

X5 TO STRENGTHEN FOCUS ON THREE MAJOR FORMATS

Moscow, 13 October 2017 – X5 Retail Group (“X5” or “the Company”), a leading Russian food retailer (LSE: FIVE), plans to concentrate on its three major formats: Pyaterochka proximity stores, Perekrestok supermarkets and Karusel hypermarkets. The Company’s small-format convenience stores operating under the Perekrestok Express brand in Moscow will be put on sale. X5 has selected Renaissance Capital to assist with preparation of the deal. Perekrestok Express accounts for less than 1% of X5’s revenue.

X5 Retail Group CEO Igor Shekhterman said: *“Convenience stores like those that Perekrestok Express operates in Moscow, which have a selling space of up to 200 sq m, certainly have potential. However, they represent a fairly narrow segment of Russia’s modern food retail market, in which proximity stores, supermarkets and hypermarkets occupy more than a 90% share. With our market share in these formats steadily growing, we have decided to focus our full attention on continuing to develop the customer value propositions of Pyaterochka, Perekrestok and Karusel, including in Moscow.”*

This year, X5 has successfully bolstered its major retail formats, while also improving the quality of its store portfolio in Moscow. To achieve this, the Company has, among other things, leased over 100 premises that previously hosted Monetka and Sedmoi Kontinent stores. By the end of this year, these locations will reopen as Pyaterochka stores and Perekrestok supermarkets.

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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