

X5 RETAIL GROUP REPORTS 28.3% NET RETAIL SALES GROWTH IN Q3 2015

- ✓ Total net retail sales growth accelerated to 28.3% year-on-year (y-o-y), the highest growth rate since Q3 2011, on the back of:
 - 13.1% increase in like-for-like (LFL) sales; and
 - 15.2% increase from net new space, resulting from the 29.6% rise in selling space.
- ✓ Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's Q3 growth: net retail sales increased by 34.8% y-o-y, driven by:
 - 15.2% rise in like-for-like (LFL) sales; and
 - 19.6% increase from net new space, resulting from the 40.6% rise in selling space.
- ✓ Perekrestok's net retail sales growth improved during the reporting period from 9.7% y-o-y in July to 16.7% y-o-y in September.
- ✓ The Company demonstrated positive LFL traffic in each month of the quarter, with significant improvement throughout the quarter for X5 as a whole, driven primarily by Pyaterochka and Karusel.
- ✓ X5 added 541 net new stores in Q3 2015, more than twice the net growth in Q3 2014; this contributed to selling space growth of 236.0 th. sq. m. during the period.
- ✓ For 9M 2015, X5 added a total of 1,029 new stores vs. 461 stores during the same period last year for record selling space growth of 507.4 th. sq. m., driven principally by organic expansion.

Amsterdam, 13 October 2015 - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces its preliminary consolidated net retail sales and operational results for the third quarter (Q3) and nine months (9M) ended 30 September 2015⁽¹⁾.

Net Retail Sales⁽²⁾⁽³⁾ Performance

Net Russian Rouble (RUR) retail sales by format, million (mln)⁽⁴⁾

RUR mln	Q3 2015	Q3 2014	change, y-o-y	9M 2015	9M 2014	change, y-o-y
Pyaterochka	143,577.8	106,498.9	34.8%	418,206.7	309,875.5	35.0%
Perekrestok	30,052.3	26,610.4	12.9%	93,097.8	83,264.6	11.8%
Karusel	18,744.7	16,245.4	15.4%	56,061.9	49,727.5	12.7%
Express	2,620.0	2,473.5	5.9%	8,304.4	7,299.0	13.8%
X5 Retail Group	194,994.8	152,028.5	28.3%	575,670.9	451,035.9	27.6%

Q3 2015 monthly net RUR retail sales by format, % change y-o-y

	July 2015	August 2015	September 2015
Pyaterochka	35.6	35.2	33.7
Perekrestok	9.7	12.6	16.7
Karusel	15.5	15.8	14.8
Express	4.7	5.2	7.9
X5 Retail Group	28.1	28.4	28.2

- (1) Numbers in this press release are preliminary and have not been reviewed or audited by the Company's auditor.
- (2) Net retail sales represent revenue from operations of X5 managed stores net of VAT. This number differs from revenue, which also includes proceeds from direct franchisees (royalty payments) and other revenue, which will be reported as part of Q3 and 9M 2015 financial results.
- (3) Effective 1 January 2015, X5's online retail channel, E5.RU ceased commercial operations; however E5.RU's results are included in X5 Retail Group's 2014 total net retail sales.
- (4) In the tables and text of this press release, immaterial deviations in calculation of % change, subtotals and totals are due to rounding.

Average Ticket and Number of Customer Visits

Q3 & 9M 2015 average ticket and customer visits by format

	Q3 2015	Q3 2014	change, y-o-y	9M 2015	9M 2014	change, y-o-y
Average Ticket, RUR						
Pyaterochka	320.0	289.0	10.7%	330.9	293.9	12.6%
Perekrestok	453.3	411.5	10.2%	477.6	423.8	12.7%
Karusel	658.0	623.1	5.6%	672.7	621.9	8.2%
Express	268.3	257.6	4.2%	285.7	263.8	8.3%
X5 Retail Group	352.3	324.2	8.7%	366.3	331.9	10.4%
# of Customers, mln.						
Pyaterochka	513.3	421.3	21.8%	1,444.2	1,204.7	19.9%
Perekrestok	75.2	73.9	1.8%	222.2	225.1	(1.3%)
Karusel	32.5	29.8	9.2%	95.3	91.4	4.2%
Express	11.5	11.3	1.6%	34.2	32.5	5.1%
X5 Retail Group	632.5	536.5	17.9%	1,795.9	1,554.5	15.5%

