

X5 RETAIL GROUP

Leadership In Russian Food Retail

March 2008

ПЕР КРЕСТОК

5 Пятёрочка



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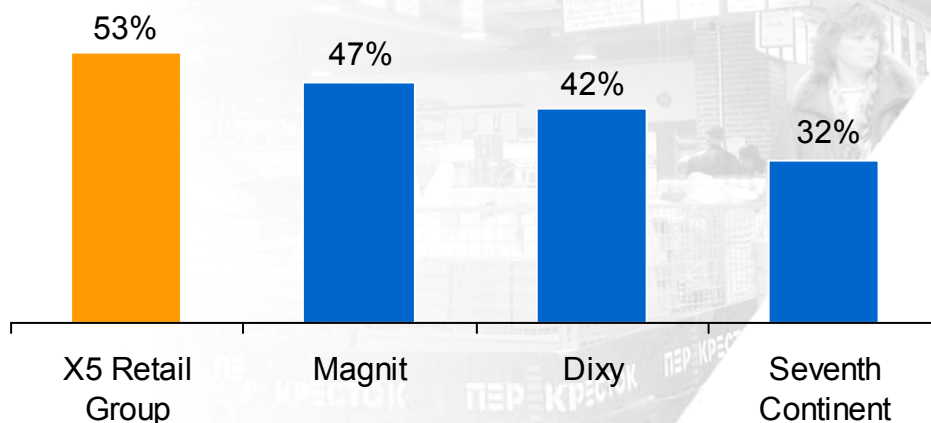
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...Market Leadership...

- #1 food retailer in Russia in terms of sales
- USD 5,320 million of net sales in 2007
- Strong international management team
- 868 company-managed stores in Russia and Ukraine*
- Over 609 thousand sq. m. of net selling space*
- 605 million customer visits in 2007
- 688 stores operated by X5's franchisees across Russia and in Kazakhstan*

FY 2007 Retail Revenue Growth



Company	FY '07 Sales USD mln	% in Top-10
1 X5 Retail Group	5 320**	22.4%
2 Magnit	3 677	15.5%
3 Metro	3 571	15.1%
4 Auchan	3 085	13.0%
5 Kopeika	1 490	6.3%
6 Dixy	1 431	6.0%
7 7 Continent	1 405	5.9%
8 Victoria	1 317	5.6%
9 Lenta	1 307	5.5%
10 O'Key	1 114	4.7%
Total Top-10	23 717	100.0%

Source: the companies' data

* As of 31 December 2007

** Preliminary & unaudited



...Multi-Format Exposure

Soft Discounters



674 Stores*

Supermarkets



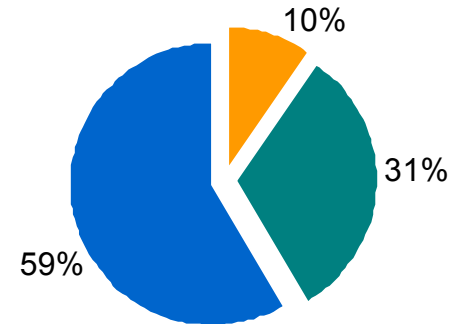
179 Stores*

Hypermarkets



14 Compact & 1 Full Size Store*

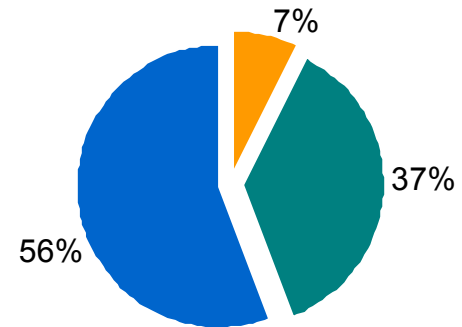
Selling Area Break-Down by Format*



At 31 Dec 2007 total net selling area was 609 thousand sq.m.

- Hypermarkets
- Supermarkets
- Soft Discounters

2007 Retail Sales Break-Down by Format



Total FY 2007 Net Retail Sales of USD 5,284 mln

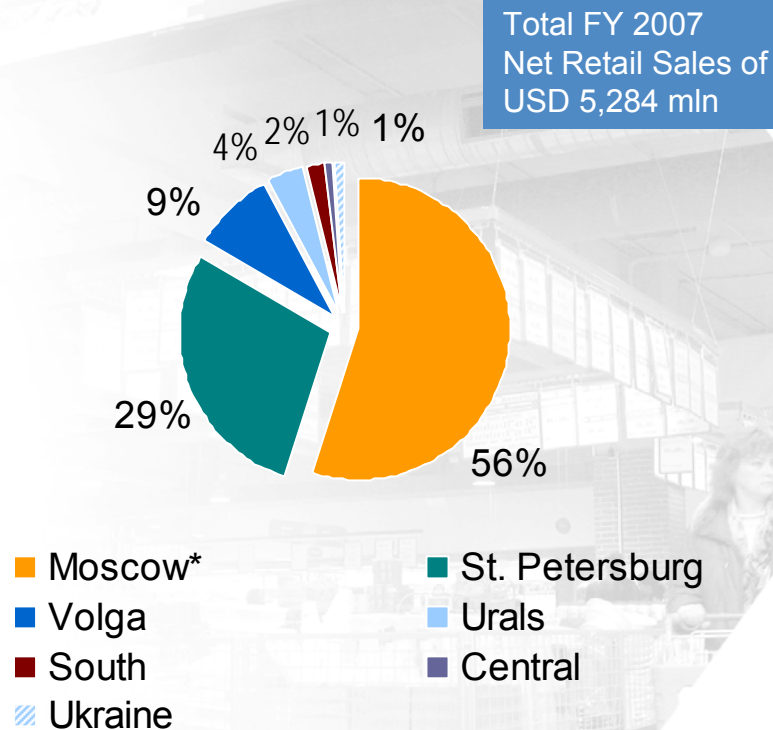
- Hypermarkets
- Supermarkets
- Soft Discounters

