

X5 AND REPUBLIC OF TATARSTAN AGREE TO DEVELOP INNOVATIONS FOR RETAIL

St Petersburg, 24 May 2018 – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: FIVE), has announced the start of its cooperation with the Republic of Tatarstan, with a focus on innovation and new technologies. The agreement was signed by the Minister of Information and Communication of the Republic of Tatarstan Roman Shaikhutdinov and X5 CFO Svetlana Demyashkevich during the St Petersburg International Economic Forum.

The parties agreed to foster infrastructure for innovations and social and economic development in the retail industry of the Republic of Tatarstan, and also to work on enhancing import substitution and driving Russian information technologies.

Under the agreement, an X5 Retail Group IT Competency Centre will be set up at the Innopolis Special Economic Zone. To that end, X5 Retail Group will be awarded the official status of an Innopolis partner. The new competency centre will focus on development of innovative solutions to automate and robotise retail processes, as well as testing of new technologies, products and services created in the Innopolis Special Economic Zone.

Roman Shaikhutdinov, Deputy Prime Minister of the Republic of Tatarstan and Minister of Information and Communication said: *“We would be happy to see Innopolis filled with large companies that imagine their future only with the latest and most advanced technologies as part of their production processes. Our cooperation with X5 Retail Group will modernise the retail sector with new technologies, products and services, and will also promote innovation in the Republic of Tatarstan.”*

“The R&D cooperation with the Republic of Tatarstan opens up totally new opportunities that will benefit both X5 Retail Group and the retail industry in general. Amidst the digitisation in the economy, it is technology that fosters the potential for successful competition and flexibility in scaling up businesses and operations. We pay particular attention to IT technologies and innovations, and have a major strategic project centred around big data, while also introducing robotised and automated processes. I believe that by teaming up with experts of the Innopolis University, we are set to succeed,” said Svetlana Demyashkevich.

“An IT competency centre based at the Innopolis University will bring new knowledge and skills to our internal IT team. By learning from the Innopolis hubs for robotics, big data modelling and analysis, and geographic information systems, we will be able to improve our expertise and enhance the quality of the solutions that we rely on. The next step will certainly be building dedicated product teams, as Innopolis is perfectly positioned to spawn innovations and new technology,” commented Fabricio Granja, X5 Retail Group’s Chief Information Officer.

Also under the agreement, X5 Retail Group and the Innopolis University will host joint research projects, train IT professionals, organise IT contests for school students, set up educational programmes for undergraduates, and offer employment with X5 to the best IT talents.

“The Innopolis University trains future IT professionals for the real economy and carries out multi-disciplinary projects across education, science and business in association with 130 partners. Our partnership with X5 Retail Group, a major retail market player, will give insights into the needs of leading Russian companies and help us develop efficient digital solutions, bring advanced technologies to routine processes and train the most in-demand talent for the industry,” said Kirill Semenikhin, Director of the Innopolis University.

X5 Retail Group partners with Russia’s largest development institutions and organisations focused on R&D and education, start-ups, and mature businesses. Jointly with the Internet Initiatives Development Fund and Skolkovo Foundation, the company is developing new retail technologies.

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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