



Creating the Clear Leader in the Fast-Growing Russian Food Retail Market

April 2006

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Agenda

1. Transaction Overview
2. The Russian Food Retail Market
3. Review of Pyaterochka's 2005 Results
4. Overview of Perekriostok
5. Transaction Considerations
6. Key Take-Aways

1. Transaction Overview

Key Transaction Terms

- **Merger between Pyaterochka and Perekriostok, effected through the acquisition of Perekriostok by Pyaterochka for \$1,365 million⁽¹⁾, funded by \$300 million in cash and 15.8 million newly-issued Pyaterochka shares**
 - Recommended by Pyaterochka's Board of Supervisory Directors – Fairness Opinion provided by HSBC
 - Transaction expected to be earnings enhancing in the first full year of acquisition⁽²⁾
 - Transaction subject to Pyaterochka shareholder and customary regulatory approvals
 - Closing expected in Q2 2006

- **Alfa Group to acquire 14.5 million Pyaterochka shares from the Founding Shareholders⁽³⁾ for \$1,178 million in cash**
 - Equivalent to \$20.26 per Pyaterochka GDR (20% premium)⁽¹⁾

- **Pyaterochka granted a call option to acquire Carousel, a fast-growing Russian hypermarket chain (exercisable in 2008)**

(1) Based on the average closing price per Pyaterochka GDR of US\$ 16.83 during the 30 trading days prior to and including 5 April 2006, the last trading day before Pyaterochka's announcement that it was in merger discussions with Perekriostok

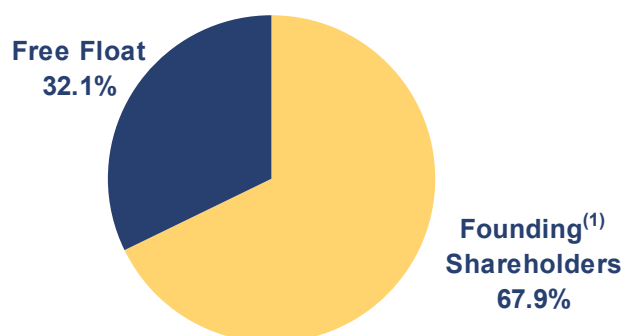
(2) This statement should not be interpreted to mean that future earnings of the Enlarged Group will necessarily match or exceed Pyaterochka's historical published earnings

(3) Mr. Rogachev, Mr. Girda and associates

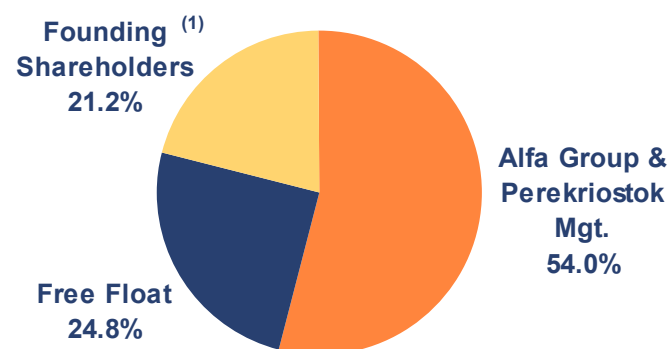
Pro Forma Shareholding Structure

Pyaterochka Shareholder Structure

Before Transaction



Post Transaction



- **Alfa Group to become majority shareholder in the Enlarged Group**
 - Significant capital investment by Alfa Group (approximately \$900 million in cash⁽²⁾ and contribution of its majority stake in Perekriostok)
- **Key Perekriostok management to retain a significant equity interest in the Enlarged Group**
- **Founding Shareholders to retain 21.2% stake in the Enlarged Group and 2 seats on the Enlarged Group's Board of Supervisory Directors**

(1) Mr. Rogachev, Mr. Girda and associates

(2) Net cash investment by Alfa Group in connection with the acquisition of shares from Pyaterochka's Founding Shareholders

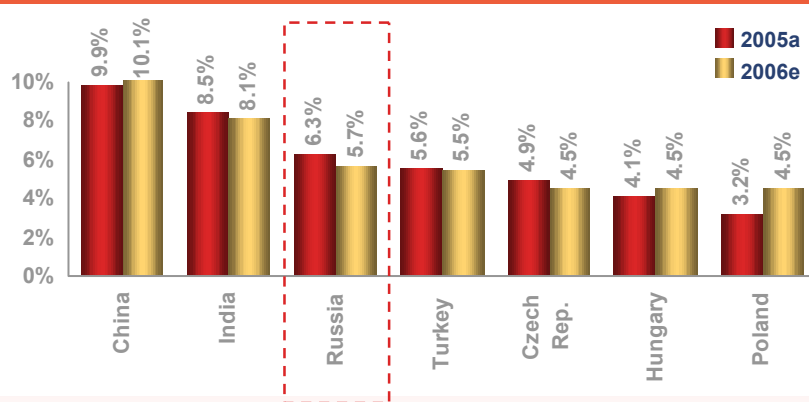
Transaction Highlights

- **Pyaterochka is leading the consolidation of the Russian food retail market**
- **Merger creates the clear leader in the fast-growing Russian food retail market**
- **Diversified and complementary geographic presence, with leadership in key Moscow and St Petersburg markets and a strong platform for rapid regional expansion**
- **Multi-format capability with potential for accelerated future growth – target sales of approximately \$6bn in 2008**
- **Potential for substantial synergies**
- **Combination of two strong management teams**
- **Alfa Group to become Pyaterochka's majority shareholder, committed to the long term development of the Enlarged Group**
 - **Alfa Group is one of the largest and most successful financial investors in Russia and a long-standing investor in the Russian food retail sector**

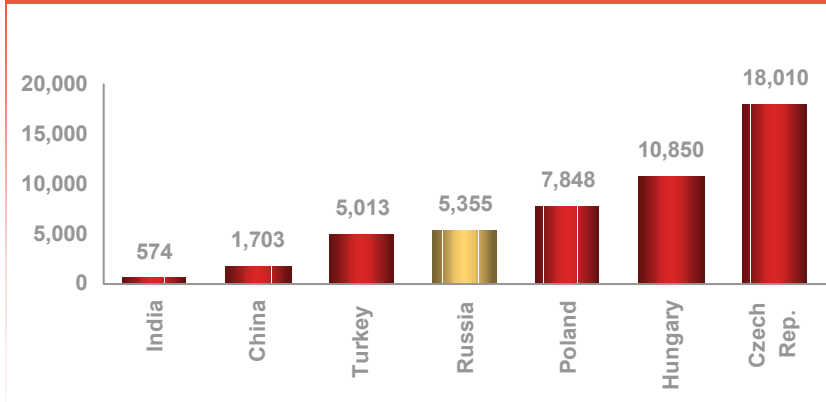
2. The Russian Food Retail Market

Attractive Combination of Growth and Consumer Spending Power

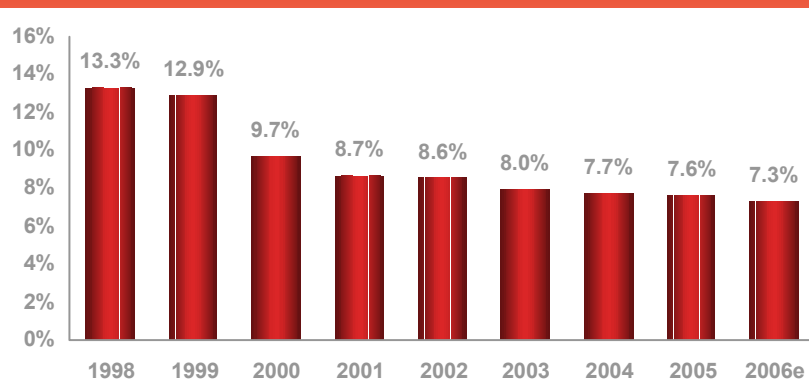
Real GDP Growth (%)



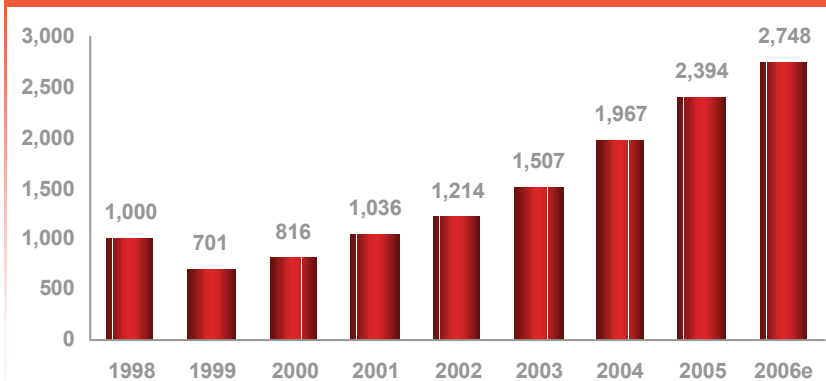
2005 GDP Per Head (US\$)



Unemployment (%)



Consumer Spending / Capita (US\$)



Attractive Russian Food Retail Market Dynamics

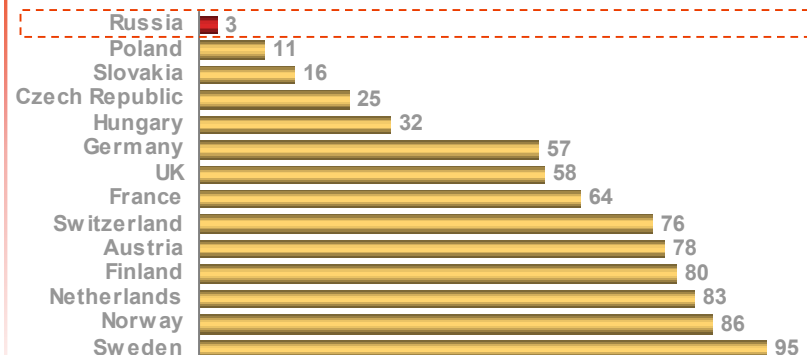
- **5th largest food retail market in Europe, the largest in Eastern Europe**
 - Total Russian food retail market estimated at US\$129bn
- **Annual projected market growth of c.7% p.a. through 2010**
 - Russia the #1 food retail market in Europe by 2010F, and #5 globally
- **Highly fragmented market**
 - Top 3 players represent approximately 3% of total market ⁽¹⁾⁽²⁾
- **Limited number of foreign competitors (currently)**
 - Foreign companies account for approximately 1.5%⁽²⁾ of total market

Comparative Food Retail Market Size & Growth

(US\$ in billions)	2003	2010F	CAGR
UK	156	183	2.3%
France	152	176	2.1%
Germany	136	147	1.1%
Italy	133	147	1.4%
Russia	129	203	6.7%

Source: IGD (2005)
Note: 2003 and 2010F data

Market Share of Top 3 Food Retailers (%)

