



# Q4 AND FY2016 FINANCIAL RESULTS

MOSCOW, RUSSIAN FEDERATION  
27 MARCH 2017

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## **I. HIGHLIGHTS**

# 04 / STRATEGIC 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** adapted 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**



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



# 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**



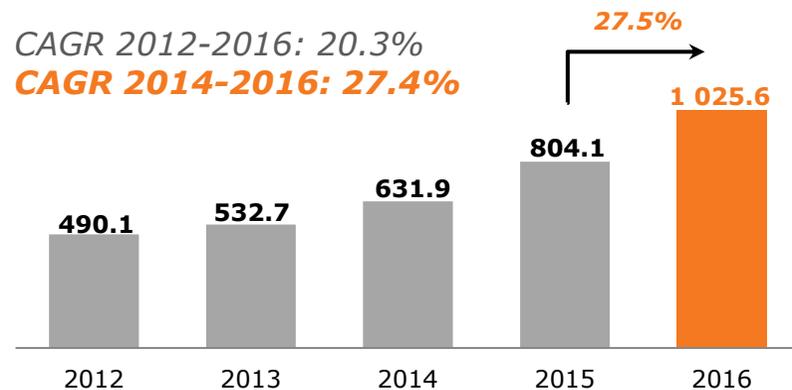
- LFL traffic growth improved to **2.5%** in 2016, up from **2.3%** in 2015
- LFL traffic of Perekrestok was positive for **four quarters** in a row



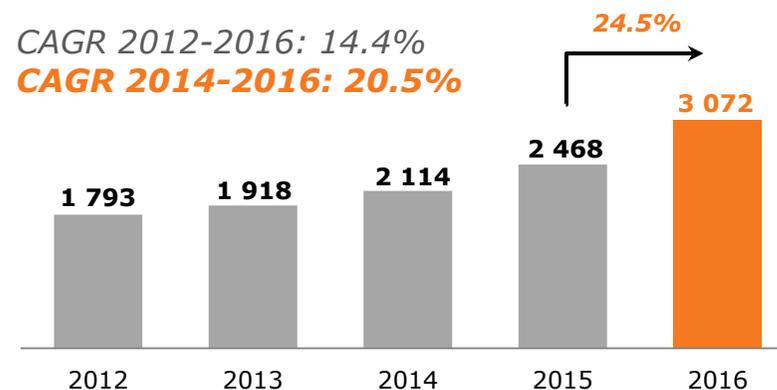
- Pyaterochka added **906.6 th. sq. m.** of net selling space

# 06 OPERATIONAL HIGHLIGHTS

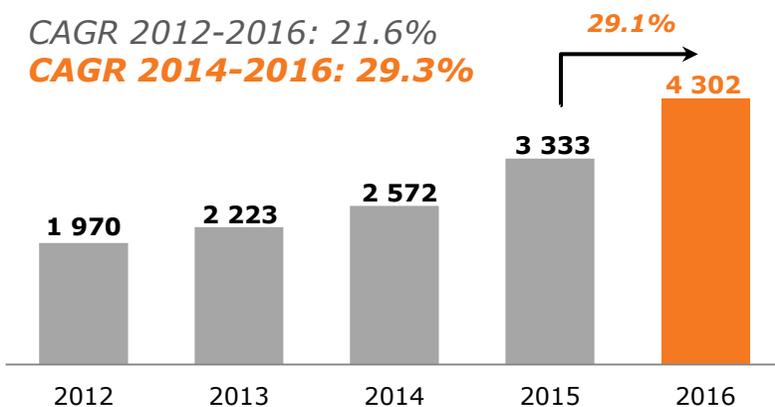
## Net retail sales dynamics, Rub bn



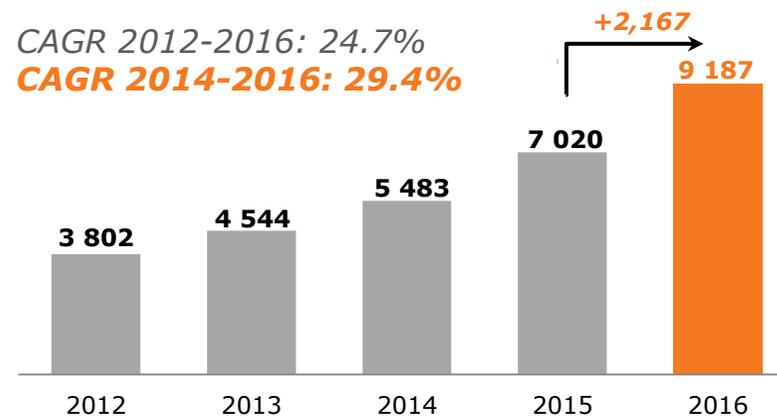
## Customer visits, mln



## Selling space, th. sq. m.



## Number of stores, end of period

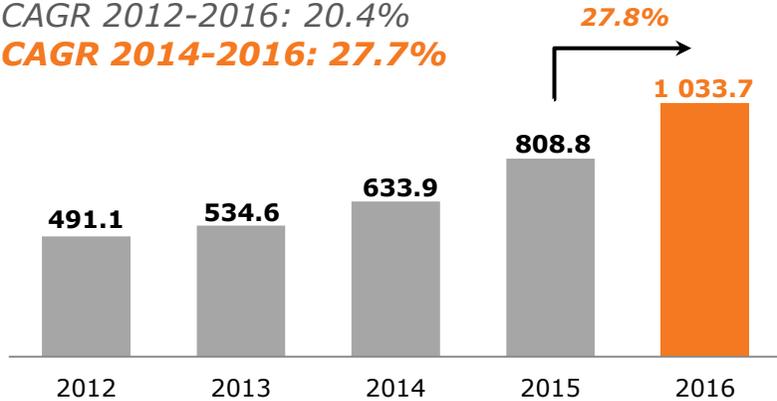


Source: X5 data

# 07 / FINANCIAL HIGHLIGHTS

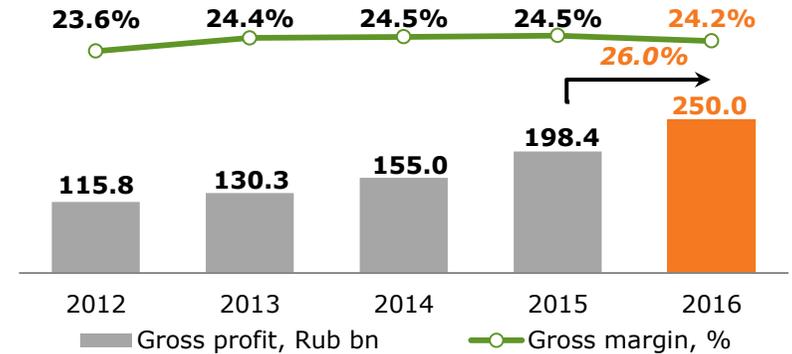
## Revenue dynamics, Rub bn

CAGR 2012-2016: 20.4%  
**CAGR 2014-2016: 27.7%**



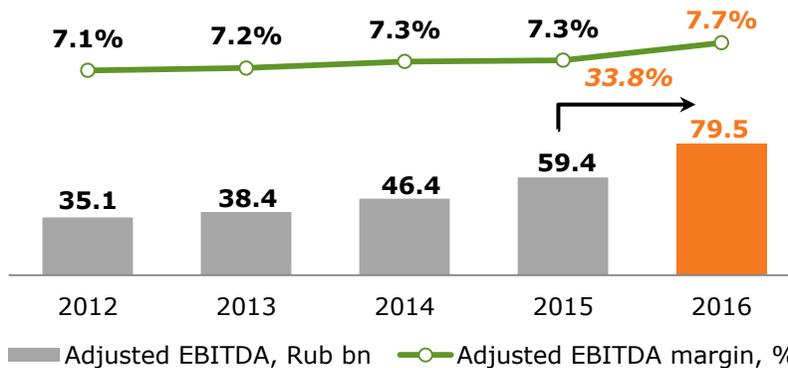
## Gross profit & gross margin

CAGR 2012-2016: 21.2%  
**CAGR 2014-2016: 27.0%**



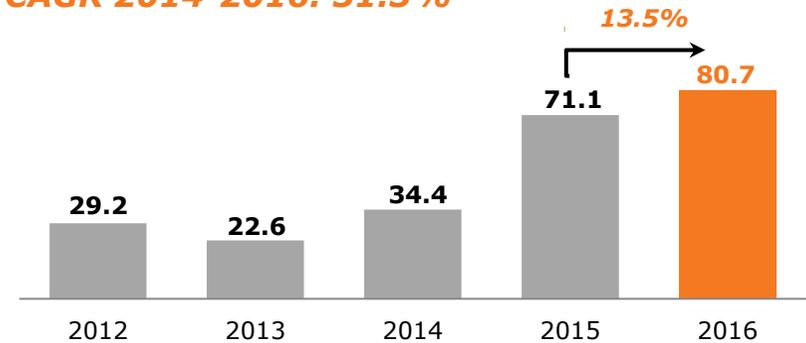
## Adjusted EBITDA & adjusted EBITDA margin<sup>[1]</sup>

