

## **PYATEROCHKA AND TELE2 SIGN COOPERATION AGREEMENT**

**Moscow, 14 October 2015** – X5 Retail Group, a leading Russian food retailer (LSE ticker: “FIVE”), announces the signing of a cooperation agreement between its Pyaterochka subsidiary and telecom operator Tele2. The agreement was signed at the Russia Calling investment forum in Moscow by Pyaterochka CEO Olga Naumova and Tele2 First Deputy CEO Aleksandr Provotorov.

In the first phase of the agreement, Tele2 will open more than 1,000 branded outlets in Pyaterochka stores in Moscow and Moscow Region by late 2015. Next year, X5 and Tele2 will also discuss opportunities to work together in other regions across Russia. The Tele 2 outlets will be located near cash desks outside the shopping area in Pyaterochka stores, and will operate both as full-scale telecom stores and small-format service desks and counters. Tele2 will enjoy a sliding scale of rental rates based on the total number of outlets it opens at Pyaterochka stores.

As Tele2 taps into the Moscow market, Pyaterochka offers an extensive distribution network and target audience access, and opens up new opportunities for the telco to scale its business in proportion to the growth of the national food chain. The partnership will leverage the complementary value propositions of the retailer and the mobile operator to boost traffic by offering additional services to buyers. Tele2 will also offer exclusive subscription benefits to Pyaterochka customers.

Such cooperation agreements form part of Pyaterochka's strategy to develop partnerships in high-value additional services segments including pharmacies, everyday services such as dry-cleaning and locksmiths, children's goods, ready meals, butchers and farm produce outlets in addition to mobile phone stores.

**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 30 September 2015, X5 had 6,512 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 5,795 Pyaterochka proximity stores, 451 Perekrestok supermarkets, 84 Karusel hypermarkets and 182 convenience stores. The Company operates 34 DCs and 1,393 Company-owned trucks across the Russian Federation.

For the full year 2014, revenue totaled RUB 633,873 mln (USD 16,498 mln), EBITDA reached RUB 45,860 mln (USD 1,194 mln), and profit for the period amounted to RUB 12,691 mln (USD 330 mln). In H1 2015, revenue totaled RUB 382,608 mln (USD 6,666 mln), EBITDA reached RUB 27,518 mln (USD 479 mln), and net income amounted to RUB 7,942 mln (USD 138 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.05%, treasury shares – 0.01%, free float – 37.64%.

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