



Investor Presentation

August 2011

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I. Introduction

II. Q2 2011 Operational Results & Q2 2011 Financial Results

III. 2011 Strategic Priorities and Long-Term Vision

IV. Kopeyka Integration Update

- X5's **FY 2010** pro-forma net sales reached USD 13 billion
- The Company reported consolidated net sales of USD 4.0 billion for **Q2 2011**
- As of 30 June 2011 Company operated **2,683** multi-format stores (**1,605** th. sq. m. of net selling space)
- Over **1.2 billion** check-out transactions recorded in 2010
- Historical **#1 position** in Moscow and St. Petersburg
- Leading positions in several other cities with population $\geq 500,000$
- **Market leadership** further enhanced by Kopeyka acquisition
- Almost **94 thousand employees**

Russia's Leading Food Retailers

Company	FY 2010 Net Retail Sales (USD mln) ⁽¹⁾	% in Top-10	% in Total Market ⁽²⁾
X5 Retail Group ⁽³⁾	11,280	26.0%	5.0%
Kopeyka ⁽⁴⁾	1,799	4.1%	0.8%
Magnit	7,777	17.9%	3.4%
Auchan	5,944	13.7%	2.6%
Metro C&C	4,678	10.8%	2.1%
Dixy	2,131	4.9%	0.9%
Victoria	1,090	2.5%	0.5%
O'Key	2,690	6.2%	1.2%
Lenta	2,325	5.4%	1.0%
Seventh Continent	1,466	3.4%	0.6%
Spar	1,278	2.9%	0.6%
Monetka	906	2.1%	0.4%
Total	43,364	100.0%	19.2%

(1) X5 estimates for non-public companies. (2) Based on estimated gross sales, i.e. including VAT; total market size (food retail) – USD 263 USD bln as reported by Rosstat. (3) Acquired Kopeyka stores' sales are included only in December, 2010. (4) For 11 months 2010.



X5 Operates Stores for Every Lifestyle and Family Budget

As at 30 June 2011

Soft Discounters



2,245 stores⁽¹⁾
62% of sales

Net selling space: from 300 to 800 sq. m.
Average assortment: 3,000 SKUs
Pricing policy: Lowest price in the market on 100% of assortment
Value proposition: Price and convenience



Supermarkets



314 stores⁽²⁾
22% of sales

Net selling space: from 800 to 1,500 sq. m.
Assortment: 6,000 – 16,000 SKUs
Pricing policy: Best price in supermarkets
Value proposition: Quality, service, choice



Hypermarkets



70 stores⁽³⁾
15% of sales

Net selling space: from 3,000 to 10,000 sq. m.
Assortment: 20,000 – 50,000 SKUs
Pricing policy: Lowest price in the market on basic assortment, super offers for card holders on the rest
Value proposition: Wide choice at low price

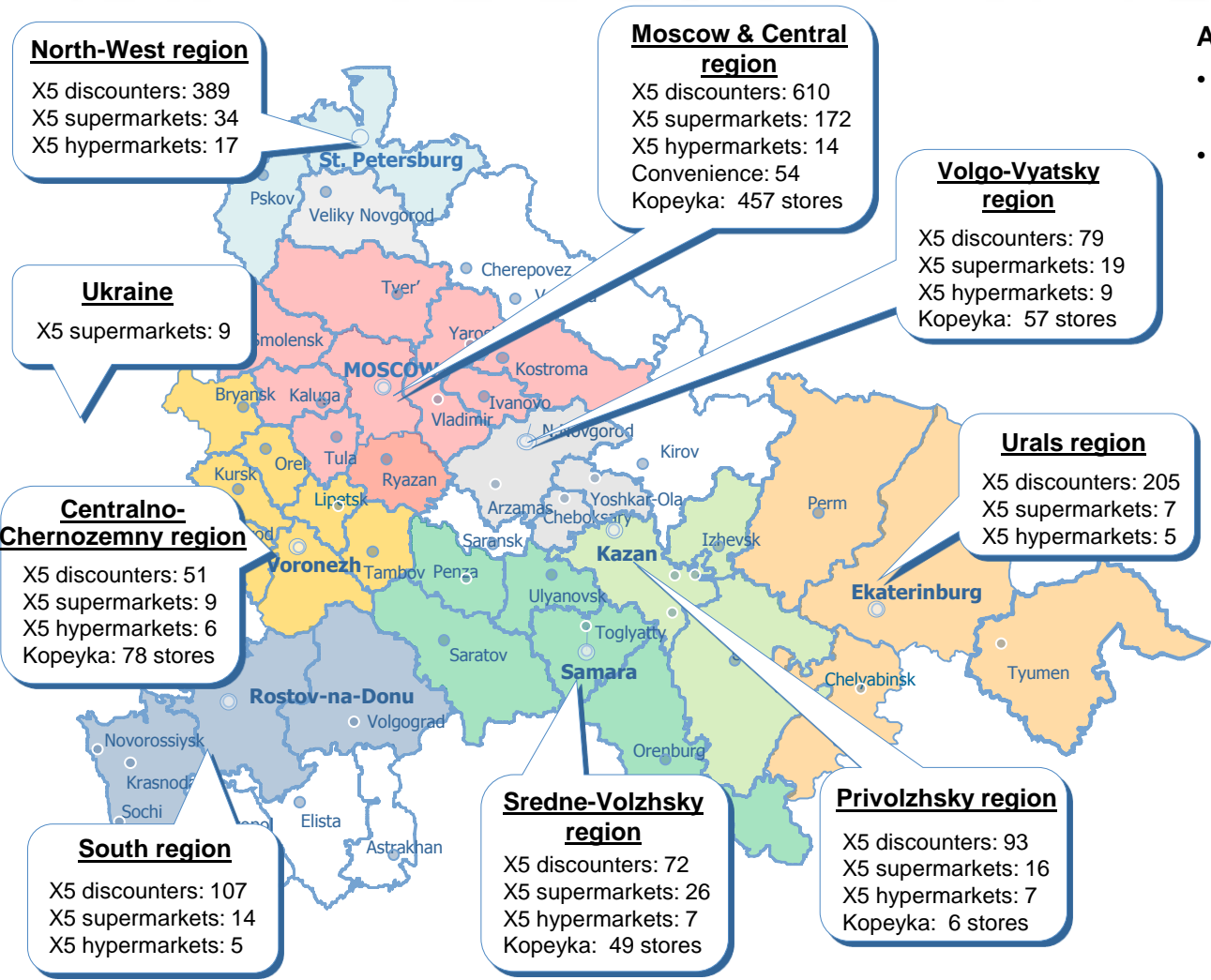


(1) Including 315 Kopeyka stores already rebranded as Pyaterochka and 324 stores to be rebranded as Pyaterochka.