CAGR 2012-2016: 22.7%  
**CAGR 2014-2016: 30.9%**



## 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

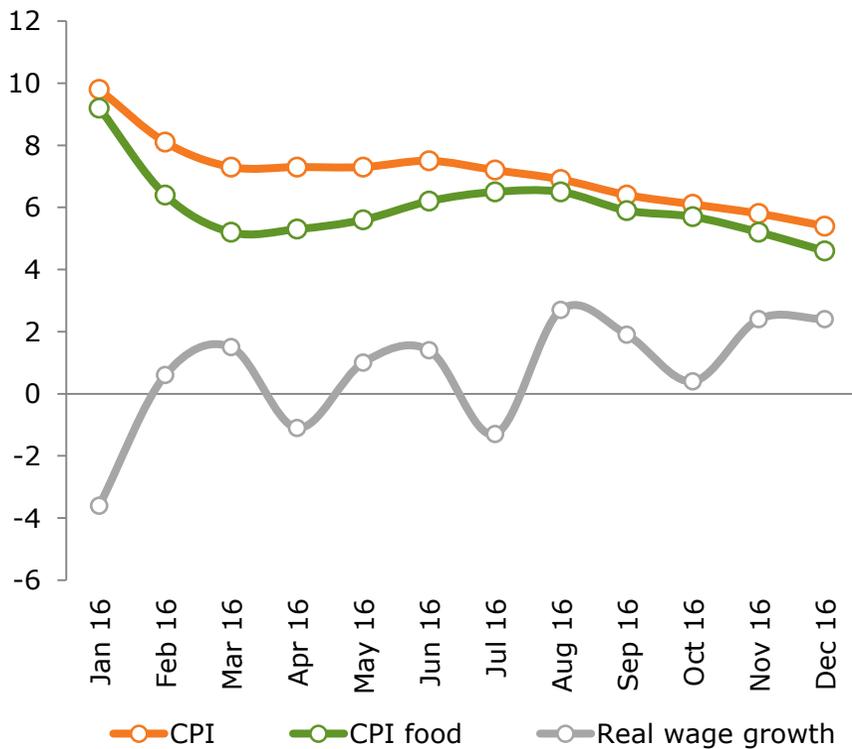




### **III. MARKET OVERVIEW**

# 09 WEAK CONSUMER & MACRO ENVIRONMENT

## Inflation and real wage growth



## Consumer confidence index



Source: Rosstat

**The Russian consumer market is still feeling the pressure despite stabilization of Food CPI and real wage growth in Q4 2016**

# 10 RECENT MARKET TRENDS...

## KEY TRENDS

## DESCRIPTION

## CONCLUSIONS

### 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



# 11 / ...AND X5'S RESPONSE

## KEY TRENDS

## X5 RESPONSE

### Changing demographics

- Continued expansion of proximity segment (>75% of X5 revenues)
- 5-10% discounts for pensioners from 9:00 until 13:00
- Focus on mothers with children

### Declining population income

- Constant adaptation of value proposition to customers' needs
- Best-in-class "promo engine"

### Growing competition

- Strong regional expansion with effective value proposition for small cities and towns
- Development and rollout of new regional supermarket concept
- Effective GIS system to help find optimal locations

### Spread of new technologies

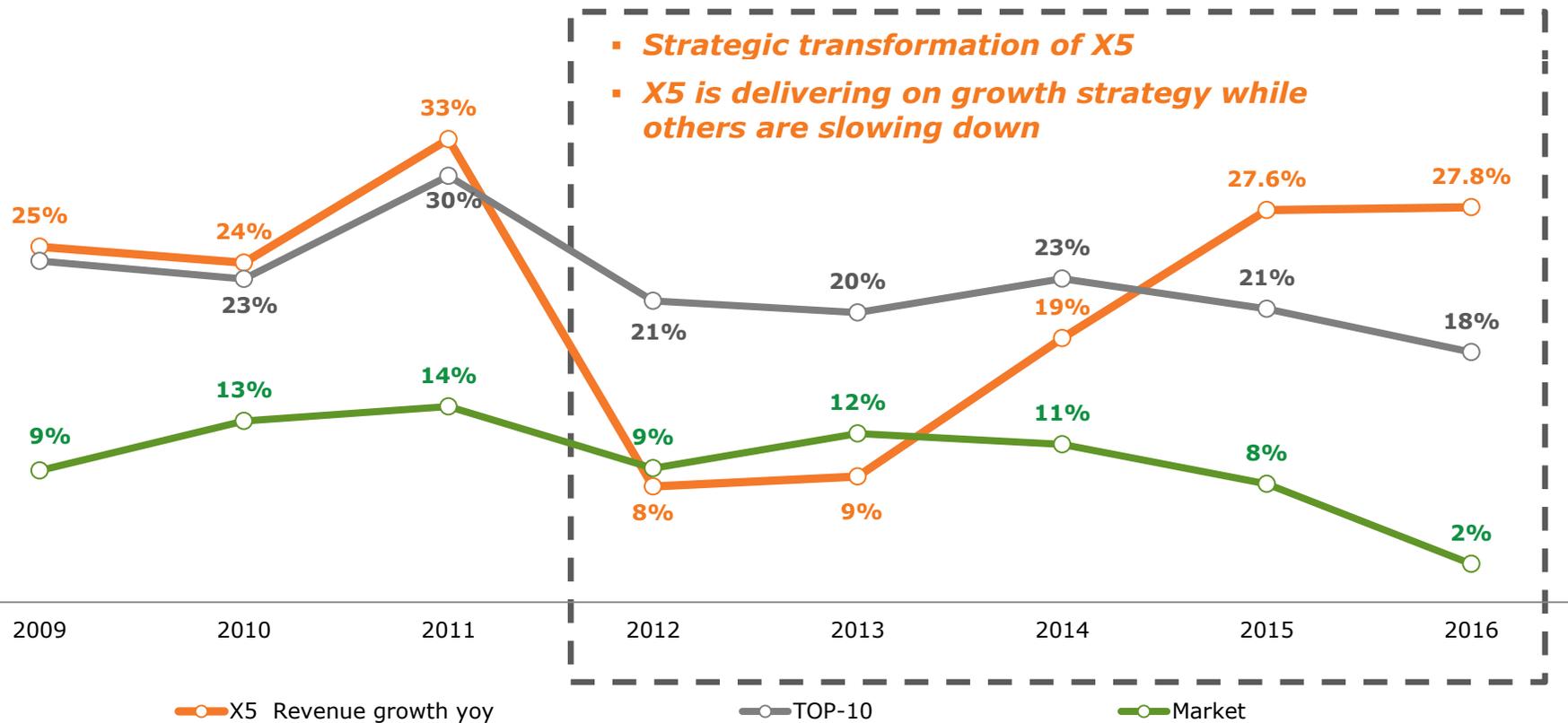
- Online retail initiative within the supermarket segment
- Successful development of loyalty programme and personalised promo in Perekrestok
- Further implementation of advanced analytics

### Tightening market regulation

- Self-regulation approach
- Switch to net-net pricing
- Strategic partnerships with suppliers



# 12 X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH



Source: Infoline, X5 analysis

Starting from 2013, X5 has constantly accelerated its growth rates



# 13 / RETAIL MARKET SNAPSHOT

## Top 10 Russian Food retailers

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

Source: InfoLine

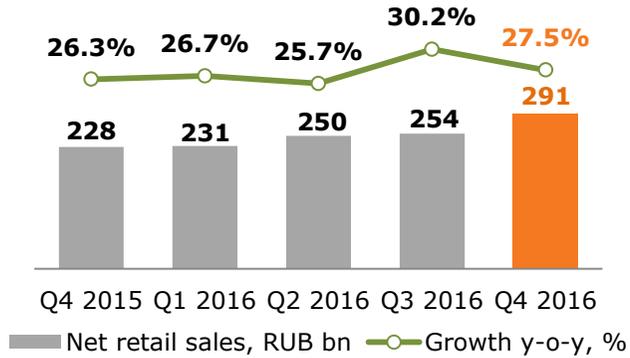
**X5's market share increased from 6.3% in 2015 to 8.0% in 2016**



