

X5 AND SOVCOMBANK CREATE JOINT VENTURE TO ENHANCE NETWORK OF PARCEL LOCKERS

Moscow, 20 November 2018 – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: FIVE), and Sovcombank, one of the largest privately owned banks in Russia, announce the completion of a deal to create a joint venture (JV) focusing on the distribution of online orders through a network of parcel lockers. Russia's Federal Antimonopoly Service (FAS) has approved X5's request to acquire a 50% stake in TsTB (“Digital Technologies of the Future”), a company that is currently fully owned by Sovcombank.

TsTB currently has a network of 500 parcel lockers operating under the Halva brand in Moscow, St Petersburg, Nizhny Novgorod, Novosibirsk, Kazan and other major Russian cities. For the customers' convenience, the lockers are installed in Pyaterochka and Perekrestok stores and in Sovcombank offices. The JV parties are planning to increase the number of parcel lockers to 1,500 by the end of 2019.

Igor Pletnev, Director for Strategic Business Development at X5 Retail Group, said: *“For X5, this partnership is an important step towards the development of an ancillary service offering for our customers. We are certain that this kind of delivery solution for online shopping will become increasingly popular, and therefore intend to support further active growth in this area of our business.”*

Andrey Spivakov, Deputy Chairman of the Management Board at Sovcombank, said: *“For Sovcombank, the main purpose of participating in this project is to enhance distribution capabilities in the online shopping segment and to encourage instalment-based online purchases in partner stores using the bank's Halva instalment card. We also believe in the financial success of this project, as we have all the prerequisites for further enhancement of the network, including being open to new partners, attractive locations in X5 Retail Group's stores, the robust Halva brand and, finally, Sovcombank's financial support.”*

Denis Petrushevsky, CEO at TsTB, said: *“The Halva network is developing the ‘convenience parcel locker’ concept, which implies installation of lockers that are within a walking distance from customers. Pyaterochka fits the purpose of this concept perfectly, as it offers comfortable working hours and enables customers to combine parcel pick-ups with everyday shopping.”*

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 30 September 2018, X5 had 13,685 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 12,822 Pyaterochka proximity stores, 712 Perekrestok supermarkets, 92 Karusel hypermarkets and 59 convenience stores. The Company operates 40 DCs and 3,293 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 9M 2018, revenue totalled RUB 1,109,582 mln (USD 18,061 mln), adjusted EBITDA reached RUB 79,484 mln (USD 1,294 mln), and net profit amounted to RUB 22,400 mln (USD 365 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.07%, 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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