

X5 LAUNCHES MAJOR UPGRADE OF LOGISTICS CLUSTER IN NORTH-WEST RUSSIA

St. Petersburg, 8 September 2016 – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE ticker: “FIVE”), announces the development and optimisation of its logistics infrastructure in the north-west of Russia and the opening of a distribution centre (DC) in St. Petersburg.

With over 27,000 sq m of space, the St. Petersburg – Yug logistics facility will supply 889 Pyaterochkas in eight regions: St Petersburg plus the Leningrad, Arkhangelsk, Vologda, Novgorod, Murmansk and Pskov regions, as well as the Republic of Karelia. The DC covers a total of 298 cities, towns and villages in the Northwestern Federal District. Featuring five storage zones, each with distinct temperature zone, the facility is designed to accommodate all categories of goods.

St. Petersburg – Yug marks a new milestone in the development of X5’s logistics infrastructure in the north-west of Russia, with the aim of optimising the number of DCs in the Federal District while also increasing capacity and capabilities. This is the first in a series of multi-format, next-generation DCs the Group will use to ensure the availability and freshness of products during Pyaterochka’s rapid expansion, while also cutting logistics costs.

X5 Retail Group invited managers of over 60 suppliers from St Petersburg, the Leningrad, Pskov, Novgorod and Vologda regions to take part in the ceremony. The launch of the new logistics facilities offers them vast opportunities to develop cooperation with X5’s retail chains, materially reducing logistics costs and boosting supplies to X5 stores, including through wider geographic reach.

At its full capacity, St. Petersburg – Yug will be able to process and handle products from over 200 local suppliers. Currently, the share of local supplies in the offering of Pyaterochka stores in the north-west of Russia stands at 27%, while in some categories (like bread and bakery) it reaches as much as 95%.

This advanced logistics facility is X5’s second DC to open in St. Petersburg this year and the sixth one launched across Russia in 2016. Previously, X5 opened five distribution centres with a total area of 164.5 thousand sq m: one each in St Petersburg, the Moscow region and Chelyabinsk, and two in the Republic of Adygea.

The opening of St. Petersburg – Yug has helped create almost 500 additional jobs in the region.

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 30 June 2016, X5 had 7,936 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 7,164 Pyaterochka proximity stores, 493 Perekrestok supermarkets, 89 Karusel hypermarkets and 190 convenience stores. The Company operates 35 DCs and 1,469 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 H1 2016, revenue totalled RUB 483,244 mln (USD 6,878 mln), EBITDA reached RUB 36,498 mln (USD 519 mln), and net profit amounted to RUB 13,004 mln (USD 185 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.06%, treasury shares – 0.01%, 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 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.

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