X5 RETAIL GROUP

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X5 RETAIL GROUP N.V. REPORTS YEAR-ON-YEAR TOP LINE GROWTH OF 53%, EBITDA GROWTH OF 62% IN 2007*

Amsterdam, 28 February 2008 - X5 Retail Group N.V., Russia's largest food retailer in terms of sales (LSE ticker: "FIVE"), published today its preliminary unaudited IFRS results for the quarter and full year ended 31 December 2007 based on management accounts.

Q4 2007 Highlights

- Q4 Net Sales** surged 59% year-on-year to USD 1,703 mln;
- Q4 Gross Profit grew by 47% year-on-year to USD 458 mln, Gross Margin totaled 26.9%;
- Q4 EBITDA reached USD 168 mln, a year-on-year increase of 38%;
- Q4 Net Profit grew by 32% year-on-year to USD 87 mln.

FY 2007 Highlights

- Full year Net Sales surged 53% year-on-year to USD 5,320 mln;
- Full year Gross Profit grew by 51% year-on-year to USD 1,404 mln, Gross Margin totaled 26.4%;
- Full year EBITDA reached USD 479 mln, a year-on-year increase of 62%;
- Full year Net Profit grew by 38% year-on-year to USD 141 mln.

Lev Khasis, X5 Retail Group CEO, commented:

"2007 was a very successful year for X5 in terms of sales and market share growth – we are proud that our client-oriented approach and continuous investment in customer loyalty resulted in stronger competitive positions and enhanced market leadership. This year we plan to continue with our growth strategy to capitalize on untapped opportunities both in terms of regional expansion and multi-format approach. Furthermore, the growing scale of our business creates new opportunities for our relationships with suppliers, resulting in more attractive value proposition for our customers. Thus, we confirm our sales growth guidance for 2008 at 36-38% in rouble terms."

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* Numbers provided in this press-release are preliminary and unaudited.

2006 P&L numbers represent final pro-forma results for 2006 as if the merger between *Perekrestok* and *Pyaterochka* took place on January 1, 2006 and take into account only two months (November and December) of *Merkado* operations. These numbers also include reclassification of product handling and delivery expenses from SG&A to Cost of Sales. For your convenience, Appendix II to this press release contains detailed information on final pro-forma P&L for 2006.

2007 P&L numbers include one month (December) of *Korzinka* operations.

For your convenience, Appendix III to this press release contains full year revenue numbers for *Merkado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007).

** Excluding VAT

X5 Retail Group CFO **Evgeny Kornilov** said:

"We have delivered another year of strong growth and plan to continue on this path. Moreover, having operated as a joint Company for over a year, now we can reinforce our focus on improving efficiency both at operational and headquarters level by upgrading logistics capacity, improving IT infrastructure and optimizing business-processes. While we do not expect to see an immediate impact from these measures on the Group's financials, we believe they are critical for strengthening X5's competitive position and ensuring sustainable efficiency levels in the coming years." He added: "In 2008 we will also be working hard to ensure that our financing strategy is tailored to meet the Group's growth targets for 2008 and beyond."

P&L Highlights

USD mln	Q4 2007	Q4 2006	*% change, y-o-y*	FY 2007	FY 2006	*% change, y-o-y*
Net Sales	**1,702.7**	**1,074.0***	*59%*	**5,320.4**	**3,485.4**	***53%***
incl. Retail	1,691.9	1,074.6	*57%*	5,284.3	3,460.4	*53%*
Gross Profit	**457.5**	**310.6**	***47%***	**1,403.7**	**928.9**	***51%***
Gross Margin, %	26.9%	28.9%		26.4%	26.7%	
EBITDA	**168.1**	**121.5**	***38%***	**479.2**	**296.7**	***62%***
EBITDA Margin, %	9.9%	11.3%		9.0%	8.5%	
EBIT	**142.7**	**101.3**	***41%***	**337.5**	**210.3**	***61%***
EBIT Margin, %	8.4%	9.4%		6.3%	6.0%	
Net Profit	**87.2**	**66.1**	***32%***	**141.4**	**102.2**	***38%***
Net Margin, %	5.1%	6.2%		2.7%	2.9%	

Net Sales Performance

Total net sales for the fourth quarter 2007 increased by 59% in USD terms to USD 1,703 mln, translating into a 53% increase year-on-year to USD 5,320 mln for the full year 2007.

