

# X5 Retail Group

Gregory Madick, X5 IR Director

*VTB Capital's Sixth Annual Investment Forum  
RUSSIA CALLING!*

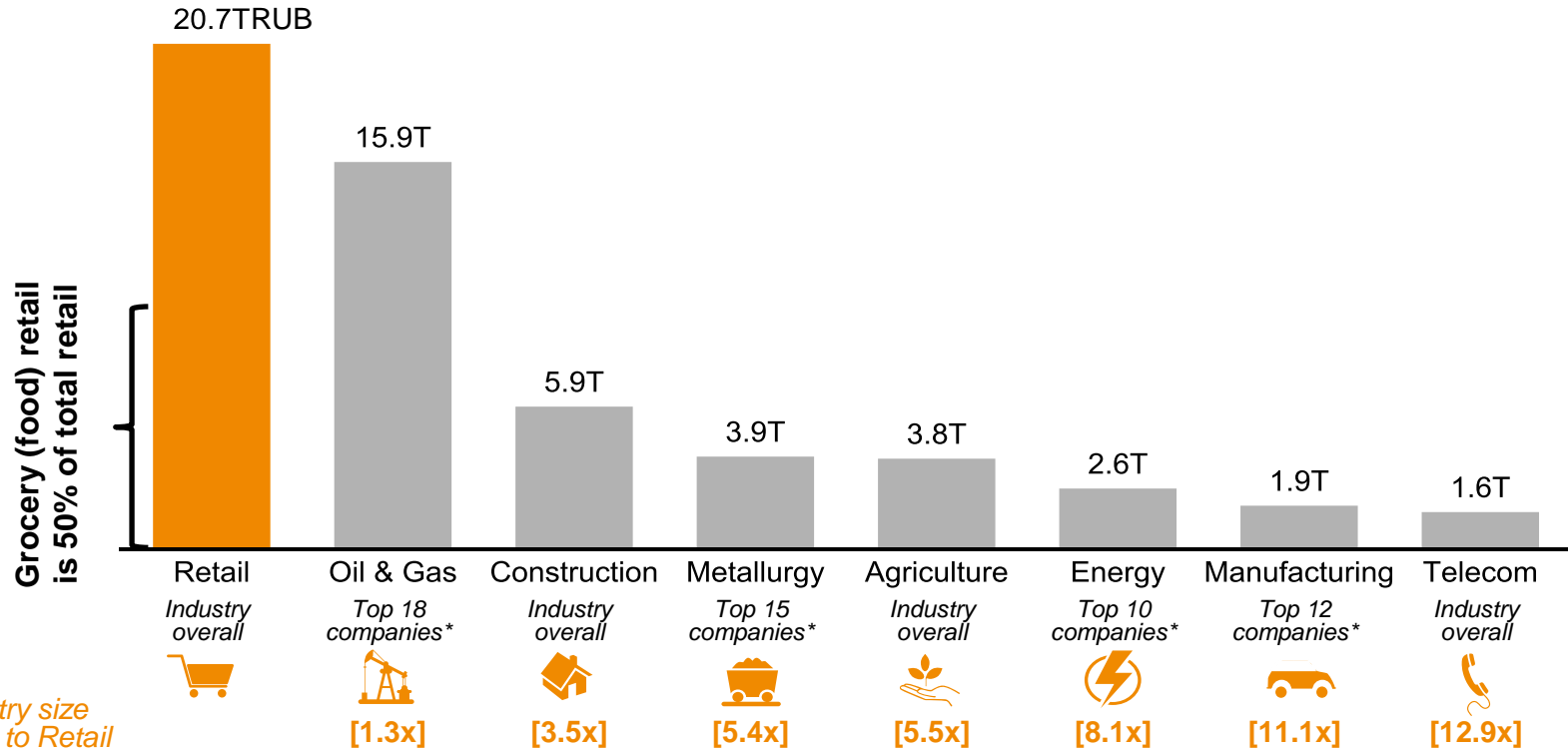
Moscow, Russia

1 October, 2014

# Russian Market Opportunity

# 2013 INDUSTRY TURNOVER IN RUSSIA

Retail is one of the largest industries in Russia  
 (~13x > telecom or ~6x > agriculture)

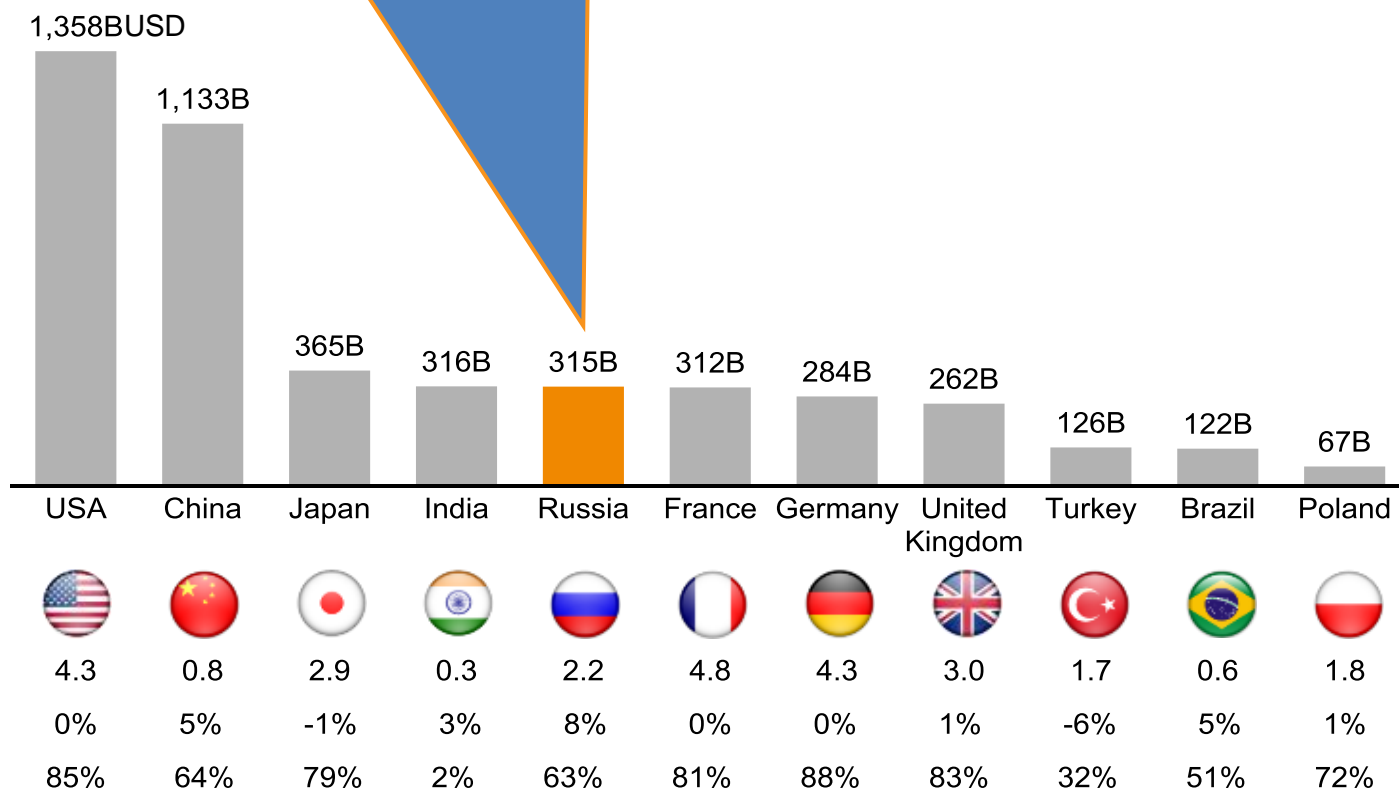


Industry size relative to Retail

Note: Retail excl. automotive, fuel, etc.; Metallurgy incl. mining; \*2012 data  
 Source: Rosstat, RA Expert

# GROCERY RETAIL MARKET SIZE BY COUNTRY IN 2013

Russia is the 5th largest grocery market globally and fastest growing

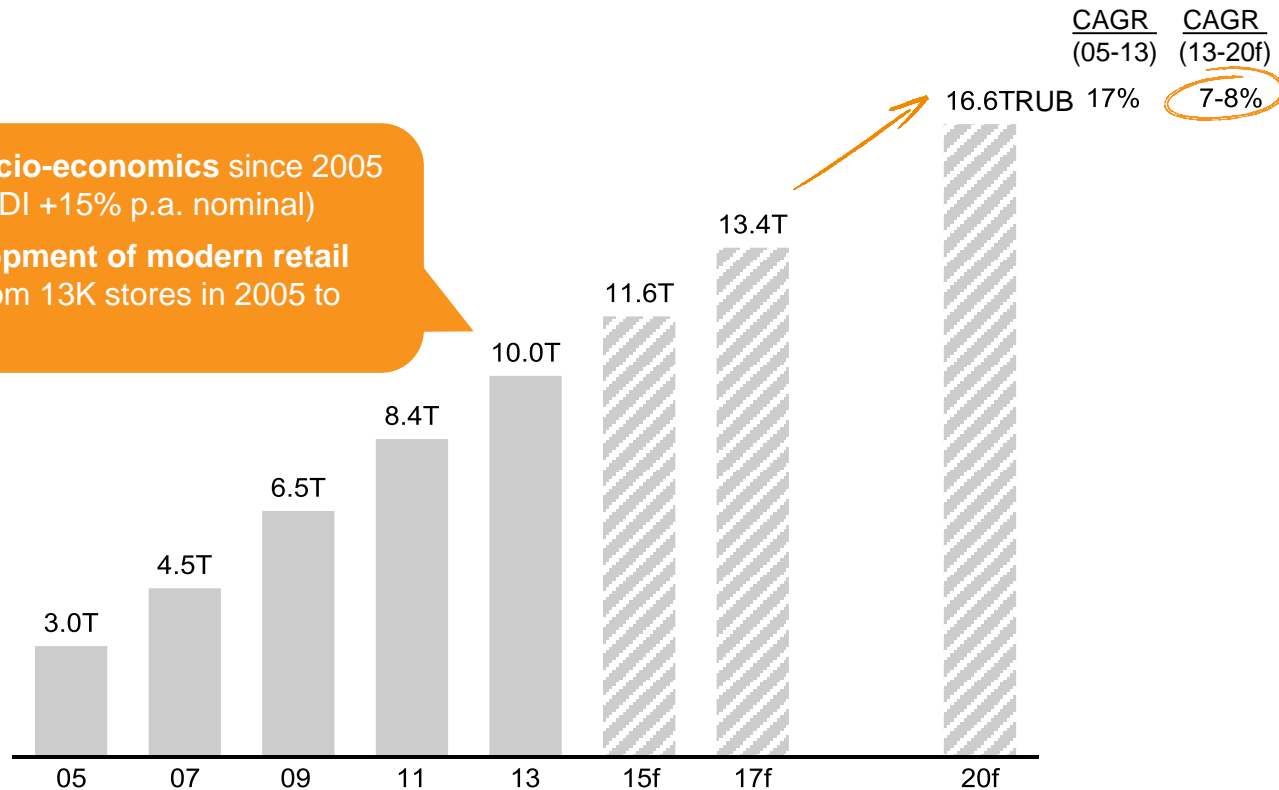


Note: In retail prices including VAT, Grocery market growth (CAGR) is calculated in constant 2013 prices, fixed 2013 exchange rates  
 Source: Euromonitor, Planet Retail, IGD, Company reports

