

X5 OPENS REPRESENTATIVE OFFICE IN HONG KONG TO BOOST DIRECT IMPORTS

Moscow, 7 November 2017 - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces the opening of its trade representative office in Hong Kong. A permanent presence in Hong Kong, the business gateway to South-Eastern Asia, will enable X5's procurement team to improve purchasing terms and build up the share of direct imports in a number of product categories, primarily fruit, vegetables, seafood and non-food goods.

The Hong Kong office is X5's first trade representative office abroad. Looking forward, X5 is also considering opportunities to establish similar trade offices in Central Asia and South America. Direct engagement with foreign suppliers, bypassing distributors, will enhance the quality of X5's offering to customers, by enhancing its control over production standards and mitigating risks of supply shortages.

Ramping up direct imports of goods that are not produced in Russia and seasonal products has been among X5's top priorities since 2016. In 2017, the number of countries where X5 has direct relationships with suppliers reached 27. Direct imports already account for almost 50% of supplied fruit and berries. In the 18 months after the launch of the direct import programme, the total number of direct suppliers reached 200.

In 2017–2018, X5 intends to establish direct imports from another six countries – Bosnia, Mexico, Namibia, Madagascar, New Zealand and Iran. The Company is open to cooperation with producers from other countries looking to tap into the Russian market and is ready to offer favourable procurement terms.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘Ba2’, 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 2017, X5 had 11,326 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 10,481 Pyaterochka proximity stores, 584 Perekrestok supermarkets, 91 Karusel hypermarkets and 170 convenience stores. The Company operates 37 DCs and 2,550 Company-owned trucks across the Russian Federation.

For the full year 2016, revenue totalled RUB 1,033,667 mln (USD 15,420 mln), Adjusted EBITDA reached RUB 79,519 mln (USD 1,186 mln), and net profit for the period amounted to RUB 22,291 mln (USD 333 mln). In 9M 2017, revenue totalled RUB 933,303 mln (USD 15,999 mln), EBITDA reached RUB 72,392 mln (USD 1,241 mln), and net profit amounted to RUB 25,975 mln (USD 445 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

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.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

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