

X5 RETAIL GROUP REPORTS 15.9% NET RETAIL SALES GROWTH IN Q1 2020

Amsterdam, 16 April 2020 - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), that operates the Pyaterochka, Perekrestok, and Karusel retail chains announces today the Company's preliminary consolidated net retail sales and operational results for Q1 2020⁽¹⁾.

In the face of the constantly changing situation surrounding the spread of COVID-19, X5 has been able to meet the rapid growth in demand caused by consumers stocking up before the lockdown was announced in Russia on 28 March 2020. Our supply chain has been operating smoothly and stores remain open and well-stocked, while we are also protecting employees and customers. At X5 we introduced measures such as mandatory body temperature checks for all employees entering our premises (stores, distribution centres, offices), we have provided masks and disposable gloves to operational personnel, introduced additional disinfection hours daily for all stores as well as additional disinfection in stores during working hours. We have also added floor markings to indicate a safe social distance for our shoppers, as their safety remains our priority. Our logistics operations proved fit to handle the massive growth in volume of high demand goods during peak times and our early moves to increase stocks of these goods ensured good availability of products at all times.

In the event that a member of our operational personnel tests positive for COVID-19, we have developed internal procedures that aim to minimise the negative impact on our operations by creating extra operational teams/shifts for our store and logistics operations.

Our store and logistics personnel are on the front line for delivering an uninterrupted supply of food to more than 70 million people in Russia. We recognise their work and dedication, and we are profoundly thankful to our store and logistics workers who continue to perform during the lockdown period.

Finally, we have stepped up our community support efforts, including price discounts for volunteers who help the most vulnerable citizens, food donations through our Basket of Kindness programme, free delivery service for pensioners in Moscow via our Pyaterochka express delivery, as well as supplying 550 ready-made meals for free every day from our Smart Kitchen to the medical staff at four Moscow hospitals.

- ✓ Total net retail sales increased by 15.9% y-o-y in roubles (RUB) driven by:
 - 5.7% increase in like-for-like (LFL)⁽²⁾ sales (7.0% unadjusted for additional trading day in February as 2020 is a leap year); and
 - 10.2% sales growth contribution from a 11.0% rise in selling space.
- ✓ X5's Perekrestok.ru and Pyaterochka express delivery online services surged as the coronavirus situation developed in March. The number of orders delivered by Perekrestok.ru exceeded 8,700 on peak days, while the express delivery service from Pyaterochka stores, available in Moscow and Kazan, is currently handling around 10,000 orders per day.
- ✓ LFL traffic and basket growth accelerated in Q1 2020 to 3.7% and 1.9% (4.9% and 2.0% unadjusted for a leap year effect) y-o-y, respectively, compared with Q4 2019. In January-February, LFL traffic was the main driver of LFL sales growth, while in March LFL basket became the main driver due to stocking up by consumers amid the COVID-19 situation.
- ✓ Net retail sales for X5's core formats, Pyaterochka and Perekrestok, increased by 17.4% and 21.3% y-o-y, respectively, in Q1 2020. Growth in January-February was strong at 14.8% for Pyaterochka and 19.4% for Perekrestok. However, elevated trading volumes in March made the largest contribution to quarterly sales, driven by stockpiling by consumers in the early weeks of self-quarantining.
- ✓ Karusel's net retail sales decreased by 18.8% y-o-y in Q1 2020 due to the closure of 8 hypermarkets and the transfer of 10 stores to Perekrestok, two of which were opened in Q1 2020, in line with the format's transformation plan.
- ✓ X5 added 361 net new stores in Q1 2020.

(1) Numbers in this press release are preliminary and have not been reviewed or audited by the Company's auditor.

(2) 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 12 full months. 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.

Net Retail Sales⁽³⁾ Performance
Net retail sales by format⁽⁴⁾

RUB mln	Q1 2020	Q1 2019	change y-o-y, %
Pyaterochka	370,047	315,274	17.4
Perekrestok	80,614	66,445	21.3
Karusel	17,800	21,917	(18.8)
X5 Retail Group	468,461	404,116	15.9

Q1 2020 LFL store performance by format, % change y-o-y⁽⁵⁾

	Sales	Traffic	Basket
Pyaterochka	6.1	4.2	1.8
Perekrestok	5.9	1.4	4.4
Karusel	(3.2)	(6.3)	3.2
X5 Retail Group	5.7	3.7	1.9

Q1 2020 monthly net RUB retail sales by format, % change y-o-y

	January 2020	February 2020	March 2020
Pyaterochka	13.6	16.1	21.9
Perekrestok	18.3	20.4	24.7
Karusel	(17.2)	(18.4)	(20.5)
X5 Retail Group	12.5	14.8	20.0

(3) Net retail sales represent revenue from operations of X5-managed stores net of VAT. This number differs from revenue, which also includes proceeds from direct franchisees (royalty payments) and other revenue, which will be reported as part of X5's Q1 2020 financial results.