* As of 31 December 2007



...Strong Regional Presence...

2007 Retail Sales Break-Down by Region



2007 EOP Store Locations

	Soft Discounters	Super-markets	Hyper-markets
Moscow & Moscow region	309	105	4
St. Petersburg & North-West	244	19	0
Central	15	11	2
Volga	23	31	8
Urals	83	0	0
South	0	8	1
Ukraine	0	5	0
TOTAL	674	179	15

* Includes City of Moscow, Moscow and Yaroslav regions



Full Year 2007 Financial Highlights*

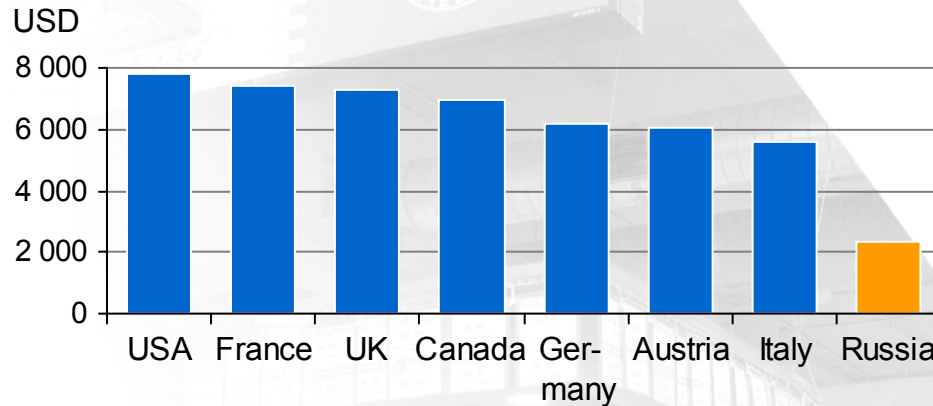
USD mln	FY 2007	FY 2006	% change, y-o-y
Net Sales, incl.	5,320.4	3,485.4	53%
Retail	5,284.3	3,460.4	53%
Gross Profit	1,403.7	928.9	51%
<i>Gross Margin, %</i>	26.4%	26.7%	
EBITDA	479.2	296.7	62%
<i>EBITDA Margin, %</i>	9.0%	8.5%	
EBIT	337.5	210.3	60%
<i>EBIT Margin, %</i>	6.3%	6.0%	
Net Profit	141.4	102.2	38%
<i>Net Margin, %</i>	2.7%	2.9%	
Net Debt, USD bln	1.5	1.0	50%

* Numbers provided in this presentation are preliminary and unaudited. 2006 P&L numbers represent final pro-forma results for 2006 as if the merger between *Perekrestok* and *Pyaterochka* took place on January 1, 2006 and take into account only two months (November and December) of *Merkado* operations. These numbers also include reclassification of product handling and delivery expenses from SG&A to Cost of Sales. 2007 P&L numbers include one month (December) of *Korzinka* operations.

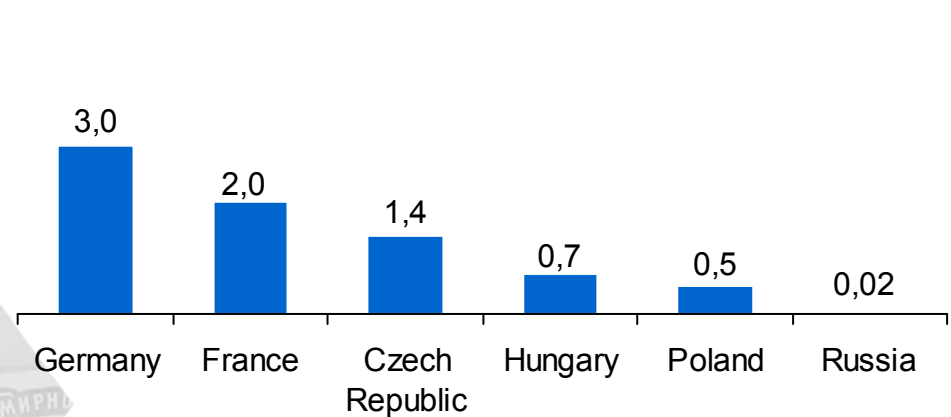


... Is Very Immature...

