

X5 RETAIL GROUP REPORTS 26.4% NET RETAIL SALES GROWTH IN Q1 2017

- ✓ Total net retail sales growth remained strong at 26.4% y-o-y, driven by:
 - 7.3% increase in like-for-like (LFL) sales; and
 - 19.1% sales growth contribution from a 29.5% rise in selling space.
- ✓ In Q1 2017, X5 demonstrated strong LFL traffic growth of 4.6% y-o-y, the highest level since Q4 2009.
- ✓ Pyaterochka was the main driver of growth in Q1 2017; net retail sales rose by 30.1% y-o-y, on the back of:
 - 6.7% rise in like-for-like (LFL) sales; and
 - 23.4% increase from net new space, resulting from a 38.3% rise in selling space.
- ✓ Perekrestok's net retail sales continued to grow at a strong pace, up 19.8% in Q1 2017. LFL traffic was positive for the fifth quarter in a row and was the highest among X5's major formats in Q1 2017.
- ✓ Karusel's net retail sales growth amounted to 10.7% in Q1 2017. LFL traffic was positive for the second quarter in a row.
- ✓ X5 added 630 net new stores in Q1 2017 vs. 377 in Q1 2016, contributing to additional net selling space of 248.6 th. sq. m. in the quarter.

Amsterdam, 20 April 2017 - 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 first quarter (Q1) of 2017⁽¹⁾.

Net Retail Sales⁽²⁾ Performance

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

RUB mln	Q1 2017	Q1 2016	change y-o-y, %
Pyaterochka	222,941	171,369	30.1
Perekrestok	44,964	37,541	19.8
Karusel	21,055	19,017	10.7
Express	2,523	2,674	(5.6)
X5 Retail Group	291,484	230,601	26.4

Q1 2017 monthly net RUB retail sales by format, % change y-o-y

	January 2017	February 2017	March 2017
Pyaterochka	30.5	26.9	32.6
Perekrestok	22.1	18.9	18.5
Karusel	13.5	10.2	8.8
Express	(0.9)	(10.0)	(5.7)
X5 Retail Group	27.4	23.8	27.9

(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 Q1 2017 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

Q1 2017 average ticket and customer visits by format

	Q1 2017	Q1 2016	change y-o-y, %
Average Ticket, RUB			
Pyaterochka	358.6	355.6	0.9
Perekrestok	541.6	522.5	3.7
Karusel	733.2	703.0	4.3
Express	295.9	306.0	(3.3)
X5 Retail Group	392.8	391.0	0.5
# of Customers, mln			
Pyaterochka	710.3	551.4	28.8
Perekrestok	94.8	81.9	15.7
Karusel	32.8	31.0	5.9
Express	9.9	10.2	(2.8)
X5 Retail Group	847.8	674.5	25.7

LFL Sales Performance

Q1 2017 LFL⁽⁴⁾ store performance by format, % change y-o-y

	Sales	Traffic	Basket
Pyaterochka	6.7	4.4	2.2
Perekrestok	10.3	7.2	2.9
Karusel	9.4	5.9	3.4
Express	(9.4)	(7.3)	(2.3)
X5 Retail Group	7.3	4.6	2.6

Expansion Dynamics

Selling space and # of stores by format

	As at 31-Mar-17	As at 31-Dec-16	change vs 31-Dec-16, %	As at 31-Mar-16	change vs 31-Mar-16, %
Selling Space, square metres (sq. m.)					
Pyaterochka	3,580,802	3,329,273	7.6	2,589,581	38.3
Perekrestok	551,950	548,473	0.6	494,255	11.7
Karusel	382,822	386,897	(1.1)	394,619	(3.0)
Express	34,759	37,110	(6.3)	35,732	(2.7)
X5 Retail Group	4,550,333	4,301,752	5.8	3,514,186	29.5
# of Stores					
Pyaterochka	9,002	8,363	7.6	6,636	35.7
Perekrestok	544	539	0.9	486	11.9
Karusel	90	91	(1.1)	91	(1.1)
Express	181	194	(6.7)	184	(1.6)
X5 Retail Group	9,817	9,187	6.9	7,397	32.7

(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.

Selling space and # of stores added by format

	Net Added Q1 2017	Net Added Q1 2016	change, y-o-y, %
Selling Space, square metres (sq. m.)			
Pyaterochka	251,529	166,955	50.7
Perekrestok	3,477	10,247	(66.1)
Karusel	(4,075)	4,486	n/a
Express	(2,351)	(675)	n/a
X5 Retail Group	248,581	181,012	37.3
Net # of Stores			
Pyaterochka	639	371	72.2
Perekrestok	5	8	(37.5)
Karusel	(1)	1	n/a
Express	(13)	(3)	n/a
X5 Retail Group	630	377	67.1

Key Drivers for Q1 2017 Results

Sales

- LFL sales performance remained strong despite slowing food price inflation during Q1 2017.
- LFL traffic was positive for all major formats for each month of the quarter.
- New space delivery continued to accelerate, X5 added 248.6 th. sq. m of selling space in Q1 2017 vs. 181 th. sq. m in Q1 2016.

Expansion and refurbishment programme

- Pyaterochka was the main driver for the store base increase.
- 96 Pyaterochka stores were refurbished in Q1 2017 as part of X5's investment programme to upgrade existing stores. In conjunction with new openings, ca. 96% of Pyaterochka stores were operating under the new concept as of 31 March 2017.
- 15 Perekrestok stores were refurbished in Q1 2017, which, along with new openings, brought the total share of stores operating under the new concept to more than 56% as of 31 March 2017.
- In Q1 2017, X5 opened a new 15,456 sq. m. distribution centre (DC) in Orel to serve the Pyaterochka format and a new 13,632 sq. m. DC in Yekaterinburg to serve the Perekrestok and Karusel formats. X5 closed one DC in Yekaterinburg that did not meet the Company's efficiency criteria.
- In Q1 2017, as part of the Company's ongoing rationalisation programme, X5 closed 26 Pyaterochka stores, seven Perekrestok stores, one Karusel store and 14 Express stores.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – 'BB', Moody's – 'Ba2', 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 March 2017, X5 had 9,817 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 9,002 Pyaterochka proximity stores, 544 Perekrestok supermarkets, 90 Karusel hypermarkets and 181 convenience stores. The Company operates 36 DCs and 2,293 Company-owned trucks across the Russian Federation.

For the full year 2016, revenue totalled RUB 1,033,667 mln (USD 15,420 mln), Adjusted EBITDA reached RUB 79,519 mln (USD 1,186 mln), and net profit for the period amounted to RUB 22,291 mln (USD 333 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

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 of 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.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

For further details please contact:**Maxim Novikov**

Head of Investor Relations

Tel.: +7 (495) 502-9783

e-mail: Maxim.Novikov@x5.ru**Andrey Vasin**

Investor Relations Officer

Tel.: +7 (495) 662-88-88 ext. 21-456

e-mail: Andrey.Vasin@x5.ru