

## X5 RETAIL GROUP REPORTS Q2 & H1 2013 TRADING RESULTS <sup>(1)</sup>

**Amsterdam, 11 July 2013** - X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian retailer (LSE ticker: “FIVE”), announced today the Company’s preliminary consolidated net retail sales and operational results for the second quarter (Q2) and first half (H1) of 2013.

### Expansion

In Q2 2013, X5 added a net 163 stores, including 140 soft discounters, seven supermarkets, one hypermarket and 15 convenience stores resulting in a 59,760 square meter (sq. m.) net increase in total selling space. At 30 June 2013, X5 operated 4,031 stores or 2,048 thousand sq. m. of net selling space.

### *Expansion Dynamics by Format*<sup>(2)</sup>

	30-Jun-13	Net Added H1 2013	31-Dec-12	% change vs 31-Dec-12	30-Jun-12	% change vs 30-Jun-12
<b>Selling Space, sq. m.</b>						
Soft Discounters	1,255,885	64,531	1,191,353	5.4%	1,071,936	17.2%
Supermarkets	391,983	8,524	383,459	2.2%	358,751	9.3%
Hypermarkets	370,865	2,616	368,249	0.7%	371,293	(0.1%)
Convenience stores	29,292	2,609	26,683	9.8%	18,061	62.2%
<b>X5 Retail Group Total</b>	<b>2,048,024</b>	<b>78,280</b>	<b>1,969,745</b>	<b>4.0%</b>	<b>1,820,041</b>	<b>12.5%</b>
<b># of Stores</b>						
Soft Discounters	3,419	199	3,220	6.2%	2,783	22.9%
Supermarkets	378	8	370	2.2%	341	10.9%
Hypermarkets	79	1	78	1.3%	77	2.6%
Convenience stores	155	21	134	15.7%	97	59.8%
<b>X5 Retail Group Total</b>	<b>4,031</b>	<b>229</b>	<b>3,802</b>	<b>6.0%</b>	<b>3,298</b>	<b>22.2%</b>

Net selling space in Q2 2013 increased by 227,983 sq. m., or by 12.5%, year-on-year (y-o-y) primarily driven by additions at our soft discounter format where net selling space increased by 17.2% y-o-y.

The increase in soft discounter net selling space was mainly focused on additions of new soft discounters in “Other” regions (regions other than Central and North-West), which accounted for 10.8% of the format’s y-o-y increase in net selling space in Q2 2013 while expansion in the Central and North-West regions contributed 4.8% and 1.6%, respectively.

Supermarkets increased net selling space by 9.3% y-o-y in Q2 2013, primarily due to expansion in the Central and “Other” regions, which accounted for 6.0% and 2.5% of the format’s net selling space increase, respectively.

In Q2 2013, X5 closed 10 soft discounters, two supermarkets and nine convenience stores that did not meet the respective formats’ efficiency criteria.

<sup>(1)</sup> Numbers in this press release are preliminary and have not been reviewed or audited by the Company’s auditor.

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

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

### *Net Retail Sales Dynamics by Format*

<b>RUR mln</b>	<b>Q2 2013</b>	<b>Q2 2012</b>	<b>% change, y-o-y</b>	<b>H1 2013</b>	<b>H1 2012</b>	<b>% change, y-o-y</b>
Soft Discounters	87,459.1	81,200.0	7.7%	169,162.2	156,106.4	8.4%
Supermarkets	27,522.1	26,057.9	5.6%	55,008.7	51,931.4	5.9%
Hypermarkets	15,822.7	15,010.0	5.4%	30,980.6	30,175.6	2.7%
Convenience stores	1,977.8	1,106.6	78.7%	3,684.6	2,013.7	83.0%
Online	294.8	71.8	310.9%	536.5	98.2	446.2%
<b>Total X5 Net Retail Sales</b>	<b>133,076.5</b>	<b>123,446.3</b>	<b>7.8%</b>	<b>259,372.6</b>	<b>240,325.3</b>	<b>7.9%</b>

X5's consolidated net retail sales for Q2 2013 totaled Russian Rouble (RUR) 133,076 million (mln), a y-o-y increase of 7.8%. The increase was primarily driven by selling space expansion, price inflation and positive performance of maturing stores added over the past two years.

Soft discounters increased net retail sales by 7.7% y-o-y and accounted for 5.1% of the Company's Q2 2013 y-o-y net retail sales growth. Soft discounters in "Other" regions accounted for 6.0% of the format's 7.7% net retail sales growth while the Central and North-West regions accounted for 2.7% and (1.0%), respectively.

