

X5 OPENS FIRST STORE IN YAMAL-NENETS AUTONOMOUS AREA

YaNAO, Purpe, 24 May 2017 – X5 Retail Group has launched its first operations in the Yamal-Nenets Autonomous Area. The first Pyaterochka was opened in Purpe, Purovsky District. The launch of operations in the Yamal-Nenets Autonomous Area marks yet another step in X5's eastward drive. The store is part of the Company's Urals Division. The social and demographic environment, as well as X5's logistics infrastructure, could support the opening of another 80–90 stores in the region.

X5 is implementing its growth strategy and investing in the quality of life in Russia by expanding its reach into towns with less than 100,000 residents. Over 40% of all Pyaterochka stores are located in towns with a population below 100,000 people.

The new Pyaterochka is one of the largest retail spaces in Purpe, with the floor space exceeding 650 sq m. Next to the checkout zone are a hairdresser's and a flower shop. The store offers more than 3,600 SKUs, including locally made baked goods and dairy products from the Tyumen and Sverdlovsk regions. Nationwide suppliers deliver fruit, vegetables, fresh meat and other perishable goods to the region.

The Pyaterochka store gets products directly from producers via a Federal Distribution Centre in the Sverdlovsk Region and a cross-docking site in Surgut. With a range of delivery modes at its disposal, X5 is able to ensure the uninterrupted supply of its full product range, regular in-store availability, high quality and reasonable prices.

The Pyaterochka in Purpe will operate using the same technologies and guidelines as the 9,000+ stores that make up the retail chain, including quality control carried out at the Company's laboratories, DCs and stores, a convenient shopping space layout, state-of-the-art in-store equipment, and professional lighting systems.

The new Pyaterochka employs 11 local staff who have been trained in the retail chain's training centre. The newcomers learned how to handle food goods, monitor product and service quality, and use electronic devices and software for ordering and selling goods. Going forward, the Company will offer additional training opportunities in various retail practices. Successful employees will have a chance to become managers at other stores opening in the region, or get jobs elsewhere in Russia.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘Ba2’, 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 March 2017, X5 had 9,817 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 9,002 Pyaterochka proximity stores, 544 Perekrestok supermarkets, 90 Karusel hypermarkets and 181 convenience stores. The Company operates 36 DCs and 2,293 Company-owned trucks across the Russian Federation.

For the full year 2016, revenue totalled RUB 1,033,667 mln (USD 15,420 mln), Adjusted EBITDA reached RUB 79,519 mln (USD 1,186 mln), and net profit for the period amounted to RUB 22,291 mln (USD 333 mln). In Q1 2017, revenue totalled RUB 293,078 mln (USD 4,981 mln), EBITDA reached RUB 22,167 mln (USD 377 mln), and net profit amounted to RUB 8,355 mln (USD 142 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

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.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

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