

X5 ENTERS SIBERIAN FEDERAL DISTRICT

Novosibirsk, 12 August 2016 – X5 Retail Group, a leading Russian food retailer, announces the launch of its operations in the Siberian Federal District and the creation of Pyaterochka's Siberian Division.

Between 5 and 12 August, five Pyaterochkas were opened in Novosibirsk. The stores, with a total area of 2,890 sq m, are fully in line with the format's new concept launched in October 2013. To date, the chain has upgraded and rebranded over 6,400 stores (more than 89% of the total) in 54 regions.

At present, Pyaterochka partners with more than 50 Siberian producers. Over 40 producers are located in the Siberian Federal District, with 17 of them in the Novosibirsk Region. Local producers account for about 17% of store sales. Their bakery, frozen products, eggs and chilled poultry categories consist of nearly 100% locally produced goods. Going forward, every fifth product in the Siberian Pyaterochkas will be of local origin. Partners of X5 will also have an opportunity to supply their goods to neighbouring regions. The products made in Siberia are marked with a special eye stopper.

The Novosibirsk Pyaterochkas will be supplied by a distribution centre (DC) in the town of Ob, Novosibirsk Region. A logistics services contract has been signed with HAVI Logistics. In addition, the Novosibirsk Pyaterochkas will receive some goods directly from local producers.

By the end of 2016, Pyaterochka plans to open over 60 stores in Novosibirsk, Kemerovo, Novokuznetsk and Omsk, thus creating 760+ additional jobs in the stores and X5's regional office. Over the next two years, Pyaterochka plans to open over 150 stores in the Altai Territory, as well as in Novosibirsk, Kemerovo, Omsk and Tomsk Regions.

The chain's DC, with a total area of 35,000 sq m and a headcount of 250 employees, will start operations in Novosibirsk by the end of 2017. The DC, with capacity to service more than 500 stores, will feature up to 31,000 pallet positions, accept up to 260 and release up to 350 vehicles daily.

By the end of 2018, Pyaterochka's Siberian Division plans to open DCs in Krasnoyarsk and Omsk.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘Ba3’, S&P – ‘BB-’) 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, the hypermarket chain under the Karusel brand and Express convenience stores under various brands.

As of 30 June 2016, X5 had 7,936 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 7,164 Pyaterochka proximity stores, 493 Perekrestok supermarkets, 89 Karusel hypermarkets and 190 convenience stores. The Company operates 35 DCs and 1,469 Company-owned trucks across the Russian Federation.

For the full year 2015, revenue totalled RUB 808,818 mln (USD 13,268 mln), Adjusted EBITDA reached RUB 59,413 mln (USD 975 mln), and net profit for the period amounted to RUB 14,174 mln (USD 233 mln). In Q1 2016, revenue totalled RUB 231,611 mln (USD 3,104 mln), EBITDA reached RUB 16,493 mln (USD 221 mln), and net profit amounted to RUB 5,054 mln (USD 68 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.06%, treasury shares – 0.01%, free float – 37.64%.

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 at 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.

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