

"SMART" PLANOGRAMMING INCREASED SALES IN KARUSEL STORES

Moscow, 18 May 2018 — X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: FIVE), has introduced automated generation of detailed planograms for stores, which, after three months of use, has helped to boost sales by up to 10.5% in some categories.

For example, Karusel achieved y-o-y growth in sales of 3%–8% in associated goods, 5% in tea and coffee, and 10.5% in shaving products thanks to planograms covering the maximum quantity of products of a given category down to individual SKUs. Each product's location on a shelf is determined based on customer experience and the chain's merchandising rules.

In addition to higher sales, detailed planograms contribute to lower operating costs by helping to optimise employees' work, monitor assortment and adapt it when needed, refine logistics, and maintain sufficient inventory to ensure shelf availability.

The technology uses in-store equipment characteristics, customer preferences, historical data on inventory turnover by type of product, assortment by category, packaging size and type and other inputs. It enables automated generation of layout arrangements for each rack and prompt adjustments to them.

The technology employs JDA Software, enhanced by customisable settings to reflect each hypermarket's layout principles. Planogram generator pilot testing was completed in December 2017, and today it is used on an ongoing basis, automatically producing solutions for the beverages category in 30 hypermarkets, and for the laundry detergents, coffee, tea and vodka categories in 59 hypermarkets.

By the end of 2018, up to 100% of grocery, confectionery, associated goods, alcohol, beverages and pet goods in all Karusel hypermarkets will be covered by the planogram generator. By the end of 2019, the format plans to roll out enhanced planograms for up to up to 90% of the assortment and introduce automated layout controls to match the planograms.

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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