



## DIXY Group 1H 2010 Results

Conference Call Presentation  
Based on 1H 2010 unaudited IFRS results  
3 September 2010

# Strategy Implementation in 1H 2010



## Sustainable Growth

### Geographical Expansion

New store openings (41 store in 1H 2010 vs. 16 in 1H 2009) and capex on track.

### Stable Top Line Performance

15.2% Net Sales increase in 1H 2010, EBITDA is 15.7% up. Steady sales growth

### Financial Leverage

Comfortable leverage level of 2.54 Total Debt/EBITDA

### Marketing Efforts

Focus on LFL growth (5.3% in the DIXY format in 1H 2010 and 6.9% in Q2) through ongoing marketing efforts

## Operational Optimization

### Supply Chain Efficiency

Centralization level reached 79.5% (+1.1 p.p. from 78.4% in Q1 2010) with 80.1% for Central District and 79.1% for NW, supply chain optimization program is well on track

### Cost Cutting

Continued focus on operational cost cutting. SG&A decreased to 23.2% in 1H 2010 (down to 22.8% in Q2) from 24.6% in 1H 2009

### Shrinkage Reduction

Ongoing efforts on shrinkage reduction, even abnormally hot summer could not eliminate the effect (shrinkage down 17.5% in Q2 compared to Q1 2010)

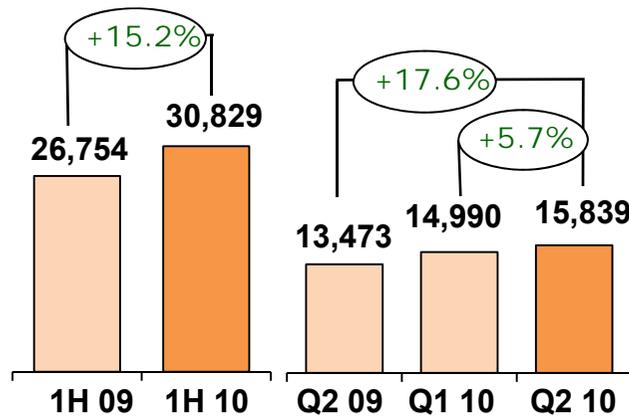
DIXY Group is well positioned for future sustainable growth

