

X5 PILOTS ELECTRONIC SHELF LABELLING SYSTEM IN PYATEROCHKA STORES

Moscow, 2 September 2019 – X5 Retail Group, a leading Russian food retailer, launched a pilot project to test electronic shelf labelling in Pyaterochka stores. The new technology aims to prevent erroneous labelling and boost NPS.

The current stage of the project has been rolled out in Dolgoprudny, where seven Pyaterochka stores were equipped with 58,000 electronic shelf labels covering nearly 100% of the assortment (with the exception of a small number of promo goods placed off the store shelves).

The electronic paper technology used for the labels is effectively a display with three colours: white, black, and red (used for promotions). The labels are updated automatically and autonomously, with price and product information adjusted online via a radio channel. The labels are energy efficient and can last up to five years on a single battery. The software solution is integrated in X5's existing store IT architecture and it is possible to update the entire data set in just a few minutes.

The electronic shelf labelling system is an advanced way to digitise retail and improve NPS and customer loyalty. The streamlining effect of this process automation will also give employees more time every day to interact with customers and to handle other tasks. The new technology also cuts label printing costs and reduces losses resulting from labelling errors.

X5 is already using over 65,000 electronic shelf labels in three large format Perekrestok supermarkets in St Petersburg, Stary Oskol, and Moscow. Before the year end, the Company will consider implementing this system in another 15 Pyaterochka stores and 10 Perekrestok supermarkets. Based on the pilot project results and fine-tuning of the economic model, a decision regarding the project roll-out across X5's other stores will be made.

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 H1 2019, revenue totalled RUB 843,175 mln (USD 12,905 mln), adjusted EBITDA reached RUB 66,072 mln (USD 1,011 mln), and net profit amounted to RUB 22,805 mln (USD 349 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.01%, 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).

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