

X5 OPENS ITS LARGEST DISTRIBUTION CENTRE IN MOSCOW REGION

Moscow, 23 March 2016 – X5 Retail Group, a leading Russian food retailer, announces the opening of its largest distribution centre (DC). Located at Sofyino logistics park in the Moscow Region, this modern logistics facility of 65,000 sq m will ensure uninterrupted supply of products to all Perekrestok supermarkets. The deal represents the largest lease transaction in the Moscow Region's warehouse market in 2015.

The opening ceremony of the distribution centre was attended by Vladimir Posazhennikov, Moscow Region's Minister for the Consumer Market and Services; Vladimir Sorokin, General Director of Perekrestok; and Denis Shulga, Logistics Director of Perekrestok. They discussed the benefits for the region unlocked by the intensive development of the X5 Retail Group logistics system. The opening of X5's new distribution centre created 480 jobs. Overall, X5 operates ten distribution centres in the Moscow Region, five of which cater to the Pyaterochka network, and the rest provide logistics support to Perekrestok supermarkets and Karusel hypermarkets.

X5 Retail Group invited over 50 major suppliers to attend the event. The launch of the new logistics facility offers them vast opportunities to develop cooperation with X5's retail chains, materially reducing logistics costs and boosting supplies to X5 stores, including through a broader footprint. The new DC will handle over 16,000 SKUs coming from 680 suppliers.

The supply chain centralisation will also increase the share of local suppliers in the product mix offered by X5 stores in the region. Currently, the share of locally produced items sold by the Pyaterochka, Perekrestok and Karusel stores in the region stands at above 20%, while 90% of all products sold across the X5 are locally sourced from different regions across Russia.

For X5 Retail Group, distribution infrastructure enhancements will be a corporate priority for the next five years. Last year, X5 became the market leader by number of new distribution centres brought on stream: as many as six DCs with a total area of 142 thousand sq m were commissioned in 2015 to service the Pyaterochka, Perekrestok and Karusel chains across a number of high-potential geographies – in the Kaluga, Voronezh, and Chelyabinsk regions, as well as in Moscow and the Republic of Tatarstan.

X5 started implementing its logistics separation strategy in 2013 with a view to splitting product flows for convenience stores, on the one hand, and supermarkets and hypermarkets, on the other hand. Single format DCs are instrumental in maximising product traffic centralisation, streamlining deliveries and enhancing in-store product ranges. The logistics split across X5's retail chains is expected 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 2015, revenue totaled RUB 808,818 mln (USD 13,268 mln), adjusted EBITDA reached RUB 59,413 mln (USD 975 mln), and profit for the period amounted to RUB 14,174 mln (USD 233 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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