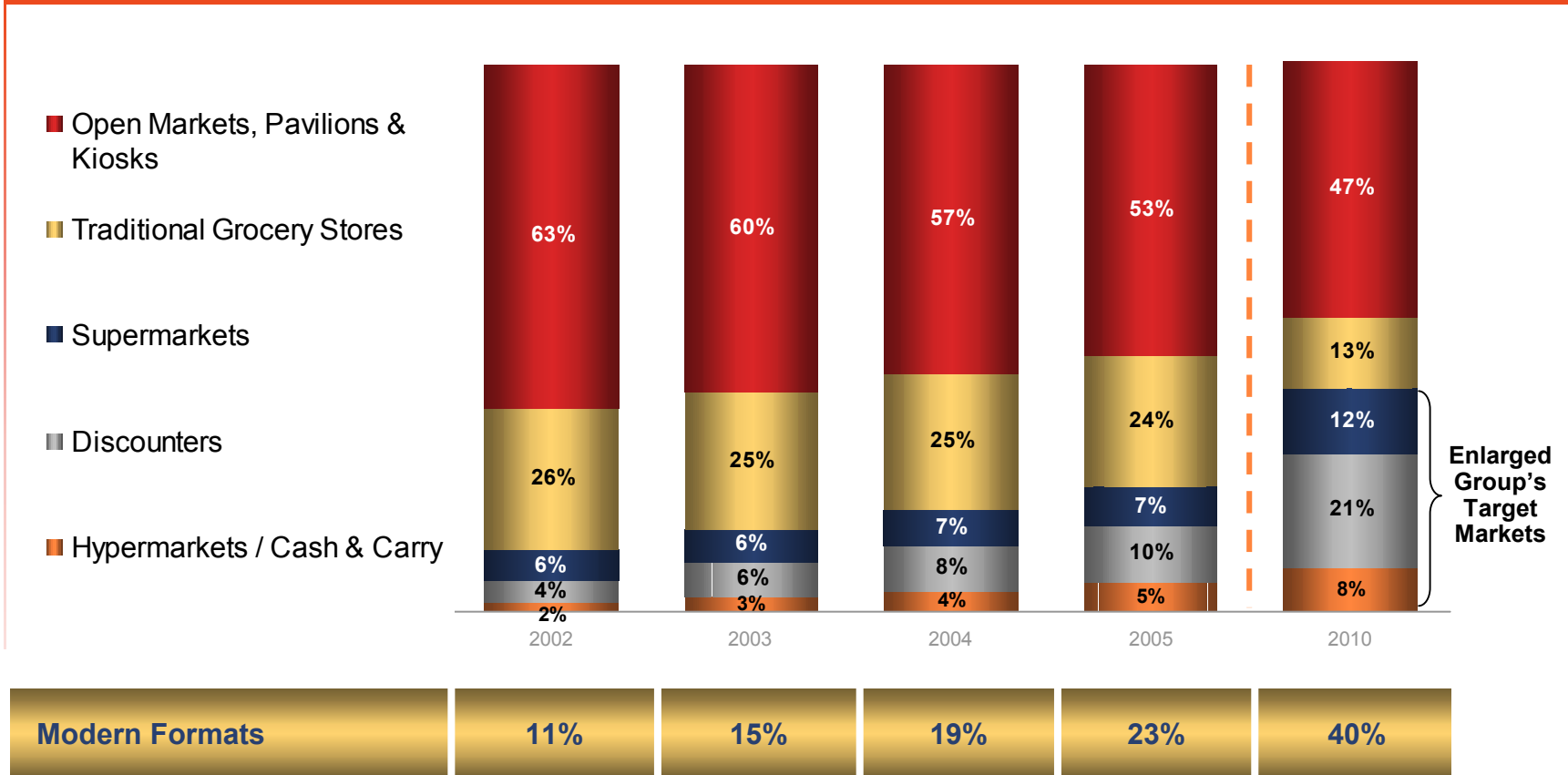


Source: ACNielsen, Company estimates for Russia

(1) Prior to Pyaterochka and Perekriostok merger
(2) Excludes Metro given wholesale focus

Strong Underlying Growth Further Accelerated Through Shift into Modern Retail Formats

Composition of Russian Food Retail Market



Discounters and Supermarket chains expected to be the primary beneficiaries

Substantial Scope for Expansion

	Moscow / Moscow Region	St. Petersburg	Russian Regions
As % of Total Russian Food Retail Market	20%	4%	76%
Penetration of Modern Retail Formats	Medium / Low	Medium	Low
Future Expansion Potential	High	Medium	Very High

“Blue-sky” opportunity to expand in the large, relatively under-developed food retail market in the Russian Regions

3. Review of Pyaterochka's 2005 Results

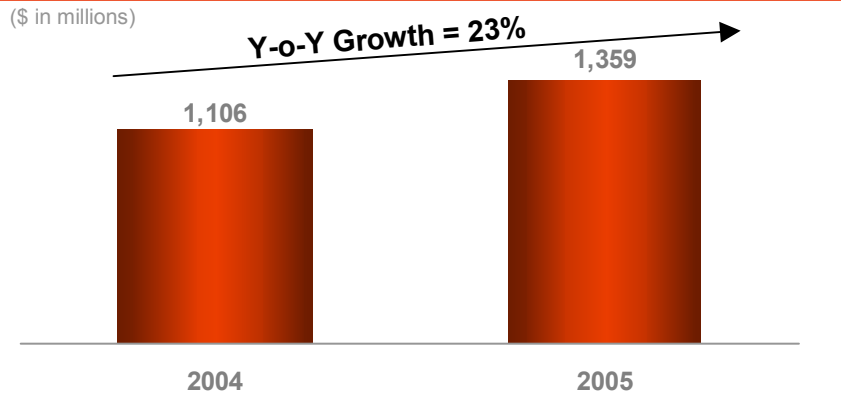
Pyaterochka 2005 Highlights

- **Banner sales of US\$2,084 million in 2005 (+31%)**
- **Net sales of US\$1,359 million (+23%)**
- **EBITDA of US\$163.1 million in (+47%)**
- **Net income of US\$91.2 million (+23%)**
- **751 stores as of 1 January 2006**
 - 347⁽¹⁾ company-owned stores in St Petersburg and Moscow (+48% vs. 1 January 2005)
 - 404⁽¹⁾ franchised stores in 15 Russian regions, Ukraine & Kazakhstan (+95% vs. 1 January 2005)

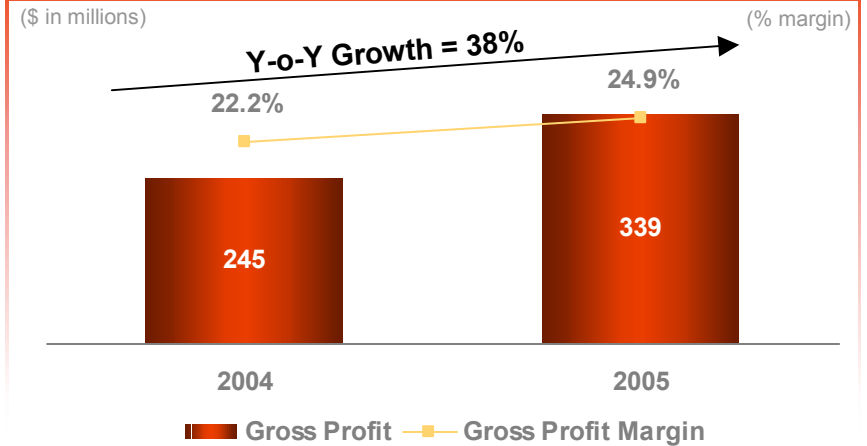
(1) As of 1 January 2006, 21 stores in Yekaterinburg have been transferred from franchisees to own managed stores

Strong Financial Performance

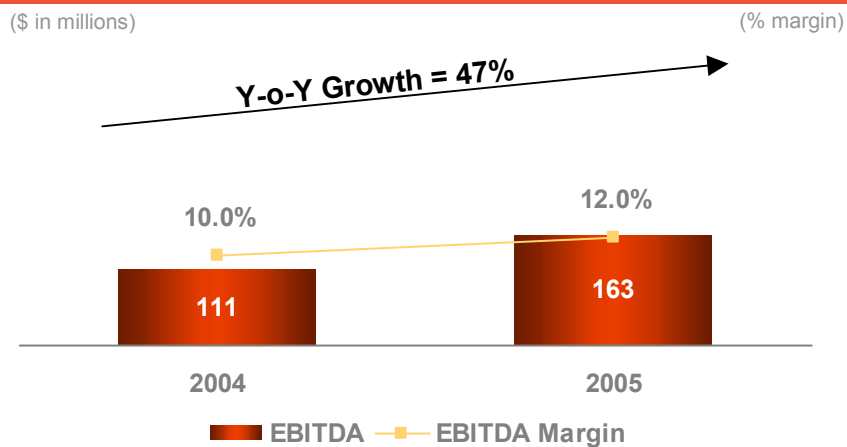
Net Sales



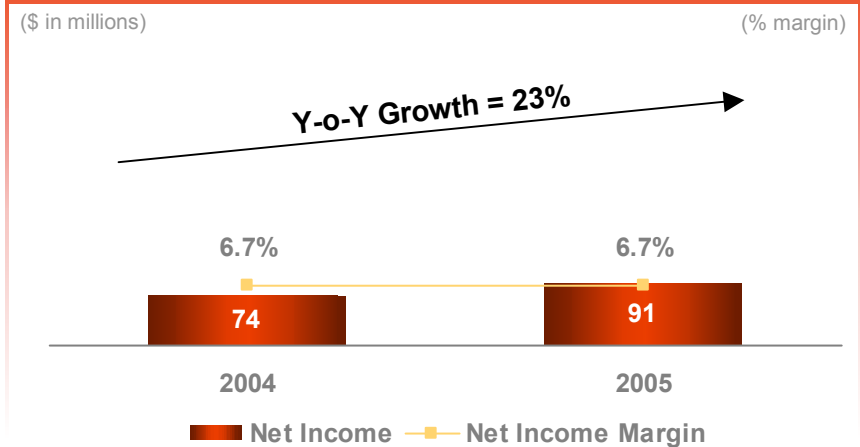
Gross Profit



EBITDA⁽¹⁾



Net Income



Source: Company data. IFRS audited financials
 (1) EBITDA calculated as Operating Income plus D&A

SG&A Expenses

- **Total SG&A expenses of 14.8% of sales in 2005 (vs. 13.5% in FY2004), driven by:**
 - Increase in salary costs (+110 bps vs. 2004)
 - Increase in D&A as a result of higher levels of capex spend
 - Increase in share-based payments
- **Wage inflation partially offset by measures to improve personnel efficiency**
 - Reduction in average number of employees per store (from 53 in 2004 to 38 in 2005)
 - Reduction in head office staff by 18% and logistics staff by 9%
 - Opportunity to further increase efficiency through higher proportion of own deliveries
- **Rent (as % of sales) broadly stable**

