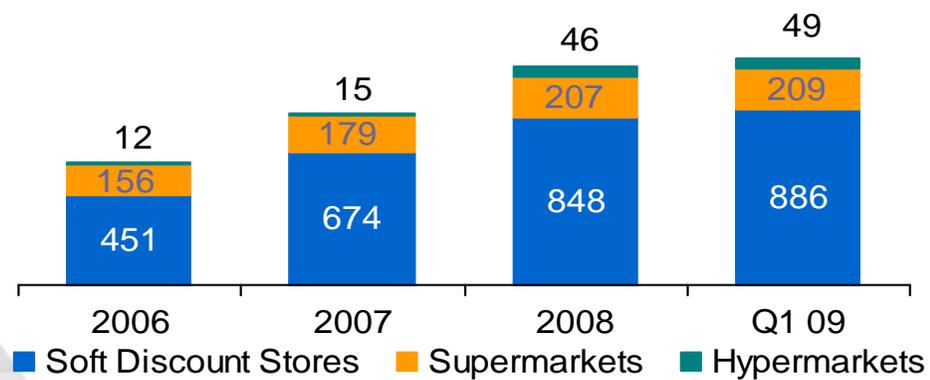
• 13 stores closed (one supermarket and 12 discounters)

• Three regional supermarkets converted into discounters (two in Nizhny Novgorod and one in Lipetsk)

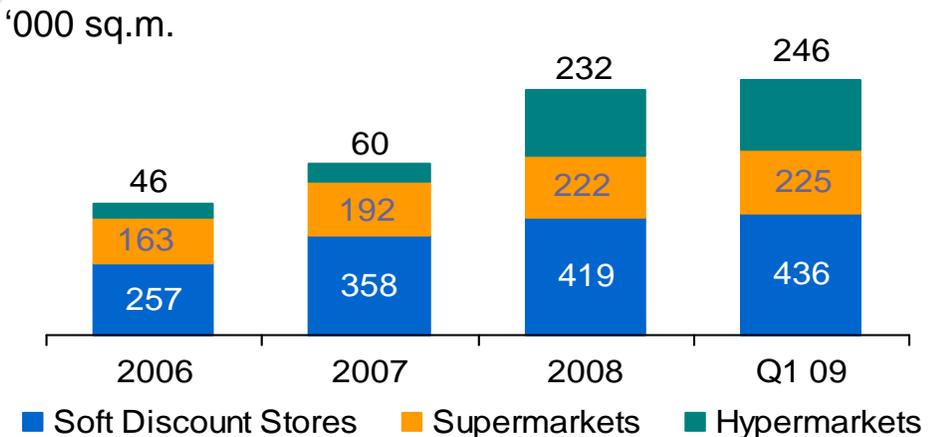
• 1,144 stores in total:

- 886 soft discounters
- 209 supermarkets
- 49 hypermarkets

**Number Of Stores**

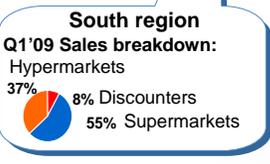


**Net Selling Space**

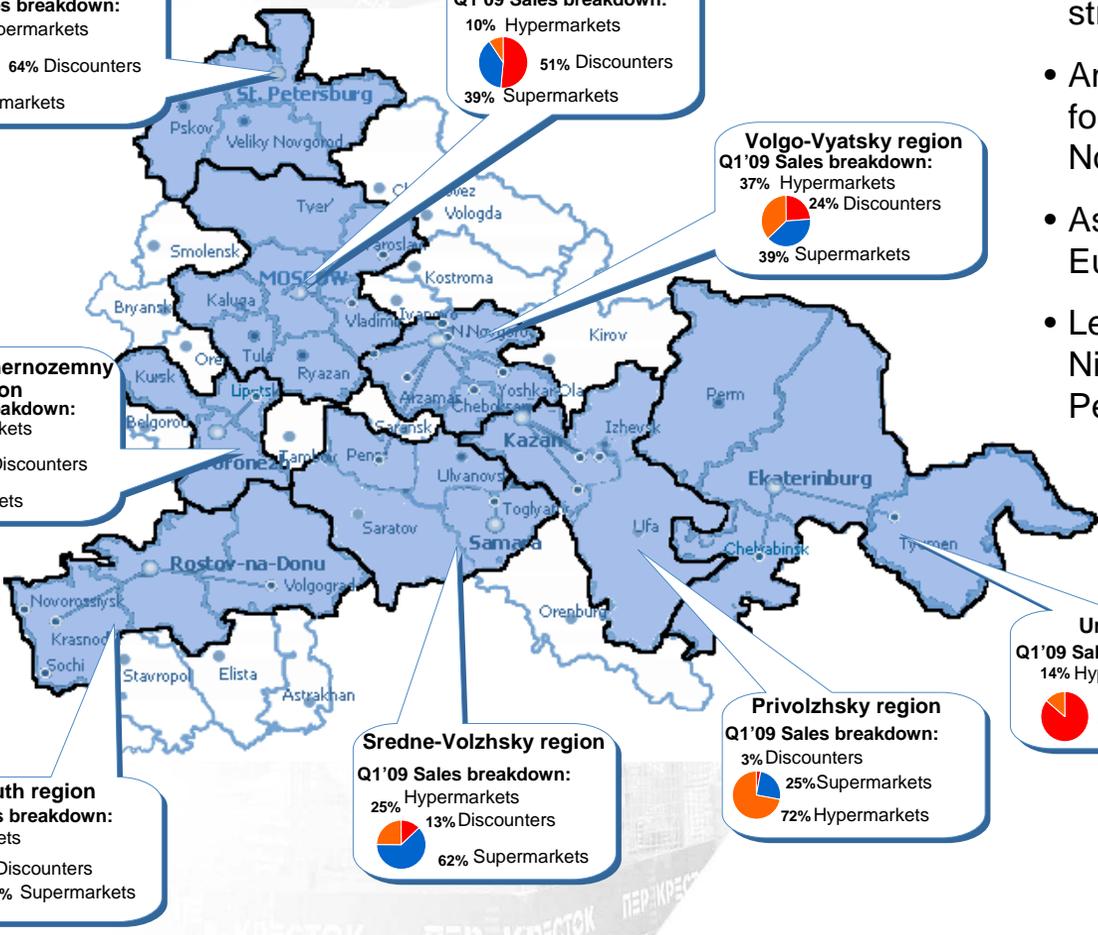




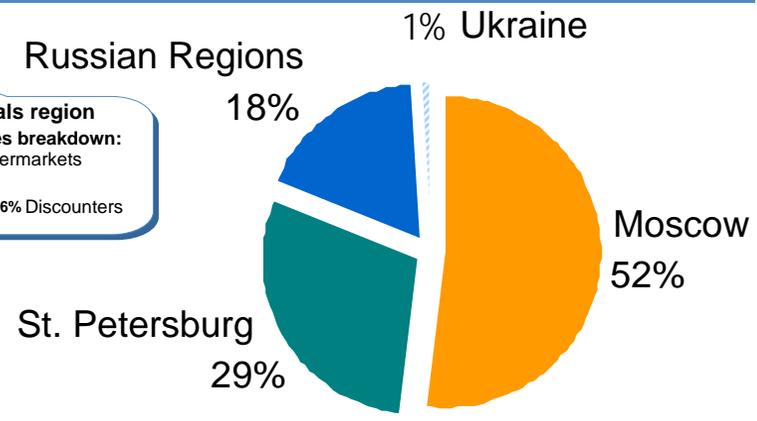
**... Strengthened Company's Regional Positions**



- In Q1 X5 entered 2 new cities (Taganrog and Azov) strengthening its presence in the South of Russia.
- Answering to trading-down trends, discounter format entered Rostov-na-Donu, Kazan and Novocherkassk.
- As at 31 March, X5 was present in 41 cities of European Russia and the Urals
- Leading position secured in 6 large regional cities: Nizhny Novgorod, Lipetsk, Samara, Chelyabinsk, Perm, and Volgograd



