

## X5 RETAIL GROUP REPORTS 13.3% NET RETAIL SALES GROWTH IN 2019

### FY 2019 Highlights

- ✓ Total net retail sales increased by 13.3% y-o-y (14.2% y-o-y, incl. VAT) in roubles (RUB), driven by:
  - 4.0% increase in like-for-like (LFL)<sup>(1)</sup> sales; and
  - 9.3% sales growth contribution from a 12.0% rise in selling space.
- ✓ X5's LFL sales growth remained strong at 4.0% y-o-y in 2019 with an equal contribution from LFL traffic and basket.
- ✓ Karusel experienced a decline in net retail sales following a 4.7% reduction in selling space as part of the Karusel transformation initiative.
- ✓ X5 added 1,866 net new stores in 2019.

### Q4 2019 Highlights

- ✓ Total net retail sales increased by 11.0% y-o-y (11.8% y-o-y, incl. VAT) in roubles, driven by:
  - 2.3% increase in LFL sales; and
  - 8.7% sales growth contribution from a 12.0% rise in selling space.
- ✓ X5's LFL sales growth remained strong at 2.3% y-o-y in Q4 2019, with an increased contribution from LFL traffic.
- ✓ Karusel experienced a decline in net retail sales driven by changing customer behaviour as well as the beginning of the Karusel transformation.
- ✓ X5 added 545 net new stores in Q4 2019.

**Amsterdam, 22 January 2020** - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), today announces the Company's preliminary consolidated net retail sales and operational results for the fourth quarter (Q4) and full year (FY) ended 31 December 2019<sup>(2)</sup>.

X5 Chief Executive Officer Igor Shekhterman said:

*"In 2019, we have delivered on our strategy of balanced growth, expanding net retail sales by 13.3% thanks to a 12.0% rise in selling space and positive LFL sales and traffic performance from our core proximity and supermarket formats in each quarter of the year. Beginning of the year started strong for X5 with LFL traffic being above 5% year-to-date.*

*"The company once again delivered strong LFL and net retail sales growth, further increasing market share and cementing X5's market leadership. Our e-commerce operations more than tripled their net sales.*

*"In 2019 we piloted and launched new customer-centric store concepts for our proximity and supermarket formats. The new concepts will be rolled out starting from 2020, as initial results have been above expectations, with double-digit LFL traffic growth. Our differentiation into new businesses continued, with Perekrestok.ru and 5 Post performing strongly.*

*"We will continue to grow our Pyaterochka and Perekrestok networks based on the new store concepts, expanding the use of big data-driven tools in areas like assortment and pricing, while remaining focused on putting our customers at the centre of every business decision."*

(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 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.

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

## Net Retail Sales<sup>(3)</sup> Performance

### Net retail sales by format <sup>(4)</sup>

RUB mln	Q4 2019	Q4 2018	change y-o-y, %	FY 2019	FY 2018	change y-o-y, %
Pyaterochka	364,210	326,513	11.5	1,366,657	1,197,772	14.1
Perekrestok	78,793	67,215	17.2	273,181	230,848	18.3
Karusel	24,296	26,095	(6.9)	87,397	90,818	(3.8)
<b>X5 Retail Group</b>	<b>467,299</b>	<b>420,883</b>	<b>11.0</b>	<b>1,727,714</b>	<b>1,525,015</b>	<b>13.3</b>

### Q4 & FY 2019 LFL store performance by format, % change y-o-y

	Q4 2019			FY 2019		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	2.0	1.9	0.1	3.7	1.9	1.8
Perekrestok	5.9	3.1	2.7	7.3	5.0	2.3
Karusel	(3.9)	(7.5)	3.9	(0.3)	(4.5)	4.5
<b>X5 Retail Group</b>	<b>2.3</b>	<b>1.8</b>	<b>0.5</b>	<b>4.0</b>	<b>2.0</b>	<b>1.9</b>

### Q4 2019 monthly net RUB retail sales by format, % change y-o-y

	October 2019	November 2019	December 2019
Pyaterochka	12.4	11.7	10.7
Perekrestok	17.3	18.2	16.4
Karusel	(1.7)	(2.1)	(13.0)
<b>X5 Retail Group</b>	<b>12.1</b>	<b>11.7</b>	<b>9.7</b>

