

Leadership In Russian Food Retail

Evgeny Kornilov
Chief Financial Officer

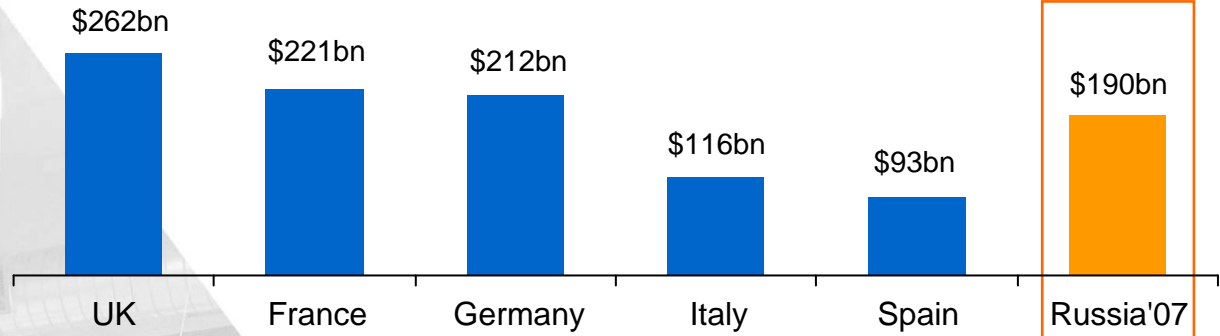
Goldman Sachs
15th Annual Global Retailing Conference

New York, September 2008



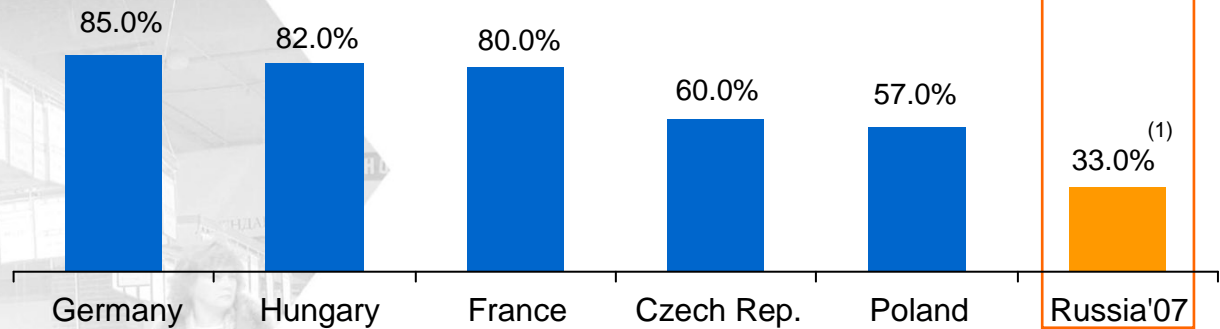
Is Amongst the Largest Food Retail Markets in Europe...

Total Food Retail Market Size in 2007



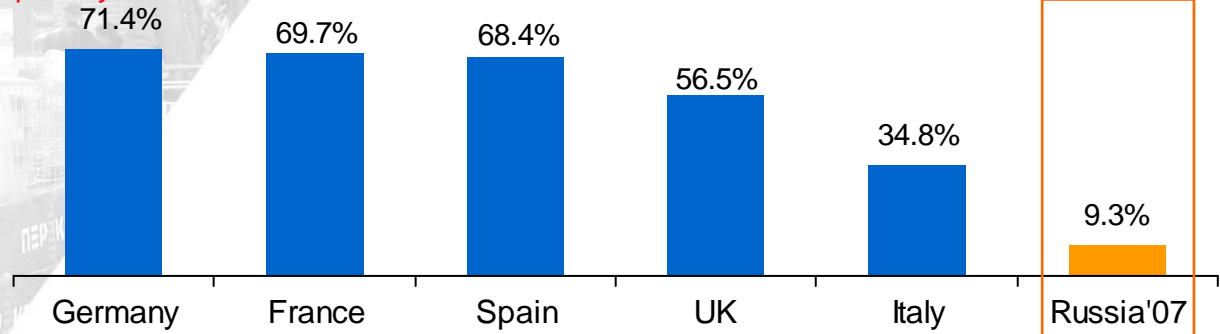
...But Still Remains Extremely Un-Organized...