# 1H 2010 Top Line Performance

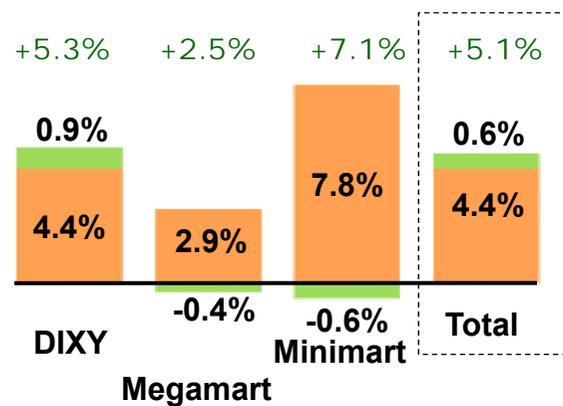


RUR, million

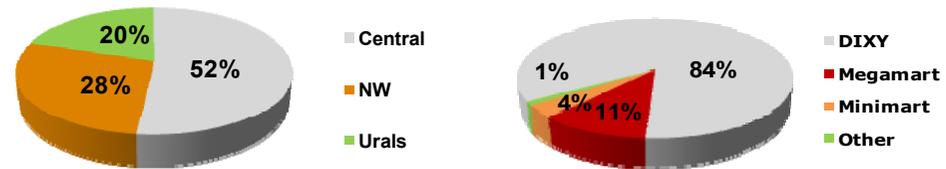
## 1H 2010 Net Sales



## 1H 2010 LFL Total Sales\*



## Sales Breakdown by Region & Format



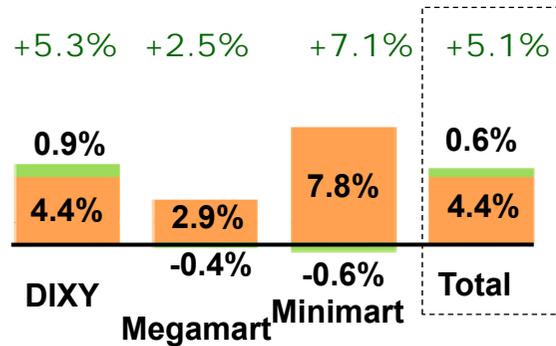
## 1H 2010 Net Retail Sales by Format

RUR mln	TOTAL	DIXY	Megamart	Minimart
Jan 09	4,305	3,669	458	154
Jan 10	4,769	4,063	544	162
Ch. %	+11%	+11%	+19%	+5%
Feb 09	4,210	3,569	466	151
Feb 10	4,756	4,067	531	158
Ch. %	+13%	+14%	+14%	+5%
Mar 09	4,636	3,920	529	170
Mar 10	5,324	4,541	603	180
Ch. %	+15%	+16%	+14%	+6%
Apr 09	4,453	3,785	500	165
Apr 10	5,178	4,426	572	179
Ch. %	+16%	+17%	+15%	+9%
May 09	4,541	3,876	500	165
May 10	5,402	4,592	615	195
Ch. %	+19%	+18%	+23%	+19%
Jun 09	4,263	3,537	540	187
Jun 10	5,064	4,295	583	186
Ch. %	+19%	+21%	+8%	0%

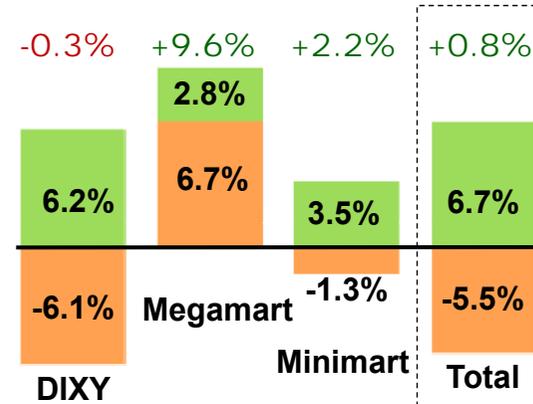
# LFL Results 1H 2010 vs. 1H 2009



1H 2010 LFL Total Sales\*

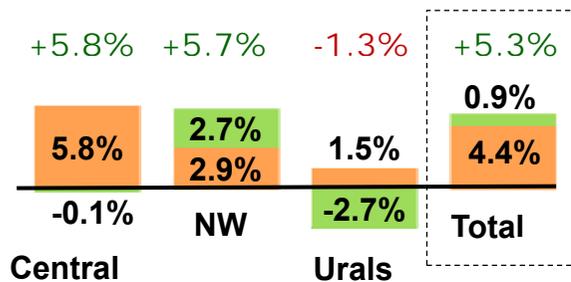


1H 2009 LFL Total Sales\*\*

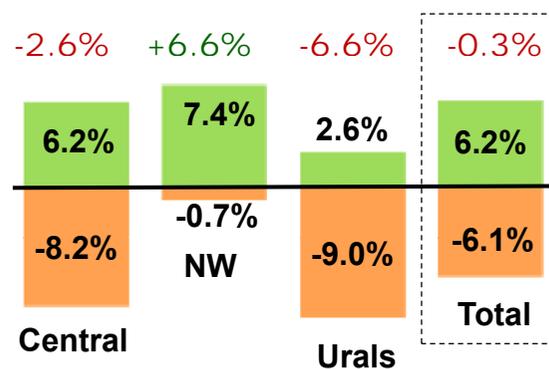


5.1% LFL Sales growth in 1H 2010 fuelled by 7.1% LFL Sales growth in Minimart format and 5.3% LFL Sales growth in DIXY format

1H 2010 DIXY LFL Sales\*



1H 2009 DIXY LFL Sales\*\*



In 1H 2010 DIXY LFL sales increased the most in Central (5.8%) and NW (5.7%) Federal Districts