Net Retail Sales Dynamics

USD mln	Q4 2007	Q4 2006	*% change y-o-y*	FY 2007	FY 2006	*% change y-o-y*
Hypermarkets	131.9	81.5	*62%*	392.7	244.9	*60%*
Supermarkets	618.2	398.5	*55%*	1,944.7	1,254.5	*55%*
Soft Discounters	941.8	594.6	*58%*	2,946.8	1,961.0	*50%*
Total Net Retail Sales	**1,691.9**	**1,074.6**	***57%***	**5,284.3**	**3,460.4**	***53%***

Total net retail sales for the fourth quarter 2007 increased by 57% in USD terms (48% in RUR terms) to USD 1,692 mln, translating into a 53% (44% in RUR terms) increase year-on-year to USD 5,284 mln for the full year 2007. Impressive retail sales surge was due to a very strong performance of soft discounters in the regions and in Moscow, outstanding results demonstrated by supermarkets across all regions and improving performance of hypermarkets opened at the end of 2006. *For detailed discussion on Q4 and FY 2007 retail sales dynamics, including LFL & new stores performance, information on average ticket and number of customers, please see our Trading Update dated 22 January 2008.*

* In 2006 the Company reclassified an insignificant portion of other revenue (related to marketing income. The full amount of the reclassification was reported in the fourth quarter which resulted in negative other revenue figure for this period.

Gross Profit & Gross Margin Analysis

USD mln	Q4 2007	Q4 2006	% change, y-o-y	FY 2007	FY 2006	% change, y-o-y
Gross Profit	**457.5**	**310.6**	***47%***	**1 403.7**	**928.9**	***51%***
Gross Margin. %	26.9%	28.9%		26.4%	26.7%	

For the fourth quarter 2007, gross profit increased by 47% to USD 458 mln, translating into a 51% year-on-year growth to USD 1,404 mln for the full year. Gross margin for the fourth quarter 2007 totaled 26.9% versus 28.9% for the same period a year ago, while full year 2007 gross margin amounted to 26.4% compared to 26.7% in 2006.

High gross margin achieved in the fourth quarter of 2006 reflects the result of revision of the purchasing contracts that Pyaterochka and Perekrestok had prior to their merger and takes into account significant additional discounts that the joint company managed to obtain as a result of those negotiations. In 2007 the Company took advantage of its enlarged scale and invested certain share of its post-merger margin increase into consumer loyalty. This approach proved to be a success leading to very strong traffic growth and sales surge.

Selling, General and Administrative Expenses (SG&A)*

USD mln	Q4 2007	Q4 2006	% change, y-o-y	FY 2007	FY 2006	% change, y-o-y
Staff Costs, incl.	(153.2)	(104.7)	*46%*	(513.4)	(370.0)	*39%*
% of Net Sales	*9.0%*	*9.7%*		*9.6%*	*10.6%*	
ESOP	(12.0)	(2.6)	*362%*	(47.6)	(64.6)	*-26%*
% of Net Sales	*0.7%*	*0.2%*		*0.9%*	*1.9%*	
Lease Expenses	(51.8)	(32.3)	*60%*	(175.9)	(113.5)	*55%*
% of Net Sales	*3.0%*	*3.0%*		*3.3%*	*3.3%*	
Other Store Costs	(33.0)	(17.2)	*92%*	(90.7)	(56.5)	*61%*
% of Net Sales	*1.9%*	*1.6%*		*1.7%*	*1.6%*	
D&A	(25.4)	(20.2)	*26%*	(141.7)	(86.4)	*64%*
% of Net Sales	*1.5%*	*1.9%*		*2.7%*	*2.5%*	
Utilities	(27.4)	(14.5)	*89%*	(78.1)	(42.1)	*86%*
% of Net Sales	*1.6%*	*1.4%*		*1.5%*	*1.2%*	
Third Party Services	(23.5)	(10.0)	*135%*	(70.0)	(51.4)	*36%*
% of Net Sales	*1.4%*	*0.9%*		*1.3%*	*1.5%*	
Other Expenses	(28.1)	(20.5)	*37%*	(72.2)	(39.5)	*83%*
% of Net Sales	*1.7%*	*1.9%*		*1.4%*	*1.1%*	
Total SG&A	**(342.5)**	**(219.4)**	***56%***	**(1,142.0)**	**(759.4)**	***50%***
% of Net Sales	**20.1%**	**20.4%**		**21.5%**	**21.8%**	

For the fourth quarter 2007, SG&A expenses totaled USD 343 mln – an increase of 56% year-on-year. For the full year 2007, SG&A costs increased by 50% over the same period a year ago to USD 1,142 mln primarily due to growth in staff costs, higher lease expenses and D&A charges.