(2) Including 1 Kopeyka stores already rebranded as Perekrestok and 7 stores to be rebranded as Perekrestok. (3) Including two Pyaterochka-Maxi stores.

X5's Multi-Format Approach Enables the Company to:

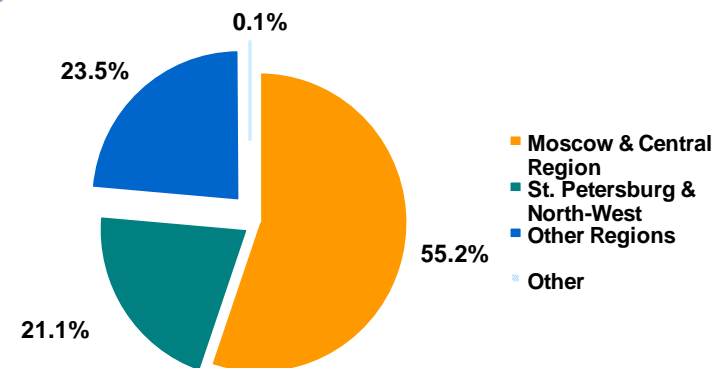
- Appeal to diverse customer segments and regional demographics
- Ensure a balance between growth and profitability
- Scale efficiencies in purchasing power, IT and supply chain logistics
- Respond effectively to economic climate and shifts in consumer preferences
- Share knowledge and best practices in private label, loyalty programs, etc.
- More efficiently integrate acquired stores with varying sizes and formats



As at 30 June 2011, X5:

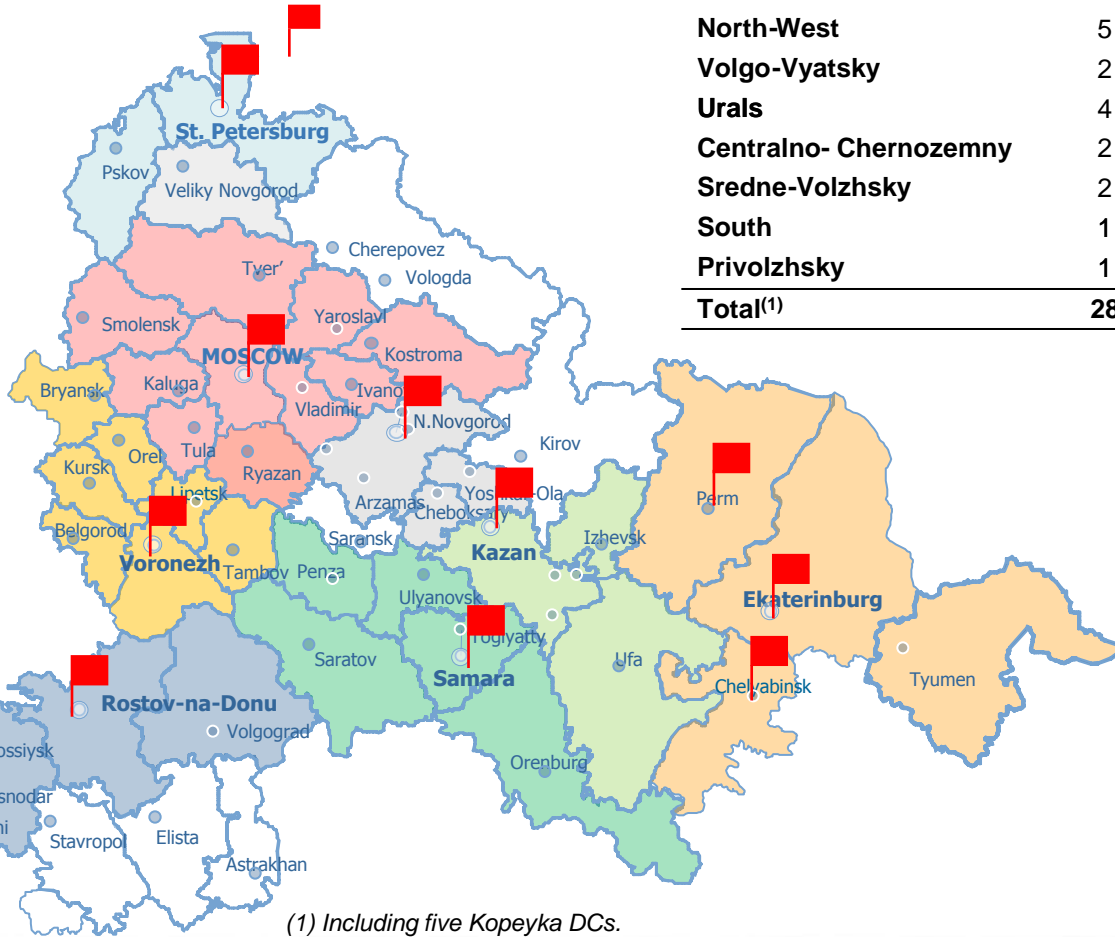
- Multi-format presence in 52⁽¹⁾ cities of European Russia, the Urals and Ukraine
- Operated 2,683 stores in total (1,605 thousand sq. m. in selling space), including:
 - ✓ 2,245 Pyaterochka soft discounters, including 315 Kopeyka stores rebranded as Pyaterochka and 324 to be rebranded
 - ✓ 314 Perekrestok supermarkets, including one Kopeyka store rebranded as Perekrestok and seven to be rebranded
 - ✓ 70 Karusel and Pyaterochka-Maxi hypermarkets
 - ✓ 54 convenience stores

H1'11 Net Retail Sales by Region



(1) With population over 200,000 people.

