

X5 OPENS FIRST DISTRIBUTION CENTRE IN SIBERIAN FEDERAL DISTRICT

Novosibirsk, 12 October 2017 – X5 Retail Group (“X5” or “the Company”), a leading Russian food retailer (LSE: FIVE), announces the opening of its first distribution centre (DC) in the Siberian Federal District.

The 17,000 sq m DC in Novosibirsk will service all Pyaterochka stores in the Kemerovo, Novosibirsk, Omsk and Altai regions (186 stores as of 30 September 2017). Featuring four separate zones with a specific temperature band each, the facility is designed to store nearly all categories of goods.

The new logistics centre will help ensure goods are always fresh and available to match the pace of Pyaterochka’s active expansion, contributing to lower transportation costs and unlocking new opportunities for local producers. The Novosibirsk DC will be the focal point for local producers, as it will help to support their sales and bring their products to other regions. It will also help cut delivery costs for suppliers, more than 400 of whom already have their products processed at the DC.

Siberian-produced items account for more than 25% of the product range at Pyaterochka stores in the Siberian Federal District. The retail chain works with more than 130 local producers, including 50 businesses in the Novosibirsk region, more than 30 in the Omsk region, 22 in the Kemerovo region, and 23 in the Altai region.

The logistics facility helped increase the number of jobs provided by the Pyaterochka retail chain in the Novosibirsk region by 190, to 1,150 jobs. To date, X5 has generated over 2,800 jobs across all regions of its operation in Siberia.

The DC opening ceremony was attended by Minister of Industry, Trade and Entrepreneurship Development of the Novosibirsk Region Nikolay Simonov and Pyaterochka CEO Olga Naumova. X5 Retail Group invited managers of more than 80 major suppliers from the Siberian Federal District to take part in the ceremony.

After the event, the Novosibirsk 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. 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 applicable technical regulations of the Customs Union and X5.

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 H1 2017, revenue totalled RUB 613,879 mln (USD 10,587 mln), EBITDA reached RUB 50,000 mln (USD 862 mln), and net profit amounted to RUB 18,698 mln (USD 322 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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