* Please note that all SG&A expenses provided in the above table are net of logistic expenses as those were reclassified to Cost of Sales.

Staff Costs
For the fourth quarter 2007, staff costs, including ESOP totaled USD 153 mln and increased by 46% compared to the same period of last year, translating into a 39% year-on-year increase for the full year 2007 to USD 513 mln.

Net of ESOP costs, which in 2006 included one-off restructuring expense of the previous ESOP, full year 2007 staff costs grew by 53% on the back of continuing wage inflation and extensive hiring for new store openings.

ESOP costs for 2007 totaled USD 48 mln which represent proportionally accrued expenses related to the first and the second tranches of current ESOP. As reported earlier, in 2006 the Company reported USD 65 mln ESOP-restructuring charge.

Lease Expenses
For the fourth quarter 2007, lease expenses increased by 60% year-on-year to USD 52 mln on the back of rent inflation and expansion. Full year 2007 lease expenses totaled USD 176 mln, an increase of 55% year-on-year. As a large proportion of the Group's stores are owned, this reduces its exposure to the growth in rent prices.

Depreciation & Amortization
Full year 2007 D&A charges totaled USD 142 mln, an increase of 64% year-on-year. Increase in D&A expenses is explained by the Group's aggressive expansion in terms of store area and distribution centers.

Non-Operating Gains and Losses

USD mln	Q4 2007	Q4 2006	*% change, y-o-y*	FY 2007	FY 2006	*% change, y-o-y*
EBIT	**142.7**	**101.3**	***41%***	**337.5**	**210.3**	***60%***
Finance costs (net)	*(28.2)*	*(29.3)*	*-4%*	*(128.5)*	*(71.8)*	*79%*
Net FX gain/(loss)	19.6	7.4	*165%*	31.8	14.7	*116%*
Profit before tax	**134.1**	**79.4**	***69%***	**240.8**	**153.3**	***57%***
Income tax expense	*(46.9)*	*(13.3)*	*253%*	*(99.5)*	*(51.1)*	*95%*
Net Profit	**87.2**	**66.1**	***32%***	**141.4**	**102.2**	***38%***

Finance Costs

Finance costs for the fourth quarter 2007 amounted to USD 28 mln versus USD 29 mln in the fourth quarter of 2006. Full year finance costs totaled USD 129 mln – an increase of 79% year-on-year, which is explained by an increase in outstanding debt as well as one-off debt restructuring costs incurred in the third quarter of 2007 aimed at reduction of the Group's interest rate exposure and improvement of its debt structure.

In the fourth quarter of 2007 the Group continued to focus on optimization of its debt portfolio: in December it raised USD 1.1 bln in a three year syndicated loan fully pre-funded by a consortium of banks. The facility bears interest of LIBOR + 225 bps p.a. during the first year. Starting from the second year, spread over LIBOR will decrease to 200 bps or lower depending on the Company's Net Debt/EBITDA ratio.

The proceeds of the facility were used to re-finance X5 Retail Group's one year USD 1 bln bridge loan, which enhanced X5's financial flexibility, improved its debt structure and enabled the Company to avoid a significant step-up in the interest rate on the refinanced loan.

At 31 December 2007 net outstanding debt of the Group totaled USD 1.54 bln versus USD 1 bln at 31 December 2006, while effective interest rate was 7.1%.

FX Gain/(Loss)

Full year FX gain amounted to USD 32 million on the back of significant depreciation of USD against RUR during the year. As X5 Retail Group employs hedging strategy to minimize its foreign exchange and interest rate exposure, FX gains on its USD 1 bln denominated bridge loan were partially off-set by mark-to-market result on the hedging facility. The Company continues to apply hedging policy and has hedged its recently raised USD 1.1 bln syndicated loan.

