

X5 RETAIL GROUP REPORTS 27.3% NET RETAIL SALES GROWTH IN 2015

FY 2015 Highlights

- ✓ X5 delivered total net retail sales growth of 27.3% year-on-year (y-o-y), the Company's fastest pace of growth since 2011.
- ✓ Net retail sales growth of RUB 172.2 bln was the highest in X5's history.
- ✓ Net retail sales growth was driven by a 13.7% increase in like-for-like (LFL) sales and a 13.6% sales growth contribution from a 29.6% rise in selling space.
- ✓ LFL sales growth (y-o-y) improved across all three of the Company's major formats.
- ✓ LFL traffic growth accelerated to 2.3% in 2015, up from 0.6% in 2014.
- ✓ The Company added a record 1,537 new stores in 2015, vs. 939 stores in 2014.
- ✓ Net additional selling space of 760.9 th. sq. m., driven primarily by organic expansion, was the largest annual opening programme delivered by X5.
- ✓ X5's proximity store chain Pyaterochka added 668.4 th. sq. m. of net selling space, a record for any Russian food retail brand in a single year.

Q4 2015 Highlights

- ✓ Total net retail sales growth remained strong at 26.3% y-o-y, while decelerating slightly vs. Q3 2015 due to slowing food price inflation and a higher comparative base, especially vs December 2014.
- ✓ Pyaterochka was the main driver of growth in Q4 2015: Net retail sales rose by 32.8% y-o-y, driven by 12.6% growth in like-for-like (LFL) sales and a 20.2% contribution to sales growth from a 38.1% increase in selling space.
- ✓ In Q4 2015, the Company demonstrated strong LFL traffic growth of 2.3% y-o-y, compared to a decline of 0.4% in Q4 2014 and growth of 1.6% in Q3 2015.
- ✓ X5 added 508 net new stores in Q4 2015, contributing to additional net selling space of 253.5 th. sq. m. in the quarter.

Amsterdam, 26 January 2016 - 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 fourth quarter (Q4) and full year (FY) ended 31 December 2015⁽¹⁾.

Chairman of the Supervisory Board Stephan DuCharme said:

"Despite a challenging economic environment in Russia, we delivered a strong set of numbers in 2015 and grew faster than the Russian food retail market average. We are especially proud of our 29.6% year-on-year rise in selling space: the Company added 760.9 th. sq. m. during 2015, 80% of which was attributable to organic growth. This is a truly impressive feat not only in terms of year-on-year expansion, but also measured by the absolute volume of space added.

"Growth in selling space, combined with continued adjustments to our value proposition for customers, particularly in the current environment, helped to make 2015 our best year since 2011 in terms of retail sales growth, and our best ever year for organic growth: 2015 net retail sales increased by 27.3% year-on-year, with like-for-like sales up to 13.7%."

Chief Executive Officer Igor Shekhterman added:

"Looking forward to 2016, we feel that we have the right strategy and the right team in place to tackle the challenges that lie ahead. We delivered excellent performance in a challenging 2015, and I am confident we will continue to achieve strong growth based on creating value for our customers as we build the best modern retail offering in Russia."

(1) Numbers in this press release are preliminary and have not been reviewed or audited by the Company's auditor.

Net Retail Sales⁽²⁾⁽³⁾ Performance

Net Russian ruble (RUB) retail sales by format, million (mln)⁽⁴⁾

RUB mln	Q4 2015	Q4 2014	change, y-o-y	FY 2015	FY 2014	change, y-o-y
Pyaterochka	167,195.5	125,944.7	32.8%	585,402.2	435,820.2	34.3%
Perekrestok	37,046.0	32,383.7	14.4%	130,143.8	115,648.2	12.5%
Karusel	21,381.4	19,648.9	8.8%	77,443.3	69,376.5	11.6%
Express	2,838.0	2,836.3	0.1%	11,142.5	10,135.4	9.9%
X5 Retail Group	228,460.9	180,894.4	26.3%	804,131.7	631,930.4	27.3%

