

X5 RETAIL GROUP REPORTS Q4 & FY 2014 TRADING RESULTS ⁽¹⁾

Amsterdam, 21 January 2015 - X5 Retail Group N.V. ('X5' or the 'Company'), a leading Russian food retailer (LSE ticker: 'FIVE'), announced today preliminary consolidated net retail sales and operational results for the three (Q4) and twelve months (FY) ended 31 December 2014.

Net Retail Sales⁽²⁾⁽³⁾ Performance

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

	Q4 2014	Q4 2013	% change, y-o-y	FY 2014	FY 2013	% change, y-o-y
Pyaterochka	125,944.7	97,520.0	29.1%	435,820.2	348,390.2	25.1%
Perekrestok	32,383.7	31,038.3	4.3%	115,648.2	110,661.8	4.5%
Karusel	19,648.9	18,362.3	7.0%	69,376.5	64,306.9	7.9%
Express ⁽⁴⁾	2,836.3	2,258.7	25.6%	10,135.4	7,902.3	28.3%
E5.RU	80.8	606.8	(86.7%)	950.1	1,431.1	(33.6%)
X5 Retail Group	180,894.4	149,786.0	20.8%	631,930.4	532,692.4	18.6%

Regional contribution⁽⁵⁾ to formats' total net RUB retail sales growth year-on-year (y-o-y), %

	Q4 2014			Total change	FY 2014			Total change
	Central	North-West	Other		Central	North-West	Other	
Pyaterochka	13.8%	3.6%	11.8%	29.1%	13.4%	2.2%	9.5%	25.1%
Perekrestok	3.9%	0.7%	(0.2%)	4.3%	3.9%	1.0%	(0.3%)	4.5%
Karusel	5.2%	0.2%	1.6%	7.0%	6.8%	0.1%	1.0%	7.9%
Express	25.6%	0.0%	0.0%	25.6%	28.3%	0.0%	0.0%	28.3%

Q4 2014 monthly net RUB retail sales by format, % change y-o-y

	October 2014	November 2014	December 2014
Pyaterochka	25.2%	27.3%	34.0%
Perekrestok	3.3%	2.9%	6.2%
Karusel	7.8%	7.0%	6.5%
Express	25.8%	24.2%	26.6%
E5.RU	(70.3%)	(88.6%)	(95.0%)
X5 Retail Group	18.5%	19.4%	23.6%

Average Ticket and Number of Customer Visits

Q4 & FY 2014 average ticket and customer visits by format

	Q4 2014	Q4 2013	% change, y-o-y	FY 2014	FY 2013	% change, y-o-y
<u>Average Ticket, RUB</u>						
Pyaterochka	327.9	291.2	12.6%	303.0	274.4	10.4%
Perekrestok	485.2	433.4	12.0%	439.4	412.0	6.7%
Karusel	712.8	633.3	12.6%	645.3	600.7	7.4%
Express	293.2	267.5	9.6%	271.4	254.3	6.7%
E5.RU	1,738.2	1,153.2	50.7%	1,514.8	1,366.2	10.9%
X5 Retail Group	370.7	337.1	10.0%	342.2	317.6	7.7%
<u># of Customers, mln.</u>						
Pyaterochka	440.0	382.7	15.0%	1,644.7	1,450.1	13.4%
Perekrestok	76.4	81.8	(6.6%)	301.5	307.1	(1.8%)
Karusel	31.7	33.3	(4.6%)	123.2	122.4	0.6%
Express	11.4	10.0	13.9%	43.9	36.7	19.6%
E5.RU	0.1	0.6	(89.3%)	0.8	1.3	(40.1%)
X5 Retail Group	559.6	508.4	10.1%	2,114.0	1,917.6	10.2%

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

⁽²⁾ In the tables and text of this press release, immaterial deviations in calculation of % change, subtotals and totals are due to rounding.

⁽³⁾ Net retail sales represent revenue from operations of X5 managed stores net of VAT. This number differs from revenue that also include proceeds from direct franchisees (royalty payments) and other revenue, which will be reported as part of Q4 and FY 2014 financial results.

⁽⁴⁾ Refers to Perekrestok Express and Kopeyka branded convenience stores; previously disclosed as Convenience stores.