The increase in soft discounter net retail sales was directly related to the format's 17.2% y-o-y expansion in net selling space, primarily in "Other" regions and the reasons mentioned above, which were offset by the slower pace of openings in H1 2013 compared to H1 2012 and negative like-for-like (LFL) results.

Supermarkets increased net retail sales by 5.6% and accounted for 1.2% of X5's Q2 2013 y-o-y net retail sales growth. Supermarkets in the Central region accounted for 4.2% of the format's 5.6% net retail sales growth while the North-West and "Other" regions accounted for 0.5% and 1.0%, respectively. The increase in the format's net retail sales was due to selling space expansion in the Central region as well as the reasons mentioned above.

Hypermarkets increased net retail sales by 5.4% y-o-y and accounted for 0.7% of the Company's Q2 2013 y-o-y net retail sales growth. Hypermarkets in the Central region accounted for 2.6% of the format's 5.4% net retail sales growth while the North-West and "Other" regions accounted for 0.4% and 2.4%, respectively. The increase in the format's net retail sales was primarily due to positive LFL performance.

<sup>(1)</sup> Net retail sales represent revenue from operations of X5 managed stores net of VAT. This number differs from total net sales that also include revenue from direct franchisees (royalty payments) and other revenue. The total net sales number will be reported as part of Q2 & H1 2013 financial results.

### Average Ticket and Number of Customer Visits

	Q2 2013	Q2 2012	% change, y-o-y	H1 2013	H1 2012	% change, y-o-y
<b><u>Average Ticket, RUR</u></b>						
Soft Discounters	267.3	263.2	1.6%	272.3	268.6	1.4%
Supermarkets	398.7	388.4	2.7%	412.9	403.5	2.3%
Hypermarkets	587.8	577.3	1.8%	589.2	588.0	0.2%
Convenience stores	243.6	222.6	9.4%	252.3	230.3	9.6%
Online	1,582.3	1669.8	(5.2%)	1,620.4	1,728.7	(6.3%)
<b>Total</b>	<b>308.5</b>	<b>303.6</b>	<b>1.6%</b>	<b>315.6</b>	<b>312.1</b>	<b>1.1%</b>
<b><u># of Customer Visits, mln</u></b>						
Soft Discounters	373.5	351.8	6.2%	709.3	662.9	7.0%
Supermarkets	78.9	76.5	3.1%	152.4	147.0	3.7%
Hypermarkets	30.8	29.7	3.6%	60.0	58.5	2.5%
Convenience stores	9.6	5.8	65.8%	17.3	10.2	69.2%
Online	0.2	0.1	323.2%	0.4	0.1	483.3%
<b>Total</b>	<b>493.1</b>	<b>463.9</b>	<b>6.3%</b>	<b>939.2</b>	<b>878.6</b>	<b>6.9%</b>

In Q2 2013, the Company's average RUR ticket increased primarily due to the increase in food inflation, which averaged approximately 8.7% y-o-y in Q2 2013.

The effect of food inflation on the average ticket in Q2 2013 was negatively offset by both a change in the composition of the basket at soft discounters, supermarkets and hypermarkets, as compared to Q2 2012, due to availability and price, and also, in the case of soft discounters, an increase in promotional activities during the 2013 period.

In Q2 2013, the total number of customer visits increased by 6.3% y-o-y primarily driven by soft discounters, where customer visits increased by 6.2% y-o-y.

Customer visits at all formats increased in Q2 2013 as a result of the stores opened in the past two years at the respective formats and the associated increase in selling space, as well as the successful marketing and promotional campaigns the formats ran during the quarter.

## **LFL Sales Performance**

X5's LFL sales in Q2 2013 declined by 0.4% in RUR terms, driven by a 4.0% decrease in customer traffic, which was offset by a 3.8% increase in the average basket.

### ***LFL<sup>(1)</sup> Store Performance***

	Q2 2013			H1 2013		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
Soft Discounters	(1.7)	(5.0)	3.6	(1.0)	(4.3)	3.4
Supermarkets	0.3	(2.6)	3.0	0.8	(1.2)	2.0
Hypermarkets	4.3	3.0	1.3	2.4	3.3	(0.8)
Convenience stores	16.0	7.0	8.4	14.9	5.8	8.6
<b>X5 Retail Group Total</b>	<b>(0.4)</b>	<b>(4.0)</b>	<b>3.8</b>	<b>(0.0)</b>	<b>(3.1)</b>	<b>3.2</b>

Total LFL results in Q2 2013 were supported by an overall higher basket, which increased 3.8% y-o-y primarily due to the increase in Russia's average food inflation in Q2 2013 compared to Q2 2012, which was moderated by changes in the format's basket composition and an increase in promotional activities during the period.

