

X5 STRENGTHENS LOGISTICS INFRASTRUCTURE IN URALS

Chelyabinsk, 25 August 2016 – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE ticker: “FIVE”), announces the successful completion of stage 2 of its Forpost distribution centre (DC) in Chelyabinsk. With the new storage zones in operation, the DC’s total area will grow by 3.5x and reach 21,000 sq m.

The launch of stage 2 of the logistics facility, including warehouses for storing dry goods and alcoholic beverages, as well as a banana-ripening room, will boost the efficiency of X5’s supply chains and provide a logistics platform to support rapid growth of the Pyaterochka retail chain in the Urals and Siberia. The new storage zones will also encourage more local sourcing. The share of locally produced items in Pyaterochka stores across the Urals Federal District stands at an average of 30%, and reaches as much as 100% in some categories. The DC will service 642 Pyaterochkas across six regions: Chelyabinsk, Sverdlovsk, Tyumen, Kurgan Regions, Khanty-Mansi Autonomous Area (Surgut), and Bashkortostan.

Together with the Kaskad DC, already operational in Chelyabinsk, stage 2 of the Forpost DC will double the total warehousing capacity for storing dry goods. The enhanced layout design of the new dry goods warehouse seeks to accommodate six-shelf storage units, helping to reduce the number of operations and kilometres driven by warehouse trucks.

The DC can accept up to 100 vehicles daily, servicing stores up to a distance of over 400 km. With 55 warehousing trucks, the DC’s employees can handle up to 450 tonnes of goods per day.

X5 invited managers of over 70 supplier companies from the Chelyabinsk, Sverdlovsk, Tyumen, Kurgan, Orenburg and Perm regions. For suppliers, the launch of stage 2 opens up new opportunities to develop cooperation with X5’s retail chains and boost supplies to X5's stores.

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 H1 2016, revenue totalled RUB 483,244 mln (USD 6,878 mln), EBITDA reached RUB 36,498 mln (USD 519 mln), and net profit amounted to RUB 13,004 mln (USD 185 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 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.

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