⁽⁵⁾ According to the economic classification of Russian regions promulgated by the Ministry of Economy. This classification differs from previously reported information regarding the regional breakdown of our store base, which was based on internal definitions of regions and which has changed in 2013 for some formats.

Q4 2014 average monthly ticket and customer visits by format, % change y-o-y

	October 2014	November 2014	December 2014
Average Ticket			
Pyaterochka	12.1%	12.0%	13.0%
Perekrestok	10.2%	10.2%	14.7%
Karusel	12.2%	12.4%	12.9%
Express	9.9%	9.5%	9.4%
E5.RU	59.5%	43.6%	130.3%
X5 Retail Group	9.8%	9.5%	10.1%
# of Customer Visits			
Pyaterochka	12.0%	14.3%	18.5%
Perekrestok	(6.7%)	(6.4%)	(6.8%)
Karusel	(3.9%)	(5.1%)	(4.8%)
Express	14.3%	12.9%	14.5%
E5.RU	(81.5%)	(90.0%)	(96.2%)
X5 Retail Group	8.0%	9.6%	13.5%

LFL Sales Performance

Q4 & FY 2014 LFL⁽¹⁾ store performance by format, %

	Q4 2014			FY 2014		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	15.7%	1.5%	14.0%	13.3%	1.6%	11.5%
Perekrestok	2.9%	(6.5%)	10.0%	2.1%	(2.9%)	5.2%
Karusel	4.8%	(6.6%)	12.2%	5.1%	(1.8%)	7.1%
Express	1.4%	(4.1%)	5.7%	3.3%	(1.8%)	5.2%
X5 Retail Group	11.6%	(0.4%)	12.0%	9.8%	0.6%	9.2%

Q4 2014 monthly LFL store performance by format, %

	October 2014			November 2014			December 2014		
	Sales	Traffic	Basket	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	12.5%	(0.7%)	13.4%	14.5%	1.1%	13.3%	19.3%	4.1%	14.6%
Perekrestok	2.5%	(5.9%)	8.9%	1.7%	(6.5%)	8.7%	4.2%	(6.9%)	11.9%
Karusel	3.0%	(7.6%)	11.5%	3.3%	(7.3%)	11.4%	6.8%	(5.4%)	12.9%
Express	3.4%	(3.5%)	7.1%	(0.8%)	(5.9%)	5.4%	1.5%	(3.1%)	4.8%
X5 Retail Group	9.3%	(2.0%)	11.6%	10.4%	(0.8%)	11.2%	14.2%	1.6%	12.4%

Expansion Dynamics

Selling space and # of stores by format

	As at 31-Dec-14	As at 31-Dec-13	% change, y-o-y
Selling Space, square meters (sq. m.)			
Pyaterochka	1,754,250	1,414,102	24.1%
Perekrestok	415,788	397,750	4.5%
Karusel	358,593	375,808	(4.6%)
Express	43,612	35,223	23.8%
X5 Retail Group	2,572,243	2,222,883	15.7%
# of Stores			
Pyaterochka	4,789	3,882	23.4%
Perekrestok	403	390	3.3%
Karusel	82	83	(1.2%)
Express	209	189	10.6%
X5 Retail Group	5,483	4,544	20.7%

⁽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.

Selling space and # of stores added by format

	Net Added Q4 2014	Net Added Q4 2013	% change, y-o-y	Net Added FY 2014	Net Added FY 2013	% change, y-o-y
Net Selling Space, sq. m.						
Pyaterochka	174,447	112,248	55.4%	340,148	222,749	52.7%
Perekrestok	16,008	6,606	142.3%	18,038	14,292	26.2%
Karusel	1,334	17,266	(92.3%)	(17,215)	7,559	(327.8%)
Express	4,455	5,888	(24.3%)	8,389	8,540	(1.8%)
X5 Retail Group	196,243	142,009	38.2%	349,359	253,139	38.0%
Net # of Stores						
Pyaterochka	447	314	42.4%	907	662	37.0%
Perekrestok	14	8	75.0%	13	20	(35.0%)
Karusel	1	5	(80.0%)	(1)	5	(120.0%)
Express	16	30	(46.7%)	20	55	(63.6%)
X5 Retail Group	478	357	33.9%	939	742	26.5%