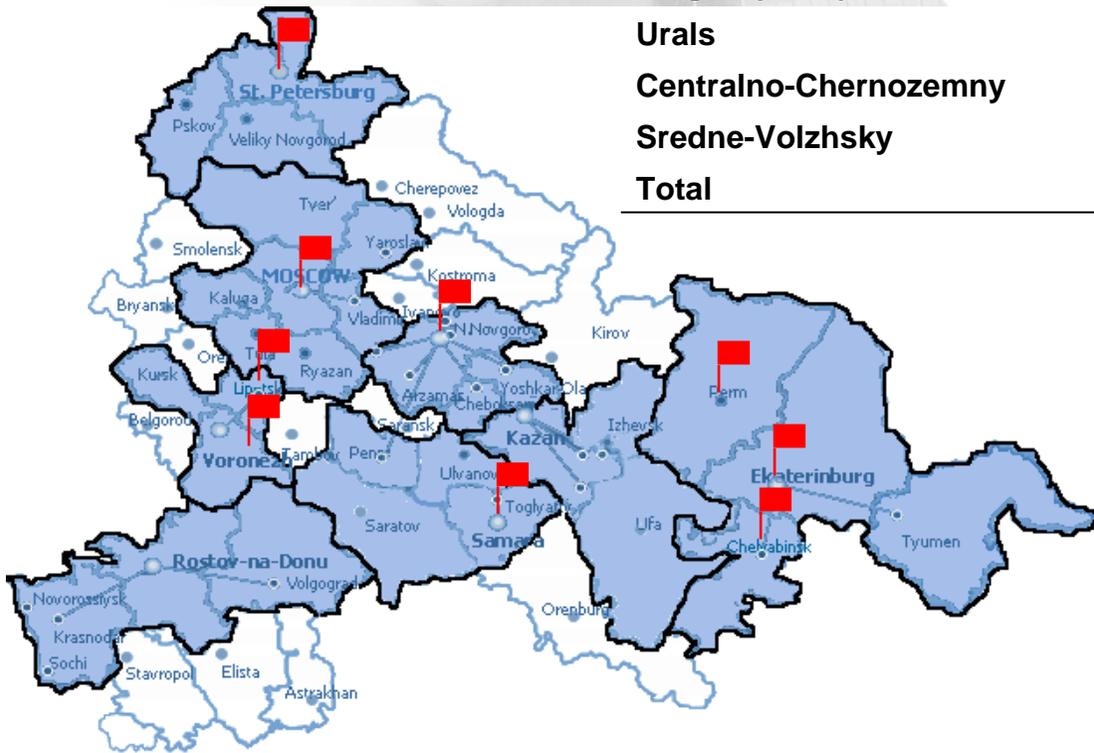
**Q1 2009 Net Retail Sales by Region**



■ X5 Existing Operations as at 31 March 2009

**... is One of Our Top Priorities for 2009**

DC locations as at 31 March 2009



Region	# of DCs	000 sq. m.	Dry	Fruit & Veg	Fresh	Frozen
Central	6	109.1	v	v	v	v
North-West	4	44.5	v	v	v	v
Volgo-Vyatsky	1	15.1	v	v	v	
Urals	5	18.2	v	v	v	
Centralno-Chernozemny	3	8.4	v	v	v	
Sredne-Volzhsky	1	6.0	v	v	v	
<b>Total</b>	<b>20</b>	<b>201.3</b>				

**In the first quarter 2009 X5:**

- Added one DC in Voronezh and expanded storage capacity of two existing DCs in Nizhny Novgorod and Samara
- Increased overall warehouse capacity by 10.3 thousand sq.m.

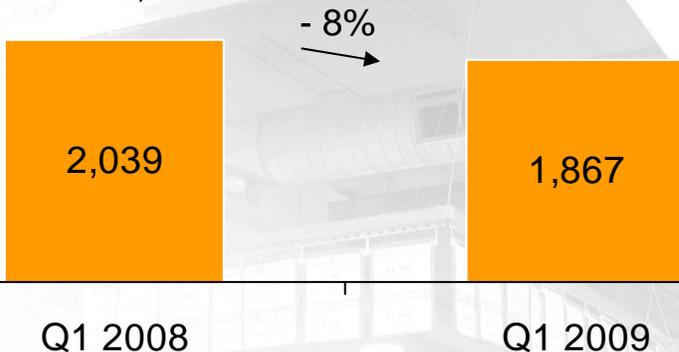
**By the end of 2009, X5 plans to:**

- Increase level of supply centralization to at least 57%
- Open its first non-food DC
- Continue IT systems upgrade

