

X5 RETAIL GROUP REPORTS Q3 & 9M 2012 TRADING RESULTS ⁽¹⁾

Amsterdam, 11 October 2012 - X5 Retail Group N.V. (“X5” or the “Company”), Russia's largest retailer in terms of revenue (LSE ticker: “FIVE”), announced today the Company’s preliminary consolidated net retail sales and operational performance for the third quarter (Q3) and nine months (9M) of 2012.

Q3 2012 Highlights

- Consolidated net retail sales (sales) increased 10.4% year-on-year (y-o-y) in Rouble (RUR) terms to RUR 115,882 million (mln);
- Sales increased y-o-y by 11.1% due to organic expansion, which was offset by a 0.7% decrease in LFL sales;
- 174 stores were added on a net basis, including the opening of 157 soft discounters, nine supermarkets, 14 convenience stores and six store closures;
- Net addition of 45 thousand square meters (sq. m.) of selling space.

9M 2012 Highlights

- Consolidated net retail sales increased by 8.2% y-o-y to RUR 356,207 mln;
- Sales increased y-o-y by 10.1% due to organic expansion, which was offset by a 1.9% decrease in LFL sales;
- 470 stores were added on a net basis, including the opening of 431 soft discounters, 20 supermarkets, 49 convenience stores and 30 store closures;
- Net addition of 138 thousand sq. m. of selling space.

⁽¹⁾ Numbers provided in this press release are preliminary and not reviewed by PWC.

Expansion ^{(1) (2)}

	30-Sep-12	Net Added ⁽³⁾ 9M 2012	31-Dec-11	% change vs 31-Dec-11	30-Sep-11	% change vs 30-Sep-11
Selling Space, sq. m.						
Soft Discounters	1,113,555	117,501	996,055	11.8%	939,707	18.5%
Supermarkets	369,211	21,944	347,266	6.3%	338,857	9.0%
Hypermarkets	361,467	(9,826)	371,293	(2.6%)	350,785	3.0%
Convenience stores	21,188	8,517	12,671	67.2%	12,258	72.9%
X5 Retail Group Total	1,865,421	138,136	1,727,285	8.0%	1,641,607	13.6%
# of Stores						
Soft Discounters	2,936	411	2,525	16.3%	2,327	26.2%
Supermarkets	350	20	330	6.1%	321	9.0%
Hypermarkets	76	(1)	77	(1.3%)	72	5.6%
Convenience stores	110	40	70	57.1%	65	69.2%
X5 Retail Group Total	3,472	470	3,002	15.7%	2,785	24.7%

In Q3 2012, X5 added a net 174 stores, including 157 soft discounters, nine supermarkets, 14 convenience stores and six store closures⁽⁴⁾ resulting in a 45,380 sq. m. net increase in total selling space. In 9M 2012, net selling space increased by 138,136 sq. m., or 8.0%, as compared to total net selling space at 31 December 2011.

The 22.4% y-o-y increase in Q3 2012 net selling space was focused on additions of new soft discounters in “Other” regions, which accounted for approximately 50% of the selling space additions while the Central and Northwest regions were responsible for the remainder.

Our selling space as at 30 September increased by a net 223,814 sq. m., or 13.6% y-o-y, and was primarily driven by our soft discounters, which increased by 18.5% y-o-y.

As at 30 September 2012, X5 operated 3,472 stores (1,865 thousand sq. m. of selling space) and was present in 662 locations of European Russia, the Urals and Ukraine.

⁽¹⁾ 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.

⁽²⁾ Note that in this and other tables of this press release, immaterial deviations in calculation of % change, subtotals and totals are explained by rounding.

⁽³⁾ In 9M 2012, X5 closed 20 soft discounters, one hypermarket and nine convenience stores due to underperformance with the respective efficiency criteria.

⁽⁴⁾ In Q3 2012, X5 closed four soft discounters, one hypermarket and one convenience store due to underperformance with the respective efficiency criteria.

Net Retail Sales ⁽¹⁾ Performance

Net Retail Sales Dynamics by Format ⁽²⁾

RUR mln	Q3 2012	Q3 2011	% change,		9M 2012	9M 2011	% change,	
			y-o-y				y-o-y	
Soft Discounters	76,193.3	65,741.2	15.9%		232,299.7	205,452.0	13.1%	
Supermarkets	24,129.6	22,781.5	5.9%		76,061.1	72,614.3	4.7%	
Hypermarkets	14,165.9	15,728.5	(9.9%)		44,341.5	48,742.6	(9.0%)	
Convenience stores	1,269.0	728.0	74.3%		3,282.7	2,132.7	53.9%	
Online ⁽³⁾	123.7	-	n/a		221.9	224.2	(1.0%)	
Total X5 Net Retail Sales	115,881.6	104,979.2	10.4%		356,206.8	329,165.7	8.2%	

X5's consolidated net retail sales for Q3 2012 totaled RUR 115,882 mln, a y-o-y increase of 10.4%. The increase was primarily driven by sales growth at soft discounters and to a lesser extent at supermarkets 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 Q3 2012, net RUR retail sales attributable to hypermarket operations decreased by 9.9% y-o-y primarily due to the cancellation of the chain's loyalty program in February 2012 and the negative impact of the format's LFL sales. Hypermarket's sales were also negatively impacted by the closure, in July 2012, of a 10 thousand sq. m. store in the Samara region due to unsuccessful negotiations with the lessor to downsize the selling space in line with the Company's efforts to reduce and standardize hypermarket store sizes.