Regional contribution to formats' total net selling space growth y-o-y in 2014, %

	Central	North-West	Other	Total change
Pyaterochka	7.1%	1.6%	15.4%	24.1%
Perekrestok	4.1%	0.1%	0.3%	4.5%
Karusel	0.6%	(3.2%)	(2.0%)	(4.6%)
Express	23.8%	n/a	n/a	23.8%

Key Q4 & FY 2014 Operational Drivers and Events

Sales

- Higher food inflation in 2014 drove average customer spends across all formats while Pyaterochka also benefited from an increase in basket volume during the year.
- The increase in customer visits was driven primarily by Pyaterochka expansion, as well as higher traffic in existing stores due to improved promotional campaigns and assortment rotation, while retargeting of promotional activities at Perekrestok coupled with the difficult macroeconomic environment, mainly in Q4 2014, resulted in a reduction in customer visits and traffic at Perekrestok and Karusel.

Expansion

- Strong organic opening programs at Pyaterochka and Perekrestok, combined with the tactical acquisition of 116 economy class stores in the Samara region, resulted in a net addition of 196 thousand sq. m. of selling space in Q4 2014 and increased the total store base to over 5,000 stores by year end. In Q4 2014, Perekrestok opened its 400th nationwide store and Pyaterochka opened its 500th store in Moscow.
- Continued investments into existing stores resulted in the refurbishment of 460 Pyaterochkas (including 67 rebranded stores), 27 Perekrestoks, seven Karusels and 29 Express stores in 2014.
- The Company increased distribution capacity during the year by opening a 34 thousand sq.m. Pyaterochka distribution center ('DC') in the southern region of Rostov and a new 44 thousand sq.m. Perekrestok/Karusel DC in the Nizhny Novgorod region.
- In Q4 2014, as part of the Company's ongoing rationalization program, 21 Pyaterochkas and five Express stores were closed.
- In 2014, the Company closed 46 Pyaterochkas, 22 Perekrestoks, two Karusels and 45 Express stores that did not meet the respective formats' performance criteria. Additionally, the Company sold 12 Perekrestoks, with total selling space of 11 thousand sq. m., located in the Ukraine in Q1 2014.

Other

- X5 accessed a substantial portion of the Company's available credit lines in December 2014 at interest rates of between 10% and 15% to reduce liquidity and refinancing risk and improve the quality of its loan portfolio going into 2015.
- The Company has been working with suppliers to mitigate the impact sanctions have had on the availability of products to ensure the uninterrupted supply of goods to X5's stores.
- Effective 1 January 2015, X5's online retail channel, E5.RU ceased commercial operations.

2015 Financial Calendar

19 March	Q4 & FY 2014 Financial Results
23 March	2014 Financial Results conference call
10 April	Q1 2015 Trading Update
17 April	Q1 2015 Financial Results
20 April	Q1 2015 Financial Results conference call
10 July	Q2 & 6M 2015 Trading Update
13 August	Q2 & 6M 2015 Financial Results
17 August	Q2 & 6M 2015 Financial Results conference call
09 October	Q3 & 9M 2015 Trading Update
20 October	Q3 & 9M 2015 Financial Results
22 October	Capital Markets Day & Q3 2015 Financial Results conference call

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is a leading Russian food retailer. The Company operates several retail formats: the chain of economy class 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.

At 31 December 2014, X5 had 5,483 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 4,789 Pyaterochka economy-class stores, 403 Perekrestok supermarkets, 82 Karusel hypermarkets and 209 Express stores. The Company operates 34 DCs and 1,438 Company-owned trucks across the Russian Federation.

For the full year 2013, revenue totaled RUB 534,560 mln, EBITDA reached RUB 38,350 mln, and net income amounted to RUB 10,984 mln. In 9M 2014, revenue totaled RUB 452,285 mln, EBITDA reached RUB 32,365 mln, and net income amounted to RUB 9,869 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.04%, treasury shares – 0.04%, free float – 37.63%.

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.

Contacts:

Gregory Madick

Executive IR Director

Tel.: +7 (495) 502-9783

e-mail: Gregory.Madick@x5.ru

Anastasiya Kvon

IR Director

Tel.: +7 (495) 792-3511

e-mail: Anastasiya.Kvon@x5.ru