

X5 AND ABRAU-DURSO TO DEVELOP RUSSKAYA LOZA BRAND

Moscow, 4 July 2019 – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: “FIVE”), and Abrau-Durso Group of Companies, one of Russia’s largest wine producers, agreed to develop the Russkaya Loza brand by establishing a JV for trademark management. A memorandum of intent to this effect was signed by Igor Shekhterman, CEO of X5, and Pavel Titov, President of Abrau-Durso Group of Companies.

Under the arrangement, X5 will become the exclusive seller of the brand. Six of Russkaya Loza’s still wines are already available in stores, priced up to RUB 300 per bottle. They include red and white, dry and semi-sweet, blended and varietal wines created specifically for X5. An important element of the partnership is the desire to support the development of Russian winemaking. To that end, the partners plan to expand the brand’s portfolio by adding new products with a particular focus on using Abrau-Durso’s expertise and production capacities and own vineyards for higher price segments.

“We focus on developing strategic partnerships with suppliers so that we can offer a unique assortment to our customers. We join forces with market leaders to be able to make an exclusive value proposition offering great value for money in the natural wine category,” said Igor Shekhterman, CEO of X5 Retail Group.

“Creating this joint venture is a logical continuation of the productive cooperation between two leaders in their respective industries. We are confident that thanks to our partnership, consumers will have more opportunities to purchase high-quality wine at reasonable prices,” commented Pavel Titov, President of Abrau-Durso Group of Companies.

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%.

Russian wine house **Abrau-Durso** is the leading producer of sparkling and still wines in Russia. The Abrau-Durso estate was founded in 1870 by the decree of the Russian Emperor Alexander II. In 2020, Abrau-Durso will celebrate its 150th anniversary. Its products are exported to more than 20 countries. Abrau-Durso represents a collection of wineries: Abrau-Durso, Winery Vedernikov, Loza, Manor Divnomorskoe and others. In 2018, Abrau-Durso sold more than 37.45 million bottles of alcoholic beverages. In 2017-2018, around 500 thousand people visited the Abrau-Durso tourist centre, which is part of the largest tourist cluster in the Krasnodar region.

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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