(4) In the tables and text of this press release, immaterial deviations in calculation of % change, subtotals and totals are due to rounding.

(5) LFL figures for Q1 2020 were adjusted for the additional trading day in February as 2020 is a leap year. Unadjusted LFL sales for Q1 2020: X5 7.0%, Pyaterochka 7.3%, Perekrestok 7.3%, Karusel -1.6%.

Average Ticket and Number of Customer Visits

Q1 2020 average ticket and customer visits by format

	Q1 2020	Q1 2019	change y-o-y, %
Average Ticket, RUB			
Pyaterochka	370.6	366.4	1.1
Perekrestok	578.4	558.3	3.6
Karusel	838.2	824.3	1.7
X5 Retail Group	403.5	400.9	0.7
# of Customers, mln			
Pyaterochka	1,147.5	992.4	15.6
Perekrestok	155.3	136.8	13.5
Karusel	24.4	30.6	(20.1)
X5 Retail Group	1,327.2	1,161.9	14.2

Q1 2020 average monthly RUB ticket and customer visits by format, % change y-o-y

	January 2020	February 2020	March 2020
Average Ticket			
Pyaterochka	(3.1)	(1.4)	7.3
Perekrestok	(2.0)	(0.9)	13.2
Karusel	(2.8)	(2.4)	11.0
X5 Retail Group	(3.5)	(2.1)	6.9
# of Customer Visits			
Pyaterochka	16.6	17.1	13.4
Perekrestok	17.4	17.8	6.4
Karusel	(14.5)	(16.4)	(28.5)
X5 Retail Group	15.5	16.1	11.5

Expansion Dynamics

Selling space and # of stores by format

	As at 31-Mar-20	As at 31-Dec-19	change vs 31-Dec-19, %	As at 31-Mar-19	change y-o-y, %
Selling Space, square metres (sq. m)					
Pyaterochka	6,136,774	5,975,147	2.7	5,434,862	12.9
Perekrestok	894,750	899,893	(0.6)	794,234	12.7
Karusel	295,467	364,077	(18.8)	369,493	(20.0)
X5 Retail Group	7,326,991	7,239,117	1.2	6,598,589	11.0
# of Stores					
Pyaterochka	15,739	15,354	2.5	13,917	13.1
Perekrestok	846	852	(0.7)	771	9.7
Karusel	73	91	(19.8)	91	(19.8)
X5 Retail Group	16,658	16,297	2.2	14,779	12.7

Selling space and # of stores added by format

	Net Added Q1 2020	Net Added Q1 2019	change, y-o-y, %
Selling Space, square metres (sq. m)			
Pyaterochka	161,627	143,441	12.7
Perekrestok	(5,143)	12,696	n/a
Karusel	(68,610)	(12,531)	n/a
X5 Retail Group	87,874	134,854	(34.8)
Net # of Stores			
Pyaterochka	385	395	(2.5)
Perekrestok	(6)	11	n/a
Karusel	(18)	(3)	n/a
X5 Retail Group	361	348	3.7

Perekrestok.ru Performance

	Q1 2020	Q1 2019	change, y-o-y, %
Net sales, RUB mln	2,096	891	135.3
Number of orders	591,393	279,758	111.4
Average ticket, RUB	4,026	3,625	11.1

Key Drivers for Q1 2020 Results

External environment

- Food inflation in Q1 2020 decelerated to 2.0% from 3.5% in Q4 2019 y-o-y. However, it started to increase in March and reached 2.2% y-o-y after hitting a low of 1.8% y-o-y in February. Key factors driving the acceleration were seasonal dynamics and rouble depreciation on the back of lower oil prices.
- Growth in consumer demand accelerated to 3.5% y-o-y in January-February 2020, from 1.6% in Q4 2019. The main factors behind the acceleration were a declining trend in food inflation and an increase in wages as well as the calendar factor in February 2020 (two more days off than in 2019).
- Consumer sentiment in Q1 2020 improved to -11% from -13% in Q4 2019. However, the indicator probably does not fully reflect the change in sentiment in the second half of March related to the COVID-19 situation.
- Elevated demand on the back of stockpiling by consumers due to the coronavirus situation started on March 15 and remained high through the beginning of April with a clear trend of less frequent store visits but a larger shopping basket.

