

## X5 REPORTS 24.7% REVENUE GROWTH IN Q3 2017

- ✓ Revenue growth remained strong at 24.7% year-on-year (y-o-y) on the back of solid like-for-like (LFL) sales and strong selling space expansion.
- ✓ Pyaterochka was the main driver of growth: net retail sales rose by 28.8% y-o-y.
- ✓ X5 added 820 net new stores in Q3 2017 vs. 638 in Q3 2016, contributing to additional net selling space of 323.6 th. sq. m. in the quarter.
- ✓ Gross margin decreased by 69 b.p. y-o-y to 23.7% in Q3 2017, as the level of promo activity grew in order to maintain sales growth in some categories, and to support traffic on the back of unfavourable weather conditions and a significant y-o-y increase in outbound tourism from major metropolitan areas.
- ✓ SG&A expenses (excl. D&A&I) as a percentage of revenue remained almost unchanged. The positive impact of efficiency projects and operating leverage was offset by an increase in staff costs primarily for in-store personnel as a result of a decision to fine-tune the motivation scheme in line with market benchmarks.
- ✓ EBITDA grew by 12.7% y-o-y and reached RUB 22,392 mln in Q3 2017. The EBITDA margin decreased by 74 b.p. y-o-y in Q3 2017 to 7.0%.
- ✓ The Company's net debt/EBITDA ratio decreased to 1.74x as of 30 September 2017, the lowest level in X5's history.

**Amsterdam, 19 October 2017** - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: FIVE), today released the Company's unaudited condensed consolidated interim financial information for the three months (Q3) and nine months (9M) ended 30 September 2017, in accordance with International Financial Reporting Standards as adopted by the European Union.

### Profit and loss statement highlights <sup>(1)</sup>

| Russian Rouble (RUB), million (mln)   | Q3 2017        | Q3 2016        | change, y-o-y, % | 9M 2017        | 9M 2016        | change, y-o-y, % |
|---------------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|
| <b>Revenue</b>                        | <b>319,424</b> | <b>256,247</b> | <b>24.7</b>      | <b>933,303</b> | <b>739,491</b> | <b>26.2</b>      |
| incl. net retail sales <sup>(2)</sup> | 317,131        | 253,978        | 24.9             | 927,482        | 734,300        | 26.3             |
| Pyaterochka                           | 251,653        | 195,390        | 28.8             | 724,499        | 556,196        | 30.3             |
| Perekrestok                           | 42,417         | 35,916         | 18.1             | 132,312        | 110,772        | 19.4             |
| Karusel                               | 20,705         | 19,941         | 3.8              | 63,335         | 59,082         | 7.2              |
| Express                               | 2,356          | 2,731          | (13.7)           | 7,336          | 8,250          | (11.1)           |
| <b>Gross profit</b>                   | <b>75,765</b>  | <b>62,554</b>  | <b>21.1</b>      | <b>222,998</b> | <b>178,552</b> | <b>24.9</b>      |
| Gross profit margin, %                | 23.7           | 24.4           | (69) b.p.        | 23.9           | 24.1           | (25) b.p.        |
| <b>EBITDA</b>                         | <b>22,392</b>  | <b>19,863</b>  | <b>12.7</b>      | <b>72,392</b>  | <b>56,361</b>  | <b>28.4</b>      |
| EBITDA margin, %                      | 7.0            | 7.8            | (74) b.p.        | 7.8            | 7.6            | 13 b.p.          |
| <b>Operating profit</b>               | <b>12,844</b>  | <b>13,274</b>  | <b>(3.2)</b>     | <b>45,342</b>  | <b>39,138</b>  | <b>15.9</b>      |
| Operating profit margin, %            | 4.0            | 5.2            | (116) b.p.       | 4.9            | 5.3            | (43) b.p.        |
| <b>Net profit</b>                     | <b>7,277</b>   | <b>6,870</b>   | <b>5.9</b>       | <b>25,975</b>  | <b>19,874</b>  | <b>30.7</b>      |
| Net profit margin, %                  | 2.3            | 2.7            | (40) b.p.        | 2.8            | 2.7            | 10 b.p.          |

(1) Please note that in this and other tables, and in the text of this press release, immaterial deviations in the calculation of % changes, subtotals and totals are due to rounding

(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 wholesale operations, direct franchisees (royalty payments) and other revenue.

