

X5 BOOSTS LOGISTICS IN CENTRAL RUSSIA

Yaroslavl, 4 October 2018 – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: FIVE), announces the development of logistics infrastructure in the Central Federal District and the opening of a distribution centre (DC) in Yaroslavl.

The 34,000 sq m Yaroslavl logistics facility will serve over 500 Pyaterochka stores in the Yaroslavl, Arkhangelsk, Vologda, Ivanovo and Kostroma regions. With six separate temperature zones, the facility is designed to store nearly all categories of goods.

The new distribution centre will help ensure that goods are always fresh and available, even as Pyaterochka continues its active expansion, contributing to lower transportation costs and unlocking new opportunities for local suppliers. The Yaroslavl DC will be the focal point for local suppliers to increase their sales, bring products to other regions and significantly cut delivery costs. At its full capacity, the distribution centre will be able to handle and store products from 500 plus suppliers.

The new logistics facility will help enhance the share of local goods, which already account for more than 20% of Pyaterochka's product mix in the Yaroslavl Region. In 2017, X5 Retail Group added 11 producers from the region to its supplier list. Pyaterochka is already partnered with Yaroslavsky Broiler (poultry) which delivers its produce to the format's stores in 10 Russian regions, Atrus (meat products, bakery), Danilovskiye Syry Trade House (dairy products) and many others.

The Yaroslavl DC's around-the-clock operations will be supported by 400 local residents. Overall, Pyaterochka's facilities and stores have provided over 2,000 jobs in the Yaroslavl Region.

X5 is actively developing its logistics infrastructure, which is essential to ensure the smooth operation of its stores. This will be one of the Group's strategic focus areas for the next few years. For the past three years, X5 Retail Group has opened 23 distribution centres, with a total area of 598,000 sq m. As of 30 June 2018, it operates 40 DCs.

Currently, there are over 150 Pyaterochkas in the Yaroslavl Region, with more than 80 of them in Yaroslavl. By the end of the year, eight more stores are to open up in the region, of which at least one will be located in the regional centre.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba2’, S&P – ‘BB’, RAEX – ‘ruAA’) 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 2018, X5 had 13,178 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 12,314 Pyaterochka proximity stores, 691 Perekrestok supermarkets, 93 Karusel hypermarkets and 80 convenience stores. The Company operates 40 DCs and 2,983 Company-owned trucks across the Russian Federation.

For the full year 2017, revenue totalled RUB 1,295,008 mln (USD 22,193 mln), Adjusted EBITDA reached RUB 99,131 mln (USD 1,699 mln), and adjusted net profit for the period amounted to RUB 33,768 mln (USD 579 mln). In H1 2018, revenue totalled RUB 734,077 mln (USD 12,368 mln), adjusted EBITDA reached RUB 51,697 mln (USD 871 mln), and net profit amounted to RUB 14,313 mln (USD 241 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.64%.

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.

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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