

## X5 RETAIL GROUP REPORTS Q4 & FY 2012 TRADING RESULTS <sup>(1)</sup>

**Amsterdam, 23 January 2013** - X5 Retail Group N.V. (“X5” or the “Company”), Russia's largest retailer in terms of sales (LSE ticker: “FIVE”), announced today the Company’s preliminary consolidated net retail sales and operational performance for the fourth quarter (Q4) and full year (FY) of 2012.

### Highlights <sup>(2)</sup>

	Q4 2012	Q4 2011	% change, y-o-y	FY 2012	FY 2011	% change, y-o-y
Net stores added	330	217	52.1%	800	533	50.1%
Net selling space added, square meters (sq. m.)	104,323	85,677	21.8%	242,460	172,206	40.8%
Net retail sales, millions of Russian Roubles (RUR mln)	133,881.4	123,316.7	8.6%	490,088.2	452,482.4	8.3%

### Expansion

In Q4 2012, X5 added a net 330 stores, including 290 soft discounters, 20 supermarkets, three hypermarkets, 28 convenience stores and 11 store closures <sup>(3)</sup> resulting in a 104,323 square meter (sq. m.) net increase in total selling space. In FY 2012, net selling space increased by 242,460 sq. m., or 14.0%, as compared to total net selling space at 31 December 2011. At 31 December 2012, X5 operated 3,802 stores (1,970 thousand sq. m. of net selling space) and was present in 746 population centers of European Russia, the Urals and Ukraine.

### *Expansion Dynamics by Format* <sup>(4)</sup>

	31-Dec-12	Net Added <sup>(5)</sup> FY 2012	31-Dec-11	% change, y-o-y
<b>Net Selling Space, sq. m.</b>				
Soft Discounters	1,191,353	195,300	996,054	19.6%
Supermarkets	383,459	36,193	347,266	10.4%
Hypermarkets	368,249	(3,044)	371,293	(0.8%)
Convenience stores	26,683	14,012	12,671	110.6%
<b>X5 Retail Group Total</b>	<b>1,969,745</b>	<b>242,460</b>	<b>1,727,284</b>	<b>14.0%</b>
<b># of Stores</b>				
Soft Discounters	3,220	695	2,525	27.5%
Supermarkets	370	40	330	12.1%
Hypermarkets	78	1	77	1.3%
Convenience stores	134	64	70	91.4%
<b>X5 Retail Group Total</b>	<b>3,802</b>	<b>800</b>	<b>3,002</b>	<b>26.6%</b>

<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.

<sup>(3)</sup> In Q4 2012, X5 closed six soft discounters, one hypermarket and four convenience stores that did not meet the respective efficiency or size criteria.

<sup>(4)</sup> In this table, Kopeyka stores are consolidated across the formats (supermarkets and soft discounters) reflecting the rebranding to these formats from their original soft discounter format.

<sup>(5)</sup> In FY 2012, X5 closed 26 soft discounters, two hypermarkets and 13 convenience stores that did not meet the respective efficiency or size criteria.

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

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

RUR mln	Q4 2012	Q4 2011	% change,		FY 2012	FY 2011	% change,	
			y-o-y				y-o-y	
Soft Discounters	85,451.6	77,433.6	10.4%		317,751.3	282,885.5	12.3%	
Supermarkets	29,411.0	27,136.9	8.4%		105,472.1	99,751.2	5.7%	
Hypermarkets	17,143.4	17,886.8	(4.2%)		61,484.9	66,629.3	(7.7%)	
Convenience stores	1,595.1	859.2	85.7%		4,877.8	2,991.9	63.0%	
Online <sup>(3)</sup>	280.2	-	n/a		502.1	224.4	123.7%	
<b>Total X5 Net Retail Sales</b>	<b>133,881.4</b>	<b>123,316.7</b>	<b>8.6%</b>		<b>490,088.2</b>	<b>452,482.4</b>	<b>8.3%</b>	

X5's consolidated net retail sales for Q4 2012 totaled RUR 133,881 mln, a year-on-year (y-o-y) increase of 8.6%. The increase was primarily driven by sales growth at soft discounters and to a lesser extent at supermarkets and convenience stores resulting from organic store additions, the positive performance of maturing stores added over the past two years and on-going promotional activities. These increases were partially offset by a decrease in net retail sales at hypermarkets.

In Q4 2012, net RUR retail sales attributable to hypermarket operations decreased by 4.2% y-o-y primarily due to the closures of a 10,000 sq. m. and 3,000 sq. m. hypermarket in July and December of 2012, respectively, and the aggressive sell-off of some of the format's non-food assortment in Q4 2011.

<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 Q4 & FY 2012 financial results.

<sup>(2)</sup> In this table, sales from Kopeyka stores are consolidated across the formats (supermarkets and soft discounters) reflecting the rebranding to these formats from their original soft discounter format.

<sup>(3)</sup> We disposed of the online retail brands, "bolero.ru" and "003.ru" on 29 April 2011 and in mid-February 2012, X5 launched "E5.ru" brand, the Company's revised online retail business model.