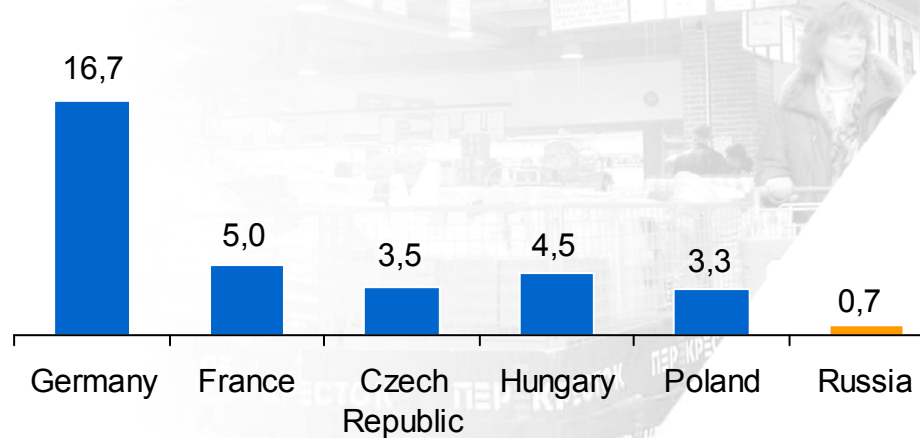
Retail Sales per Capita



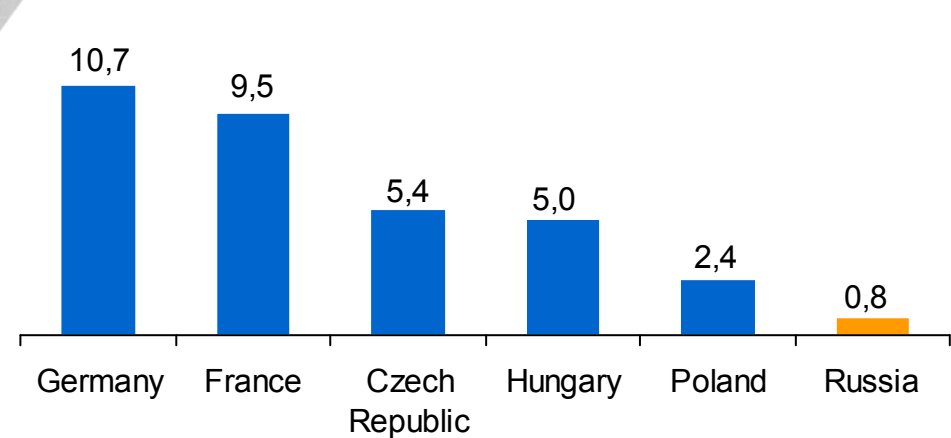
of Hypermarkets per 100,000 Inhabitants



of Discounters per 100,000 Inhabitants



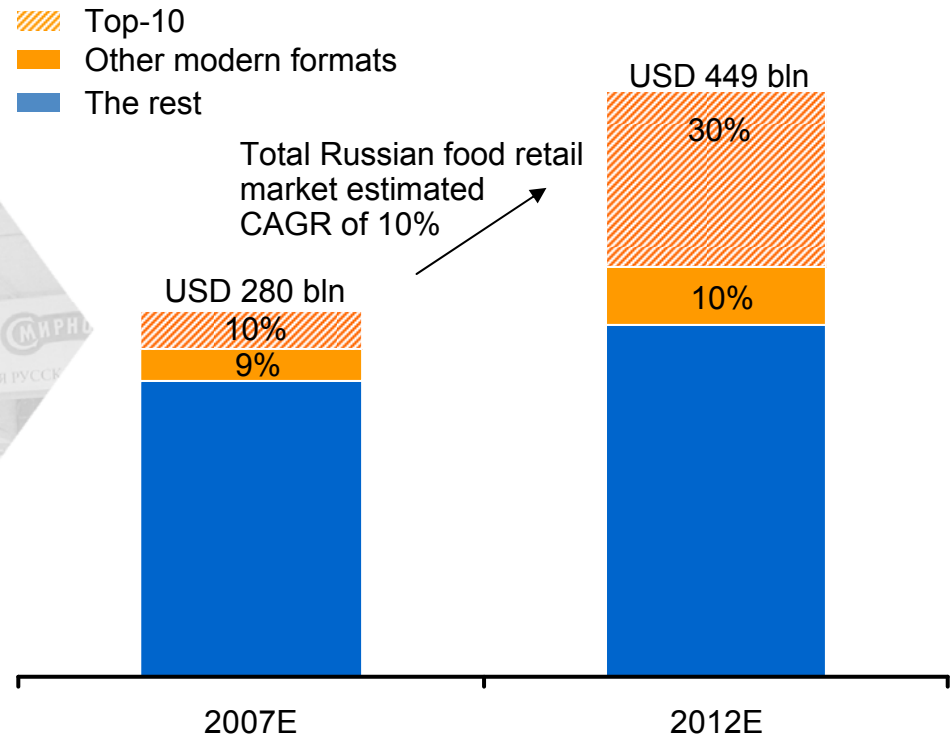
of Supermarkets per 100,000 Inhabitants



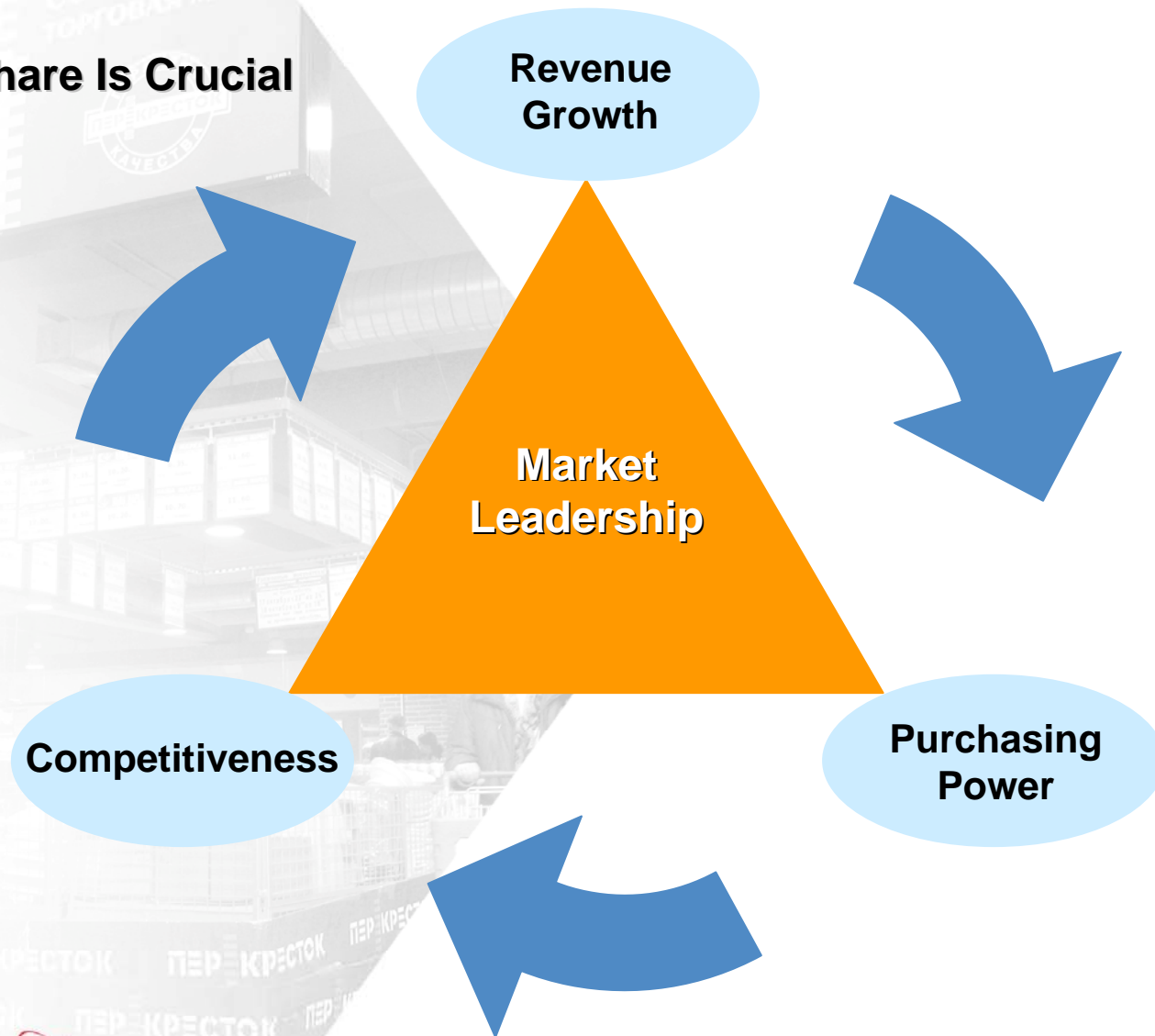
... Offering Huge Growth Potential

- The total Russian food retail market is forecasted to grow at 10% CAGR in 2007-2012 to become #1 in Europe by 2011
- Currently modern trade formats account for only 19% of the total market
- Top-10 market share is below 10%
- Historical Top-10 growth rates - 2003-2006 CAGR of 58% ...
- ...support a conservative estimate of 38% CAGR for Top-10 in 2007-2012...
- on the back of decreasing share of non-organized trade, strong organic growth & ongoing market consolidation

Russian Food Retail Market Evolution



... Market Share Is Crucial



Three Areas Of Focus To Retain & Grow Market Share

Multi-Format Approach

- Further strengthening of positions in soft discounters and supermarkets
- Gaining substantial exposure into hypermarket segment

Strong & Balanced LFL Growth

- Being better than our competitors are
- Store staff motivation
- Smart pricing
- Balanced assortment
- Innovative loyalty programs

Selling Area Growth

- Commitment to Moscow & St. Petersburg
- Expansion into the European part of Russia
- Selective tactical M&As
- Potential acquisition of Karusel

