X5 RETAIL GROUP

Perspectives on Russia & Ukraine

Antonio Melo
Chief Operational Officer

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ПЕРЕКРЕСТОК Пятёрочка Меркадо СУПЕРЦЕНТР

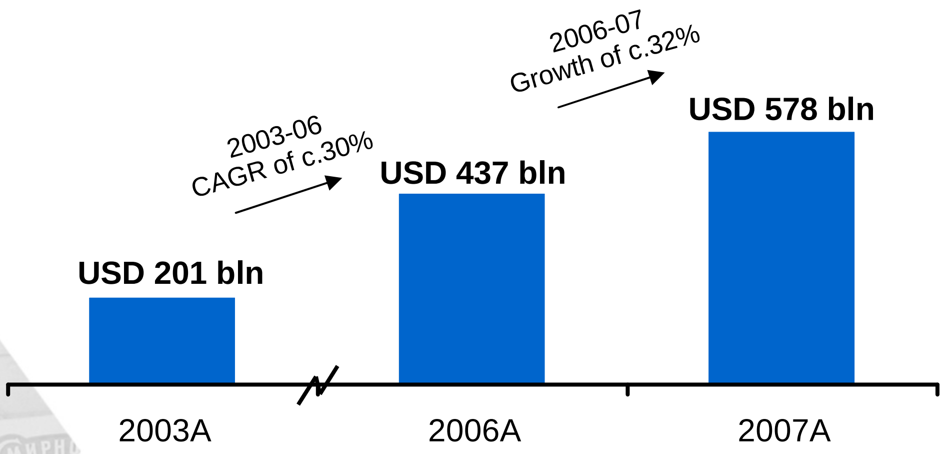
Russian Food Retail Market …

… is One of the Fastest Growing in the World …

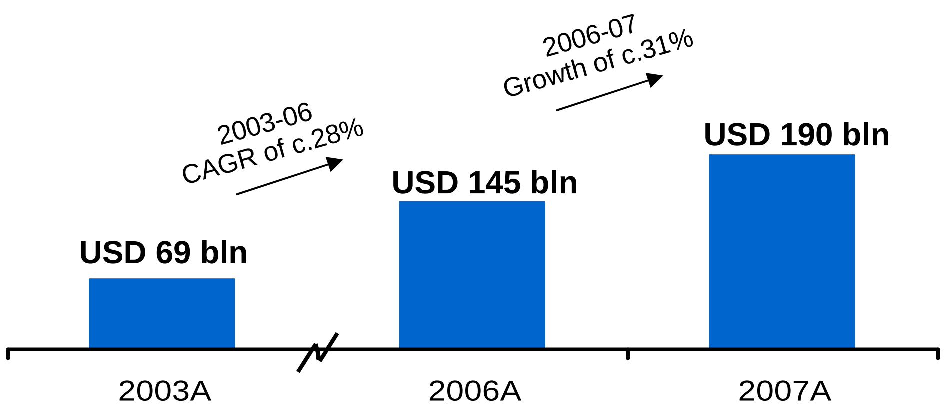
- Russian consumer spending is growing steadily
  - It increased at a CAGR of 30% from 2003 to 2006, and…
  - …grew by another 32% in 2007 over 2006

- The total Russian food retail market is following the trend
  - Growing at 28% CAGR between 2003 and 2006 (in value terms)
  - and by approximately 31.0% in 2007 over 2006

