X5 PARTNERS WITH MAIL.RU GROUP TO REACH NEW CUSTOMER SEGMENTS AND ASSESS IMPACT OF ONLINE ADVERTISING ON OFFLINE SALES

Moscow, 13 December 2017 - X5 Retail Group, ("X5" or the "Company"), a leading Russian food retailer (LSE ticker: FIVE), and Mail.Ru Group have launched a partnership to measure the impact of targeted online advertising on offline sales. The solution has already been tested by the global media group Dentsu Aegis Network.

The partnership between Mail.Ru Group and X5 will provide myTarget platform clients with access to anonymised data about X5 consumer behaviour, with a view to enhancing the accuracy of ad targeting and linking ad impression data with sales performance at the Pyaterochka, Perekrestok and Karusel chains. During the test period, X5 created anonymised customer segments for specific advertisers, dividing potential customers into groups based on their consumption patterns. Such customer segments were accessed through Data Marketplace myTarget. In the near future, public segments will be added featuring a CPM-based monetisation model.

This will contribute to improving the efficiency of online advertising campaigns and help advertisers to better understand the demand curve for specific products. The pilot campaigns run by Dentsu Aegis Network using X5 data brought its clients to a completely new level in converting ads into sales.

"*We help advertisers achieve the best conversion rates through continuous improvement of myTarget functions. Today, as part of our partnership with X5 Retail Group, we are pleased to offer our customers new opportunities to assess the effect on offline sales of online ads, coupled with new targeting opportunities. With a wider range of customer segments available, businesses are able to select target audiences for advertising messages as accurately as possible*," commented Elina Isagulova, Vice President, Commercial Director of Mail.Ru Group.

X5 Retail Group Strategic Marketing and Planning Director Vadim Kapustin said: "*Comprehensive knowledge of customer behaviour, individual needs and preferences is what every retailer, telecom operator, bank and mass market company needs. At X5, we use accumulated purchasing data for effective marketing communication in the interests of food producers. By offering the opportunity to assess the actual impact of digital advertising campaigns on sales in the Company's stores, we provide food manufacturers with a powerful tool for optimising marketing costs*."

Dentsu Aegis Network Head of Data Lab Mikhael Shklyaev said: "*In cooperation with X5 Retail Group, we have managed to solve one of advertisers' biggest challenges: we now understand what impact each specific ad impression has on the offline sales of each product advertised. The mathematical model we have developed with X5 enables us to calculate cost effectiveness, optimise ad frequency, and choose the best formats using actual sales data rather than our beliefs or experience*."

Note to Editors:

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%.

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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