	2005 \$m	2004 \$m	Y-o-Y Change
Salary	\$95.4	\$65.5	+46%
<i>% of Sales</i>	<i>7.0%</i>	<i>5.9%</i>	
Rent	\$26.1	\$21.6	+21%
<i>% of Sales</i>	<i>1.9%</i>	<i>2.0%</i>	
D&A	\$25.8	\$14.5	+78%
<i>% of Sales</i>	<i>1.9%</i>	<i>1.3%</i>	
Other⁽¹⁾	\$53.9	\$47.3	+14%
<i>% of Sales</i>	<i>4.0%</i>	<i>4.3%</i>	
<u>Total</u>	<u>\$201.2</u>	<u>\$148.9</u>	<u>+35%</u>
<i>% of Sales</i>	<i>14.8%</i>	<i>13.5%</i>	

(1) Includes share-based payments of \$5.4m in 2005 and \$0.0m in 2004

Income Statement Highlights

\$ million	Year ended 31 December		Change (+/- %)
	2005	2004	
Net Sales	1,359.3	1,105.8	+22.9%
Gross Profit	338.5	245.4	+37.9%
<i>Gross Margin</i>	<i>24.9%</i>	<i>22.2%</i>	
SG&A ⁽¹⁾	149.3	112.8	+32.4%
<i>% of Sales</i>	<i>11.0%</i>	<i>10.2%</i>	
EBITDAR ⁽²⁾	189.2	132.7	+42.6%
<i>EBITDAR Margin</i>	<i>13.9%</i>	<i>12.0%</i>	
Net Rental Expense	26.1	21.6	+20.8%
EBITDA ⁽²⁾	163.1	111.1	+46.8%
<i>EBITDA Margin</i>	<i>12.0%</i>	<i>10.0%</i>	
Profit Before Tax ⁽³⁾	120.2	93.9	+28.0%
Taxes	29.0	19.5	+48.7%
Net Income ⁽³⁾	91.2	74.4	+22.6%

(1) Excludes D&A and net rental expense

(2) EBITDA calculated as Operating Income plus D&A. EBITDAR calculated as EBITDA plus net rental expenses

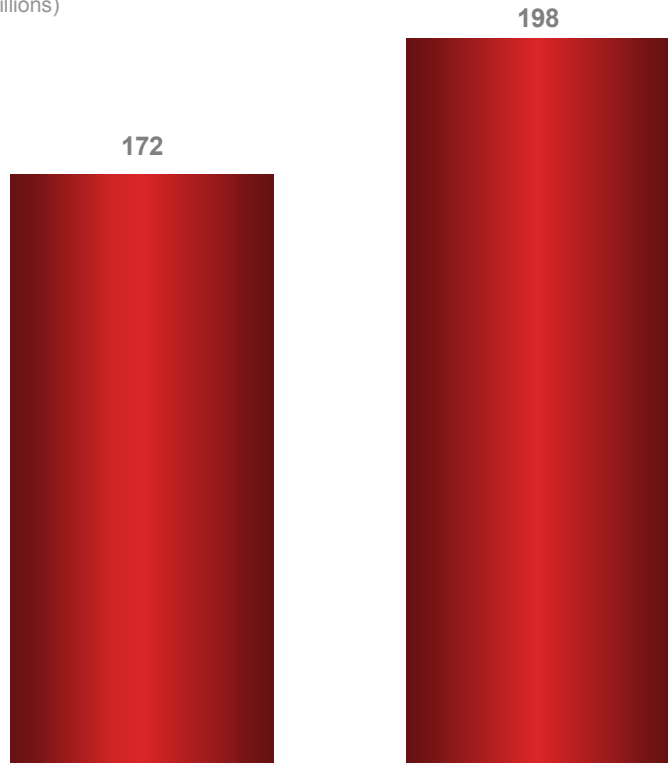
(3) Includes foreign exchange loss of \$3.6 million in 2005, and gain of \$1.1m in 2004

Source: Company data. IFRS audited financials

Strong Operating CashFlow Generation

2005 Operating Cashflow vs. Organic Capex⁽¹⁾

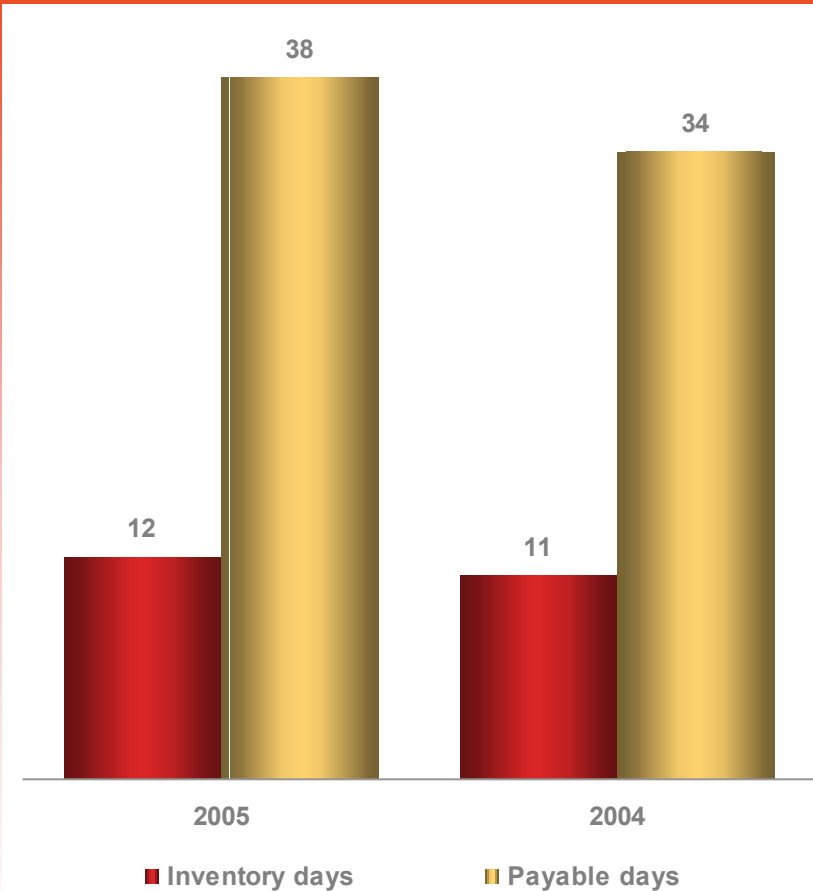
(\$ in millions)



2005 Operating Cashflow

2005 Organic Capex

Increasing Working Capital Efficiency



■ Inventory days

■ Payable days

(1) Excludes acquisitions and disposals

Strong Balance Sheet and Impressive Returns

\$ million	Dec 31, 2005	Dec 31, 2004	Change (%)
Net debt⁽¹⁾	175.8	60.8	+189%
Shareholders' equity	<u>195.8</u>	<u>166.0</u>	+18%
Total Capitalisation (equity + net debt)	371.6	226.8	+64%
Net Debt/Shareholders' Equity	90%	37%	+143%
Net Debt/EBITDA	1.1x	0.5x	+120%
ROCE⁽²⁾	37%	43%	-14%
ROE⁽³⁾	47%	45%	+4%

(1) Includes obligations under finance leases

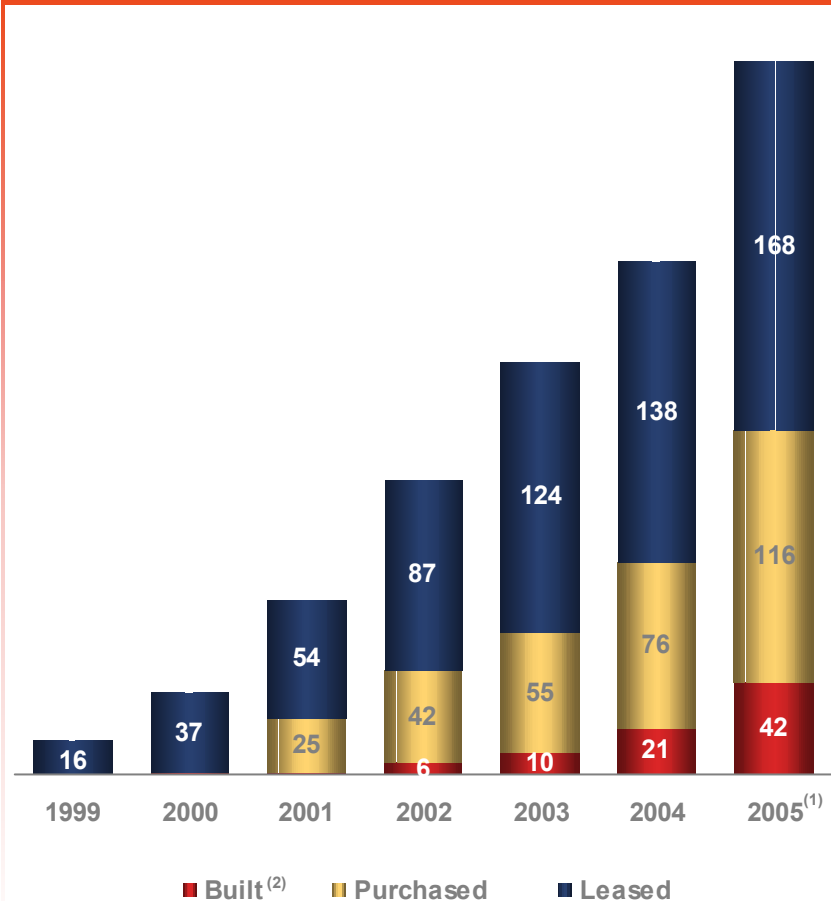
(2) EBIT before currency losses and gains divided by period-end capital employed (net debt plus shareholders' equity)

(3) Net income divided by period-end shareholders' equity

Source: Company data. IFRS audited financials

Store Openings in Line with Expectations

Company-managed stores



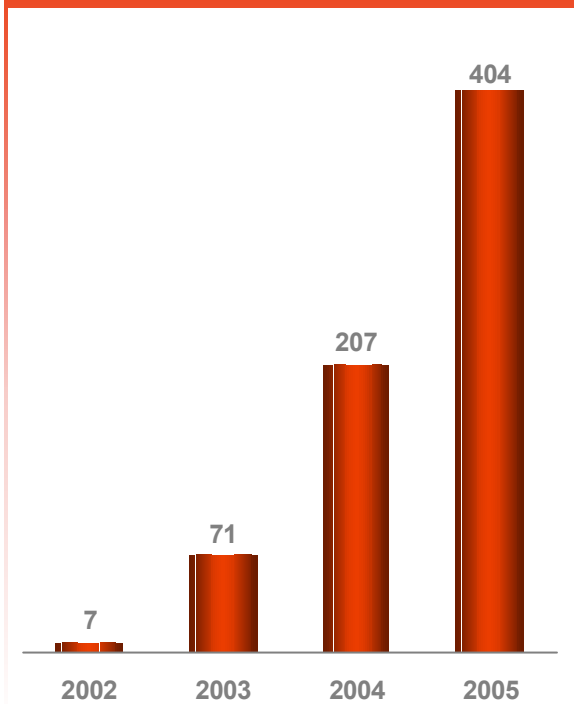
- 91 new stores opened in Moscow and St. Petersburg in 2005
 - 35 stores in Moscow area
 - 56 stores in St Petersburg area
- 326 company-managed stores as at 31 December 2005 (347 as at 1 January 2006) vs. 235 as of 31 December 2004 (39% / 48% growth)
- Net selling space has increased by 17,767sqm to 100,174sqm (+22%) in Moscow, and by 33,166 sqm to 96,167sqm (+53%) in St Petersburg
- Over 222 million customers in 2005
- Average check of \$6.10 (+9% vs. 2004)

