

## **X5 BOOSTS LOGISTICS IN SOUTHERN URAL REGION**

**Orenburg, 2 March 2017** – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer, announces the development of its logistics infrastructure in the Southern Ural Region with the opening of a distribution centre (DC) in Orenburg.

The 19,000 sq m logistics facility will serve the Pyaterochka chain in the Orenburg Region (currently more than 220 stores), and will also supply 120 stores in the Republic of Bashkortostan starting in April. Featuring four separate temperature zones, the facility is designed to store nearly all categories of goods.

The new logistics centre is designed to ensure the availability and freshness of goods even as Pyaterochka continues its active expansion. It will also help to cut transportation costs and unlock new opportunities for local suppliers. The Orenburg DC will be the focal point for local producers, helping them to increase sales and bring their products to new regions. Some have been enjoying the benefits of the DC for several months, as centre has been in operation since November 2016. Today, the DC has reached 100% capacity: it is now ready to handle and accommodate products from over 300 suppliers. The logistics facility increased the number of jobs supported by the Pyaterochka retail chain in the Orenburg Region by 180, with the total now exceeding 2,800 jobs.

The official opening ceremony for the DC was attended by Orenburg region Governor Yuri Berg and Pyaterochka CEO Olga Naumova. X5 Retail Group also invited management from over 50 suppliers to take part in the event. After the ceremony, Orenburg DC hosted the X5 Dialogue Forum, where representatives of X5 Retail Group’s stores shared best practices in partnering with local suppliers and food producers. Local manufacturers received valuable advice on how to build relationships with retail chains, including information on product quality controls and requirements for transportation, storage, sales and disposal of food products set out in the Customs Union's and X5's technical regulations.

X5 Retail Group views the development of logistics infrastructure as a strategic priority for the next several years. For the second year running, X5 leads the market by the number of DCs opened throughout the year. In 2015, X5 opened six new DCs with a total area of 142,000 sq m, while the seven new DCs opened in 2016 totalled 212,000 sq m.

**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 31 December 2016, X5 had 9,187 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 8,363 Pyaterochka proximity stores, 539 Perekrestok supermarkets, 91 Karusel hypermarkets and 194 convenience stores. The Company operates 35 DCs and 2,318 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 9M 2016, revenue totaled RUB 739,491 mln (USD 11,443 mln), EBITDA reached RUB 56,361 mln (USD 872 mln), and net profit amounted to RUB 19,874 mln (USD 308 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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