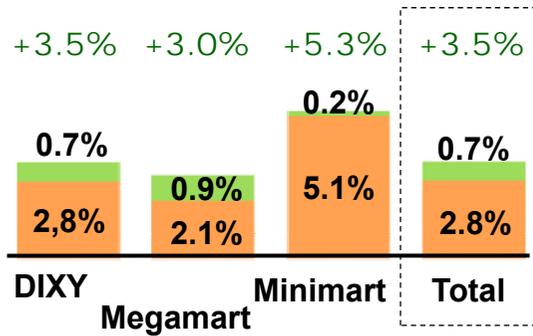
\*LFL includes 407 DIXY store, 7 Megamart stores and 7 Minimart stores  
 \*\*LFL includes 315 DIXY stores, 5 Megamart stores and 5 Minimart stores

■ Traffic ■ Basket

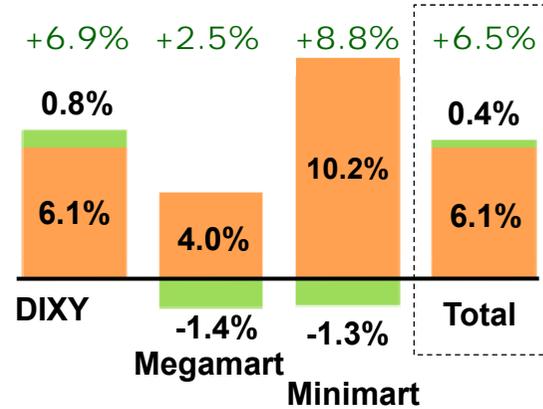
# LFL Quarterly Dynamics



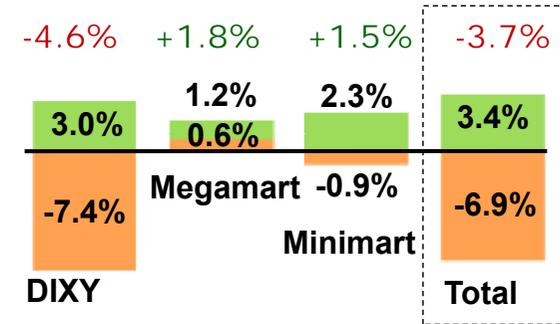
Q1 10 LFL Total Sales\*



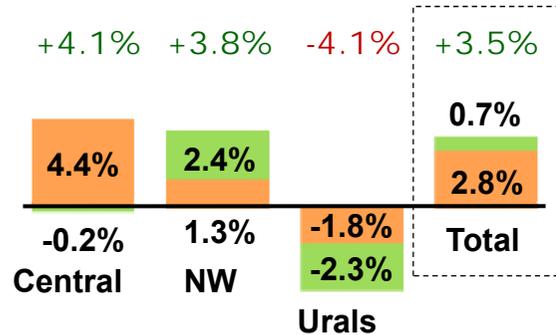
Q2 10 LFL Total Sales\*\*



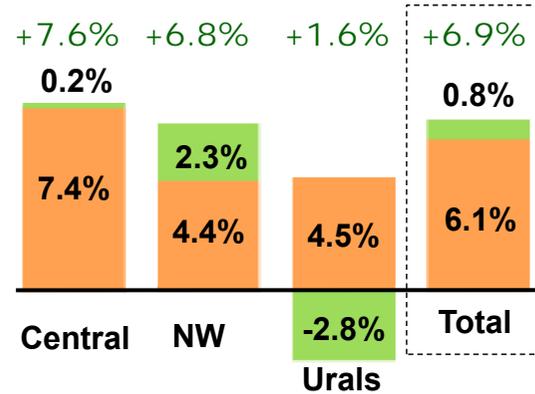
Q2 09 LFL Total Sales\*\*\*



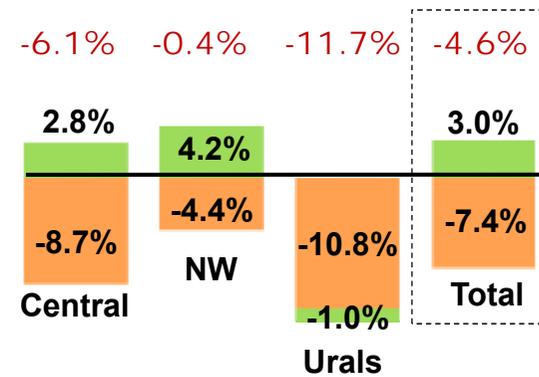
Q1 10 DIXY LFL Sales\*



Q2 10 DIXY LFL Sales\*\*



Q2 09 DIXY LFL Sales\*\*\*



\*LFL includes 449 DIXY store, 13 Megamart stores and 8 Minimart stores  
 \*\*LFL includes 455 DIXY store, 13 Megamart stores and 8 Minimart stores  
 \*\*\*LFL includes 372 DIXY store, 9 Megamart stores and 7 Minimart stores

