

X5 RETAIL GROUP REPORTS 25.7% NET RETAIL SALES GROWTH IN Q2 2016

- ✓ Total net retail sales growth remained strong at 25.7% y-o-y, driven by:
 - 6.3% increase in like-for-like (LFL) sales; and
 - 19.4% sales growth contribution from a 31.8% rise in selling space.
- ✓ In Q2 2016, X5's LFL traffic growth accelerated to 3.0% y-o-y from 2.0% in Q1 2016 y-o-y.
- ✓ Pyaterochka continued to benefit from a value proposition that is one of the best-adapted for Russian consumers' needs and from its strong opening programme, making it the key driver for X5's Q2 2016 growth. Net retail sales rose by 30.6% y-o-y on the back of:
 - 8.1% rise in LFL sales; and
 - 22.5% increase from net new space, resulting from a 41.1% rise in selling space.
- ✓ In Q2 2016, Pyaterochka broke another company record, adding 235.5 th. sq. m. of selling space, nearly all of which was organic.
- ✓ Perekrestok's net retail sales growth accelerated to 19.2% y-o-y in Q2 2016 from 18.2% y-o-y in Q1 2016.
- ✓ In Q2 2016, Perekrestok delivered positive LFL traffic for the second quarter in a row.
- ✓ X5 added 539 net new stores in Q2 2016 vs. 332 in Q2 2015, contributing to additional net selling space of 233.2 th. sq. m. in the quarter.

Amsterdam, 19 July 2016 - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces today the Company's preliminary consolidated net retail sales and operational results for the second quarter (Q2) and six months (H1) ended 30 June 2016⁽¹⁾.

Net Retail Sales⁽²⁾ Performance

Net Russian ruble (RUB) retail sales by format, million (mln)⁽³⁾

RUB mln	Q2 2016	Q2 2015	change y-o-y, %	H1 2016	H1 2015	change y-o-y, %
Pyaterochka	189,437.1	145,049.9	30.6	360,806.4	274,628.9	31.4
Perekrestok	37,315.0	31,295.9	19.2	74,856.3	63,045.6	18.7
Karusel	20,124.3	19,419.7	3.6	39,141.1	37,317.2	4.9
Express	2,845.2	2,857.2	(0.4)	5,519.3	5,684.4	(2.9)
X5 Retail Group	249,721.6	198,622.8	25.7	480,323.0	380,676.2	26.2

Q2 2016 monthly net RUB retail sales by format, % change y-o-y

	April 2016	May 2016	June 2016
Pyaterochka	30.4	27.7	33.8
Perekrestok	23.7	15.2	19.0
Karusel	11.8	(2.6)	1.9
Express	(3.3)	(1.1)	3.4
X5 Retail Group	26.9	22.4	28.0

(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 X5's Q2 and H1 2016 financial results.

(3) 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

Q2 & H1 2016 average ticket and customer visits by format

	Q2 2016	Q2 2015	change y-o-y, %	H1 2016	H1 2015	change y-o-y, %
Average Ticket, RUB						
Pyaterochka	341.5	334.8	2.0	348.1	336.9	3.3
Perekrestok	486.9	475.1	2.5	504.1	490.0	2.9
Karusel	671.9	682.1	(1.5)	686.7	680.3	0.9
Express	275.0	285.4	(3.6)	289.2	294.4	(1.8)
X5 Retail Group	371.7	369.4	0.6	380.7	373.9	1.8
# of Customers, mln						
Pyaterochka	634.6	495.2	28.2	1,186.0	930.9	27.4
Perekrestok	87.3	75.5	15.6	169.2	147.0	15.1
Karusel	34.2	32.5	5.0	65.1	62.7	3.8
Express	12.1	11.8	2.5	22.3	22.7	(1.9)
X5 Retail Group	768.1	615.0	24.9	1,442.6	1,163.4	24.0

Q2 2016 average monthly ticket and customer visits by format, % change y-o-y

	April 2016	May 2016	June 2016
Average Ticket			
Pyaterochka	1.3	0.2	4.6
Perekrestok	2.6	0.7	4.1
Karusel	(1.9)	(3.5)	1.3
Express	(2.8)	(5.3)	(2.6)
X5 Retail Group	0.5	(1.4)	2.8
# of Customer Visits			
Pyaterochka	28.8	27.6	28.1
Perekrestok	19.6	13.9	13.4
Karusel	14.0	1.1	(0.2)
Express	(1.2)	3.5	5.4
X5 Retail Group	26.2	24.1	24.4

LFL Sales Performance

Q2 & H1 2016 LFL⁽⁴⁾ store performance by format, % change y-o-y

	Q2 2016			H1 2016		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	8.1	3.6	4.3	9.1	3.3	5.7
Perekrestok	4.8	2.0	2.7	4.6	1.3	3.3
Karusel	(3.1)	(0.0)	(3.1)	(2.3)	(1.7)	(0.6)
Express	(7.8)	(7.6)	(0.2)	(7.7)	(9.1)	1.5
X5 Retail Group	6.3	3.0	3.1	7.0	2.5	4.4