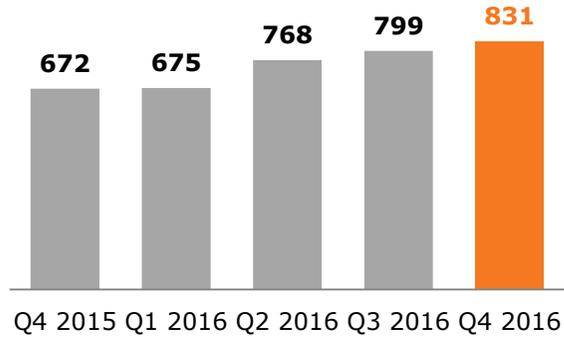
**IV. OPERATIONAL RESULTS  
Q4 2016**

# 15 / Q4 2016 RESULTS: OPERATIONAL HIGHLIGHTS

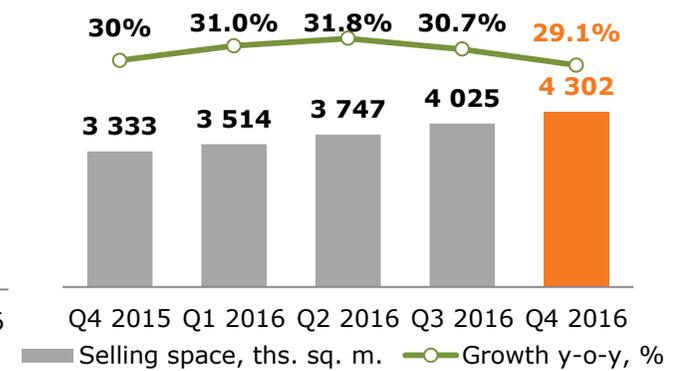
## Net retail sales



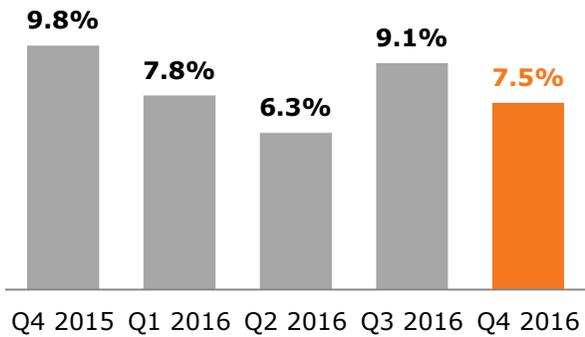
## Traffic, mln customers



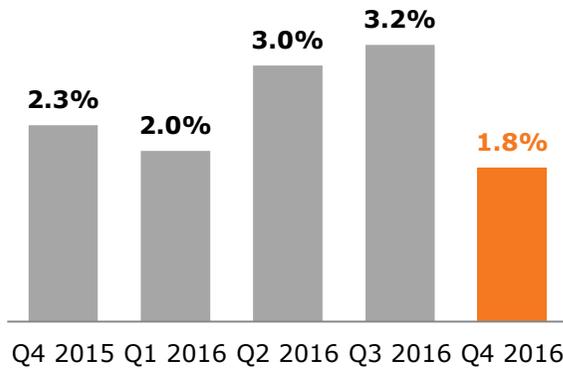
## Net selling space (eop), th. sq. m



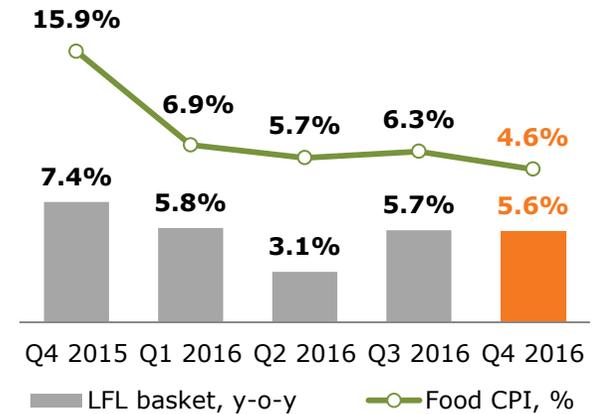
## LFL sales, y-o-y



## LFL traffic, y-o-y



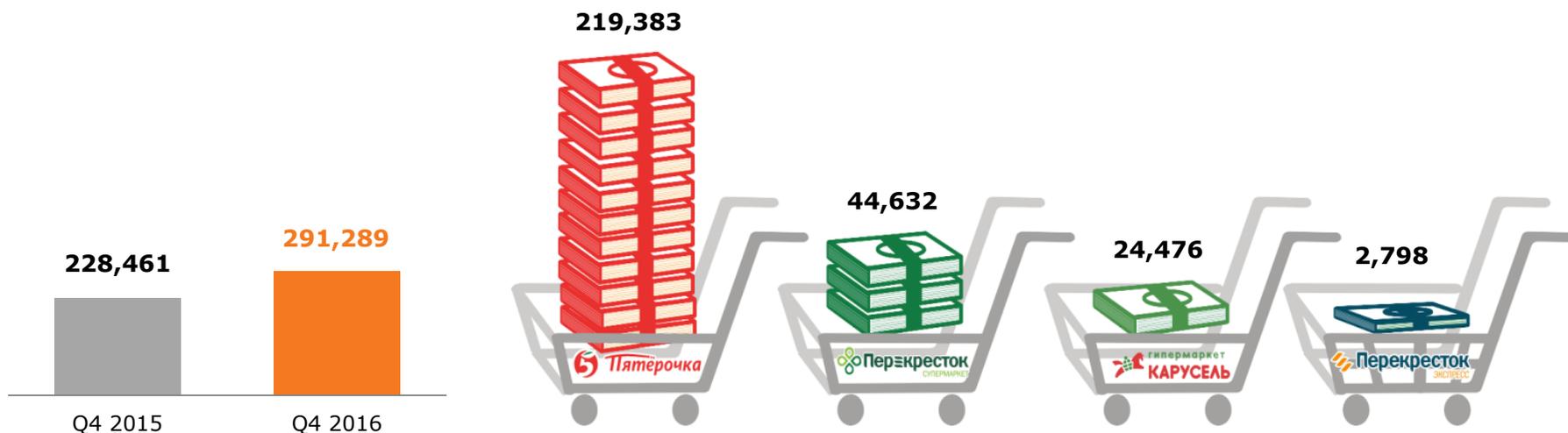
## LFL basket, y-o-y



Source: X5 data

# 16 / Q4 2016 RESULTS: NET RETAIL SALES SUMMARY

## Net retail sales breakdown by retail format, RUB mln



Source: X5 data

### KEY DRIVERS

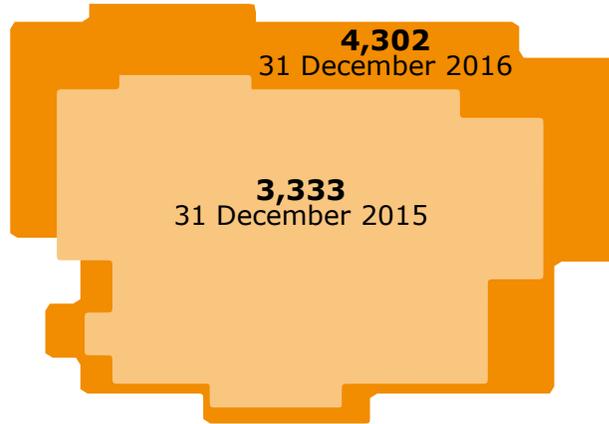
- Perekrestok net retail sales accelerated for the eighth quarter in a row
- Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's growth thanks to:
  - Value proposition that is one of the best-adapted to Russian consumers' needs
  - Ambitious expansion programme

Net retail sales growth of 27.5% was driven by a 7.5% increase in like-for-like (LFL) sales and a 20.0% sales growth contribution from a 29.1% rise in selling space

# 17 / Q4 2016 RESULTS: EXPANSION SUMMARY

- Total store base increased to 9,187 stores as of 31 December 2016
- Continued investments into existing stores, with 241 refurbishments in Q4 2016
- Pyaterochka was the main driver for the store base increase. In Q4 2016, net added space increased by 9.1% y-o-y

Net selling space, th. sq. m.

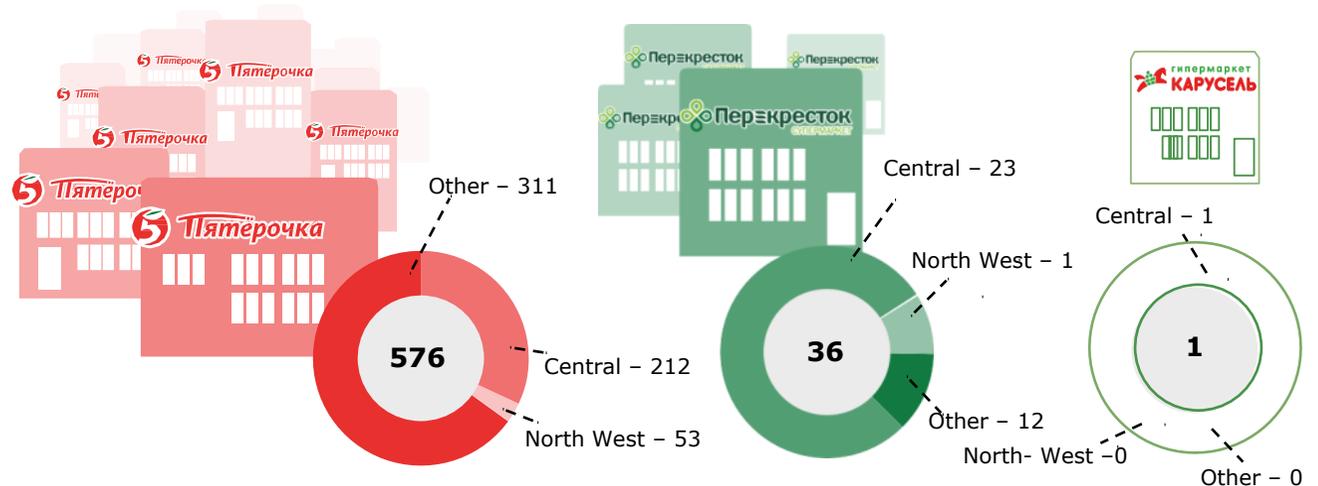
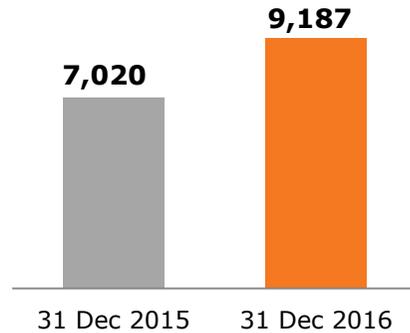


Net selling space added in Q4 2016, th. sq. m.



