

X5 RETAIL GROUP REPORTS 15.3% NET RETAIL SALES GROWTH IN Q1 2019

- ✓ Total net retail sales growth remained strong at 15.3% y-o-y (16.4% y-o-y, incl. VAT), in roubles (RUB) driven by:
 - 5.0% increase in like-for-like (LFL)⁽¹⁾ sales; and
 - 10.3% sales growth contribution from a 15.1% rise in selling space.
- ✓ X5's LFL sales growth accelerated q-o-q to 5.0% y-o-y in Q1 2019 from 3.7% in Q4 2018, driven primarily by improved traffic. LFL sales growth was positive for all X5 formats.
- ✓ X5's LFL traffic and basket growth accelerated q-o-q to 2.7% and 2.2% y-o-y respectively in Q1 2019 from 2.2% and 1.4% y-o-y in Q4 2018.
- ✓ Net retail sales for X5's core formats Pyaterochka and Perekrestok increased by 16.3% and 20.3% y-o-y, respectively.
- ✓ Karusel's net retail sales decreased by 1.4% y-o-y in Q1 2019 due to the closure of one hypermarket and the transfer of two stores to Perekrestok, in line with the format's strategy of optimising its store portfolio.
- ✓ X5 added 348 net new stores in Q1 2019.

Amsterdam, 18 April 2019 - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), announces today the Company's preliminary consolidated net retail sales and operational results for Q1 2019⁽²⁾.

Net Retail Sales⁽³⁾ Performance

Net retail sales by format⁽⁴⁾

RUB mln	Q1 2019	Q1 2018	change y-o-y, %
Pyaterochka	315,274	271,048	16.3
Perekrestok	66,445	55,250	20.3
Karusel	21,917	22,218	(1.4)
X5 Retail Group	404,116	350,346	15.3

Q1 2019 LFL store performance by format, % change y-o-y

	Sales	Traffic	Basket
Pyaterochka	4.7	2.2	2.5
Perekrestok	7.6	7.8	(0.2)
Karusel	2.0	(2.4)	4.5
X5 Retail Group	5.0	2.7	2.2

(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.

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

(3) 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 2019 financial results.

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

Q1 2019 monthly net RUB retail sales by format, % change y-o-y

	January 2019	February 2019	March 2019
Pyaterochka	16.2	17.4	15.6
Perekrestok	23.4	20.1	17.8
Karusel	(2.8)	(0.6)	(0.7)
X5 Retail Group	15.6	16.2	14.4

Average Ticket and Number of Customer Visits
Q1 2019 average ticket and customer visits by format

	Q1 2019	Q1 2018	change y-o-y, %
<u>Average Ticket, RUB</u>			
Pyaterochka	366.4	360.9	1.5
Perekrestok	558.3	556.2	0.4
Karusel	824.3	782.5	5.3
X5 Retail Group	400.9	395.8	1.3
<u># of Customers, mln</u>			
Pyaterochka	992.4	857.8	15.7
Perekrestok	136.8	113.3	20.7
Karusel	30.6	32.4	(5.6)
X5 Retail Group	1,161.9	1,011.0	14.9

Q1 2019 average monthly RUB ticket and customer visits by format, % change y-o-y

	January 2019	February 2019	March 2019
<u>Average Ticket</u>			
Pyaterochka	2.8	1.9	0.0
Perekrestok	2.0	(0.6)	(0.2)
Karusel	4.8	6.0	5.2
X5 Retail Group	2.7	1.5	(0.1)
<u># of Customer Visits</u>			
Pyaterochka	13.9	16.5	16.6
Perekrestok	21.7	21.8	18.9
Karusel	(6.2)	(5.3)	(5.1)
X5 Retail Group	13.5	15.8	15.4

Expansion Dynamics

Selling space and # of stores by format

	As at 31-Mar-19	As at 31-Dec-18	change vs 31-Dec-18, %	As at 31-Mar-18	change y-o-y, %
Selling Space, square metres (sq. m)					
Pyaterochka	5,434,862	5,291,421	2.7	4,642,926	17.1
Perekrestok	794,234	781,538	1.6	685,551	15.9
Karusel	369,493	382,024	(3.3)	382,168	(3.3)
X5 Retail Group	6,598,589	6,463,735	2.1	5,733,064	15.1
# of Stores					
Pyaterochka	13,917	13,522	2.9	11,797	18.0
Perekrestok	771	760	1.4	674	14.4
Karusel	91	94	(3.2)	92	(1.1)
X5 Retail Group	14,779	14,431	2.4	12,701	16.4

