

X5 AND SANTENS TO CREATE PHARMA MARKETPLACE

Moscow, 19 June 2019 – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: “FIVE”), announces a partnership involving X5 subsidiary OMNI, Perekrestok Online and Santens Service Group. The parties have agreed to join forces in an effort to develop a pharmaceutical marketplace based on the Perekrestok.ru online store.

As part of the project, a special section of Perekrestok.ru will be devoted to products from pharmaceuticals producers: apteka.perekrestok.ru. This will benefit customers, who will gain the ability to order medicines directly from manufacturers. Orders can be paid for and collected at pharmacy pick-up points in X5 retail stores. X5 OMNI, which is developing the Company’s technology platform for parcel delivery, has already made arrangements to open 1,400 pharmacy pick-up points at X5 stores. Santens will handle the supply chain logistics to ensure delivery to pick-up points.

Andrey Osipov, Santens Logistics Group CEO, said: “Under the agreement, we will provide an extended range of services to pharmaceuticals producers, including potentially full supply chain management, while using X5’s extensive retail network to make medicines more affordable for consumers and improve their quality of life. Our partnership seeks to facilitate consumer access to medicines and reduce treatment costs by introducing a fundamentally new supply chain model for delivering pharmaceuticals from manufacturers to patients.”

Leonid Dovladbegyan, Director for Strategy and E-commerce Development at Perekrestok supermarkets said: “For us, the partnership with Santens is a strategic move given the role that Perekrestok.ru plays in our efforts to expand the range of products available to our customers. The share of online shopping in the pharmacy segment is rising, and our customers are increasingly looking for specific medicines. We are interested in having the product range offered by Russia’s leading pharmaceuticals operator in our online store, without having to invest in logistics infrastructure: Santens will be responsible for processing, assembling, sorting and delivering orders to pharmacy pick-up points at X5 retail stores.”

Igor Pletnev, Director for Strategic Business Development at X5 Retail Group, said: “This partnership agreement is an important milestone in the development of X5 OMNI’s technology platform for parcel delivery. By teaming up with Santens we are adding a new category, medicines, to our product mix. Essentially, Perekrestok.ru is providing a ground-breaking service to partners by enabling direct access to end consumers and providing an opportunity to bypass the existing supply chain dominated by intermediaries and lacking efficiency and transparency.”

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba1’, 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 and the hypermarket chain under the Karusel brand.

As of 31 March 2019, X5 had 14,779 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 13,917 Pyaterochka proximity stores, 771 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 41 DCs and 3,837 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In Q1 2019, revenue totalled RUB 405,864 mln (USD 6,138 mln), adjusted EBITDA reached RUB 29,473 mln (USD 446 mln), and net profit amounted to RUB 9,297 mln (USD 141 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 – 0.02%, Shareholders with less than 3% – 40.62%.

Santens Service Group is Russia's No. 1 pharma operator, providing customs clearance and logistics services since 2000. Among the company's customers are 40 leading manufacturers of pharma and parapharmaceutical products, medical devices and products, as well as distributors and pharmacy chains. Santens operates eight warehouse facilities with a total capacity of over 150,000 pallet positions and handles over RUB 260 bn worth of pharmaceuticals annually.

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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