

X5 RETAIL GROUP REPORTS 12.8% NET RETAIL SALES GROWTH IN Q3 2019

- ✓ Total net retail sales increased by 12.8% y-o-y (13.9% y-o-y, incl. VAT) in roubles (RUB), driven by:
 - 3.9% increase in like-for-like (LFL)⁽¹⁾ sales; and
 - 8.9% sales growth contribution from a 13.9% rise in selling space.
- ✓ Net retail sales for X5's core formats Pyaterochka and Perekrestok increased by 13.4% and 18.0% y-o-y, respectively.
- ✓ X5's LFL sales growth remained strong at 3.9% y-o-y in Q3 2019, with an increased contribution from LFL basket.
- ✓ Karusel experienced a 2.6% decline in net retail sales following a 4.1% reduction in selling space due to the transfer of three stores to Perekrestok and the closure of one store as part of the Karusel transformation initiative.
- ✓ X5 added 492 net new stores in Q3 2019.

Amsterdam, 17 October 2019 - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), announces today the Company's preliminary consolidated net retail sales and operational results for the third quarter (Q3) and nine months (9M) ended 30 September 2019⁽²⁾.

Net Retail Sales⁽³⁾ Performance

Net retail sales by format⁽⁴⁾

RUB mln	Q3 2019	Q3 2018	change y-o-y, %	9M 2019	9M 2018	change y-o-y, %
Pyaterochka	337,778	297,946	13.4	1,002,447	871,259	15.1
Perekrestok	62,818	53,225	18.0	194,388	163,633	18.8
Karusel	20,116	20,647	(2.6)	63,101	64,723	(2.5)
X5 Retail Group	420,712	372,934	12.8	1,260,415	1,104,132	14.2

Q2 & 9M 2019 LFL store performance by format, % change y-o-y

	Q3 2019			9M 2019		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	3.4	0.3	3.1	4.3	1.9	2.4
Perekrestok	7.6	3.0	4.4	8.0	5.7	2.1
Karusel	1.2	(4.4)	5.9	1.2	(3.4)	4.8
X5 Retail Group	3.9	0.5	3.4	4.7	2.1	2.5

(1) 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 the LFL calculation starting from the day of the store's opening. We include all stores that fit our LFL criteria in each reporting period.

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

(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 Q2 and 9M 2019 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.

Q3 2019 monthly net RUB retail sales by format, % change y-o-y

	July 2019	August 2019	September 2019
Pyaterochka	14.2	13.4	12.4
Perekrestok	19.6	18.3	16.2
Karusel	(5.3)	(0.2)	(2.1)
X5 Retail Group	13.5	13.0	11.9

Average Ticket and Number of Customer Visits
Q3 & 9M 2019 average ticket and customer visits by format

	Q3 2019	Q3 2018	change y-o-y, %	9M 2019	9M 2018	change y-o-y, %
<u>Average Ticket, RUB</u>						
Pyaterochka	340.9	333.2	2.3	350.7	345.3	1.5
Perekrestok	500.9	481.2	4.1	521.9	511.6	2.0
Karusel	801.1	745.6	7.4	809.1	763.5	6.0
X5 Retail Group	368.6	359.5	2.5	380.7	374.9	1.5
<u># of Customers, mln</u>						
Pyaterochka	1,142.1	1,021.4	11.8	3,293.0	2,881.2	14.3
Perekrestok	144.2	125.9	14.5	428.0	364.6	17.4
Karusel	28.9	31.5	(8.3)	89.8	96.8	(7.3)
X5 Retail Group	1,315.2	1,184.3	11.1	3,812.9	3,363.0	13.4

Q3 2019 average monthly ticket and customer visits by format, % change y-o-y

	July 2019	August 2019	September 2019
<u>Average Ticket</u>			
Pyaterochka	2.9	3.0	0.9
Perekrestok	4.4	5.5	2.5
Karusel	6.0	9.2	7.1
X5 Retail Group	3.0	3.4	1.2
<u># of Customer Visits</u>			
Pyaterochka	12.0	10.9	12.5
Perekrestok	15.7	13.6	14.4
Karusel	(9.5)	(7.5)	(7.7)
X5 Retail Group	11.2	10.2	11.7

Expansion Dynamics

Selling space and # of stores by format

	As at 30-Sep-19	As at 31-Dec-18	change vs 31-Dec-18, %	As at 30-Sep-18	change vs 30-Sep-18, %
Selling Space, square meters (sq. m.)					
Pyaterochka	5,788,675	5,291,421	9.4	5,035,160	15.0
Perekrestok	853,514	781,538	9.2	728,467	17.2
Karusel	366,369	382,024	(4.1)	382,120	(4.1)
X5 Retail Group	7,008,558	6,463,735	8.4	6,155,080	13.9
# of Stores					
Pyaterochka	14,850	13,522	9.8	12,822	15.8
Perekrestok	811	760	6.7	712	13.9
Karusel	91	94	(3.2)	92	(1.1)
X5 Retail Group	15,752	14,431	9.2	13,685	15.1