Consumer Spending



Russian Food Retail Market Evolution



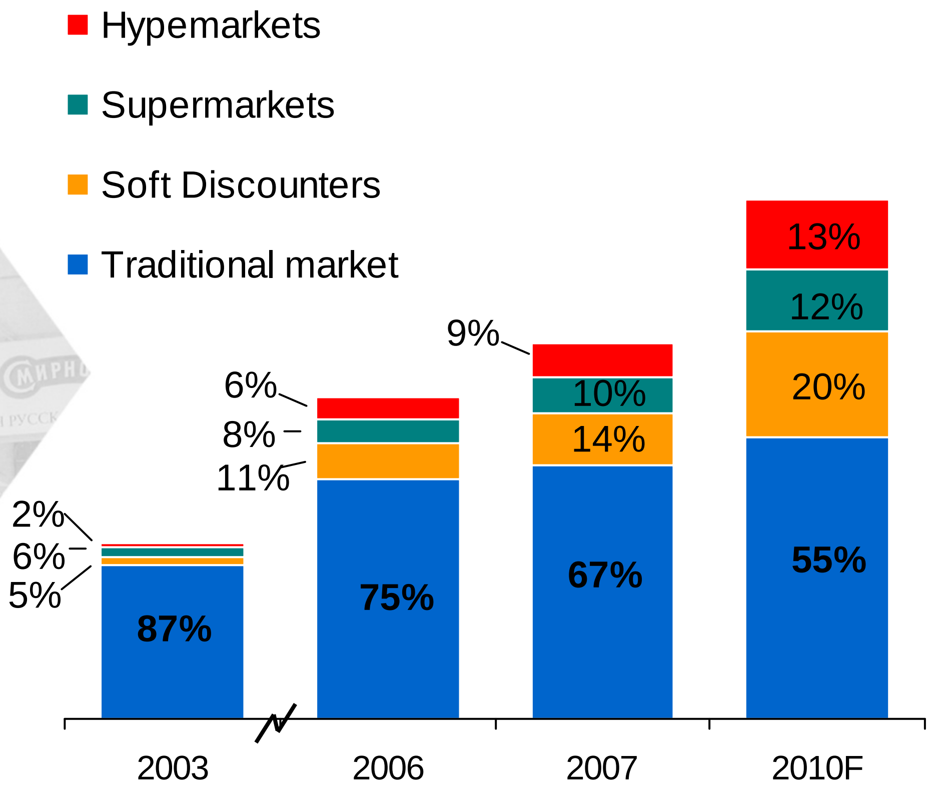
Sources: Business Analytica, Rosstat

Russian Food Retail Market

… is Very Immature

- Modern retail formats grow much faster than the total food retail market:
  - 2003-06 CAGR of 52.1%;
  - 2007 growth of 49.4%.
- But at the end of 2007 modern trade represented only 32.6% (in cities with population of above 100,000 inhabitants), which is extremely low compared to developed markets
- Share of modern retail formats is expected to reach 45.7% by 2010

Modern Formats[1] Evolution & Forecast



Sources: Business Analytica Euromonitor, Rewe; BCG estimates, 2007; Planet Retail, 2008

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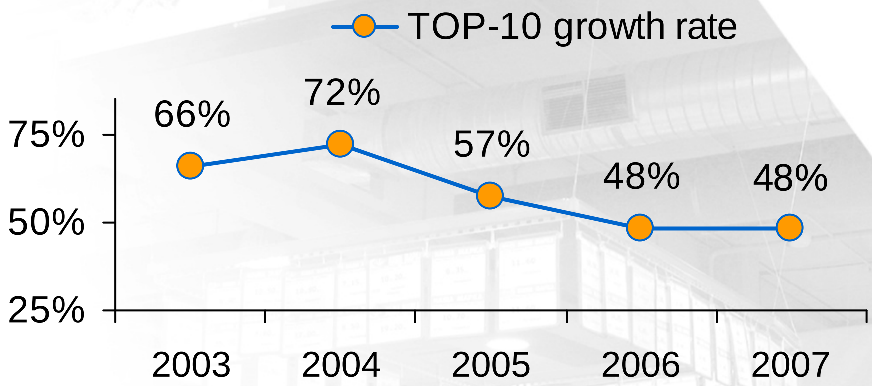
Russian Food Retail Market…

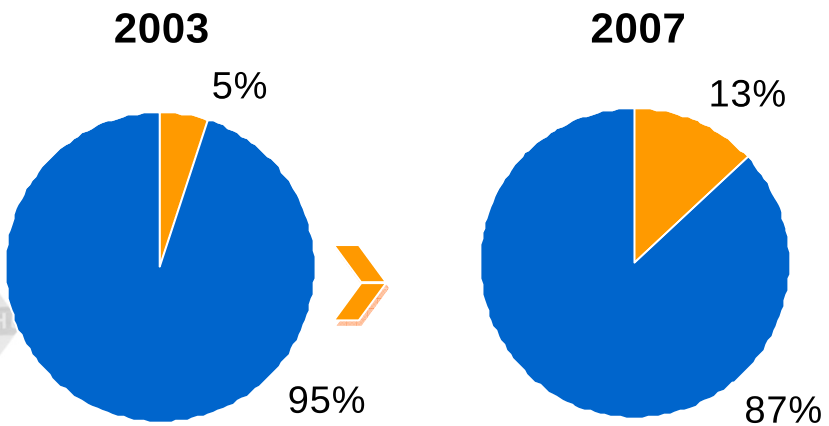
… is Very Fragmented

Top-10 Historical Growth Rates



- At the end of 2007 Top 10 players accounted for only 13% of the market compared to 60 to 80% in the European countries
- Historical Top-10 growth rates:
  – 2003-2006 CAGR of 56.3%; 2007 - 48%...
- …suggest that going forward Top-10 players will be the fastest growing part of the market…
- …on the back of decreasing share of non-organized trade, strong organic growth & ongoing market consolidation