Multi-Format Approach: Soft Discounters

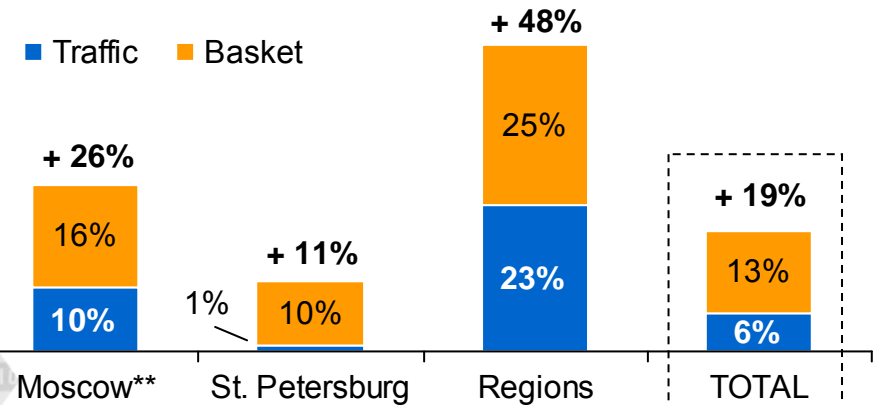
Format Highlights

- 56% of total retail sales
- Average selling area 530 sq.m.
- Average assortment 3,000 - 3,500 SKUs
- Sales per sq.m. – USD 11,375
- Non-food – 8%
- Private label – 8%

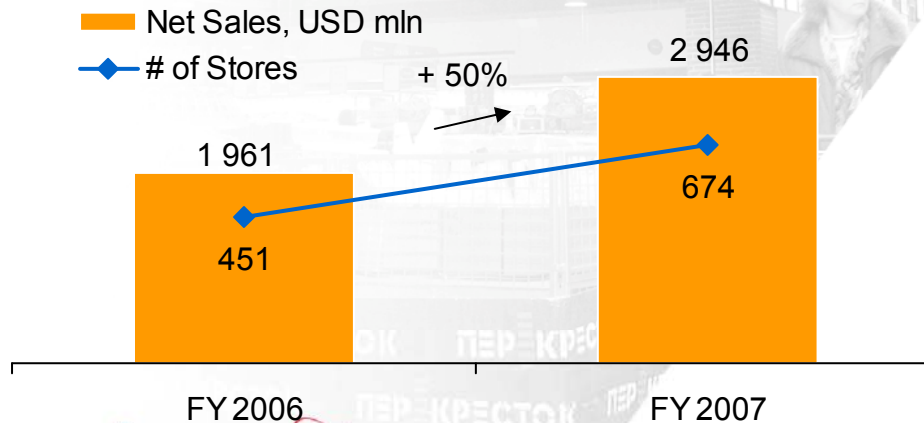


• Fresh – 46%*

2007 LFL Performance



Store Count & Sales



Value Proposition

- Convenient location
 - close to customers
 - “corner” store
- Attractive pricing
 - every day low prices
- Balanced assortment
 - limited assortment
 - strong private label
 - in/out non-food promotions
- Guaranteed quality of goods
- Focus on efficiency
 - low cost operations
- Loyalty program
 - special cards with special discounts

* fresh and perishable products, comprising dairy products, meat and meat products, vegetables and fruit

** Includes City of Moscow, Moscow and Yaroslavl regions



Multi-Format Approach: Supermarkets

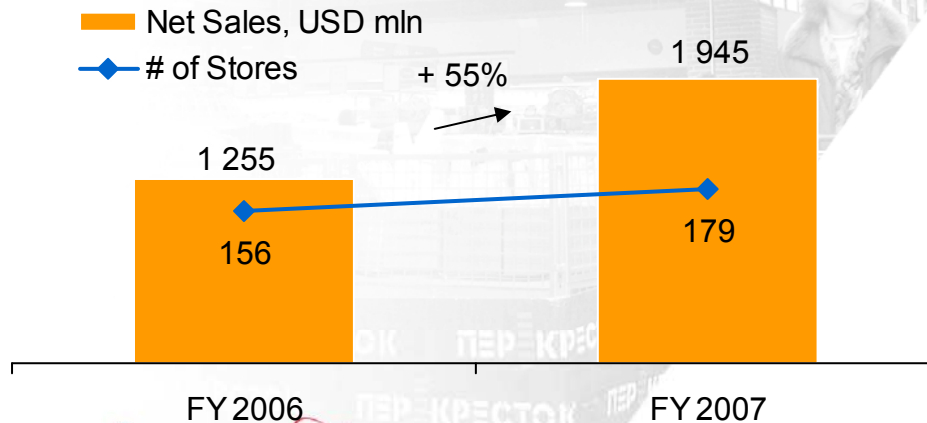
Format Highlights

- 37% of total retail sales
- Selling area
800 – 1,600 sq.m.
- Average assortment –
15,000 SKUs
- Sales per sq.m. –
USD 12,959
- Non-food – 10%
- Private label – 8%

