

## **X5 RETAIL GROUP REPORTS Q1 2011 TRADING RESULTS<sup>(1)</sup>:**

**Q1 2011 NET RETAIL SALES INCREASE 48% IN RUR AND 51% IN USD TERMS**

**HEALTHY GROUP LFL SALES GROWTH OF 12% IN RUR TERMS**

**KOPEYKA INTEGRATION FAST-TRACKED TO ONE YEAR**

**Amsterdam, 8 April 2011** - X5 Retail Group N.V., Russia's largest retailer in terms of revenue (LSE ticker: "FIVE"), announced today its retail sales and operational performance for the first quarter of 2011.

### **Q1 2011 Highlights**

- Consolidated net retail sales increased 48% year-on-year in RUR terms to RUR 111,989 mln and 51% in USD terms to USD 3,826 mln;
- Organic sales increase was 29% in RUR terms while Kopeyka's Q1 2011 sales contributed approx. 19% to X5's consolidated Q1 2011 RUR net retail sales growth<sup>(2)</sup>;
- X5's like-for-like (LFL) sales grew 12% in RUR terms year-on-year;
- Supermarkets performed strongly on trading up trends with Q1 2011 LFL sales growth of 19% on a 9% increase in customer traffic and 10% basket growth;
- 76 stores added on net basis in Q1 2011, including 80 soft discounters, two supermarkets, two convenience stores and closures of eight Kopeyka stores;
- Net addition of selling space totaled 16 thousand square meters.

**Andrei Gusev**, X5 Retail Group CEO, commented: *"Sales grew 48% in RUR terms in the first quarter or 29% excluding Kopeyka, led by a strong recovery in supermarket like-for-like sales growth and sustained performance of discounters"*.

*"I am pleased to announce that following a thorough analysis, X5 made the decision to execute Kopeyka integration plan by the end of 2011. The rebranding of an initial 45 Kopeyka stores in the first quarter delivered instant improvements in LFL sales performance, giving us confidence in the value of accelerating the integration timetable"*.

---

<sup>(1)</sup> Numbers provided in this press-release are preliminary and not audited.

<sup>(2)</sup> Acquired Kopeyka stores sales are included from 1 December 2010.

## Net Retail Sales<sup>(1)</sup> Performance

### *Net Retail Sales Dynamics by Format<sup>(2)</sup>*

<b>USD mln</b>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>% change y-o-y</b>
Hypermarkets	558.7	471.1	19%
Supermarkets	859.4	646.1	33%
Soft Discounters	1,888.4	1,413.1	34%
Convenience stores <sup>(3)</sup>	22.8	-	n/a
Online	6.6	4.0	64%
Kopeyka stores <sup>(4)</sup>	490.3	-	n/a
<b>Total X5 Net Retail Sales</b>	<b>3,826.1</b>	<b>2,534.4</b>	<b>51%</b>

<b>RUR mln</b>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>% change y-o-y</b>
Hypermarkets	16,351.7	14,080.1	16%
Supermarkets	25,153.4	19,313.1	30%
Soft Discounters	55,272.1	42,239.0	31%
Convenience stores <sup>(3)</sup>	666.1	-	n/a
Online	193.3	120.3	61%
Kopeyka stores <sup>(4)</sup>	14,352.0	-	n/a
<b>Total X5 Net Retail Sales</b>	<b>111,988.6</b>	<b>75,752.5</b>	<b>48%</b>

On a consolidated basis X5 net retail sales for the first quarter of 2011 reached RUR 111,989 mln, a year-on-year increase of 48% in RUR terms; or USD 3,826 mln, a year-on-year increase of 51% in USD terms. Acquired Kopeyka stores (including 45 stores rebranded as Pyaterochka since December 2010) contributed RUR 14,352 mln or USD 490 mln to X5's consolidated net retail sales, which added approximated 19% to X5's Q1 2011 consolidated RUR net sales growth.

<sup>(1)</sup> Net retail sales represent revenue from operations of X5 managed stores excluding VAT. This number differs from total net sales that also include revenue from franchisees (royalty payments) and other revenue. The total net sales number will be reported along with Q1 2011 financial results.

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

<sup>(3)</sup> Included from 1 April 2010.