Q2 2016 monthly LFL store performance by format, % change y-o-y

	April 2016			May 2016			June 2016		
	Sales	Traffic	Basket	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	8.5	4.6	3.7	5.5	3.0	2.4	10.4	3.2	6.9
Perekrestok	6.1	3.1	2.8	2.0	1.0	0.9	6.6	2.0	4.5
Karusel	4.6	8.6	(3.7)	(8.9)	(4.0)	(5.2)	(4.8)	(4.7)	(0.1)
Express	(7.5)	(7.5)	0.0	(9.0)	(7.1)	(2.1)	(6.8)	(8.2)	1.5
X5 Retail Group	7.5	4.5	2.9	3.4	2.3	1.1	8.1	2.5	5.5

(4) 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-Jun-16	As at 31-Dec-15	change vs 31-Dec-15, %	As at 30-Jun-15	change vs 30-Jun-15, %
Selling Space, square meters (sq. m.)					
Pyaterochka	2,825,106	2,422,626	16.6	2,002,200	41.1
Perekrestok	501,538	484,008	3.6	444,814	12.8
Karusel	384,174	390,133	(1.5)	361,197	6.4
Express	36,542	36,407	0.4	35,453	3.1
X5 Retail Group	3,747,359	3,333,174	12.4	2,843,663	31.8
# of Stores					
Pyaterochka	7,164	6,265	14.3	5,273	35.9
Perekrestok	493	478	3.1	438	12.6
Karusel	89	90	(1.1)	83	7.2
Express	190	187	1.6	177	7.3
X5 Retail Group	7,936	7,020	13.0	5,971	32.9

Selling space and # of stores added by format

	Net Added Q2 2016	Net Added Q2 2015	change, y-o-y, %	Net Added H1 2016	Net Added H1 2015	change, y-o-y, %
Selling Space, square meters (sq. m.)						
Pyaterochka	235,525	142,892	64.8	402,480	247,949	62.3
Perekrestok	7,283	24,987	(70.9)	17,530	29,026	(39.6)
Karusel	(10,446)	(482)	2,066.0	(5,959)	2,604	n/a
Express	810	(5,480)	n/a	135	(8,159)	n/a
X5 Retail Group	233,173	161,918	44.0	414,185	271,420	52.6
Net # of Stores						
Pyaterochka	528	315	67.6	899	484	85.7
Perekrestok	7	33	(78.8)	15	35	(57.1)
Karusel	(2)	0	n/a	(1)	1	n/a
Express	6	(16)	n/a	3	(32)	n/a
X5 Retail Group	539	332	62.3	916	488	87.7

Key Drivers for Q2 2016 Results

Sales

- X5 demonstrated strong LFL sales performance despite low food inflation and weak consumer consumption during Q2 2016.
- LFL traffic was positive in each month of the quarter for Pyaterochka and for Perekrestok.

Expansion and refurbishment programme

- New space delivery continued to accelerate: X5 added 233.2 th. sq. m. of selling space in Q2 2016 vs. 161.9 th. sq. m in Q2 2015. Since the beginning of 2016, X5 has added 414.2 th. sq. m.
- Pyaterochka was the main driver for the store base increase. In Q2 2016, net added space increased by 64.8% y-o-y.
- 356 Pyaterochka stores were refurbished in Q2 2016 as part of X5's investment programme to upgrade existing stores. In conjunction with new openings, the share of stores operating under the new concept exceeded 83% as of 30 June 2016.

- 14 Perekrestok stores were refurbished in Q2 2016, which, along with new openings, brought the total share of stores operating under the new concept to more than 40% as of 30 June 2016.
- In Q2 2016, as part of the Company's ongoing rationalisation programme, X5 closed 22 Pyaterochka stores, five Perekrestok stores, two Karusel stores and seven 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 June 2016, X5 had 7,936 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 7,164 Pyaterochka proximity stores, 493 Perekrestok supermarkets, 89 Karusel hypermarkets and 190 convenience stores. The Company operates 35 DCs and 1,469 Company-owned trucks across the Russian Federation.

For the full year 2015, revenue totalled RUB 808,818 mln (USD 13,268 mln), Adjusted EBITDA reached RUB 59,413 mln (USD 975 mln), and net profit for the period amounted to RUB 14,174 mln (USD 233 mln). In Q1 2016, revenue totalled RUB 231,611 mln (USD 3,104 mln), EBITDA reached RUB 16,493 mln (USD 221 mln), and net profit amounted to RUB 5,054 mln (USD 68 mln).

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