

PYATEROCHKA STRENGTHENS MANAGEMENT STRUCTURE

Moscow, 30 May 2018 – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: FIVE), announces changes to the organisational structure of its Pyaterochka chain and the transition to a macro-regional management model. As part of the change, five macro-regions will be established and headed by directors who will report directly to Pyaterochka’s General Director. Each macro-region will consolidate two to four former geographical divisions¹ and from 2,000 to 3,000 Pyaterochka stores.

The structural change has been driven by the chain’s rapid growth, with revenue and store numbers having more than doubled since late 2014. To streamline management processes and maintain current growth rates, Pyaterochka’s headquarters need to delegate some functions. The new macro-regional executives will take on full operational management, allowing headquarters to focus on strategic priorities, setting goals and monitoring progress. This will accelerate decision-making and streamline local promotions and assortment management to better adapt stores to regional markets.

Two macro-regions have been established to date: Moscow² and Volga³. Another three will be created over the summer, including Urals-Siberia⁴ (from 1 June), North-West⁵ (from 1 July) and Centre-South⁶ (from 1 August). All of the macro-regions will be headed by senior managers from X5 and Pyaterochka.

“We are confident that the new organisational structure will help us deliver on our strategic goals, maintain strong leadership of the food retail market, and fuel further sustainable and effective growth. The growth of our team is another important priority, and the updated organisational structure provides ample opportunities for members of the Company’s talent pool, who were our key candidates in selecting macro-regional senior managers. All of the newly appointed managers have been sourced from our internal talent pipeline, testifying to the strength and great potential of our team,” said X5’s CEO and acting General Director of Pyaterochka, Igor Shekhterman.

The structural transformation is expected to be complete by 1 October 2018.

¹ The division is a standalone business unit of the Company. In most cases, its boundaries coincide with those of Russia’s regions. One division may span several regions and comprise from 500 to 1,000 stores.

² Includes Moscow and the Moscow Region

³ Includes the Republics of Komi, Udmurtia, Tatarstan, Mari El, Mordovia, Chuvashia, as well as the Kirov, Nizhny Novgorod, Penza, Ulyanovsk, Samara and Orenburg Regions

⁴ Includes the Republics of Khakassia, Bashkortostan, the Khanty-Mansi Autonomous Area, the Yamal-Nenets Autonomous Area, Altai and Perm Territories, as well as the Kemerovo, Novosibirsk, Tomsk, Omsk, Tyumen, Kurgan, Chelyabinsk, and Sverdlovsk Regions

⁵ Includes St Petersburg, the Leningrad, Arkhangelsk, Murmansk, Vologda, Novgorod, Pskov, Tver, Yaroslavl, Ivanovo, Vladimir and Kostroma Regions, as well as the Republic of Karelia and the Nenets Autonomous Area

⁶ Includes the Republics of Kalmykia, Adygeya, Kabardino-Balkaria, Karachay-Cherkessia, North Ossetia-Alania, the Krasnodar and Stavropol Territories, as well as the Smolensk, Bryansk, Kaluga, Tula, Orel, Kursk, Belgorod, Voronezh, Lipetsk, Ryazan, Tambov, Saratov, Volgograd, Astrakhan and Rostov Regions

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB’, Moody's – ‘Ba2’, S&P – ‘BB’, RAEX – ‘ruAA’) 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 2018, X5 had 12,701 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 11,797 Pyaterochka proximity stores, 674 Perekrestok supermarkets, 92 Karusel hypermarkets and 138 convenience stores. The Company operates 39 DCs and 3,038 Company-owned trucks across the Russian Federation.

For the full year 2017, revenue totalled RUB 1,295,008 mln (USD 22,193 mln), Adjusted EBITDA reached RUB 99,131 mln (USD 1,699 mln), and adjusted net profit for the period amounted to RUB 33,768 mln (USD 579 mln). In Q1 2018, revenue totalled RUB 351,518 mln (USD 6,180 mln), adjusted EBITDA reached RUB 22,234 mln (USD 391 mln), and net profit amounted to RUB 5,628 mln (USD 99 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 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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