# GROCERY RETAIL MARKET DEVELOPMENT IN RUSSIA

Grocery retail is expected to grow 7-8% p.a. midterm;  
adding ~1T RUB incremental every year

- **Positive socio-economics** since 2005 (GDP and PDI +15% p.a. nominal)
- **Fast development of modern retail** (universe from 13K stores in 2005 to ~45K today)



Nom. Y-o-Y change, (%)	23%	22%	13%	14%	8%	7%	7%	7%
Real Y-o-Y change, (%)	10%	13%	1%	6%	1%	2%	3%	3%
Grocery retail, B USD	104	175	205	285	315	348	403	471

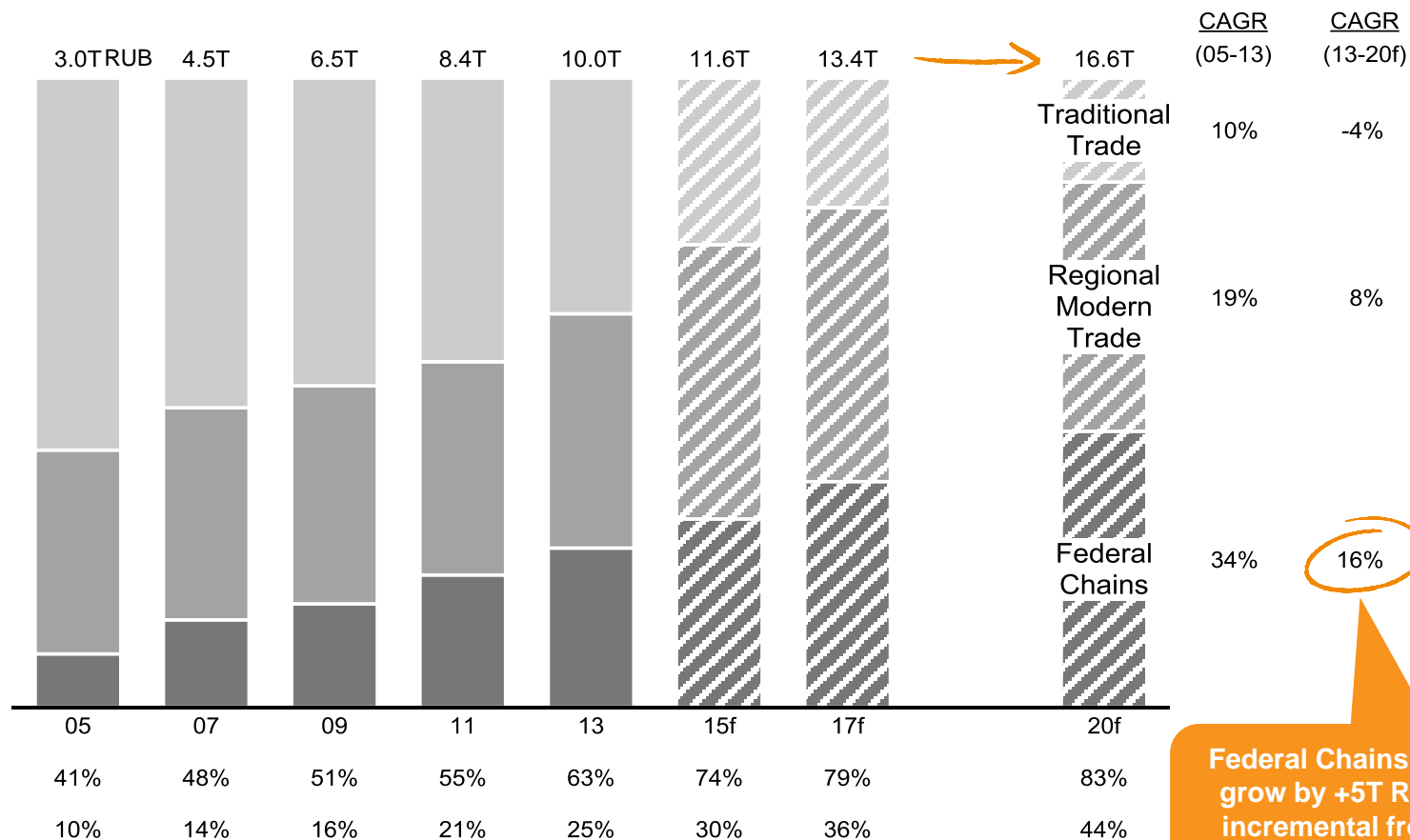
<b>CAGR (real)</b>	<b>CAGR (real)</b>
8%	3-4%

Note: Base year is 2004

Source: Euromonitor, Company Reports, Infoline, BMI, Planet Retail

# RUSSIAN GROCERY RETAIL MARKET DYNAMICS

There is a power shift from Traditional Trade to Modern Trade with Federal Chains being the main driver

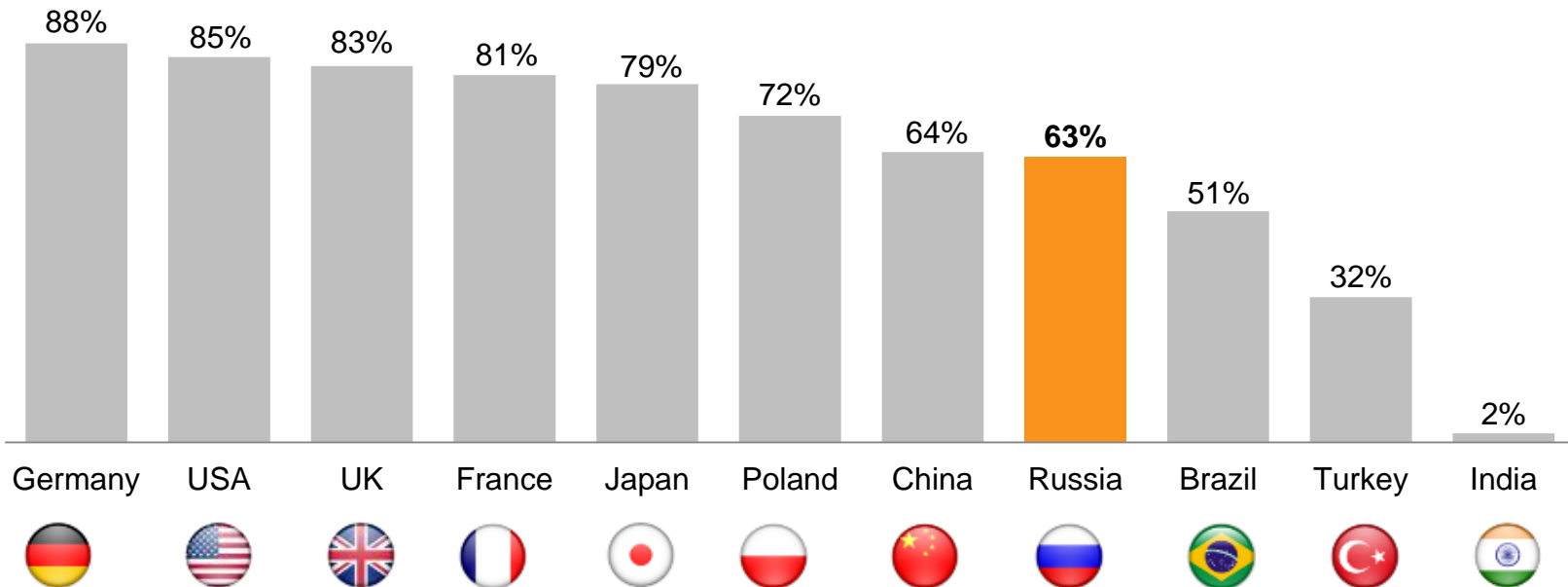


Federal Chains will grow by +5T RUB incremental from 2013 to 2020

Note: Federal players are Magnit, X5, Auchan, METRO, Lenta, O'Key, Dixy, 7 Continent; All values and growth rates are nominal  
 Source: Euromonitor, Infoline, Company Reports

# SHARE OF MODERN TRADE BY COUNTRY, 2013

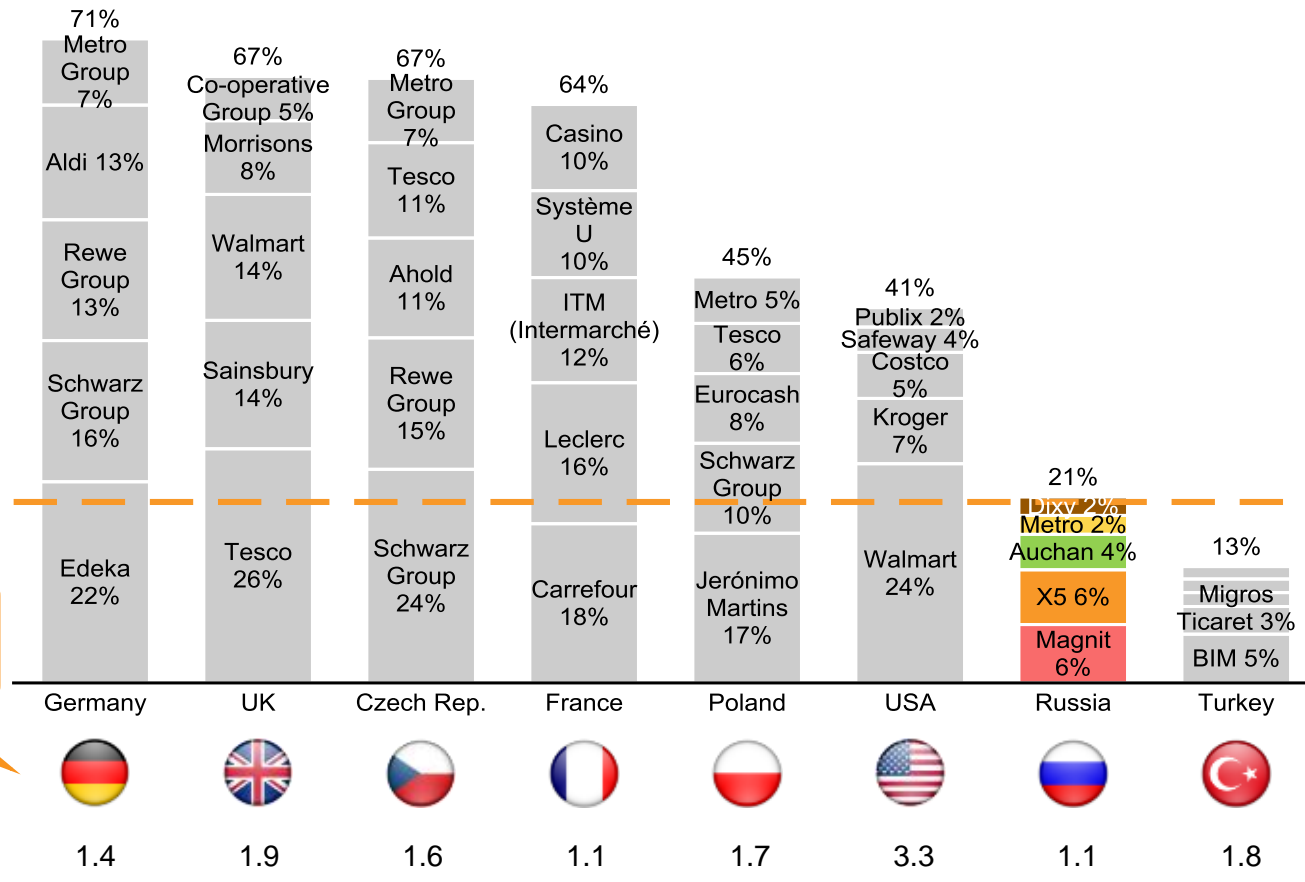
Low penetration of Modern Trade, market size & fragmentation create opportunities