Modern Format as % of Total Food Retail Market



...And Very Fragmented

Top 5 Players %

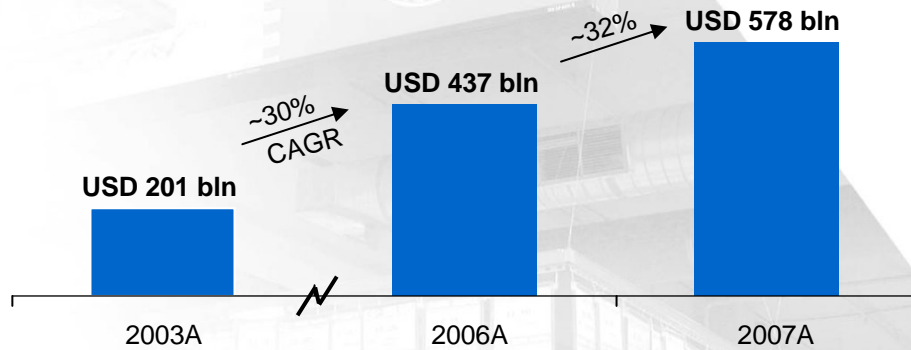


Sources: Business Analytica, Planet Retail, Rosstat.
 (1) In cities with population of above 100,000 inhabitants only



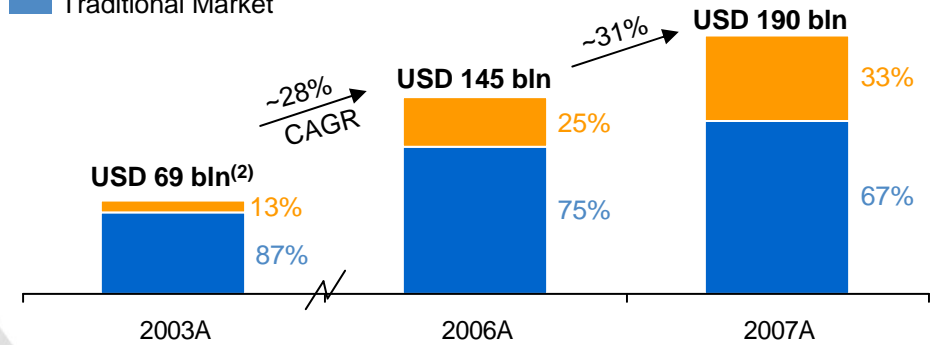
... is One of the Fastest Growing in the World

