X5 RETAIL GROUP LAUNCHES GOCARGO FOR ONLINE BOOKING OF CARGO TRANSPORTATION SERVICES

Moscow, 17 October 2016 — X5 Retail Group N.V. ("X5" or "the Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces the launch of GoCargo, the Company's proprietary solution for booking cargo transportation services online. The new service enables senders to place shipping orders, and distributes them among registered private carriers based on the cargo's location and the delivery address. In 2017, GoCargo will be rolled out to all of X5's networks and used for 100% of their third party shipping orders. In the future, it will be also made available to other cargo shippers for their transportation needs.

The IT framework for GoCargo is based on an algorithm that matches cargo and transport by volume, weight, temperature conditions, shipping dates, as well as loading and parking points. It can process up to 10,000 orders daily. The system is integrated into X5 Retail Group's ERP infrastructure, which expedites the process of searching for and booking transport, and rules out possible human errors and streamlines the document workflow.

GoCargo stores information on the cost and status of shipping orders, along with delivery notes, warrants for transportation, and customers' documents. The parties exchange legal documents directly through the service using the Electronic Data Interchange (EDI) technology.

The system can be accessed through a website or through the GoCargo app for Android.

For the remainder of 2016, X5's shipping orders in the Central Federal District will be serviced by around 300 vehicles operated by third party companies that are already registered in the system. The number of registered vehicles is expected to reach 2,000 during 2017. In 2017 X5 plans to place 100% of its third party shipping orders via the GoCarGo system, which accounts for approximately 30% of company's overall cargo shipping volume. The remainder of cargo shipping will be executed by X5's own fleet, which consists of 1,561 trucks (as of 30 September 2016).

In the future, all legal entities and sole proprietors will be able to register to both place and receive orders in the system, provided they are verified by X5's security service.

Timur Parshikov, X5's Director of Transport, commented: "GoCargo will enable X5 to manage transportation more efficiently by optimising third-party transportation services and cutting logistics costs."

Carriers will be able to register and use GoCargo free of charge. As an additional service option for drivers looking for cargo transportation jobs and registered in GoCargo, X5 will rent out and sell trucks suitable for the transportation of its cargos. Other benefits for GoCargo-registered drivers will include fuel and maintenance discounts, as well as support from GoCargo experts in drafting legal documents for commercial cargo transportation.

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%.

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