Income Tax

Effective tax rate for the fourth quarter 2007 totaled 35%, translating into the full year effective tax rate of 41%. The Company is undertaking measures to further improve its tax efficiency.

Capital Expenditure

Full year 2007 CapEx totaled approximately USD 870 mln. Increase over forecasted USD 700 mln is explained by USD devaluation against RUR, inflation in real estate and construction prices as well as the fact that a bigger than planned amount (about 20% of full year CapEx) was spent on stores to be opened in 2008 and further, including purchasing of landplots for future hypermarket construction.

Outlook for 2008

X5 Retail Group reiterates its sales and expansion guidance for 2008 given in the Company's trading update as of 22 January 2008 and provides its outlook for 2008 in terms of margins and leverage.

	FY 2007A	FY 2008E
Sales Growth (excl. FX)	44%	36-38%
LFL Sales Growth (excl. FX)	20%	~10%
Net Selling Space Growth	143,100 sq.m.	140 – 160,000 sq.m.
Storage Area (DC) Growth	78,100 sq.m.	40,000 sq.m.
Capital Expenditure	USD 0.87 bln	USD 1.2 – 1.4 bln
Gross Margin	26.4%	25.8 – 26.2%
EBITDA Margin	9.0%	8.8 – 9.0%
Net Debt/EBITDA	3.2x	≤ 4x

Please note that 2008 outlook numbers do not take into account potential acquisition of *Karusel* hypermarket chain. However, these figures include contribution of tactical M&A transactions that are treated by the Company as organic development.

Appendices

I. **Preliminary unaudited income statement for the three months and full year ended 31 December 2007 and 2006**

II. **Final pro-forma P&L for 2006**

III. **Full year *Merkado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007) net sales with quarterly breakdown**

IV. **Financial Calendar for 2008**

Note to Editors:

X5 Retail Group N.V. is Russia's largest food retailer in terms of sales. The Company was created as a result of a merger between Pyaterochka (soft discounter chain) and Perekrestok (supermarket chain) on 18 May 2006.

As of 31 December 2007, the Group had 674 Company managed soft discount stores located in Moscow (309), St. Petersburg (244) and other Russian areas (121), 179 Company managed supermarkets across Central Russia and Ukraine, including 105 stores in Moscow (Moscow region and Yaroslavl region), and 15 Company managed hypermarkets.

As of 31 December 2007, X5's franchisees operated 688 stores across Russia and Kazakhstan.

The Group's net sales for the full year 2007 reached USD 5,320 mln, an increase of 53% year-on-year. Gross profit for the period totaled USD 1,404 mln, EBITDA amounted to USD 479 mln. Full year 2007 net income reached USD 141 mln.

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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Appendix I

PRELIMINARY UNAUDITED INCOME STATEMENT FOR THE THREE MONTHS AND YEAR ENDED 31 DECEMBER 2007 AND 2006*
(expressed in millions of US Dollars, unless otherwise stated)

	Three months ended		Year ended	
	31 Dec 2007	**31 Dec 2006**	**31 Dec 2007**	**31 Dec 2006**
Revenue	**1,702.7**	**1,074.0**	**5,320.4**	**3,485.4**
Cost of sales	(1,245.2)	(763.4)	(3,916.7)	(2,556.5)
Gross Profit	**457.5**	**310.6**	**1,403.7**	**928.9**
Selling. general and administrative expenses	*(342.5)*	*(219.4)*	*(1,142.0)*	*(759.4)*
Lease/sublease and other income	*27.7*	*10.1*	*75.8*	*40.8*
Operating Profit	**142.7**	**101.3**	**337.5**	**210.3**
Finance costs (net)	*(28.2)*	*(29.3)*	*(128.5)*	*(71.8)*
Net FX gain/(loss)	19.6	7.4	31.8	14.7
Profit before tax	**134.1**	**79.4**	**240.8**	**153.3**
Income tax expense	*(46.9)*	*(13.3)*	*(99.5)*	*(51.1)*
Profit for the period	**87.2**	**66.1**	**141.4**	**102.2**

* 2006 P&L numbers are reported on pro-forma basis for Pyaterochka, but include only two months – November&December 2006 - of *Merkado* operations. 2007 P&L numbers include one month (December) of *Korzinka* operations. For your convenience, Appendix III to this press release contains full year revenue numbers for *Merkado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007).