(1) Excludes Yekaterinburg stores
 (2) 1 store built in 2000 and 1 store built in 2001

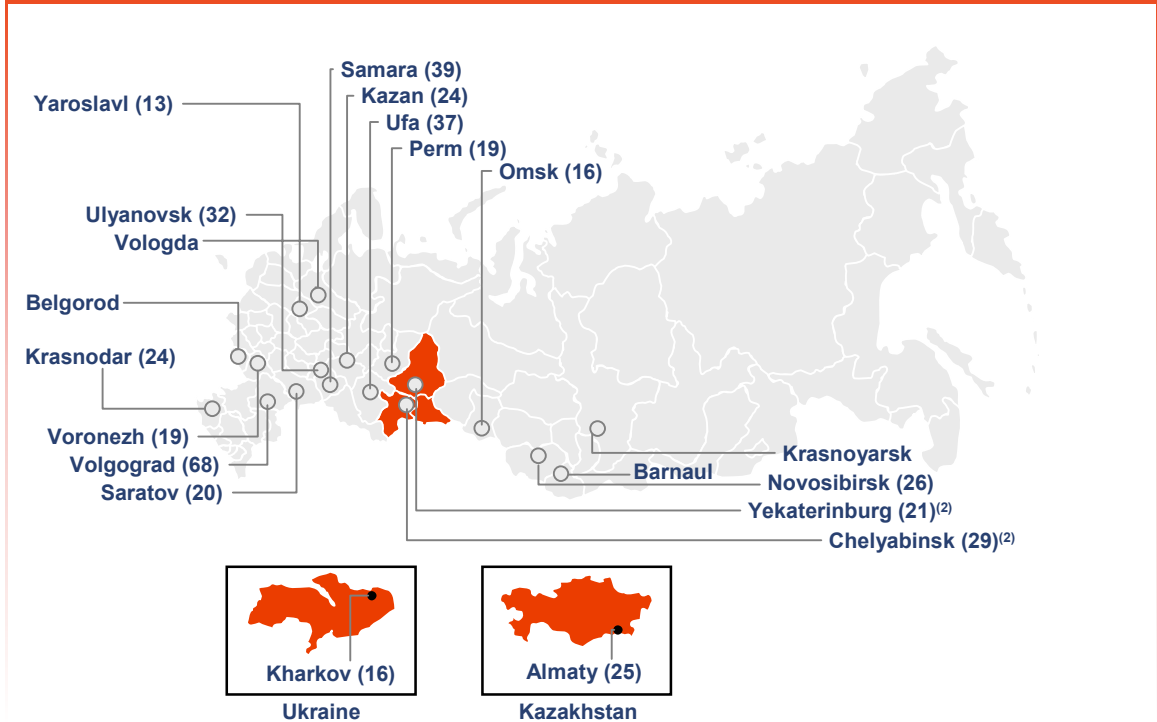
Large and Fast Growing Franchise Network

- Revenues from franchise operations were US\$7 million in 2005 (+53%)
- 404⁽¹⁾ franchisee stores as of 1 January 2006 (15 Russian regions, Ukraine and Kazakhstan) vs. 207 as of 31 December 2004

Rapid Growth in Franchise Network



Pyaterochka Franchisees by Region

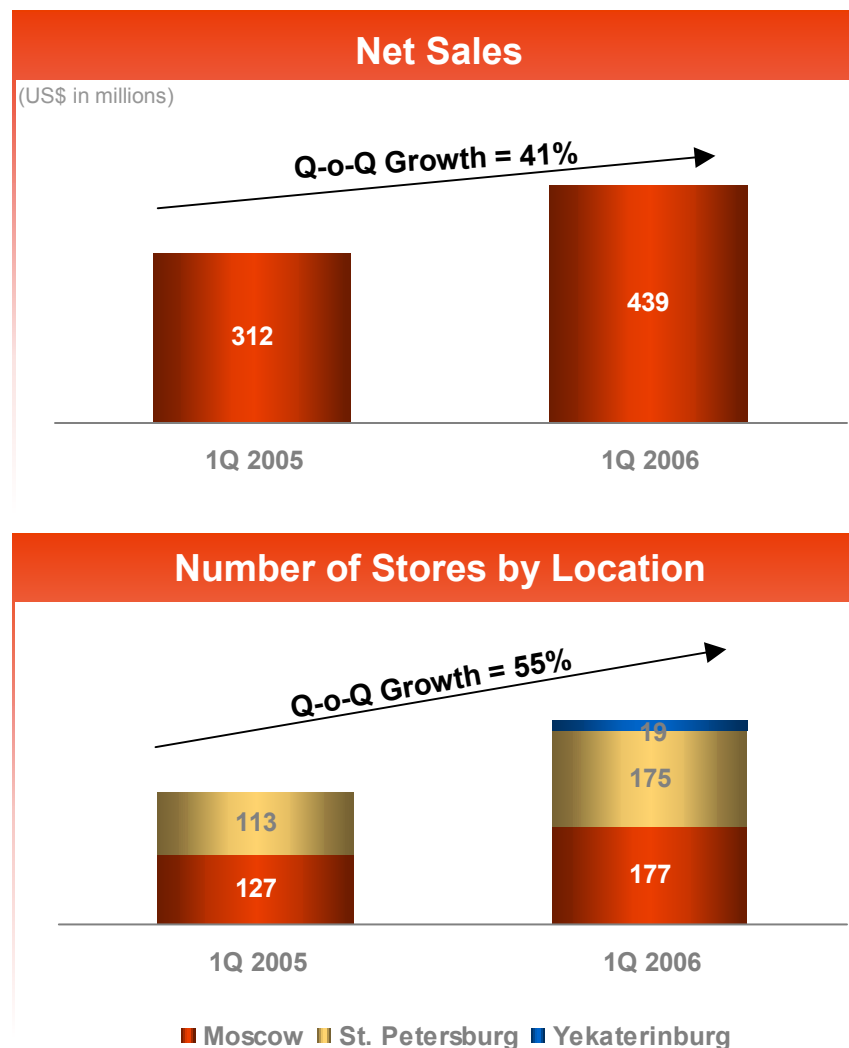


(1) Excludes Yekaterinburg stores

(2) Yekaterinburg stores, as at 1 January 2006, are company-owned and company owns 26% of Chelyabinsk stores

1Q 2006 Trading Update

- **1Q 2006 sales of US\$439 million (+41% vs. 1Q 2005) driven by:**
 - 371 stores as of end of 1Q 2006 (+55% vs. 1Q 2005)
 - LFL sales increase of 7%
- **Total of 26 new stores opened in 1Q 2006**
 - 18 in Moscow, including 13 Kopeyka stores
 - 8 in St Petersburg



1Q 2006 Trading Update (Cont'd)

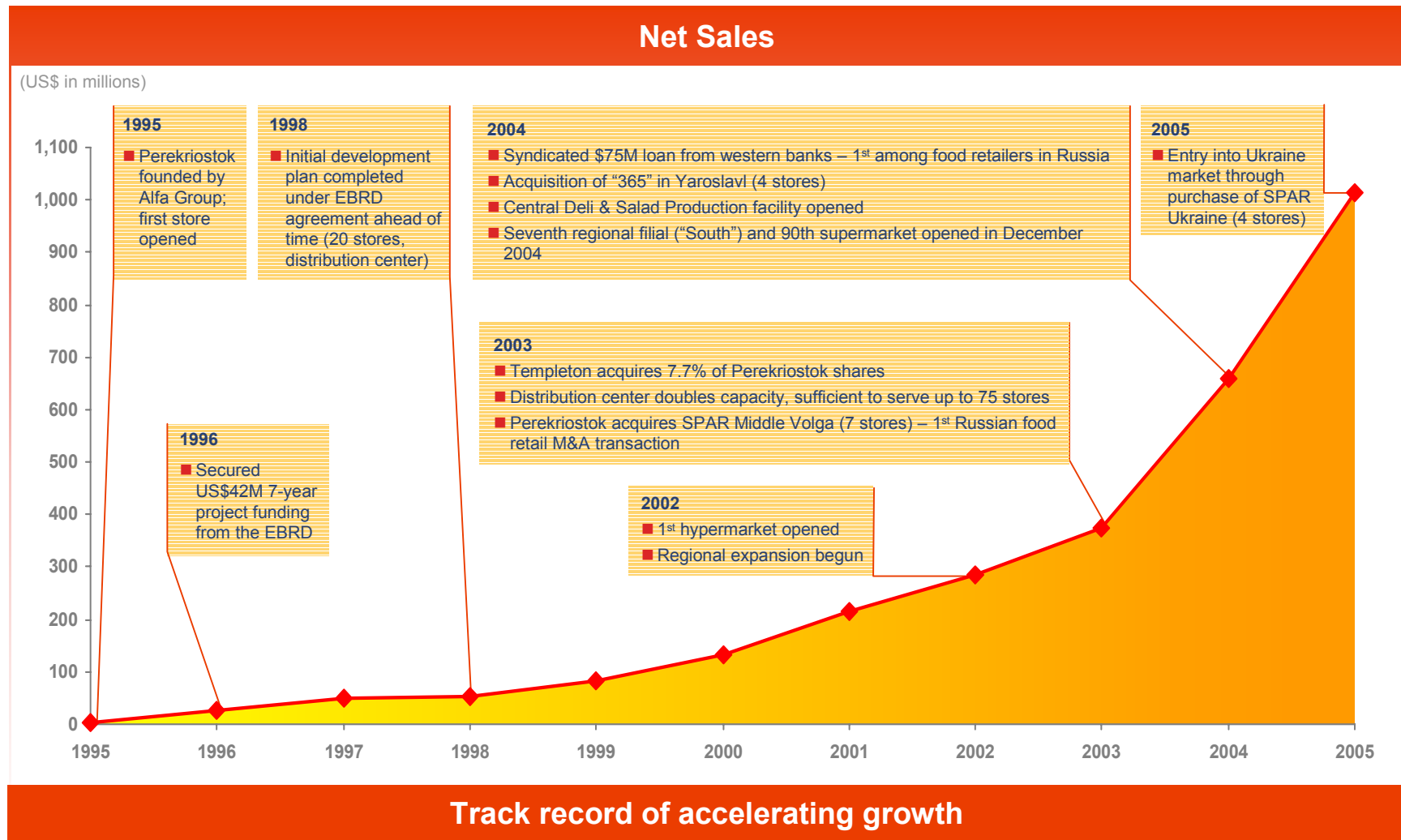
- **Strong recovery in LFL performance as a result of implementation of key remedial actions, which include:**
 - Appointment of Head of Moscow
 - Investment in price
 - Increased opening hours
 - Increased marketing spend
 - Changed incentivisation schemes rewarding LFL growth
 - Investment in staff training
 - SKU mix optimization