<sup>(4)</sup> Kopeyka sales consolidated by X5 from 1 December 2010; the number includes sales of 45 stores rebranded as Pyaterochka since the beginning of the year

## Gross Retail Sales<sup>(1)</sup> Analysis

### Gross Retail Sales Dynamics

Q1 2011				
Based on RUR-denominated gross retail sales	LFL, %	Organic Expansion, %	Kopeyka Contribution, %	Total change, %
Hypermarkets	2	14		16
Supermarkets	19	11		30
Soft Discounters	12	19		31
<b>Total Gross Retail Sales</b>	<b>12</b>	<b>17</b>	<b>19</b>	<b>48</b>
FX Effect				3
<b>Total change %, incl. FX</b>				<b>51</b>

Sales growth in the first quarter 2011 totalled 48%. This consisted of 12% LFL sales growth with 17% coming from organic store expansion and 19% contributed by acquired Kopeyka stores.

### LFL Sales Performance

X5's LFL sales in the first quarter 2011 increased by 12% in RUR terms, driven by a 4% increase in customer traffic and 8% increase in average basket.

### Like-For-Like<sup>(2)(3)</sup> Store Performance (see Appendix I for detailed LFL performance)

	Q1 2011		
	Total LFL, %	Traffic, %	Basket, %
<b>X5 Retail Group</b>			
Hypermarkets	2	1	1
Supermarkets	19	9	10
Soft Discounters	12	2	10
<b>X5 Retail Group Total</b>	<b>12</b>	<b>4</b>	<b>8</b>
<b>Kopeyka (for informational purposes only)<sup>(3)</sup></b>	<b>(5)</b>	<b>(8)</b>	<b>3</b>

Soft discounters continued to deliver solid performance. Pyaterochka recorded a 12% LFL sales growth in Q1 2011 against last year's high comparable base, when the format's LFL sales growth totalled 17%. LFL sales growth in soft discounters was strong across areas of operations, with regional stores outperforming Moscow and St. Petersburg on 17% LFL sales growth.

Supermarkets demonstrated strong performance in Q1 2011 with 19% LFL growth on a 9% rise in traffic and 10% basket increase as Russian consumers continued trading up. LFL sales growth was particularly impressive in St. Petersburg area with 36% total LFL sales growth on 16% traffic and 20% basket improvement.

<sup>(1)</sup> In this section all sales dynamics analysis is based on RUR-denominated gross retail sales (including VAT, excluding FX). Net retail sales RUR growth rates may immaterially differ due to effective VAT rate.

<sup>(2)</sup> Like-for-like (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 twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in LFL calculation starting from the first day of the month following the month of the store opening.

<sup>(3)</sup> Kopeyka's stores are not included in X5's LFL calculation since they were acquired in December 2010.

Hypermarkets' LFL sales rose by 2% on a 1% increase in basket and 1% traffic growth. The format's performance was mixed across the regions: while Moscow-based stores delivered healthy 10% LFL sales growth, regional stores reported modest growth of 3%, and St. Petersburg-based stores continued to underperform in the highly competitive market for this format.

### **Kopeyka Performance & Integration Update**

In Q1 2011 Kopeyka stores' sales totalled RUR 14,352 mln or USD 490.3 mln. LFL sales of acquired Kopeyka stores decreased by 5% in the first quarter on an 8% decline in traffic and 3% basket growth (see Appendix V for more details) as Kopeyka-branded stores continued to operate with the old assortment and pricing policy while being prepared for rebranding.

Based on an in-depth business review and analysis following the acquisition of Kopeyka, X5 has revised its initial integration plan and made a decision to complete the integration within one year instead of two. In the first quarter 2010, the Company has successfully rebranded and re-launched 45 Kopeyka stores, and we are pleased to report that the stores rebranded in early March are reporting LFL sales growth of approximately 20% year-on-year.

Key integration milestones include:

- **Purchasing:** As Russia's largest retailer, X5 has better purchasing terms than Kopeyka, and we have moved swiftly to capture synergies from enhanced purchasing power. Full integration of the purchasing function is expected to happen by the end of 2011, after the IT platform switch-over is completed in all Kopeyka stores.
- **Logistics:** At the time of the acquisition, Kopeyka operated seven distribution centres (DCs) and owned about 300 trucks. We will keep Kopeyka's efficient DCs and fully integrate them into our supply chain management system. Few inefficient or duplicative DCs will be closed. We will also install our Warehouse Management System (WMS) at operational Kopeyka DCs by the end of 2011.
- **Personnel:** Store personnel training is under way since January 2011, and is conducted gradually region-by-region in line with our store rebranding schedule. As part of the integration process, we are gradually eliminating duplicative functions for management staff. At the same time, we highly value the professionalism of Kopeyka's management team and will be delighted to provide their best professionals new job opportunities within X5.
- **Rebranding, IT systems change and stores re-launch:** We will undertake substantial store remodeling efforts as we rebrand Kopeyka stores to X5's banners. Additionally, we will change Kopeyka's in-store IT systems to X5's unified IT-platform. We expect that on average it will take about 10 days to rebrand and re-launch each discounter store and approximately 45 days for the stores that will be converted to Perekrestok supermarkets (less than 10 stores).
- All **Financial Functions**, including accounting, management reporting and tax planning will be fully integrated, following store rebranding and re-launch.