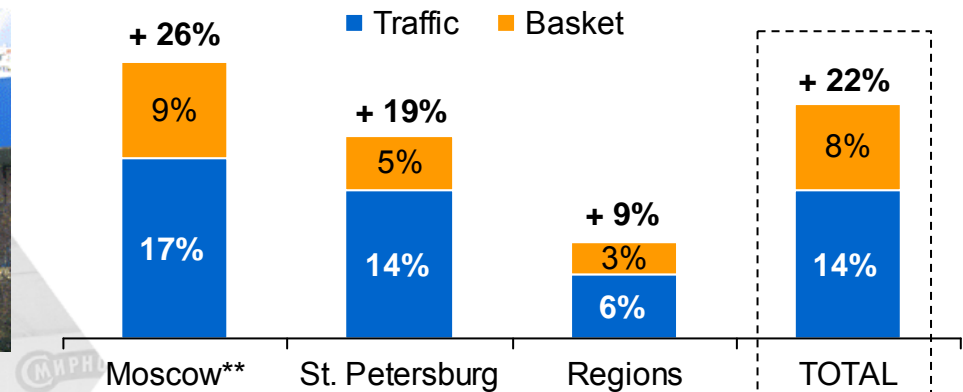


• Fresh – 41%*

Store Count & Sales



2007 LFL Performance



Value Proposition

- Convenient location
 - on the way home
 - easy access
 - convenient parking
- Active pricing policy
 - high/low
- "Saving customer time" approach
- Attractive assortment
 - full food range
 - focus on fresh
 - food-related non-food
- Focus on quality of product & service



* fresh and perishable products, comprising dairy products, meat and meat products, vegetables and fruit

** Includes City of Moscow, Moscow and Yaroslavl regions

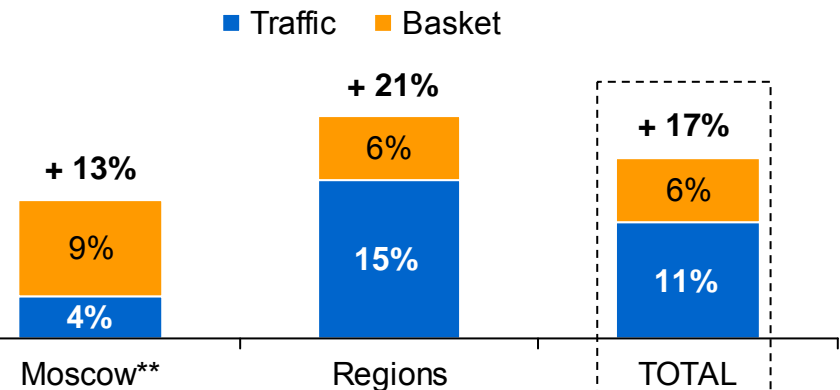


Multi-Format Approach: Hypermarkets

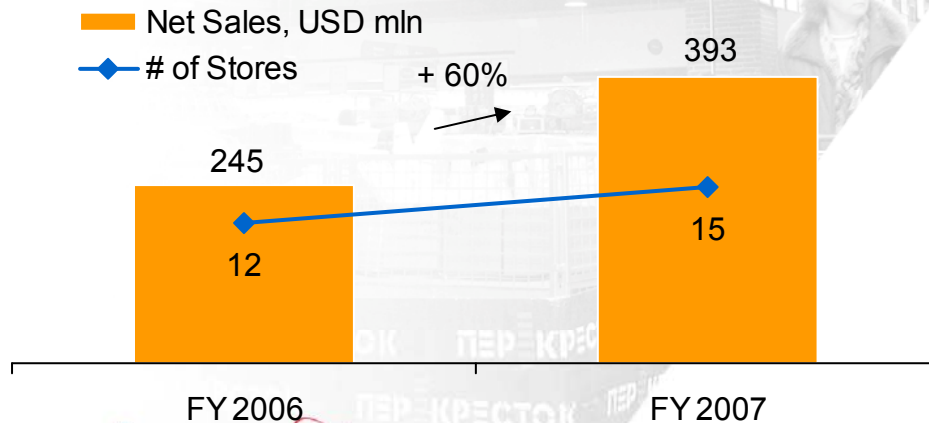
Format Highlights

- 7% of total retail sales
- Average selling area:
Compact: 4,000 sq.m.
Full-size: 5,000-10,000 sq.m.
- Average assortment:
Compact: 30,000 SKUs
Full-size: 40,000-60,000 SKUs
- Sales per sq.m. – USD 8,848
- Non-food – 20-30%
- Private label – 8%
- Fresh – 40%*

2007 LFL Performance



Store Count & Sales



Value Proposition

- Focus on fresh
 - wider choice
 - better availability
 - improved layouts
- Assortment
 - local assortment
 - better balance of assortment
 - focus on household in non-food
 - focus on non-food quality/display
 - private label
- Great prices & strong promotions
 - image of very low prices through promotions
 - campaign & seasonal planning
 - aggressive mailer drops in neighborhoods



* fresh and perishable products, comprising dairy products, meat and meat products, vegetables and fruit

** Includes City of Moscow, Moscow and Yaroslavl regions

Delivering Strong & Balanced LFL Growth

...by being better than our competitors are...