Sources: Planet Retail, Euromonitor and X5 estimates

# TOP-5 SHARE OF GROCERY RETAIL GLOBALLY IN 2013

The top 5 grocery retailers in Russia are 21% of the market (vs. 60-70% in established markets)



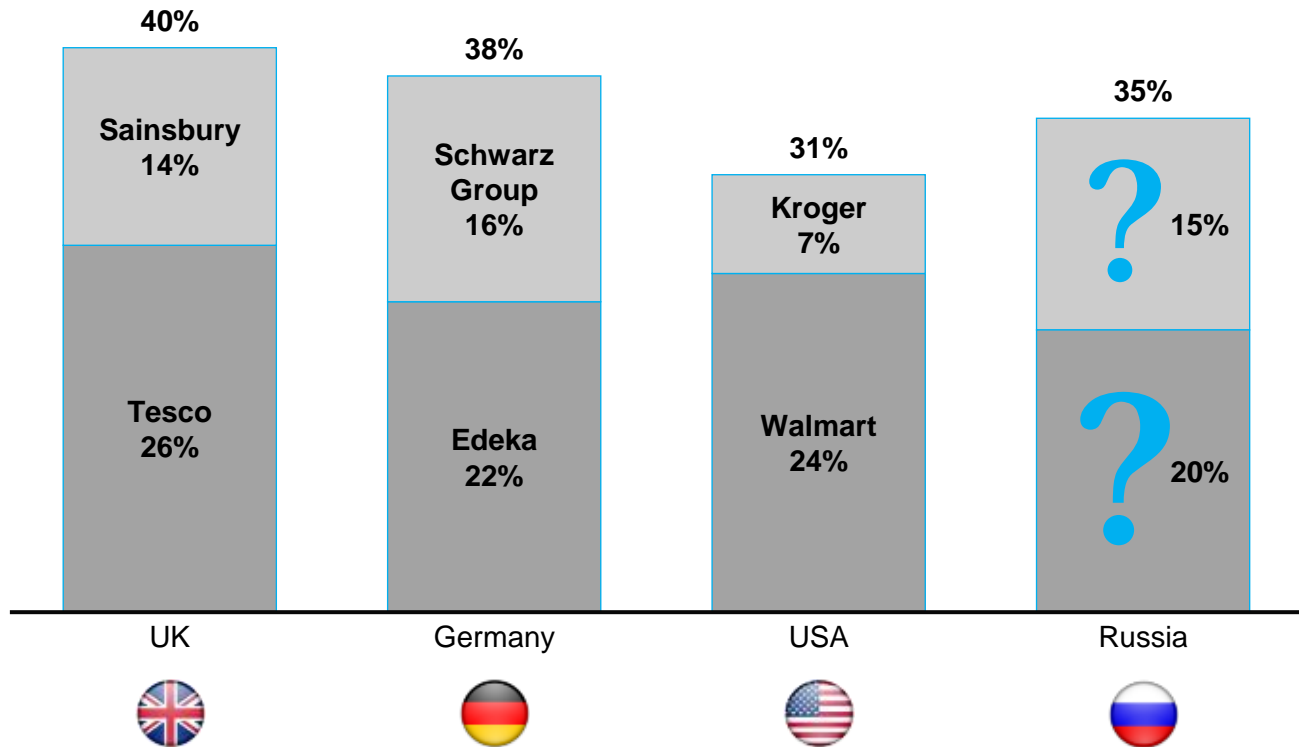
Market leader sales  
Second player sales

Source: Company Reports, Planet Retail. Euromonitor



# SHARE OF TOP-2 GROCERS BY COUNTRY 2013

Leaders typically command an ~20% market share



# X5 Today

**Leverage our scale and multi-format value proposition to capture greater wallet share by providing the best customer experience in the dynamic Russian food retail market**

- ❖ **Develop the best multi-format model to ensure market coverage and satisfy the demands of the Russian consumer**
- ❖ **Build and maintain best-in-class reputation for stores in each of our formats**
- ❖ **Provide customers with consistent shopping experience focused on excellence in fresh, quality, availability and service**
- ❖ **Generate positive like-for-like results with a focus on returning customers to our stores**
- ❖ **Accelerate expansion and increase market share based on sustainable growth principles**
- ❖ **Regain market leadership**

**Creating  
Sustainable  
Value**

- ❖ **Developing the right management team**
- ❖ **Creating effective multi-format business model**
- ❖ **Defining appropriate format value propositions**
- ❖ **Focusing on operational execution, “Back to Basics” retail**
- ❖ **Continuing to take advantage of market opportunities for “intelligent” growth**

# EXECUTION OF TURNAROUND AGENDA

## Different formats are in different stages of the turnaround process



- ❖ “New Pyaterochka” rebranding launched in October 2013 – rejuvenation of “Pyaterochka” team spirit underway
- ❖ Cluster based operating model up and running – control, transparency & accountability to manage the format’s business scale and enable expansion
- ❖ Category management established – in depth review of all 51 categories to be completed by November 2014
- ❖ Refurbishment program in place – up to 500 stores targeted for 2014, focus on quality over quantity
- ❖ Separation and roll out of logistics underway to support accelerated expansion



- ❖ Launch of the “New Perekrestok” strategic concept underway
- ❖ Introduction of category management principles in progress; 80% of new assortment on the shelves by year-end – 100% by end of Q1 2015
- ❖ Flagship store to open in October 2014 plus 10 refurbishments in H2 2014 & 62 refurbishments in 2015
- ❖ Ramping up expansion – not less than 50 stores per annum
- ❖ Regain historical position as the supermarket leader



- ❖ New team coming together – establishing organizational structure
- ❖ Evaluating pilot stores’ results to validate niche and concept for hypermarket – value proposition, store size/layout, assortment and regional presence

# EXECUTION OF TURNAROUND AGENDA

## Logistics

- ❖ Logistics separation along format lines is on schedule – to be completed before the 2015 high-season
- ❖ By the beginning of the 2014 high-season we will have 8 Pyaterochka mono-format DCs, 7 Perekrestok/Karusel mono-format DCs and 14 multi-format DCs (plus 2 Express DCs)
- ❖ Expect repeat of the good logistics service provided to stores during the 2013 high-season in terms of availability
- ❖ We plan to add 8 new DCs to Pyaterochka's supply chain over the next 14 months, the first will be our flagship DC opening in Rostov in September 2014, followed by additional DCs in Moscow, St. Petersburg, Urals and Central Russia
- ❖ Over the next 12 months we also plan to add new DCs for the larger formats in St. Petersburg, Yekaterinburg and Nizhny Novgorod

## Transportation

- ❖ In 2014, we introduced a separate transportation division that reports directly to the CEO
- ❖ New transport team will deliver service to formats at market costs and compete with other providers
- ❖ 50% of our current transportation needs are covered by own transportation resources

**Separation of logistics not expected to negatively impact gross margin or capex**

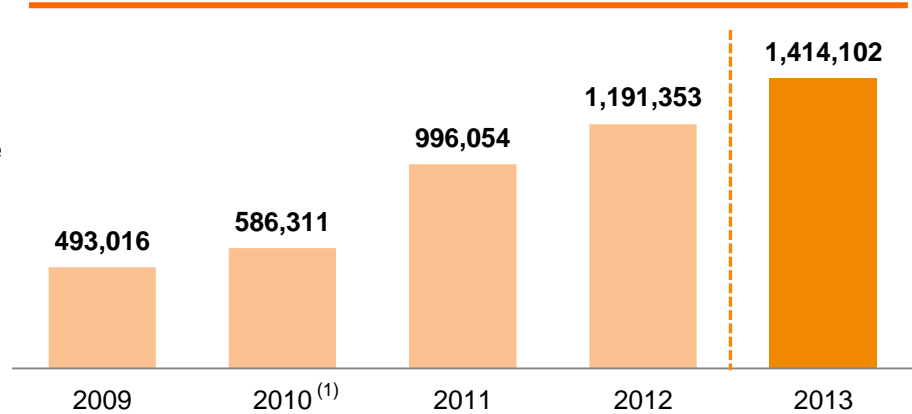


## Surprising customers everyday!

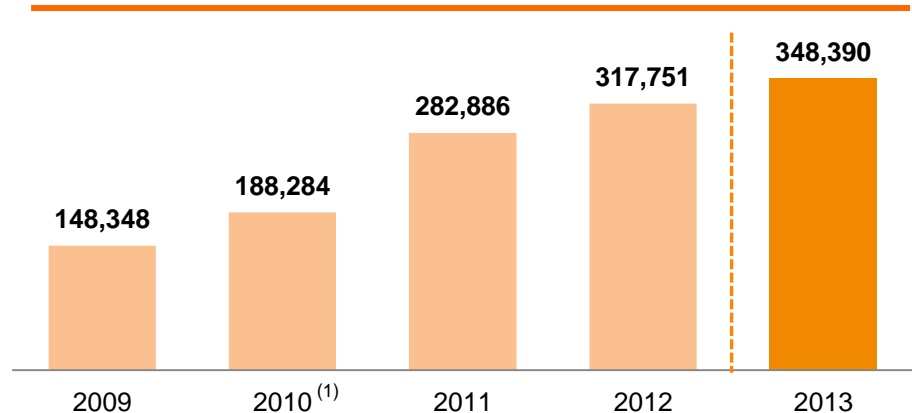
We want to move closer to customers, and surprise with cleanliness, freshness and new assortment.

