

# Q3 & 9 Months 2009 Financial Results

*Conference Call Presentation*  
Moscow, 30 November 2009



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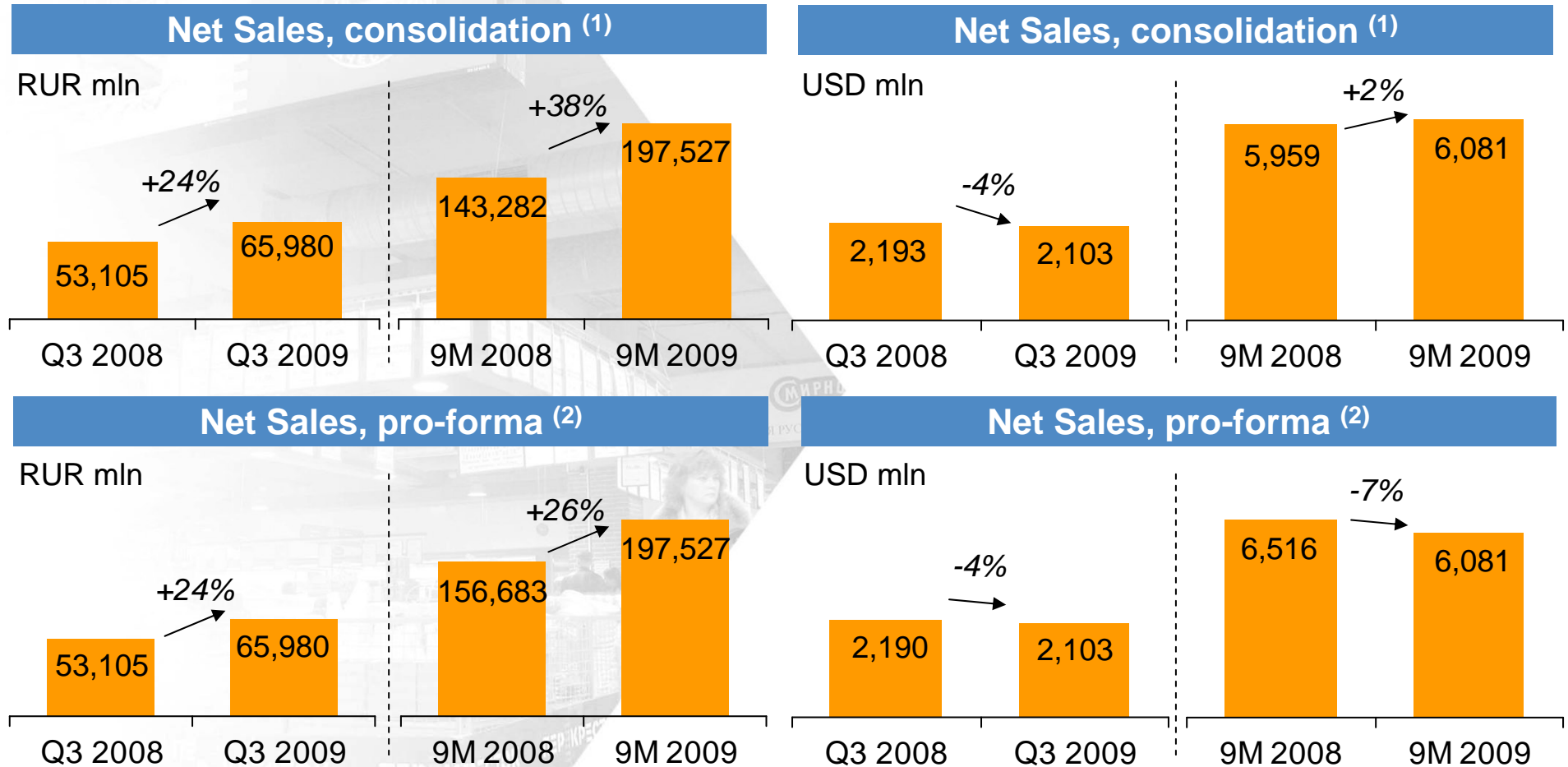
**I. Q3&9M Operational Performance**

**II. Q3&9M Financial Performance and Liquidity Update**

**III. 2010 Preliminary Outlook**



**... Was Solid Despite Tougher Macro-Economic Environment**



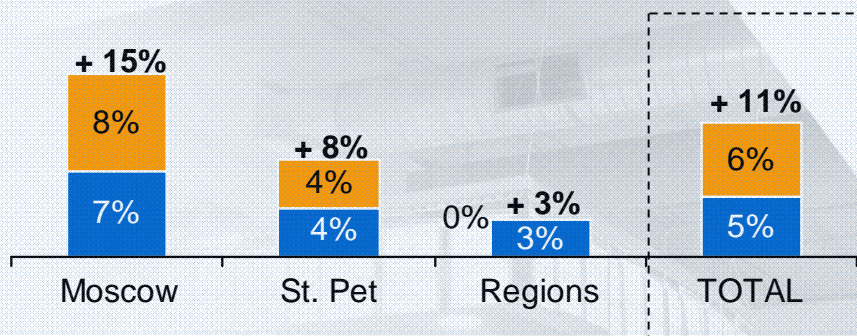
(1) Consolidated sales figures include acquired Karusel's business from 30 June 2008, i.e. include it in Q3 2008 and exclude in Q1&Q2 2008.  
 (2) Pro-forma sales figures include acquired Karusel's business from 1 January 2008, i.e. include it in both Q3&9M 2009 and Q3&9M 2008.

... Pressured Average Basket, while X5's "Close-to-the-Customer" Strategy Supported Healthy Traffic Growth...

