



MCDONALD'S AND X5 SET UP THE FIRST FAST FOOD RESTAURANT IN A PEREKRESTOK SUPERMARKET

Moscow, 23 July 2020 – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: “FIVE”), and McDonald’s announce the launch of a pilot project to open fast food outlets in the Company’s stores. The first in-store McDonald’s is located directly in the shopping area of a Perekrestok supermarket at 5 Leningradskoe Highway in the Liga Khimki shopping mall.

The new facility combines a Delivery Kitchen for food deliveries with a McExpress window for takeaway and eat-in customers who want to use the shared dining area in the supermarket.

The companies will assess potential synergies that could boost traffic, foster loyalty to both brands and facilitate exploring new consumer habits for further cooperation. The pilot project envisages launching several fast food facilities in Perekrestok supermarkets in the Moscow metropolitan area and in St Petersburg. Based on the results of this test facility, a decision will be made on the further development strategy for the format. The new format may also be adapted to and rolled out at other X5 retail banners.

“We are happy to have X5 as our new partner, as we strive to provide our customers with outstanding service together with other market leaders in Russian. As a leader in food services, we are joining forces with Russia’s largest food retailer to form a partnership that opens up new opportunities for us to expand our footprint and share traffic,” said Karina Pogosova, Senior Vice President of Development, IT and Franchising at McDonald’s Russia.

“The food retail and the fast food industries are gradually merging into one. Depending on the situation, a customer may opt to buy groceries or ready-made food at the store, or order goods via express delivery. This trend led us to explore cooperation with McDonald’s in order to test various partnerships and create new business models that will best meet customer needs in a unified food market,” said Vladimir Salakhutdinov, Director of Strategy at X5 Retail Group.

The new 24/7 McDonald’s restaurant is equipped with a standard kitchen featuring a Made for You system to prepare food only after it has been ordered for delivery, takeaway, or eat-in. In addition, visitors can enjoy drinks and desserts at McCafé. The restaurant employs over 40 people. The new McDonald’s outlet boasts the highest standards of safety and quality: all employees wear masks and gloves and have their temperature checked every four hours, all surfaces are regularly disinfected, while the kitchen itself is equipped with 24-hour UV disinfection lighting.

**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 2020, X5 had 17,025 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 16,096 Pyaterochka proximity stores, 867 Perekrestok supermarkets and 62 Karusel hypermarkets. The Company operates 42 DCs and 4,083 Company-owned trucks across the Russian Federation.

For the full year 2019, revenue totalled RUB 1,734,347 mln (USD 26,791 mln), Adjusted EBITDA under IAS 17 reached RUB 127,380 mln (USD 1,968 mln), and net profit under IAS 17 for the period amounted to RUB 25,908 mln (USD 400 mln). In Q1 2020, revenue totalled RUB 468,994 mln (USD 7,065 mln), adjusted EBITDA reached RUB 32,980 mln (USD 497 mln), and net profit amounted to RUB 8,175 mln (USD 123 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.09%, treasury shares – 0.01%, Shareholders with less than 3% – 40.61%.

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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