- ❖ **Location** – neighborhood food store, convenient locations
- ❖ **Price/promo** – interesting promo with strong private label offer, Value/quality balance
- ❖ Focus on fresh – **everything you need in one place** with local assortments based on regional preferences
- ❖ Easy shopping - **polite, knowledgeable staff**, no lines with additional/complimentary services located on premises,
- ❖ Clear communication and positioning – neighborhood store **appropriate for customers from all walks of life**
- ❖ Pleasant and comfortable shopping environment
  
- ❖ **Average net selling space** ~350 sq. m.
- ❖ **Average assortment size** ~ 3,500 SKUs
- ❖ **Share of private label** ~ 19%
- ❖ **Average ticket** ~ 274 RUB

## Selling Space (sq. m.)



## Net Retail Sales Dynamics (RUB mln)



**65.4% - Pyaterochka's share in 2013 Group net retail sales**

Note (1): 2010 net selling space and net retail sales excluding Kopeyka, which was acquired in December 2010

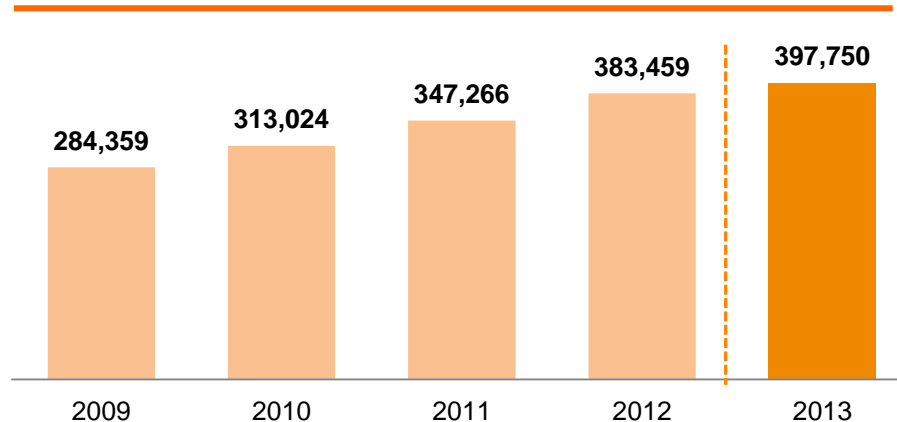


## #1 Supermarket for fresh!

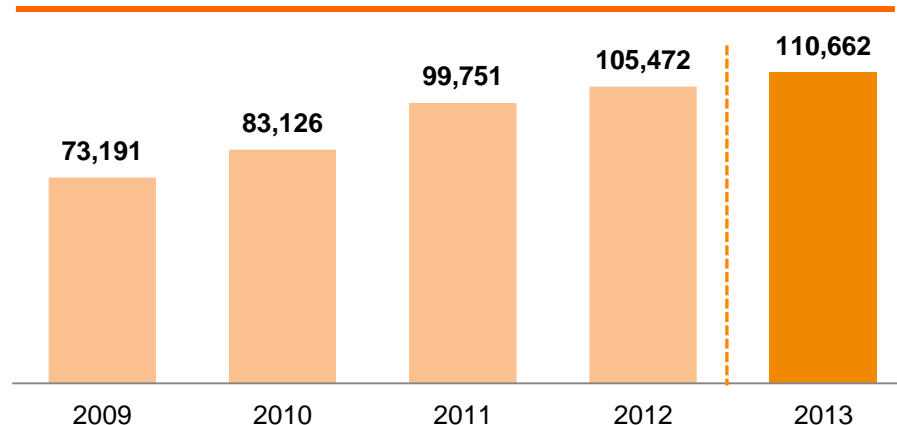
Providing a dependable and wide range of fresh products for daily shopping and special occasions with exceptional service and quality.

- ❖ **“Good-better-best”** assortment with strong private label and exclusive direct import and innovative products
- ❖ **Professional staff** working around the clock to provide the best in-store experience and service to customers
- ❖ **Comfortable environment** and intelligent layout for people who enjoy shopping
- ❖ **Attractive price image** and efficient customer oriented promo
- ❖ **Targeted multi-channel communication** based on customer behavior and preferences supported by effective loyalty program
- ❖ **Average net selling space** ~1,000 sq.m.
- ❖ **Average assortment size** ~11,000 SKUs
- ❖ **Share of private label** ~ 7%
- ❖ **Average ticket** ~ 412 RUB

## Selling Space (sq. m.)



## Net Retail Sales Dynamics (RUB mln)



**20.8% - Perekrestok's share in 2013 Group net retail sales**

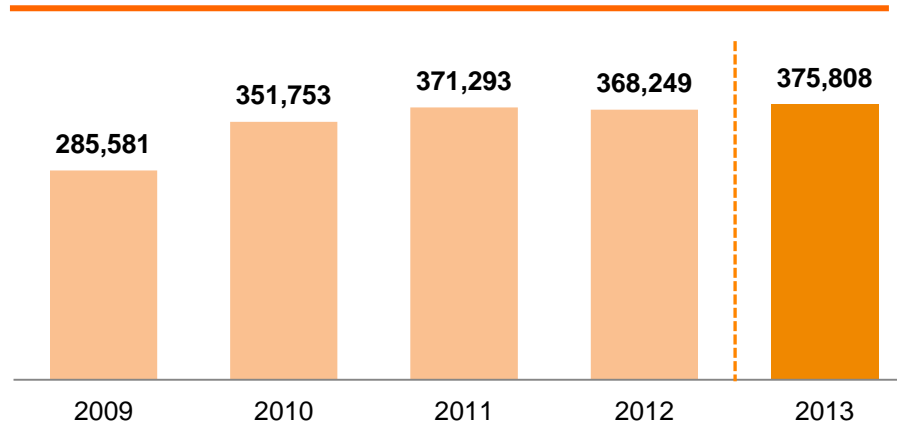




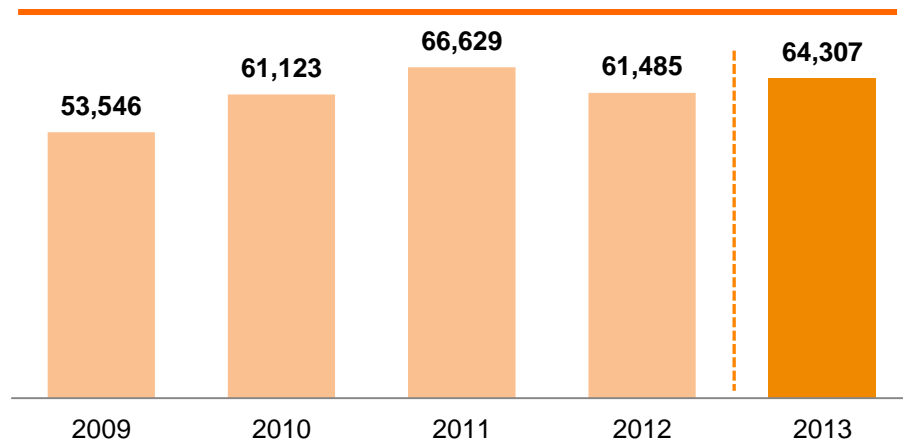
## Convenient shopping, fair prices!

- ❖ **Everything I need** for my weekly shopping and more
- ❖ **Competitive pricing** supported by targeted communication to cultivate value for money perception and **aggressive promo** to reinforce price image
- ❖ The **best service and customer experience** among hypermarkets – knowledgeable staff short lines
- ❖ **Smart in-store navigation** based on customers’ “decision tree” - supported by effective merchandising & promotions
- ❖ Clear, multi-channel communication supported by **Karusel loyalty card**
- ❖ **Average net selling space:** ~3,000 – 4,500 sq. m.
- ❖ **Average assortment size:** ~15,000 – 25,000 SKUs (+8,000 seasonal SKUs/year)
- ❖ **Shelf allocation, Food/non-food:** ~70/30
- ❖ **Share of private label** ~ 9%
- ❖ **Average ticket** ~ 601 RUB

## Selling Space (sq. m.)

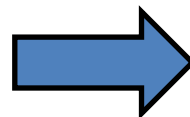
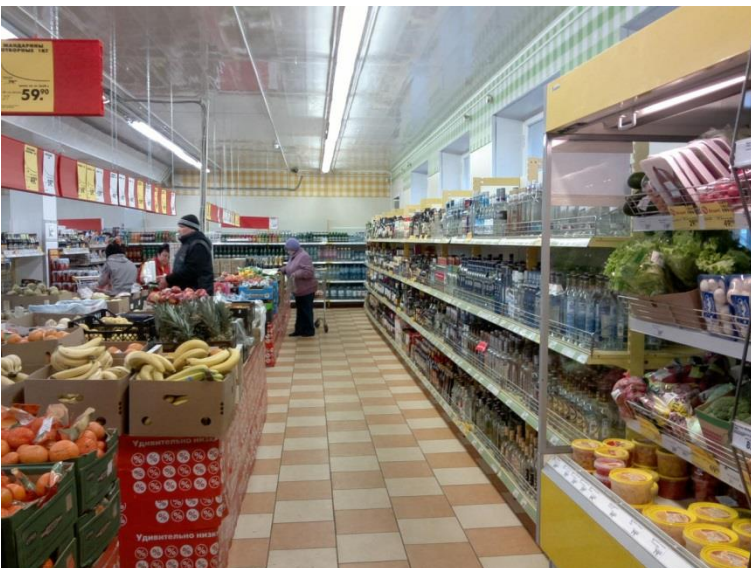
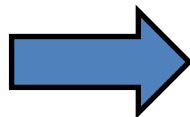


## Net Retail Sales Dynamics (RUB mln)



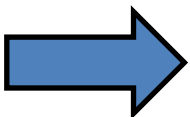
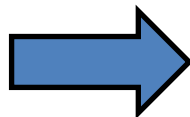
**12.1% - Karusel's share in 2013 Group net retail sales**

# PYATEROCHKA – BEFORE & AFTER





# PEREKRESTOK – BEFORE & AFTER

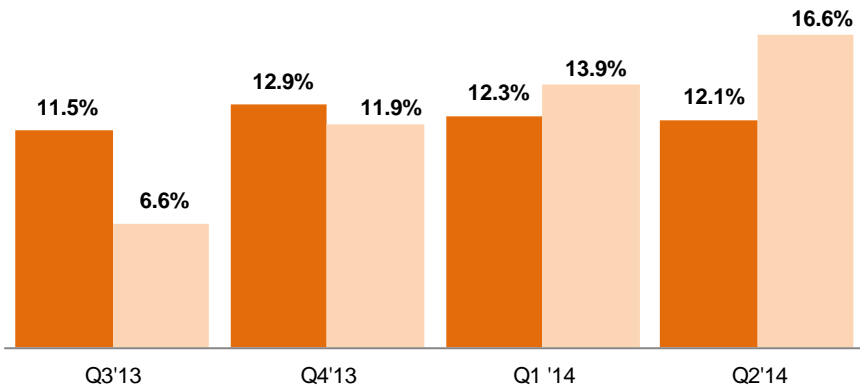


# CURRENT FINANCIAL HIGHLIGHTS

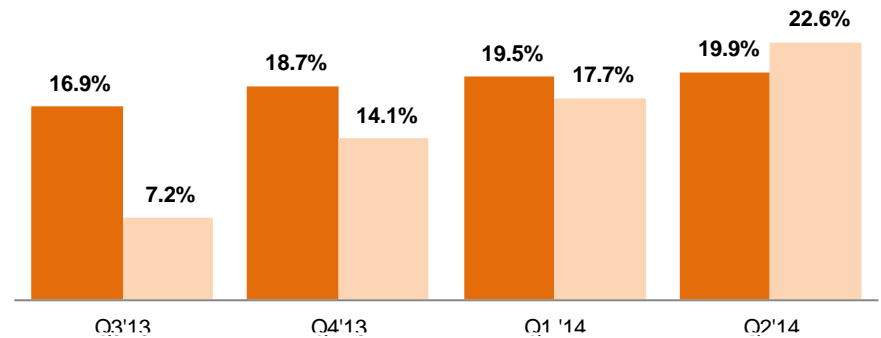
RUB million (where applicable)	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q-o-Q +/( - )%	Y-o-Y +/( - )%
Revenue	133,449	124,246	150,341	144,167	155,579	7.9 %	16.6 %
<b>Net retail sales</b>	<b>133,076</b>	<b>123,534</b>	<b>149,786</b>	<b>143,898</b>	<b>155,109</b>	<b>7.8 %</b>	<b>16.6 %</b>
COGS	(101,876)	(93,155)	(113,559)	(109,521)	(117,469)	7.3 %	15.3 %
Gross profit	31,573	31,091	36,782	34,646	38,110	10.0 %	20.7 %
<b>Gross profit margin</b>	<b>23.7%</b>	<b>25.1%</b>	<b>24.5%</b>	<b>24.0%</b>	<b>24.5%</b>	-	-
EBITDA	9,209	9,197	11,299	9,796	11,398	16.4 %	23.8 %
<b>EBITDA margin</b>	<b>6.9%</b>	<b>7.4%</b>	<b>7.5%</b>	<b>6.8%</b>	<b>7.3%</b>	-	-
Effective income tax rate	23.9%	23.2%	23.6%	23.0%	8.6%	-	-
Net profit	2,325	2,298	4,381	2,469	3,980	61.2 %	71.2 %
<b>Net profit margin</b>	<b>1.7%</b>	<b>1.9%</b>	<b>2.9%</b>	<b>1.7%</b>	<b>2.6%</b>	-	-
Earnings per share (EPS)	34.3	33.9	64.5	36.4	58.6	61.2 %	71.2 %
Investing cash flow	(4,787)	(5,183)	(7,885)	(4,289)	(4,911)	14.5 %	2.6 %
Net debt	115,660	117,579	102,911	111,910	104,240	(6.9) %	(9.9) %