Selling space and # of stores added by format

	Net Added Q1 2019	Net Added Q1 2018	change, y-o-y, %
Selling Space, square metres (sq. m)			
Pyaterochka	143,441	216,118	(33.6)
Perekrestok	12,696	48,309	(73.7)
Karusel	(12,531)	(3,103)	n/a
X5 Retail Group	134,854	253,323	(46.8)
Net # of Stores			
Pyaterochka	395	572	(30.9)
Perekrestok	11	36 ⁽⁵⁾	(69.4)
Karusel	(3)	(1)	n/a
X5 Retail Group	348	580	(40.0)

Key Drivers for Q1 2019 Results

External environment

- Consumer demand for food products continued its moderate growth in Q1 2019 despite the VAT rate hike and increasing inflationary pressure. The growth rate of food retail trade reached 1.9% in January-February 2019.
- According to Rosstat data, consumer sentiment showed small improvement from -17% in Q4 2018 to -16% in Q1 2019.
- Food inflation accelerated to 5.8% y-o-y in Q1 2019 from 3.6% y-o-y in Q4 2018. It continued to accelerate during Q1 2019 from 5.5% y-o-y in January to 5.9% y-o-y in March.

(5) Including 28 supermarkets acquired by X5 from O'KEY.

Sales

- Pyaterochka's net retail sales growth in Q1 2019 was 16.3% y-o-y, compared to 18.1% y-o-y in Q4 2018, due to the slower pace of openings. LFL traffic accelerated to 2.2% y-o-y in Q1 2019 from 1.7% y-o-y in Q4 2018, as a result of the format management's focus on quality and freshness of products, service level in stores, as well as better operational efficiency overall. In addition to this, LFL basket improved by 2.5% y-o-y.
- Perekrestok's net retail sales growth totalled 20.3% in Q1 2019, delivering the highest pace of growth among the Company's formats. LFL revenue in the supermarket segment was driven predominantly by 7.8% y-o-y LFL traffic growth, which was the highest across our formats for the tenth consecutive quarter.
- Karusel saw a small 1.4% y-o-y decline in net retail sales, mainly due to the transfer of two stores to Perekrestok management in 1Q 2019, while the LFL revenue contribution was positive, at +2.0% y-o-y.
- LFL traffic was positive in X5's core formats Pyaterochka and Perekrestok in Q1 2019.
- LFL traffic in Pyaterochka in Moscow reached positive territory in Q1 2019 after being negative in 2018. LFL traffic in Pyaterochka in other regions remained positive in Q1 2019.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 38.3 million registered loyalty card users as of 31 March 2019, with penetration in traffic in March reaching 50% at Pyaterochka, 49% at Perekrestok and 78% at Karusel.

Expansion and retail portfolio improvement

- In line with the strategy of balanced growth, over the first quarter the Company opened less stores in the proximity format compared with Q1 2018.
- The number of new openings in Q1 was in line with X5's budget. Opening guidance for 2019 remains unchanged at 2,000 new stores (gross) across all formats.
- Four Perekrestok stores were opened following refurbishments in Q1 2019, which, along with new openings, brought the total share of stores operating under the new concept to more than 87% as of 31 March 2019.
- In Q1 2019, as part of the Company's ongoing rationalisation programme, X5 closed 85 Pyaterochka stores, seven Perekrestok supermarkets, one Karusel as well as the remaining 55 Perekrestok Express stores.
- In Q1 2019, two Karusel hypermarkets were transferred to Perekrestok, which, together with the closing of one hypermarket, resulted in a selling space reduction of 12,531 sq. m. in the hypermarket format since the beginning of the year.
- The Perekrestok Online service continued to expand, with the number of orders increasing from 200 ths in Q4 2018 to 275 ths in Q1 2019. In March, the number of online orders reached 4,000 on peak days.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba1’, S&P – ‘BB’, RAEX – ‘ruAA’) 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 and the hypermarket chain under the Karusel brand.

As of 31 March 2019, X5 had 14,779 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 13,917 Pyaterochka proximity stores, 771 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 41 DCs and 3,837 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.07%, treasury shares – 0.02%, Shareholders with less than 3% – 40.62%.

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).

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