Net stores added in Q4 2016 by formats and by regions

Net stores base



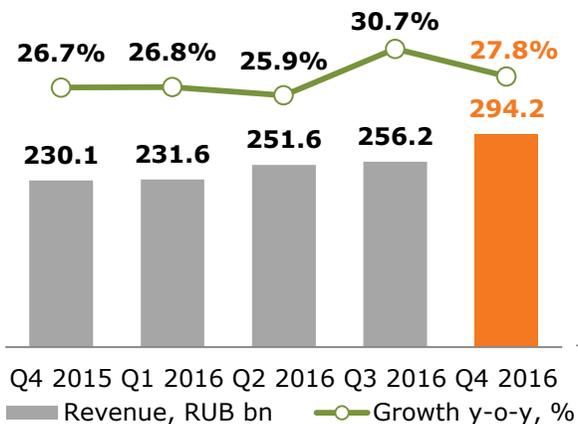
Source: X5 data



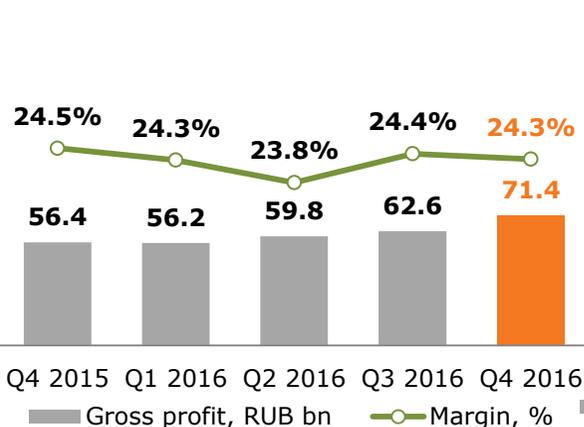
**V. FINANCIAL RESULTS  
Q4 2016**

# 19 Q4 2016 RESULTS: FINANCIAL HIGHLIGHTS

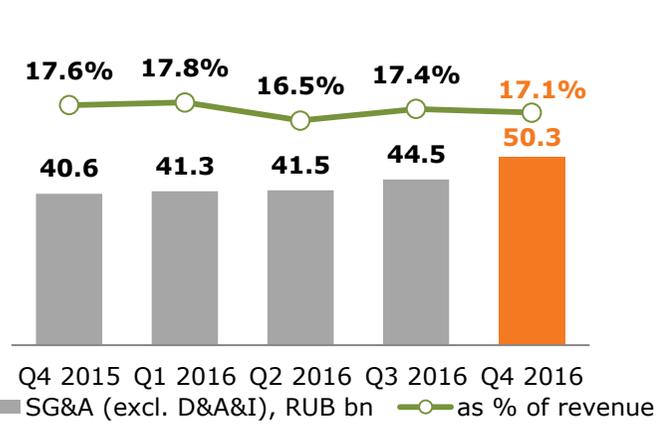
## Revenue



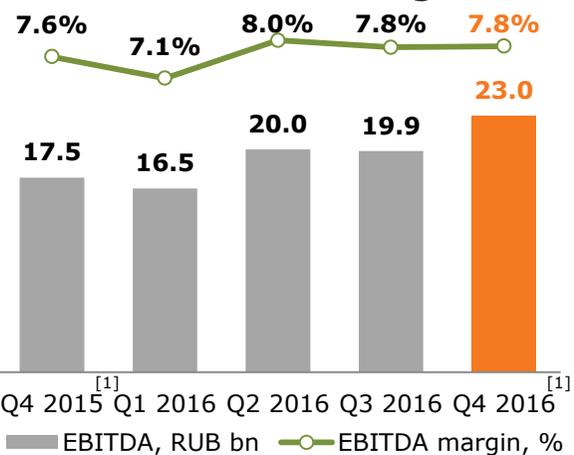
## Gross profit & gross margin



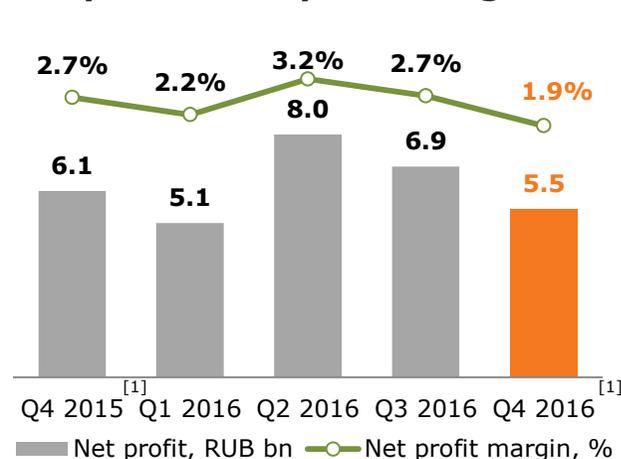
## SG&A (excl. D&A&I), Rub bn



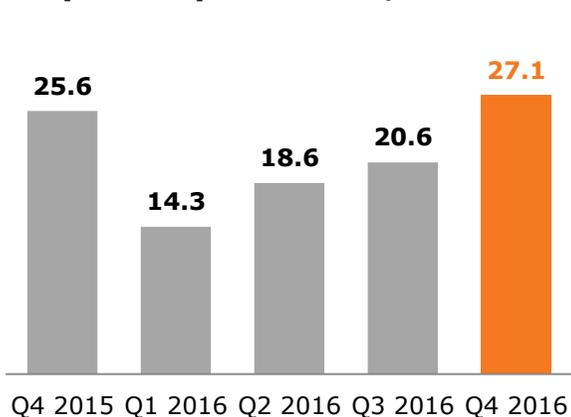
## EBITDA & EBITDA margin



## Net profit & net profit margin



## Capital expenditures, Rub bn



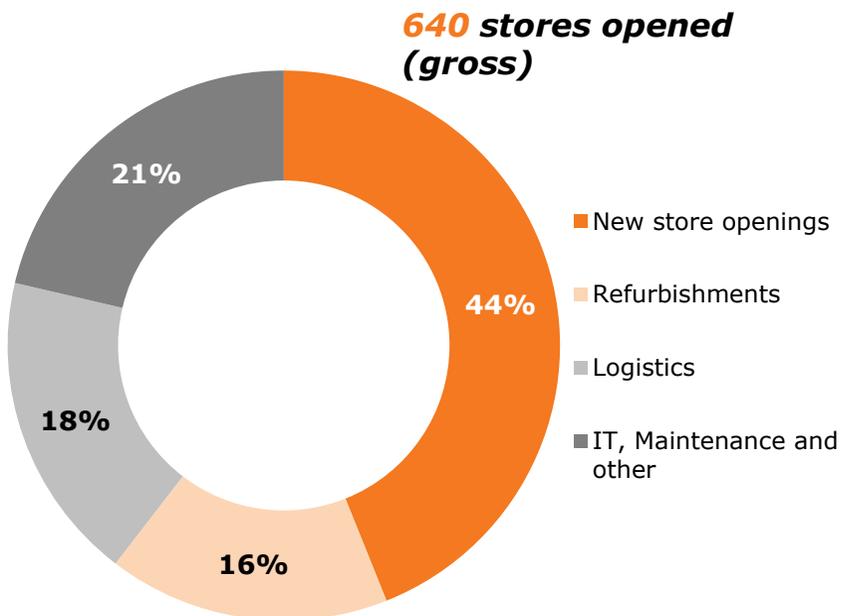
[1] – SG&A ex. D&A&I, EBITDA and Net profit for Q4 2015 and Q4 2016 Adjusted for LTI, exit payments and share-based payments and other one-off remuneration payments

Source: X5 data



# 20 Q4 2016 RESULTS: CAPITAL EXPENDITURE OVERVIEW

## Capex breakdown for Q4 2016

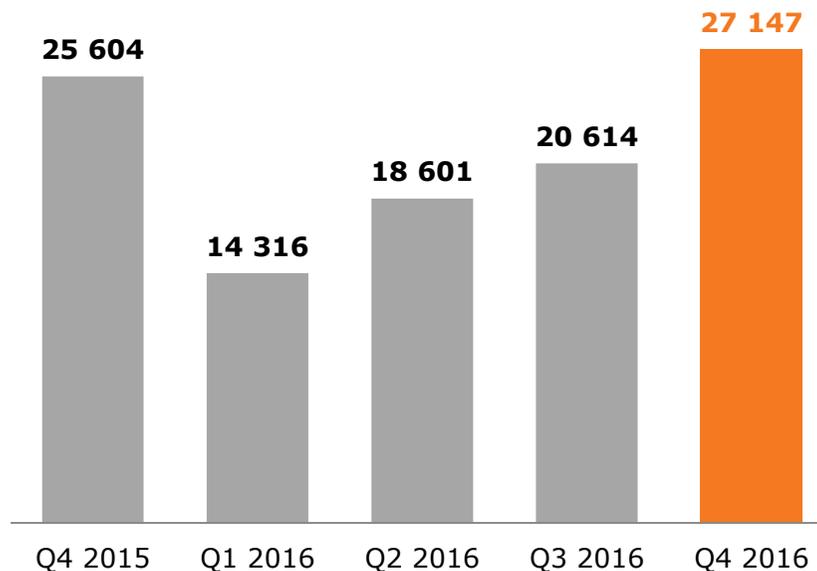


**241 stores refurbished**

Source: X5 data

## Capex breakdown by quarter, RUB mln

Total Capex in Q4 2016: **27,147 RUB mln**



**In Q4 2016, capex programme focused on organic expansion, investments in store refurbishments and truck fleet expansion**