Appendix II

FINAL PRO-FORMA P&L FOR 2006

P&L

USD mln	FY 2006 Initial Pro-Forma*	Step 1 Logistics Reclass	Step 2 D&A	Step 3 Merkado Jan-Oct 06	FY 2006 Final Pro-Forma	Q4 2006 Final Pro-Forma
Net Sales, incl.	**3,551.5**			**(66.1)**	**3,485.4**	**1,074.0**
Cost of Sales	(2,562.0)	-42.3		47.8	(2,556.5)	(763.4)
Gross Profit	**989.5**			**(18.3)**	**928.9**	**310.6**
Gross Margin, %	27.9%				26.7%	28.9%
SG&A	(808.8)	42.3	(17.9)	25.0	(759.4)	(219.4)
Lease/sublease and other income	43.8			(3.0)	40.8	10.1
EBITDA before ESOP	**360.0**			**1.3**	**361.3**	**124.1**
EBITDA Margin, %	10.1%			n/a	10.4%	11.6%
EBITDA	**295.4**			**1.3**	**296.7**	**121.5**
EBITDA Margin, %	8.3%			n/a	8.5%	11.3%
EBIT	**224.5**		**(17.9)**	**3.7**	**210.3**	**101.3**
EBIT Margin, %	6.3%			n/a	6.0%	9.4%
Profit Before Tax	**159.5**		**(17.9)**	**11.7**	**153.3**	**79.4**
Income Tax Expense	(56.7)		4.3	1.3	(51.1)	(13.3)
Net Profit	**102.8**		(13.6)	**13.0**	**102.2**	**66.1**
Net Margin, %	2.9%			n/a	2.9%	6.2%

* as reported in the Company's Annual Report for 2006

Step 1: Product delivery and handling expenses were reclassified from SG&A to Cost of Sales.

Step 2: In line with IFRS requirements for pro-forma reporting, additional depreciation and amortization (D&A) charge was reported as if merger between Perekrestok and Pyaterochka took place on January 1, 2006, hence Pyaterochka's assets were revalued at market price as of January 1, 2006 and not May 18, 2006.

Step 3: 10 months of Merkado operations (January through October) were excluded from final 2006 pro-forma P&L. The management believes that for the purposes of financial reporting pro-forma approach should be applied to strategic large size acquisitions only, while small tactical M&A transactions are reported on consolidation basis as of the date of the purchase.

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Appendix III

FULL YEAR SALES DATA FOR *MERKADO* (2006), *KORZINKA* (2007) AND *STRANA GERKULESIA* (2007)

2006 Pyaterochka, Perekrestok & Merkado Net Sales

USD mln	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006
Perekrestok & Pyaterochka*	762.3	818.5	830.5	1,057.4	3,468.8
Merkado	19.8	18.8	19.7	24.4	82.7
Total Net Sales	**782.1**	**837.3**	**850.2**	**1,081.8**	**3,551.5**

2007 X5 Retail Group, Korzinka & Strana Gerkulesia Net Sales

USD mln	Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007
X5 Retail Group**	1,106.2	1,241.4	1,270.1	1,682.6	5,300.4
Korzinka	29.2	37.3	45.0	52.7	164.1
Strana Gerkulesia	19.5	20.4	20.1	21.6	81.6
Total Net Sales	**1,154.9**	**1,299.1**	**1,335.2**	**1,756.9**	**5,546.1**

* Excluding two months (November & December) of *Merkado* operations
** Excluding one month (December) of *Korzinka* operations

Appendix IV: Financial Calendar for 2008

Date	Event
February 28, 2008	Preliminary Unaudited FY 2007 Financial Results Release & Conference Call
April 10, 2008, TBC	Q1 2008 Trading Update Release
April 22, 2008, TBC	Audited FY 2007 IFRS Results Release
May 29, 2008, TBC	Q1 2008 Unaudited Financial Results Release
July 10, 2008, TBC	Q2 & H1 2008 Trading Update Release
September 23, 2008, TBC	Q2 & H1 Audited IFRS Results Release
October 9, 2008, TBC	Q3 2008 Trading Update Release
November 25, 2008, TBC	Q3 2008 Unaudited Financial Results Release