

X5 OPENS DISTRIBUTION CENTRE IN ST PETERSBURG

St Petersburg, 25 February 2016 — X5 Retail Group, a leading Russian food retailer, announces the opening of a distribution centre (DC) in St Petersburg. The state-of-the-art logistics facility will encourage more local sourcing and help provide an advanced retail shopping experience for communities across several regions of the Northwestern Federal District.

The 33,000 sq m logistics centre will handle merchandise deliveries to stores in St Petersburg, Veliky Novgorod and cities in the Leningrad, Novgorod and Pskov regions, where it will service 47 Perekrestok supermarkets and 17 Karusel hypermarkets. In the future, the facility will also cover the Arkhangelsk Region.

The opening ceremony to launch the DC, which is located in the Shushary settlement, was attended by St Petersburg Vice Governor Sergey Movchan, Government Relations Director of X5 Retail Group Stanislav Naumov, and Perekrestok and Karusel Logistics Director Denis Shulga. They discussed the strong growth of X5's logistics network and the benefits it brings to the region. In St Petersburg, X5 operates a total of five DCs, with three of them servicing Perekrestok and Karusel stores and the other two focusing on the Pyaterochka chain. The latest DC in St Petersburg will create more than 200 new jobs.

X5 Retail Group invited more than 60 major suppliers from the Leningrad Region and St Petersburg to attend the event. The launch of the new logistics facility offers suppliers great opportunities to work with X5's retail chains, materially reducing logistics costs and boosting supplies to X5 stores, including through a broader footprint.

Supply chain centralisation will also help increase the share of local suppliers in the product mix offered by X5 stores in the region. Currently, locally produced items account for 25% of goods at Pyaterochka stores and almost 40% at Perekrestok and Karusel, while in some categories (like bread and bakery) this reaches as much as 95%. Generally, over 90% of products sold by Pyaterochka, Perekrestok and Karusel stores are of Russian origin and come from a variety of regions.

As part of the DC opening, X5 Retail Group and the St Petersburg State Center of Product, Work and Service Quality Control signed an agreement to strengthen quality control of products on store shelves of retail chains, with a particular focus on the Petersburg Quality Mark voluntary certification. Pyaterochka, Perekrestok and Karusel will work with the Center to create an information campaign supporting certified producers in St Petersburg.

Strengthening distribution infrastructure is a corporate priority for X5 over the next five years. Last year, X5 became market leader by number of new distribution centres brought on stream, commissioning six DCs with a total area of 142 thousand sq m to service the Pyaterochka, Perekrestok and

Karusel chains across a number of high-potential geographies: the Kaluga, Voronezh and Chelyabinsk regions, as well as Moscow and Tatarstan.

X5 launched a logistics separation strategy in 2013 with a view to separating product flows for convenience stores from supermarkets and hypermarkets. Single format DCs are instrumental in maximising product traffic centralisation, streamlining deliveries and in-store product ranging. Logistics separation across X5's retail chains is scheduled to be completed this year.

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 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 9M 2015, revenue totaled RUB 578,701 mln (USD 9,763 mln), EBITDA reached RUB 41,780 mln (USD 705 mln), and net income amounted to RUB 12,084 mln (USD 204 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%.

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