Consumer Spending



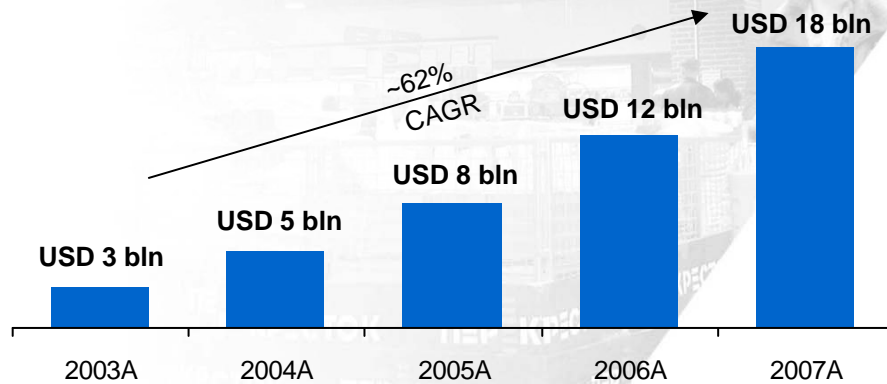
Russian Food Retail Market Evolution

■ Modern Food Retail Formats
■ Traditional Market

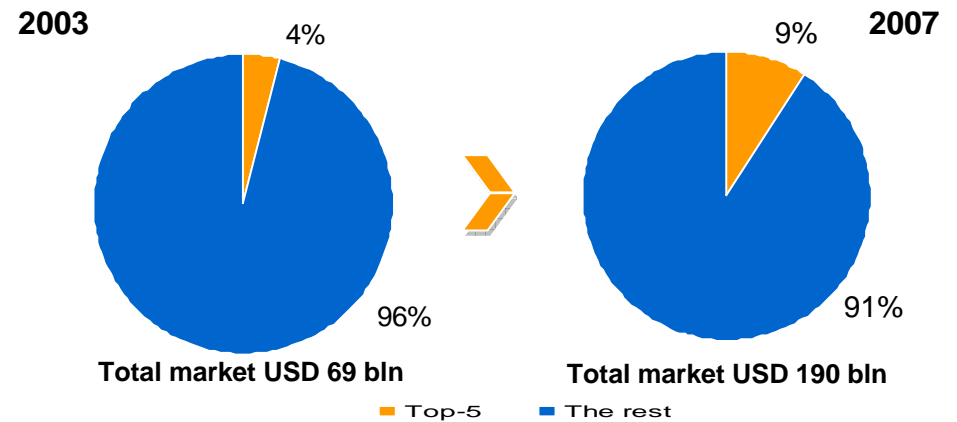


... with Top 5 Players Demonstrating Even Faster Growth Rates

Top-5 Historical Growth Rates



Top-5 Market Share, 2003 – 2007



Sources: X5 Estimates, Business Analytica

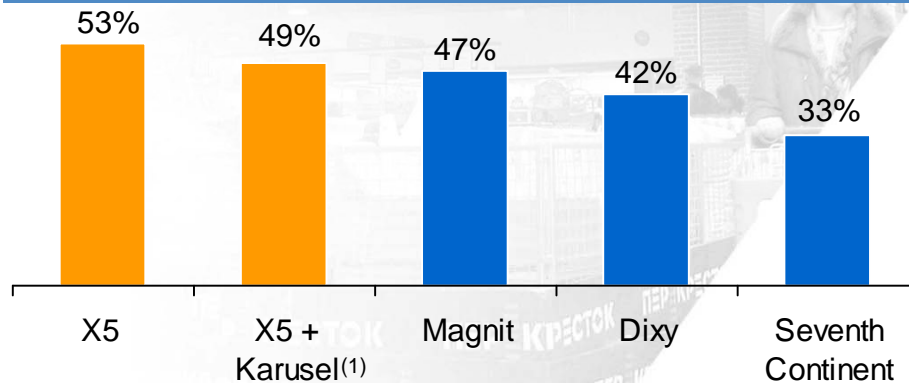


... an Unrivaled Leader in Russian Retail

X5 today..

- 2007 pro-forma⁽¹⁾ net sales - USD 6,151 million
- H1 2008 pro-forma net sales - USD 4,326 million
- 991 company-managed stores in Russia and Ukraine ⁽²⁾
- 710 stores operated by X5's franchisees across Russia and in Kazakhstan ⁽²⁾
- Over 791 thousand sq. m. of net selling space ⁽²⁾
- Over 645 million customer visits to X5 stores in 2007
- Over 390 million customer visits in H1 2008

FY 2007 Retail Revenue Growth



#	Company	FY 2007 Sales (USD mln)	% in Top-10	% in Total Market
1.	X5 + Karusel ⁽¹⁾	6,151	24.7%	3.2%
2.	Metro ⁽³⁾	3,888	15.6%	2.0%
2.	Magnit	3,677	14.7%	1.9%
4.	Auchan	3,200	12.8%	1.7%
5.	Lenta	1,560	6.3%	0.8%
6.	Kopeyka	1,490	6.0%	0.8%
7.	Dixy	1,430	5.7%	0.8%
8.	Seventh Continent	1,275	5.1%	0.7%
9.	Viktoria	1,156	4.6%	0.6%
10.	O'Key	1,115	4.5%	0.6%
Total		24,942	100.0%	13.1%