**X5's 9M '09 LFL Performance by Region**

Based on RUR-denominated gross sales

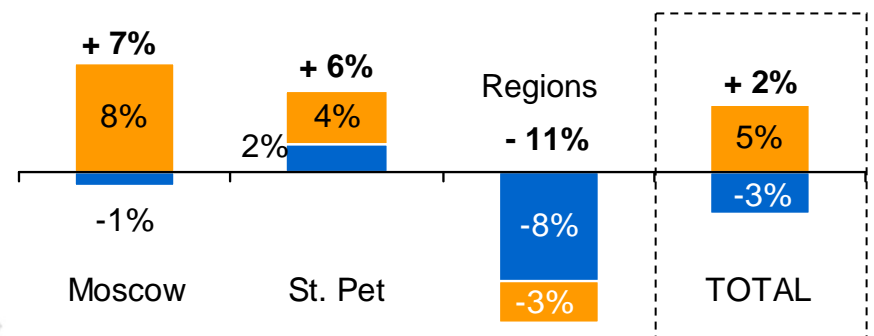
■ Traffic ■ Basket



**Supermarkets' 9M '09 LFL Performance**

Based on RUR-denominated gross sales

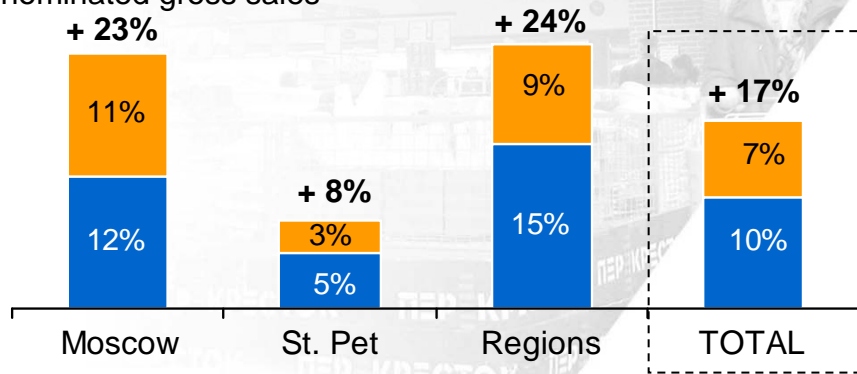
■ Traffic ■ Basket



**Discounters' 9M '09 LFL Performance**

Based on RUR-denominated gross sales

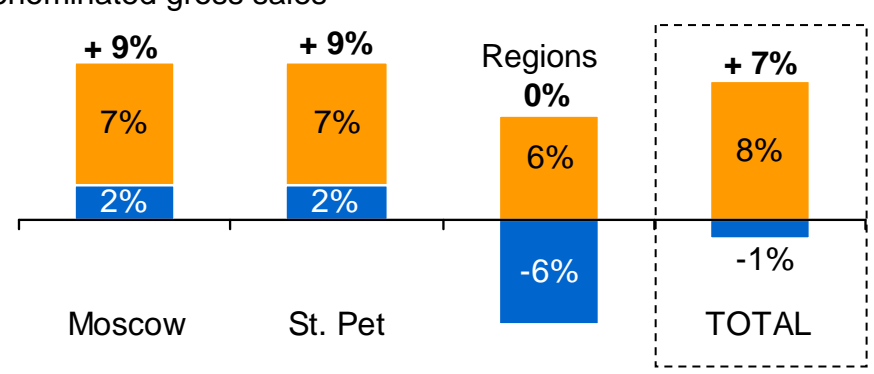
■ Traffic ■ Basket



**Hypermarkets' 9M '09 LFL Performance**

Based on RUR-denominated gross sales