## Net retail sales

Total net retail sales growth was a solid 24.9% y-o-y, driven by:

- 4.6% increase in LFL sales; and
- 20.3% contribution from a 27.8% rise in selling space.

Pyaterochka was the key driver for X5's Q3 growth: net retail sales increased by 28.8% y-o-y.

## Selling space by format, square meters (sq. m.)

|                        | As at<br>30-Sep-17 | As at<br>31-Dec-16 | change vs<br>31-Dec-16, % | As at<br>30-Sep-16 | change vs<br>30-Sep-16, % |
|------------------------|--------------------|--------------------|---------------------------|--------------------|---------------------------|
| Pyaterochka            | 4,145,793          | 3,329,273          | 24.5                      | 3,090,774          | 34.1                      |
| Perekrestok            | 585,585            | 548,473            | 6.8                       | 513,052            | 14.1                      |
| Karusel                | 380,784            | 386,897            | (1.6)                     | 384,449            | (1.0)                     |
| Express                | 32,400             | 37,110             | (12.7)                    | 36,918             | (12.2)                    |
| <b>X5 Retail Group</b> | <b>5,144,561</b>   | <b>4,301,752</b>   | <b>19.6</b>               | <b>4,025,192</b>   | <b>27.8</b>               |

## Q3 & 9M 2017 LFL<sup>(3)</sup> store performance by format, % change y-o-y

In Q3 2017, LFL sales performance remained strong at 4.6%.

LFL traffic at Perekrestok was positive for the seventh quarter in a row and was the highest among X5's major formats in Q3 2017.

|                        | Q3 2017    |            |            | 9M 2017    |            |            |
|------------------------|------------|------------|------------|------------|------------|------------|
|                        | Sales      | Traffic    | Basket     | Sales      | Traffic    | Basket     |
| Pyaterochka            | 4.0        | 2.4        | 1.6        | 5.5        | 2.8        | 2.6        |
| Perekrestok            | 9.9        | 6.6        | 3.2        | 10.5       | 6.4        | 3.8        |
| Karusel                | 2.5        | (2.4)      | 5.0        | 6.0        | 0.2        | 5.8        |
| Express                | (8.4)      | (5.0)      | (3.5)      | (9.8)      | (8.1)      | (1.8)      |
| <b>X5 Retail Group</b> | <b>4.6</b> | <b>2.5</b> | <b>2.0</b> | <b>6.1</b> | <b>3.0</b> | <b>3.1</b> |

For more details on net retail sales growth please refer to X5's [Q3 2017 Trading Update](#).

## Gross profit margin

The gross margin decreased by 69 b.p. y-o-y to 23.7% in Q3 2017 as a result of higher promo activity aimed at maintaining sales growth in some categories. Gross margin also decreased due to the format mix effect of proportionally more sales coming from Pyaterochka, the share of which reached 79% in the period.

(3) 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 the 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, general and administrative (SG&A) expenses (excl. D&A&I)