**Stable EBITDA Margin on the Back of Top Line Performance and Cost Controls**

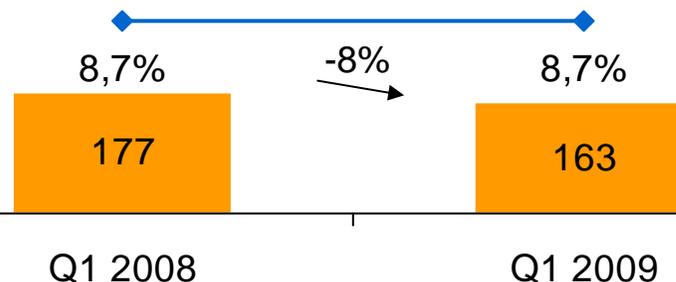
**Net Sales**

■ Net Sales, USD mln



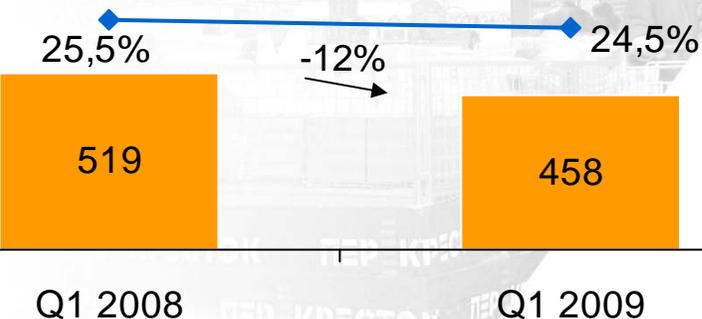
**EBITDA & EBITDA Margin**

■ EBITDA, USD mln  
◆ EBITDA Margin, %



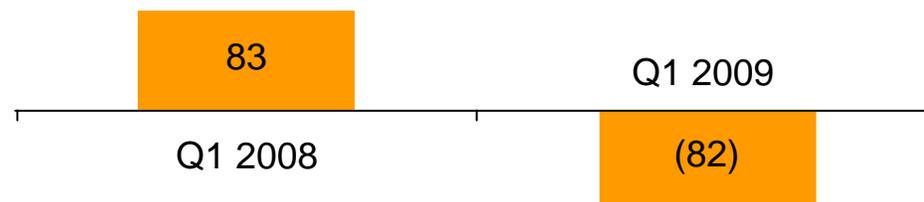
**Gross Profit**

■ Gross Profit, USD mln  
◆ Gross Margin, %



**Net (Loss)/Profit**

■ Net (Loss)/Profit, USD mln



(1) All P&L numbers are provided on pro-forma basis, i.e. including Karusel results both in Q1 2008 and Q1 2009

USD mln <sup>(1)</sup>	Q1 2009	Q1 2008	% change USD	% change RUR
<b>Net Sales</b>	<b>1,866.9</b>	<b>2,038.6</b>	<b>(8%)</b>	<b>28%</b>
incl. Retail	1,859.3	2,027.5	(8%)	28%
<b>Gross Profit</b>	<b>458.2</b>	<b>518.9</b>	<b>(12%)</b>	<b>23%</b>
<b>Gross Margin, %</b>	<b>24.5%</b>	<b>25.5%</b>		
SG&A (excl. D&A)	(320.2)	(366.0)	(13%)	22%
% of revenue	17.2%	18.0%		
<b>EBITDA</b>	<b>162.7</b>	<b>176.7</b>	<b>(8%)</b>	<b>29%</b>
<b>EBITDA Margin, %</b>	<b>8.7%</b>	<b>8.7%</b>		
<b>Operating (Loss)/Profit</b>	<b>116.9</b>	<b>123.2</b>	<b>(5%)</b>	<b>33%</b>
<b>Operating Margin, %</b>	<b>6.3%</b>	<b>6.0%</b>		
Net FX Result	(163.7)	42.5	n/a	n/a
<b>(Loss)/Profit before Tax</b>	<b>(84.8)</b>	<b>127.6</b>	<b>n/a</b>	<b>n/a</b>
Income Tax Benefit/(Expense)	2.7	(44.2)	n/a	n/a
<b>Net (Loss)/Profit</b>	<b>(82.1)</b>	<b>83.3</b>	<b>n/a</b>	<b>n/a</b>
<b>Net Margin, %</b>	<b>n/a</b>	<b>4.1%</b>		



