

## X5 RETAIL GROUP REPORTS Q3 & 9M 2013 TRADING RESULTS<sup>(1)</sup>

**Amsterdam, 11 October 2013** - X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE ticker: “FIVE”), announced today the Company’s preliminary consolidated net retail sales and operational results for the third quarter (Q3) and nine months (9M) of 2013.

### Expansion

In Q3 2013, X5 added a net 156 stores, including 149 Pyaterochkas, four Perekrestoks, four convenience stores and one Karusel closure resulting in a 32,850 square meter (sq. m.) net increase in total selling space. At 30 September 2013, X5 operated 4,187 stores or 2,081 thousand sq. m. of net selling space.

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

	30-Sep-13	Net Added 9M 2013	31-Dec-12	% change vs 31-Dec-12	30-Sep-12	% change vs 30-Sep-12
<b>Selling Space, sq. m.</b>						
Pyaterochka	1,301,854	110,500	1,191,353	9.3%	1,113,555	16.9%
Perekrestok	391,144	7,685	383,459	2.0%	369,211	5.9%
Karusel	358,542	(9,707)	368,249	(2.6%)	361,467	(0.8%)
Convenience Stores	29,335	2,652	26,683	9.9%	21,188	38.4%
<b>X5 Retail Group</b>	<b>2,080,874</b>	<b>111,130</b>	<b>1,969,745</b>	<b>5.6%</b>	<b>1,865,421</b>	<b>11.5%</b>
<b># of Stores</b>						
Pyaterochka	3,568	348	3,220	10.8%	2,936	21.5%
Perekrestok	382	12	370	3.2%	350	9.1%
Karusel	78	-	78	0.0%	76	2.6%
Convenience Stores	159	25	134	18.7%	110	44.5%
<b>X5 Retail Group</b>	<b>4,187</b>	<b>385</b>	<b>3,802</b>	<b>10.1%</b>	<b>3,472</b>	<b>20.6%</b>

Net selling space at 30 September 2013 increased by 215,453 sq. m., or by 11.5%, year-on-year (y-o-y) primarily driven by additions at our Pyaterochka format where net selling space increased by 16.9% y-o-y.

The increase in the Pyaterochka formats’ net selling space was mainly focused on additions of new stores in “Other” regions (regions other than Central and North-West), which accounted for 10.1% of the format’s y-o-y increase in net selling space in Q3 2013 while expansion in the Central and North-West regions contributed 5.2% and 1.7%, respectively.

The Perekrestok format increased net selling space by 5.9% y-o-y in Q3 2013, primarily due to expansion in the Central region, which accounted for 4.1% of the format’s net selling space increase, while the North-West and “Other” regions contributed 1.0% and 0.9% respectively.

In Q3 2013, X5 closed 10 Pyaterochkas, one Perekrestok, one Karusel and five 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>Q3 2013</b>	<b>Q3 2012</b>	<b>% change, y-o-y</b>	<b>9M 2013</b>	<b>9M 2012</b>	<b>% change, y-o-y</b>
Pyaterochka	81,708.0	76,193.3	7.2%	250,870.2	232,299.7	8.0%
Perekrestok	24,614.7	24,129.6	2.0%	79,623.5	76,061.1	4.7%
Karusel	14,964.1	14,165.9	5.6%	45,944.7	44,341.5	3.6%
Convenience Stores	1,959.1	1,269.0	54.4%	5,643.7	3,282.7	71.9%
E5.RU	287.8	123.7	132.7%	824.3	221.9	271.5%
<b>X5 Retail Group</b>	<b>123,533.8</b>	<b>115,881.6</b>	<b>6.6%</b>	<b>382,906.4</b>	<b>356,206.8</b>	<b>7.5%</b>

X5's consolidated net retail sales for Q3 2013 totaled Russian Rouble (RUR) 123,534 million (mln), a y-o-y increase of 6.6%. The increase was primarily driven by selling space expansion, price inflation and positive performance of maturing stores added over the past two years.

