

## X5 RETAIL GROUP RELEASES 2014 ANNUAL REPORT

**Amsterdam, 19 March 2015** - X5 Retail Group N.V., ('X5' or the 'Company') a leading Russian food retailer (LSE ticker: 'FIVE'), today released the Company's 2014 Annual Report and Accounts prepared in accordance with the Dutch Financial Markets Supervision Act.

### Delivering Growth – 2014 highlights:

- Total revenue increased by 18.6%, year-on-year (y-o-y), to RUB 634 billion.
- X5's best annual like-for-like (LFL) sales results in the past five years – total LFL sales increased by 9.8% in 2014 (11.6% in Q4 2014).
- Record organic growth contributed to a 15.7% y-o-y increase in total net selling space, or 349 thousand square meters (sqm).
- EBITDA grew by 19.6%, y-o-y, and adjusted profit margin<sup>(1)</sup> increased by 20 basis points to 2.3%.
- ROIC, before goodwill adjustments, increased by 100 basis points y-o-y to 20.1%.
- Solid financial structure with net debt (88% long-term) at 2.30x EBITDA.
- Pyaterochka, representing 69.0% of X5's net retail sales, achieved strong growth in 2014 – net retail sales increased by 25.1% y-o-y, driven by a 24.1% y-o-y increase in net selling space.

### X5's CEO, Stephan DuCharme, commented:

*'I believe that 2014 was a turning point for X5 in terms of the transformation of our business and that we proved to ourselves, our customers, our business partners and shareholders our ability to grow the business significantly. We successfully delivered on all of our targets and made significant progress in positioning the Company for sustainable long-term growth.'*

*'Our multi-format model gives us the flexibility necessary to adapt to evolving market conditions including the current environment, the sensitivity to respond to our customers' needs and the platform to take advantage of new growth opportunities.'*

### Financial highlights:

#### Income Statement <sup>(2)</sup>

RUB million (mln)	Q4 2014	Q4 2013	% change y-o-y	12M 2014	12M 2013	% change y-o-y
<b>Revenue</b>	<b>181,588</b>	<b>150,341</b>	<b>20.8%</b>	<b>633,873</b>	<b>534,560</b>	<b>18.6%</b>
<b>Gross profit</b>	<b>44,637</b>	<b>36,782</b>	<b>21.4%</b>	<b>154,982</b>	<b>130,348</b>	<b>18.9%</b>
<i>Gross profit margin, %</i>	<i>24.6%</i>	<i>24.5%</i>		<i>24.5%</i>	<i>24.4%</i>	
<b>EBITDA</b>	<b>13,495</b>	<b>11,299</b>	<b>19.4%</b>	<b>45,860</b>	<b>38,350</b>	<b>19.6%</b>
<i>EBITDA margin, %</i>	<i>7.4%</i>	<i>7.5%</i>		<i>7.2%</i>	<i>7.2%</i>	
<b>Operating profit</b>	<b>7,781</b>	<b>8,388</b>	<b>(7.2%)</b>	<b>28,288</b>	<b>25,296</b>	<b>11.8%</b>
<i>Operating profit margin, %</i>	<i>4.3%</i>	<i>5.6%</i>		<i>4.5%</i>	<i>4.7%</i>	
<b>Profit for the period</b>	<b>2,822</b>	<b>4,381</b>	<b>(35.6%)</b>	<b>12,691</b>	<b>10,984</b>	<b>15.5%</b>
<i>Profit margin, %</i>	<i>1.6%</i>	<i>2.9%</i>		<i>2.0%</i>	<i>2.1%</i>	

<sup>(1)</sup> Net profit for 2014 is adjusted for impairment of assets in the amount of RUB 2,660.mln and deferred tax income from impairment of RUB 580 mln

<sup>(2)</sup> Please note that in this and other tables of the press release, immaterial deviations in the calculation of % changes, subtotals and totals are explained by rounding.

## Financial highlights (continued):

### Cash flow

RUB mln	Q4 2014	Q4 2013	% change y-o-y	12M 2014	12M 2013	% change y-o-y
Net cash from operating activities	13,598	22,640	(39.9%)	28,567	28,387	0.6%
Net cash used in investing activities	(13,947)	(7,885)	76.9%	(29,737)	(21,059)	41.2%
Net cash generated from/(used in) financing Activities	22,582	(10,903)	n/a	19,344	(12,093)	n/a

### Balance sheet

RUB mln	31-Dec-14	% in total	30-Sep-14	% in total	31-Dec-13	% in total
<b>Total debt</b>	<b>130,986</b>		<b>107,619</b>		<b>110,523</b>	
Short-term debt	15,834	12.1%	17,003	15.8%	30,680	27.8%
Long-term debt	115,152	87.9%	90,616	84.2%	79,843	72.2%
<b>Net debt</b>	<b>105,363</b>		<b>104,099</b>		<b>102,912</b>	
<b>Net debt/EBITDA</b>	<b>2.30x<sup>(1)</sup></b>		<b>2.38x<sup>(2)</sup></b>		<b>2.68x<sup>(3)</sup></b>	

The Annual Report and Accounts, including the full set of audited consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, is available on X5's corporate website at [http://www.x5.ru/en/investors/financial\\_reports](http://www.x5.ru/en/investors/financial_reports).

### Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – 'BB', Moody's – 'B2', S&P – 'B+') 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.

At 31 December 2014, X5 had 5,483 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 4,789 Pyaterochka proximity stores, 403 Perekrestok supermarkets, 82 Karusel hypermarkets and 209 convenience stores. The Company operates 34 DCs and 1,438 Company-owned trucks across the Russian Federation.

For the full year 2014, revenue totaled RUB 633,873 mln (USD 16,498 mln), EBITDA reached RUB 45,860 mln (USD 1,194 mln), and profit for the period amounted to RUB 12,691 mln (USD 330 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.04%, treasury shares – 0.04%, free float – 37.63%.

<sup>(1)</sup> Based on trailing twelve months consolidated EBITDA of RUB 45,860 mln.

<sup>(2)</sup> Based on trailing twelve months consolidated EBITDA of RUB 43,664 mln.

<sup>(3)</sup> Based on trailing twelve months consolidated EBITDA of RUB 38,350 mln

***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.*

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