

Press release
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O'KEY GROUP REACHES AGREEMENT WITH X5 RETAIL GROUP ON SALE OF SUPERMARKETS BUSINESS

O'KEY Group S.A. (LSE: OKEY, the "Group"), one of the leading food retailers, and X5 Retail Group, a leading Russian food retailer announce that they have reached an agreement for X5 to acquire the supermarkets business currently operating under the O'KEY brand. Russia's Federal Antimonopoly Service ("FAS") has approved the deal.

All materials published by the Group are available on its website www.okeyinvestors.ru.

The business being acquired consists of 32 supermarkets, including 18 in St. Petersburg, four in Moscow, two in Volgograd, and one each in the Moscow and Leningrad regions, Astrakhan, Voronezh, Lipetsk, Togliatti, Krasnodar and Novocherkassk. Under the terms of the transaction, X5 will also acquire the real estate (supermarket buildings) for 14 stores (13 in St. Petersburg and one in Moscow). All of these supermarkets are due to be integrated into the Perekrestok chain.

The legal advisors for this transaction include White & Case (for X5) and Herbert Smith Freehills (for O'KEY).

Miodrag Borojević, O'KEY CEO, said: "We are pleased to have reached the agreement with X5 Retail Group to sell our supermarket business. The renewed company structure based on this sale will allow us to focus on the core strategic priorities of the business – efficiency improvement at compact city hypermarkets and accelerating the expansion of our discounters."

Igor Shekhterman, X5 Retail Group CEO, said: "This transaction is fully in line with our strategy of strengthening Perekrestok's position as the leading supermarket chain in Russia. While we maintain a focus on organic growth for X5, we miss no opportunities to acquire promising locations in strategically important regions."

COMPANY OVERVIEW

O'KEY is one of the largest retail chains in Russia. The Company operates under two main formats: hypermarkets under "O'KEY" brand and discounters under the "DA!" brand. O'KEY is the first among Russian food retailers to launch e-commerce operations in St. Petersburg and Moscow, based on its hypermarket assortment.

The Group opened its first hypermarket in St. Petersburg in 2002 and has since demonstrated continuous growth. As of December 15, 2017, the Group operates 145 stores (excluding the 32 supermarkets being acquired by X5) across Russia.

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 9M 2017, revenue totalled RUB 933,303 mln (USD 15,999 mln), EBITDA reached RUB 72,392 mln (USD 1,241 mln), and net profit amounted to RUB 25,975 mln (USD 445 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%.

Disclaimer

These materials contain statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "expects" and "anticipates" and words of similar import. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this announcement. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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