Top-10 Market Share, 2003 – 2007



Total market USD 69 bln

Total market USD 190 bln

Top-10 The rest

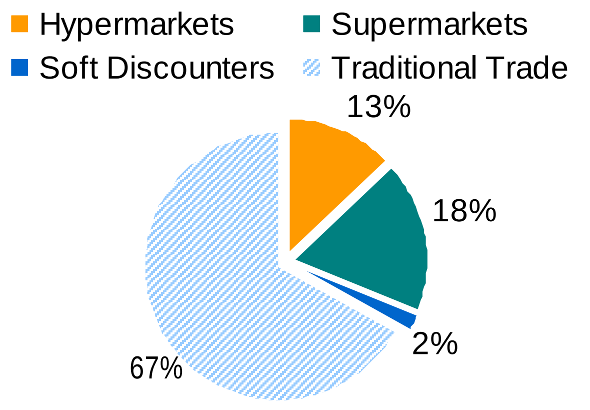
Sources: X5 Estimates, Business Analytica

Ukrainian Food Retail Market …

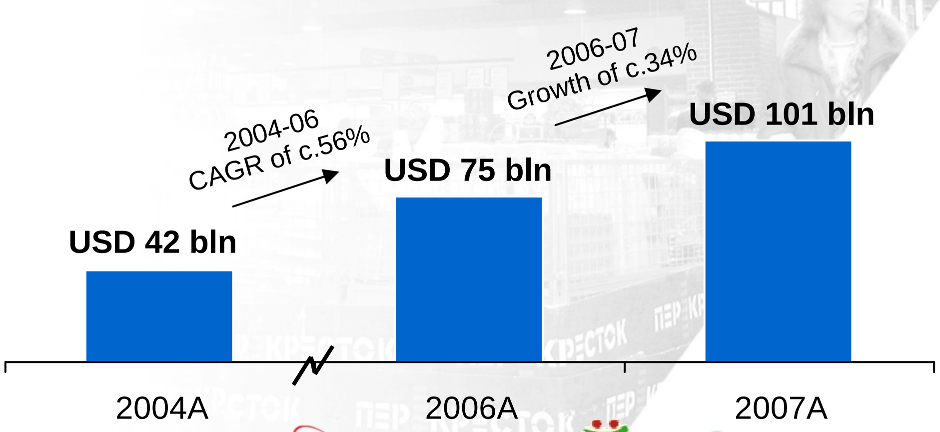
… Also Offers Significant Growth Potential…

- Second largest country in Central and Eastern Europe in terms of population
- Fast growing consumer spending
- Fast growing food retail market :
  - 2003-06 CAGR of 27.2%.
  - 2007 growth of 15.2%;
- Penetration rate of modern retail formats is also still very low (33%)

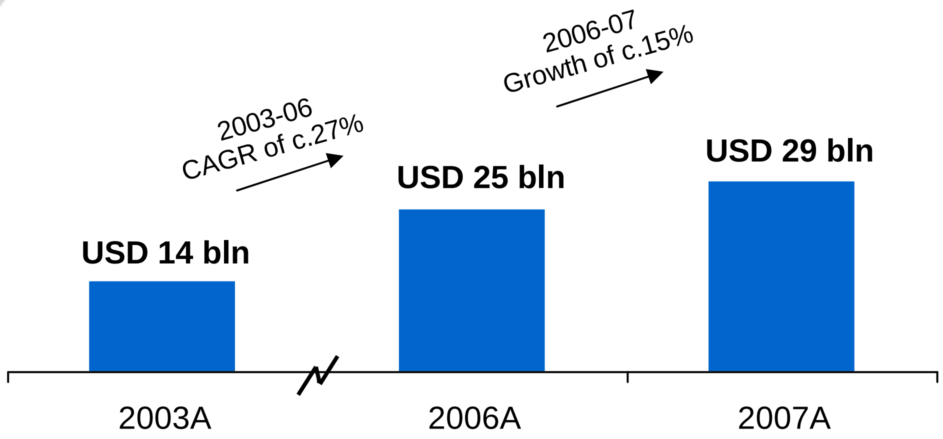
Share of Modern Retail Formats in Ukraine



Consumer Spending



Ukrainian Food Retail Market Evolution



Sources: Planet Retail, Euromonitor International

… Have Just Entered the Phase of Rapid Growth of Organized Retail

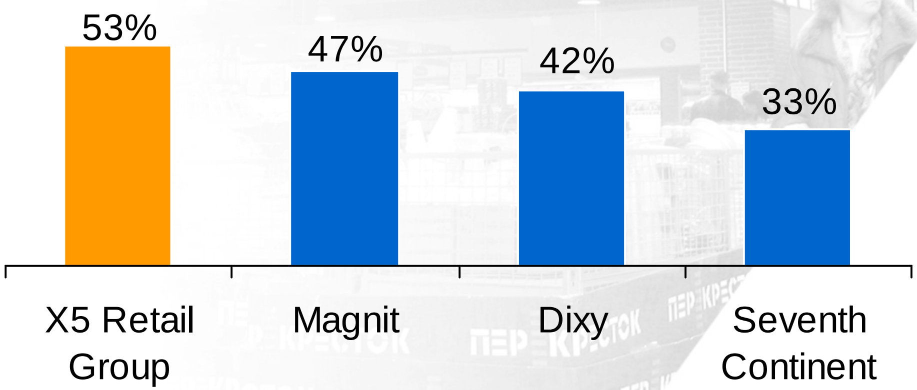
Sources: Roland Berger Strategy Consultants

… a Clear Leader in the Russian Food Retail Market

X5 today..