| RUB mln  | Q3 2017         | Q3 2016         | change,<br>y-o-y, % | 9M 2017          | 9M 2016          | change,<br>y-o-y, % |
|--|-----------------|-----------------|---------------------|------------------|------------------|---------------------|
| <b>Staff costs</b>   | <b>(25,059)</b> | <b>(19,359)</b> | <b>29.4</b>         | <b>(70,787)</b>  | <b>(55,673)</b>  | <b>27.1</b>         |
| % of Revenue   | 7.8             | 7.6             | 29 b.p.             | 7.6              | 7.5              | 6 b.p.              |
| incl. LTI and share-based payments   | (787.0)         | (68.0)          | 1057.4              | (2,656.0)        | (143.0)          | 1757.3              |
| staff costs excl. LTI<br>% of Revenue                                      | 7.6             | 7.5             | 7 b.p.              | 7.3              | 7.5              | (21) b.p.           |
| <b>Lease expenses</b>  | <b>(15,310)</b> | <b>(12,032)</b> | <b>27.2</b>         | <b>(43,318)</b>  | <b>(34,036)</b>  | <b>27.3</b>         |
| % of Revenue   | 4.8             | 4.7             | 10 b.p.             | 4.6              | 4.6              | 4 b.p.              |
| <b>Utilities</b>   | <b>(5,442)</b>  | <b>(4,774)</b>  | <b>14.0</b>         | <b>(16,865)</b>  | <b>(13,996)</b>  | <b>20.5</b>         |
| % of Revenue   | 1.7             | 1.9             | (16) b.p.           | 1.8              | 1.9              | (9) b.p.            |
| <b>Other store costs</b>   | <b>(3,938)</b>  | <b>(3,420)</b>  | <b>15.1</b>         | <b>(10,973)</b>  | <b>(10,449)</b>  | <b>5.0</b>          |
| % of Revenue   | 1.2             | 1.3             | (10) b.p.           | 1.2              | 1.4              | (24) b.p.           |
| <b>Third party services</b>  | <b>(2,776)</b>  | <b>(1,874)</b>  | <b>48.1</b>         | <b>(7,087)</b>   | <b>(5,528)</b>   | <b>28.2</b>         |
| % of Revenue   | 0.9             | 0.7             | 14 b.p.             | 0.8              | 0.7              | 1 b.p.              |
| <b>Other expenses</b>  | <b>(2,910)</b>  | <b>(3,005)</b>  | <b>(3.2)</b>        | <b>(7,588)</b>   | <b>(7,628)</b>   | <b>(0.5)</b>        |
| % of Revenue   | 0.9             | 1.2             | (26) b.p.           | 0.8              | 1.0              | (22) b.p.           |
| <b>SG&amp;A (excl. D&amp;A&amp;I)</b>                                      | <b>(55,435)</b> | <b>(44,464)</b> | <b>24.7</b>         | <b>(156,618)</b> | <b>(127,310)</b> | <b>23.0</b>         |
| % of Revenue   | 17.4            | 17.4            | -                   | 16.8             | 17.2             | (43) b.p.           |
| <b>SG&amp;A (excl. D&amp;A&amp;I<br/>and LTI and share-based payments)</b> | <b>(54,648)</b> | <b>(44,396)</b> | <b>23.1</b>         | <b>(153,962)</b> | <b>(127,166)</b> | <b>21.1</b>         |
| % of Revenue   | 17.1            | 17.3            | (22) b.p.           | 16.5             | 17.2             | (70) b.p.           |

In Q3 2017, SG&A expenses excluding D&A&I, LTI and share-based payments as a percentage of revenue declined y-o-y by 22 b.p. to 17.1%, mainly due to improved utilities costs, other store costs and other expenses.

LTI and share-based payments expenses amounted to RUB 787 mln for Q3 2017.

Staff costs (excluding LTI and share-based payments) as a percentage of revenue increased y-o-y by 7 b.p. in Q3 2017 to 7.6%, mainly due to fine-tuning the motivation scheme of in-store personnel in line with market benchmarks.

Lease expenses as a percentage of revenue in Q3 2017 increased y-o-y by 10 b.p. to 4.8%, mainly due to the growing share of leased space in X5's total real estate portfolio, which accounted for 72% as of 30 September 2017, compared to 66% as of 30 September 2016 as well as to the increase in the share of stores in ramp-up phase, including those located in Moscow and the Moscow region.

Utilities costs as a percentage of revenue decreased by 16 b.p. to 1.7% in Q3 2017 due to the continued effect from installation of energy-efficient equipment in stores and distribution centres, and the positive effect from lower temperatures in the reporting period, which led to a decrease in electricity consumption.

Other store costs as a percentage of revenue decreased by 10 b.p. in Q3 2017 compared to Q3 2016, driven by a reduction in security costs, as well as lower maintenance and repair expenses.

Third-party services expenses as a percentage of revenue increased y-o-y by 14 b.p. in Q3 2017 to 0.9% due to increased expenses for marketing services related to targeted

promo and development of the recently-launched Pyaterochka loyalty programme, as well as consulting services related to business optimisation.

Other expenses as a percentage of revenue decreased by 26 b.p. in Q3 2017 due to higher income from sale of recyclable materials and the effect from tax release recorded in Q3 2016.

In 9M 2017, SG&A expenses excluding D&A&I, LTI and share-based payments as a percentage of revenue decreased y-o-y by 70 b.p. to 16.5% mainly due to the impact of operational efficiency projects and operating leverage.

## Lease/sublease and other income

As a percentage of revenue, the Company's income from lease, sublease and other operations changed immaterially in Q3 2017 compared to Q3 2016.