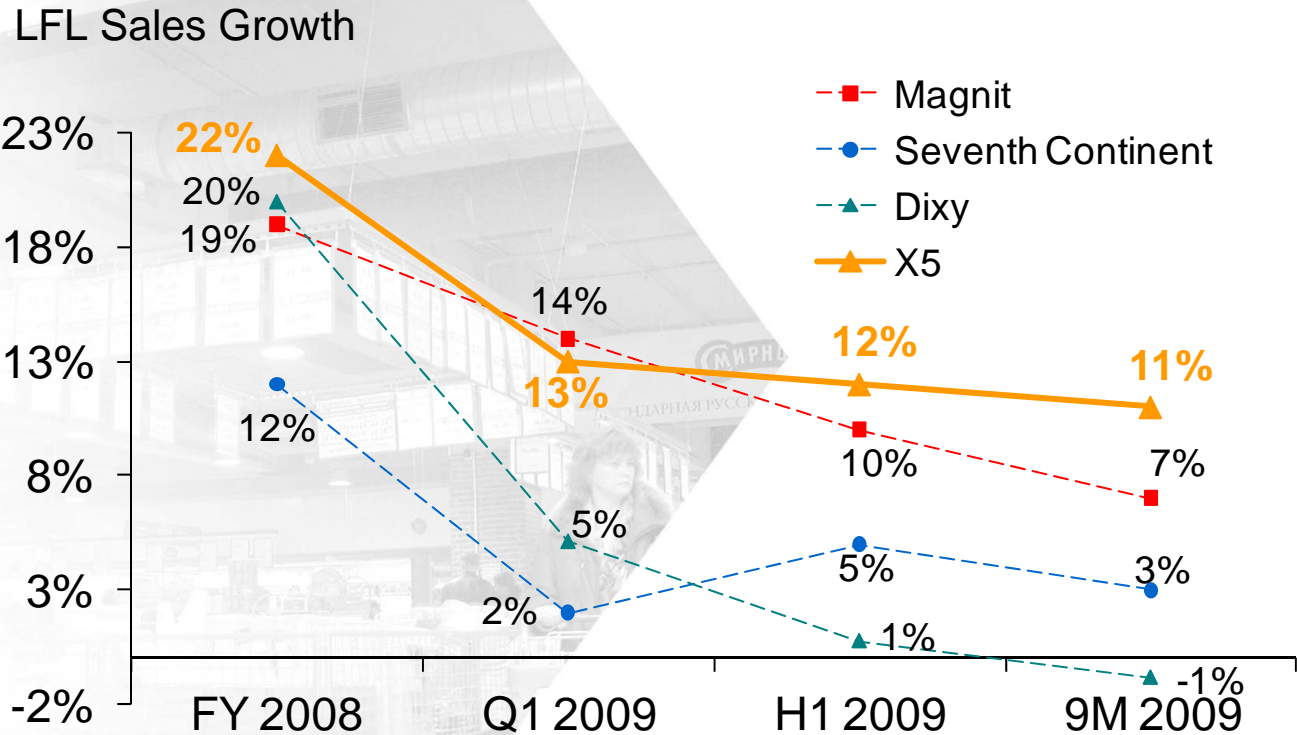
■ Traffic ■ Basket





...Further Strengthened since the Beginning of the Crisis

X5 LFL Performance vs Competition<sup>(1)</sup>



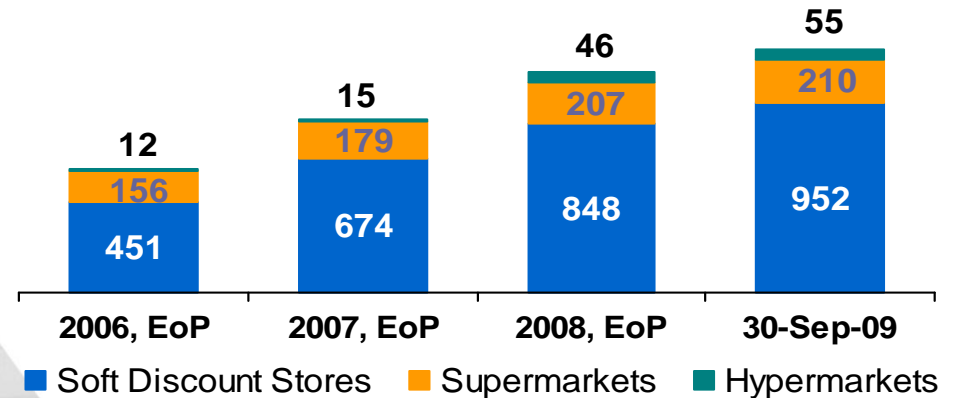
(1) While some of X5's Russian peers may use a more conservative LFL calculation approach, this does not have impact on quarter-on-quarter or cumulative LFL evolution since the beginning of the year



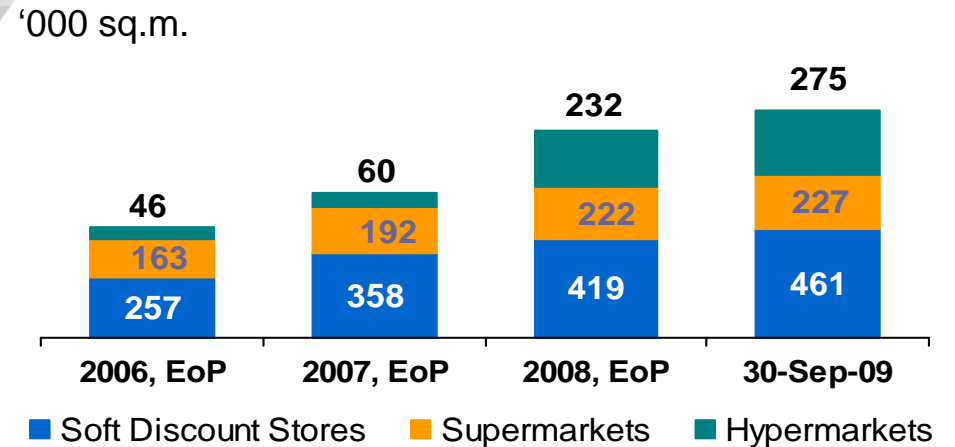
## ... while Focused & Selective... Exceeded Initial Plans