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

FY 2007 Retail Revenue Growth



#	Company	FY2007 Sales (USD mln)	% in Top 10
1.	X5	5,320	21.4%
2.	Metro	4,600	18.5%
3.	Magnit	3,677	14.8%
4.	Auchan	3,200	12.9%
5.	Lenta	1,560	6.3%
6.	Kopeyka	1,490	6.0%
7.	Dixy	1,430	5.8%
8.	Seventh Continent	1,275	5.1%
9.	Viktoria	1,156	4.7%
10.	O'Key	1,115	4.5%
	Total	**24,823**	**100.0%**

Sources: X5 Retail Group, Business Analytica

(1) As at 31 December 2007

Strategy Diversified Across Formats…

…The Largest Multi-Format Food Retailer In Russia

Soft Discount Stores

Data as of 31 December 2007

- 674 stores
- Total net selling space – 357,517 sq. m.
- Average assortment – 3,500 SKUs
- Sales per sq. m. – USD 11,375
- Fresh & perishable products – 46%

Supermarkets

Data as of 31 December 2007

- 179 stores
- Total net selling space – 191,730 sq. m.
- Average assortment – 15,000 SKUs
- Sales per sq. m. – USD 12,959
- Fresh & perishable products – 41%

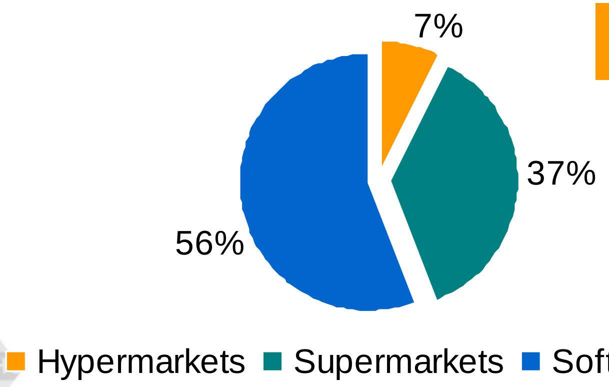
Hypermarkets

Data as of 31 December 2007

- 14 Compact & 1 Full Size Store
- 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 8,909
- Fresh & perishable products – 40%

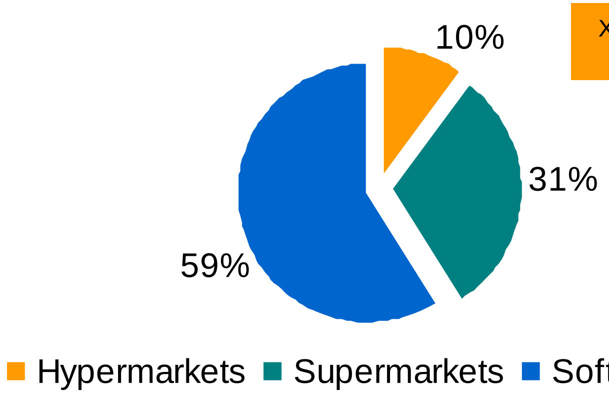
X5 '07 Sales Break Down by Format

X5 Net Retail Sales of USD 5,284 mln



X5 '07 Store Area Break Down by Format

X5 Net Selling Space of 609,210 sq. m.



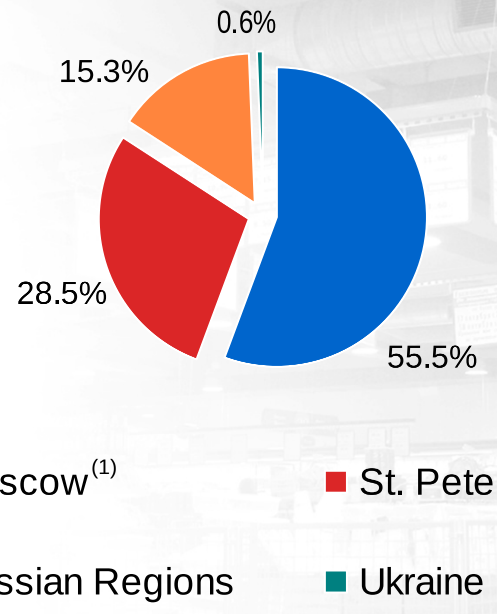
Sources: X5 Retail Group, Business Analytica
(1) in cities with population of above 100,000 inhabitants