## Expansion

	31-Dec-10	31-Mar-11	Rebranding Q1 2011	Closings Q1 2011	Net Added Q1 2011	% change vs 31-Dec-10
<b>Selling Space, sq. m.</b>						
Hypermarkets	351,753	351,753	-	-	-	0%
Supermarkets	313,024	315,329	-	(580)	2,305	1%
Soft Discounters	586,311	604,361	-	(429)	18,050	3%
Convenience stores	9,222	9,315	-	(350)	93	1%
Kopeyka	294,768	290,264	17,147	(4,504)	(4,504)	(2%)
<b>X5 Retail Group Total</b>	<b>1,555,079</b>	<b>1,571,022</b>	<b>17,147</b>	<b>(5,862)</b>	<b>15,944</b>	<b>1%</b>
<b># of Stores</b>						
Hypermarkets	71	71	-	-	-	0%
Supermarkets	301	303	-	(1)	2	1%
Soft Discounters	1,392	1,472	-	(1)	80	6%
Convenience stores	45	47	-	(1)	2	4%
Kopeyka	660	652	45	(8)	(8)	(1%)
<b>X5 Retail Group Total</b>	<b>2,469</b>	<b>2,545</b>	<b>45</b>	<b>(11)</b>	<b>76</b>	<b>3%</b>

In the first quarter 2011, X5 added net 76 stores, including 80 soft discounters, two supermarkets, two convenience stores and closures of eight stores, including eight Kopeyka stores. As a result, total net selling space increased by net 15,944 sq.m. Please see Attachment IV for more details.

As at 31 March 2011, X5 Retail Group was present in 52 cities of European Russia, the Urals and Ukraine, operating 2,545 stores in total (1,571 thousand sq.m. in selling space). This includes 1,472 Pyaterochka soft discounters (excluding 45 Kopeyka stores rebranded as Pyaterochka), 303 Perekrestok supermarkets, 71 hypermarket stores (including two Pyaterochka-Maxi stores), 47 convenience stores and 652 Kopeyka stores (including 45 stores rebranded as Pyaterochka).

## Franchisee Relationship Update

As at 31 March 2011 the Company's franchisee store network totalled 690 stores across Russia, including 637 Pyaterochka, 19 Paterson, 33 convenience stores and one Perekrestok.

## Logistics Infrastructure Development

As of 31 March 2011 the Group operated 24 DCs in 10 cities with overall warehouse capacity of 406 thousand sq.m.

Region	<u>Warehouse space,</u> <u>'000 sq. m.</u>	<u># of DCs</u>	Functionality				
	31-Mar-11	31-Mar-11	Dry	Fruit & Veg	Fresh	Frozen	Non-food
Central	217.8	9	v	v	v	v	v
North-West	70.4	5	v	v	v	v	
Volgo-Vyatsky	17.5	1	v	v	v		
Urals	34.7	5	v	v	v	v	
Centralno-Chernozemny	23.5	1	v	v	v		
Sredne-Volzhsy	13.4	1	v	v	v		
South	15.6	1	v	v	v		
Privolzhsky	13.1	1	v	v	v		
<b>X5 Retail Group Total</b>	<b>406.0</b>	<b>24</b>					

## Appendices

- I. LFL Store Performance by Format and Region*
- II. Net Retail Sales Performance by Region*
- III. Average Ticket and Number of Customers*
- IV. Net Store Addition by Format and Region*
- V. Kopeyka Operational Performance*
- VI. Financial Calendar for 2011*

**Note to Editors:**

X5 Retail Group N.V. is Russia's largest retailer in terms of sales. The Company was created as a result of a merger between Pyaterochka (soft discounter chain) and Perekrestok (supermarket chain) on 18 May 2006. In June 2008, X5 acquired Karusel hypermarket chain and substantially strengthened its position in hypermarket format. In 2010 X5 acquired Kopeyka discounter chain.

As at 31 March 2011, X5 had 2,545 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 1,472 soft discount stores, 303 supermarkets, 71 hypermarkets, 47 convenience stores and 652 acquired Kopeyka stores (including 45 stores already rebranded as Pyaterochka).

As at 31 March 2011, X5's franchisees operated 690 stores across Russia.