DC locations as at 30 June 2011⁽¹⁾



Region	# of DCs	000 sq. m.	Dry	Fruit & Veg.	Fresh	Frozen	Non-Food
Central	11	254.1	v	v	v	v	v
North-West	5	69.9	v	v	v	v	
Volgo-Vyatsky	2	29.8	v	v	v	v	
Urals	4	27.7	v	v	v	v	
Centralno-Chernozemny	2	33.7	v	v	v		
Sredne-Volzhsky	2	20.1	v	v	v	v	
South	1	15.6	v	v	v		
Privolzhsky	1	13.1	v	v	v		
Total⁽¹⁾	28⁽¹⁾	464.0⁽¹⁾					

- As at 30 June 2011 the Group operated 28 DCs in 10 cities with overall warehouse capacity of 464 thousand sq. m. – i.e. the Company had an operational DC in each region of operations
- We integrated five DCs previously operated by Kopeyka into our logistics infrastructure, two in the Moscow region, one in N. Novgorod, one in Voronezh and one in Samara
- The Company's supply centralization level reached 75% for the first half of 2011

I. Introduction

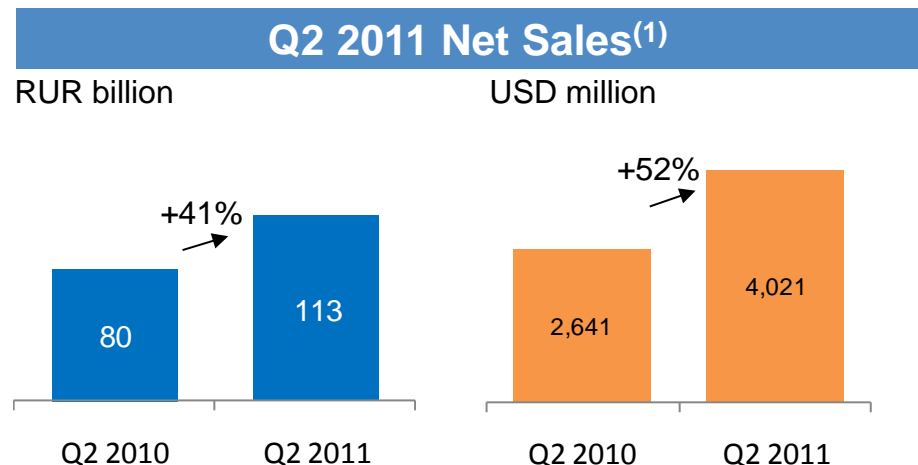
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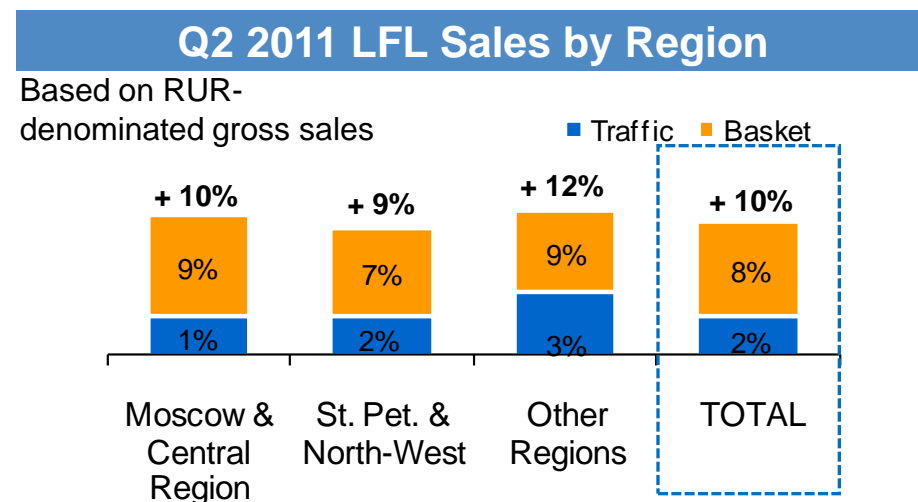
IV. Kopeyka Integration Update

In Q2 2011:

- Consolidated net sales increased 41% year-on-year in RUR terms to RUR 112,626 mln or 52% in USD terms to USD 4,021 mln
- Organic sales increased 25% in RUR terms while Kopeyka's Q2 2011 sales contributed approx. 16% to X5's consolidated Q2 2011 RUR net retail sales growth⁽¹⁾
- X5's LFL sales grew 10% in RUR terms year-on-year on strong supermarkets LFL performance of 18%, driven by 9% traffic growth
- 138 stores added on net basis
- 270 Kopeyka stores were rebranded as Pyaterochka and one as Perekrestok



Sales Growth Composition RUR	LFL, %	Organic Expansion, %	Kopeyka Contribution, %	Total Change, %
Hypermarkets	4	11		15
Supermarkets	18	9		27
Soft Discounters	9	18		27
Conv. stores	19	8		27
Total Gross Retail Sales	10	15	16	41
Translation difference				11
Total change %, incl. FX				52



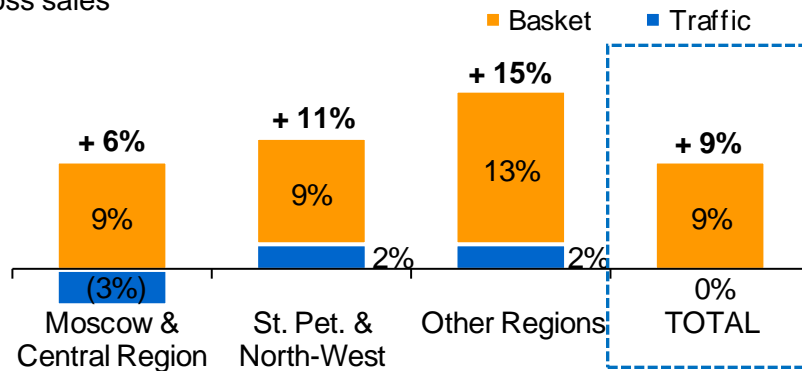
(1) Kopeyka results are consolidated from 1 December 2010.