Strategy Diversified Across Geography…

…National Presence With Leading Position in Moscow and St. Petersburg

2007 Net Retail Sales by Region

FY07 Net Retail Sales of USD 5,284 million



2007 Sales, EOP Store Locations and Selling Space

Region	FY07 Net Retail Sales ($m)	No of Stores	Net Selling Space ('000 sq. m.)
Moscow	2,934.7	418	299.8
St. Petersburg	1,506.4	263	159.1
Yekaterinburg	68.9	34	12.5
Chelyabinsk	93.0	49	18.6
Nizhniy Novgorod	223.5	38	31.4
Samara	133.3	15	19.6
Southern Russia	105.7	9	13.2
Other Russian Regions	186.7	37	48.8
Ukraine	32.1	5	6.2
Total	**5,284.3**	**868**	**609.2**

Source: X5 Retail Group
(1) Includes City of Moscow, Moscow and Yaroslav regions

Premium Growth Prospects

...Sales Growth Driven By...

Like-for-like Sales

- **Pricing Initiatives**
- **Optimising product assortment**
- **Improving merchandising / store layouts**
- **Improving loyalty programs**

New Store Openings

- **Strong pipeline of new store openings**
  - Commitment to Moscow & St. Petersburg
  - Expansion into the European part of Russia & Urals

M&A

- **Selective acquisitions of small chains and franchisee buyouts**
- **Strategic – potential acquisition of Karusel[(1)]**

Source: X5 Retail Group
(1) Acquisition is subject to satisfactory due diligence

Like-for-like Sales...

…Driven By…

Pricing Initiatives

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

Rationalizing Assortment

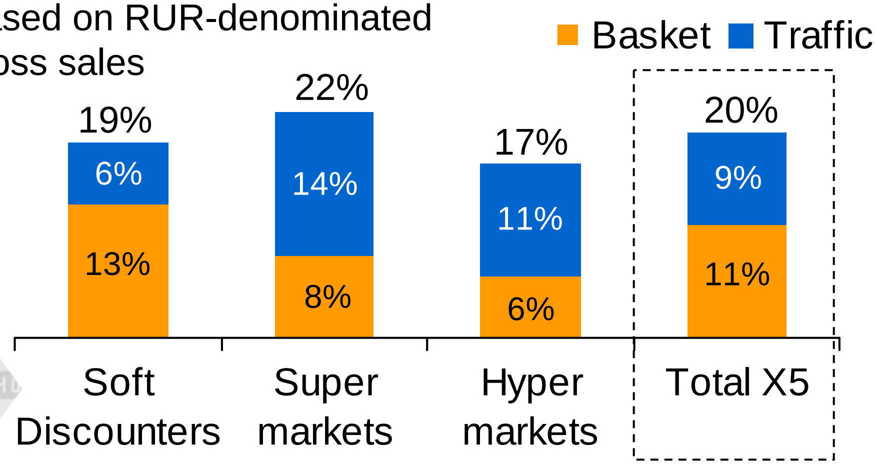
- Increasing share and improving quality of fresh & perishable products
- Non-food
- Private label
- Increasing self-service, including pre-packaging