	Like-for-Like	Traffic	Basket
12M 2005:			
Moscow	+4.8%	-3.7%	+9.4%
St. Petersburg	-5.9%	-13.5%	+9.0%
1Q 2006:			
Moscow	+15.0%	+3.0%	+12.0%
St. Petersburg	-1.0%	-8.0%	+8.0%

Note: Like-for-Like sales calculated in USD, based on stores opened before January 1, 2004 for 12M 2005 and based on stores opened before January 1, 2005 for 1Q 2006
 Source: Company data

4. Overview of Perekriostok

Key Perekriostok Milestones



Note: Net Sales as reported under IFRS

Multi-Type Supermarket Strategy

Convenience Store



- 2005 Sales: \$134 million ⁽¹⁾
- 25 own-managed stores ⁽²⁾
- 9 franchise stores ⁽²⁾
- Net selling space: 13,544 sqm
- Avg trading area: 400-600 sqm
- Up to 7,500 SKUs
- 95% food

Standard Supermarket



- 2005 Sales: \$704 million ⁽¹⁾
- 88 own-managed stores ⁽²⁾
- Net selling space: 100,495 sqm
- Avg trading area: 800-1,600 sqm
- Up to 20,000 SKUs
- 85% food

City Hypermarket



- 2005 Sales: \$149 million ⁽¹⁾
- 7 own-managed stores ⁽²⁾
- Net selling space: 27,456 sqm
- Avg trading area: 4,000-7,000 sqm
- Up to 35,000 SKUs
- 60% food

Multi-type supermarket strategy covering the broad food retail market spectrum

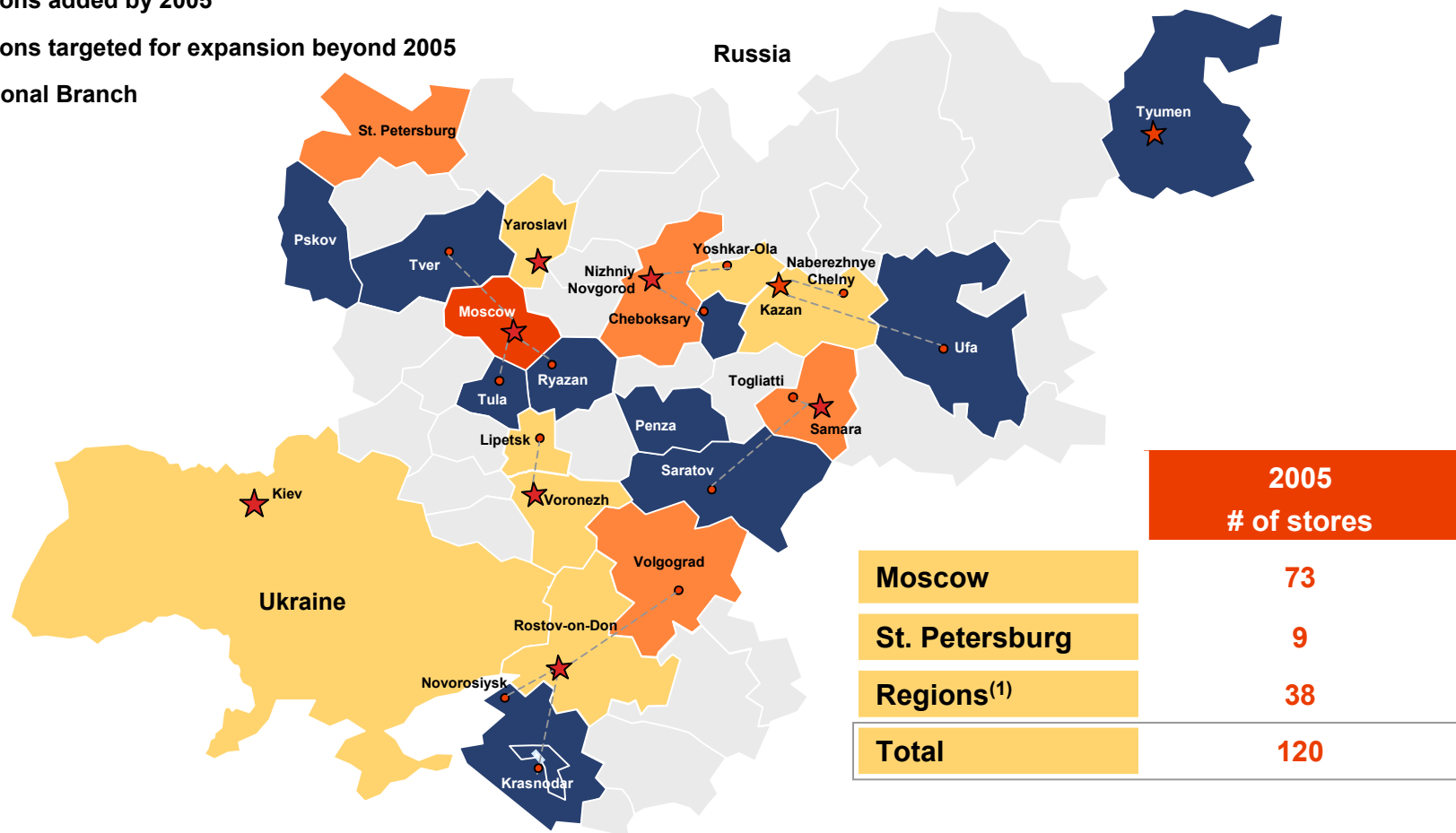
Source: Management

(1) Perekriostok revenues by type of store do not include other revenues such as wholesaling, franchisees and information services

(2) Data as at 31 December 2005

Strong Moscow Operation Complemented by Successful Regional Expansion Strategy

- Presence in 2001
- Regions added by 2003
- Regions added by 2005
- Regions targeted for expansion beyond 2005
- ★ Regional Branch

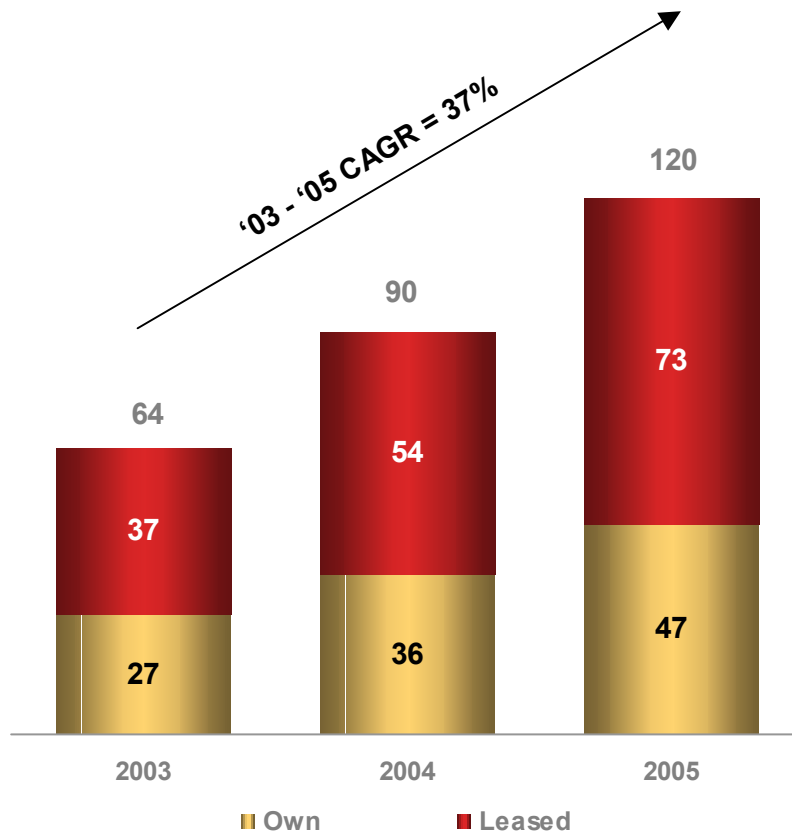


Note: Data as at year end. Excluding franchisees
 (1) Includes 4 stores in Ukraine

Proven Track Record of Growth (Sales)

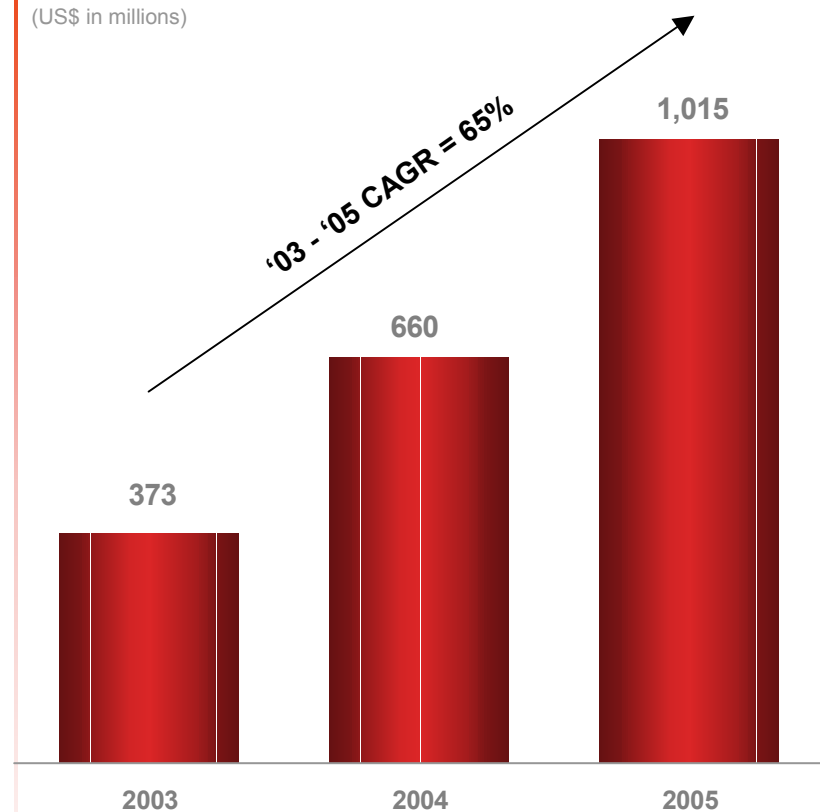
Store Development by Type⁽¹⁾

(total # stores)



Net Revenues

(US\$ in millions)



Rapid store roll-out and solid business fundamentals, with double digit like-for-like growth⁽²⁾