Smart Pricing & Active Promos

- Price offers for a group of SKUs during a certain period
- In/out actions
- Packaged offers

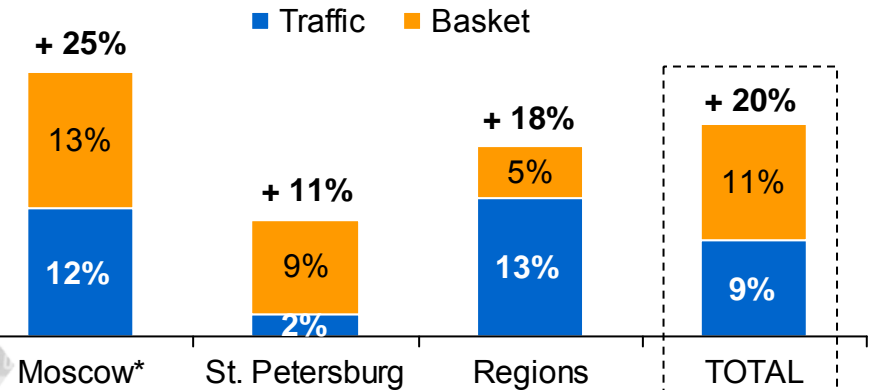
Balanced Assortment

- Increasing share and improving quality of fresh
- Own production
- Non-food
- Private label
- Increasing self-service, including pre-packaging

Innovative Loyalty Programs

- Loyalty cards
- Social programs
- Special actions

Total Group 2007 LFL Performance



Advertising & PR

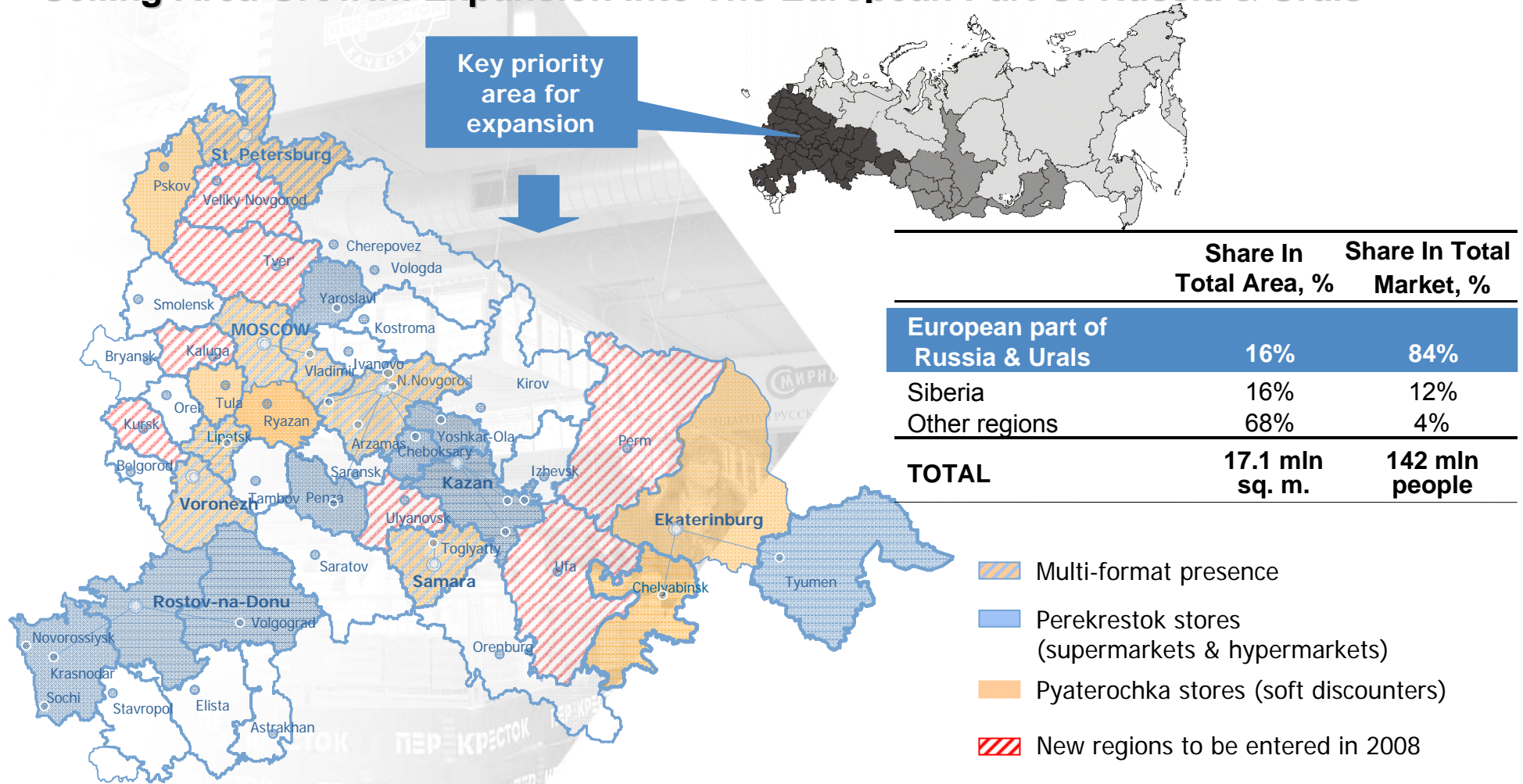
- TV
- Mass media
- Billboards
- Leaflets (both in-store & direct mailing)