Selling space and # of stores added by format

	Net Added Q3 2019	Net Added Q3 2018	change, y-o-y, %	Net Added 9M 2019	Net Added 9M 2018	change, y-o-y, %
Selling Space, square meters (sq. m.)						
Pyaterochka	181,447	194,012	(6.5)	497,253	608,353	(18.3)
Perekrestok	38,706	23,151	67.2	71,976	91,225	(21.1)
Karusel	2,341	(4,151)	n/a	(15,655)	(3,151)	396.9
X5 Retail Group	222,493	208,910	6.5	544,823	675,339	(19.3)
Net # of Stores						
Pyaterochka	465	508	(8.5)	1,328	1,597	(16.8)
Perekrestok	26	21	23.8	51	74	(31.1)
Karusel	1	(1)	n/a	(3)	(1)	200.0
X5 Retail Group	492	507	(3.0)	1,321	1,564	(15.5)

Perekrestok.ru Performance

	Q3 2019	Q3 2018	change y-o-y, %	9M 2019	9M 2018	change y-o-y, %
Net sales, RUB mln	922	276	234.3	2,680	654	309.9
Number of orders	305,646	92,970	228.8	862,049	208,851	312.8
Average ticket, RUB	3,440	3,362	2.3	3,543	3,550	(0.2)

Key Drivers for Q3 2019 Results

External environment

- Consumer sentiment continued to slowly improve and stood at -13% in Q3 2019, up from -15% in Q2 2019.
- Growth in consumer demand for food products slowed to 0.9% y-o-y in July-August 2019 in real terms, compared with 1.7% y-o-y in Q2 2019.
- Food inflation began to decelerate in Q3 2019, declining to 5.0% y-o-y from 5.9% y-o-y in Q2 2019. The slowdown in food inflation is attributed to the early and plentiful harvest of 2019.
- Real wages growth in Q3 2019 remained strong, rising 3.0% y-o-y in 3Q 2019 from 2.6% y-o-y in Q2 2019. The unemployment rate fell to a new record low of 4.3% in August.

Sales

- LFL traffic was positive in X5's core formats Pyaterochka and Perekrestok in Q3 2019, but LFL basket was the main LFL revenue driver in 3Q 2019. Cold weather in Q3 led to consumers shopping less frequently but buying more with each purchase.
- Pyaterochka's net retail sales growth slowed sequentially in Q3 2019 to 13.4% y-o-y, reflecting the slower pace of openings. LFL basket accelerated to 3.1% in Q3 2019, while LFL traffic was 0.3% y-o-y in Q3 2019. This mainly reflects more aggressive promo activity from other proximity and discounter peers.
- Perekrestok's net retail sales growth reached 18.0% in Q3 2019 as the format is dynamically expanding its network. In the supermarket segment, 3.0% growth in LFL traffic and a 4.4% y-o-y increase in LFL basket reflect the positive response from consumers to the format's CVP.
- Karusel saw a small 2.6% y-o-y decline in net retail sales, mainly due to the transfer of three stores to Perekrestok management during H1 2019 and the closure of one, while the format's LFL revenue contribution was positive, at 1.2% y-o-y.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 38.7 million registered loyalty card users as of 30 September 2019, with penetration in traffic in September reaching 53% at Pyaterochka, 55% at Perekrestok and 78% at Karusel.

Expansion and retail portfolio improvement

- In line with the strategy of balanced growth, the Company opened less stores over the third quarter of 2019 compared with Q3 2018. X5's full-year target to open 2,000 new stores (gross) between its two core formats remains unchanged.
- In Q3 2019, as part of the Company's ongoing rationalisation programme, X5 closed 50 proximity stores, four supermarkets and one hypermarket.
- 15 supermarkets were opened following refurbishments in Q3 2019.
- The first new-concept Pyaterochka store and a large format Perekrestok store were opened in Q3 2019. Revenue and LFL growth have been strongly positive in refurbished stores.
- In Q3 2019, X5 opened one new distribution centre in Novosibirsk (30.9 ths sq. m) to serve the proximity format.
- The online supermarket Perekrestok.ru continued to expand. The total number of orders exceeded 305 ths in Q3 2019, increasing by more than three times compared to Q3 2018.

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 30 September 2019, X5 had 15,752 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 14,850 Pyaterochka proximity stores, 811 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 43 DCs and 4,029 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In H1 2019, revenue totalled RUB 843,175 mln (USD 12,905 mln), adjusted EBITDA reached RUB 66,072 mln (USD 1,011 mln), and net profit amounted to RUB 22,805 mln (USD 349 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 – 0.01%, Shareholders with less than 3% – 40.62%.

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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