## EBITDA and EBITDA margin

| RUB mln                                | Q3 2017         | Q3 2016         | change,<br>y-o-y, % | 9M 2017          | 9M 2016          | change,<br>y-o-y, % |
|--|-----------------|-----------------|---------------------|------------------|------------------|---------------------|
| <b>Gross profit</b>                    | <b>75,765</b>   | <b>62,554</b>   | <b>21.1</b>         | <b>222,998</b>   | <b>178,552</b>   | <b>24.9</b>         |
| <i>Gross profit margin, %</i>          | 23.7            | 24.4            | (69) b.p.           | 23.9             | 24.1             | (25) b.p.           |
| <b>SG&amp;A (excl. D&amp;A&amp;I)</b>  | <b>(55,435)</b> | <b>(44,464)</b> | <b>24.7</b>         | <b>(156,618)</b> | <b>(127,310)</b> | <b>23.0</b>         |
| <i>% of Revenue</i>                    | 17.4            | 17.4            | -                   | 16.8             | 17.2             | (43) b.p.           |
| <b>Lease/sublease and other income</b> | <b>2,062</b>    | <b>1,773</b>    | <b>16.3</b>         | <b>6,012</b>     | <b>5,119</b>     | <b>17.4</b>         |
| <i>% of Revenue</i>                    | 0.6             | 0.7             | (5) b.p.            | 0.6              | 0.7              | (5) b.p.            |
| <b>EBITDA</b>                          | <b>22,392</b>   | <b>19,863</b>   | <b>12.7</b>         | <b>72,392</b>    | <b>56,361</b>    | <b>28.4</b>         |
| <i>EBITDA margin, %</i>                | 7.0             | 7.8             | (74) b.p.           | 7.8              | 7.6              | 13 b.p.             |

As a result of the factors discussed above, EBITDA in Q3 2017 grew by 12.7% and totalled RUB 22,392 mln, or 7.0% of revenue, compared to RUB 19,863 mln, or 7.8% of revenue in Q3 2016.

In 9M 2017, EBITDA increased by 28.4% y-o-y and amounted to RUB 72,392 mln, or 7.8% of revenue, compared to RUB 56,361 mln, or 7.6% of revenue, in the corresponding period of 2016.

## D&A&I

Depreciation, amortisation and impairment costs in Q3 2017 totalled RUB 9,548 mln (RUB 27,050 mln for 9M 2017), increasing y-o-y as a percentage of revenue by 42 b.p. to 3.0% (for 9M 2017: increased by 57 b.p. to 2.9%). This was due to significant changes in the composition of buildings, with a growing share of fixtures and fittings versus foundation and frame.

## Non-operating gains and losses

| RUB mln                  | Q3 2017       | Q3 2016       | change,<br>y-o-y, % | 9M 2017       | 9M 2016       | change,<br>y-o-y, % |
|--------------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|
| <b>Operating profit</b>  | <b>12,844</b> | <b>13,274</b> | <b>(3.2)</b>        | <b>45,342</b> | <b>39,138</b> | <b>15.9</b>         |
| Net finance costs        | (4,040)       | (4,375)       | (7.7)               | (11,971)      | (13,290)      | (9.9)               |
| Net FX result            | (17)          | 29            | n.a.                | (37)          | 171           | n.a.                |
| <b>Profit before tax</b> | <b>8,787</b>  | <b>8,928</b>  | <b>(1.6)</b>        | <b>33,334</b> | <b>26,019</b> | <b>28.1</b>         |
| Income tax expense       | (1,510)       | (2,058)       | (26.6)              | (7,359)       | (6,145)       | 19.8                |
| <b>Net profit</b>        | <b>7,277</b>  | <b>6,870</b>  | <b>5.9</b>          | <b>25,975</b> | <b>19,874</b> | <b>30.7</b>         |
| <i>Net margin, %</i>     | 2.3           | 2.7           | (40) b.p.           | 2.8           | 2.7           | 10 b.p.             |

Net finance costs in Q3 2017 decreased by 7.7% y-o-y to RUB 4,040 mln due to declining interest rates in Russian capital markets and actions undertaken by X5 to minimise interest expenses.

