

X5 RETAIL GROUP AND COURIER SERVICE EXPRESS SIGN STRATEGIC PARTNERSHIP AGREEMENT

Moscow, 22 May 2019 – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: “FIVE”), and Courier Service Express (CSE) join forces in a project to deliver online orders to Pyaterochka, Perekrestok and Karusel stores, as well as directly to customers. The agreement was signed at the ECOM Expo 2019 exhibition by representatives of the CSE and X5 OMNI, an X5 subsidiary, developing a delivery technology platform based on X5 Retail Group logistics network and retail stores.

The agreement provides for full-cycle fulfilment and delivery of online orders processed by the CSE to parcel lockers and pick-up points located at X5 retail stores. Orders will be delivered through X5 OMNI’s sorting centres using the company’s logistics solutions. In addition, buyers will have the option of having the parcels delivered to their doorstep by CSE couriers.

Artem Kholin, Logistics and Operations Director at X5 OMNI, commented: *“Our partnership with Courier Service Express is yet another important step in building up our parcel delivery capacity. As part of the project, the companies will integrate their IT systems to make sure that CSE deliveries can be tracked in X5 OMNI’s technology platform. The X5 OMNI parcel delivery technology platform includes X5’s IT systems, OMNI’s accounting system (OMS, WMS, TMS) and the API integration software with e-commerce companies. The platform can handle up to 1 million shipments per day. By the end of 2020, parcel delivery services will be available in the vast majority of X5 stores.”*

Vladimir Vinogradov, CSE’s CCO *“Our partnership with X5 Retail Group is set to create joint last mile services for delivering online orders, parcels, and mail to customers, using their preferred delivery options. X5 offers an extensive network of retail stores, many of which have parcel lockers and pick-up points. This facilitates parcel collection for customers who can receive their orders at a time and place convenient to them and for an affordable price. Thanks to this project we are hoping to further streamline customer experience, as we seek to expand our footprint and offer competitive prices and exceptional service.”*

Igor Pletnev, Director for Strategic Business Development at X5 Retail Group, said: *“Our goal is to create a nationwide package delivery network by leveraging the potential of our retail stores and logistics capabilities. To this end, we mostly work with e-commerce companies to capitalise on their expertise in the field. Some 2,400 stores are already equipped with parcel lockers and pick-up lockers, including 47 Pyaterochka checkouts and 21 pharmacy pick-up points. Customers pick up over 7,000 parcels at X5 stores on a daily basis. Customer survey results attest to a great potential of the service. Out of the 4,000 Pyaterochka customers of the stores equipped with parcel lockers, 20% have already used the service with 74% finding it convenient and planning to use it going forward.”*

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba1’, S&P – ‘BB’, RAEX – ‘ruAA’) 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 and the hypermarket chain under the Karusel brand.

As of 31 March 2019, X5 had 14,779 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 13,917 Pyaterochka proximity stores, 771 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 41 DCs and 3,837 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In Q1 2019, revenue totalled RUB 405,864 mln (USD 6,138 mln), adjusted EBITDA reached RUB 29,473 mln (USD 446 mln), and net profit amounted to RUB 9,297 mln (USD 141 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.07%, treasury shares – 0.02%, Shareholders with less than 3% – 40.62%.

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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