Improving Loyalty Programs

- Loyalty cards
- Social programs

Group 2007 LFL (1) Performance by Format

Based on RUR-denominated gross sales



Merchandising & PR

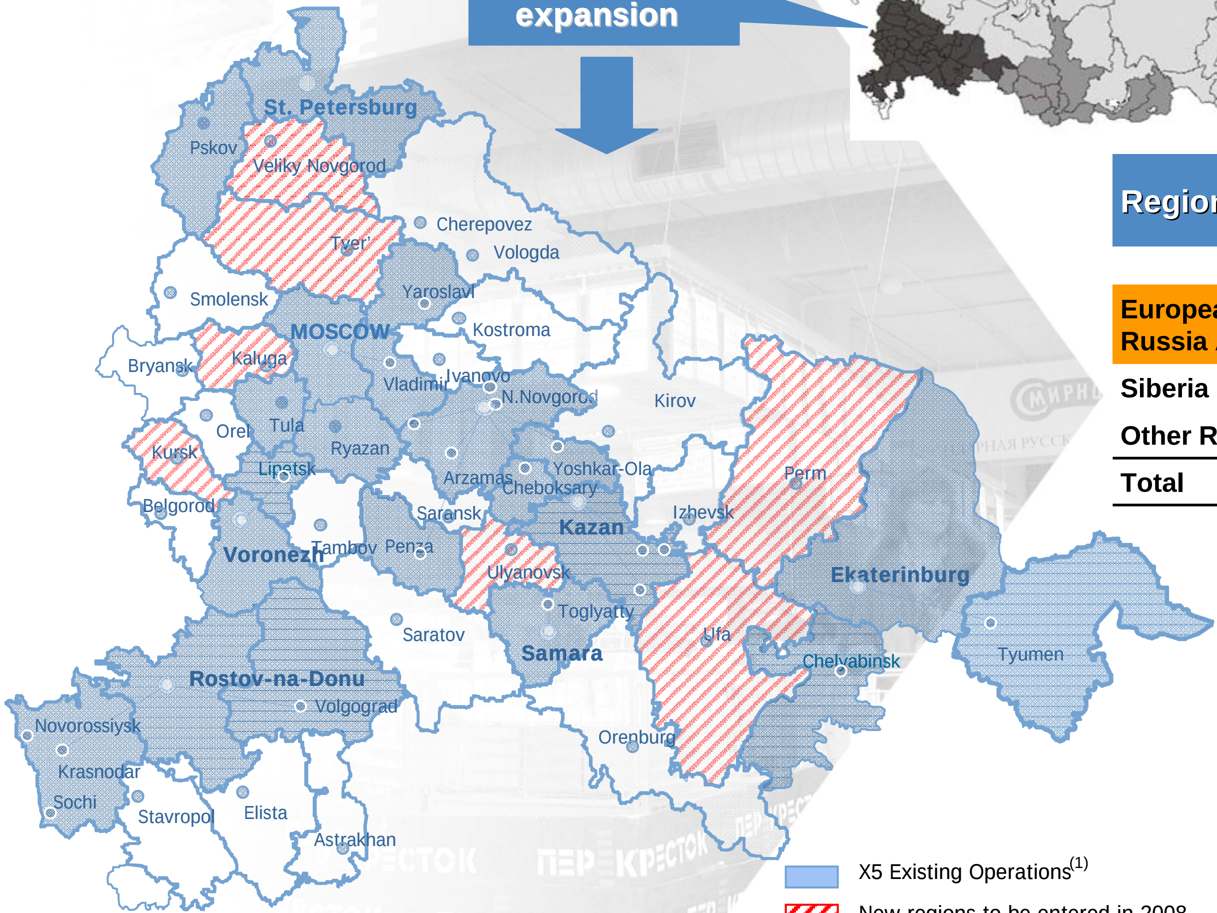
- TV
- Mass media
- Billboards
- Leaflets (both in-store & direct mailing)

(1) LFL retail sales are calculated on a pro-forma basis, i.e. by including acquired Pyaterochka stores for the full year in each of 2006 and 2007

New Store Openings …

… Through Expansion Into The European Part Of Russia & Urals

Key priority area for expansion



X5 Existing Operations[1]

New regions to be entered in 2008

Regions	Total Area[1] (million km^2, %)	Total Population[1] (million, %)
European Part of Russia And Urals	5.7 (34%)	116.1 (82%)
Siberia	5.1 (30%)	19.6 (14%)
Other Regions	6.2 (36%)	6.5 (4%)
Total	17.0 (100%)	142.2 (100%)

- Capex for 2008 expected to be $1.2 - $1.4 billion (excluding Karusel)

Source: Business Analytica
(1) As at 31 December 2007

Karusel Acquisition(1)…

…Compelling Investment Proposition

Significant Step-Up in Scale of X5's Business	reinforce its position as Russia's largest food retail operator in terms of revenue and increase X5's lead ahead of its closest competitors by over 30%(2)
Immediate Position as a Leading Hypermarket Operator	immediately establish a leading position in the hypermarket format, the fastest growing food retail format in Russia
Excellent Geographic Fit	enhance the Company's scale and efficiencies in the regions of its operations as Karusel's stores are complementary to existing regional presence of X5
Acquisition of High Quality Assets	enhance X5's asset base with high quality locations and real estate ownership
Financially Compelling Acquisition	extract significant synergies from the combination of the two businesses

(1) Acquisition is subject to satisfactory due diligence; (2) Based on 2007 PF revenues of X5 including Karusel

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X5 Business Strategy

Supplier Relationship Enhancement & Logistics Infrastructure Development

Supplier Relationship Enhancement

- Relationship with suppliers – one of our key competitive strengths
- X5 is an attractive partner for both national and local suppliers on the back of growing sales volumes and expansion throughout the European Russia and the Urals
- More than half of X5's supplies are negotiated centrally
- At 31 December 2007 X5 sourced from approximately 4,000 suppliers
- X5's ten largest suppliers account for approximately 10% of total purchasing

Logistics Infrastructure Development

- Total DCs area operated by X5 at the end of 2007 was appr. 144 thousand sq.m.
- Current average level of centralization for the total Company is 47%
- X5 is implementing an ambitious long-term project to build an integrated logistics infrastructure, based on a network of multi-format distribution centers located in all big cities in the regions of X5 operations
- Expected results:
  - Improved labor productivity
  - Decrease in inventories
  - Support for promo activities and private label development
  - Support for fresh offers