# 21 / Q4 2016 RESULTS: DEBT STRUCTURE

## Debt profile

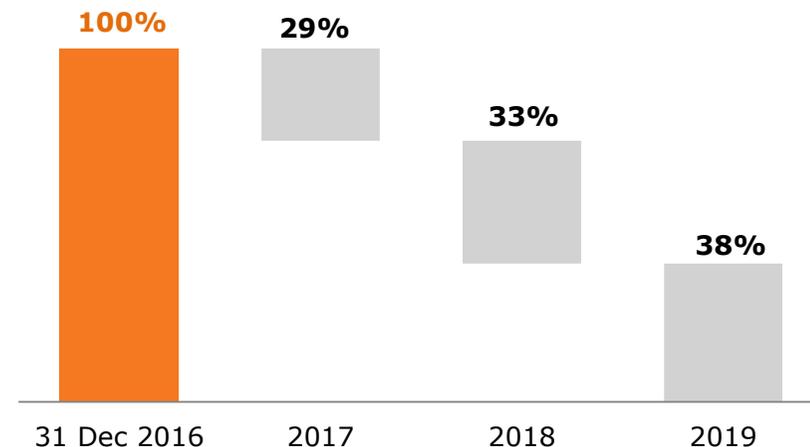
Rub mln	31 Dec 2016	31 Dec 2015
<b>Total Debt</b>	<b>156,033</b>	<b>144,215</b>
Short-Term Debt	45,168	42,670
<i>% of total debt</i>	<i>28.9%</i>	<i>29.6%</i>
Long-Term Debt	110,865	101,545
<i>% of total debt</i>	<i>71.1%</i>	<i>70.4%</i>
<b>Net Debt</b>	<b>137,843</b>	<b>135,257</b>

## Covenants & liquidity update

Covenant metrics & liquidity sources	31 Dec 2016	31 Dec 2015	Covenants
Net Debt / EBITDA	1.81x	2.45x	< 4.00x
Cash & cash equiv., Rub mln	18,190	8,958	
Available credit limits, Rub mln	280,808	140,176	



## Debt portfolio maturity



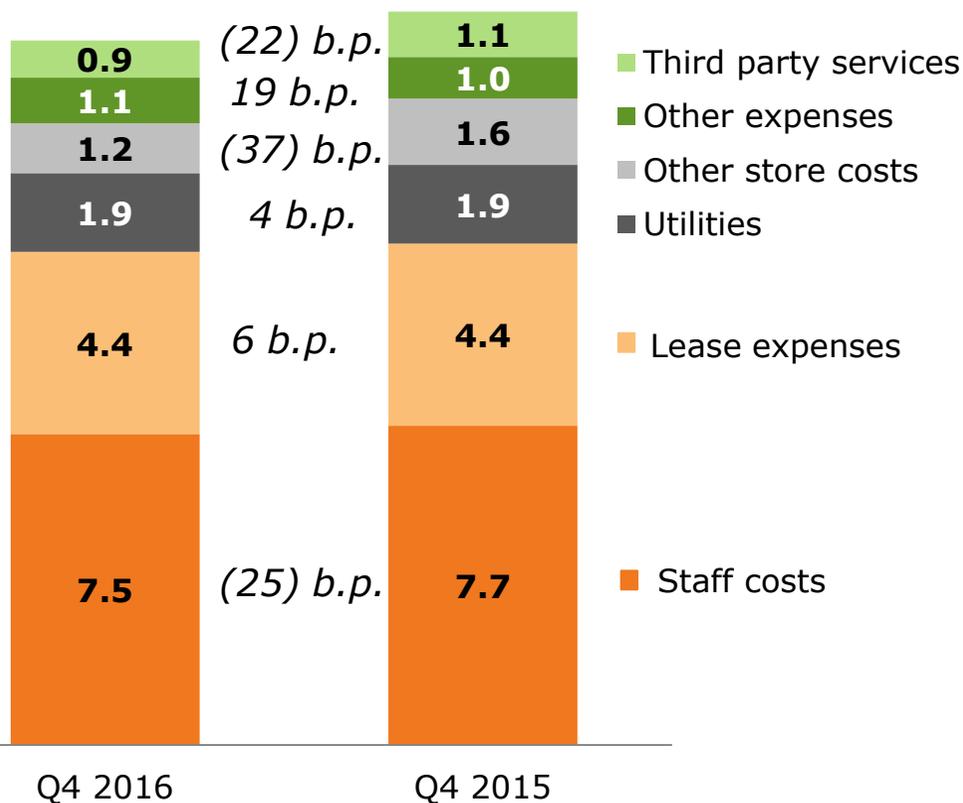
## Highlights

- 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 2 times to RUB 280 bn
- The weighted average effective interest rate on X5's debt during 12M 2016 decreased 137 b.p. to 11.30% from 12.67% in 12M 2015.
- Net debt/EBITDA of 1.81x (as of 31 Dec 2016) is the lowest level in X5's public history

# 22 / Q4 2016 RESULTS: ADJUSTED SG&A <sup>[1]</sup> EXPENSES ANALYSIS

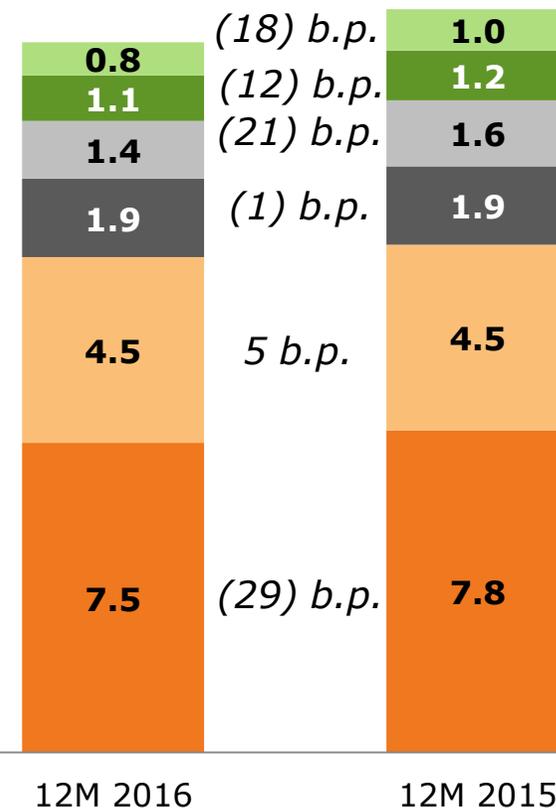
## Q4 analysis as percent of revenue

17.1% (56) b.p. 17.6%



## 12M analysis as percent of revenue

17.2% (78) b.p. 17.9%



# 23 / FINANCIAL STATEMENTS (1/3)

## PROFIT AND LOSS STATEMENT

RUB mln	Q4 2016	Q4 2015	+ / (-)	+ / (-), %	12M 2016	12M 2015	+ / (-)	+ / (-), %
<b>Revenue</b>	<b>294,176</b>	<b>230,117</b>	<b>64,059</b>	<b>27.8</b>	<b>1,033,667</b>	<b>808,818</b>	<b>224,849</b>	<b>27.8</b>
Net retail sales	291,289	228,461	62,828	27.5	1,025,589	804,132	221,457	27.5
COGS	(222,743)	(173,688)	49,055	28.2	(783,682)	(610,428)	173,254	28,4
<b>Gross profit</b>	<b>71,433</b>	<b>56,429</b>	<b>15,004</b>	<b>26.6</b>	<b>249,985</b>	<b>198,390</b>	<b>51,595</b>	<b>26.0</b>
<i>Gross profit margin</i>	24.3	24.5		(24) b.p.	24.2	24.5		(34) b.p.
SG&A	(66,781)	(52,281)	14,500	27.7	(211,314)	(170,065)	41,249	24.3%
<b>EBITDA</b>	<b>19,906</b>	<b>13,453</b>	<b>6,453</b>	<b>48.0</b>	<b>76,267</b>	<b>55,233</b>	<b>21,034</b>	<b>38.1</b>
<i>EBITDA margin</i>	6.8	5.8		92 b.p.	7.4	6.8		55 b.p.
<b>Operating profit</b>	<b>6,493</b>	<b>5,789</b>	<b>704</b>	<b>12.2</b>	<b>45,631</b>	<b>34,449</b>	<b>11,182</b>	<b>32.5</b>
<i>Operating margin</i>	2.2	2.5		(31) b.p.	4.4	4.3		16 b.p.
<b>Net profit</b>	<b>2,417</b>	<b>2,090</b>	<b>327</b>	<b>15.6</b>	<b>22,291</b>	<b>14,174</b>	<b>8,117</b>	<b>57.3</b>
<i>Net profit margin</i>	0.8	0.9		(9) b.p.	2.2	1.8		40 b.p.