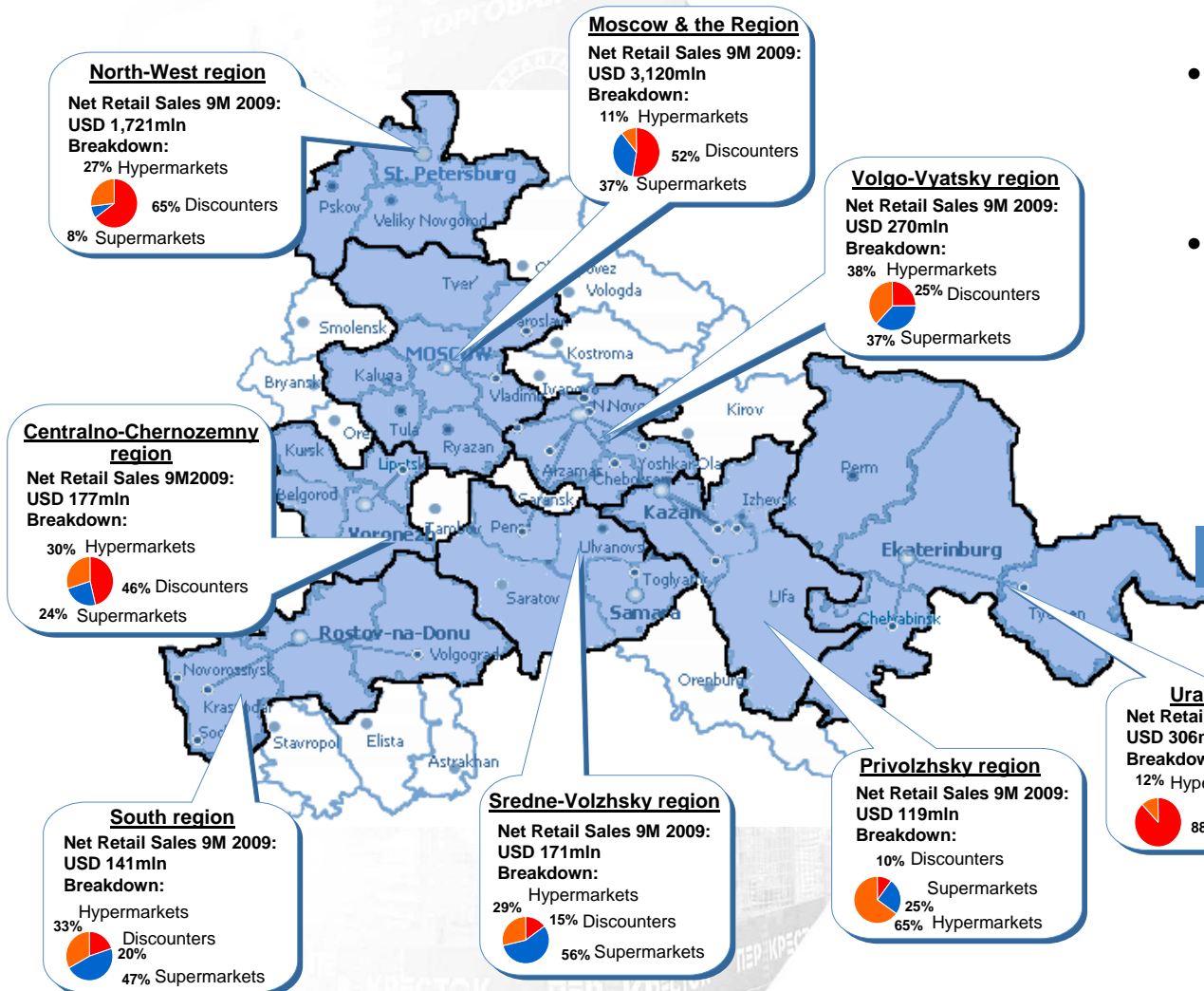
- 89 thousand sq. m. or 116 stores added on a net basis:
  - 104 soft discounters
  - 3 supermarkets
  - 9 hypermarkets
- Since the beginning of 2009 X5 rebranded 5 supermarkets as soft discounters and closed 19 stores (3 supermarkets and 16 discounters)
- As at 30 September 2009, X5 operated 1,217 stores in total:
  - 952 soft discounters
  - 210 supermarkets
  - 55 hypermarkets

Number Of Stores



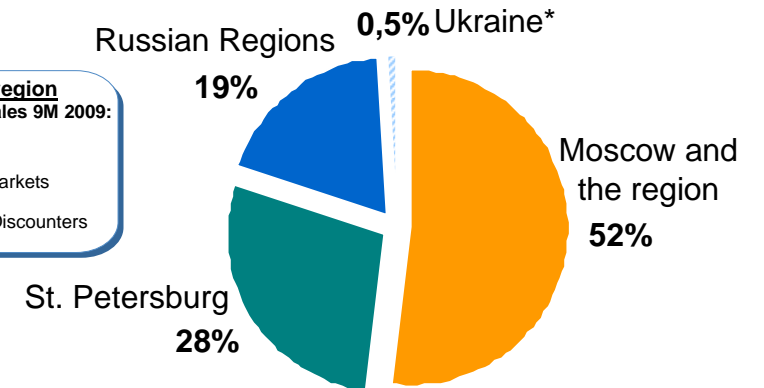
Net Selling Space





- As at 30 September, X5 was present in 42 cities of European Russia and the Urals, and also in Ukraine
- In addition to Moscow and St. Petersburg, a leading position secured in 5 large regional cities: Nizhny Novgorod, Lipetsk, Samara, Chelyabinsk and Perm