Creation of a professional distribution operator for retail in Russia

ПЕРЕКРЕСТОК Пятёрочка Мерката СУПЕРЦЕНТР

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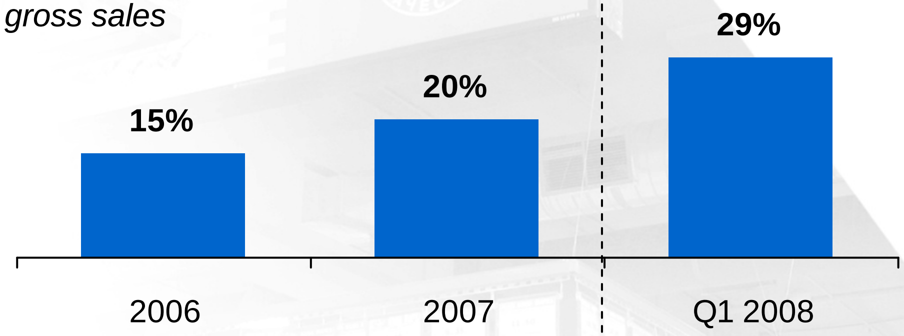
X5 Track Record of Operating Performance

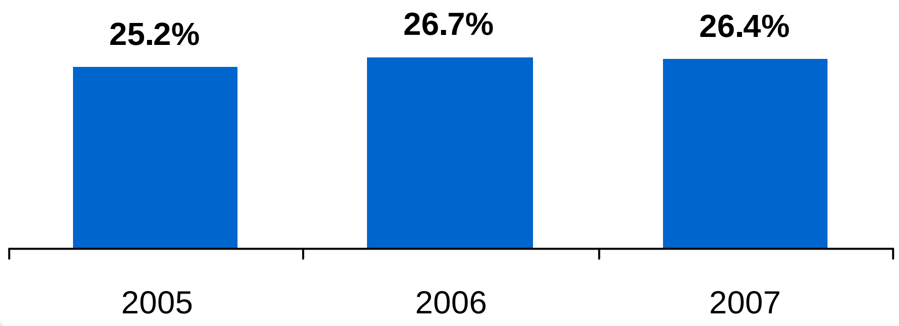
LFL[1]

Based on RUR-denominated gross sales

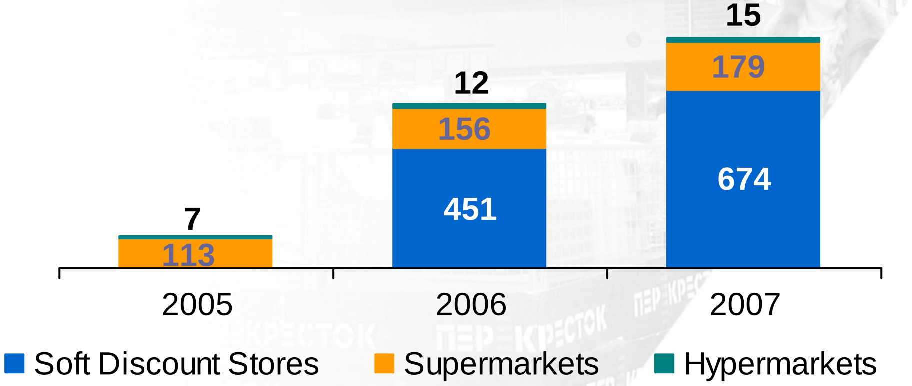


Gross Margins

% of net sales

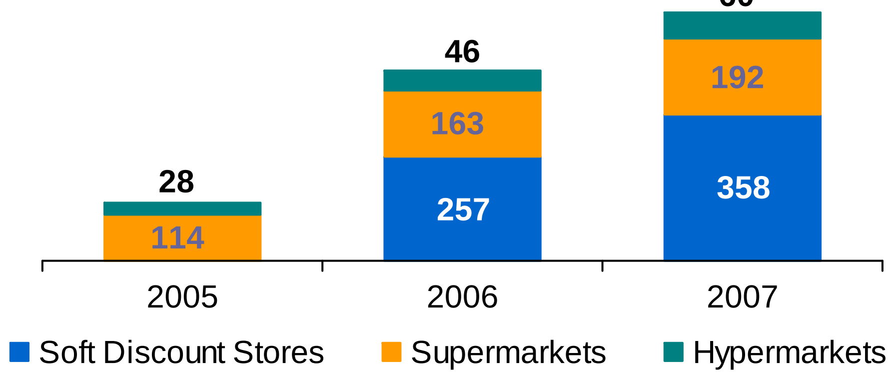


Number Of Stores



Net Selling Space

Thousand square meters



Source: X5 Retail Group

(1) LFL retail sales are calculated on a pro-forma basis, i.e. by including acquired Pyaterochka stores for the full year in each of 2006 and 2007