# NET RETAIL SALES AND SELLING SPACE GROWTH

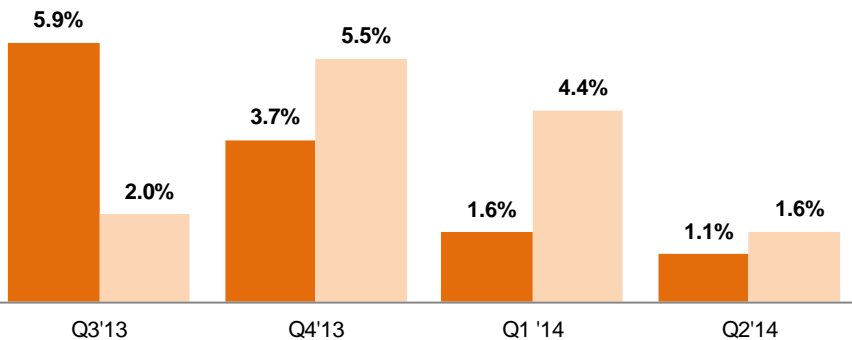
## X5 Retail Group



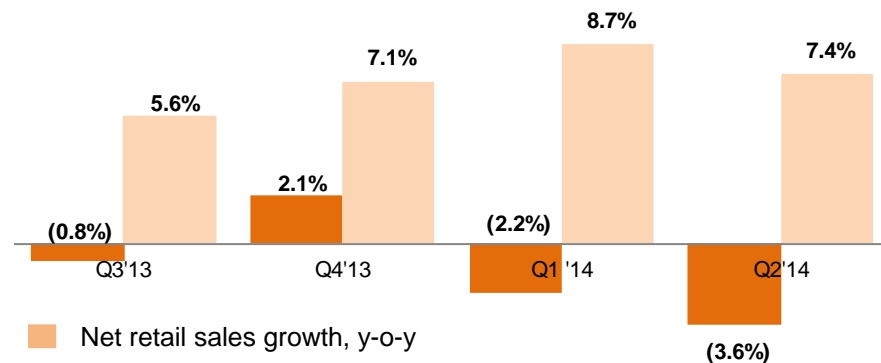
## Pyaterochka



## Perekrestok



## Karusel

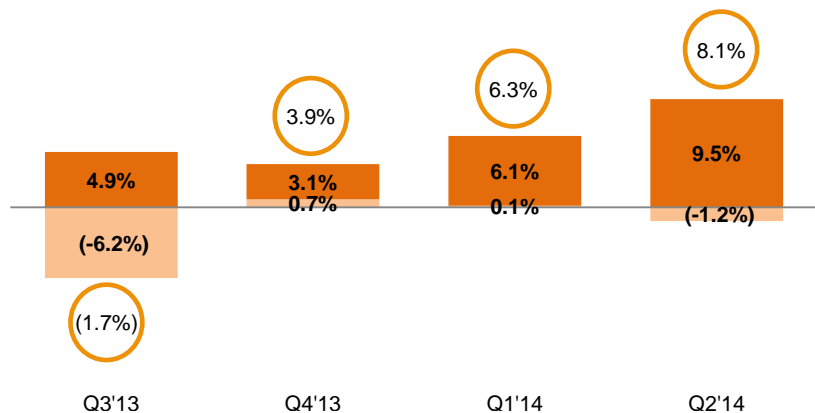


■ Selling space growth, y-o-y    ■ Net retail sales growth, y-o-y

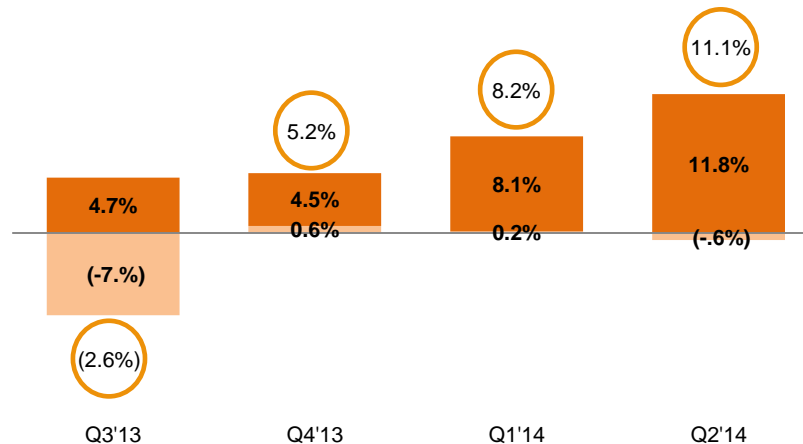
In Q2 2014 net retail sales growth exceeded selling space growth at all formats

# LIKE FOR LIKE RESULTS

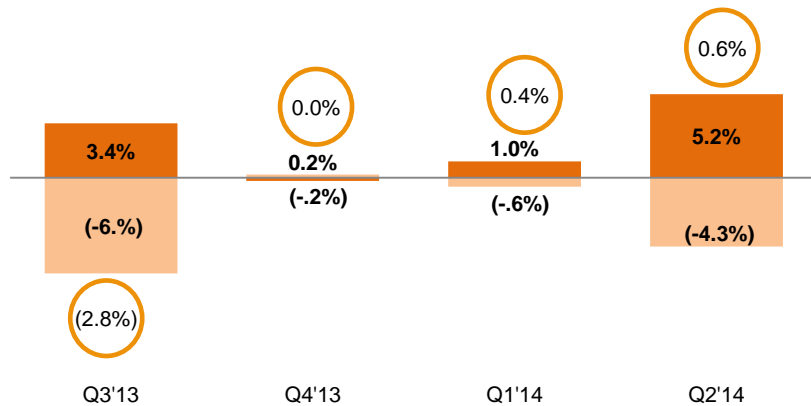
## X5 Retail Group



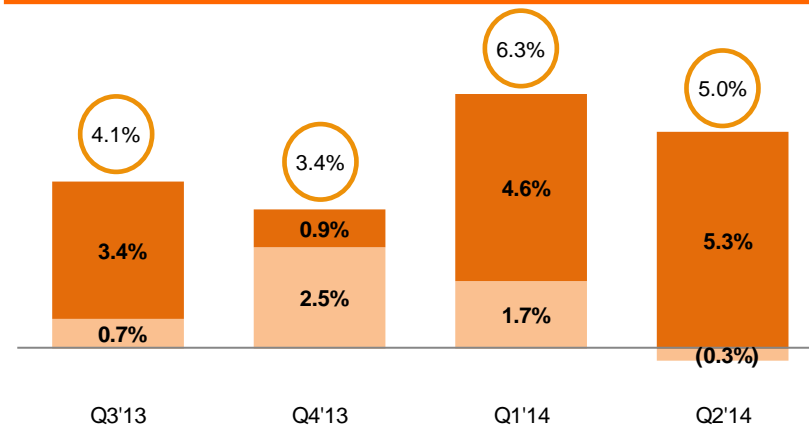
## Pyaterochka



## Perekrestok



## Karusel



■ Basket growth, %   
 ■ Traffic growth, %   
 ○ Sales growth, %

**Back to basics: Better retail execution (assortment, availability, accountability, promo)**

# JULY 2014 TRADING RESULTS (1)

## Sales results

Format	Net retail sales growth, RUR, y-o-y			LFL sales results, y-o-y (2)		
	Net retail sales	Customer visits	Average ticket (2)	Total LFL	Traffic	Basket
Pyaterochka	30.9%	17.6%	11.5%	18.2%	5.4%	12.1%
Perekrestok	9.6%	(4.8%)	14.4%	6.1%	2.0%	4.1%
Karusel	6.5%	0.8%	5.5%	4.0%	(1.4%)	5.5%
Express	28.0%	19.8%	7.0%	5.9%	1.0%	4.9%
E5.RU	(31.1%)	(33.6%)	3.5%	-	-	-
<b>X5 Retail Group</b>	<b>23.4%</b>	<b>13.1%</b>	<b>9.1%</b>	<b>13.9%</b>	<b>4.4%</b>	<b>9.1%</b>

## Expansion

Format	Number of stores added, net		Total number of stores			Selling space added net, thd sqm				
	July 2013	July 2014	July 2013	July 2014	% Δ, y-o-y	July 2013	July 2014	July 2013	July 2014	% Δ, y-o-y
Pyaterochka	24	59	3,443	4,187	21.6%	6.4	21.6	1,262.3	1,527.7	21.0%
Perekrestok	0	(1)	378	386	2.1%	(0.8)	(0.2)	391.1	396.2	1.3%
Karusel	(1)	0	78	81	3.8%	(3.4)	(0.1)	367.5	357.3	(2.8%)
Express	(1)	(1)	154	182	18.2%	(0.2)	(0.3)	29.1	35.8	23.1%
<b>X5 Retail Group</b>	<b>22</b>	<b>57</b>	<b>4,053</b>	<b>4,836</b>	<b>19.3%</b>	<b>2.0</b>	<b>21.1</b>	<b>2,050.1</b>	<b>2,317.0</b>	<b>13.0%</b>