Q3 2015 average monthly ticket and customer visits by format, % change y-o-y

	July 2015	August 2015	September 2015
Average Ticket			
Pyaterochka	13.3	10.2	8.7
Perekrestok	11.6	10.5	8.3
Karusel	6.4	5.7	4.6
Express	6.2	3.1	3.2
X5 Retail Group	10.8	8.2	7.0
# of Customer Visits			
Pyaterochka	19.7	22.7	23.1
Perekrestok	(2.9)	0.8	7.9
Karusel	8.5	9.4	9.8
Express	(1.6)	1.8	4.5
X5 Retail Group	15.5	18.5	19.9

LFL Sales Performance

Q3 & 9M 2015 LFL⁽¹⁾ store performance by format, % change y-o-y

	Q3 2015			9M 2015		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	15.2	2.4	12.4	18.4	3.6	14.2
Perekrestok	5.4	(4.7)	10.5	6.6	(5.0)	12.2
Karusel ⁽²⁾	13.3	7.8	5.1	11.1	2.9	8.0
Express	0.3	(4.9)	5.5	2.7	(3.4)	6.3
X5 Retail Group	13.1	1.6	11.3	15.2	2.2	12.7

Q3 2015 monthly LFL store performance by format, % change y-o-y

	July 2015			August 2015			September 2015		
	Sales	Traffic	Basket	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	16.1	1.2	14.7	15.1	2.9	11.9	14.2	3.2	10.7
Perekrestok	3.7	(7.4)	11.9	4.0	(5.6)	10.2	8.6	(0.8)	9.5
Karusel	14.6	8.1	6.0	12.7	7.3	5.0	12.6	8.0	4.3
Express	(1.5)	(8.5)	7.6	0.4	(3.8)	4.4	2.0	(2.5)	4.5
X5 Retail Group	13.6	0.3	13.3	12.7	1.9	10.6	12.9	2.8	9.8

(1) LFL comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least 12 full months. Their sales are included in LFL calculation starting from the day of the store's opening. We include all stores that fit our LFL criteria in each reporting period.

Expansion Dynamics

Selling space and # of stores by format

	As at 30-Sep-15	As at 31-Dec-14	change vs 31-Dec-14	As at 30-Sep-14	change vs 30-Sep-14
Selling Space, square meters (sq. m.)					
Pyaterochka	2,220,851	1,754,250	26.6%	1,579,803	40.6%
Perekrestok	458,284	415,788	10.2%	399,781	14.6%
Karusel	364,582	358,593	1.7%	357,259	2.0%
Express	35,953	43,612	(17.6%)	39,157	(8.2%)
X5 Retail Group	3,079,670	2,572,243	19.7%	2,375,999	29.6%
# of Stores					
Pyaterochka	5,795	4,789	21.0%	4,342	33.5%
Perekrestok	451	403	11.9%	389	15.9%
Karusel	84	82	2.4%	81	3.7%
Express	182	209	(12.9%)	193	(5.7%)
X5 Retail Group	6,512	5,483	18.8%	5,005	30.1%