In Q2 2011:

- Soft discounters delivered solid LFL growth of 9%. The increase was driven entirely by higher basket due to high base effect
- Supermarkets continued to demonstrate strong performance with 18% LFL growth on a 9% rise in traffic and 9% basket increase
- Hypermarkets LFL growth was 4% on 5% higher basket and 1% lower traffic. Their performance was especially solid in Central region (+10% LFL), but was adversely affected by high competition in Saint-Petersburg (-1% LFL)

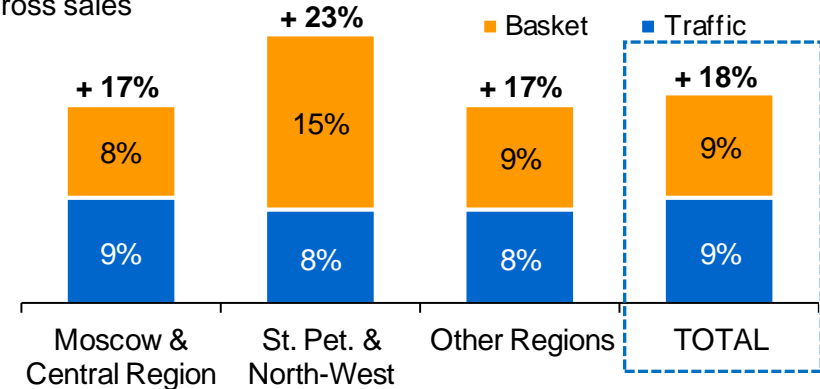
Discounters' Q2 2011 LFL Performance⁽¹⁾

Based on RUR-denominated gross sales



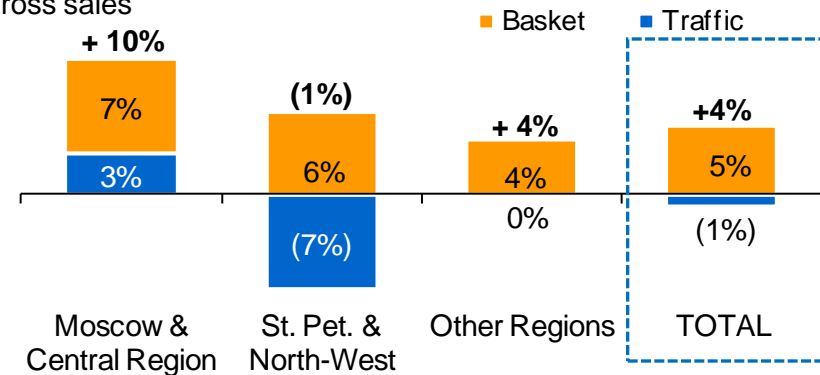
Supermarkets' Q2 2011 LFL Performance⁽¹⁾

Based on RUR-denominated gross sales



Hypermarkets' Q2 2011 LFL Performance

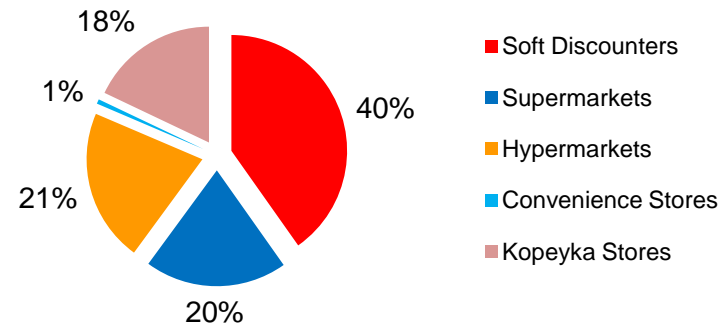
Based on RUR-denominated gross sales



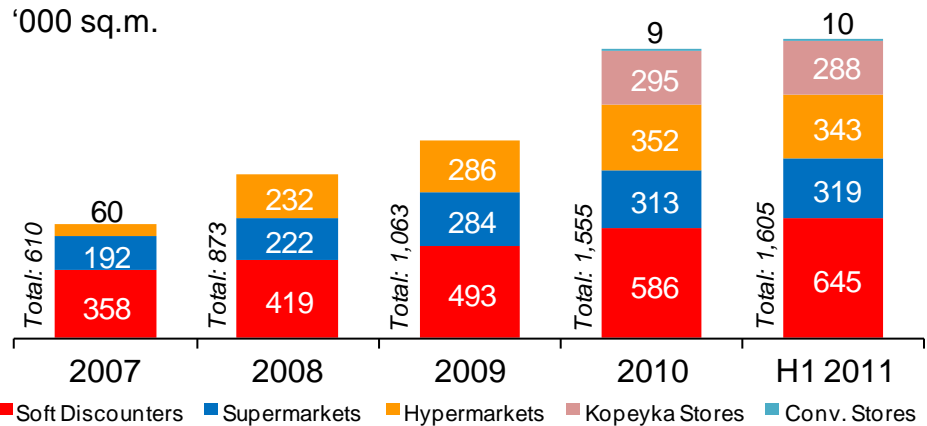
(1) Kopeyka stores' sales are not included in LFL calculation.

- In Q2 2011 X5 added a net 138 stores, which includes 134 soft discounters, three supermarkets, seven convenience stores and closure of five Kopeyka stores and one hypermarket, for a total expansion of net selling space of 34 thousand sq. m.
- During the first six months 2011 X5 has added a net 214 stores and the Company is on track to deliver on its plans for 540 new stores in 2011, with the majority to be opened in the second half of the year

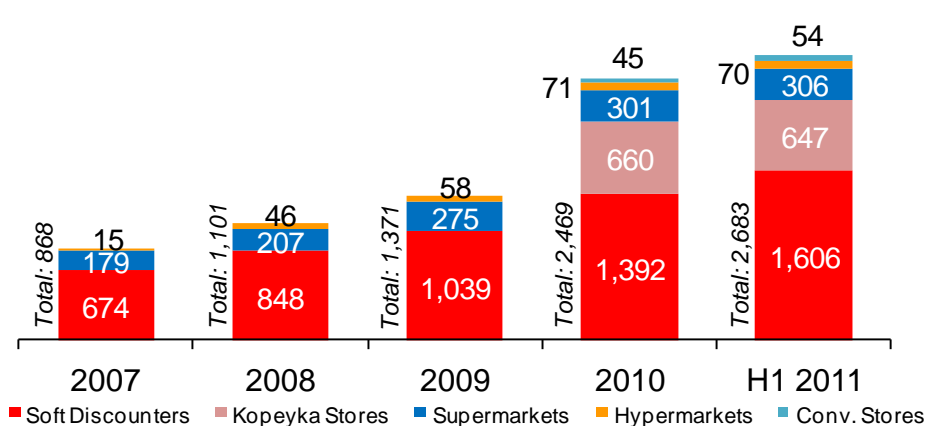
Selling Area by Format



Net Selling Space



Number Of Stores



USD mln	Q2 2011	Q2 2010	% change y-o-y
Net Sales	4,021.4	2,640.9	52%
incl. Retail	4,006.0	2,637.7	52%
Gross Profit	946.2	637.8	48%
Gross Margin, %	23.5%	24.1%	
SG&A	(822.5)	(522.6)	57%
% of revenue	20.5%	19.8%	
ESOP Expense	21.5	(8.4)	n/a
% of revenue	(0.5%)	0.3%	
EBITDA	284.9	220.3	29%
EBITDA Margin, %	7.1%	8.3%	
Operating Profit	172.9	146.9	18%
Operating Margin, %	4.3%	5.6%	
Net FX Result	4.2	(72.4)	n/a
Profit before tax	99.7	44.6	124%
Income Tax Expense	(26.2)	(19.7)	33%
Net Profit	73.5	24.9	195%
Net Margin, %	1.8%	0.9%	

(1) Kopeyka results are consolidated from 1 December 2010.

