

### X5 RETAIL GROUP NET RETAIL SALES GROW 24.9% IN Q3 2017

- ✓ Total net retail sales growth remained strong at 24.9% y-o-y in Q3 2017, driven by:
  - 4.6% increase in like-for-like (LFL) sales; and
  - 20.3% sales growth contribution from a 27.8% rise in selling space.
- ✓ In Q3 2017, X5's LFL traffic growth increased to 2.5% y-o-y from 2.0% y-o-y in Q2 2017.
- ✓ Pyaterochka was the main driver of growth in Q3 2017; net retail sales rose by 28.8% y-o-y, on the back of:
  - 4.0% rise in LFL sales; and
  - 24.8% increase from net new space, resulting from a 34.1% rise in selling space.
- ✓ In Q3 2017, Pyaterochka broke yet another company record, adding 301.7 th. sq. m. of selling space, most of which was organic.
- ✓ Perekrestok's net retail sales growth remained strong at 18.1% y-o-y in Q3 2017. LFL traffic at Perekrestok was positive for the seventh quarter in a row and was the highest among X5's major formats in Q3 2017.
- ✓ X5 added 820 net new stores in Q3 2017 vs. 638 in Q3 2016, contributing to additional net selling space of 323.6 th. sq. m. in the quarter.

**Amsterdam, 12 October 2017** - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces the Company's preliminary consolidated net retail sales and operational results for the third quarter (Q3) and nine months (9M) ended 30 September 2017<sup>(1)</sup>.

### Net Retail Sales<sup>(2)</sup> Performance

*Net Russian ruble (RUB) retail sales by format, million (mln)<sup>(3)</sup>*

RUB mln	Q3 2017	Q3 2016	change y-o-y, %	9M 2017	9M 2016	change y-o-y, %
Pyaterochka	251,653	195,390	28.8	724,499	556,196	30.3
Perekrestok	42,417	35,916	18.1	132,312	110,772	19.4
Karusel	20,705	19,941	3.8	63,335	59,082	7.2
Express	2,356	2,731	(13.7)	7,336	8,250	(11.1)
<b>X5 Retail Group</b>	<b>317,131</b>	<b>253,978</b>	<b>24.9</b>	<b>927,482</b>	<b>734,300</b>	<b>26.3</b>

### Q3 2017 monthly net RUB retail sales by format, % change y-o-y

	July 2017	August 2017	September 2017
Pyaterochka	26.5	29.0	31.1
Perekrestok	15.7	17.0	21.6
Karusel	5.9	3.0	2.5
Express	(15.8)	(13.1)	(12.2)
<b>X5 Retail Group</b>	<b>22.9</b>	<b>24.8</b>	<b>27.0</b>

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

(2) 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 Q3 and 9M 2017 financial results.

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

## Average Ticket and Number of Customer Visits

### Q3 & 9M 2017 average ticket and customer visits by format

	Q3 2017	Q3 2016	change y-o-y, %	9M 2017	9M 2016	change y-o-y, %
<b>Average Ticket, RUB</b>						
Pyaterochka	336.3	335.3	0.3	347.6	343.5	1.2
Perekrestok	490.4	474.6	3.3	514.7	494.2	4.2
Karusel	725.7	680.0	6.7	732.1	684.4	7.0
Express	257.1	266.0	(3.3)	275.6	281.1	(1.9)
<b>X5 Retail Group</b>	<b>363.4</b>	<b>363.7</b>	<b>(0.1)</b>	<b>377.8</b>	<b>374.7</b>	<b>0.8</b>
<b># of Customers, mln</b>						
Pyaterochka	857.1	666.9	28.5	2,384.5	1,852.9	28.7
Perekrestok	99.0	86.4	14.6	293.5	255.6	14.8
Karusel	32.6	33.4	(2.6)	98.7	98.5	0.2
Express	10.7	12.0	(11.1)	31.0	34.2	(9.6)
<b>X5 Retail Group</b>	<b>999.3</b>	<b>798.7</b>	<b>25.1</b>	<b>2,807.7</b>	<b>2,241.3</b>	<b>25.3</b>

### Q3 2017 average monthly ticket and customer visits by format, % change y-o-y

	July 2017	August 2017	September 2017
<b>Average Ticket</b>			
Pyaterochka	0.3	0.7	(0.1)
Perekrestok	5.2	3.0	1.8
Karusel	7.6	7.8	4.6
Express	(1.0)	(4.8)	(4.1)
<b>X5 Retail Group</b>	<b>0.3</b>	<b>0.2</b>	<b>(0.7)</b>
<b># of Customer Visits</b>			
Pyaterochka	26.1	28.2	31.3
Perekrestok	9.9	14.1	19.8
Karusel	(1.6)	(4.4)	(1.7)
Express	(15.4)	(9.1)	(8.7)
<b>X5 Retail Group</b>	<b>22.6</b>	<b>24.7</b>	<b>28.1</b>

## LFL Sales Performance

### Q3 & 9M 2017 LFL<sup>(4)</sup> store performance by format, % change y-o-y

	Q3 2017			9M 2017		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	4.0	2.4	1.6	5.5	2.8	2.6
Perekrestok	9.9	6.6	3.2	10.5	6.4	3.8
Karusel	2.5	(2.4)	5.0	6.0	0.2	5.8
Express	(8.4)	(5.0)	(3.5)	(9.8)	(8.1)	(1.8)
<b>X5 Retail Group</b>	<b>4.6</b>	<b>2.5</b>	<b>2.0</b>	<b>6.1</b>	<b>3.0</b>	<b>3.1</b>

(4) 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.