9M 2009 Net Retail Sales by Region



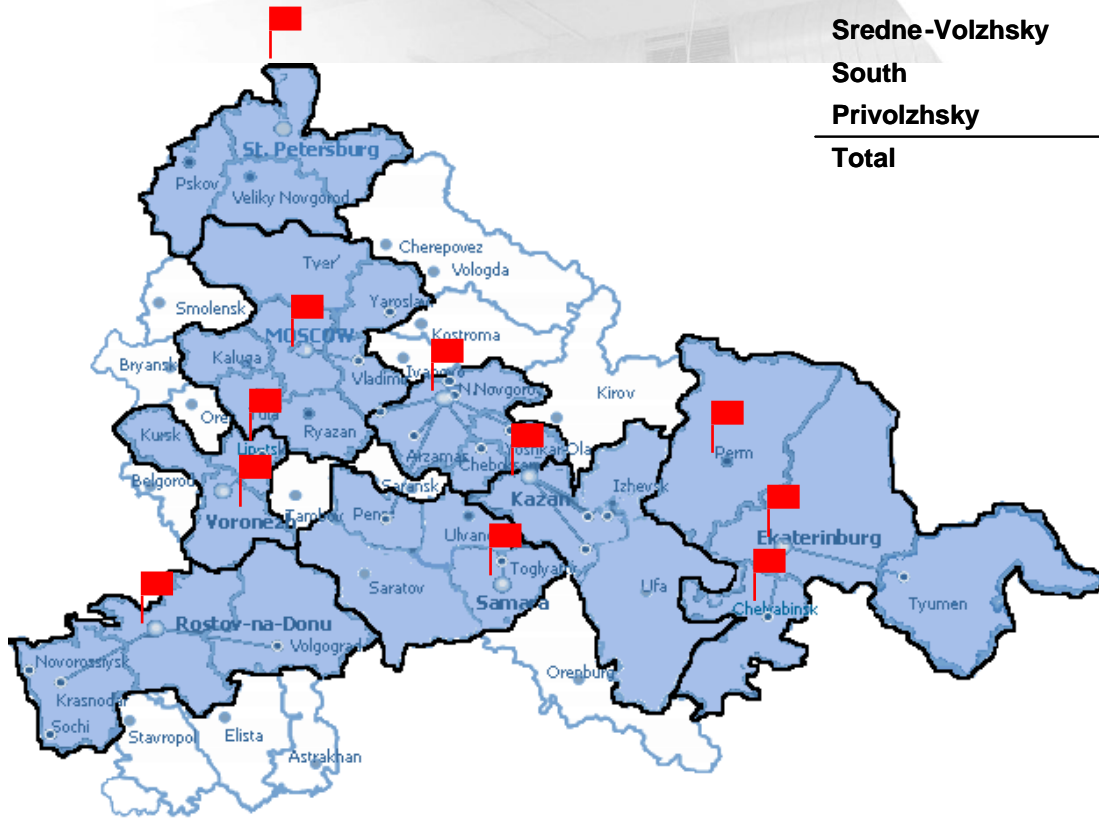
X5 Existing Operations as at 30 September 2009



\* 9M 2009 net retail sales totaled USD 29 million



DC locations as at 30 September 2009



Region	# of DCs	000 sq. m.	Dry	Fruit & Veg	Fresh	Frozen
<b>Central</b>	8	153.9	v	v	v	v
<b>North-West</b>	5	55.2	v	v	v	v
<b>Volgo-Vyatsky</b>	1	17.5	v	v	v	
<b>Urals</b>	4	18.8	v	v	v	
<b>Centralno-Chernozemny</b>	2	11.8	v	v	v	
<b>Sredne-Volzhsy</b>	1	10.5	v	v	v	
<b>South</b>	1	12.6	v	v		
<b>Privolzhsky</b>	1	13.1	v	v	v	
<b>Total</b>	<b>23</b>	<b>293.3</b>				

**In 9 months 2009:**

- ✓ X5 added a net four new DCs, including its first national non-food DC
- ✓ Expanded warehouse capacity by 102 thousand sq.m. on a net basis

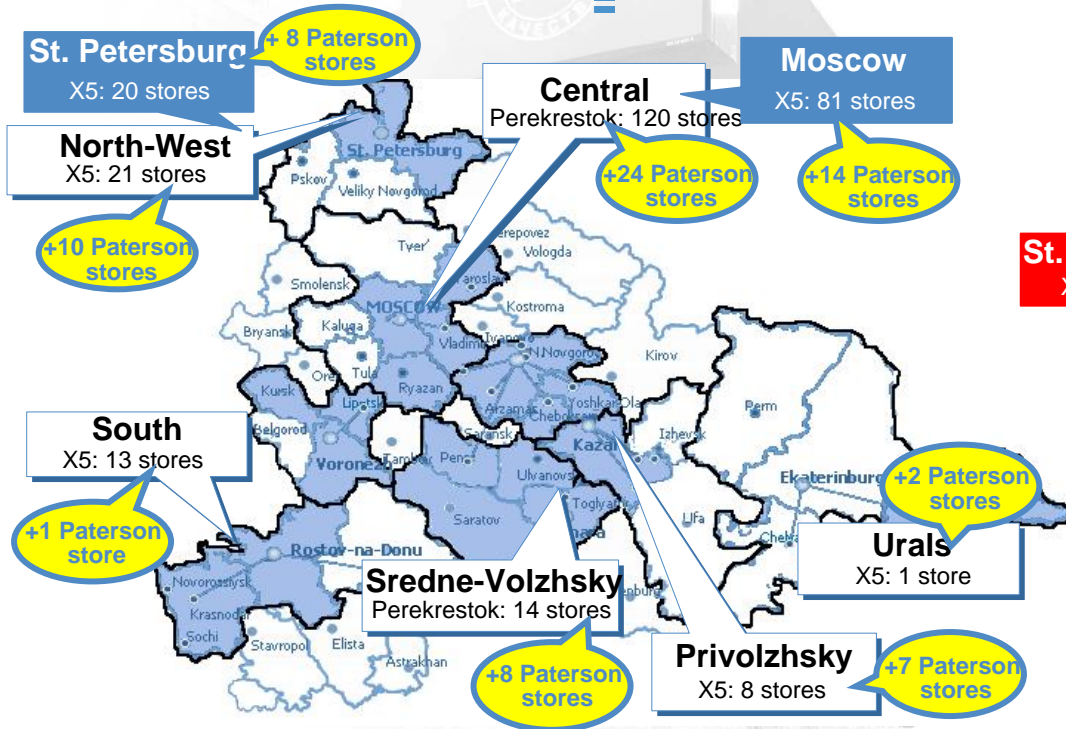
**As at 30 September 2009:**

- ✓ 23 multifunctional DCs across the European part of Russia and the Urals
- ✓ Fleet of 500 trucks under management
- ✓ Supply centralization level of 59%

