

KARUSEL TO PILOT ELEMENTS OF NEW CONCEPT

13 October 2017 – X5 Retail Group (“X5” or “the Company”), a leading Russian food retailer (LSE: FIVE), announces the opening of a refurbished Karusel hypermarket on Savushkin Street in St Petersburg. The redesigned store is the first to feature the updated Karusel logo and some other elements of the chain's new concept.

The hypermarket's interior design and indoor navigation are tailored to offer customers a premium shopping experience. Low shelves enable easier navigation, while tall merchandise showcases and clear signposting make it easy to find sections from almost anywhere in the shopping area. The hypermarket also uses innovative product storage systems in the shape of playhouses, split-level podiums, etc. The wooden interior and distinctive product layout make the liquor section look like a speciality boutique.

The new Karusel's food court has four zones, including a pizza place, sushi bar, confectioner's and a 250-seat restaurant. Customers can also buy ready-to-cook products to take home from the deli counter (though prices for some menu items in the restaurant are the same as at the deli counter). For the convenience of customers, trolley parks are located before the food court so customers can lock and leave their shopping trolleys before going in.

The selling space of the new hypermarket exceeds 5,700 sq m, with a product mix totalling more than 25,000 SKUs. 90% of the food offering comprises goods produced in Russia, with local suppliers from St Petersburg and the Leningrad region (over 100 companies in total) delivering fresh baked products, cakes, meat, cheese and dairy products, eggs and more. The product mix includes over 1,800 SKUs from local suppliers, accounting for more than 30% of the fresh and ultra-fresh categories.

The new Karusel created a total of 162 new jobs.

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 30 September 2017, X5 had 11,326 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 10,481 Pyaterochka proximity stores, 584 Perekrestok supermarkets, 91 Karusel hypermarkets and 170 convenience stores. The Company operates 37 DCs and 2,550 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 H1 2017, revenue totalled RUB 613,879 mln (USD 10,587 mln), EBITDA reached RUB 50,000 mln (USD 862 mln), and net profit amounted to RUB 18,698 mln (USD 322 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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