

INNOVATIVE SAP HANA PLATFORM ALLOWS X5 TO ENHANCE CUSTOMER PROPOSITION

Moscow, 31 August 2015 - X5 Retail Group, a leading Russian food retailer (LSE ticker: "FIVE"), and SAP, one of the global market leaders for enterprise application software, have signed a contract to implement a high-performance platform for the storage and processing of SAP HANA data based on the SAP HANA Enterprise Cloud environment. This will allow X5 to analyze information about billions of purchases made across the retail chain, to plan product lines, forecast demand, accommodate changes in consumer demand and carry out tailored marketing campaigns aimed at any of the Group's target customer segments.

SAP HANA will enable X5 to quickly analyze several years' worth of data on transactions carried out with suppliers, as well as documents relating to logistics and transportation, financial transactions, and also data on all purchases over the past three years. The system will be implemented quickly thanks to the Enterprise Cloud environment, with assistance from SAP's technical support team at SAP's Moscow-based data center. The basic data set will include around four billion checks.

In addition, this new solution will help to increase significantly the speed at which standard reports and analytics are carried out. It's planned that within the next 9-12 months, X5 will be able to receive reports on transactions in stores with virtually no delay. Operational analytical data that were until now only available for the previous day will be generated within 30 minutes.

Stephan DuCharme, CEO of X5 Retail Group said: *"In line with our strategy to develop as a multi-format retailer, X5 is constantly improving the value proposition of each distribution network and aims to meet the expectations of all target groups. The SAP HANA platform will let us focus on innovations to understand more accurately the current demands of our customers, our business and our partners."*

Stefan Höchbauer, SAP President, Middle & Eastern noted: *"Given the market dynamics and increasing level of competition, the ability to accurately plan the product range, to analyze huge volumes of detailed information in real time, while managing customer expectations are all very important for retailers. The SAP HANA platform will provide the basis for innovation, helping X5 Retail Group to better manage its business and relationships with customers and suppliers."*

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘Ba3’, 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 June 2015, X5 had 5,971 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 5,273 Pyaterochka proximity stores, 438 Perekrestok supermarkets, 83 Karusel hypermarkets and 177 convenience stores. The Company operates 35 DCs and 1,364 Company-owned trucks across the Russian Federation.

For the full year 2014, revenue totaled RUB 633,873 mln (USD 16,498 mln), EBITDA reached RUB 45,860 mln (USD 1,194 mln), and profit for the period amounted to RUB 12,691 mln (USD 330 mln). In H1 2015, revenue totaled RUB 382,608 mln (USD 6,666 mln), EBITDA reached RUB 27,518 mln (USD 479 mln), and net income amounted to RUB 7,942 mln (USD 138 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.05%, treasury shares – 0.01%, free float – 37.64%.

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