X5 RETAIL GROUP REPORTS Q2&H1 2014 TRADING RESULTS [(1)]

Amsterdam, 10 July 2014 - 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 three (Q2) and six (H1) months ended 30 June 2014.

Net Retail Sales[(2)(3)] Performance

Net Russian Rouble (RUR) retail sales by format, million (mln)

	Q2 2014	Q2 2013	*% change, y-o-y*	H1 2014	H1 2013	*% change, y-o-y*
Pyaterochka	107,201.8	87,459.1	22.6%	203,376.6	169,162.2	20.2%
Perekrestok	27,968.6	27,522.1	1.6%	56,654.1	55,008.7	3.0%
Karusel	16,998.9	15,822.7	7.4%	33,482.1	30,980.6	8.1%
Express[(4)]	2,604.8	1,977.8	31.7%	4,825.5	3,684.6	31.0%
E5.RU	335.3	294.8	13.7%	669.0	536.5	24.7%
X5 Retail Group	**155,109.4**	**133,076.5**	**16.6%**	**299,007.5**	**259,372.6**	**15.3%**

Regional contribution[(5)] to formats’ total net RUR retail sales growth year-on-year (y-o-y), %

	Q2 2014			*Total change*	H1 2014			*Total change*
	Central	North-West	Other		Central	North-West	Other	
Pyaterochka	13.2%	1.4%	8.0%	22.6%	12.0%	0.9%	7.3%	20.2%
Perekrestok	2.4%	0.9%	(1.6%)	1.6%	2.8%	0.9%	(0.7%)	3.0%
Karusel	7.6%	(0.1%)	0.0%	7.4%	7.3%	0.0%	0.8%	8.1%
Express	31.7%	0.0%	0.0%	31.7%	31.0%	0.0%	0.0%	31.0%

Q2 2014 monthly net RUR retail sales by format, % change y-o-y

	April 2014	May 2014	June 2014
Pyaterochka	20.9%	22.4%	24.4%
Perekrestok	4.2%	1.8%	(1.2%)
Karusel	12.0%	6.6%	4.1%
Express	34.9%	30.9%	29.5%
E5.RU	26.5%	31.3%	(13.9%)
X5 Retail Group	**16.6%**	**16.4%**	**16.7%**

Average Ticket and Number of Customer Visits

Q2 & H1 2014 average ticket and customer visits by format

	Q2 2014	Q2 2013	*% change, y-o-y*	H1 2014	H1 2013	*% change, y-o-y*
Average Ticket, RUR						
Pyaterochka	296.0	267.3	10.7%	296.5	272.3	8.9%
Perekrestok	426.0	398.7	6.9%	429.9	412.9	4.1%
Karusel	621.8	587.8	5.8%	621.3	589.2	5.5%
Express	265.3	243.6	8.9%	267.1	252.3	5.9%
E5.RU	1,486.9	1,582.3	(6.0%)	1,451.4	1,620.4	(10.4%)
X5 Retail Group	**333.5**	**308.5**	**8.1%**	**336.0**	**315.6**	**6.5%**
# of Customer Visits, mln						
Pyaterochka	413.6	373.5	10.7%	783.3	709.3	10.4%
Perekrestok	75.5	78.9	(4.3%)	151.2	152.4	(0.7%)
Karusel	31.2	30.8	1.5%	61.6	60.0	2.8%
Express	11.6	9.6	20.5%	21.2	17.3	22.8%
E5.RU	0.3	0.2	21.2%	0.6	0.4	38.2%
X5 Retail Group	**532.2**	**493.1**	**7.9%**	**1,018**	**939.2**	**8.4%**

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

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

(3) Net retail sales represent revenue from operations of X5 managed stores net of VAT. This number differs from revenue that also include proceeds from direct franchisees (royalty payments) and other revenue, which will be reported as part of Q2 and H1 2014 financial results.

(4) Refers to Perekrestok Express and Kopeika branded convenience stores; previously disclosed as Convenience stores.