* fresh and perishable products, comprising dairy products, meat and meat products, vegetables and fruit

** Includes City of Moscow, Moscow and Yaroslavl regions



Selling Area Growth: Expansion Into The European Part Of Russia & Urals



Selling Area Growth: Successful Tactical M&A Track Record

During 2006 & 2007 X5 Retail Group successfully completed three tactical M&A transaction and one franchisee chain buy-out:

Date	Company	Region	EV USD mln	Number of Stores			Selling Area sq.m.	Additional Real Estate	Total Area sq.m.
				D	S	H			
October 2006	Merkado	Moscow	200	-	16	-	14,000	DC + office building	67,000
April 2007	Pyaterochka Franchise	Urals	N/A	40	-	-	13,800	-	N/A
December 2007	Korzinka	Central	115	15	6	1	20,000	-	38,007
December 2007	Strana Gerkulesia	Moscow	65	26*	-	-	11,700	Office + construction in progress	27,100

- Re-branding, changing assortment, applying X5's pricing policy improves acquired stores' performance dramatically
- Better purchasing terms, improved logistics & reduction in G&A expenses enables to achieve Group's average efficiency levels

Selling Area Growth: Potential Acquisition Of Karusel Hypermarket Chain

- Karusel is a chain of hypermarkets (22 stores at 31 Dec 2007 as reported by mass-media) varying in size from 4,000 sq.m to approximately 11,000 sq.m of selling area located in St. Petersburg, Northwestern & Volga region as well as Moscow oblast.
- For H1 2007, Karusel reported net revenue of USD 343 mln and net profit of approximately US\$ 5.7 mln For FY 2007 the company reported net revenue of USD 831 mln.
- On 16 January 2008 X5 Retail Group N.V announced that it had sent an Option Notice to the shareholders of Formata Holding B.V. (owners of Karusel) on execution of its rights under a Call Option Agreement with respect to the purchase of 100% of the shares of Formata
- X5 Retail Group has begun carrying out due diligence on Formata's legal, tax, financial, business, real estate standing, etc.
- Exercise of the Call Option is conditional upon X5's satisfaction with the due diligence results and must take place by the later of 1 July 2008 or three months after the provision to X5 Retail Group of the audited consolidated IFRS accounts for Formata for the year ended 31 December 2007
- No less than 75% of the Option Price is payable in cash, while the remaining amount can be settled by newly issued X5 Retail Group shares
- The financing structure of the deal is being determined

Selling Area Growth: Potential Acquisition Of Karusel Hypermarket Chain (cont'd)

The amount payable by X5 Retail Group for the exercise of the Call Option is the aggregate of:

- (a) the lesser of:
 - (i) 1.1 multiplied by consolidated net sales of Formata; or
 - (ii) 14.5 multiplied by the greater of
 - i. EBITDA; or
 - ii. 5% of consolidated net sales of Formata; plus
- (b) the value of the land and other real estate in the course of construction (where business is not carried out as at 31 December 2007), as determined by an independent real estate valuer; less
- (c) the aggregate amount of Formata's net debt,

In each case calculated by reference to Formata's audited consolidated IFRS accounts for the year ended 31 December 2007



Logistics Infrastructure Is Vital For Efficiency & Competitiveness

X5 Distribution Network: Current vs Planned

- Total DCs area operated by X5 currently is appr. 144 thousand sq.m.
- Current average level of centralization for the total Company is 46%
- Own DCs area targeted to reach 600-700 th. sq.m. in 5 years with 10 regional DCs across European part of Russia
- 2012 targeted levels of centralization:
 - 90% for discounters
 - 85% for supermarkets
 - 75% for hypermarkets

Expected Results

- Significant improvement in availability
- Cost optimization, including
 - Improved labor productivity
 - More efficient store area utilization
 - Decrease in inventories
 - More efficient left-over management
- Cost compensation through increase in supplier bonuses
- Support for promo activities and private label development
- Support for fresh offers

Creation of a professional distribution operator for retail in Russia



IT & Management Systems To Support Aggressive Growth Targets

➤ Human resources support and business-processes improvement

- Creation of an efficient organizational structure
- Introduction of an operating model for multi-format regional operations
- Optimization of staff recruitment, management and education

➤ Upgrading Information Technologies

- ERP system implementation, incl.:
 - Master data management
 - Merchandising
 - Finance
- Implementation of HR administration system
- New generation software for store operations

	FY 2007A	FY 2008E
Sales Growth (excl. FX)	44%	36-38%
LFL Sales Growth (excl. FX)	20%	~10%
Net Selling Space Growth	143,100 sq.m.	140– 160,000 sq.m.
New Hypermarkets	3	8*
Storage Area (DC) Growth	78,100 sq.m.	40,000 sq.m.
Capital Expenditure	USD 0.87 bln	USD 1.2– 1.4 bln
Gross Margin, %	26.4%	25.8– 26.2 %
EBITDA Margin, %	9.0%	8.8 – 9.0%
Net Debt/EBITDA	3.2x	≤ 4x

Please note that 2008 outlook numbers do not take into account potential acquisition of *Karusel* hypermarket chain. However, these figures include contribution of tactical M&A transactions that are treated by the Company as organic development.