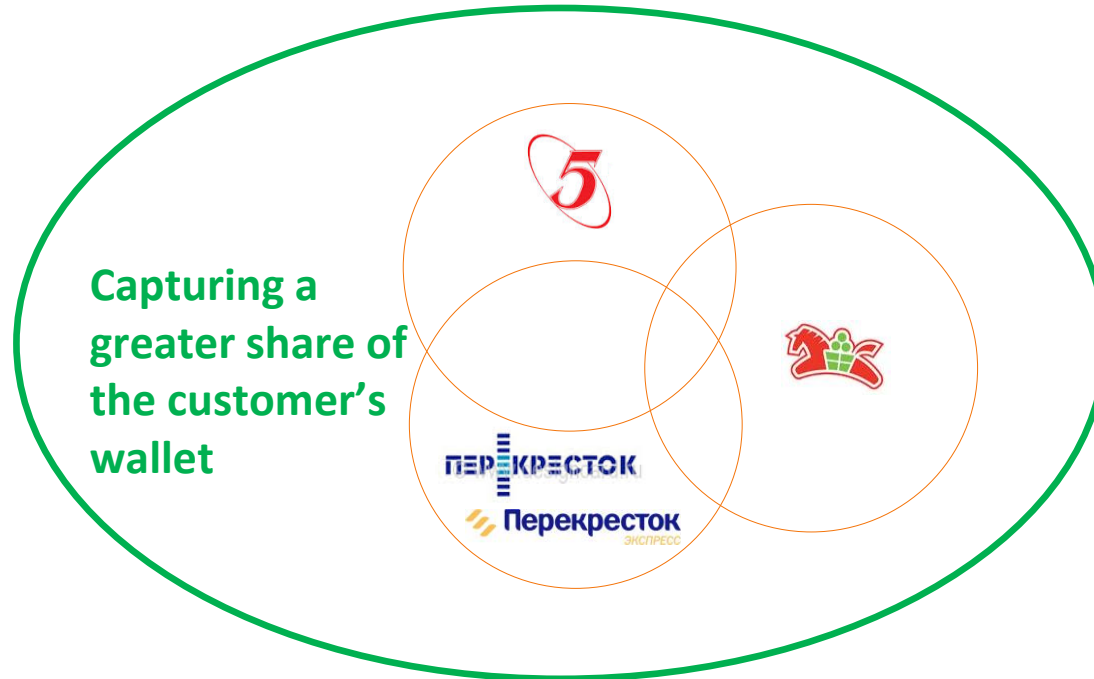
Notes: (1) preliminary results

(2) based on gross retail sales

# Appendix I – X5 Additional Information

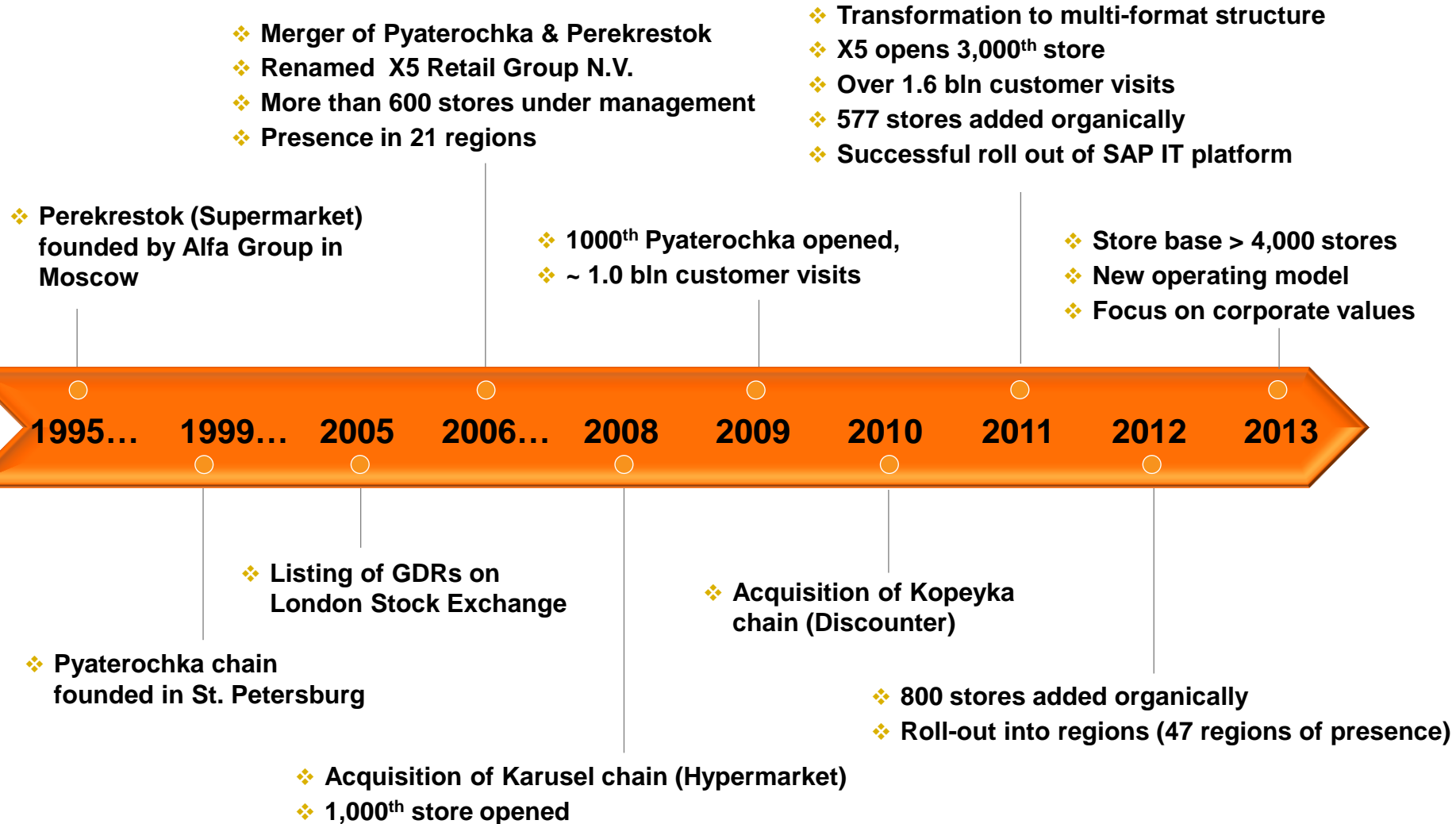


## X5 since 2005



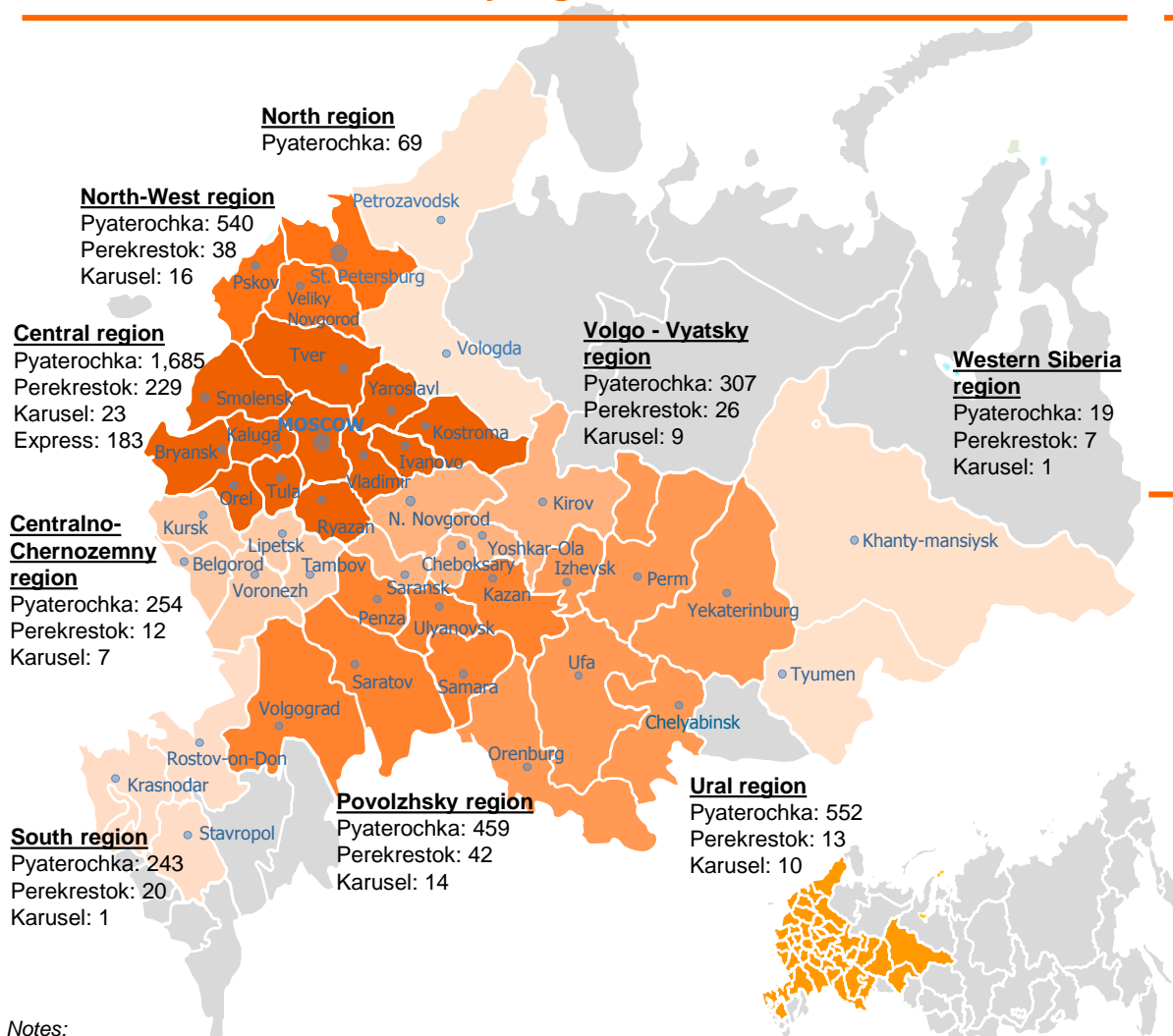
The right strategy, the right market, the right time

# TIMELINE OF KEY EVENTS



# REGIONAL PRESENCE

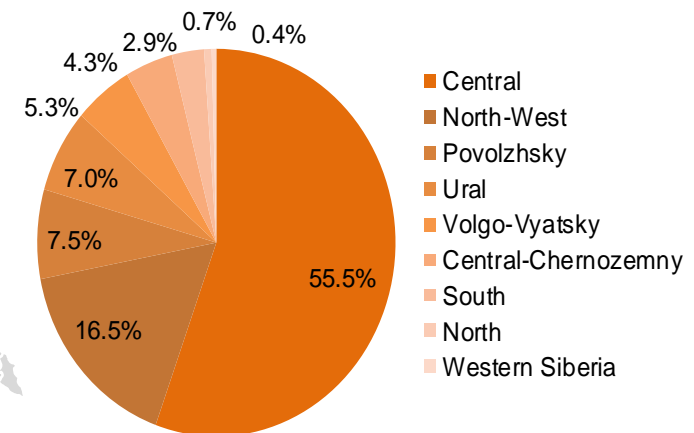
## Number of stores by region as of June 30 2014 <sup>(1)</sup>



## Overview

- Multi-format presence in 62 cities of European Russia, the Urals and Western Siberia with population > 200,000 <sup>(2)</sup>
- Total stores – 4,779, including:
  - 4,128 Pyaterochkas
  - 387 Perekrestoks
  - 81 Karusels
  - 183 Express stores

## Q2 2014 Net Retail Sales by Region



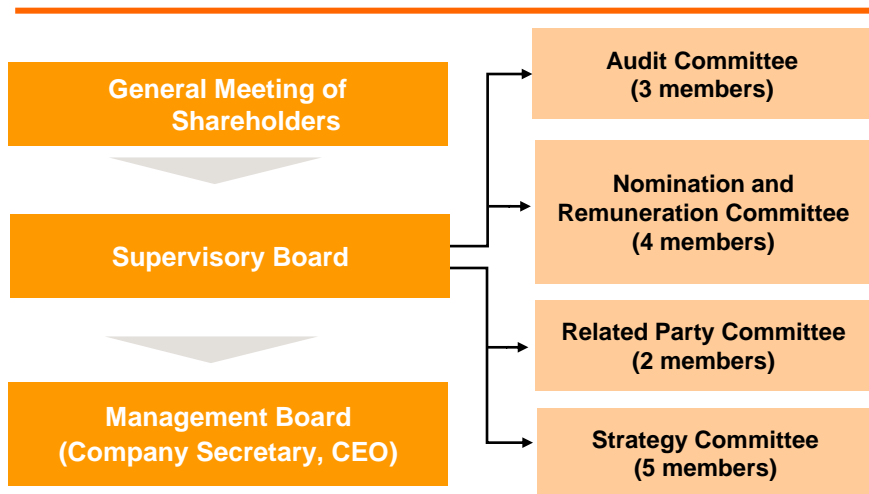
Notes:

(1) According to the economic classification of Russian regions.