Source: X5 data

# 24 / FINANCIAL STATEMENTS (2/3)

## BALANCE SHEET

RUB mln	31 Dec 2016	31 Dec 2015	+/( - )	+/( - )%
<b>Total current assets</b>	<b>130,076</b>	<b>108,705</b>	<b>21,371</b>	<b>19.7</b>
Cash & cash equivalents	18,190	8,958	9,232	103.1
Inventories	73,801	57,887	15,914	27.5
<b>Total non-current assets</b>	<b>343,409</b>	<b>293,410</b>	<b>49,999</b>	<b>17.0</b>
Net PP&E	232,316	189,000	43,316	22.9
Goodwill	80,369	75,313	5,056	6.7
<b>Total assets</b>	<b>473,485</b>	<b>402,115</b>	<b>71,370</b>	<b>17.7</b>
<b>Total current liabilities</b>	<b>227,370</b>	<b>190,880</b>	<b>36,490</b>	<b>19.1</b>
ST debt	45,168	42,670	2,498	5.9
Trade accounts payable	131,180	103,773	27,407	26.4
<b>Total non-current liabilities</b>	<b>119,075</b>	<b>106,517</b>	<b>12,558</b>	<b>11.8</b>
LT debt	110,865	101,545	9,320	9.2
<b>Total liabilities</b>	<b>346,445</b>	<b>297,397</b>	<b>49,048</b>	<b>16.5</b>
<b>Total equity</b>	<b>127,040</b>	<b>104,718</b>	<b>22,322</b>	<b>21.3</b>
<b>Total liabilities &amp; equity</b>	<b>473,485</b>	<b>402,115</b>	<b>71,370</b>	<b>17.7</b>

Source: X5 data

# 25 / FINANCIAL STATEMENTS (3/3)

## CASH FLOW

RUB mln	Q4 2016	Q4 2015	+/( - )	+/( - )%	12M 2016	12M 2015	+/( - )	+/( - )%
<b>Net cash generated from operating activities</b>	<b>36,499</b>	<b>23,654</b>	<b>12,845</b>	<b>54.3</b>	<b>74,915</b>	<b>35,487</b>	<b>39,428</b>	<b>111.1</b>
Net cash from operating activities before changes in working capital	18,885	13,263	5,622	42.4	75,745	56,678	19,067	33.6
Change in Working Capital, incl.:	22,474	13,407	9,067	67.6	20,056	(1,406)	21,462	n/a
Decrease/(increase) in trade and other AR	(6,643)	(4,915)	(1,728)	35.2	350	(6,228)	6,578	n/a
Decrease/(increase) in inventories	(8,992)	(8,714)	(278)	3.2	(15,914)	(10,152)	(5,762)	56.8
(Increase)/decrease in trade payable	27,899	22,008	5,891	26.8	27,471	9,339	18,132	194.2
(Decrease)/increase in other AP	10,210	5,028	5,182	103.1	8,149	5,635	2,514	44.6
Net interest and income tax paid	(4,860)	(3,016)	(1,844)	61.1	(20,886)	(19,785)	(1,101)	5.6
<b>Net cash used in investing activities</b>	<b>(23,778)</b>	<b>(22,057)</b>	<b>(1,721)</b>	<b>7.8</b>	<b>(77,279)</b>	<b>(59,645)</b>	<b>(17,634)</b>	<b>29.6</b>
<b>Net cash generated from/(used in) financing activities</b>	<b>(494)</b>	<b>2,483</b>	<b>(2,977)</b>	<b>n/a</b>	<b>11,641</b>	<b>7,498</b>	<b>4,143</b>	<b>55.3</b>
Effect of exchange rate changes on cash & cash equiv.	(55)	37	(92)	n/a	(45)	(5)	(40)	800.0
<b>Net increase/(decrease) in cash &amp; cash equiv.</b>	<b>12,172</b>	<b>4,117</b>	<b>8,055</b>	<b>195.7</b>	<b>9,232</b>	<b>(16,665)</b>	<b>25,897</b>	<b>n/a</b>

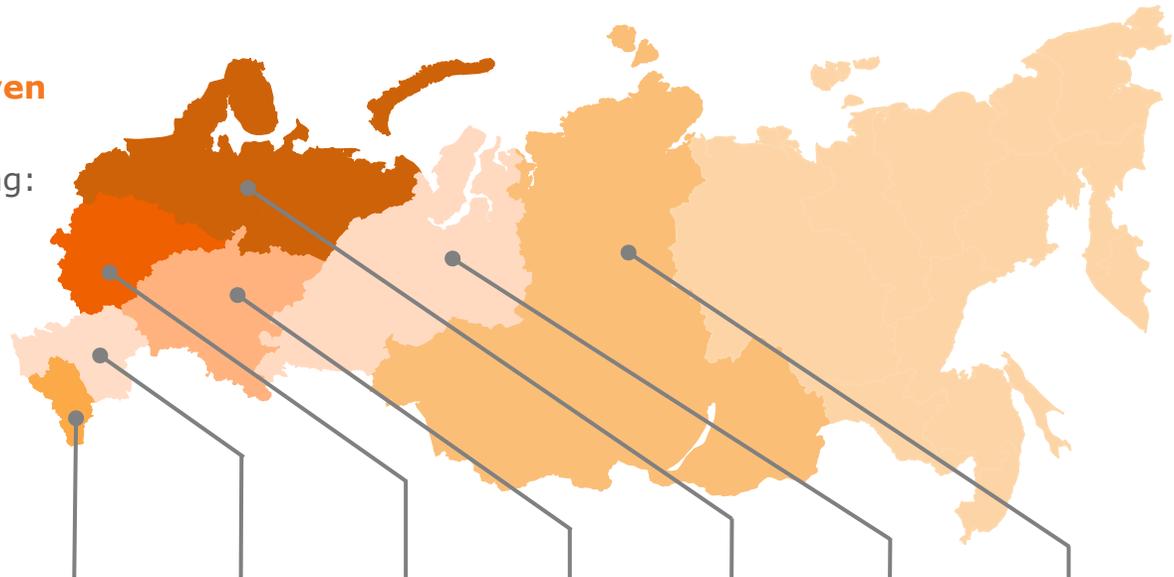
Source: X5 data



# 26 X5 REGIONAL PRESENCE

## X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 9,187, including:
  - 8,363 Pyaterochka
  - 539 Perekrestok
  - 91 Karusel
  - 194 Express stores



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 <b>Пятёрочка</b>		128	577	3,512	2,348	1,028	730	40	<b>8,363</b>
 <b>Перекресток</b>	Number of stores, #	8	24	336	95	50	26	0	<b>539</b>
 <b>гипермаркет КАРУСЕЛЬ</b>		1	5	35	25	17	8	0	<b>91</b>
 <b>X5 RETAIL GROUP</b>	Net retail sales, %	0.7%	3.9%	57.0%	17.4%	15.3%	5.6%	0.06%	<b>100%</b>

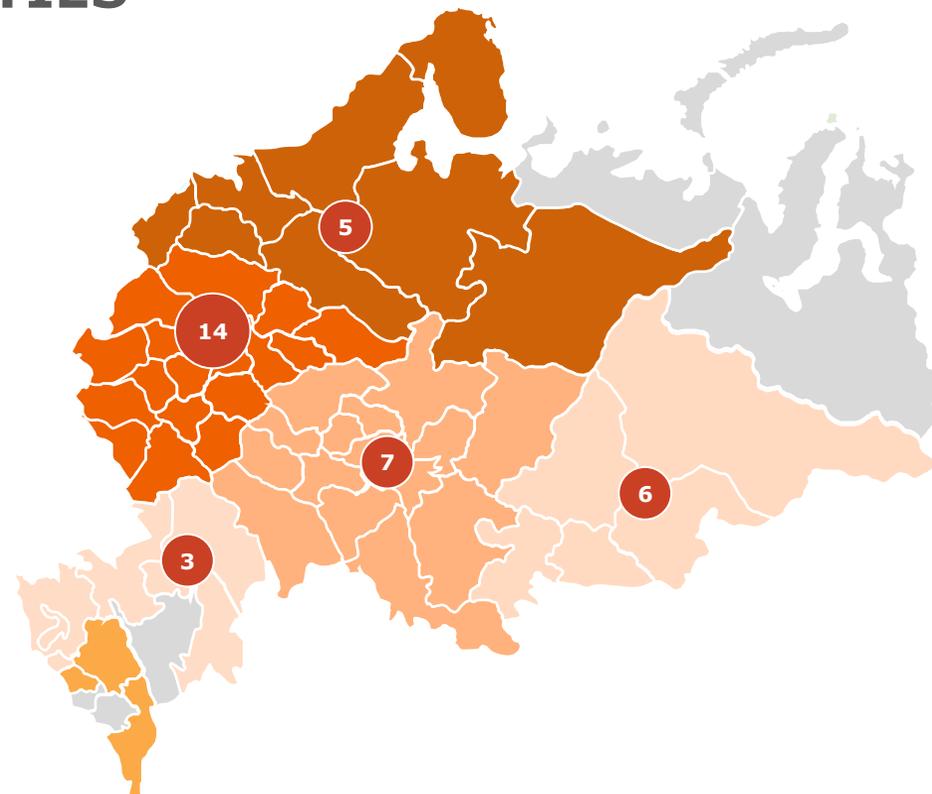
Source: X5 data



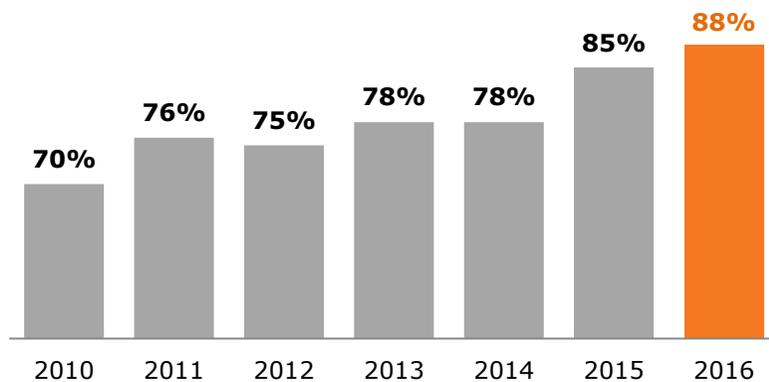
# 27 X5 DISTRIBUTION CAPABILITIES

## Warehouse space as of 31 December 2016

Federal district	Space, th. sq. m.	# of DCs
Central	483	14
North-Western	131	5
Volga	143	7
Ural	88	6
Southern	77	3
<b>Total</b>	<b>922</b>	<b>35</b>



