

## X5 REPORTS 27.6% REVENUE GROWTH IN 2015 ADJUSTED EBITDA MARGIN IMPROVES BY 2 B.P. TO 7.3%

- ✓ X5 delivered revenue growth of 27.6% year-on-year (y-o-y), the fastest since 2011
- ✓ The Company's growth outpaced that of the market and the top 10 food retailers in Russia
- ✓ LFL sales increased by 13.7% y-o-y. LFL sales improved across all three of the Company's major formats
- ✓ The Company added a record 1,537 new stores in 2015, vs. 939 stores in 2014
- ✓ Pyaterochka was the main driver of growth: net retail sales rose by 34.3% y-o-y (16.7% growth in LFL sales and 17.6% growth from a 38.1% increase in selling space)
- ✓ Gross margin increased by 8 b.p. y-o-y to 24.5%
- ✓ The strong across-the-board performance demonstrates the completion of X5's strategic transformation. It also triggered phase I of X5's long term incentive (LTI) programme. The programme is designed to align shareholder and management interests in pursuit of the Company's long-term ambition of leadership in the Russian food retail market with a specific focus on net revenue and market share relative to the competition, without sacrificing EBITDA
- ✓ EBITDA for 2015, adjusted for the LTI bonus and other one-off remuneration payments, increased by 28.0% and the adjusted EBITDA margin improved by 2 b.p. to 7.3%
- ✓ X5 has refinanced all of its loan facilities linked to the MosPrime interest rate, thereby mitigating the risk of interest expense growth

**Amsterdam, 21 March 2016** - X5 Retail Group N.V., ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: "FIVE"), today released its 2015 Annual Report, including audited consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted in the European Union

X5's Chief Executive Officer Igor Shekhterman said:

*"X5 delivered on all its strategic priorities in 2015, with each of its brands achieving growth by adapting their value propositions to customers' needs and streamlining operations. The Company has undergone a significant transformation in the last three years, and is now solidly on course to continue fast, sustainable growth in the coming years.*

*"Our strong revenue growth was driven by a 29.6% year-on-year increase in selling space: the Company added 760.9 th. sq. m. – a record for a single year by any Russian retailer – with 80% of this attributable to organic growth. We delivered solid profitability as well, maintaining margins as we focused on intelligent growth and efficiency.*

*"Looking forward to 2016, we are in an excellent position to continue this performance. While current market conditions are undoubtedly challenging, we see this as a time of opportunity, and we aim to take full advantage of it in order to further our strategic growth. We have reached key milestones in the transformation of our business, but we have no intention of resting on our laurels. In the next year we will continue to focus on refining our operating model, improving efficiency and our value propositions, while continuing to lead the Russian market's transition to a modern retail model."*

## Financial highlights

### Profit and loss statement highlights <sup>(1)</sup>

Russian Rouble (RUB), million (mln)	Q4 2015	Q4 2014	change y-o-y, %	12M 2015	12M 2014	change y-o-y, %
<b>Revenue</b>	<b>230,117</b>	<b>181,588</b>	<b>26.7</b>	<b>808,818</b>	<b>633,873</b>	<b>27.6</b>
<b>Gross profit</b>	<b>56,429</b>	<b>44,637</b>	<b>26.4</b>	<b>198,390</b>	<b>154,982</b>	<b>28.0</b>
<i>Gross profit margin, %</i>	24.5	24.6	(6) b.p.	24.5	24.5	8 b.p.
<b>Adj. EBITDA</b>	<b>17,472</b>	<b>13,634</b>	<b>28.2</b>	<b>59,413</b>	<b>46,404</b>	<b>28.0</b>
<i>Adj. EBITDA margin, %</i>	7.6	7.5	8 b.p.	7.3	7.3	2 b.p.
Accrued LTI and exit payment <sup>(2)</sup>	(3,587)	(131)	2638.2	(3,729)	(502)	642.8
SSC attributable to accrued LTI and exit payment	(432)	(8)	5300.0	(451)	(42)	973.8
<b>EBITDA</b>	<b>13,453</b>	<b>13,495</b>	<b>(0.3)</b>	<b>55,233</b>	<b>45,860</b>	<b>20.4</b>
<i>EBITDA margin, %</i>	5.8	7.4	(159) b.p.	6.8	7.2	(41) b.p.
<b>Operating profit</b>	<b>5,789</b>	<b>7,781</b>	<b>(25.6)</b>	<b>34,449</b>	<b>28,288</b>	<b>21.8</b>
<i>Operating profit margin, %</i>	2.5	4.3	(177) b.p.	4.3	4.5	(20) b.p.
<b>Net profit</b>	<b>2,090</b>	<b>2,822</b>	<b>(25.9)</b>	<b>14,174</b>	<b>12,691</b>	<b>11.7</b>
<i>Net profit margin, %</i>	0.9	1.6	(65) b.p.	1.8	2.0	(25) b.p.

### Consolidated cash flow statement highlights

RUB mln	Q4 2015	Q4 2014	change y-o-y, %	12M 2015	12M 2014	change y-o-y, %
Net cash flows generated from operating activities	23,654	13,598	74.0	35,487	28,567	24.2
Net cash used in investing activities	(22,057)	(13,947)	58.1	(59,645)	(29,737)	100.6
Net cash generated from financing activities	2,483	22,582	(89.0)	7,498	19,344	(61.2)
Effect of exchange rate changes on cash & cash equivalents	37	(130)	n/a	(5)	(162)	(96.9)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>4,117</b>	<b>22,103</b>	<b>(81.4)</b>	<b>(16,665)</b>	<b>18,012</b>	<b>n/a</b>

### Balance sheet highlights

RUB mln	31-Dec-15	% in total	31-Dec-14	% in total	31-Dec-13	% in total
<b>Total debt</b>	<b>144,215</b>		<b>130,986</b>		<b>110,523</b>	
Short-term debt	42,670	29.6	15,834	12.1	30,680	27.8
Long-term debt	101,545	70.4	115,152	87.9	79,843	72.2
<b>Net debt</b>	<b>135,257</b>		<b>105,363</b>		<b>102,912</b>	
<b>Net debt/ EBITDA</b>	<b>2.45x</b>		<b>2.30x</b>		<b>2.68x</b>	

(1) Please note that in this and other tables, and in the text of this press release, immaterial deviations in the calculation of % changes, subtotals and totals are due to rounding

(2) For more detailed information, please refer to the Remuneration report on page 162 and Note 26 to the Audited financial statements on page 205 of X5 Annual report for 2015

The Annual Report and Accounts, including the full set of audited consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, are available on X5's corporate website at [https://www.x5.ru/en/PublishingImages/Pages/Investors/ResultCenter/X5\\_Annual\\_Report\\_2015\\_ENG.pdf](https://www.x5.ru/en/PublishingImages/Pages/Investors/ResultCenter/X5_Annual_Report_2015_ENG.pdf)

#### **Note to Editors:**

X5 Retail Group N.V. (LSE: FIVE, Fitch – 'BB', Moody's – 'Ba3', 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 31 December 2015, X5 had 7,020 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 6,265 Pyaterochka proximity stores, 478 Perekrestok supermarkets, 90 Karusel hypermarkets and 187 convenience stores. The Company operates 35 DCs and 1,561 Company-owned trucks across the Russian Federation.

For the full year 2015, revenue totaled RUB 808,818 mln (USD 13,268 mln), Adjusted EBITDA reached RUB 59,413 mln (USD 975 mln), and profit for the period amounted to RUB 14,174 mln (USD 233 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.06%, treasury shares – 0.02%, free float – 37.64%.

#### **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.*

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