- **Net sales** increased 41% year-on-year in RUR terms to RUR 112,626 mln or 52% in USD terms to USD 4,021 mln;
- **Gross profit** totaled USD 946 mln, for a gross margin of 23.5%;
- **EBITDA** amounted to USD 285 mln, for an EBITDA margin of 7.1%;
- **SG&A expenses** as a percentage of revenue increased by 70 bp year-on-year to 20.5%. A significant portion of the increase is attributable to Kopeyka consolidation and integration effects;
- **Net finance costs** increased 159% year-on-year in USD terms and 139% in RUR terms due to higher debt;
- **Effective tax rate** totaled 26%. ESOP program favorable effect and an FX gain realized had a positive impact on the effective tax rate for the period;
- **Net profit** increased 195% year-on-year to USD 73 mln, for a net margin of 1.8%.

(1) Kopeyka results are consolidated from 1 December 2010.

USD mln	Q2 2011	Q2 2010	% change y-o-y
Net Cash Flows Used in Operating Activities	(65.6)	(9.5)	589%
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	293.3	238.6	23%
<i>Change in Working Capital</i>	(241.7)	(176.9)	37%
<i>Net Interest and Income Tax Paid</i>	(117.2)	(71.2)	65%
Net Cash Used in Investing Activities	(171.6)	(84.9)	102%
Net Cash Generated from Financing Activities	244.7	130.0	88%
Effect of Exchange Rate Changes on Cash & Cash Equivalents	5.3	(7.7)	n/a
Net Increase in Cash & Cash Equivalents	12.8	27.8	(54%)

- As of the end of June 2011, the Company's total debt amounted to USD 4,098 mln (at RUR exchange rate of 28.08), out of which 15% was short-term (USD 635 mln) and 85% long-term (USD 3,464 mln). Ruble-denominated borrowings accounted for 90% of X5 net debt at 30 June, 2011;
- As of 30 June 2011, the Company had access to RUR-denominated credit facilities of approximately RUR 125.9 billion (approximately USD 4.5 billion). Of this amount, approximately RUR 57.1 billion (approximately USD 2.0 billion) represented available undrawn credit lines with major Russian and international banks.

USD mln	30-Jun-11	% in total	31-Mar-11	% in total	31-Dec-10	% in total
Total Debt	4,098.4		3,795.3		3,684.8	
Short-Term Debt	634.8	15%	593.4	16%	508.0	14%
Long-Term Debt	3,463.7	85%	3,201.9	84%	3,176.8	86%
Net Debt	3,946.9		3,656.5		3,414.0	
Denominated in USD	388.8	10%	382.2	10%	385.8	11%
Denominated in RUR	3,558.1	90%	3,274.3	90%	3,028.2	89%
FX, EoP	28.08		28.43		30.48	
Net Debt/EBITDA (RUR) ⁽¹⁾	3.59x⁽²⁾		3.42x⁽³⁾		3.70x⁽⁴⁾	

(1) Debt covenants are set in RUR terms in accordance with loan facilities the Group maintains.

(2) Based on pro-forma EBITDA of RUR 30,861 mln, i.e. including Kopeyka from 1 July 2010.

(3) Based on pro-forma EBITDA of or RUR 30,359 mln, i.e. including Kopeyka from 1 April 2010.

(4) Based on pro-forma EBITDA of RUR 28,131 mln, i.e. including Kopeyka from 1 January 2010.

Gross sales to exceed RUR 500 billion (inclusive of VAT) representing top-line growth of over 40%.

- **Net new store addition: ~ 540 stores**

- Discounters: over 500,
- Supermarkets: 20-25,
- Hypermarkets: 5-10.

- **Capital Expenditures of up to RUR 35 bln (exclusive VAT)**

- New store openings: 55%,
- Integration of Kopeyka: 12%,
- Maintenance & reconstruction: 15%,
- Logistics: 7%,
- IT & other: 11%.

- **Kopeyka integration fast-tracked:**

Approx. 650 stores to be rebranded in 2011 and most synergies from sales density increase and margin improvement to Pyaterochka level expected in 2012; full synergies to be achieved in 2013. Integration costs estimated to be RUR 5.4 bln this year, including approx. RUR 4.6 bln of CapEx and RUR 750 mln of OpEx.

New Retail Law Came into Effect as of 1 February 2010. Provisions Related to Relationships with Suppliers Became Effective as of 1 August 2010

Key Restrictions	2010 Implications for Retailers	Estimated 2011 Impact on X5
<ul style="list-style-type: none"> • Volume bonuses limited at 10%; framework of services introduced • Shorter payment days (depending on product shelf life): <ul style="list-style-type: none"> • 10 days for goods that expire within 10 days • 30 days for products with an expiry period of 30 days • 45 days for other products produced in Russia • 25% market share limit in Moscow, St. Petersburg & municipalities 	<ul style="list-style-type: none"> • Limited impact on margins; vendors and retailers renegotiated bonus arrangements • Decrease in payable days and negative effect on working capital • Regional market share is expected to be more evenly distributed among leading players 	<ul style="list-style-type: none"> • Gross margin normalization after all supplier arrangements regain economic equilibrium through a combination of : <ul style="list-style-type: none"> • Volume bonuses • Price discounts • Service agreements • Payment days stabilization • 25% market share limitations remain intact but impact X5 only in the city of St. Petersburg and selected small municipalities, mostly in Moscow region

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Customer Focus

- Focus on formats' value propositions
- Further assortment improvements: local sourcing, private label, non-food

Organic Expansion

- Step-up in new store openings
 - Special focus on discounters, selective openings of supermarkets and hypermarkets
 - Moscow remains an important growth area, while regional expansion is concentrated on regions with existing operations to grow market share, improve local purchasing power and maximise economies of scale

Kopeyka Integration

- Kopeyka integration fast-tracked to one year

Supply Chain & IT Systems

- Further improvement of service levels and product availability to enhance competitive advantages and drive sales
- Completion of SAP introduction with roll-out of SAP for Enterprise Management