Q4 2015 monthly net RUB retail sales by format, % change y-o-y

	October 2015	November 2015	December 2015
Pyaterochka	34.8	33.8	30.4
Perekrestok	17.7	13.9	12.4
Karusel	15.0	8.0	5.4
Express	6.3	0.7	(5.8)
X5 Retail Group	29.2	27.1	23.6

Average Ticket and Number of Customer Visits

Q4 & FY 2015 average ticket and customer visits by format

	Q4 2015	Q4 2014	change, y-o-y	FY 2015	FY 2014	change, y-o-y
Average Ticket, RUB						
Pyaterochka	350.8	327.9	7.0%	336.3	303.0	11.0%
Perekrestok	518.3	485.2	6.8%	488.6	439.4	11.2%
Karusel	734.7	712.8	3.1%	688.7	645.3	6.7%
Express	294.8	293.2	0.6%	287.9	271.4	6.1%
X5 Retail Group	389.2	370.7	5.0%	372.5	342.2	8.9%
# of Customers, mln						
Pyaterochka	545.8	440.0	24.0%	1,990.0	1,644.7	21.0%
Perekrestok	81.8	76.4	7.1%	304.0	301.5	0.8%
Karusel	33.3	31.7	5.0%	128.6	123.2	4.4%
Express	11.3	11.4	(0.6%)	45.5	43.9	3.6%
X5 Retail Group	672.2	559.6	20.1%	2,468.1	2,114.0	16.8%

Q4 2015 average monthly ticket and customer visits by format, % change y-o-y

	October 2015	November 2015	December 2015
Average Ticket			
Pyaterochka	9.4	7.6	4.5
Perekrestok	11.3	8.7	2.0
Karusel	7.1	3.4	0.6
Express	2.6	0.7	(0.9)
X5 Retail Group	8.1	5.9	1.9
# of Customer Visits			
Pyaterochka	23.2	23.8	25.0
Perekrestok	6.6	4.6	9.7
Karusel	7.3	4.3	3.5
Express	3.6	(0.1)	(5.2)
X5 Retail Group	19.7	19.6	21.0

(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 Q4 and FY 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.

LFL Sales Performance

Q4 & FY 2015 LFL⁽⁵⁾ store performance by format, % change y-o-y

	Q4 2015			FY 2015		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	12.6	3.5	8.8	16.7	3.6	12.7
Perekrestok	3.6	(3.6)	7.5	5.8	(4.6)	10.9
Karusel	3.8	1.9	1.9	9.1	2.6	6.3
Express	(2.1)	(5.1)	3.2	1.4	(3.9)	5.4
X5 Retail Group	9.8	2.3	7.4	13.7	2.3	11.2

Q4 2015 monthly LFL store performance by format, % change y-o-y

	October 2015			November 2015			December 2015		
	Sales	Traffic	Basket	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	15.1	3.5	11.3	12.3	2.8	9.3	10.9	4.1	6.5
Perekrestok	8.6	(2.4)	11.3	2.7	(5.7)	8.9	0.8	(2.8)	3.7
Karusel	12.8	5.8	6.6	4.5	1.7	2.7	(2.1)	(1.2)	(0.9)
Express	0.1	(4.5)	4.8	(1.0)	(4.5)	3.6	(4.8)	(6.3)	1.6
X5 Retail Group	13.5	2.7	10.6	9.6	1.4	8.1	7.3	2.7	4.5

Expansion Dynamics

Selling space and # of stores by format

	As at 31-Dec-15	As at 31-Dec-14	change vs 31-Dec-14
Selling Space, square meters (sq. m.)			
Pyaterochka	2,422,626	1,754,250	38.1%
Perekrestok	484,008	415,788	16.4%
Karusel	390,133	358,593	8.8%
Express	36,407	43,612	(16.5%)
X5 Retail Group	3,333,174	2,572,243	29.6%
# of Stores			
Pyaterochka	6,265	4,789	30.8%
Perekrestok	478	403	18.6%
Karusel	90	82	9.8%
Express	187	209	(10.5%)
X5 Retail Group	7,020	5,483	28.0%