Selling space and # of stores added by format

	Net Added Q3 2015	Net Added Q3 2014	change y-o-y	Net Added 9M 2015	Net Added 9M 2014	change y-o-y
Net Selling Space, sq. m.						
Pyaterochka	218,651	73,690	196.7%	466,600	165,701	181.6%
Perekrestok	13,470	3,388	297.6%	42,496	2,030	1993.4%
Karusel	3,385	(109)	n/a	5,989	(18,549)	n/a
Express	501	3,050	(83.6%)	(7,659)	3,934	n/a
X5 Retail Group	236,007	80,019	194.9%	507,427	153,116	231.4%
Net # of Stores						
Pyaterochka	522	214	143.9%	1,006	460	118.7%
Perekrestok	13	2	550.0%	48	(1)	n/a
Karusel	1	-	n/a	2	(2)	n/a
Express	5	10	(50.0%)	(27)	4	n/a
X5 Retail Group	541	226	139.4%	1,029	461	123.2%

Key Drivers for Q3 and 9M 2015 Results

Sales

- X5 LFL sales performance in the period was strong despite decreasing consumer consumption and slowing food price inflation.
- The increase in customer visits was primarily attributable to Pyaterochka, both from its expansion programme as well as from the improved shopping experience at existing Pyaterochka stores.
- A variety of measures implemented at Perekrestok stores, including refurbishments, enhanced assortment, improved service level and better availability on shelves, resulted in a significant improvement in LFL traffic, from -7.4% in July 2015 to -0.8% in September 2015.
- LFL traffic growth at Karusel stores further strengthened in Q3 2015, driven by improved customer marketing and sharper pricing, as well as an enlarged local assortment in regional stores. As a result, LFL traffic at Karusel grew 2.9% in 9M 2015.

Expansion

- X5 added 507.4 th. sq.m of selling space in 9M 2015, 3.3x more space than was added in the same period last year.
- Pyaterochka was the main driver for the increase, accounting for more than 90% of selling space added in 9M 2015.

- X5 completed two regional M&A deals in the reporting period, which added 101 stores in the Orenburg region (about 38,000 sq.m. of additional selling space) and 107 stores in Southwest Russia (about 42,000 sq.m. of selling space added).
- 465 Pyaterochka stores were reopened after refurbishment in Q3 2015 (1,047 stores in 9M 2015) under the ongoing investment programme to upgrade existing stores. This, along with the new openings, brings the share of Pyaterochka stores operating under the new concept to over 62% as of 30 September 2015.
- 13 Perekrestok stores were added in Q3 2015. 21 Perekrestok stores were reopened after refurbishment, bringing the total share of rebranded stores to approximately 18%.
- Two Karusel stores were opened in Q3 2015, in the Republic of Bashkortostan and the Perm region.
- In Q3 2015, X5 opened a new 38,000 sq.m. DC in the Kaluga region to serve the Pyaterochka format, and a new 13,000 sq.m. DC in the Moscow region to serve the Perekrestok and Karusel formats. X5 closed two DCs in the Moscow region and one DC in the Voronezh region that did not meet X5's efficiency criteria.
- In 9M 2015, as part of the Company's ongoing rationalisation programme, X5 closed 40 Pyaterochka stores, 14 Perekrestok stores, 1 Karusel store and 55 Express stores.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘Ba3’, S&P – ‘BB-’) is a leading Russian food retailer. The Company operates several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand and Express convenience stores under various brands.

As of 30 September 2015, X5 had 6,512 Company-operated stores. It has the leading market position in both Moscow and St. Petersburg and a significant presence in the European part of Russia. Its store base includes 5,795 Pyaterochka proximity stores, 451 Perekrestok supermarkets, 84 Karusel hypermarkets and 182 convenience stores. The Company operates 34 DCs and 1,393 Company-owned trucks across the Russian Federation.

For the full year 2014, revenue totaled RUB 633,873 mln (USD 16,498 mln), EBITDA reached RUB 45,860 mln (USD 1,194 mln), and profit for the period amounted to RUB 12,691 mln (USD 330 mln). In H1 2015, revenue totaled RUB 382,608 mln (USD 6,666 mln), EBITDA reached RUB 27,518 mln (USD 479 mln), and net income amounted to RUB 7,942 mln (USD 138 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.05%, treasury shares – 0.01%, free float – 37.64%.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “expected”, “plan”, “goal”, “believe”, or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as at the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

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