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X5 Track Record of Financial Performance

...Strong Growth Combined With Highly Attractive Margins

USD mln	2007	2006	% change, y-o-y
Net Sales	**5,320.4**	**3,485.4**	***53%***
Retail	*5,284.3*	*3,460.4*	*53%*
Gross Profit	**1,403.9**	**928.9**	***51%***
% Gross Margin	*26.4%*	*26.7%*	
EBITDA	**479.3**	**296.7**	***62%***
% EBITDA Margin	*9.0%*	*8.5%*	
Operating Profit	**336.9**	**210.3**	***60%***
% Operating Margin	*6.3%*	*6.0%*	
Net Profit	**143.7**	**102.2**	***41%***
% Net Margin	*2.7%*	*2.9%*	

ПЕРЕКРЕСТОК 5 Пятёрочка Меркадо СУПЕРЦЕНТР

Source: X5 Retail Group

Q1 Trading Update

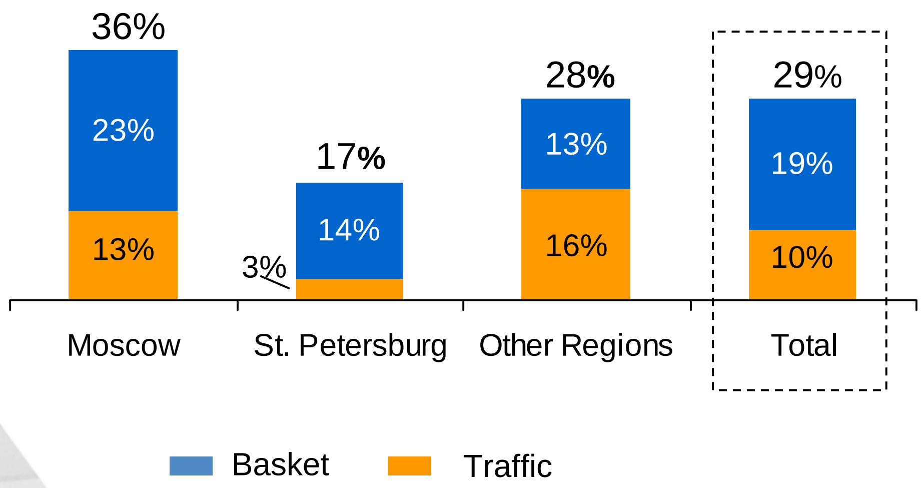
…Continuing Strong Performance

- 61% increase in net retail sales in Q1-08 over Q1-07
- 29% LFL growth in Q1-08
- 62 new stores opened adding 30,087 sq. m. of net selling space in Q1-08

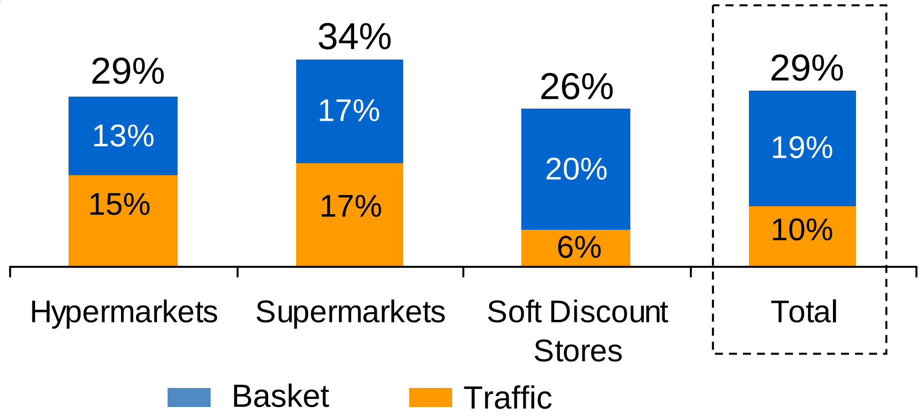
	Q1 2007	Q1 2008	YoY
Net Retail Sales	**1,101**	**1,775**	**61.2%**

	As of 31 Dec 2007	As of 31 Mar 2008	Net added in Q1-08
Stores	**868**	**930**	**62**
- Discounters	674	731	57
- Supermarkets	179	183	4
- Hypermarkets	15	16	1
Net Selling Space ('000 sq. m.)	**609,210**	**639,297**	**30,087**
- Discounters	357,517	379,084	21,567
- Supermarkets	191,730	196,102	4,372
- Hypermarkets	59,963	64,111	4,148

Q1 2008 LFL Breakdown per Region



Q1 2008 LFL Breakdown per Format



Source: X5 Retail Group

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