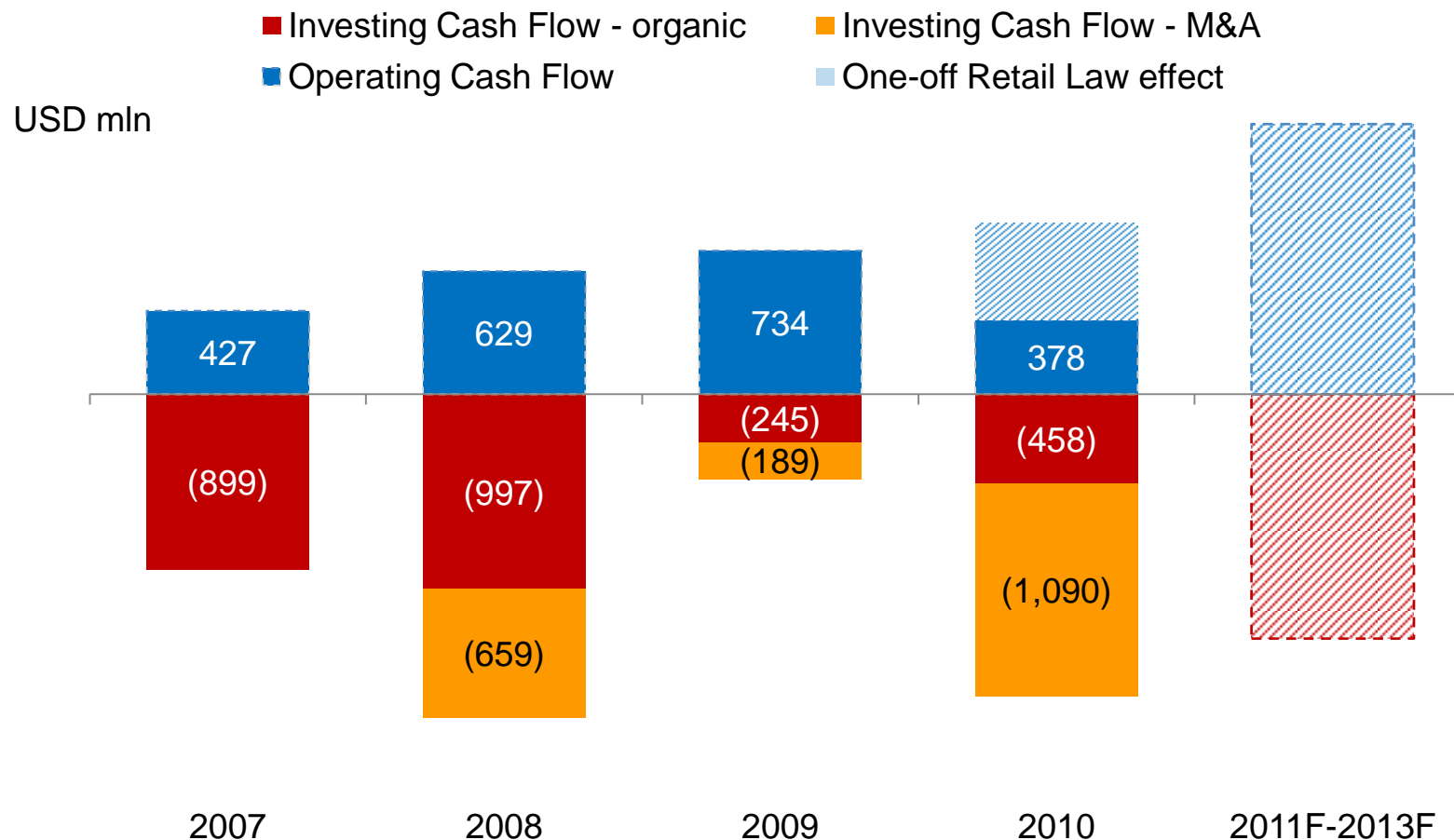
Hypermarket Turnaround

- Separation from supermarkets for more efficient management of the format
- Focus on "small boxes", further development of economy-class hypermarkets

Tight Financial Discipline

- Prudent cost management
- Focus on cash generation, working capital management and disciplined CapEx plan execution
- Gradual de-risking of the balance sheet

illustrative^{(1) (2)}



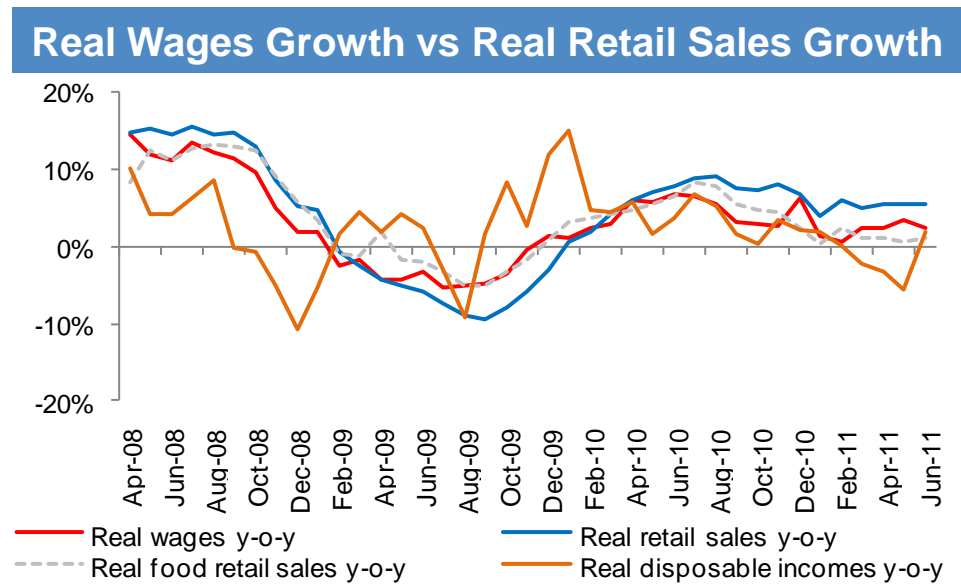
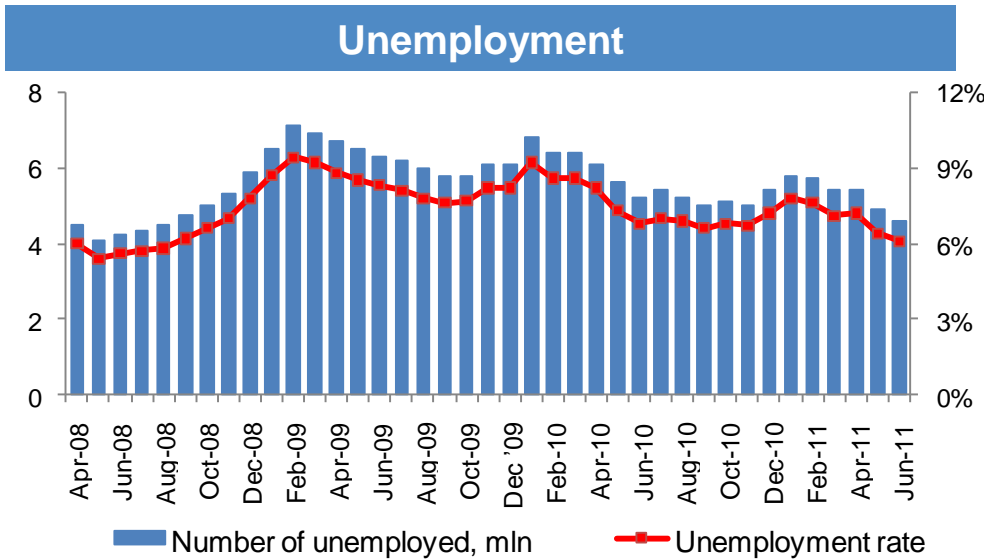
(1) 2011F-2013F cash flows – not according to scale. (2) Not including debt assumed in M&A transactions.