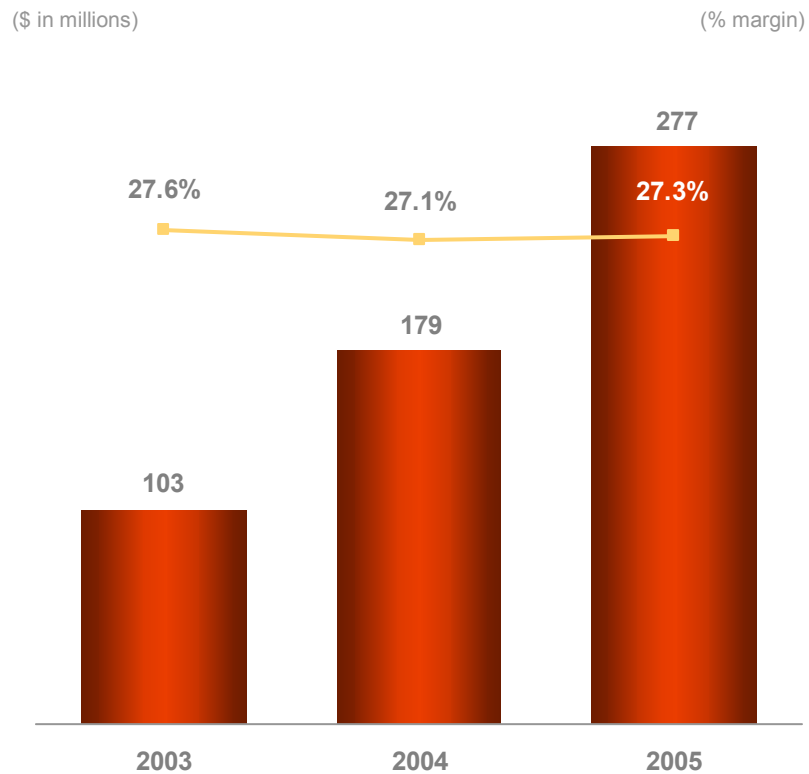
Note: Financials as per audited IFRS financial statements. Year ended 31 December

(1) Excluding franchisees

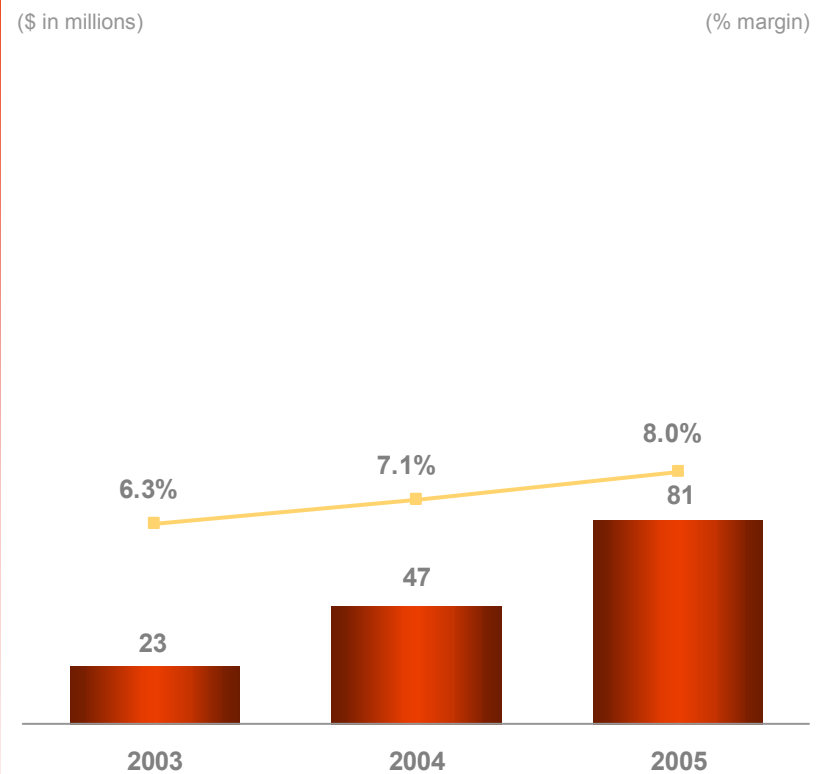
(2) Like-for-like growth of 16% in 2004 and 18% in 2005. Like-for-like growth calculated using net sales for stores open for at least 12 months. Excludes impact of RUR/US\$ currency fluctuations

Proven Track Record of Growth (Profitability)

Gross Profit



EBITDA (1)

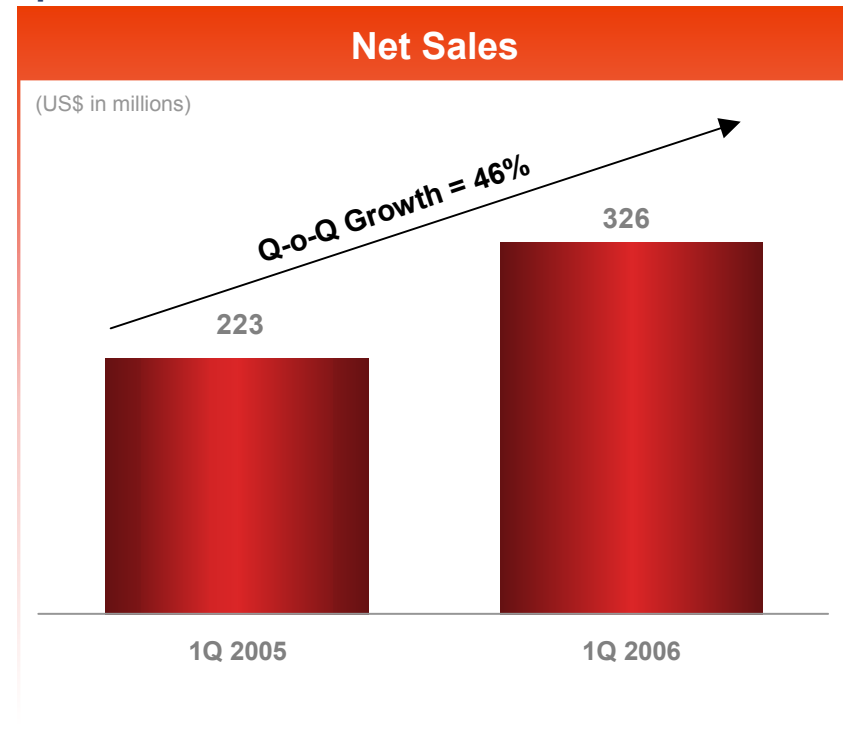
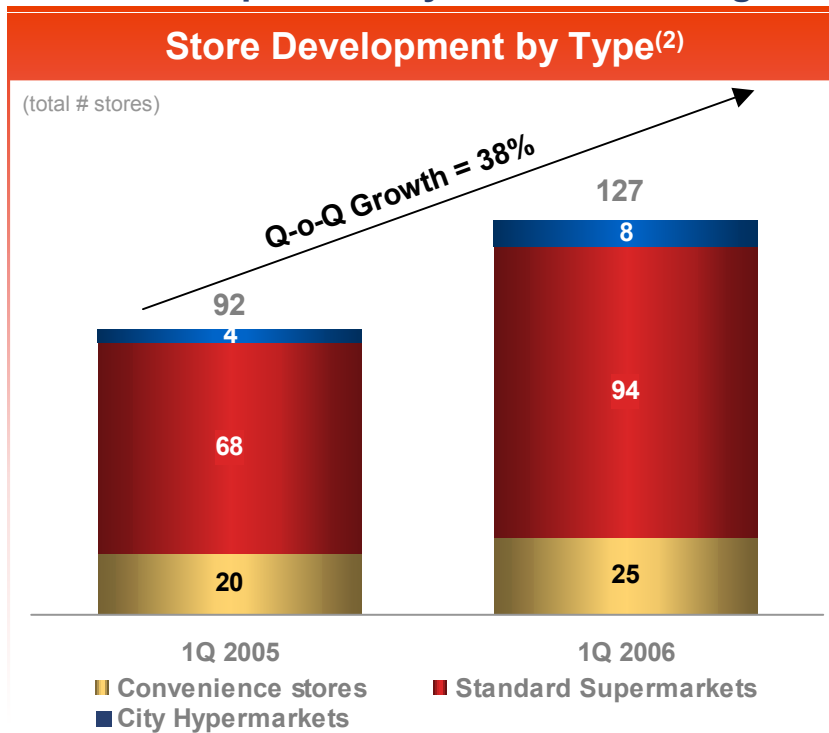


Note: Financials as per audited IFRS financial statements. Year ended 31 December

(1) Includes gains / losses from disposal of property, plant and equipment (\$18.1 million gain in 2005), and other non-recurring charges (\$7.5 million loss in 2005)

1Q 2006 Trading Update

- **Perekriostok achieved net sales growth of 46% vs. 1Q 2005 driven by:**
 - LFL sales growth of 15%⁽¹⁾
 - 38% growth in number of stores
- **6 supermarkets and 1 hypermarket opened during 1Q 2006 (approx. 19,000 square meters of additional selling space)**
- **1Q 2006 profitability exceeded management expectations**



Source: Company Data. Unaudited IFRS financial statements. Quarter ended 31 March

(1) Like-for-like growth calculated using net sales for stores opened before 01/01/2005. Excludes impact of RUR/US\$ currency fluctuations

(2) Excluding franchisees

Key Perekriostok Business Initiatives

■ Continued rapid store roll-out activity

- Plans to open at least 40 stores in 2006 (approx. 60,000 square metres of additional selling space)
- Target of approximately 240 stores by 2008, including approximately 180 supermarkets and 30 city hypermarkets

■ Continued re-investment in price to preserve best value leadership

■ Implementation of gross margin improvement initiatives

- Plans to rationalise number of SKU and suppliers
- Target to increase sales contribution from private labels
- Target to raise volumes supplied from Perekriostok's Distribution Centres from 25% in 2005 to 75% by 2008
- Increase production and sales of own salads and deli
- New meat processing plant in Moscow

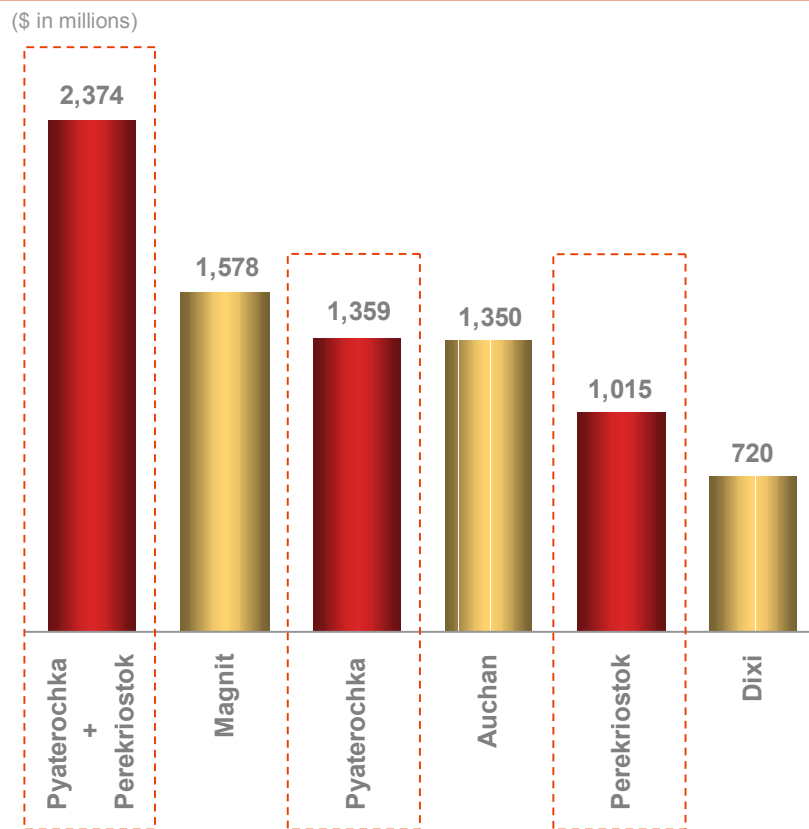
■ Continued optimisation of store personnel efficiency