## Expansion Dynamics

### Selling space and # of stores by format

	As at 30-Sep-17	As at 31-Dec-16	change vs 31-Dec-16, %	As at 30-Sep-16	change vs 30-Sep-16, %
<b>Selling Space, square metres (sq. m.)</b>					
Pyaterochka	4,145,793	3,329,273	24.5	3,090,774	34.1
Perekrestok	585,585	548,473	6.8	513,052	14.1
Karusel	380,784	386,897	(1.6)	384,449	(1.0)
Express	32,400	37,110	(12.7)	36,918	(12.2)
<b>X5 Retail Group</b>	<b>5,144,561</b>	<b>4,301,752</b>	<b>19.6</b>	<b>4,025,192</b>	<b>27.8</b>
<b># of Stores</b>					
Pyaterochka	10,481	8,363	25.3	7,787	34.6
Perekrestok	584	539	8.3	503	16.1
Karusel	91	91	0.0	90	1.1
Express	170	194	(12.4)	194	(12.4)
<b>X5 Retail Group</b>	<b>11,326</b>	<b>9,187</b>	<b>23.3</b>	<b>8,574</b>	<b>32.1</b>

### Selling space and # of stores added by format

	Net Added Q3 2017	Net Added Q3 2016	change, y-o-y, %	Net Added 9M 2017	Net Added 9M 2016	change, y-o-y, %
<b>Selling Space, square metres (sq. m.)</b>						
Pyaterochka	301,732	265,668	13.6	816,520	668,148	22.2
Perekrestok	21,057	11,514	82.9	37,112	29,044	27.8
Karusel	1,061	275	285.2	(6,114)	(5,684)	7.6
Express	(269)	376	n/a	(4,710)	511	n/a
<b>X5 Retail Group</b>	<b>323,581</b>	<b>277,834</b>	<b>16.5</b>	<b>842,808</b>	<b>692,018</b>	<b>21.8</b>
<b>Net # of Stores</b>						
Pyaterochka	793	623	27.3	2,118	1,522	39.2
Perekrestok	27	10	170.0	45	25	80.0
Karusel	1	1	0.0	0	0	n/a
Express	(1)	4	n/a	(24)	7	n/a
<b>X5 Retail Group</b>	<b>820</b>	<b>638</b>	<b>28.5</b>	<b>2,139</b>	<b>1,554</b>	<b>37.6</b>

## Key Drivers for Q3 2017 Results

### Sales

- X5 achieved strong LFL sales growth of 4.6%, despite y-o-y deceleration of food inflation. Throughout the quarter, promo activity remained at a high level in order to maintain sales growth in some categories, and to support traffic on the back of unfavorable weather conditions and a significant y-o-y increase in outbound tourism from major metropolitan areas.
- Negative traffic at Karusel in 3Q 2017 was primarily due the factors mentioned above. Karusel continued to implement balanced promo campaigns, with a focus on operational efficiency and encouraging more comprehensive shopping, which helped the chain to deliver positive LFL sales in the third quarter.

### Expansion and refurbishment programme

- New space delivery continued to accelerate: X5 added 323.6 th. sq. m. of selling space in Q3 2017 vs. 277.8 th. sq. m in Q3 2016. Since the beginning of 2017, X5 has added 842.8 th. sq. m.
- Pyaterochka was the main driver for the store base increase. In Q3 2017, net added space increased by 13.6% y-o-y.

# X5 RETAIL GROUP

- 61 Pyaterochka stores were refurbished in Q3 2017 as part of X5's investment programme to upgrade existing stores.
- 37 Perekrestok stores were refurbished in Q3 2017, which, along with new openings, brought the total share of stores operating under the new concept to 70% as of 30 September 2017.
- Two Karusel stores were refurbished in Q3 2017.
- In Q3 2017, X5 opened three new distribution centres (DCs) in the Moscow, Tyumen and Novosibirsk regions (43, 19 and 18 th. sq. m., respectively) to serve the Pyaterochka format. X5 closed two DCs in the Chelyabinsk and Sverdlovsk (Ekaterinburg) regions that served the Pyaterochka format but did not meet the Company's efficiency criteria.
- In Q3 2017, as part of the Company's ongoing rationalisation programme, X5 closed 30 Pyaterochka stores, five Perekrestok stores and one Express store.

## Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – 'BB', Moody's – 'Ba2', S&P – 'BB') 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, the hypermarket chain under the Karusel brand and Express convenience stores under various brands.

As of 30 September 2017, X5 had 11,326 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 10,481 Pyaterochka proximity stores, 584 Perekrestok supermarkets, 91 Karusel hypermarkets and 170 convenience stores. The Company operates 37 DCs and 2,550 Company-owned trucks across the Russian Federation.

For the full year 2016, revenue totalled RUB 1,033,667 mln (USD 15,420 mln), Adjusted EBITDA reached RUB 79,519 mln (USD 1,186 mln), and net profit for the period amounted to RUB 22,291 mln (USD 333 mln). In H1 2017, revenue totalled RUB 613,879 mln (USD 10,587 mln), EBITDA reached RUB 50,000 mln (USD 862 mln), and net profit amounted to RUB 18,698 mln (USD 322 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

**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).*

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