### Average Ticket and Number of Customer Visits <sup>(1)</sup>

	Q4 2012	Q4 2011	% change, y-o-y	FY 2012	FY 2011	% change, y-o-y
<b><u># of Customer Visits, mln</u></b>						
Soft Discounters	346.1	321.6	7.6%	1,353.0	1,211.8	11.7%
Supermarkets	75.7	74.0	2.3%	297.1	290.7	2.2%
Hypermarkets	31.5	30.6	3.0%	118.8	120.7	(1.6%)
Convenience stores	7.3	4.3	67.9%	24.1	15.8	52.4%
Online <sup>(2)</sup>	0.2	-	n/a	0.3	0.1	595.0%
<b>Total</b>	<b>460.7</b>	<b>430.5</b>	<b>7.0%</b>	<b>1,793.3</b>	<b>1,639.0</b>	<b>9.4%</b>
<b><u>Average Ticket, RUR</u></b>						
Soft Discounters	282.2	274.9	2.6%	268.1	266.1	0.8%
Supermarkets	444.8	419.8	6.0%	405.9	392.3	3.5%
Hypermarkets	630.8	668.6	(5.7%)	593.0	632.4	(6.2%)
Convenience stores	259.0	229.0	13.1%	237.3	217.2	9.3%
Online <sup>(2)</sup>	1,809.5	-	n/a	1,754.9	5,282.4	(66.8%)
<b>Total</b>	<b>333.0</b>	<b>327.3</b>	<b>1.7%</b>	<b>312.3</b>	<b>315.1</b>	<b>(0.9%)</b>

In Q4 2012, the total number of customer visits increased by 7.0% y-o-y primarily driven by soft discounters, where customer visits increased by 7.6% y-o-y.

Customer visits to soft discounters, supermarkets and hypermarkets increased in Q4 2012 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.

In Q4 2012, the average RUR ticket at soft discounters and supermarkets increased y-o-y by 2.6% and 6.0%, respectively, primarily due to the increase in food inflation, which averaged approximately 7.5% y-o-y in Q4 2012. The average RUR ticket at hypermarkets decreased by 5.7% y-o-y due to the aggressive marketing campaigns the format ran during Q4 2012 and the aggressive sell-off of some of the format's non-food assortment in Q4 2011.

<sup>(1)</sup> In this table Kopeyka stores are consolidated across the formats (supermarkets and soft discounters) reflecting the rebranding to these formats from their original soft discounter format.

<sup>(2)</sup> We disposed of the online retail brands, "bolero.ru" and "003.ru" on 29 April 2011 and in mid-February 2012, X5 launched "E5.ru" brand, the Company's revised online retail business model.

## **LFL Sales Performance**

X5's like-for-like (LFL) store performance in Q4 2012 was in line with the corresponding period in 2011 primarily due to the higher basket at soft discounters and supermarkets in the 2012 period. Supermarkets reported positive quarterly LFL results in Q4 2012, the first time during the 2012 calendar year, primarily due to higher basket and a nominal decrease in traffic.

### ***LFL<sup>(1)(2)</sup> Store Performance***

	Q4 2012			FY 2012		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
Soft Discounters	(0.1)	(5.0)	4.9	0.5	(2.6)	3.1
Supermarkets	2.5	(0.2)	2.7	(1.3)	(4.4)	3.1
Hypermarkets	(3.6)	2.3	(5.9)	(9.9)	(5.6)	(4.3)
Convenience stores	16.3	4.1	12.2	10.2	0.8	9.4
<b>X5 Retail Group Total</b>	<b>0.0</b>	<b>(3.6)</b>	<b>3.6</b>	<b>(1.4)</b>	<b>(3.1)</b>	<b>1.7</b>

Total LFL results in Q4 2012 were supported by an overall higher basket, which increased 3.6% y-o-y and was primarily due to the 7.5% increase in Russia's average food inflation in Q4 2012 compared to Q4 2011. The increase in basket at both soft discounters and supermarkets was offset by a decrease in the LFL basket at hypermarkets due to the same reasons for the decrease in hypermarkets' average RUR ticket mentioned above.

The improvements in supermarket and hypermarket LFL traffic in Q4 2012 were primarily due to overall improvements in the shopping experience for the customer at the stores during the quarter, which was driven in part by improvements in fresh (fruits and vegetables) and employee motivation, while hypermarkets' traffic also benefited from the aggressive marketing campaigns during the quarter. The positive trends in supermarket and hypermarket traffic were offset by weakness in soft discounter traffic in all regions due to an increase in regional competition, our aging store base in core regions and operational issues at certain distribution centers resulting in lower service levels.

<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 first day of the month following the month of the store opening. We include all stores that fit our LFL criteria in each reporting period.

<sup>(2)</sup> Kopeyka stores are included in X5's LFL calculation since 1 January 2012.

**Note to Editors:**

X5 Retail Group (LSE: FIVE, Moody's - "B2", S&P - "B+") is Russia's largest retailer in terms of sales. 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 31 December 2012, X5 had 3,802 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 3,220 soft discounter stores, 370 supermarkets, 78 hypermarkets and 134 convenience stores. The Company operates 29 DCs and 1,956 Company-owned trucks across the Russian Federation. At 31 December 2012, the number of X5 employees totaled 109 thousand.

For the full year 2011, net sales totaled USD 15,455 mln, EBITDA reached USD 1,130 mln, and net profit amounted to USD 302 mln. For the nine months of 2012, net sales totaled USD 11,475 mln, EBITDA reached USD 774 mln and net profit amounted to USD 147 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 Directors – 0.13%, treasury shares – 0.11%, free float – 32.05%.

***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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