For the first nine months 2010, net sales totaled USD 7,798 mln, EBITDA reached USD 593 mln, and net profit amounted to USD 183 mln. For the full year 2010, net retail sales totaled USD 11,248 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.9%, founders of Pyaterochka – 19.9%, X5 Management – 1.8%, treasury shares – 0.1%, free float – 30.3%.

***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 at 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.*

---

***For further details please contact***

**Anna Kareva**  
**IR Director**  
**Tel.:+7 (495) 792-3511**  
**e-mail: [anna.kareva@x5.ru](mailto:anna.kareva@x5.ru)**

**Svetlana Vitkovskaya**  
**Head of PR Department**  
**Тел.: +7 (495) 662-8888, ext. 31 140**  
**e-mail: [svetlana.vitkovskaya@x5.ru](mailto:svetlana.vitkovskaya@x5.ru)**

## Appendix I: LFL Store Performance by Format and Region<sup>(1)</sup>

	Q1 2011		
	Total LFL, %	Traffic, %	Basket, %
<b><u>Moscow &amp; the Moscow region</u></b>			
Hypermarkets	10	5	5
Supermarkets	18	8	10
Soft Discounters	12	1	11
<b>X5 Retail Group Total</b>	<b>14</b>	<b>3</b>	<b>11</b>
<b><u>St. Petersburg &amp; North-West</u></b>			
Hypermarkets	(6)	(6)	0
Supermarkets	36	16	20
Soft Discounters	10	2	8
<b>X5 Retail Group Total</b>	<b>9</b>	<b>2</b>	<b>7</b>
<b><u>Regions</u></b>			
Hypermarkets	3	3	0
Supermarkets	17	8	9
Soft Discounters	17	4	13
<b>X5 Retail Group Total</b>	<b>13</b>	<b>5</b>	<b>8</b>
<b><u>X5 Retail Group</u></b>			
Hypermarkets	2	1	1
Supermarkets	19	9	10
Soft Discounters	12	2	10
<b>X5 Retail Group Total</b>	<b>12</b>	<b>4</b>	<b>8</b>

<sup>(1)</sup> Based on RUR-denominated gross sales (including VAT, excluding FX). Net sales RUR growth rates may immaterially differ due to effective VAT rate.

Like-for-like 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 like-for-like comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in like-for-like calculation starting from the first day of the month following the month of the store opening. The like-for-like comparison for each store takes into account retail sales generated by that store during the same months it was in operation in both the reporting period and the period of comparison. The retail sales of all the relevant stores in the relevant months are then aggregated and compared. Like-for-like sales are calculated on the basis of traffic and basket amounts of relevant stores in the period under review.

Please note that acquired Kopeyka stores are not included in X5's LFL calculations for Q1 2011 as X5 did not operate Kopeyka until after the acquisition in December 2010. Information on Kopeyka's stand-alone operational performance is provided in Appendix V to this press release.



## Appendix II: Net Retail Sales Performance by Region

<b>USD mln</b>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>% change y-o-y</b>
Moscow & the Region	1,726.4	1,296.3	33%
St. Petersburg & North-West	793.4	677.8	17%
Other Regions	809.3	556.1	46%
Online	6.6	4.0	64%
Kopeyka <sup>(1)</sup>	490.3	-	n/a
<b>Total Net Retail Sales</b>	<b>3,826.1</b>	<b>2,534.4</b>	<b>51%</b>

<b>RUR mln</b>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>% change y-o-y</b>
Moscow & the Region	50,532.0	38,747.7	30%
St. Petersburg & North-West	23,222.8	20,261.0	15%
Other Regions	23,688.6	16,623.4	43%
Online	193.3	120.3	61%
Kopeyka <sup>(1)</sup>	14,352.0	-	n/a
<b>Total Net Retail Sales</b>	<b>111,988.6</b>	<b>75,752.5</b>	<b>48%</b>

<sup>(1)</sup> Including rebranded stores.

