

X5 TO EXPAND FOOTPRINT IN URALS AND SOUTHERN RUSSIA

Moscow, 23 May 2016 – X5 Retail Group, a leading Russian food retailer, announces it has expanded its footprint in the Southern and Ural Federal Districts, with the opening of the first Perekrestok store in the Khanty-Mansiisk autonomous region, as well as the first Pyaterochka in the Astrakhan region.

The first two Pyaterochka stores in Astrakhan opened this month, at 39 Vorobyova St., and 12 Sverdlova St. With selling space of 350 and 417 sq m, the stores are fully in line with the new Pyaterochka concept launched in October 2013. To date, the Company has renovated over 5,000 stores (around 75% of the total).

The new stores offer 4,000 SKUs, with a large share of fresh products (fruits, vegetables, meat, fish, and dairy), including locally produced goods that are marked with a special "Buy Astrakhan" label. Going forward, Astrakhan's Pyaterochka stores aim to purchase one-third of its selection from local suppliers, who will also benefit from the partnership by gaining the opportunity to sell their products to neighbouring regions.

At present, X5 operates over 500 stores in the south of Russia (the Rostov, Volgograd, Stavropol, Krasnodar regions, as well as the republic of Karachayevo-Cherkessia, Adygeya and Dagestan), with another 30 stores due to be opened in Astrakhan by the end of 2016.

X5 continues its expansion in the Urals. Recently, the Company opened the first Perekrestok supermarket at 8 Yunosti St., in the city of Surgut in the the Khanty-Mansiisk autonomous region. The store has 775 sq m of selling space and offers 8,000 SKUs, with over half of the bread, dairy and meat selection coming from Surgut and Tyumen suppliers. These products are marked as "made in Surgut". In addition, the store plans to develop its cooperation with local fish suppliers by growing their share in its product offering.

The new store helped create about 50 new jobs. With another four Perekrestok supermarkets planned to open in Surgut by July, the region will gain 250 more jobs. Perekrestok has already opened two new stores this year in Yekaterinburg. Together with the one in Surgut, X5 Retail Group now operates 18 Perekrestok stores in the Urals, employing about 900 people. This year, Perekrestok will continue its advance into the Urals, strengthening its foothold in Yekaterinburg, Chelyabinsk, Tyumen and Magnitogorsk.

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 March 2016, X5 had 7,397 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 6,636 Pyaterochka proximity stores, 486 Perekrestok supermarkets, 91 Karusel hypermarkets and 184 convenience stores. The Company operates 35 DCs and 1,462 Company-owned trucks across the Russian Federation.

For the full year 2015, revenue totalled RUB 808,818 mln (USD 13,268 mln), Adjusted EBITDA reached RUB 59,413 mln (USD 975 mln), and net profit for the period amounted to RUB 14,174 mln (USD 233 mln). In Q1 2016, revenue totalled RUB 231,611 mln (USD 3,104 mln), EBITDA reached RUB 16,493 mln (USD 221 mln), and net profit amounted to RUB 5,054 mln (USD 68 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%.

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 at 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.

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