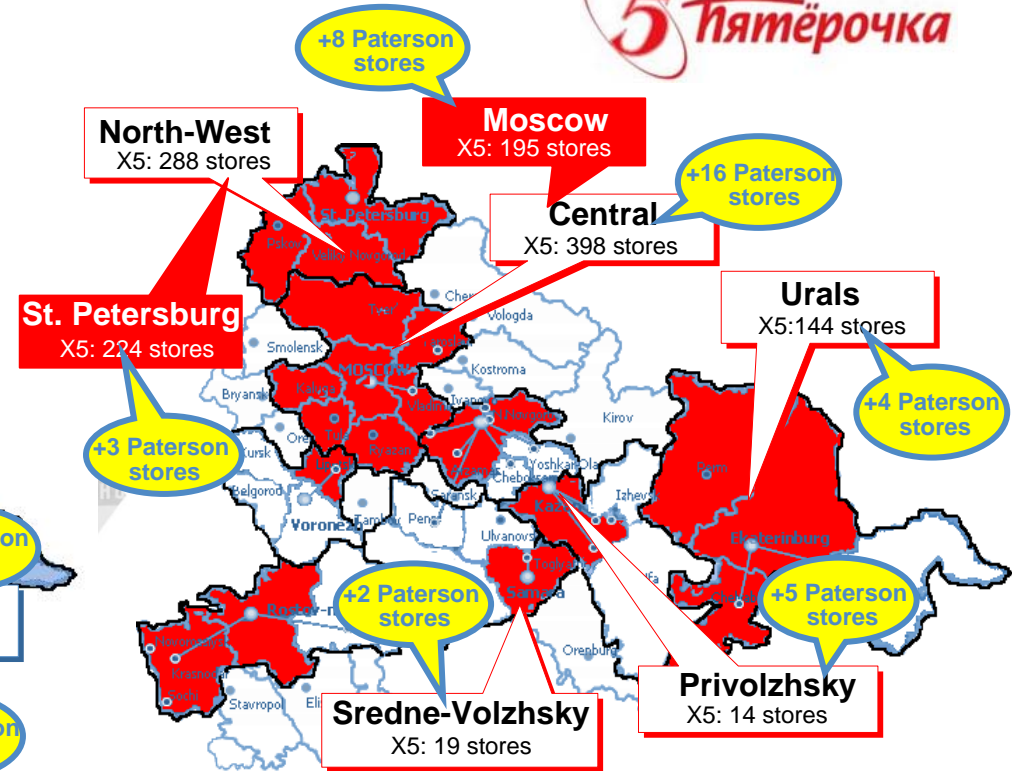




## ...Further Reinforces X5 Positions in Supermarkets...



## ...And Adds Complementary Discounters



■ Regions of Perekrestok operations (as at 30 September 2009)

■ Regions of Pyaterochka operations (as at 30 September 2009)

- An estimated 52 stores to be integrated as supermarkets, 30 smaller stores as discounters<sup>(1)</sup>
- Several stores are under review with regard to their non-compliance with X5's operational and financial criteria



(1) Based on a preliminary assumption



**I. Q3&9M Operational Performance**

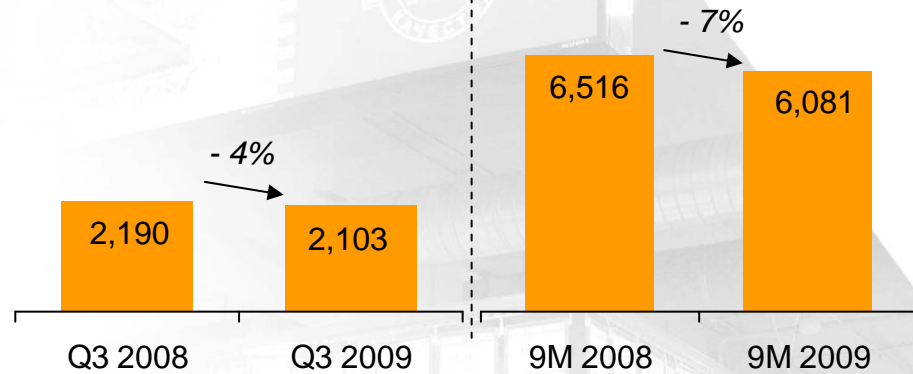
**II. Q3&9M Financial Performance and Liquidity Update**