### Consolidated cash flow statement highlights

| RUB mln  | Q3 2017      | Q3 2016    | change,<br>y-o-y, % | 9M 2017        | 9M 2016        | change,<br>y-o-y, % |
|--|--------------|------------|---------------------|----------------|----------------|---------------------|
| Net cash from operating activities before changes in working capital | 22,281       | 20,050     | 11.1                | 72,562         | 56,860         | 27.6                |
| Change in working capital  | 9,921        | 6,803      | 45.8                | (15,866)       | (2,418)        | 556.2               |
| Net interest and income tax paid                                     | (5,509)      | (6,718)    | (18.0)              | (19,098)       | (16,026)       | 19.2                |
| Net cash flows generated from operating activities                   | 26,693       | 20,135     | 32.6                | 37,598         | 38,416         | (2.1)               |
| Net cash used in investing activities                                | (23,135)     | (19,970)   | 15.8                | (59,910)       | (53,501)       | 12.0                |
| Net cash generated from financing activities                         | 1,375        | 407        | 237.8               | 15,830         | 12,135         | 30.4                |
| Effect of exchange rate changes on cash & cash equivalents           | 2            | 15         | (86.7)              | 6              | 10             | (40.0)              |
| <b>Net increase/(decrease) in cash &amp; cash equivalents</b>        | <b>4,935</b> | <b>587</b> | <b>740.7</b>        | <b>(6,476)</b> | <b>(2,940)</b> | <b>120.3</b>        |

In Q3 2017, the Company's net cash from operating activities before changes in working capital increased by RUB 2,231 mln, or 11.1% y-o-y, and totalled RUB 22,281 mln. The positive change in working capital was mostly attributable to an increase in accounts payable, mainly due to business expansion.

Net interest and income tax paid in Q3 2017 decreased by RUB 1,209 mln, or 18.0%, and totalled RUB 5,509 mln, mainly due to a decline in net interest paid on the back of the lower weighted average effective interest rate on X5's debt for Q3 2017.

As a result, in Q3 2017 net cash flows generated from operating activities totalled RUB 26,693 mln, compared to a RUB 20,135 mln for the same period of 2016. In 9M 2017, net cash flows generated from operating activities totalled RUB 37,598 mln, compared to RUB 38,416 mln for the same period of 2016.

Net cash used in investing activities, which generally consists of payments for property, plant and equipment, totalled RUB 23,135 mln in Q3 2017, compared to RUB 19,970 mln for the same period last year, and reflects higher expenditures on store expansion. X5 added 323.6 th. sq. m. of selling space in Q3 2017, a 16.5% increase compared to the same period last year. For 9M 2017, net cash used in investing activities increased to RUB 59,910 mln from RUB 53,501 mln in 9M 2016. X5 added 842.8 th. sq. m. of selling space in 9M 2017, which is a 21.8% increase y-o-y.

Net cash generated from financing activities increased to RUB 1,375 mln in Q3 2017 from RUB 407 mln for Q3 2016. In 9M 2017, net cash generated from financing activities totalled RUB 15,830 mln compared RUB 12,135 mln for 9M 2016. In Q3 2017, the Company refinanced part of its debt portfolio on better terms, and gross debt changed immaterially compared to Q2 2017.

**Liquidity update**

| <b>RUB mln</b>          | <b>30-Sep-17</b> | <b>% in total</b> | <b>31-Dec-16</b> | <b>% in total</b> | <b>30-Sep-16</b> | <b>% in total</b> |
|-------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>Total debt</b>       | <b>172,064</b>   |                   | <b>156,033</b>   |                   | <b>156,435</b>   |                   |
| Short-term debt         | 46,496           | 27.0              | 45,168           | 28.9              | 43,281           | 27.7              |
| Long-term debt          | 125,568          | 73.0              | 110,865          | 71.1              | 113,154          | 72.3              |
| <b>Net debt</b>         | <b>160,350</b>   |                   | <b>137,843</b>   |                   | <b>150,417</b>   |                   |
| <b>Net debt/ EBITDA</b> | <b>1.74x</b>     |                   | <b>1.81x</b>     |                   | <b>2.15x</b>     |                   |

As of 30 September 2017, the Company's total debt amounted to RUB 172,064 mln, consisting of 27.0% short-term debt and 73.0% long-term debt. The Company's debt is 100% denominated in Russian Roubles.

As of 30 September 2017, the Company had access to RUB 296,903 mln of available credit limits from major Russian and international banks.