Sources: Business Analytica

(1) Including Karusel on pro-forma basis from January 1, 2007; (2) As at June 30, 2008; (3) Including Metro Cash & Carry and Real, excluding Media Markt and Saturn



Multi-Format Development

- **Multi-Format Exposure** to enable the Company to benefit in full from market growth by capturing every potential target audience
 - Continue development of **soft discount** and **supermarket** formats
 - Increase exposure in **hypermarkets** to achieve scale and market leadership in this fast growing market segment
 - **Karusel acquisition**

Diversified Geographic Presence

- Maintain leadership in **Moscow and St Petersburg**
- Increase presence in the **Regions** (European part of Russia)
- **Selective acquisition** of small chains and successful franchises

Best-In-Class Execution and Operational Efficiency

- Continuous **sales density** improvement in each of the formats
- **Supplier relationship** enhancement
- **Assortment** optimization
- Increasing share of **private labels**

Investment in Infrastructure

- Increased **supply centralization**
- **IT systems** upgrade

... Development

Soft Discount Stores



Data as at 30 June 2008

- 762 stores
- Total net selling space – 389,321sq. m.
- Average assortment – 3,500 SKUs
- Sales per sq. m. – USD 13,800
- Fresh & perishable products – 46%

Supermarkets



Data as at 30 June 2008

- 190 stores
- Total net selling space – 205,333 sq. m.
- Average assortment – 15,000 SKUs
- Sales per sq. m. – USD 15,947
- Fresh & perishable products – 41%