■ Traffic ■ Basket

# Warehousing & Logistics



## Logistics Service Level (Success of Delivery Rate)

Improvement of +2.2 pp Q-on-Q:  
**89.6%** in Q2 2010 vs. **87.4%** in Q1 2010

## Centralization Level by Region

By Region	Jan	Feb	Mar	Apr	May	Jun	Q2 10
NW	77.2%	78.9%	79.6%	79.2%	79.0%	79.0%	<b>79.1%</b>
Central	78.5%	80.7%	79.8%	81.0%	81.6%	80.9%	<b>80.1%</b>
Urals	56.9%	63.6%	63.0%	64.5%	63.1%	64.0%	<b>63.2%</b>
<b>TOTAL</b>	<b>65.6%</b>	<b>78.6%</b>	<b>78.4%</b>	<b>79.4%</b>	<b>79.7%</b>	<b>79.2%</b>	<b>79.5%</b>

## Geographical Coverage\*



- Presence (1-20 stores)
- Presence (over 20 stores)
- ★ Distribution Center

## Stores by Federal District\*

<b>Central</b>	DIXY	331
<b>NW</b>	DIXY	168
<b>Urals</b>	DIXY	49
	Megamart	15
	Minimart	8

## Distribution Centers\*

Location	sqm	
<b>Serpukhov</b>	36,400	Owned
<b>Ryazan</b>	15,650	Owned
<b>Yaroslavl</b>	9,350	Owned
<b>St. Pete</b>	13,700	Owned
<b>St. Pete</b>	3,700	Leased
<b>Chelyabinsk</b>	7,500	Leased
<b>TOTAL</b>	86,300	
<b>Owned</b>	87%	

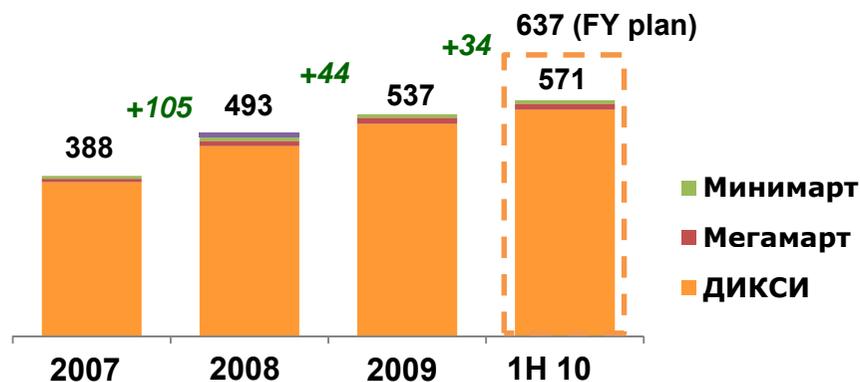
\*as of June 30, 2010

# 1H 2010: Selling Space Expansion



## Number of Stores

	2007	2008	2009	1H 2010
DIXY	373	460	514	548
Megamart	8	13	15	15
Minimart	7	8	8	8
Vmart		12		



In 1H 2010

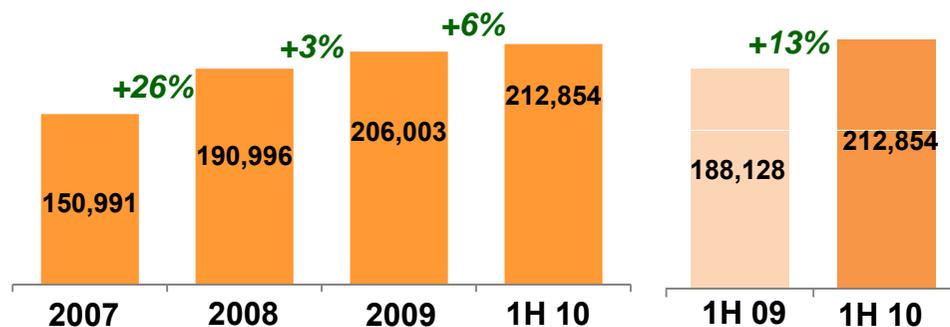
DIXY Group added net **34** stores (all in discounter DIXY format) and **6,851** sqm of net selling space (**13%** increase compared to 1H 2009)

as at 30 June 2010 DIXY Group

- operated **571** stores (212,854 sqm of net selling space):