Sales

- Amid the coronavirus situation, which in Russia resulted in a country-wide non-working period and self-isolation requirements starting from 28 March, smaller proximity stores appear to be in higher demand given their convenient location compared to larger formats. As the largest Russian retailer with over 15,700 proximity stores in 65 regions, X5 is able to meet the increased demand due to our efficient warehouse and transport infrastructure, which allowed us to maintain sufficient levels of goods in our stores through periods of elevated demand, while keeping health and safety standards high for customers as well as employees.

- At the same time, customer traffic in some of our Perekrestok and Karusel stores was negatively affected by non-working and self-isolation requirements, due to these stores' location at a greater distance from household residences and also due to some of these stores being located in shopping centers that were closed except for grocery selling space.
- LFL traffic was positive in X5's core formats, Pyaterochka and Perekrestok, in Q1 2020, and was the main contributor to LFL sales growth, driven by customer response to our CVP improvements and targeted price investments in H2 2019.
- In January-February LFL basket decreased, reflecting customer behaviour – more frequent visits to stores with smaller purchases as well as warm weather, especially in January. In March, due to the coronavirus outbreak LFL basket increased substantially while frequency of visits decreased due to the lockdown requirements.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 43.1 million active loyalty card users as of 31 March 2020, up 12.5% y-o-y. Loyalty cards penetration in traffic in March reached 59% at Pyaterochka, 63% at Perekrestok and 81% at Karusel.

Expansion and retail portfolio improvement

- Following positive results of pilot stores, Pyaterochka started to roll out the new concept. 261 Pyaterochka stores were opened in Q1 2020 following refurbishment. Along with new openings, this brought the total number of stores operating under the new concept to 599 as of 31 March 2020.
- The new concept was launched in supermarket format. Four Perekrestok supermarkets were opened following refurbishments (three in the new concept) and two Karusel hypermarkets were transformed into Perekrestok supermarkets in Q1 2020. As of 31 March 2020, 14 stores operated under new concept.
- Due to the coronavirus outbreak, refurbishment plans for 2020 will be revised (initially the plan was to refurbish 1,300 Pyaterochka stores and 30 Perekrestok supermarkets). An updated plan will be announced as soon as we better understand the development of the current situation.
- In Q1 2020, as part of the Company's ongoing rationalisation programme, X5 closed 53 proximity stores, 10 supermarkets and 8 hypermarkets, while 10 hypermarkets were transferred to Perekrestok, two of which were opened in Q1 2020.
- The online supermarket Perekrestok.ru continued to expand and is currently working at full capacity amid the coronavirus outbreak. The total number of orders was over 590 thousand in Q1 2020, up more than two times y-o-y. In March, the number of daily delivered orders exceeded 8,700 on peak days, while the average ticket increased to RUB 6,000 for newly placed orders, compared with a RUB 3,625 average ticket in 2019. To support increased demand, we have increased the number of couriers and pickers and our own transport fleet by 20%, and also partnered with five transportation companies.
- Due to increased demand for online delivery services, Perekrestok.ru launched a new darkstore on 10 April, ahead of schedule. The darkstore is located in Vidnoye, Moscow Region, and increases Perekrestok.ru capacity in Moscow by 40% to more than 10 thousand orders per day in the current situation with increased average basket. In times of normalized demand, our online supermarket infrastructure in Moscow will be able to fulfil about 15 thousand orders per day.
- X5 launched an express delivery service from Pyaterochka stores at the end of 2019. Today, the service is available from 115 stores in Moscow, covering over 90% of the city households. Currently, the number of orders is at around 10 thousand per day, compared to 600 orders in February. The service is also available in Kazan from 9 stores. If we see sustainable high demand for this service exceeding our current forecasts, the number of stores with an express delivery option may be increased to nearly 500 locations in up to 10 cities in 2020.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – 'BB+', Moody's – 'Ba1', S&P – 'BB', RAEX – 'ruAA+') 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 and the hypermarket chain under the Karusel brand.

As of 31 March 2020, X5 had 16,658 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 15,739 Pyaterochka proximity stores, 846 Perekrestok supermarkets and 73 Karusel hypermarkets. The Company operates 42 DCs and 4,098 Company-owned trucks across the Russian Federation.

For the full year 2019, revenue totalled RUB 1,734,347 mln (USD 26,791 mln), Adjusted EBITDA under IAS 17 reached RUB 127,380 mln (USD 1,968 mln), and net profit under IAS 17 for the period amounted to RUB 25,908 mln (USD 400 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.02%, Shareholders with less than 3% – 40.61%.

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.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

For further details please contact:**Natalia Zagvozdina**

Head of Corporate Finance and IR
Tel.: +7 (495) 662-88-88 ext. 27-300
e-mail: Natalia.Zagvozdina@x5.ru

Andrey Vasin

Head of Investor Relations
Tel.: +7 (495) 662-88-88 ext. 13-151
e-mail: Andrey.Vasin@x5.ru