- **Successful Implementation of Multi-Format Strategy**
- **Low Cost, Best-in-Class Retail Operations**
- **Moscow and St. Petersburg as Cash Generators Supporting Growth of Regional Operations**



National Champion in Retail

State Duma Elections in December 2011 and Presidential Elections in April 2012 are Expected to Be Supportive for Russian Consumer Market Environment



- Unemployment has been steadily decreasing in 2011 (6.1% in June 2011 - the lowest level since September 2008) thanks to favorable seasonal hiring and growing private-sector demand for workers

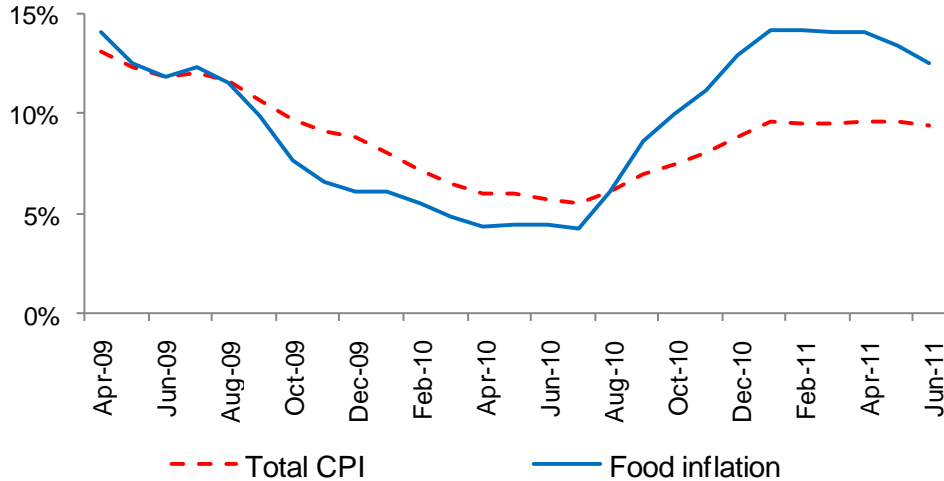
- Russia's retail sales remain robust despite progressively higher y-o-y comparisons, thanks to: (1) expanding consumer lending; and (2) gradually restoring consumer confidence amid declining unemployment
- Real disposable incomes and wages are accelerating, propelled by contracting unemployment and abating inflation pressures

Source: Rosstat

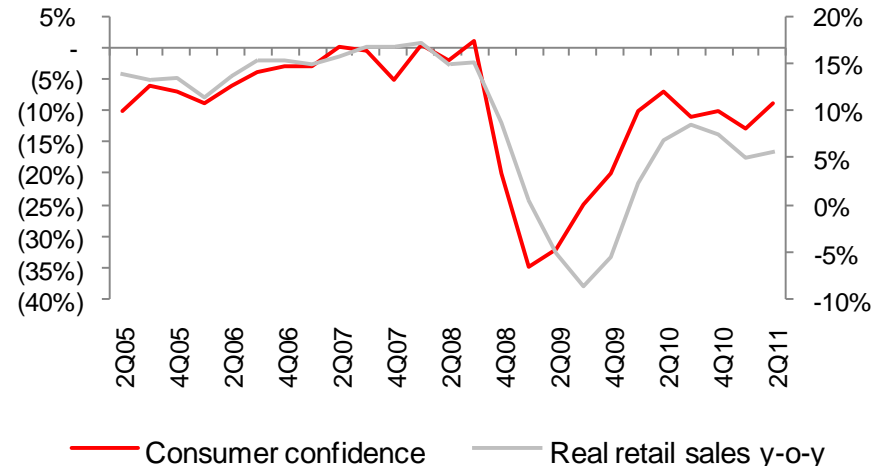


Favourable Trends in Consumer Sentiment Expected in H2 2011

Inflation Dynamics, y-o-y



Consumer Confidence Index in Russia



- Food prices are finally going down (12.5% in June 2011 y-o-y) after rising for nine months in a row thanks to government measures (grain interventions, lower import tariffs for certain foodstuffs, pressure on energy producers to lower domestic petrol prices, CBR measures); flat m-o-m utility tariffs after January hike; and positive ruble effect on import prices

- Russia's Consumer Confidence index improved in Q2 2011 after Q1 2011 setback, although still in the negative territory