**Appendix III: Average Ticket and Number of Customers<sup>(1)</sup>**

	Q1 2011	Q1 2010	% change, y-o-y
<b><u>Average Ticket, RUR</u></b>			
Hypermarkets	632.0	627.5	1%
Supermarkets	407.2	370.3	10%
Soft Discounters	288.9	270.2	7%
Convenience stores <sup>(2)</sup>	230.9	-	n/a
Online	5,259.2	3,966.8	33%
Kopeyka	249.7	-	n/a
<b>X5 Retail Group Total</b>	<b>330.2</b>	<b>328.3</b>	<b>1%</b>
<b><u>Average Ticket, USD</u></b>			
Hypermarkets	21.6	21.0	3%
Supermarkets	13.9	12.4	12%
Soft Discounters	9.9	9.0	9%
Convenience stores <sup>(2)</sup>	7.9	-	n/a
Online	179.7	132.7	35%
Kopeyka	8.5	-	n/a
<b>X5 Retail Group Total</b>	<b>11.3</b>	<b>11.0</b>	<b>3%</b>
<b><u># of Customers, mln.</u></b>			
Hypermarkets	29.7	25.7	15%
Supermarkets	70.7	59.7	18%
Soft Discounters	217.7	177.8	22%
Convenience stores <sup>(2)</sup>	3.3	-	n/a
Online	0.04	0.04	15%
Kopeyka	65.5	-	n/a
<b>X5 Retail Group Total</b>	<b>386.9</b>	<b>263.3</b>	<b>47%</b>

<sup>(1)</sup> Based on all stores' gross sales, which include acquired Kopeyka stores' sales consolidated from 1 December 2010.

<sup>(2)</sup> Included from 1 April 2010.

## Appendix IV: Net Store Addition by Format and Region

# of Stores	31-Dec-10	31-Mar-11	Rebranding Q1 2011	Closings Q1 2011	Net Added Q1 2011	% change vs 31-Dec-10
<b><u>Moscow &amp; Moscow Region</u></b>						
Hypermarkets	14	14			-	0%
Supermarkets	172	173			1	1%
Soft Discounters	567	577			10	2%
Convenience stores <sup>(1)</sup>	45	47		(1)	2	4%
<b>Total</b>	<b>798</b>	<b>811</b>	<b>-</b>	<b>(1)</b>	<b>13</b>	<b>2%</b>
<b><u>St. Petersburg &amp; North-West</u></b>						
Hypermarkets	17	17			-	0%
Supermarkets	33	34			1	3%
Soft Discounters	358	370		(1)	12	3%
<b>Total</b>	<b>408</b>	<b>421</b>	<b>-</b>	<b>(1)</b>	<b>13</b>	<b>3%</b>
<b><u>Regions</u></b>						
Hypermarkets	40	40			-	0%
Supermarkets	96	96		(1)	-	0%
Soft Discounters	467	525			58	12%
<b>Total</b>	<b>603</b>	<b>661</b>	<b>-</b>	<b>(1)</b>	<b>58</b>	<b>10%</b>
<b><u>X5 Retail Group</u></b>						
Hypermarkets	71	71	-	-	-	0%
Supermarkets	301	303	-	(1)	2	1%
Soft Discounters	1,392	1,472	-	(1)	80	6%
Convenience stores <sup>(1)</sup>	45	47	-	(1)	2	4%
Kopeyka <sup>(2)</sup>	660	652	45	(8)	(8)	(1%)
<b>X5 Retail Group Total</b>	<b>2,469</b>	<b>2,545</b>	<b>45</b>	<b>(11)</b>	<b>76</b>	<b>3%</b>

<sup>(1)</sup> Included from 1 April 2010.

<sup>(2)</sup> Including stores rebranded as Pyaterochka.

## Appendix V: Kopeyka Operational Performance

### *Net Retail Sales*

	Q1 2011	Q1 2010	% change y-o-y
Kopeyka, USD mln	490.3	491.8	0%
Kopeyka, RUR mln	14,352.0	14,699.1	(2%)

### *LFL Sales Performance*

	Q1 2011		
	Total LFL, %	Traffic, %	Basket, %
Kopeyka	(5)	(8)	3

### *Average Ticket and Number of Customers<sup>(1)</sup>*

<u>Average Ticket, RUR</u>	Q1 2011	Q1 2010	% change, y-o-y
Kopeyka	249.7	244.9	2%
<u># of Customers, mln</u>	Q1 2011	Q1 2010	% change, y-o-y
Kopeyka	65.5	68.5	(4%)

<sup>(1)</sup> Based on all Kopeyka stores' gross retail sales. LFL performance includes VAT and excludes FX.

## Appendix VI: Financial Calendar for 2011

<b>Date</b>	<b>Event</b>
14 April 2011	Audited FY 2010 IFRS Results
26 May 2011, TBC	Q1 2011 Financial Results Reviewed by Auditors
8 July 2011, TBC	Q2 & H1 2011 Trading Update
25 August 2011, TBC	Q2 & H1 2011 Financial Results Reviewed by Auditors
10 October 2011, TBC	Q3 & 9M 2011 Trading Update
28 November 2011, TBC	Q3 & 9M 2011 Financial Results Reviewed by Auditors