(2) According to 2010 population census

# CORPORATE GOVERNANCE

## Corporate Governance Bodies



Registered in the Netherlands, X5 is subject to the Dutch Corporate Governance Code

### Notes:

- (1) Management is not represented on the Supervisory Board, only at the Management Board level
- (2) Leading Russian electronics retailer
- (3) Leading Russian online electronics retailer
- (4) One of the largest supermarket chains in Romania

## Supervisory Board Composition

Name	Position	Independent Directors <sup>(1)</sup>
Mr. Dmitry Dorofeev	Chairman	
Mr. Mikhail Fridman	Member	
Mr. David Gould	Member	
Mr. Alexander Tynkovan	Member	✓
Mr. Christian Couvreur	Member	✓
Mr. Igor Shekhterman	Member	✓
Mr. Alexander Malis	Member	✓
Mr. Pawel Musial	Member	✓

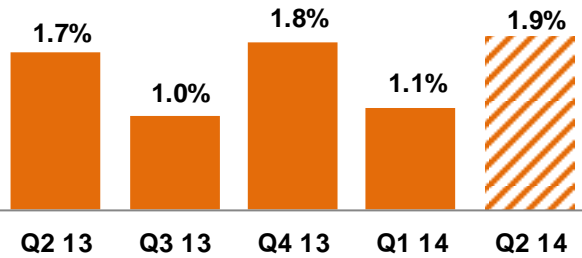
### Retail Experience at Board Level

- Mr. Couvreur, former CEO of Casino Group
- Mr. Tynkovan, CEO and co-founder of "M.Video"<sup>(2)</sup>
- Mr. Malis, CEO of Euroset Group<sup>(3)</sup>
- Mr. Musial, CEO of Profi Rom Food<sup>(4)</sup>

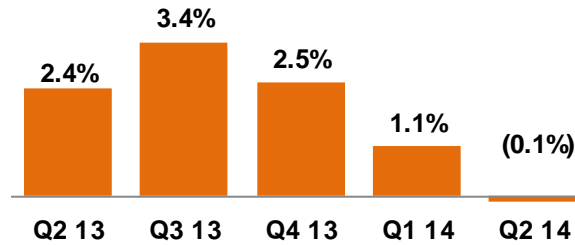
# Appendix II – Russian Macro Environment

# RUSSIAN MACRO INDICATORS

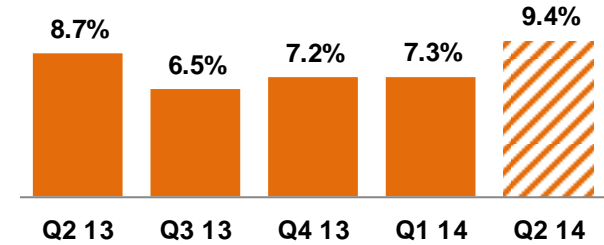
## Industrial Production



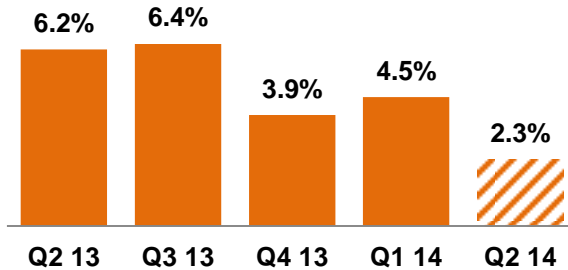
## Real Retail Food Sales Growth



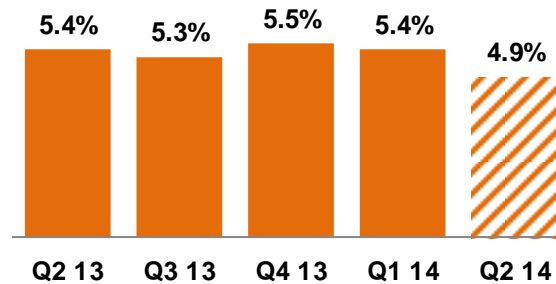
## Food CPI



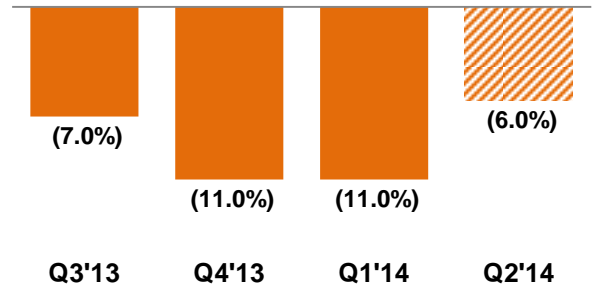
## Real Wage Growth



## Unemployment Rate



## Consumer Confidence Index



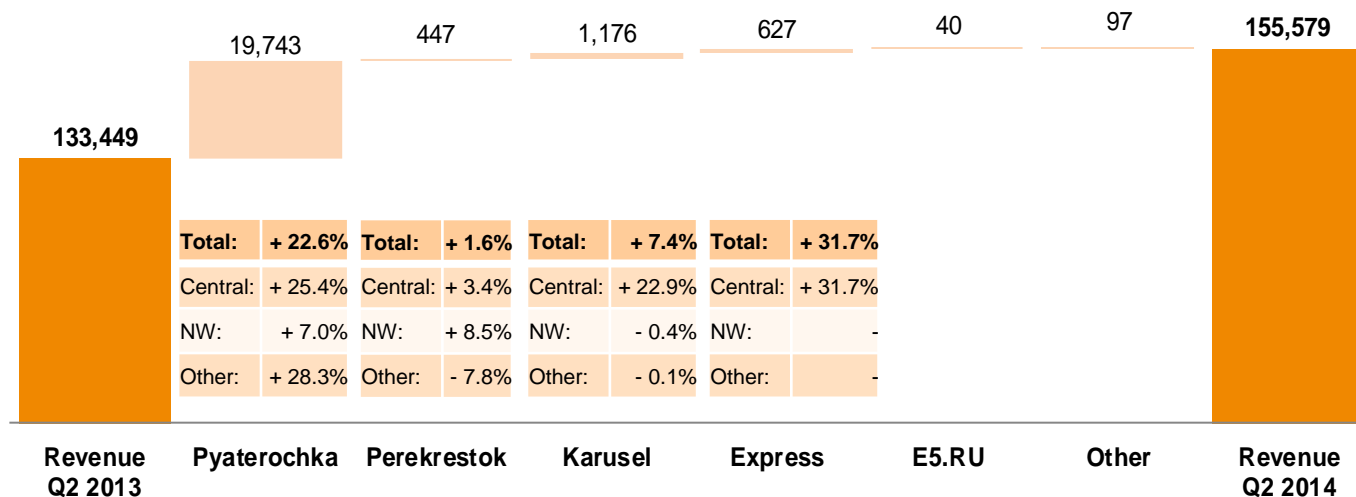
Real wage growth and low unemployment supporting Russian consumer

Source: Rosstat

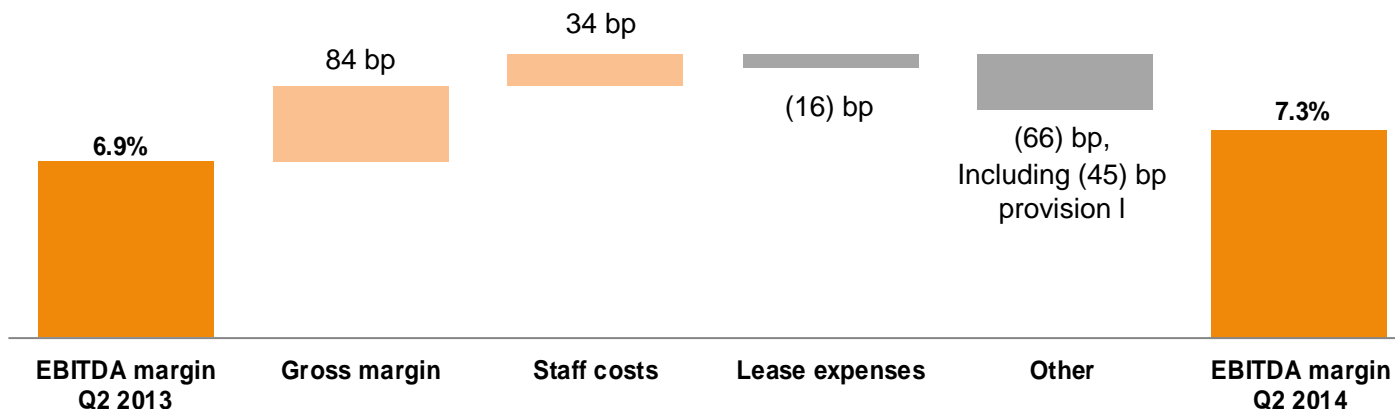
# Appendix III – Q2 2014 Financial Results

# REVENUE & EBITDA DYNAMICS

## Revenue Dynamics, RUB million



## EBITDA Margin Bridge





# SG&A BREAKDOWN

Q2 2013	% of Revenue	Q2 2014	% of Revenue	RUB mln	Q1 2014	% of Revenue	Q2 2014	% of Revenue
10,754	8.1%	12,001	7.7%	<b>Staff costs</b>	12,104	8.4%	12,001	7.7%
5,555	4.2%	6,719	4.3%	<b>Lease expenses</b>	6,598	4.6%	6,719	4.3%
3,412	2.6%	4,108	2.6%	<b>D&amp;A</b>	3,889	2.7%	4,108	2.6%
2,654	2.0%	3,069	2.0%	<b>Utilities</b>	3,499	2.4%	3,069	2.0%
2,262	1.7%	2,335	1.5%	<b>Other store costs</b>	2,345	1.6%	2,335	1.5%
1,032	0.8%	1,493	1.0%	<b>Third party services</b>	1,092	0.8%	1,493	1.0%
1,509	1.1%	2,591	1.7%	<b>Other expenses</b>	1,265	0.9%	2,591	1.7%
<b>27,178</b>	<b>20.4%</b>	<b>32,316</b>	<b>20.8%</b>	<b>Total SG&amp;A</b>	<b>30,791</b>	<b>21.4%</b>	<b>32,316</b>	<b>20.8%</b>

- In Q2 2014, **SG&A** expenses, as a percentage of revenue, increased y-o-y by 41 bp to 20.8%.
- **Staff costs**, as a percentage of revenue, decreased y-o-y by 34 bp in Q2 2014 to 7.7% primarily due to a decrease in outstaffing expense (24 bp) and lower expenses for administrative personnel (29 bp) that were partially offset by an increase in wages and benefits of retail employees (19 bp).
- **Lease expenses** in Q2 2014, as a percentage of revenue, increased y-o-y by 16 bp to 4.3% primarily due to new store openings, and the subsequent increase in the proportion of leased space as a percentage of our total real estate portfolio, as well as an increase in our average lease rates. As a percentage of X5's total real estate portfolio, leased space accounted for 57.3% at 30 June 2014 compared to 54.8% at 30 June 2013.
- **Depreciation, amortization and utilities costs** changed immaterially as a percentage of revenue in Q2 2014 compared to Q2 2013.
- **Other store costs** decreased, as a percentage of revenue in Q2 2014, by 19 bp y-o-y to 1.5% mainly due to lower own and third party security expenses at our stores.
- **Third party services expenses** in Q2 2014 increased, as a percentage of revenue, by 19 bp y-o-y primarily due to an increase in advertising and marketing activities.
- In Q2 2014, **other expenses**, as a percentage of revenue, increased by 53 bp y-o-y primarily due to a provision for taxes other than income taxes, which accounted for 45 bp of the increase.