Source: Rosstat

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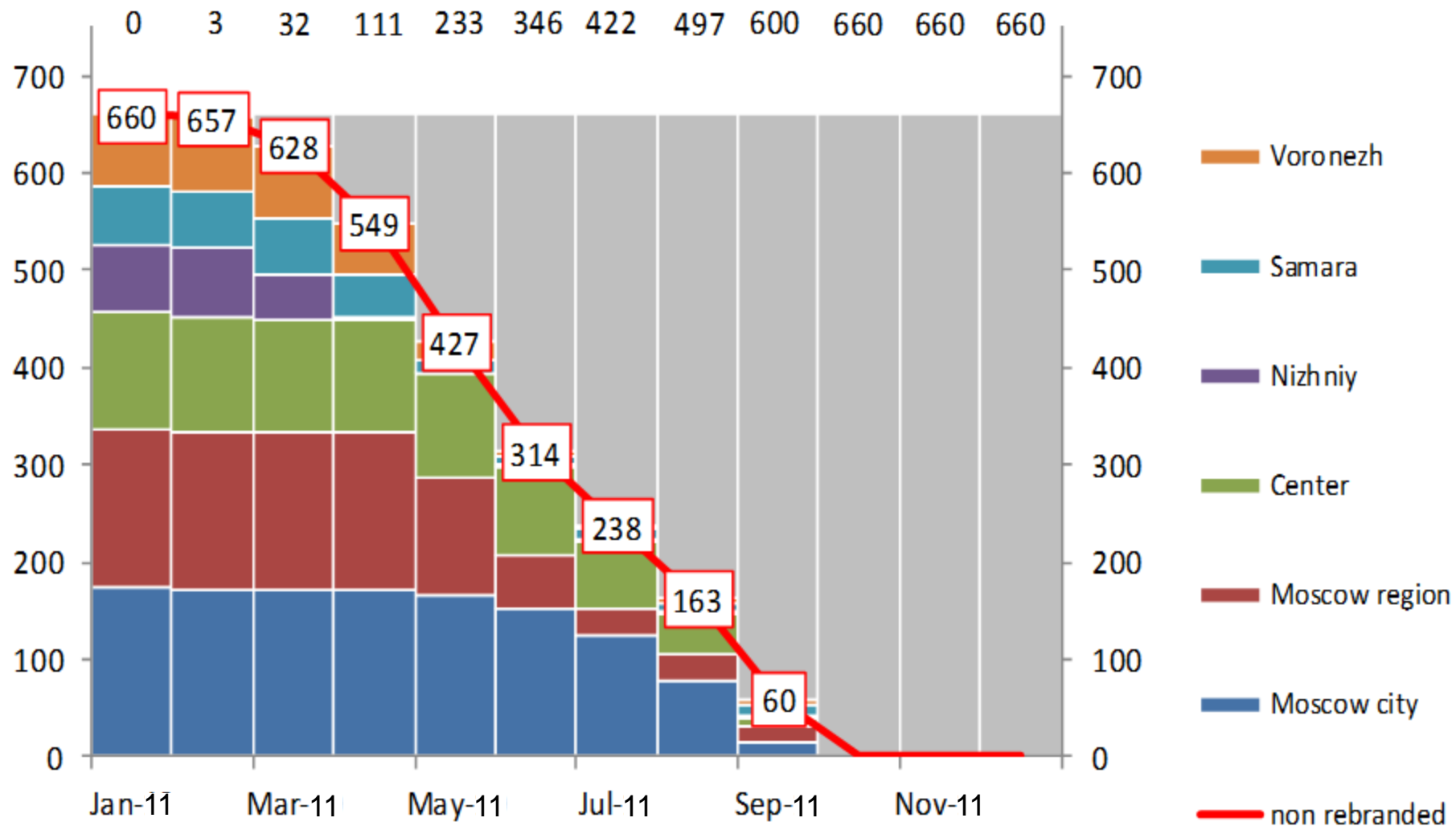
IV. Kopeyka Integration Update

As of mid-August 2011 the Company has rebranded about 500 stores

Rebranding & Re-Launch	We are undertaking substantial store remodeling efforts as we upgrade Kopeyka stores to X5's equipment standards. Additionally, we are changing Kopeyka's in-store IT systems to X5's unified IT-platform.
Merchandising	Full integration of the purchasing function is expected by the end of 2011, after all Kopeyka stores are rebranded as Pyaterochka and start offering Pyaterochka's wider assortment and lower prices.
Logistics	At the time of the acquisition, Kopeyka operated seven distribution centres (DCs) and owned about 300 trucks. X5 continues to operate five of Kopeyka's DCs and all of the acquired truck fleet. We decided to close down two DCs that did not meet X5's efficiency criteria. Three Kopeyka DCs are already operating with X5's Warehouse Management System (WMS); we plan to install the system at the other two DCs by the end of 2011.
Personnel	Store personnel training is well underway with almost 70% of Kopeyka staff trained at 30 June 2011. We are conducting training programs region-by-region in line with our store rebranding schedule. Head office integration will be largely completed by the beginning of Q4 2011.



Total integration budget is estimated at RUR 5.4 bln, including c. RUR 4.6 bln of CapEx and c. RUR 750 mln of OpEx. First synergies are expected already in 2012



EXTERIOR



BEFORE

EXTERIOR



AFTER

INTERIOR



INTERIOR



SHELVES



SHELVES



BEFORE

AFTER

SELLING SPACE



SELLING SPACE



Branch	Training centres	Staff trained as of 30.06.2011	Total staff to be trained
Volgo-Vyatsky	2	349	349
Centralno-Chernozemny	2	292	292
Sredne-Volzhsky	2	176	176
Central	5	928	1,760
TOTAL	11	1,745	2,577

- Store management staff is trained in X5's training centres (3 to 5 people from each store)
- Basic staff are trained in stores
- Training takes 5 days
- Training is followed by probation in similar stores



I. Introduction

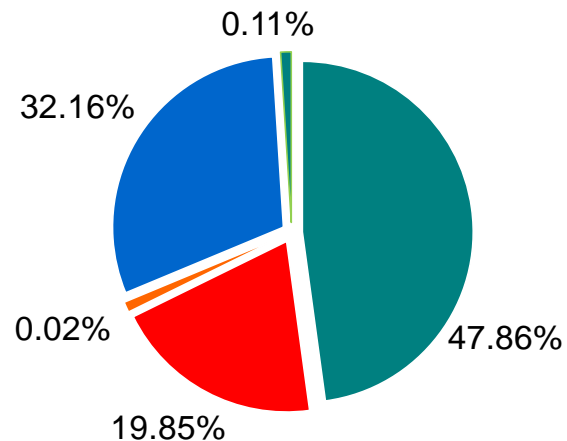
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Appendices

- Alfa Group
- Founders of Pyaterochka
- X5 Management and/or Supervisory Board members
- Free Float
- Treasury Shares



Total number of shares – 67,893,218
Equivalent of 271,572,872 GDRs

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