

NEW HOFF FORMAT LAUNCHED AT KARUSEL

Moscow, 1 July 2019 – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: “FIVE”), and Hoff, one of the country's major household retailers, announce a pilot project to expand the non-food offering at Karusel stores using the shop-in-shop format. Under the agreement, four X5 hypermarkets in Moscow, the Moscow region, and St Petersburg will sublease floor space to pilot Hoff Home selling areas during this summer.

The first new format 900 sq. m Hoff Home shop welcomed its first customers today in a Karusel store on the Novorizhskoye highway. Hoff shopping areas in other pilot hypermarkets will occupy 475–1,000 sq. m., up to 15% of the store’s total sales area on average.

Hoff and Karusel analysed customer preferences to shape the optimum mix of household products for such a format, with more than 3,500 SKUs in different styles and reflecting seasonal trends: tableware, textiles, household goods, interior and décor items, and even carpets. The new offering will create additional value for hypermarket customers.

“X5 is continually looking to improve the offering for its hypermarket format. The Company has already updated the concept, branding and CVP, and is constantly seeking to streamline processes. We expect the synergy between two leading players in their respective markets to improve the operational efficiency of the hypermarkets, boost traffic and customer loyalty for both companies,” said X5 Retail Group CEO Igor Shekhterman.

“We are convinced that Karusel customers will embrace our non-food expertise, while cooperation with the hypermarket format will increase our brand awareness by giving Hoff a presence in areas with high customer traffic,” said Hoff Co-Founder Mikhail Kuchment.

Further rollout will be considered based on the results of the pilot project and an in-depth analysis of the pilot facilities’ performance.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba1’, 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 and the hypermarket chain under the Karusel brand.

As of 31 March 2019, X5 had 14,779 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 13,917 Pyaterochka proximity stores, 771 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 41 DCs and 3,837 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In Q1 2019, revenue totalled RUB 405,864 mln (USD 6,138 mln), adjusted EBITDA reached RUB 29,473 mln (USD 446 mln), and net profit amounted to RUB 9,297 mln (USD 141 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.07%, treasury shares – 0.02%, Shareholders with less than 3% – 40.62%.

Established by Alexander Zajonc and Mikhail Kuchment in 2008, **Hoff** is a leading Russian furniture and household retailer featuring a single selling area that offers everything for a modern home interior – furniture, lighting, carpets, curtains, textiles, tableware, decorations, etc. Hoff uses an omni-channel business model and sells through retail stores, online shop, mobile app and by phone. Today, Hoff operates 43 stores for a total area of 300,000 sq. m across Russia and an online store servicing all regions.

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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