- Q1 2009 **gross margin** declined 100 bp year-on-year to 24.5%. The decline is attributable to planned investment in prices across formats, a managed reduction in Karusel's gross margin, and the impact of trading down trends (change of product mix in favour of staples)
- **SG&A** declined as % of revenue (from 20.6% in Q1 2008 to 19.6% in Q1 2009) as a result of administrative expenses and staff costs optimization
- **EBITDA margin** flat year-on-year at 8.7%
- USD 164 million **FX loss** reported for Q1 2009 as a result of RUR depreciation. FX loss is primarily non-cash, resulting from long-term U.S. dollar-denominated debt revaluation
- In Q1 X5 reported **income tax benefit** in the amount of USD 3 mln, which is explained by deferred tax income in the amount of USD 45 mln, primarily attributable to the reported FX loss

## Strong Cash Generation from Operations Offset by Working Capital Seasonality

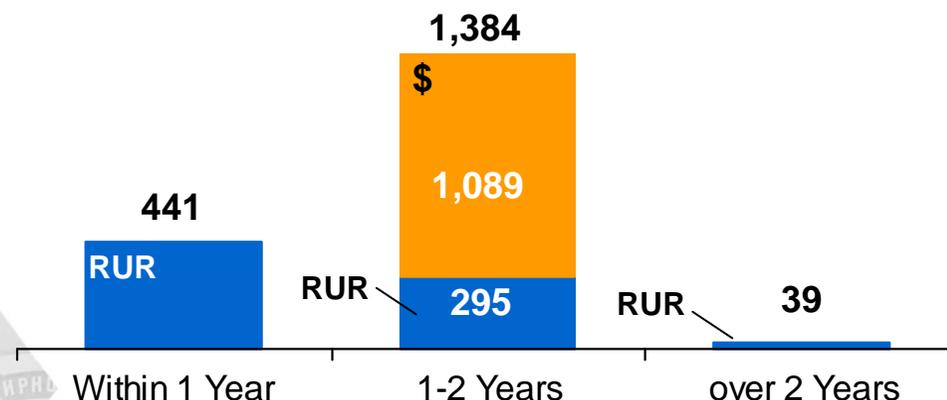
USD mln	Q1 2009	Q1 2008	% change USD	% change RUR
<b>Net Cash Flows (used in)/from Operating Activities</b>	<b>(38.4)</b>	<b>34.3</b>	<i>n/a</i>	<i>n/a</i>
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	<i>169.9</i>	<i>169.7</i>	<i>0%</i>	<i>40%</i>
<i>Change in Working Capital</i>	<i>(126.7)</i>	<i>(60.4)</i>	<i>110%</i>	<i>193%</i>
<i>Net Interest and Income Tax Paid</i>	<i>(81.6)</i>	<i>(74.9)</i>	<i>9%</i>	<i>52%</i>
<b>Net Cash used in Investing Activities</b>	<b>(43.1)</b>	<b>(152.2)</b>	<b>(72%)</b>	<b>(60%)</b>
<b>Net Cash (used in)/generated from Financing Activities</b>	<b>(85.3)</b>	<b>78.2</b>	<i>n/a</i>	<i>n/a</i>
<b>Effect of Exchange Rate Changes on Cash &amp; Cash Equivalents</b>	<b>(28.3)</b>	<b>6.6</b>	<i>n/a</i>	<i>n/a</i>
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(195.2)</b>	<b>(33.1)</b>	<b>490%</b>	<b>456%</b>

- In Q1 2009 X5 continued its deleveraging efforts, decreasing absolute levels of debt by USD 70 mln (excluding the FX effect on RUR-denominated debt)
- By 31 March 2009 the Company completely eliminated its short-term FX exposure by repaying short-term USD-denominated debt
- Approximately 70% of the Company's debt is not exposed to interest rate fluctuations, which limits the effect of rising interest rates on the Company's cost of debt – Q1 2009 effective interest rate totalled 8.0%
- As at 31 March 2009 X5 had RUR-denominated undrawn credit lines in the total amount of RUR 10 bln (USD 297 mln)

## Debt Maturity Profile as at 31.03.09

USD mln

■ Denominated in RUR ■ Denominated in USD



USD mln	31-Mar-09	% in total	31-Dec-08	% in total	% change
<b>Total Debt</b>	<b>1,863.9</b>		<b>2,059.4</b>		<b>(9%)</b>
Short-Term Debt	440.7	24%	578.4	28%	(24%)
Long-Term Debt	1,423.2	76%	1,481.0	72%	(4%)
<b>Net Debt</b>	<b>1,782.2</b>		<b>1,782.6</b>		<b>0%</b>
<b>Net Debt/EBITDA</b>	<b>2.26x</b>		<b>2.22x</b>		