■ Focus on management of accounts payable to reduce working capital

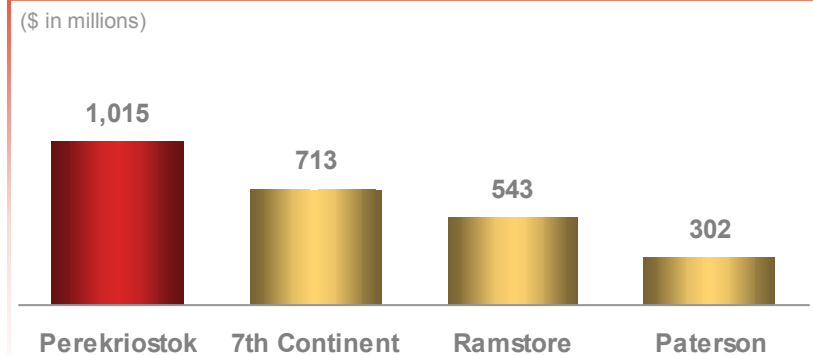
5. Transaction Considerations

Creation of the Clear Leader in the Fast-Growing Russian Food Retail Market

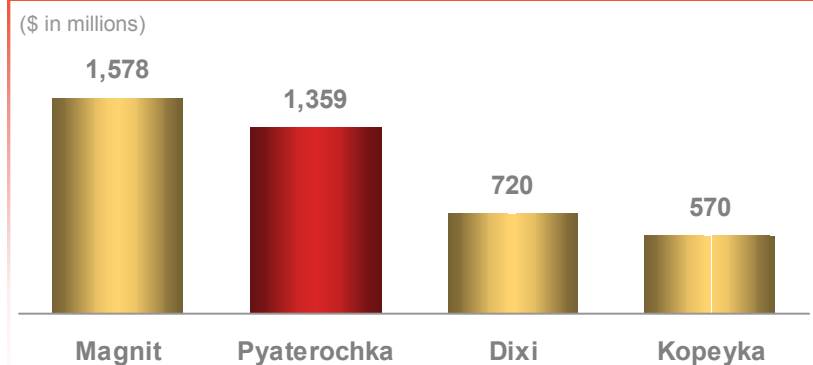
Top 5 Food Retailers in Russia (2005 Net Sales)



Supermarket Chains in Russia (2005 Net Sales)



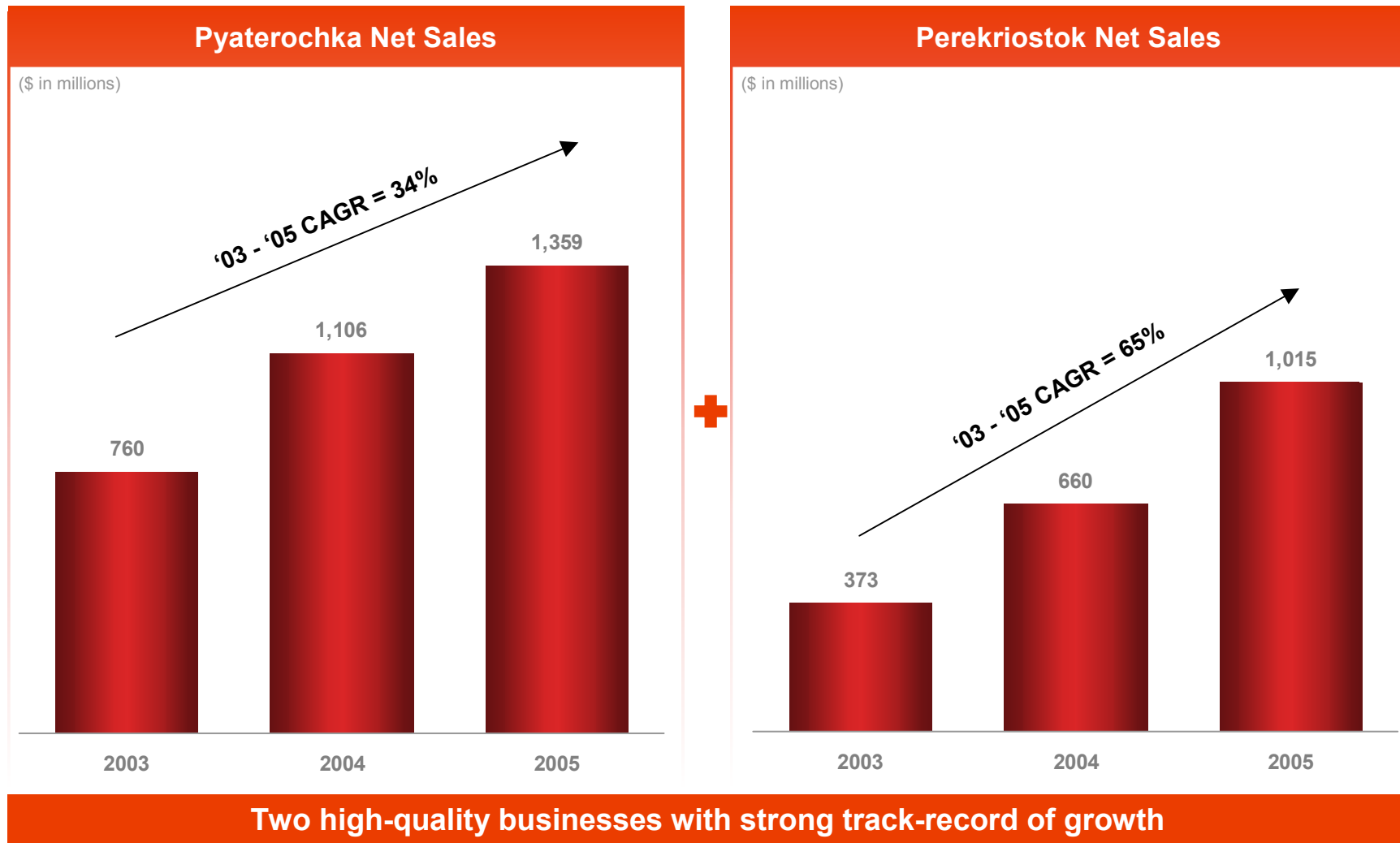
Discounter Chains in Russia (2005 Net Sales)



Combination of leading supermarket and discounter chain in Russia

Source: Company data, market research, broker estimates. Auchan and Dixi sales as per management estimates
 Note: Metro excluded given wholesale focus

Combination of Two High-Growth Stories



Source: Net sales as per IFRS. Year ended 31 December. Pyaterochka 2005 sales data unaudited (as per preliminary announcement dated 12 January 2006)

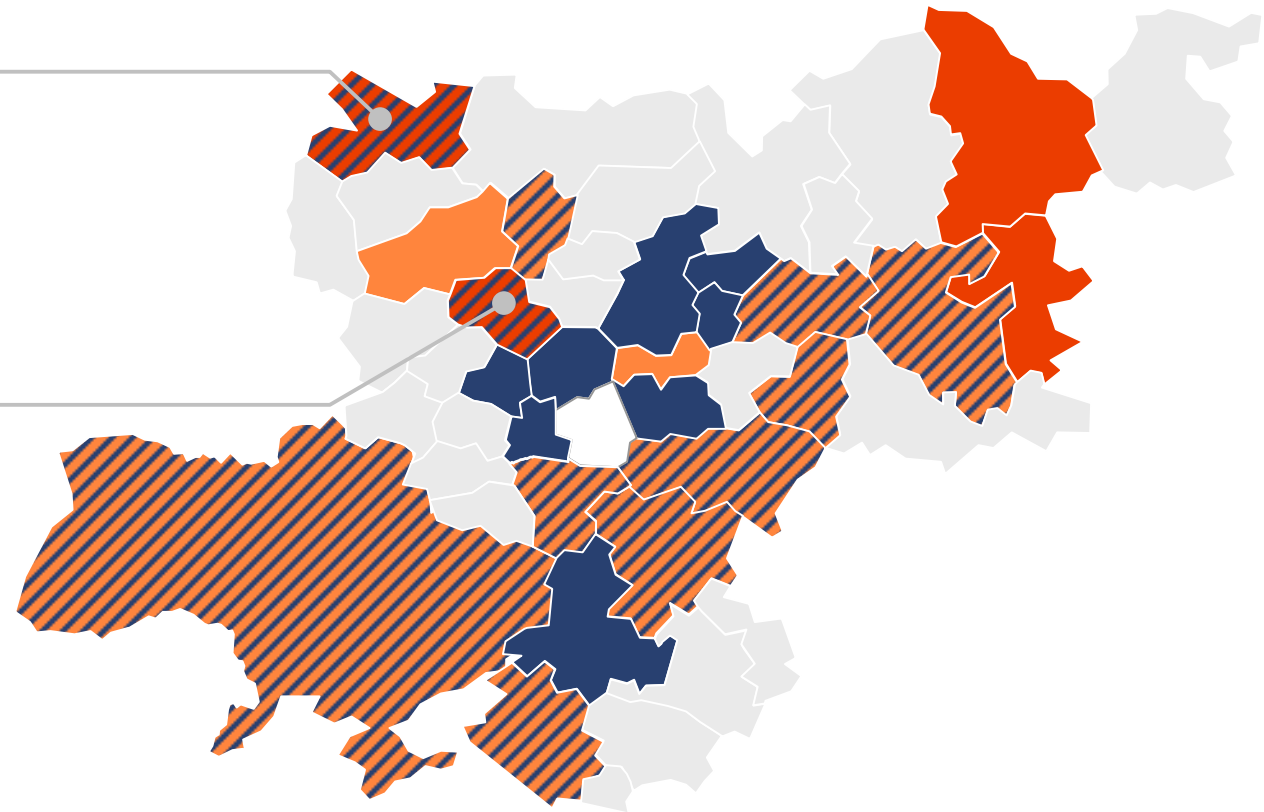
Diversified and Complementary Geographic Presence