⁽¹⁾ 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 2012 financial results.

⁽²⁾ 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.

⁽³⁾ 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 ⁽¹⁾

	Q3 2012	Q3 2011	% change, y-o-y	9M 2012	9M 2011	% change, y-o-y
<u># of Customer Visits, mln</u>						
Soft Discounters	344.0	306.0	12.4%	1,006.9	890.1	13.1%
Supermarkets	74.4	72.0	3.3%	221.4	216.7	2.2%
Hypermarkets	28.8	29.9	(3.7%)	87.3	90.1	(3.1%)
Convenience stores	6.6	4.2	58.1%	16.8	11.5	46.5%
Online ⁽²⁾	0.1	-	n/a	0.2	0.1	219.8%
Total	454.0	412.1	10.2%	1,332.6	1,208.5	10.3%
<u>Average Ticket, RUR</u>						
Soft Discounters	252.8	244.9	3.2%	263.2	262.8	0.1%
Supermarkets	371.1	361.4	2.7%	392.6	382.9	2.5%
Hypermarkets	561.8	603.5	(6.9%)	579.4	620.2	(6.6%)
Convenience stores	224.4	200.6	11.9%	228.0	212.8	7.1%
Online ⁽²⁾	1,661.9	-	n/a	1,690.9	5,282.4	(68.0%)
Total	291.7	290.9	0.3%	305.1	310.7	(1.8%)

In Q3 2012, the total number of customer visits increased by 10.2% y-o-y primarily driven by soft discounters, where customer visits increased by 12.4% y-o-y, and supermarkets, which reported traffic growth of 3.3% y-o-y.

Customer visits to soft discounters increased as a result of the increase in selling space and the continued ramp up of Kopeyka stores. The Company's supermarket format displayed y-o-y improvements on a monthly basis in Q3 2012 due to the success of promotional and marketing activities launched in the end of August 2012.

In Q3 2012, the average RUR ticket at soft discounters and supermarkets increased y-o-y by 3.2% and 2.7%, respectively, due to an increase in food inflation, which averaged approximately 6.5% y-o-y in Q3 2012.

In Q3 2012, the total number of customer visits at hypermarkets decreased by 3.7% y-o-y and the average RUR ticket decreased by 6.9% y-o-y, both of which were due to the cancellation of the loyalty program, closure of the hypermarket store in Samara region and the continuation of operational changes at hypermarket stores.

⁽¹⁾ 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.

⁽²⁾ 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 LFL sales in Q3 2012 declined by 0.7% in RUR terms, driven by a 2.5% decrease in customer traffic, which was offset by a 1.8% increase in the average basket. The soft discounter format reported a positive 2.6% increase in LFL sales primarily due to a 4.1% higher basket.

LFL⁽¹⁾⁽²⁾ Store Performance

	Q3 2012			9M 2012		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
Soft Discounters	2.6	(1.5)	4.1	0.7	(1.7)	2.4
Supermarkets	(2.7)	(4.8)	2.2	(2.7)	(5.1)	2.6
Hypermarkets	(12.0)	(7.2)	(4.8)	(12.1)	(7.9)	(4.2)
Convenience stores	11.6	1.0	10.6	7.7	(0.4)	8.1
X5 Retail Group Total	(0.7)	(2.5)	1.8	(1.9)	(2.8)	0.9

LFL results in Q3 2012 were supported by improvements in supermarkets, which were related to certain marketing and promotional campaigns introduced during the **second half of the quarter**. The positive trend in supermarket traffic was offset by weakness in soft discounter traffic due to regional competition and the quality of promotional activities.

The 1.8% increase in LFL basket in Q3 2012 was primarily driven by the 4.1% basket increase at soft discounters and, to a lesser extent, the 2.2% basket increase at supermarkets, which were influenced by average food inflation of approximately 6.5% in Q3 2012 compared to Q3 2011.

The LFL results of the hypermarket format reflect the on-going transition of this format's business model and the subsequent operational issues related to the format's assortment, product mix and shelf availability as well as an increase in competition.

⁽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 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.

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

Note to Editors:

Headquartered in Moscow, X5 Retail Group (LSE: FIVE, Moody's - "B2", S&P - "B+") is Russia's largest retailer in terms of revenue. 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 E5.ru brand and convenience stores under various brands.

As at 30 September 2012, X5 had 3,472 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 2,936 soft discounter stores, 350 supermarkets, 76 hypermarkets and 110 convenience stores. The Company operates 28 DCs and 1,841 Company-owned trucks across the Russian Federation.

X5 is run on an SAP platform.

As at 30 September 2012, X5's direct franchisees operated 404 stores across Russia.

As at 30 September 2012, the number of X5 employees totaled 102 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 first half 2012, net sales totaled USD 7,859 mln, EBITDA reached USD 554 mln and net profit amounted to USD 135 mln.

X5 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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