(5) According to the economic classification of Russian regions promulgated by the Ministry of Economy. This classification differs from previously reported information regarding the regional breakdown of our store base, which was based on internal definitions of regions and which has changed in 2013 for some formats.

Q2 2014 average monthly ticket and customer visits by format, % change y-o-y

	April 2014	May 2014	June 2014
Average Ticket			
Pyaterochka	9.3%	10.2%	12.7%
Perekrestok	6.0%	5.2%	9.5%
Karusel	8.3%	3.1%	6.2%
Express	5.5%	9.4%	11.7%
E5.RU	(8.8%)	(12.3%)	7.2%
X5 Retail Group	**7.4%**	**7.3%**	**9.7%**
# of Customer Visits			
Pyaterochka	10.7%	11.1%	10.4%
Perekrestok	(1.6%)	(3.5%)	(8.0%)
Karusel	3.3%	3.3%	(2.2%)
Express	27.4%	21.5%	13.3%
E5.RU	35.8%	48.5%	(16.1%)
X5 Retail Group	**8.6%**	**8.5%**	**6.7%**

LFL Sales Performance

Q2 & H1 2014 LFL[(1)] store performance by format, %

	Q2 2014			H1 2014		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	11.1	(0.6)	11.8	9.7	(0.3)	10.0
Perekrestok	0.6	(4.3)	5.2	0.5	(2.5)	3.1
Karusel	5.0	(0.3)	5.3	5.6	0.7	4.9
Express	3.1	(4.1)	7.6	3.5	(2.2)	5.8
X5 Retail Group	**8.1**	**(1.2)**	**9.5**	**7.2**	**(0.6)**	**7.8**

Q2 2014 monthly LFL store performance by format, %

	April 2014			May 2014			June 2014		
	Sales	Traffic	Basket	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	10.5	0.0	10.5	10.6	(0.6)	11.3	12.0	(1.3)	13.5
Perekrestok	2.3	(2.2)	4.6	0.3	(3.6)	4.0	(0.7)	(7.1)	6.9
Karusel	9.2	1.4	7.8	3.9	1.2	2.6	2.1	(3.4)	5.7
Express	4.8	(0.8)	5.6	4.4	(2.8)	7.3	0.3	(8.6)	9.7
X5 Retail Group	**8.6**	**(0.2)**	**8.9**	**7.6**	**(1.0)**	**8.7**	**8.1**	**(2.5)**	**10.9**

Expansion Dynamics

Selling space and # of stores by format

	As at 30-Jun-14	As at 31-Dec-13	*% change vs 31-Dec-13*	As at 30-Jun-13	*% change vs 30-Jun-13*
Selling Space, square meters (sq. m.)					
Pyaterochka	1,506,113	1,414,102	6.5%	1,255,885	19.9%
Perekrestok	396,393	397,750	(0.3%)	391,983	1.1%
Karusel	357,367	375,808	(4.9%)	370,865	(3.6%)
Express	36,107	35,223	2.5%	29,292	23.3%
X5 Retail Group	**2,295,980**	**2,222,883**	**3.3%**	**2,048,024**	**12.1%**
# of Stores					
Pyaterochka	4,128	3,882	6.3%	3,419	20.7%
Perekrestok	387	390	(0.8%)	378	2.4%
Karusel	81	83	(2.4%)	79	2.5%
Express	183	189	(3.2%)	155	18.1%
X5 Retail Group	**4,779**	**4,544**	**5.2%**	**4,031**	**18.6%**