Soft discounters reported negative LFL sales results on traffic decline of 5.0% in Q2 2013. The decline in traffic was due to an increase in regional competition, aging store base in core regions and lower service levels.

Supermarkets reported marginally positive Q2 2013 LFL sales results of 0.3% driven by average basket growth, which was offset by a decline in the LFL traffic in the Central, North-West and "Other" regions due to the same reasons mentioned for soft discounters.

Hypermarkets reported positive LFL sales results in Q2 2013 due to a 3.0% increase in traffic and a 1.3% increase in basket. The improvements in hypermarket LFL traffic in Q2 2013 were primarily due to overall improvements in the shopping experience for the customer, which was driven in part by improvements in fruits and vegetables, employee motivation and effective marketing campaigns.

<sup>(1)</sup> 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 day of the store's opening. We include all stores that fit our LFL criteria in each reporting period.

**Note to Editors:**

X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is a leading Russian retailer. The Company operates several retail formats: the soft discounter chain under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, the online retail channel under the E5.ru brand and convenience stores under various brands.

At 30 June 2013, X5 had 4,031 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 3,419 soft discounter stores, 378 supermarkets, 79 hypermarkets and 155 convenience stores. The Company operates 29 DCs and 1,865 Company-owned trucks across the Russian Federation. At 30 June 2013, the number of X5 employees totaled 109 thousand.

For the full year 2012, net sales totaled USD 15,795 mln, EBITDA reached USD 1,124 mln, and net loss amounted to USD 126 mln. For the first quarter 2013, net sales totaled USD 4,160 mln, EBITDA reached USD 284 mln and net profit amounted to USD 65 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 16.35%, X5 Directors – 0.02%, treasury shares – 0.06%, free float – 35.71%.

**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.*

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## Appendix I: Q2 2013 Monthly RUR Sales Results, y-o-y

<b>April</b>	<b>Net retail sales</b>	<b>Customer visits</b>	<b>Average ticket<sup>(2)</sup></b>	<b>Total LFL</b>	<b>LFL traffic</b>	<b>LFL basket</b>
Soft Discounters	8.7%	5.6%	3.0%	(0.7%)	(5.6%)	5.1%
Supermarkets	5.6%	3.9%	1.9%	0.9%	(1.1%)	2.1%
Hypermarkets	1.9%	2.8%	-0.8%	1.2%	2.4%	(1.2%)
Convenience stores	82.9%	58.7%	16.7%	17.9%	6.0%	11.8%
<b>X5 Retail Group<sup>(1)</sup></b>	<b>8.0%</b>	<b>5.9%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>(4.2%)</b>	<b>4.4%</b>

  

<b>May</b>	<b>Net retail sales</b>	<b>Customer visits</b>	<b>Average ticket<sup>(2)</sup></b>	<b>Total LFL</b>	<b>LFL traffic</b>	<b>LFL basket</b>
Soft Discounters	7.3%	5.8%	1.5%	(2.0%)	(5.4%)	3.6%
Supermarkets	7.5%	1.9%	5.3%	1.7%	(3.6%)	5.5%
Hypermarkets	8.0%	3.6%	4.5%	7.4%	3.2%	4.0%
Convenience stores	76.5%	70.8%	4.0%	14.8%	4.6%	9.7%
<b>X5 Retail Group<sup>(1)</sup></b>	<b>8.2%</b>	<b>5.8%</b>	<b>2.4%</b>	<b>0.1%</b>	<b>(4.4%)</b>	<b>4.7%</b>

  

<b>June</b>	<b>Net retail sales</b>	<b>Customer visits</b>	<b>Average ticket<sup>(2)</sup></b>	<b>Total LFL</b>	<b>LFL traffic</b>	<b>LFL basket</b>
Soft Discounters	7.2%	7.1%	0.2%	(2.2%)	(4.1%)	2.0%
Supermarkets	3.7%	3.6%	0.7%	(1.9%)	(3.1%)	1.2%
Hypermarkets	6.1%	4.5%	1.7%	4.2%	3.2%	0.9%
Convenience stores	77.2%	67.8%	8.4%	15.6%	10.3%	4.8%
<b>X5 Retail Group<sup>(1)</sup></b>	<b>7.2%</b>	<b>7.2%</b>	<b>0.2%</b>	<b>(1.2%)</b>	<b>(3.3%)</b>	<b>2.2%</b>

<sup>(1)</sup> Net retail sales, customer visits and average ticket for X5 Retail Group include E5.RU results.

<sup>(2)</sup> Based on gross retail sales.