The Pyaterochka format increased net retail sales by 7.2% y-o-y and accounted for 4.8% of the Company's Q3 2013 y-o-y net retail sales growth. Pyaterochkas in "Other" regions accounted for 5.0% of the format's 7.2% net retail sales growth while the Central and North-West regions accounted for 3.2% and (0.9%), respectively.

The increase in Pyaterochka's net retail sales was directly related to the format's 16.9% 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 9M 2013 compared to 9M 2012 and negative like-for-like (LFL) results.

The Perekrestok format increased net retail sales by 2.0% and accounted for 0.4% of X5's Q3 2013 y-o-y net retail sales growth. Perekrestoks in the Central region accounted for 2.1% of the format's 2.0% net retail sales growth while the North-West and "Other" regions accounted for 0.6% and (0.7%), 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.

The Karusel format increased net retail sales by 5.6% y-o-y and accounted for 0.7% of the Company's Q3 2013 y-o-y net retail sales growth. Karusels in the Central region accounted for 3.9% of the format's 5.6% net retail sales growth while the North-West and "Other" regions accounted for (0.1%) and 1.9%, 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 Q3 & 9M 2013 financial results.

### Average Ticket and Number of Customer Visits

	Q3 2013	Q3 2012	% change, y-o-y	9M 2013	9M 2012	% change, y-o-y
<b><u>Average Ticket, RUR</u></b>						
Pyaterochka	260.5	252.8	3.1%	268.4	263.2	2.0%
Perekrestok	386.0	371.1	4.0%	404.2	392.6	2.9%
Karusel	587.1	561.8	4.5%	588.5	579.4	1.6%
Convenience Stores	243.9	224.4	8.7%	249.3	228.0	9.4%
E5.RU	1,463.2	1,661.9	(12.0%)	1,557.0	1,690.9	(7.9%)
<b>X5 Retail Group</b>	<b>300.6</b>	<b>291.7</b>	<b>3.1%</b>	<b>310.6</b>	<b>305.1</b>	<b>1.8%</b>
<b><u># of Customer Visits, mln</u></b>						
Pyaterochka	358.1	344.0	4.1%	1,067.4	1,006.9	6.0%
Perekrestok	72.9	74.4	(2.0%)	225.3	221.4	1.7%
Karusel	29.2	28.8	1.2%	89.1	87.3	2.1%
Convenience Stores	9.5	6.6	43.3%	26.7	16.8	59.0%
E5.RU	0.3	0.1	202.3%	0.7	0.2	324.2%
<b>X5 Retail Group</b>	<b>470.0</b>	<b>454.0</b>	<b>3.5%</b>	<b>1,409.2</b>	<b>1,332.6</b>	<b>5.7%</b>

In Q3 2013, the Company's average RUR ticket increased primarily due to the increase in food inflation, which averaged approximately 6.5% y-o-y in Q3 2013.

The effect of food inflation on the average ticket in Q3 2013 was negatively offset by both a change in the composition of the basket at the Pyaterochka, Perekrestok and Karusel formats, as compared to Q3 2012, due to availability and price.

In Q3 2013, the total number of customer visits increased by 3.5% y-o-y primarily driven by Pyaterochka, where customer visits increased by 4.1% y-o-y.

Customer visits increased in Q3 2013 at all formats, except Perekrestok, as a result of the stores opened in the past two years at the respective formats and the associated increase in selling space that was supported by marketing and promotional campaigns the formats ran during the quarter.

The traffic decline at Perekrestok in Q3 2013 was primarily due to the formats refurbishment program which affected 21 supermarkets that were temporarily closed during the period.

## **LFL Sales Performance**

X5's LFL sales in Q3 2013 declined by 1.7% in RUR terms, driven by a 6.2% decrease in customer traffic, which was offset by a 4.9% increase in the average basket.

