

## **X5 RETAIL GROUP REACHES AGREEMENT WITH O'KEY ON ACQUISITION OF SUPERMARKETS BUSINESS**

**Moscow, 15 December 2017** - X5 Retail Group, ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: FIVE), and O'KEY, one of the leading food retailers, announce that they have reached an agreement for X5 to acquire the supermarkets business currently operating under the O'KEY brand. Russia's Federal Antimonopoly Service ("FAS") has approved the deal.

The business being acquired consists of 32 supermarkets, including 18 in St Petersburg, four in Moscow, two in Volgograd, and one each in the Moscow and Leningrad regions, Astrakhan, Voronezh, Lipetsk, Togliatti, Krasnodar and Novocherkassk. Under the terms of the transaction, X5 will also acquire the real estate (supermarket buildings) for 14 stores (13 in St Petersburg and one in Moscow). All of these supermarkets are due to be integrated into the Perekrestok chain.

The legal advisors for this transaction include White & Case (for X5) and Herbert Smith Freehills (for O'KEY).

Igor Shekhterman, X5 Retail Group CEO, said: *"This transaction is fully in line with our strategy of strengthening Perekrestok's position as the leading supermarket chain in Russia. While we maintain a focus on organic growth for X5, we miss no opportunities to acquire promising locations in strategically important regions."*

Miodrag Borojević, O'KEY CEO, said: *"We are pleased to have reached the agreement with X5 Retail Group to sell our supermarket business. The renewed company structure based on this sale will allow us to focus on the core strategic priorities of the business – efficiency improvement at compact city hypermarkets and accelerating the expansion of our discounters."*

**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 9M 2017, revenue totalled RUB 933,303 mln (USD 15,999 mln), EBITDA reached RUB 72,392 mln (USD 1,241 mln), and net profit amounted to RUB 25,975 mln (USD 445 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%.

**O'KEY** is one of the largest retail chains in Russia. The Company operates under two main formats: hypermarkets under "O'KEY" brand and discounters under the "DA!" brand. O'KEY is the first among Russian food retailers to launch e-commerce operations in St. Petersburg and Moscow, based on its hypermarket assortment.

The Group opened its first hypermarket in St. Petersburg in 2002 and has since demonstrated continuous growth. As of December 15, 2017, the Group operates 145 stores (excluding the 32 supermarkets being acquired by X5) across Russia.

**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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