

PYATEROCHKA DEPLOYS SMART STORE TECHNOLOGY TO REDUCE ENERGY CONSUMPTION

Moscow, 7 August 2019 – The Pyaterochka retail chain rolls out an extended Smart Store pilot to cut energy consumption at retail outlets by 4.9%.

As part of the project, the four main areas of energy consumption were identified: refrigerators (62% of total energy consumption), lighting (15%), air conditioning and ventilation (10%), and air curtains (9%). The current stage of the project has seen the full automation of control of refrigeration equipment, including parameter settings, collection of telemetry data for further analysis and examination of the system's resistance to accidents. Automatic control of lighting has also been implemented, monitoring day/night mode, external lighting and advertising. Other energy consuming equipment is currently being integrated into the system and is being prepared to automatically adjust to changes in external conditions. For example, air curtains will automatically switch operating mode in response to changes in the indoor and outdoor temperatures.

Smart Store is a comprehensive system that employs special sensors, control devices and software to integrate into the existing operating and maintenance processes, helping to reduce energy consumption, automate equipment control and minimise the risk of accidents.

By now, the Smart Store solution has been implemented in four Pyaterochka stores in Moscow. The technology is set to be rolled out in 120 branches of the chain in the near future. From 2020, all newly opened and refurbished Pyaterochka stores will be equipped with this technology.

Electricity is one of the three largest SG&A cost items at X5 Retail Group. It also accounts for 80-85% of the store's utility bills. As part of its energy efficiency effort, X5 seeks to gradually reduce energy consumption per square metre of retail space. For example, in 2019, Pyaterochka has cut the kWh consumption per square metre by 4% and 8% compared to 2018 and 2016, respectively.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody’s – ‘Ba1’, 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 and the hypermarket chain under the Karusel brand.

As of 30 June 2019, X5 had 15,260 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 14,385 Pyaterochka proximity stores, 785 Perekrestok supermarkets and 90 Karusel hypermarkets. The Company operates 42 DCs and 3,952 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In Q1 2019, revenue totalled RUB 405,864 mln (USD 6,138 mln), adjusted EBITDA reached RUB 29,473 mln (USD 446 mln), and net profit amounted to RUB 9,297 mln (USD 141 mln).

X5’s Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.07%, treasury shares – 0.02%, Shareholders with less than 3% – 40.62%.

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).

For further details please contact:**Natalia Zagvozdina**

Head of Corporate Finance and IR
Tel.: +7 (495) 662-88-88 ext. 27-300
e-mail: Natalia.Zagvozdina@x5.ru

Andrey Vasin

Head of Investor Relations
Tel.: +7 (495) 662-88-88 ext. 13-151
e-mail: Andrey.Vasin@x5.ru