

PYATEROCHKA, SURPRISING CUSTOMERS EVERY DAY!

Moscow, 1 October 2013 - X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer, announced today a new brand positioning initiative (the “Initiative”) for Pyaterochka, the Company’s soft discounter format (the “Format”). The Initiative will focus on improvements to Pyaterochka stores in all regions of presence and include changes to assortment, customer service, quality control, store layout and design.

The Initiative is based on the results of field surveys, customer feedback and analysis of comments left on the soft discounter’s “hot line” communication resource for customers. The new slogan, “Pyaterochka, exciting customers every day!” reflects the Initiative’s focus on an updated assortment, fresh products, convenient store lay out and attention to customer service, which will excite our customers on a daily basis.

The Initiative is accompanied by a new advertising campaign that begins today in the Central and North-West regions on local TV and radio stations. The campaign will introduce customers to Pyaterochka’s new corporate style, logo and branding. The advertising campaign will be rolled out in other regions starting in November.

The Format will also optimize subleasing arrangements and customers will find new services in “Pyaterochka” stores, like E5.ru stands (X5’s online retail channel), pharmacies, dry cleaners, mobile phone outlets and payment terminals for utilities.

The assortment at Pyaterochka will be refreshed weekly with up to 50 new products introduced each week, primarily in the fresh category (fresh meat, fish, bread, fruits and vegetables). As part of the Initiative, Store Directors will also assume the role of Fresh Director and be responsible for control of product expiry dates, customer relations and service and will always be available to customers on the trading floor.

To support the new brand positioning, renovation of Pyaterochka stores in the Central, North-West and Ural regions starts in October 2013 while stores in other regions will start at a later date. Renovations will include changes to store facades, trading areas, equipment, navigation, lighting and staff uniforms. Store renovations will continue into 2014 and beyond.

Olga Naumova, the General Director of the Soft Discounter format commented,

“We have been preparing for this Initiative for a long time, and it is time to prove that our priority is our customers. Pyaterochka will continue to focus on economical prices with a focus on convenience, service and quality. The realization of the new concept will take time, but the entire Pyaterochka team will focus on improving our stores and exciting customers every day. Eventually these changes will not only excite our loyal customers, but also will help attract new shoppers as well”.

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Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is a leading Russian food retailer. The Company operates several retail formats: the soft discounter chain under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, the online retail channel under the E5.ru brand and convenience stores under various brands.

At 30 June 2013, X5 had 4,031 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 3,419 soft discounter stores, 378 supermarkets, 79 hypermarkets and 155 convenience stores. The Company operates 29 DCs and 1,865 Company-owned trucks across the Russian Federation. At 30 June 2013, the number of X5 employees totaled 109 thousand.

For the full year 2012, net sales totaled USD 15,795 mln, EBITDA reached USD 1,124 mln, and net loss amounted to USD 126 mln. For the first six months of 2013, net sales totaled USD 8,382 mln, EBITDA reached USD 576 mln and net profit amounted to USD 139 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 16.35%, X5 Directors – 0.02%, treasury shares – 0.06%, free float – 35.71%.