X5'S BIG DATA TEAM LAUNCHES DATA SEGMENTATION PRODUCT FOR TARGETED ADVERTISING

Moscow, 06 November 2019 – X5 Retail Group ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), has become the first retailer to automate access to data segments for its clients and partners. The solution was developed in house by X5's Big Data team and makes it possible to use accumulated purchase history data for targeted digital advertising.

The service's user-friendly interface will enable clients and partners to design segments of any complexity depending on the frequency of brand purchases across more than 1,300 product categories and a number of other parameters, while launching advertising campaigns on Mail.ru, VKontakte, Yandex, Facebook, Instagram and GPMD inventories. Each campaign will provide customers with advanced sales-lift analytics for each of the segments, including on how the campaign overall or separate creative assets impact sales.

The methodology is based on comparing the purchasing activity of test and control groups exposed and not exposed to advertising as a way to assess sales growth. In order to maximise accuracy, the analysis aims to remove the impact of seasonal factors, promotions, competitors' activity, etc., thus providing for statistically valid conclusions on the impact of creative ideas and the frequency, offer or format of advertising.

The product is already in use by major advertising agencies.

"The new targeting service designed by X5's Big Data team is our response to the market's need for transparent and measurable returns on advertising investments. We focus on analytical products and services that help our customers streamline their processes and support management decision-making with superior analytics," said Dmitry Prusov, Head of Big Data Product Development at X5 Retail Group.

The next version of the product will deliver mixed targeting (social and demographic, along with purchase history) and segmentation based on brand or category preferences, making it easy for customers to show ads with the highest probability of purchase during the advertising campaign. The available inventory will be expanded after analysing similar data sets on the results of the customers' in-store video and audio ads. Plans for 2020 include broadening the product portfolio and offering new opportunities for using X5's big data.

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