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Vysotsky Continues X5 Exodus

By The Moscow Times

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A co-founder of X5 Retail Group is leaving the company, extending a turbulent spell that has also seen the departure of the chief executive and the firm's first ever quarterly like-for-like sales fall.

Oleg Vysotsky, who co-founded X5's predecessor Pyatyorochka in 1999 and now heads up its discount format, told Reuters that he had resigned and would "wait and think about other projects in the retail and services sector."

X5 confirmed Vysotsky's resignation, adding that he had agreed to oversee a transition period.

"The company has already identified internal and external candidates and is conducting an exhaustive search to consider the broadest pool of management talent for this position," the firm said in a statement.

X5, Russia's biggest retailer by sales, has been mired in management and performance issues

since long-serving chief executive Lev Khasis jumped ship to join U.S. giant Walmart last year.

His successor Andrei Gusev slashed the growth target for last year and reported a 2 percent fall in like-for-like sales for the fourth quarter, the company's first since its creation in 2006.

"We view this announcement ... to be the most important event in the row over top management changes in X5 after former CEO Lev Khasis stepped down," VTB Capital analyst Maria Kolbina said in a note.

"Coupled with several consecutive quarters of weak fundamentals, this has created a lot of downbeat sentiment over X5's investment case," she added.

A string of top managers have left X5 since Gusev replaced Khasis, including the directors of supermarkets and hypermarkets, the commercial director, the logistics director and vice president in charge of private labels.

X5's shares are down 35 percent since Khasis resigned a year ago, despite a near 16 percent rally in 2012 to date.

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