**III. 2010 Preliminary Outlook**



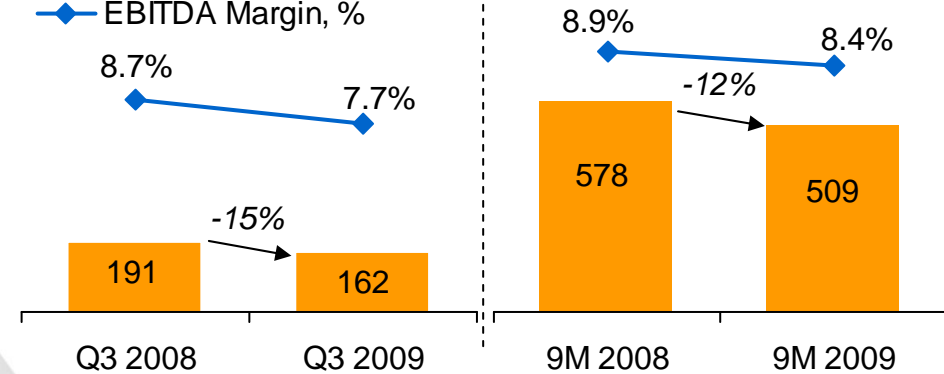
**Net Sales**

USD mln



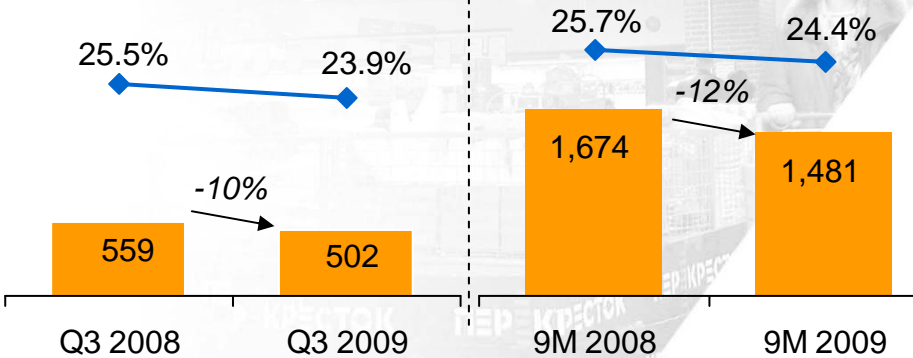
**EBITDA & EBITDA Margin**

■ EBITDA, USD mln  
◆ EBITDA Margin, %



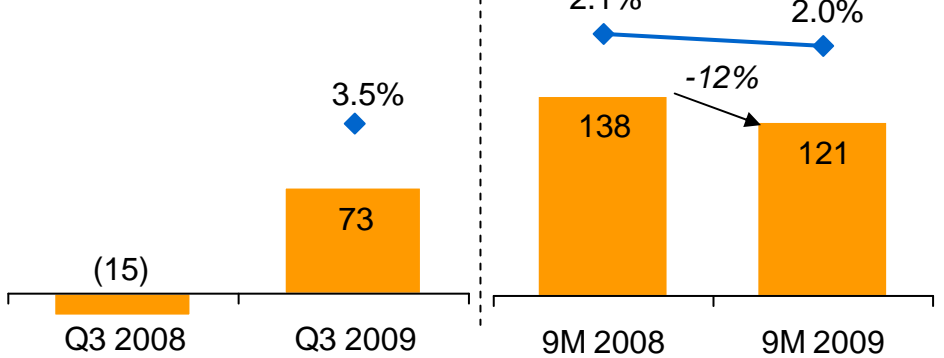
**Gross Profit**

■ Gross Profit, USD mln  
◆ Gross Margin, %



**Net Profit**

■ Net Profit, USD mln  
◆ Net Margin, %



(1) All P&L numbers are provided on pro-forma basis, i.e. including Karusel results both in Q3&9M 2009 and Q3&9M 2008

USD mln	Q3 2009	Q3 2008	% change USD	% change RUR	9M 2009	9M 2008	% change USD	% change RUR
<b>Net Sales</b>	<b>2,103.1</b>	<b>2,190.3</b>	<b>(4%)</b>	<b>24%</b>	<b>6,081.2</b>	<b>6,516.1</b>	<b>(7%)</b>	<b>26%</b>
incl. Retail	2,094.2	2,177.0	(4%)	24%	6,053.2	6,478.7	(7%)	26%
<b>Gross Profit</b>	<b>501.8</b>	<b>558.8</b>	<b>(10%)</b>	<b>16%</b>	<b>1,480.8</b>	<b>1,673.7</b>	<b>(12%)</b>	<b>20%</b>
Gross Margin, %	23.9%	25.5%			24.4%	25.7%		
<b>EBITDA</b>	<b>161.8</b>	<b>190.5</b>	<b>(15%)</b>	<b>9%</b>	<b>508.8</b>	<b>578.0</b>	<b>(12%)</b>	<b>19%</b>
EBITDA Margin, %	7.7%	8.7%			8.4%	8.9%		
SG&A (incl. D&A)	(417.0)	(456.6)	(9%)	18%	(1,196.2)	(1,358.2)	(12%)	19%
% of revenue	19.8%	20.8%			19.7%	20.8%		
ESOP expense <sup>(2)</sup>	(26.3)	10.0	n/a	(456%)	(31.6)	0.0	n/a	n/a
% of revenue	1.3%	(0.5%)			0.5%	0.0%		
<b>Operating Profit</b>	<b>107.5</b>	<b>127.4</b>	<b>(16%)</b>	<b>8%</b>	<b>353.5</b>	<b>393.3</b>	<b>(10%)</b>	<b>21%</b>
Operating Margin, %	5.1%	5.8%			5.8%	6.0%		
Net FX Result	39.7	(84.9)	n/a	n/a	(38.1)	(40.0)	(5%)	29%
<b>(Loss)/Profit before tax</b>	<b>108.9</b>	<b>(2.1)</b>	<b>n/a</b>	<b>n/a</b>	<b>198.7</b>	<b>235.6</b>	<b>(16%)</b>	<b>14%</b>
Income Tax Expense	(36.0)	(12.6)	185%	266%	(77.5)	(97.5)	(20%)	7%
<b>Net Profit</b>	<b>72.9</b>	<b>(14.7)</b>	<b>n/a</b>	<b>n/a</b>	<b>121.2</b>	<b>138.2</b>	<b>(12%)</b>	<b>18%</b>
Net Margin, %	3.5%	(0.7%)			2.0%	2.1%		

