

X5 STRENGTHENS URALS LOGISTICS INFRASTRUCTURE

Perm, 18 May 2017 – X5 Retail Group, a leading Russian food retailer, announces the development of its Urals logistics infrastructure with the opening of a distribution centre (DC) in Perm.

The logistics facility of over 23,500 sq m will supply Pyaterochka stores in the Perm Region (currently more than 280 stores). Featuring five storage zones, each with a specific temperature band, the facility is designed to accommodate all categories of goods. This multi-format distribution centre is a key milestone in developing X5's logistics infrastructure in the Urals, with the aim of optimising the number of DCs while also ramping up their capacity and capabilities.

The new logistics centre will ensure the freshness and availability of goods as Pyaterochka continues its active expansion, help to cut transportation costs, and unlock new opportunities for local producers. The Perm DC will be a focal point for local producers, enabling them to increase sales and bring their products to other regions. At full capacity, the DC will be able to process and handle products from over 350 local suppliers. The share of local producers in Pyaterochka's product mix in the Perm Region is 22%, while in some categories (like bread and bakery) it reaches as much as 90%.

The logistics facility has increased the number of jobs provided by the Pyaterochka retail chain in the Perm Region by 230 to exceed 3,900 jobs.

The DC opening ceremony was attended by Deputy Prime Minister – Minister of Industry, Entrepreneurship and Trade of the Perm Region Alexey Chibisov and Pyaterochka CEO Olga Naumova. X5 Retail Group also invited managers from over 70 suppliers to take part in the ceremony. After the ceremony, the Perm DC hosted the X5 Dialogue Forum, where representatives of X5 Retail Group's chain stores shared X5's best practices in partnering with local suppliers and food producers. The local manufacturers received valuable advice on how to build relationships with retail chains, including information on product quality controls and requirements for transportation, storage, sales and disposal of food products set out in the Customs Union's and X5's relevant technical regulations.

X5 Retail Group views the development of logistics infrastructure as a strategic priority for the next few years. For the second year running, X5 leads the market by the number of DCs opened during the year. In 2015, X5 opened six new DCs with a total area of 142,000 sq m, while the area of the seven new DCs opened in 2016 totalled 212,000 sq m.

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 31 March 2017, X5 had 9,817 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 9,002 Pyaterochka proximity stores, 544 Perekrestok supermarkets, 90 Karusel hypermarkets and 181 convenience stores. The Company operates 36 DCs and 2,293 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 Q1 2017, revenue totalled RUB 293,078 mln (USD 4,981 mln), EBITDA reached RUB 22,167 mln (USD 377 mln), and net profit amounted to RUB 8,355 mln (USD 142 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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