- **548** discounters **DIXY**
- **15** compact hypermarkets **Megamart**
- **8** supermarkets **Minimart**

## Net Selling Space, sqm



# Key 1H 2010 P&L Highlights



RUR Million	1H 2010	1H 2009	% ch., y-on-y	Q2 2010	Q1 2010	% ch., Q-on-Q
<b>Net Sales</b>	<b>30,829</b>	<b>26,754</b>	15.2%	<b>15,839</b>	<b>14,990</b>	5.7%
<b>Gross Profit</b>	<b>7,988</b>	<b>7,254</b>	10.1%	<b>4,088</b>	<b>3,900</b>	4.8%
Gross margin, %	25.9%	27.1%		25.8%	26.0%	
SG&A	(7,152)	(6,569)	8.9%	(3,614)	(3,539)	2.1%
SG&A, % of Revenue	23.2%	24.6%		22.8%	23.6%	
<b>EBITDA</b>	<b>1,694</b>	<b>1,464</b>	15.7%	<b>909</b>	<b>785</b>	15.8%
EBITDA Margin, %	5.5%	5.5%		5.7%	5.2%	
<b>Operating Profit (loss)</b>	<b>836</b>	<b>685</b>	22.0%	<b>475</b>	<b>361</b>	31.6%
Operating Margin, %	2.7%	2.6%		3.0%	2.4%	
FX gain (loss)	(95)	(347)		(235)	140	
<b>Profit (Loss) before tax</b>	<b>401</b>	<b>(63)</b>	115.8%	<b>81</b>	<b>320</b>	-74.6%
Income Tax Expense*	(325)	(36)	805.1%	(135)	(190)	-29.0%
<b>Net Profit (Loss)</b>	<b>75</b>	<b>(99)</b>	175.0%	<b>(54)</b>	<b>129</b>	-142.0%
Net Margin, %	0.2%	-0.4%		-0.3%	0.9%	

In 1H 2010

**Net sales** increased 15.2% year-on-year in RUR terms to 30,829 mln

**Gross profit** totaled 7,988 mln, for a gross margin of 25.9%

**SG&A as % of Revenue** decreased by 1.4 pp year-on-year to 23.2%

**EBITDA** increased 15.7% to 1,694 mln, EBITDA margin stayed at 5.5%

**Operating Profit** increased 22% to 836 mln

**Profit before tax** increased 116% to 401 million from a loss in 1H 2009

**Net profit** increased 175% to 75 mln from a loss of 99 mln in 1H 2009

\*Effective tax rate **81.2%**

# 1H 2010 Cash Flow Highlights & Credit Portfolio



## Cash Flow Highlights

RUR Million	1H 2010	1H 2009	% ch., y-on-y	Q2 2010	Q1 2010	% ch., Q-on-Q
<b>Net cash from operating activities</b>	<b>800</b>	<b>429</b>		<b>499</b>	<b>300</b>	
Operating cash flows before WC changes	1,665	1,533	8.6%	884	781	13.2%
Change in WC	(69)	(310)	-77.0%	(29)	(40)	-28.3%
Net Interest & Income Tax Paid	(797)	(795)	0.2%	(356)	(441)	-19.2%
<b>Net cash used in investing activities</b>	<b>(596)</b>	<b>(736)</b>	<b>-19.0%</b>	<b>(217)</b>	<b>(379)</b>	<b>-19.0%</b>
<b>Net cash from financing activities</b>	<b>(1,001)</b>	<b>(468)</b>	<b>113.7%</b>	<b>(246)</b>	<b>(754)</b>	<b>-67.3%</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(797)</b>	<b>(776)</b>	<b>2.8%</b>	<b>36</b>	<b>(833)</b>	<b>-104.3%</b>