## Average Ticket and Number of Customer Visits

### Q4 & FY 2019 average ticket and customer visits by format

	Q4 2019	Q4 2018	change y-o-y, %	FY 2019	FY 2018	change y-o-y, %
<b>Average Ticket, RUB</b>						
Pyaterochka	359.1	361.5	(0.7)	352.9	349.6	0.9
Perekrestok	561.0	545.8	2.8	532.6	521.1	2.2
Karusel	899.1	856.2	5.0	832.3	787.9	5.6
<b>X5 Retail Group</b>	<b>395.5</b>	<b>396.7</b>	<b>(0.3)</b>	<b>384.5</b>	<b>380.6</b>	<b>1.0</b>
<b># of Customers, mln</b>						
Pyaterochka	1,166.8	1,032.1	13.1	4,459.8	3,913.3	14.0
Perekrestok	161.3	140.5	14.8	589.3	505.1	16.7
Karusel	31.2	34.7	(10.2)	120.9	131.5	(8.0)
<b>X5 Retail Group</b>	<b>1,359.2</b>	<b>1,211.9</b>	<b>12.2</b>	<b>5,172.1</b>	<b>4,574.9</b>	<b>13.1</b>

(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 Q4 and FY 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.

## Q4 2019 average monthly ticket and customer visits by format, % change y-o-y

	October 2019	November 2019	December 2019
<b>Average Ticket</b>			
Pyaterochka	0.9	0.6	(3.1)
Perekrestok	2.7	4.5	1.4
Karusel	9.0	7.9	1.3
<b>X5 Retail Group</b>	<b>1.2</b>	<b>1.2</b>	<b>(2.9)</b>
<b># of Customer Visits</b>			
Pyaterochka	12.6	11.7	14.8
Perekrestok	14.6	13.7	15.9
Karusel	(8.7)	(8.7)	(12.6)
<b>X5 Retail Group</b>	<b>11.8</b>	<b>10.9</b>	<b>13.7</b>

## Expansion Dynamics

### Selling space and # of stores by format

	As at 31-Dec-19	As at 31-Dec-18	change vs 31-Dec-18, %
<b>Selling Space, square meters (sq. m.)</b>			
Pyaterochka	5,975,147	5,291,421	12.9
Perekrestok	899,893	781,538	15.1
Karusel	364,077	382,024	(4.7)
<b>X5 Retail Group</b>	<b>7,239,117</b>	<b>6,463,735</b>	<b>12.0</b>
<b># of Stores</b>			
Pyaterochka	15,354	13,522	13.5
Perekrestok	852	760	12.1
Karusel	91	94	(3.2)
<b>X5 Retail Group</b>	<b>16,297</b>	<b>14,431</b>	<b>12.9</b>

### Selling space and # of stores added by format

	Net Added Q4 2019	Net Added Q4 2018	change, y-o-y, %	Net Added FY 2019	Net Added FY 2018	change, y-o-y, %
<b>Selling Space, square meters (sq. m.)</b>						
Pyaterochka	186,473	256,261	(27.2)	683,726	864,614	(20.9)
Perekrestok	46,378	53,071	(12.6)	118,355	144,296	(18.0)
Karusel	(2,292)	(97)	n/a	(17,947)	(3,247)	n/a
<b>X5 Retail Group</b>	<b>230,560</b>	<b>308,655</b>	<b>(25.3)</b>	<b>775,382</b>	<b>983,994</b>	<b>(21.2)</b>
<b>Net # of Stores</b>						
Pyaterochka	504	700	(28.0)	1,832	2,297	(20.2)
Perekrestok	41	48	(14.6)	92	122	(24.6)
Karusel	-	2	n/a	(3)	1	n/a
<b>X5 Retail Group</b>	<b>545</b>	<b>746</b>	<b>(26.9)</b>	<b>1,866</b>	<b>2,310</b>	<b>(19.2)</b>

## Perekrestok.ru Performance

	Q4 2019	Q4 2018	change y-o-y, %	FY 2019	FY 2018	change y-o-y, %
Net sales, RUB mln	1,630	636	156.3	4,310	1,290	234.1
Number of orders	505,283	199,505	153.3	1,367,332	408,356	234.8
Average ticket, RUB	3,655	3,560	2.7	3,584	3,526	1.6