**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 30 September 2017, X5 had 11,326 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 10,481 Pyaterochka proximity stores, 584 Perekrestok supermarkets, 91 Karusel hypermarkets and 170 convenience stores. The Company operates 37 DCs and 2,550 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). In 9M 2017, revenue totalled RUB 933,303 mln (USD 15,999 mln), EBITDA reached RUB 72,392 mln (USD 1,241 mln), and net profit amounted to RUB 25,975 mln (USD 445 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).*

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**X5 Retail Group N.V.**

**Condensed Consolidated Interim  
Financial Information**

**Nine months ended 30 September 2017**

The attached condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity have been prepared on the basis of the X5 Retail Group NV accounting policies as disclosed in the audited annual financial statements for the year ended 31 December 2016. These accounting policies have been consistently applied in the preparation of these statements except that these statements do not comprise a full set of financial statements as required by International Financial Reporting Standards as adopted by the EU.



**X5 Retail Group N.V.**  
**Condensed Consolidated Interim Statement of Financial Position**  
**at 30 September 2017**  
*(expressed in millions of Russian Roubles, unless otherwise stated)*

|  | 30 September 2017 | 31 December 2016 |
|--|-------------------|------------------|
| <b>Assets</b>  |                   |                  |
| <b>Non-current assets</b>                                  |                   |                  |
| Property, plant and equipment                              | 259,814           | 232,316          |
| Investment property  | 5,203             | 4,590            |
| Goodwill   | 84,421            | 80,369           |
| Other intangible assets                                    | 17,028            | 16,380           |
| Other non-current assets                                   | 6,972             | 4,448            |
| Deferred tax assets  | 5,160             | 5,306            |
|  | <b>378,598</b>    | <b>343,409</b>   |
| <b>Current assets</b>                                      |                   |                  |
| Inventories  | 84,953            | 73,801           |
| Indemnification asset                                      | 175               | 182              |
| Trade, other accounts receivable and prepayments           | 11,782            | 28,027           |
| Current income tax receivable                              | 1,045             | 954              |
| VAT and other taxes receivable                             | 12,310            | 8,922            |
| Cash and cash equivalents                                  | 11,714            | 18,190           |
|  | <b>121,979</b>    | <b>130,076</b>   |
| <b>Total assets</b>  | <b>500,577</b>    | <b>473,485</b>   |
| <b>Equity and liabilities</b>                              |                   |                  |
| <b>Equity attributable to equity holders of the parent</b> |                   |                  |
| Share capital  | 2,458             | 2,458            |
| Share premium  | 46,212            | 46,251           |
| Retained earnings  | 104,236           | 78,261           |
| Share-based payment reserve                                | 96                | 70               |
|  | <b>153,002</b>    | <b>127,040</b>   |
| <b>Total equity</b>  | <b>153,002</b>    | <b>127,040</b>   |
| <b>Non-current liabilities</b>                             |                   |                  |
| Long-term borrowings                                       | 125,568           | 110,865          |
| Deferred tax liabilities                                   | 5,125             | 6,505            |
| Long-term deferred revenue                                 | 6                 | 8                |
| Other non-current liabilities                              | 933               | 1,697            |
|  | <b>131,632</b>    | <b>119,075</b>   |
| <b>Current liabilities</b>                                 |                   |                  |
| Trade accounts payable                                     | 109,331           | 131,180          |
| Short-term borrowings                                      | 46,496            | 45,168           |
| Interest accrued   | 1,902             | 1,177            |
| Short-term deferred revenue                                | 1,349             | 282              |
| Current income tax payable                                 | 657               | 821              |
| Provisions and other liabilities                           | 56,208            | 48,742           |
|  | <b>215,943</b>    | <b>227,370</b>   |
| <b>Total liabilities</b>                                   | <b>347,575</b>    | <b>346,445</b>   |
| <b>Total equity and liabilities</b>                        | <b>500,577</b>    | <b>473,485</b>   |

