

X5 AND VIMPELCOM AGREE TO OPEN OVER 1,600 MOBILE PHONE OUTLETS IN PYATEROCHKA STORES BY THE END OF 2017

Moscow, 29 September 2016 — X5 Retail Group N.V. ("X5" or "the Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces the signing of a cooperation agreement between Pyaterochka and VimpelCom.

The first stage entails the opening of 950 Beeline branded outlets and points of sale in Pyaterochka stores this year. The project will span 20 Russian regions, with over 500 points of sale to be opened in the Moscow and St. Petersburg metropolitan areas. By the end of 2017, the total number of Beeline outlets and points of sale in Pyaterochka stores is due to exceed 1,600.

Beeline outlets will be located near the checkout area, outside of the Pyaterochka shopping area, and will include both full-scale telecom stores or small-format service desks and counters. The offering will depend on format: Beeline counters will sell the key tariff plans and process requests for equipment delivery and mobile number transfer, while stores will also have equipment available for sale.

The partnership will boost traffic and conversion thanks to the additional services offered to customers. On top of that, the Pyaterochka agreement will provide Beeline with new opportunities to scale up its business as the national food retailer continues its rapid expansion with new stores.

Projects like this are part of Pyaterochka's strategy for developing partnerships in high-value segments of additional services, which, in addition to mobile phone stores, also include pharmacies, children's stores, repair and service kiosks, and bakers.

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%.

VimpelCom (Beeline brand) is part of VimpelCom Ltd., an international communications and technology company, headquartered in Amsterdam, and driven by a vision to unlock new opportunities for customers as they navigate the digital world. Present in some of the world's most dynamic markets, VimpelCom provides more than 200 mln customers with voice, fixed broadband, data and digital services. VimpelCom's heritage as a pioneer in technology is the driving force behind a major transformation focused on bringing the digital world to each and every customer. VimpelCom offers services to customers in 14 markets including Russia, Italy, Algeria, Pakistan, Uzbekistan, Kazakhstan, Ukraine, Bangladesh, Kyrgyzstan, Tajikistan, Armenia, Georgia, Laos, and Zimbabwe. VimpelCom operates under the Beeline, Kyivstar, WIND, Mobilink, Banglalink, Telecel, and Djezzy brands.

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