Selling space and # of stores added by format

	Net Added Q4 2015	Net Added Q4 2014	change, y-o-y	Net Added FY 2015	Net Added FY 2014	change, y-o-y
Net Selling Space, sq. m.						
Pyaterochka	201,775	174,447	15.7%	668,376	340,148	96.5%
Perekrestok	25,724	16,008	60.7%	68,220	18,038	278.2%
Karusel	25,551	1,334	1,815.7%	31,540	(17,215)	n/a
Express	454	4,455	(89.8%)	(7,205)	8 389	n/a
X5 Retail Group	253,504	196,243	29.2%	760,931	349,359	117.8%
Net # of Stores						
Pyaterochka	470	447	5.1%	1,476	907	62.7%
Perekrestok	27	14	92.9%	75	13	476.9%
Karusel	6	1	500.0%	8	(1)	n/a
Express	5	16	(68.8%)	(22)	20	n/a
X5 Retail Group	508	478	6.3%	1,537	939	63.7%

(5) 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.

Key Drivers for Q4 and FY 2015 Results

Sales

- LFL sales performance was strong despite decreasing consumer consumption and slowing food price inflation during Q4 2015.
- The increase in customer visits was primarily attributable to Pyaterochka, both from its expansion programme and from the improved shopping experience at existing Pyaterochka stores.
- The Company recorded positive LFL traffic in each month of the fourth quarter, driven primarily by Pyaterochka.

Expansion and refurbishment

- X5 added 760.9 th. sq. m of selling space in 2015, over 2x more than in the same period of 2014.
- Pyaterochka was the main driver for the store base increase, accounting for ca. 88% of selling space added in 2015.
- 1,411 Pyaterochka stores were refurbished in 2015 (364 of them in Q4 2015) as part of X5's investment programme to upgrade existing stores. In conjunction with new openings, more than 70% of Pyaterochka stores are now operating under the new concept.
- 51 Perekrestok stores were refurbished in 2015 (14 of them in Q4 2015), bringing the total share of rebranded stores to more than 25% as of 31 December 2015.
- Five Karusel stores were refurbished in 2015 (three of them in Q4 2015).
- In Q4 2015, X5 opened a new 13,250 sq. m. distribution centre (DC) in the Kazan region and a new 6,068 sq. m. DC in the Chelyabinsk region to serve the Pyaterochka format. In addition, a new 33,500 sq. m. DC in the Leningrad region was opened to serve the Perekrestok and Karusel formats. X5 closed one DC in the Moscow region that did not meet the Company's efficiency criteria.
- In 2015, as part of the Company's ongoing rationalisation programme, X5 closed 62 Pyaterochka stores, 15 Perekrestok stores, one Karusel store and 57 Express stores.

2016 Financial Calendar

26 January	Q4 & FY 2015 Trading Update
18 March	Q4 & FY 2015 Financial Results
21 March	2015 Financial Results conference call
19 April	Q1 2016 Trading Update
28 April	Q1 2016 Financial Results and conference call
19 July	Q2 & 6M 2016 Trading Update
16 August	Q2 & 6M 2016 Financial Results and conference call
18 October	Q3 & 9M 2016 Trading Update
26 October	Q3 & 9M 2016 Financial Results
27 October	2016 Capital Markets Day

Dates are preliminary and may be subject to change. For up-to-date information, please refer to the financial calendar on X5's website: www.x5.ru.

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 31 December 2015, X5 had 7,020 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 6,265 Pyaterochka proximity stores, 478 Perekrestok supermarkets, 90 Karusel hypermarkets and 187 convenience stores. The Company operates 35 DCs and 1,561 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 9M 2015, revenue totaled RUB 578,701 mln (USD 9,763 mln), EBITDA reached RUB 41,780 mln (USD 705 mln), and net income amounted to RUB 12,084 mln (USD 204 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.06%, treasury shares – 0.02%, 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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