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

	Q3 2013			9M 2013		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
Pyaterochka	(2.6)	(7.0)	4.7	(1.5)	(5.2)	3.9
Perekrestok	(2.8)	(6.0)	3.4	(0.3)	(2.8)	2.5
Karusel	4.1	0.7	3.4	3.0	2.5	0.5
Convenience Stores	12.7	2.2	10.3	14.1	4.4	9.3
<b>X5 Retail Group</b>	<b>(1.7)</b>	<b>(6.2)</b>	<b>4.9</b>	<b>(0.6)</b>	<b>(4.2)</b>	<b>3.8</b>

Total LFL results in Q3 2013 were supported by an overall higher basket, which increased 4.9% y-o-y primarily due to the increase in Russia's average food inflation in Q3 2013 compared to Q3 2012, which was moderated by changes in the format's basket composition.

Pyaterochka reported negative LFL sales results on traffic decline of 7.0% in Q3 2013. The decline in traffic was due to an increase in regional competition, decrease in promo activities, aging store base in core regions and lower service levels.

Perekrestok reported negative LFL sales results of 2.8% driven by 3.4% basket growth, which was offset by a decline in the LFL traffic of 6.0% due to an increase in competition, decrease in marketing activities and abnormally cold weather in August and September that affected beer and summer beverages sales.

Karusel reported positive LFL sales results in Q3 2013 due to a 0.7% increase in traffic and a 3.4% increase in basket. The improvements in hypermarket LFL traffic in Q3 2013 were primarily due to overall improvements in the shopping experience for the customer and effective marketing campaigns. Karusel's LFL results during the period were negatively impacted by active marketing and promo campaigns of competitors.

<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 food 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 September 2013, X5 had 4,187 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 3,568 Pyaterochka soft discounter stores, 382 Perekrestok supermarkets, 78 Karusel hypermarkets and 159 convenience stores. The Company operates 29 DCs and 1,820 Company-owned trucks across the Russian Federation.

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 six months of 2013, net sales totaled USD 8,382 mln, EBITDA reached USD 576 mln and net profit amounted to USD 139 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: Q3 2013 Monthly RUR Sales Results, y-o-y

July	Net retail sales	Customer visits	Average ticket <sup>(2)</sup>	Total LFL	LFL traffic	LFL basket
Pyaterochka	7.3%	3.9%	3.3%	(2.8%)	(7.4%)	4.9%
Perekrestok	5.2%	(0.2%)	5.2%	(1.5%)	(6.9%)	5.9%
Karusel	7.8%	3.2%	4.5%	4.9%	1.5%	3.4%
Convenience Stores	61.1%	47.3%	9.9%	11.9%	1.6%	10.1%
<b>X5 Retail Group<sup>(1)</sup></b>	<b>7.7%</b>	<b>3.8%</b>	<b>3.7%</b>	<b>(1.4%)</b>	<b>(6.6%)</b>	<b>5.6%</b>

August	Net retail sales	Customer visits	Average ticket <sup>(2)</sup>	Total LFL	LFL traffic	LFL basket
Pyaterochka	7.0%	5.0%	2.0%	(3.0%)	(6.4%)	3.6%
Perekrestok	0.7%	3.8%	(2.9%)	(2.8%)	(4.7%)	2.0%
Karusel	5.8%	4.9%	1.1%	5.3%	2.0%	3.2%
Convenience Stores	59.2%	50.1%	7.4%	15.6%	6.1%	8.9%
<b>X5 Retail Group<sup>(1)</sup></b>	<b>6.2%</b>	<b>5.4%</b>	<b>0.9%</b>	<b>(1.7%)</b>	<b>(5.4%)</b>	<b>3.9%</b>

September	Net retail sales	Customer visits	Average ticket <sup>(2)</sup>	Total LFL	LFL traffic	LFL basket
Pyaterochka	7.4%	3.4%	3.9%	(2.0%)	(7.1%)	5.5%
Perekrestok	0.2%	(9.0%)	10.0%	(4.3%)	(6.5%)	2.3%
Karusel	3.1%	(4.4%)	8.0%	2.0%	(1.4%)	3.4%
Convenience Stores	43.8%	32.8%	9.2%	10.4%	(1.3%)	11.8%
<b>X5 Retail Group<sup>(1)</sup></b>	<b>5.9%</b>	<b>1.3%</b>	<b>4.6%</b>	<b>(1.9%)</b>	<b>(6.6%)</b>	<b>5.0%</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.