- Q3 2009 **gross margin** totaled 23.9% - a 160 bp decline year-on-year, resulting in 9M 2009 gross margin decline of 130 bp year-on-year to 24.4%. This decline is in line with the management's expectations and is attributable to our continuous investment in prices across formats, including:
  - ✓ New Pyaterochka's pricing policy to offer lowest price in the market on every item launched in Mar-09
  - ✓ A managed reduction in Karusel's gross margin
  - ✓ The impact of trading down trends (change of product mix in favour of staples)
- **SG&A** decline as a % of revenue was achieved as a result of strong cost controls and implementation of X5's strategic efficiency programs
  - ✓ Q3 2009 SG&A expenses including ESOP<sup>(1)</sup> declined as % of sales by 100 bp year-on-year to 19.8%. Net of ESOP, SG&A costs declined as % of sales by 270 bp year-on-year to 18.6% of sales
  - ✓ 9M 2009 SG&A expenses including ESOP declined as % of sales by 110 bp to 19.7%. Net of ESOP, SG&A costs decreased as % of sales by 160 bp year-on-year to 19.2% of sales
- Q3 2009 **EBITDA margin** of 7.7% (100 bp decline year-on-year) was affected by ESOP cost of USD 26 mln on the back of strong GDR price growth in Q3 2009. 9M 2009 EBITDA margin totaled 8.4%, including ESOP expense of USD 32 mln
- X5 reported an **FX gain** of USD 40 mln in Q3 2009 and an **FX loss** of USD 38 mln for 9M 2009 as a result of sharp RUR devaluation in Q1 2009 followed by partial RUR recovery in Q2&Q3 2009. FX loss is primarily non-cash, resulting from long-term USD-denominated debt revaluation

## Strong Cash Generation from Operations Offset by Working Capital Seasonality

USD mln	Q3 2009	Q3 2008	% change USD	% change RUR	9M 2009	9M 2008	% change USD	% change RUR
<b>Net Cash Flows from Operating Activities</b>	151.0	147.7	2%	37%	190.5	259.8	(27%)	(1%)
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	191.8	184.8	4%	34%	571.9	554.7	3%	39%
<i>Change in Working Capital</i>	0.0	90.7	n/a	n/a	(182.9)	21.1	n/a	n/a
<i>Net Interest and Income Tax Paid</i>	(40.8)	(127.9)	(68%)	(60%)	(198.5)	(316.0)	(37%)	(15%)
<b>Net Cash Used in Investing Activities</b>	(50.1)	(297.5)	(83%)	(79%)	(149.1)	(1,524.2)	(90%)	(87%)
<b>Net Cash (Used in)/Generated from Financing Activities</b>	13.9	18.6	(25%)	0%	(47.6)	1,318.3	n/a	n/a
<b>Effect of Exchange Rate Changes on Cash &amp; Cash Equivalents</b>	17.2	(21.5)	n/a	513%	6.2	(9.1)	n/a	n/a
<b>Net Increase/(Decrease) in Cash</b>	<b>131.9</b>	<b>(152.7)</b>	<b>n/a</b>	<b>n/a</b>	<b>0.0</b>	<b>44.7</b>	<b>n/a</b>	<b>n/a</b>



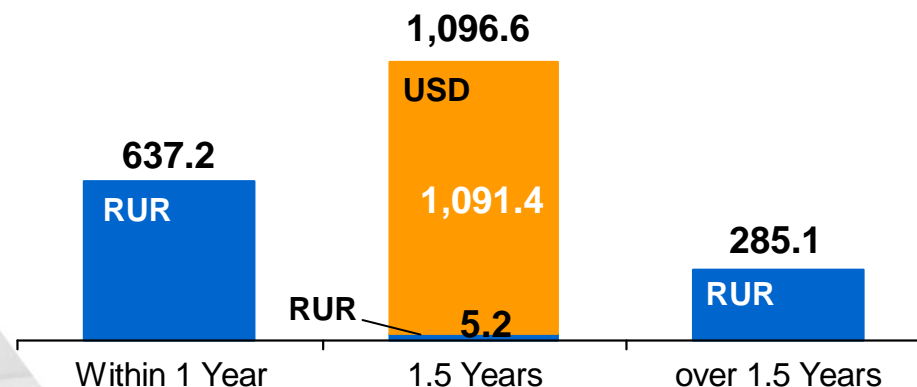
## Key Highlights

- In Q1 2009 X5 completely eliminated its short-term USD exposure
- In June 2009 placed 7-year RUR 8 bln corporate bonds with a put option in 2 years. Proceeds were used to reduce short-term debt
- As at 30-Sep-09 X5's short-term debt increased versus 30-Jun-09 as the Company's RUR 9 bln bonds issued in July 2007 with a put option in July 2010 were reclassified to short-term obligations
- As at 30 September 2009 X5 had access to RUR-denominated credit facilities of c.RUR 24.9 bln (c.USD 825 mln), out of which RUR 15.3 bln (c.USD 508 mln) are available undrawn credit lines

## Debt Maturity Profile as at 30.09.09

USD mln

■ Denominated in RUR ■ Denominated in USD



USD mln	30-Sep-09	% in total	30-Jun-09	% in total	31-Dec-08	% in total
<b>Total Debt</b>	<b>2,018.9</b>		<b>1,962.4</b>		<b>2,059.4</b>	
Short-Term Debt	637.2	32%	272.1	14%	578.4	28%
Long-Term Debt	1,381.7	68%	1,690.3	86%	1,481.0	72%
<b>Net Debt</b>	<b>1,742.1</b>		<b>1,817.6</b>		<b>1,782.6</b>	
Denominated in USD	1,064.6	61%	1,061.8	58%	1,170.0	66%
Denominated in RUR	677.6	39%	755.8	42%	612.6	34%
FX rate, EoP	30.09		31.29		29.38	
<b>Net Debt/EBITDA</b>	<b>2.37x</b>		<b>2.38x</b>		<b>2.22x</b>	





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## Step-Up in New Store Openings

### 2010 Preliminary Expansion & CapEx Outlook

- Net new store addition:
  - Hypermarkets: 7-10 stores;
  - Supermarkets: ~15 stores;
  - Discounters: 200-250 stores.
- Capital Expenditures of up to RUR 18 bln.