## Credit Portfolio

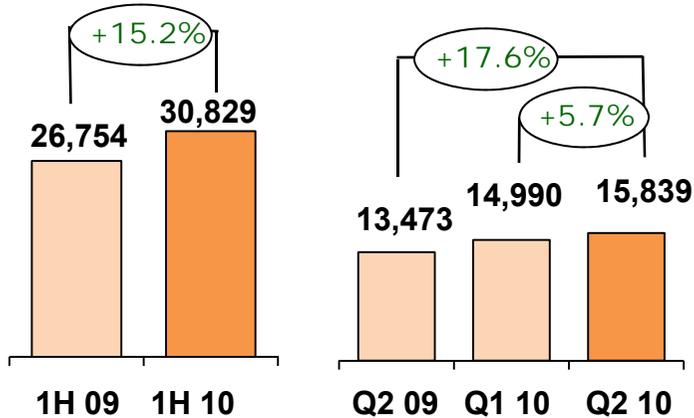
Facility	Issued	Total amount	Interest rate, %	Term	Maturity
<b>RUR Bonds</b>	23.03.2006	RUR 3 bln	9,25%	5 yrs	17.03.2011
<b>Syndicated credit</b>	22.06.2010	RUR 6,145,340,000	MosPrime + 4% p.a. margin	4 yrs	22.06.2014

# 1H 2010 Financial Performance\*

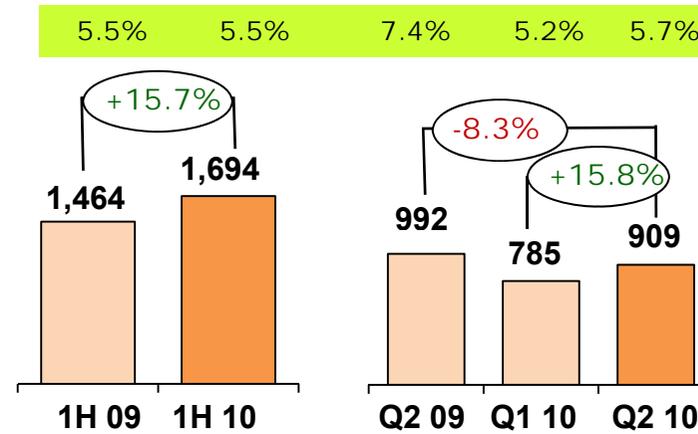


RUR, million

## 1H 2010 Net Sales



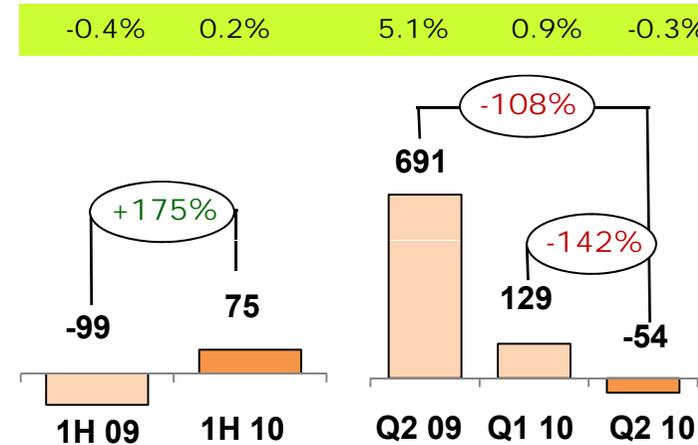
## EBITDA & EBITDA Margin



## Gross Profit & Gross Profit Margin



## Net Profit & Net Profit Margin



\*Based on unaudited IFRS management accounts

## 2010 Guidance



### 2010 Guidance

Sales Growth Guidance **+20% in RUR**

Net new store addition

Total new stores net **100-105**

Total openings **115-120**

Closings **15**

New stores opened as of 1 Sept 2010 **63**

Capital Expenditures **2,5 – 3 bln RUR**

DIXY reiterates sales growth guidance in the low-20 percentage range in nominal RUR terms. Actual top line performance will depend on inflationary trends and the timing of a recovery in consumer spending.

We reiterate new stores addition and capital expenditures on the same levels since we are today on track with the planned expansion program.

**Thank you for your attention!**

