

OVER 3,300 A-MEGA AND DA ZDOROV PHARMACIES TO OPEN IN X5 STORES

Moscow, 22 September 2016 – X5 Retail Group, a leading Russian food retailer, announces it has entered into a 10-year partnership agreement with SIA International Ltd., a major pharmaceutical distributor. The agreement gives priority rights for opening pharmacies in X5 stores at market sublease rates. The project aims to open at least 3,300 pharmacies in Pyaterochka, Perekrestok, and Karusel stores by the end of 2020. The shareholders of SIA International Ltd. plan to invest up to RUB 6 billion into the project.

The partnership creates synergies between X5 Retail Group's stores and the lessee, helping to boost traffic and conversion, while customers will gain access to additional services. SIA International Ltd. will open pharmacies at X5 stores under the A-MEGA discounter brand and DA ZDOROV brand, which targets middle class customers. The pharmacies will offer 8,000 SKUs and range in size from 20 to 200 sq m. They will be located near checkouts in Perekrestok, Pyaterochka, and Karusel, and in Pyaterochka's shopping area (shop-in-shop model).

By late 2016, SIA International Ltd. plans to open over 170 pharmacies in the Moscow metropolitan area at premises leased from X5. Going forward, the Company seeks to expand across the geographies where Pyaterochka, Perekrestok, and Karusel operate. Since July 2016, 57 pharmacies were already opened as part of a pilot project. Andrey Gusev, who previously developed the Rigla and A5 chains, will coordinate the project on behalf of SIA International Ltd.

X5 CEO Igor Shekhterman commented:

"Cooperation with one of Russia's pharmaceuticals distribution majors is in line with the Group's partnership strategy to provide priority additional services, which helps to create a comprehensive product and service offering across X5 stores."

"I see synergies resulting from the combination of our experience and mature dedicated logistics services, with X5 Retail Group's rapid deployment of new stores, stable traffic, and target audience segmentation that is fully in line with our pharmacy formats," said Sergey Piven, President at SIA International Ltd."

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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%.

SIA International Ltd. is one of Russia’s leading nationwide pharmaceutical distributors. The company operates 36 logistics centres and warehouses across the country and cooperates with over 300 suppliers and almost 30,000 pharmacies. The company’s major shareholder is Alexander Vinokurov. Please see www.siamed.ru for further information.