Igor Shekhterman  
Chief Executive Officer

18 October 2017

Svetlana Demyashkevich  
Chief Financial Officer

18 October 2017

**X5 Retail Group N.V.**  
**Condensed Consolidated Interim Statement of Profit or Loss**  
**for the nine months ended 30 September 2017**  
*(expressed in millions of Russian Roubles, unless otherwise stated)*

|   | <b>Nine months ended 30 September</b> |                |
|---|---------------------------------------|----------------|
|   | <b>2017</b>                           | <b>2016</b>    |
| Revenue   | 933,303                               | 739,491        |
| Cost of sales   | (710,305)                             | (560,939)      |
| <b>Gross profit</b>   | <b>222,998</b>                        | <b>178,552</b> |
| Selling, general and administrative expenses  | (183,668)                             | (144,533)      |
| Lease/sublease and other income   | 6,012                                 | 5,119          |
| <b>Operating profit</b>   | <b>45,342</b>                         | <b>39,138</b>  |
| Finance costs   | (12,015)                              | (13,328)       |
| Finance income  | 44                                    | 38             |
| Net foreign exchange (loss)/gain  | (37)                                  | 171            |
| <b>Profit before tax</b>  | <b>33,334</b>                         | <b>26,019</b>  |
| Income tax expense  | (7,359)                               | (6,145)        |
| <b>Profit for the period</b>  | <b>25,975</b>                         | <b>19,874</b>  |
| <b>Profit for the period attributable to:</b>   |                                       |                |
| Equity holders of the parent  | 25,975                                | 19,874         |
| Basic earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)   | 382.63                                | 292.77         |
| Diluted earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share) | 382.54                                | 292.76         |

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Igor Shekhterman  
Chief Executive Officer

18 October 2017

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Svetlana Demyashkevich  
Chief Financial Officer

18 October 2017

**X5 Retail Group N.V.**  
**Condensed Consolidated Interim Statement of Comprehensive Income**  
**for the nine months ended 30 September 2017**  
(expressed in millions of Russian Roubles, unless otherwise stated)

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|   | <b>Nine months ended 30 September</b> |               |
|---|---------------------------------------|---------------|
|   | <b>2017</b>                           | <b>2016</b>   |
| <b>Profit for the period</b>                                      | <b>25,975</b>                         | <b>19,874</b> |
| <b>Total comprehensive income for the period, net of tax</b>      | <b>25,975</b>                         | <b>19,874</b> |
| <b>Total comprehensive income for the period attributable to:</b> |                                       |               |
| Equity holders of the parent                                      | 25,975                                | 19,874        |

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Igor Shekhterman  
Chief Executive Officer

18 October 2017

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Svetlana Demyashkevich  
Chief Financial Officer

18 October 2017

**X5 Retail Group N.V.****Condensed Consolidated Interim Statement of Cash Flows  
for the nine months ended 30 September 2017***(expressed in millions of Russian Roubles, unless otherwise stated)*

|   | <b>Nine months ended 30 September</b> |                 |
|---|---------------------------------------|-----------------|
|   | <b>2017</b>                           | <b>2016</b>     |
| <b>Profit before tax</b>  | <b>33,334</b>                         | <b>26,019</b>   |
| <i>Adjustments for:</i>   |                                       |                 |
| Depreciation, amortisation and impairment of property, plant and equipment, investment property and intangible assets | 27,050                                | 17,223          |
| Gain on disposal of property, plant and equipment, investment property and intangible assets                          | (95)                                  | (26)            |
| Finance costs, net  | 11,971                                | 13,290          |
| Impairment of trade, other accounts receivable and prepayments  | 254                                   | 315             |
| Share-based compensation expense  | 50                                    | 15              |
| Net foreign exchange loss/(gain)  | 37                                    | (171)           |
| Other non-cash items  | (39)                                  | 195             |
| <b>Net cash from operating activities before changes in working capital</b>   | <b>72,562</b>                         | <b>56,860</b>   |
| Decrease in trade, other accounts receivable and prepayments  | 11,099                                | 6,993           |
| Increase in inventories   | (11,152)                              | (6,922)         |
| Decrease in trade payable   | (21,799)                              | (428)           |
| Increase/(decrease) in other accounts payable   | 5,986                                 | (2,061)         |
| <b>Net cash flows generated from operations</b>   | <b>56,696</b>                         | <b>54,442</b>   |
| Interest paid   | (10,833)                              | (12,749)        |
| Interest received   | 43                                    | 28              |
| Income tax paid   | (8,308)                               | (3,305)         |
| <b>Net cash flows from operating activities</b>   | <b>37,598</b>                         | <b>38,416</b>   |
| <b>Cash flows from investing activities</b>   |                                       |                 |
| Purchase of property, plant and equipment   | (53,268)                              | (46,964)        |
| Acquisition of businesses, net of cash acquired   | (5,218)                               | (5,316)         |
| Proceeds from disposal of property, plant and equipment, investment property and intangible assets                    | 728                                   | 543             |
| Purchase of other intangible assets   | (2,362)                               | (1,764)         |
| Proceeds from disposal of available-for-sale investments  | 210                                   | -               |
| <b>Net cash flows used in investing activities</b>  | <b>(59,910)</b>                       | <b>(53,501)</b> |
| <b>Cash flows from financing activities</b>   |                                       |                 |
| Proceeds from borrowings  | 78,593                                | 81,957          |
| Repayment of borrowings   | (62,700)                              | (69,822)        |
| Purchase of treasury shares   | (63)                                  | -               |
| <b>Net cash flows generated from financing activities</b>   | <b>15,830</b>                         | <b>12,135</b>   |
| Effect of exchange rate changes on cash and cash equivalents  | 6                                     | 10              |
| <b>Net decrease in cash and cash equivalents</b>  | <b>(6,476)</b>                        | <b>(2,940)</b>  |
| <b>Movements in cash and cash equivalents</b>   |                                       |                 |
| Cash and cash equivalents at the beginning of the period  | 18,190                                | 8,958           |
| Net decrease in cash and cash equivalents   | (6,476)                               | (2,940)         |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>11,714</b>                         | <b>6,018</b>    |