## Centralisation levels



Source: X5 data

## Highlights for 2016

- Seven new distribution centres (DCs) with a total space of 213 th. sq. m. were opened in 2016
- In Q4 2016, X5 opened new distribution centre in Orenburg (19 th. sq. m.) to serve the Pyaterochka format, and a new DC in Moscow region (23 th. sq. m.) to serve the Perekrestok and Karusel formats





## **APPENDICIES**

### **I. PERFORMANCE SUMMARY OF KEY FORMATS**

# 29 / PYATEROCHKA SUMMARY (1/3)

## HIGHLIGHTS



**8,363 stores** as of 31 December 2016, 33.5% increase y-o-y



**3,329 th. sq. m. of selling space** as of 31 December 2016, 37.4% increase y-o-y



**Q4 2016 net retail sales – RUB 219.4 bn,** 31.2% increase y-o-y



**690 mln of customers** for Q4 2016, 26.3% increase y-o-y



Share of X5's Q4 2016 sales: **~75%**



Q4 2016 LFL Results

- Sales: **7.5%**
- Traffic: **1.6%**
- Basket: **5.7%**



Average check: **RUB 364** (Q4 2016), 3.8% increase y-o-y



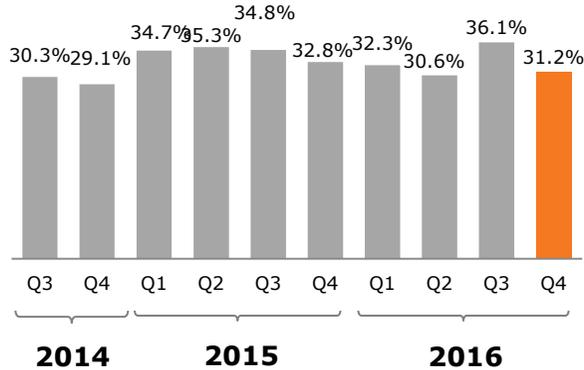
- Avg. net selling space: **398 sq. m.**
- **Formats**
  - 250-330 sq. m.
  - 330-430 sq. m.
  - 430-620 sq. m.
  - 620-and more

# 30 PYATEROCHKA SUMMARY (2/3)

## BUILDING ON A SUCCESSFUL TRACK RECORD

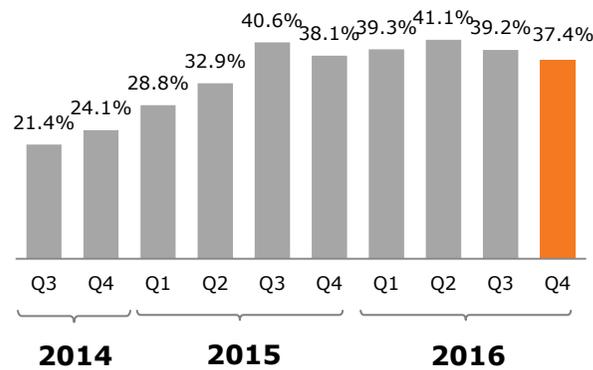
**Q4 2016 net retail sales growth:  
31.2% increase y-o-y**

Net Sales Growth (% y-o-y)



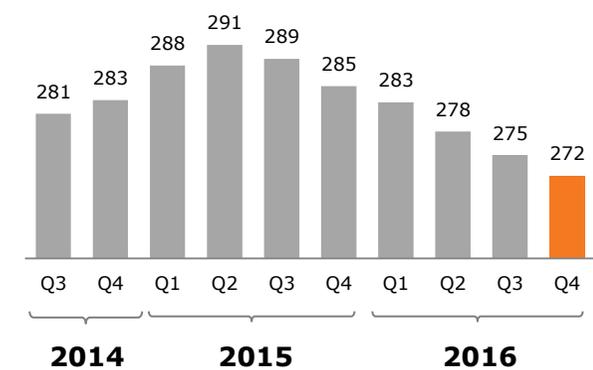
**Q4 2016 selling space growth:  
37.4% increase y-o-y**

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



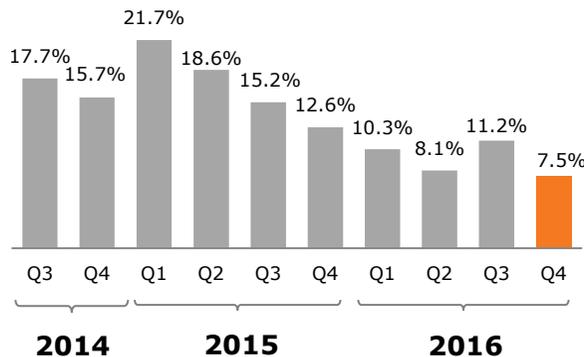
**Q4 2016 sales densities:  
4.6% decline y-o-y**

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



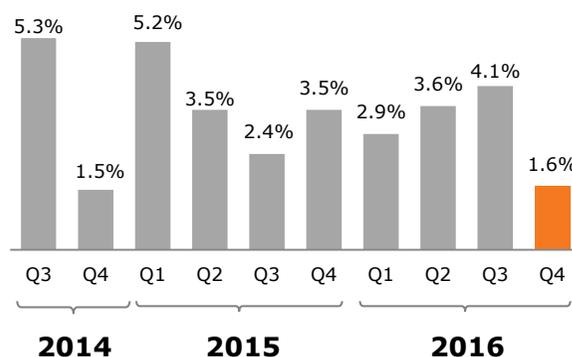
**Q4 2016 LFL sales growth:  
7.5% increase y-o-y**

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



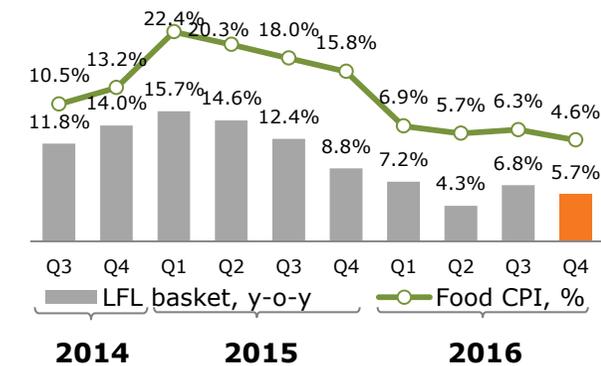
**Q4 2016 LFL traffic growth:  
1.6% increase y-o-y**

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



**Q4 2016 LFL basket growth:  
5.7% 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

# 31 / PYATEROCHKA SUMMARY (3/3)

## STRATEGY OVERVIEW

- **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



# 32 / PEREKRESTOK SUMMARY (1/3)

## RUSSIA'S #1 SUPERMARKET



**539 stores** as of  
31 December 2016,  
12.8% increase y-o-y



**548 th. sq. m. of selling space**  
as of 31 December 2016,  
13.3% increase y-o-y



**Q4 2016 net retail sales of  
RUB 44.6 bn,**  
20.5% increase y-o-y



**94.5 mln customers** for Q4 2016,  
15.6% increase y-o-y



Share of X5's Q4 2016 sales:  
**~15%**



Q4 2016 LFL Results

- Sales: **8.7%**
- Traffic: **4.3%**
- Basket: **4.2%**



Average check:  
**RUB 541** (Q4 2016)  
4.5% increase y-o-y



Avg. net selling space:  
**1,018 sq. m.**

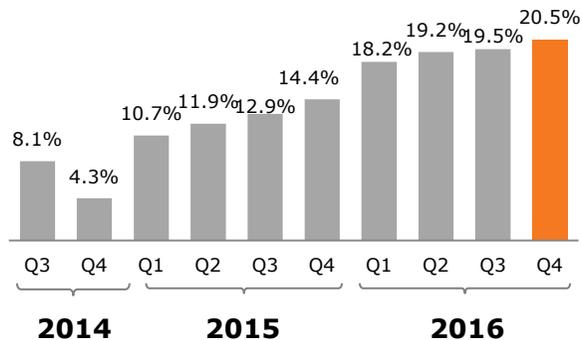


# 33 PEREKRESTOK SUMMARY (2/3)

## IMPROVING OPERATIONS: GROWING LFL AND SELLING SPACE

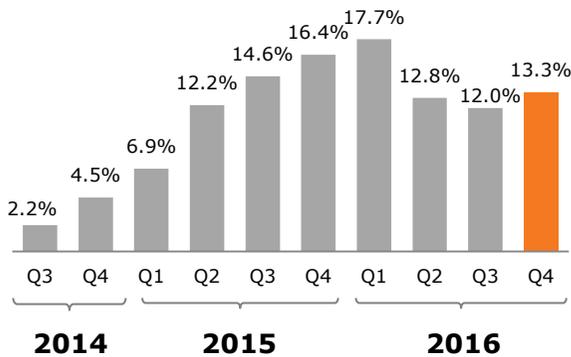
**Q4 2016 net retail sales growth: 20.5% increase y-o-y**

