

PYATEROCHKA PRESENTS NEW CONCEPT

Moscow, 20 September 2019 – X5 Retail Group N.V. ("X5" or "the Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), announces the opening of the first new-concept Pyaterochka store. The 360 sq m Pyaterochka with a product range of around 5,000 SKUs is located in Malaya Filyovskaya Street 14/2, Moscow.

The new concept was built using the latest trends in interior architecture and design, as well as the evolution of consumer expectations since the banner's last update five years ago. At the same time, the store remains focused on low prices. X5 started reshaping its Pyaterochka concept a year ago, with the first few stores launched this spring to pilot new elements. In early September 2019 the Company finalised the new concept for launch.

"The new concept builds on our vision of what today's proximity store should be: designed to make the lives of those who live and work nearby better and easier. We hope that the store's ergonomic and comfortable interior design and architecture, coupled with the improved quality of fresh products at invariably low prices will serve to create a pleasant atmosphere and ensure a great customer experience," said Sergei Goncharov, General Director of Pyaterochka.

The store also boasts an upgraded product range, with a special focus on the fresh category. The new Pyaterochka will offer almost twice as many fresh products in a selling area of around 150 sq m, which is about half of the sales floor. Vegetables, fruits and some of the perishable items are laid out in the dedicated fresh zone. On top of that, the rebranded Pyaterochka sells a wide assortment of foods to go and ready-to-eat meals (more than 80 SKUs) and has a special area where customers can have coffee or fresh orange juice and charge their gadgets. An in-house bakery made it possible to expand the offering of bread and pastry to 40 SKUs, which are showcased right at the store's centre.

The new concept features interior and exterior designs in predominantly warm colours and natural materials, simplified navigation and a lighting system that combines spotlights installed in certain sections such as vegetables and fruit and soft lighting in the check-out area for a cosy atmosphere. The selling space planning and navigation seek to provide the utmost comfort and take into account key customer needs and shopping goals. For instance, one can quickly shop for fresh or ready-to-eat foods without roaming the entire store, as these goods are available right at the entrance. By contrast, goods for stock-up shopping are placed along the store's perimeter in related groups. The new concept Pyaterochka also boasts a seasonal area where goods are replaced once a fortnight according to the season, approaching holidays, etc., while an electronic shelf labelling system and five self-checkout machines will improve efficiency and service. The staff facilities have also been made more comfortable and ergonomic.

As part of its sustainable development strategy, Pyaterochka has been actively piloting various environmental initiatives. In particular, the new store is the first to offer its customers shopping baskets from recycled plastics and reusable bags. It also has installed reverse vending machines to collect plastics and aluminium containers for recycling.

By the end of this year, the chain plans to launch six more rebranded stores in Moscow and the Moscow region, and aims to streamline the supply of new materials and equipment. From 2020, the new concept will be rolled out to all new and refurbished stores.

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 30 June 2019, X5 had 15,260 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 14,385 Pyaterochka proximity stores, 785 Perekrestok supermarkets and 90 Karusel hypermarkets. The Company operates 42 DCs and 3,952 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 H1 2019, revenue totalled RUB 843,175 mln (USD 12,905 mln), adjusted EBITDA reached RUB 66,072 mln (USD 1,011 mln), and net profit amounted to RUB 22,805 mln (USD 349 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.01%, Shareholders with less than 3% – 40.62%.

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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