Igor Shekhterman  
Chief Executive Officer

18 October 2017

Svetlana Demyashkevich  
Chief Financial Officer

18 October 2017

**X5 Retail Group N.V.**  
**Condensed Consolidated Interim Statement of Changes In Equity**  
**for the nine months ended 30 September 2017**  
*(expressed in millions of Russian Roubles, unless otherwise stated)*

|  | Attributable to equity holders of the parent |               |               |                             |                   |                            | Total          |
|--|--|---------------|---------------|-----------------------------|-------------------|----------------------------|----------------|
|  | Number of shares                             | Share capital | Share premium | Share-based payment reserve | Retained earnings | Total shareholders' equity |                |
| <b>Balance as at 1 January 2016</b>              | <b>67,882,421</b>                            | <b>2,458</b>  | <b>46,253</b> | <b>37</b>                   | <b>55,970</b>     | <b>104,718</b>             | <b>104,718</b> |
| Profit for the period                            | -  | -             | -             | -                           | 19,874            | 19,874                     | 19,874         |
| <b>Total comprehensive income for the period</b> | <b>-</b>                                     | <b>-</b>      | <b>-</b>      | <b>-</b>                    | <b>19,874</b>     | <b>19,874</b>              | <b>19,874</b>  |
| Share-based payment compensation                 | -  | -             | -             | 14                          | -                 | 14                         | 14             |
| Transfer and waiving of vested equity rights     | 1,919  | -             | (2)           | 2                           | -                 | -                          | -              |
| <b>Balance as at 30 September 2016</b>           | <b>67,884,340</b>                            | <b>2,458</b>  | <b>46,251</b> | <b>53</b>                   | <b>75,844</b>     | <b>124,606</b>             | <b>124,606</b> |
| <b>Balance as at 1 January 2017</b>              | <b>67,884,340</b>                            | <b>2,458</b>  | <b>46,251</b> | <b>70</b>                   | <b>78,261</b>     | <b>127,040</b>             | <b>127,040</b> |
| Profit for the period                            | -  | -             | -             | -                           | 25,975            | 25,975                     | 25,975         |
| <b>Total comprehensive income for the period</b> | <b>-</b>                                     | <b>-</b>      | <b>-</b>      | <b>-</b>                    | <b>25,975</b>     | <b>25,975</b>              | <b>25,975</b>  |
| Share-based payment compensation                 | -  | -             | -             | 50                          | -                 | 50                         | 50             |
| Transfer and waiving of vested equity rights     | 2,408  | -             | (39)          | (24)                        | -                 | (63)                       | (63)           |
| <b>Balance as at 30 September 2017</b>           | <b>67,886,748</b>                            | <b>2,458</b>  | <b>46,212</b> | <b>96</b>                   | <b>104,236</b>    | <b>153,002</b>             | <b>153,002</b> |

\_\_\_\_\_  
Igor Shekhterman  
Chief Executive Officer

18 October 2017

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Svetlana Demyashkevich  
Chief Financial Officer

18 October 2017