Net Sales Growth (% y-o-y)



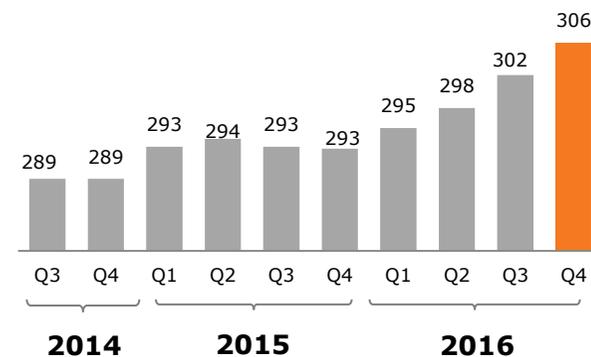
**Q4 2016 selling space growth: 13.3% increase y-o-y**

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



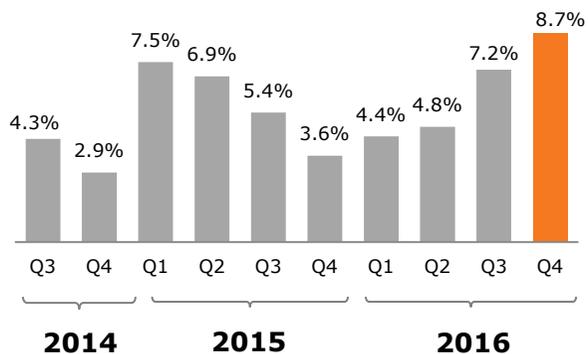
**Q4 2016 sales densities: 1.3% increase y-o-y**

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



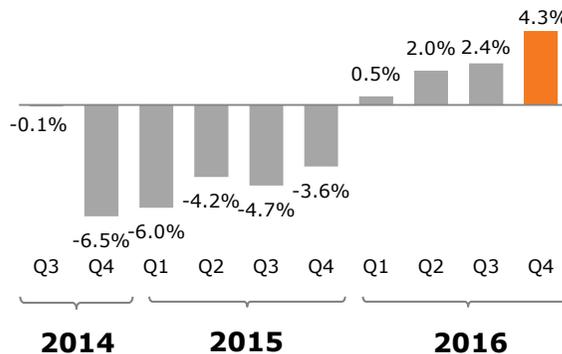
**Q4 2016 LFL sales growth: 8.7% increase y-o-y**

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



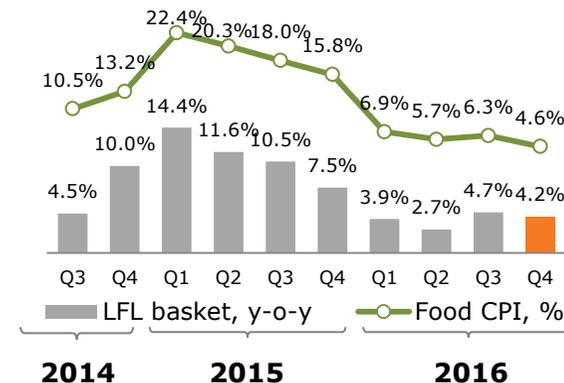
**Q4 2016 LFL traffic growth: 4.3% increase y-o-y**

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



**Q4 2016 LFL basket growth: 4.2% 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

# 34 / PEREKRESTOK SUMMARY (3/3)

## STRATEGY OVERVIEW

- **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



# 35 / KARUSEL SUMMARY (1/3)

## HIGHLIGHTS



**91 stores** as of  
31 December 2016:  
1.1% increase y-o-y



**387 th. sq. m. of selling space**  
as of 31 December 2016,  
down 0.8% y-o-y



**Q4 2016 net retail sales:**  
**RUB 24.5 bn,**  
14.5% increase y-o-y



**36 mln customers** in Q4 2016,  
7.6% increase y-o-y



Share of X5's Q4 2016 sales:  
**~8%**



Q4 2016 LFL Results

- Sales: **8.1%**
- Traffic: **2.5%**
- Basket: **5.5%**



Average check:  
**RUB 784** (Q4 2016)  
6.7% increase y-o-y



Avg. net selling space:  
**4,252 sq. m.**

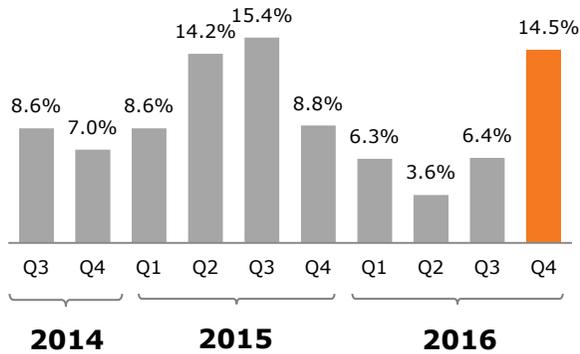


# 36 / KARUSEL SUMMARY (2/3)

## THE RIGHT TIME FOR RELAUNCH

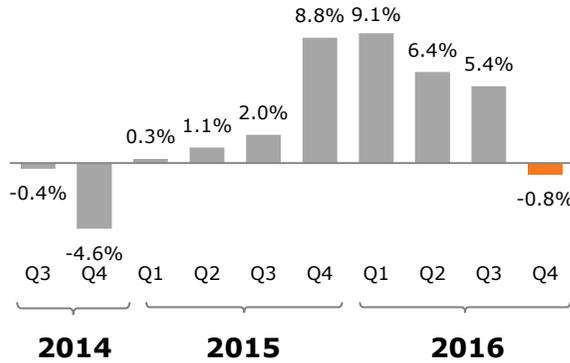
### Q4 2016 net retail sales growth: 14.5% increase y-o-y

Net Sales Growth (% y-o-y)



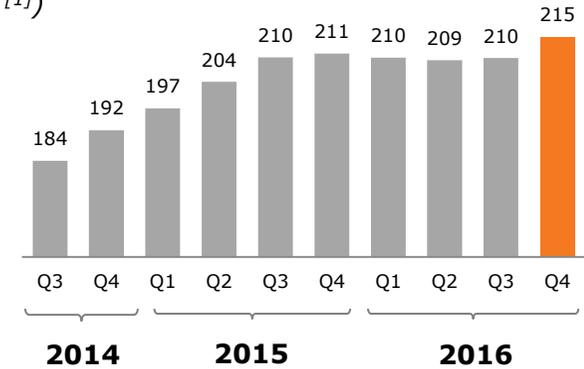
### Q4 2016 selling space growth: 0.8% decline y-o-y

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



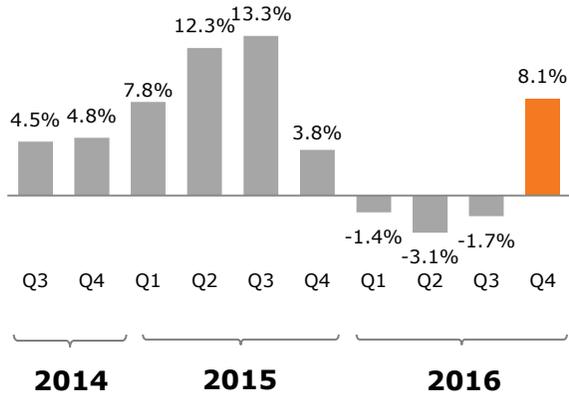
### Q4 2016 sales densities increase: 2.5%

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



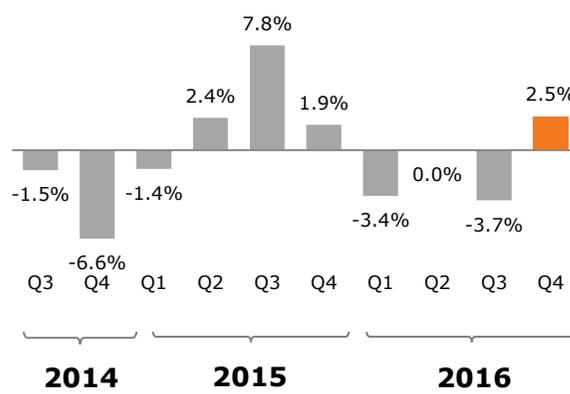
### Q4 2016 LFL sales growth: 8.1% increase y-o-y

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



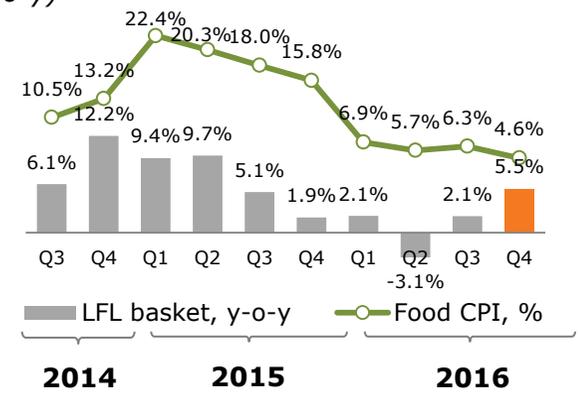
### Q4 2016 LFL traffic growth: 2.5% increase y-o-y

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



### Q4 2016 LFL basket growth: 5.5% 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

# 37 / KARUSEL SUMMARY (3/3)

## KARUSEL STRATEGY OVERVIEW

### 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