## Key Drivers for Q4 and FY 2019 Results

### External environment

- Food inflation in Q4 2019 decreased to 3.5% y-o-y from 5.0% y-o-y in Q3 2019. The slowdown in food inflation is mainly due to the early and plentiful harvest of 2019.
- Growth in consumer demand accelerated to 1.5% y-o-y in October-November 2019 after a slowdown to 0.8% in Q3 2019. The factors driving the acceleration were a slowdown in food inflation as well as the end of the high base effect from the 2018 World Cup.
- Consumer sentiment remained unchanged q-o-q at -13% in Q4 2019.

### Sales

- LFL traffic was positive in X5's core formats Pyaterochka and Perekrestok in Q4 2019 and the main contributor to LFL sales growth.
- We seasonally increased promo activity across all formats in Q4 2019 in order to stimulate traffic, and reflecting the overall increased promo activity in the sector. In January, promo is back at the level of Q3 2019.
- Pyaterochka's net retail sales growth slowed sequentially in Q4 2019 to 11.5% y-o-y, due to the slower pace of openings and LFL basket deceleration on the back of slower food inflation and our promo. LFL traffic accelerated to 1.9%. The trend of more frequent customer visits to stores with smaller purchases continued in Q4 2019.
- Perekrestok's net retail sales growth reached 17.2% in Q4 2019 on the back of strong LFL sales growth and dynamic expansion of the store network. In the supermarket segment, 3.1% growth in LFL traffic and a 2.7% y-o-y increase in LFL basket reflect the positive response from consumers to the format's CVP.
- Karusel saw a 6.9% y-o-y decline in net retail sales, mainly driven by changing customer behaviour and increasing pressure from proximity stores as well as the beginning of the transformation activity (stock sales in stores up for closure and/or transfer to Perekrestok). The format's LFL revenue was negative 3.9% y-o-y.

### Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 40.6 million registered loyalty card users as of 31 December 2019, up 8.3% y-o-y. Loyalty cards penetration in traffic in December reached 54% at Pyaterochka, 59% at Perekrestok and 82% at Karusel.

### Expansion and retail portfolio improvement

- In line with the strategy of balanced growth, the Company opened less stores in 2019 compared with 2018 (1,866 net new stores in 2019 vs. 2,310 net new stores in 2018). In Q4 2019 the number of net new stores was 545 compared with 746 in Q4 2018.
- In 2019, as part of the Company's ongoing rationalisation programme, X5 closed 224 proximity stores, 16 supermarkets and five hypermarkets. In Q4 2019, the Company closed 31 proximity stores.

## X5 RETAIL GROUP

- 32 supermarkets were opened following refurbishments in 2019 (seven in Q4 2019).
- Three new distribution centres (DCs) with total space of 81.1 th. sq. m. were launched in 2019. In Q4 2019, X5 opened one new distribution centre in Kazan (36.1 ths sq. m) to serve the proximity format, replacing another distribution centre in the region (13.3 ths sq. m) that was closed.
- The online supermarket Perekrestok.ru continued to expand. The total number of orders was nearly 1.4 million in 2019, increasing by more than three times y-o-y, while in Q4 2019 the total number of orders more than doubled compared to Q4 2018, exceeding 505 ths.

**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 December 2019, X5 had 16,297 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 15,354 Pyaterochka proximity stores, 852 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 42 DCs and 4,124 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). In 9M 2019, revenue totalled RUB 1,265,130 mln (USD 19,440 mln), adjusted EBITDA reached RUB 95,975 mln (USD 1,475 mln), and net profit amounted to RUB 25,043 mln (USD 385 mln).

X5’s Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.01%, 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).*

**For further details please contact:****Natalia Zagvozdina**

Head of Corporate Finance and IR  
Tel.: +7 (495) 662-88-88 ext. 27-300  
e-mail: [Natalia.Zagvozdina@x5.ru](mailto:Natalia.Zagvozdina@x5.ru)

**Andrey Vasin**

Head of Investor Relations  
Tel.: +7 (495) 662-88-88 ext. 13-151  
e-mail: [Andrey.Vasin@x5.ru](mailto:Andrey.Vasin@x5.ru)