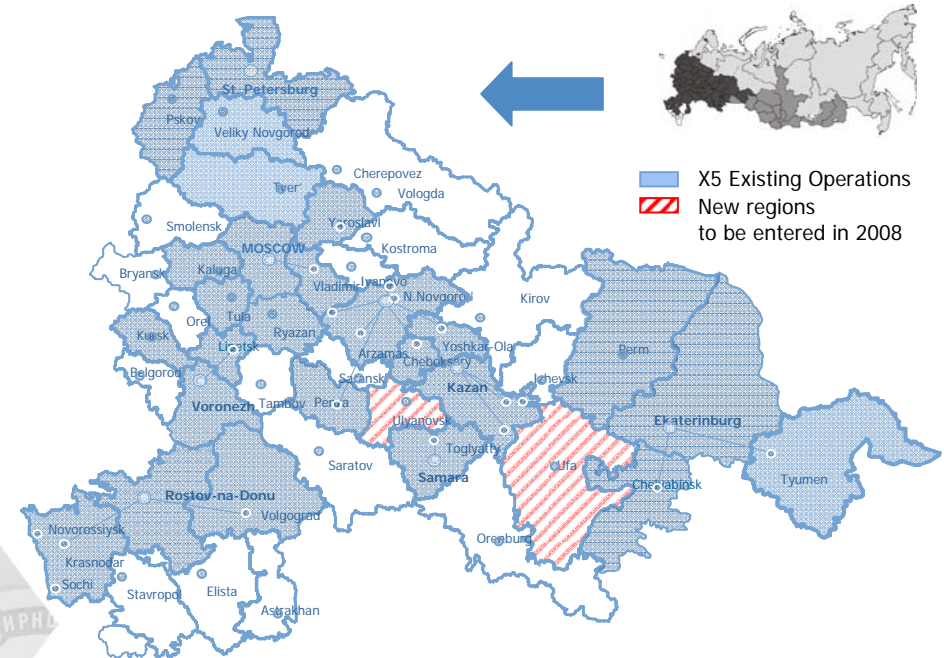


Hypermarkets

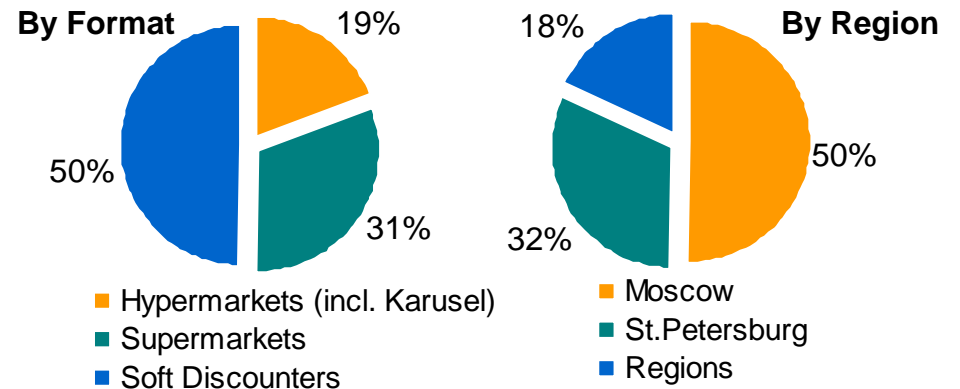


Data as at 30 June 2008

- 39 stores, including 23 Karusel hypermarkets
- Average net selling space – 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 10,897
- Fresh & perishable products – 40%



H1 2008 Sales Break Down by Format & Region (1)



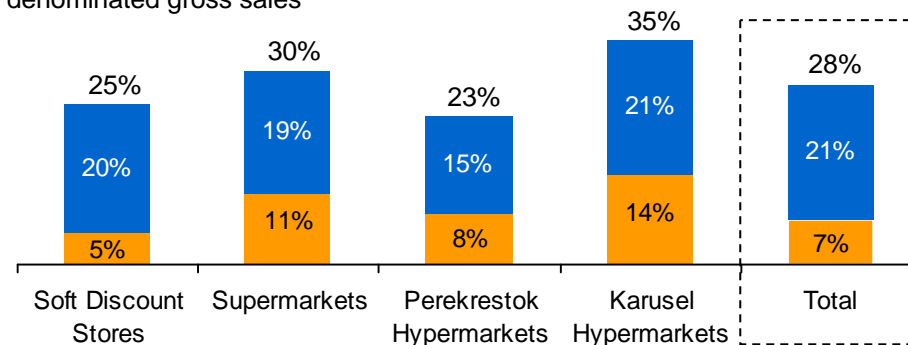
Total net retail sales incl. Karusel – USD 4,303 mln

USD mln	H1 2008 ⁽¹⁾	H1 2007 ⁽¹⁾	% change, y-o-y
Net Sales	4,325.8	2,690.8	61%
Retail	4,301.6	2,674.2	61%
Gross Profit	1,114.9	700.5	59%
% Gross Margin	25.8%	26.0%	
EBITDA	387.5	241.0	61%
% EBITDA Margin	9.0%	9.0%	
Operating Profit	265.8	149.0	78%
% Operating Margin	6.1%	5.5%	
Net Profit	152.9	42.8	257%
% Net Margin	3.5%	1.6%	
Net Debt	1,858.9	1,135.6	64%
Net Debt / EBITDA (rolling 12 m)	2.7x	3.0x	

H1 2008 LFL Performance

Based on RUR-denominated gross sales

■ Basket ■ Traffic



* Including Karusel

	As at 31 Dec 2007	As at 30 June 2008	Net added in H1-08
Stores	868	991	123
- Discounters	674	762	88
- Supermarkets	179	190	11
- Perekrestok Hypermarkets	15	16	1
- Karusel Hypermarkets	0	23	23
Net Selling Space (sq. m.)	609,209	791,854	182,645
- Discounters	357,517	389,321	31,804
- Supermarkets	191,729	205,333	13,603
- Perekrestok Hypermarkets	59,963	65,187	5,224
- Karusel Hypermarkets	0	132,014	132,014



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