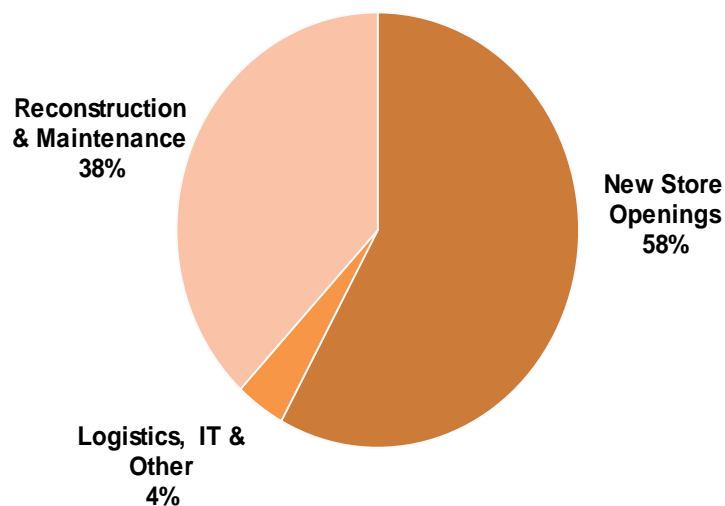
# CASH FLOW HIGHLIGHTS

RUB mln	Q2 2013	Q2 2014	+/( - )	+/( - ), %
<b>Net cash generated from/ (used in) operating activities</b>	<b>1,548</b>	<b>12,776</b>	<b>11,228</b>	<b>725.4 %</b>
Net cash from operating activities before changes in working capital	9,383	12,201	2,818	30.0 %
Change in Working Capital	(4,114)	3,056	7,170	n/a
(Increase) in trade and other accounts receivable	(736)	(1,342)	(606)	82.4 %
Decrease /(increase)in inventories	736	(407)	(1,143)	n/a
(Increase)/decrease in trade payable	(1,777)	3,905	5,682	n/a
(Decrease)/increase in other accounts payable	(2,337)	900	3,237	n/a
Net interest and income tax paid	(3,721)	(2,481)	1,240	(33.3) %
<b>Net cash used in investing activities</b>	<b>(4,787)</b>	<b>(4,911)</b>	<b>(124)</b>	<b>2.6 %</b>
<b>Net cash from financing activities</b>	<b>2,910</b>	<b>(6,556)</b>	<b>(9,466)</b>	<b>n/a</b>
Effect of exchange rate changes on cash & cash equivalents	(11)	(13)	(2)	21.8%
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	<b>(339)</b>	<b>1,296</b>	<b>1,635</b>	<b>n/a</b>

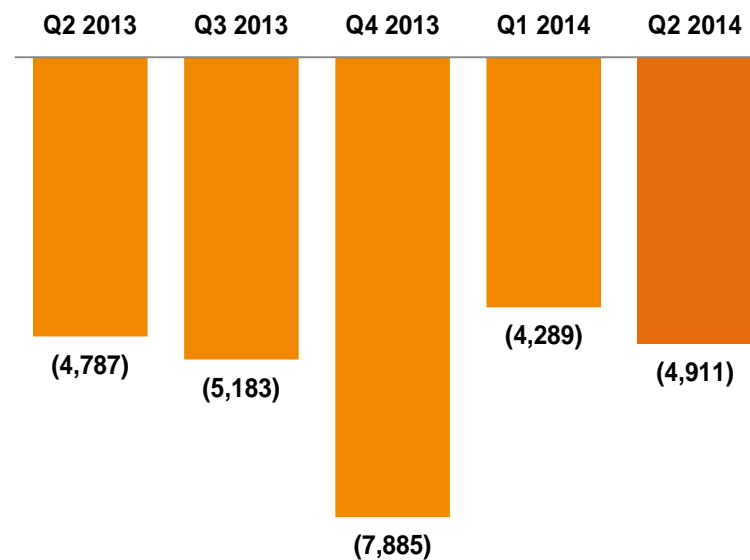
- In Q2 2014, **net cash flows generated from operating activities** totaled RUB 12,776 mln compared to net cash flows generated from operating activities of RUB 1,548 mln in the corresponding period of 2013. The increase was primarily due to changes in working capital and lower income taxes paid
  - **Inventories** increased by RUB 407 mln, which was related to the buildup of inventories to support higher sales in 2014 compared to 2013 and also resulted in an increase of **trade and other accounts payable** of RUB 3,905 mln in Q2 2014.
  - **Trade and other accounts receivable** increased by RUB 1,342 mln in Q2 2014 due to an increase in purchasing activities and the accrual of supplier related bonuses.
  - **Other accounts payable** increased by RUB 900 mln in Q2 2014 mainly due to an increase in VAT payable.
  - **Net interest and income tax paid** decreased due to the creation of a consolidated group taxpayer and a tax refund received in Q2 2014
- **Net cash used in investing activities**, which generally consisted of payments for property, plant and equipment totaled RUB 4,911 mln in Q2 compared to RUB 4,787 mln for the corresponding period in 2013, and reflects higher expenditures for store expansion and refurbishment.
- **Net cash used in financing activities** totaled RUB 6,556 mln in Q2 2014 compared to net cash generated in financing activities of RUB 2,910 mln in Q2 2013. The difference was primarily related to the use of cash to reduce outstanding debt in Q2 2014.

# CAPITAL EXPENDITURES OVERVIEW

## Q2 2014 Capital Expenditures<sup>(1)</sup>



## Investment Cash Flows, RUB mln



In Q2 2014, capex focused on organic expansion and investments in reconstruction and maintenance

Note (1): Accrued in Q1 2014

# CONDENSED BALANCE SHEET

RUB mln	31 December 2013	30 June 2014	+/( - )	+/( - )%
<b>Total current assets</b>	<b>76,488</b>	<b>75,741</b>	<b>(747.0)</b>	<b>(1.0) %</b>
Cash & cash equivalents	7,611	6,121	(1,490.0)	(19.6) %
Inventories	37,465	37,009	(456.0)	(1.2) %
<b>Total non-current assets</b>	<b>225,415</b>	<b>225,792</b>	<b>377.0</b>	<b>0.2 %</b>
Net PP&E	134,998	136,654	1,656.0	1.2 %
Goodwill	64,503	64,624	121.0	0.2 %
<b>Total assets</b>	<b>301,903</b>	<b>301,533</b>	<b>(370.0)</b>	<b>(0.1) %</b>
<b>Total current liabilities</b>	<b>138,894</b>	<b>123,110</b>	<b>(15,784.0)</b>	<b>(11.4) %</b>
ST debt	30,680	20,729	(9,951.0)	(32.4) %
Trade accounts payable	81,050	73,432	(7,618.0)	(9.4) %
<b>Total non-current liabilities</b>	<b>85,203</b>	<b>94,120</b>	<b>8,917.0</b>	<b>10.5 %</b>
LT debt	79,843	89,632	9,789.0	12.3 %
<b>Total liabilities</b>	<b>224,097</b>	<b>217,230</b>	<b>(6,867.0)</b>	<b>(3.1) %</b>
<b>Total equity</b>	<b>77,806</b>	<b>84,303</b>	<b>6,497.0</b>	<b>8.4 %</b>
<b>Total liabilities &amp; equity</b>	<b>301,903</b>	<b>301,533</b>	<b>(370.0)</b>	<b>(0.1) %</b>

# DEBT STRUCTURE

## Debt Profile

RUB mln	30 Jun 2013	31 Dec 2013	30 Jun 2014
<b>Total Debt</b>	<b>122,886</b>	<b>110,523</b>	<b>110,361</b>
Short-Term Debt	54,987	30,680	20,729
% of total debt	44.7%	27.8%	18.8%
Long-Term Debt	67,899	79,843	89,632
% of total debt	55.3%	72.2%	81.2%
<b>Net Debt</b>	<b>115,660</b>	<b>102,911</b>	<b>104,240</b>

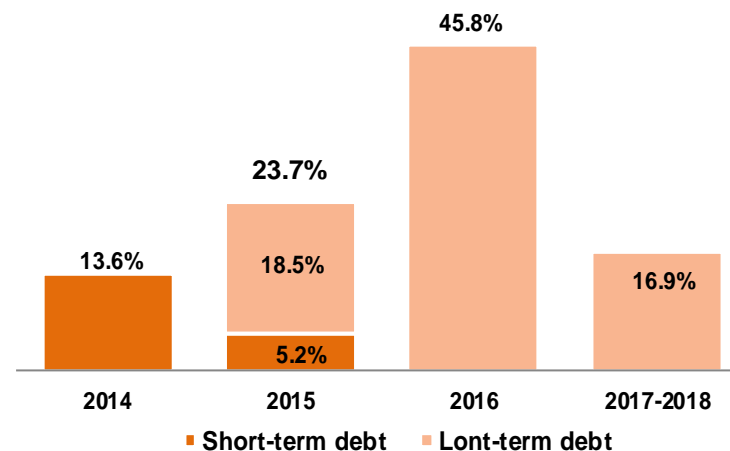
## Covenants & Liquidity Update

Covenant metrics & liquidity sources	30 Jun 2013	31 Dec 2013	30 Jun 2014	Covenants
Net Debt / EBITDA <sup>(1)</sup>	3.23x	2.68x	2.50x	< 4.00x
Interest Coverage ratio <sup>(1)</sup>	3.17x	3.48x	3.69x	> 2.75x
Cash Balance, RUR mln	7,227	7,611	6,121	-
Undrawn credit lines, RUR mln	81,250	100,800	102,100	-

Notes:

(1) Based on 12 months financial results

## Debt Portfolio Maturity



## Comments

- X5's debt portfolio is 100% RUR-denominated.
- Substantial improvement in y-o-y net debt/EBITDA ratio.
- The weighted average effective interest rate on X5's total debt for H1 2014 increased to 9.3% from 8.8% for H1 2013.
- Y-o-y decrease in the share of short-term debt in the Company's credit portfolio.

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# IR DEPARTMENT CONTACTS

**Gregory Madick**  
**Executive IR Director**

Tel.: +7 (495) 502 97 83  
Mob.: +7 (910) 459 73 56

E-mail: [Gregory.Madick@X5.ru](mailto:Gregory.Madick@X5.ru)

**Andrey Napolnov, CFA**  
**Senior IR manager**

Tel.: +7 (495) 662 8888 ext. 22-455  
Mob.: +7 (926) 654 6262

E-mail: [Andrey.Napolnov@X5.ru](mailto:Andrey.Napolnov@X5.ru)

Address: 4/28, Sr. Kalitnikovskaya, Moscow, Russia

E-mail: [iro@X5.ru](mailto:iro@X5.ru)

Website: [www.X5.ru](http://www.X5.ru)