(store numbers as at 31 December 2005)

St Petersburg	
Company	# Store
Pyaterochka	167
Perekriostok	9

Moscow	
Company	# Store
Pyaterochka	159
Perekriostok	73

Regions	
Company	# Store
Pyaterochka	425 ⁽¹⁾
Perekriostok	38 ⁽²⁾

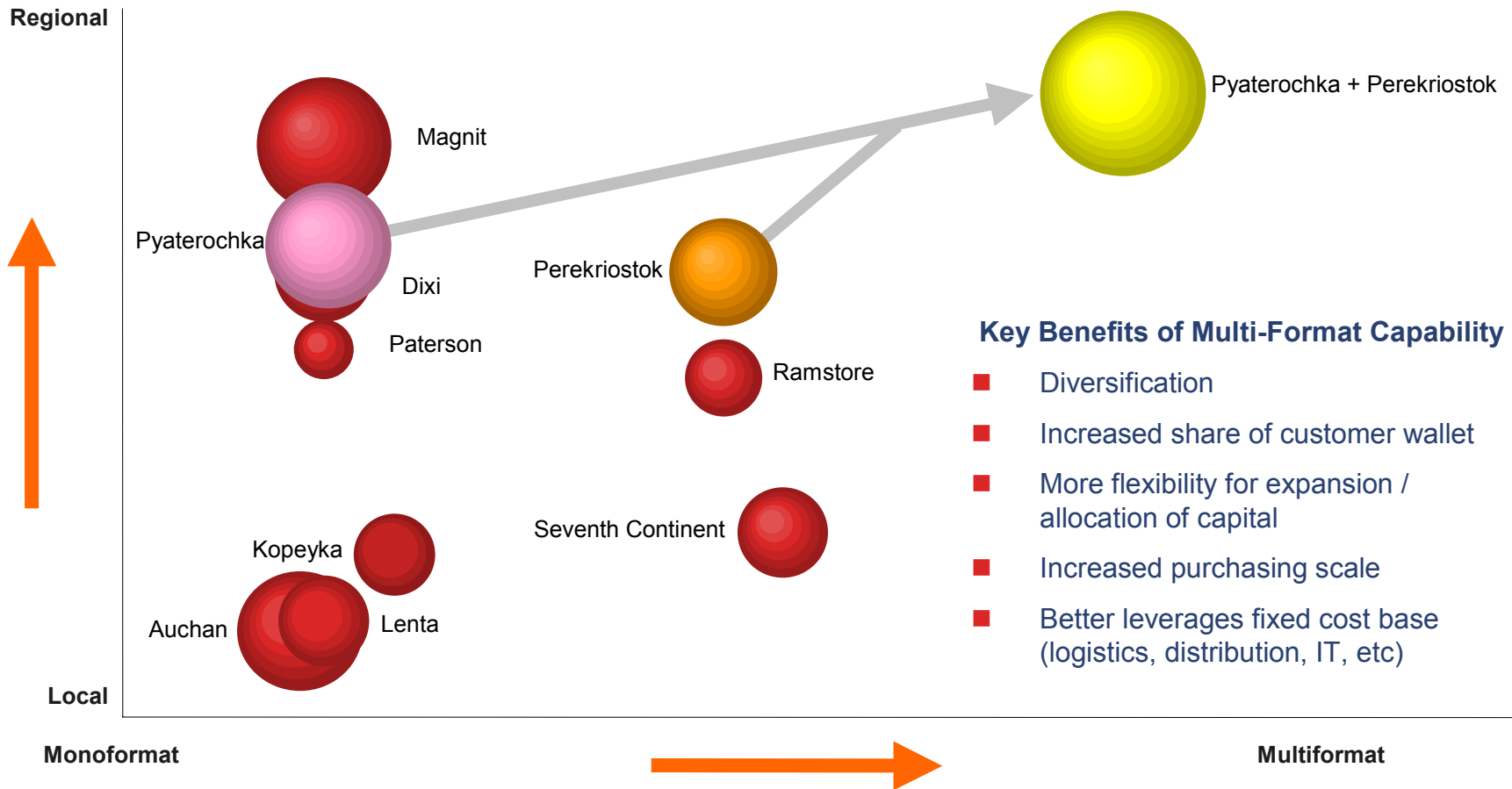


■ Pyaterochka own-managed stores
 ■ Pyaterochka franchise stores
 ■ Perekriostok
 Combined

Leadership in key markets and strong platform for rapid regional expansion

(1) As of 1 January 2006, 21 stores in Yekaterinburg have been transferred from franchisees to own managed stores. Following this, 404 stores in the regions are operated by franchisees and 21 are company-managed
 (2) Includes 4 stores in Ukraine
 Note: Perekriostok franchisees not included

Multi-Format Capability



Potential for accelerated growth, and a key ingredient for sustainable market leadership

Source: Company data, broker and management estimates
 Note: Metro excluded given wholesale focus. Size of bubble represents 2005 revenues

Multi-Format Capability

Call Option to Acquire Carousel in 2008

- **Fast-growing hypermarket business**
 - Average trading area of 4,000-11,000 m²
 - Food and non-food product offering
 - 7 stores opened since inception (2004), with current presence in St Petersburg, the Leningradsky Region and Nizhniy Novgorod
- **Plan to continue strong roll-out on a national scale**
 - Target of over 30 hypermarkets by the end of 2008
 - In addition to St Petersburg, plans to expand into Moscow and Russian Regions
- **Carousel call option provides opportunity for further expansion of hypermarket franchise**
 - Option exercisable in 2008
 - Exercise price by reference to Carousel's future financial performance



Substantial Combination Benefits

- Quantified purchasing savings of approximately \$85m by FY 2008
- Limited merger disruption and implementation costs
- Incremental central costs expected to be limited

Scope for additional upside. Limited operational disruption and negligible implementation costs

Substantial Combination Benefits

Scope for Enhanced and/or More Profitable Growth

- **Multi-format capability increases expansion opportunities**
 - M&A targets in Regions often multi-format (supermarkets and discount stores), hitherto unsuitable for Pyaterochka or Perekriostok, standalone
 - Flexibility to deal with multi-format developers
- **Elimination of competition for new sites, and opportunity to share information on new store opportunities**
- **Better leverage of future investments in logistics and IT**
- **Transfer of best practices**
- **Market leadership attracts management talent, a key element for accelerated growth**
- **Optionality of format to adapt to any future changes in customer needs and demographic trends**
- **Ability to target capex to highest return format by location**

Potential for substantial uplift in growth and financial returns

Combination of Two Strong Management Teams

Pooling of Industry-Leading Management

■ Board of Supervisory Directors to include⁽¹⁾

- David Noble (Non-Executive Chairman)
- Andrei Rogachev
- Tatyana Franous
- Five representatives from Alfa Group, including Mikhail Fridman (Chairman of Alfa Group) and Alexander Kosianenko (current CEO of Perekriostok)
 - It is intended that by the end of 2006 one of the five Alfa Group representatives will be replaced by an independent director

■ Management team of Enlarged Group⁽¹⁾

- CEO – Lev Khasis, highly experienced food retailer and current Chairman of Perekriostok
- CFO – Vitaliy Podolskiy, current CFO of Perekriostok
- Existing management teams of Pyaterochka and Perekriostok will continue to run their respective businesses
 - Oleg Vysotsky and Anzhelika Lee to remain as CEO and CFO of Pyaterochka, respectively
 - Pavel Musial, current COO of Perekriostok, to replace Alexander Kosianenko as Perekriostok's CEO. Alexander Kosianenko, who will join the Board of Supervisory Directors, will retain overall responsibility for Perekriostok's strategy and existing operations

**Operational management teams to remain in place.
Strategy, synergies and best practice will be coordinated centrally**

(1) Subject to shareholder approval

Proposed Management Structure Maintains Full Flexibility While Creating Minimal Disruption

- **Corporate centre function will have responsibility for:**
 - Ensuring synergies are realised through co-ordination of core functional areas (purchasing, best practice transfer and store network development)
 - Deployment of capital expenditure
 - Corporate funding, strategy and M&A

- **Decentralised management structure to maintain speed and flexibility**
 - Business units will retain operating independence and P&L responsibilities
 - Minimal merger disruption

Financial Considerations

- **\$300 million of additional debt to be raised to finance the acquisition of Perekriostok**
 - Pro forma Net Debt/EBITDA (as at 31 December 2005) of below 3.0x ⁽¹⁾
- **Bank commitment for additional capex facility to finance the future development of the Enlarged Group**
- **Transaction expected to be earnings enhancing in the first full year of acquisition⁽²⁾**

(1) Based on Perekriostok's audited FY 2005 EBITDA, and consensus estimates for Pyaterochka's FY 2005 EBITDA

(2) This statement should not be interpreted to mean that future earnings of the Enlarged Group will necessarily match or exceed Pyaterochka's historical published earnings

Enlarged Group Outlook

- **Significant store roll-out activity for FY2006; Pyaterochka and Perekriostok on track to meeting their respective 2006 targets**
 - 130 new discount stores
 - At least 40 new “Perekriostok” stores (approx. 60,000 square metres of additional selling space)
 - 70% of sites secured; remaining 30% under negotiation ⁽¹⁾

- **Plans to continue rapid expansion over the medium term**
 - Target of over 700 discount stores by 2008
 - Target of over 240 “Perekriostok” stores by 2008, including approximately 30 convenience stores, 180 supermarkets and 30 city hypermarkets

(1) Based on number of stores

6. Key Take-Aways

Strategy of Enlarged Entity

- **Maintain market leadership in the Russian food retail market**
- **Increase the Enlarged Group's profitability**
 - Deliver purchasing scale benefits (including potential to increase direct imports); continue to rationalise number of suppliers and SKUs
 - Continued investment in distribution and logistics to reduce complexity and increase stock availability
 - Increase contribution from private label products (customer loyalty and improved margins)
 - Continue to deliver operating cost efficiencies
- **Minimise merger disruption**
 - Merger rationale not focused on short-term operating cost savings - limited change in operations planned in short-term
 - Business units will retain operating independence and P&L responsibilities in order to maintain speed and flexibility

Transaction Highlights

- **Pyaterochka is leading the consolidation of the Russian food retail market**
- **Merger creates the clear leader in the fast-growing Russian food retail market**
- **Diversified and complementary geographic presence, with leadership in key Moscow and St Petersburg markets and a strong platform for rapid regional expansion**
- **Multi-format capability with potential for accelerated future growth – target sales of approximately \$6bn in 2008**
- **Potential for substantial synergies**
- **Combination of two strong management teams**
- **Alfa Group to become Pyaterochka's majority shareholder, committed to the long term development of the Enlarged Group**
 - **Alfa Group is one of the largest and most successful financial investors in Russia and a long-standing investor in the Russian food retail sector**

Appendix

Alfa Group Overview

- Alfa Group is one of Russia's largest and most sophisticated privately owned financial investors, with investments in four key sectors of strategic focus: Retail, Oil and Gas, Telecommunications, and Financial Services