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

Selling space and # of stores added by format

	Net Added Q2 2014	Net Added Q2 2013	*% change, y-o-y*	Net Added H1 2014	Net Added H1 2013	*% change, y-o-y*
Net Selling Space, sq. m.						
Pyaterochka	62,976	48,440	*30.0%*	92,011	64,531	*42.6%*
Perekrestok	3,762	5,677	*(33.7%)*	(1,358)	8,524	n/a
Karusel	(3,163)	2,095	n/a	(18,440)	2,616	n/a
Express	(87)	3,548	n/a	883	2,609	*(66.1%)*
X5 Retail Group	**63,487**	**59,760**	***6.2%***	**73,097**	**78,280**	***(6.6%)***
Net # of Stores						
Pyaterochka	162	140	*15.7%*	246	199	*23.6%*
Perekrestok	3	7	*(57.1%)*	(3)	8	n/a
Karusel	-	1	n/a	(2)	1	n/a
Express	(4)	15	n/a	(6)	21	n/a
X5 Retail Group	**161**	**163**	***(1.2%)***	**235**	**229**	***2.6%***

Regional contribution to formats' total net selling space growth y-o-y in Q2 2014, %

	Central	North-West	Other	*Total change*
Pyaterochka	5.8%	1.3%	12.8%	19.9%
Perekrestok	3.0%	0.1%	(2.0%)	1.1%
Karusel	3.7%	(5.0%)	(2.4%)	(3.6%)
Express	23.3%	0.0%	0.0%	23.3%

Key Drivers for Q2 and H1 2014 Results

Net retail & LFL sales:

- Selling space expansion and the positive performance of maturing stores added over the past two years;
- Improvement in the average ticket and LFL basket due to changes in composition and increased volume, which were also supported by rising food inflation;
- Improved promotional and marketing campaigns at Pyaterochka;
- Assortment rotation and improvements, particularly in fresh categories, primarily at Pyaterochka and Karusel;
- Improvements in logistics' service levels and product availability on shelves, primarily at Pyaterochka;
- Abnormally cold weather in June 2014 resulting in lower traffic and higher ticket; and
- Calendarization of holidays: four-day long weekend in June 2014, compared to one holiday mid-week in June 2013, which positively impacted basket but had a negative effect on traffic.

Expansion:

- Primarily organic growth in Pyaterochka's Central and Other regions and the Central region for Perekrestok; and
- In Q2 2014, X5 closed 10 Pyaterochkas, three Perekrestoks and 15 Express stores that did not meet the respective formats' efficiency criteria.

  In H1 2014, X5 closed 16 Pyaterochkas, six Perekrestoks, two Karusels and 34 Express stores that did not meet the respective formats' efficiency criteria; additionally the Company disposed of 12 Perekrestok supermarkets located in the Ukraine.

  Selling space growth y-o-y as of 30 June 2014 was particularly affected by the closure of two Karusels in Chelyabinsk and St.Petersburg in Q1 2014, with respective selling space of 4.4 and 10.9 thousand sq. m. and the resizing of a Karusel, which decreased net selling space by approximately 3.2 thousand sq. m. in Q2 2014. The disposal of X5's Ukrainian subsidiary in Q1 2014 resulted in a decrease of 11.0 thousand sq. m. in Perekrestok's net selling space.

2014 Financial Calendar

Date	Event
14 August 2014	Q2 & 6M 2014 Financial Results
18 August 2014	Q2 & 6M 2014 Financial Results conference call
10 October 2014	Q3 & 9M 2014 Trading Update
30 October 2014	Q3 & 9M 2014 Financial Results
October 2014	X5 Capital Markets Day

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 chain of economy class stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, Express convenience stores under various brands and the online retail channel under the E5.RU brand.

At 30 June 2014, X5 had 4,779 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 4,128 Pyaterochka economy-class stores, 387 Perekrestok supermarkets, 81 Karusel hypermarkets and 183 Express stores. The Company operates 30 DCs and 1,622 Company-owned trucks across the Russian Federation.

For the full year 2013, revenue totaled RUR 534,560 mln, EBITDA reached RUR 38,350 mln, and net income amounted to RUR 10,984 mln. In Q1 2014, revenue totaled RUR 144,167 mln, EBITDA reached RUR 9,796 mln, and net income amounted to RUR 2,469 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.03%, treasury shares – 0.03%, free float – 37.64%.

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