

## **PEREKRESTOK INTRODUCES PLASTIC BAGS FROM RECYCLED PLASTIC**

**Moscow, 11 February 2020** – X5 Retail Group ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), announces that Perekrestok has launched a transition to more environmentally friendly plastic bags that are made from around 1/3 recycled plastic. This is a joint project with EcoTechnologies Group, Russia's largest plastic packaging recycling company, and Tver Pack, a packaging manufacturer.

As part of the pilot, Tver Pack designed bags to use granules made by EcoTechnologies from recycled polyethylene waste. The quality and durability of these new bags are the same as regular plastic bags, and they can be both reused and recycled. EcoTechnologies produces the recycled granules from plastic waste generated by retail chains and households. Polyethylene is sorted, crushed, thoroughly washed and processed at high temperatures, which guarantees high quality and safety of the material produced.

The first batch of plastic bags containing 35% recycled materials went on sale in late December at a Perekrestok in Moscow; in early February, three more supermarkets introduced the bags. If customer response is positive, bags made from recycled plastic will be introduced at all Perekrestok supermarkets. In the near term, the format intends to update the requirements for its plastic bag suppliers making the use of recycled materials compulsory.

Vladislav Kurbatov, General Director of Perekrestok, said: "The requirement to use recycled materials in bags will be yet another step towards implementing a circular economy, where most discarded materials are recycled and we minimise the volume of solid waste sent to landfills. Before introducing this requirement, we need to test the bags featuring high recycled plastic content and equally good consumer properties. We are grateful to our partners from EcoTechnologies and Tver Pack for making it possible. We hope that this approach will spur additional demand for recycled materials and contribute to the separate collection of recyclable waste.

"That said, Perekrestok continues to focus on promoting reusable packaging and responsible consumption. We can see a growing number of our customers striving to cut down on disposable packaging. Last year, X5 stores sold ca. 3 million reusable bags. Reusable bags for weighing fruits and vegetables that we have recently introduced in our stores are very popular among our customers as an alternative to disposable bags."

Konstantin Rzayev, President of EcoTechnologies Group, said: "As part of the recycling industry, we are happy to see major companies like X5 share the principles of responsible waste management. After all, the plastic packaging 'issue' boils down to how it is handled after use. Our more than 15 years of experience demonstrates that properly collected and processed packaging is a valuable raw material for a variety of everyday goods. Recycling saves non-renewable resources, including oil and gas, and redirects some municipal solid waste from overloaded landfills."

Alexey Matveyev, CEO of Tver Pack, said: "We believe that recycling is crucial to minimise waste, so we embarked on this initiative with great enthusiasm. It is vital to develop environmental standards for polymer packaging that is widely used by consumers. Cooperation between market players involved in every stage from production to recycling is especially beneficial. We hope that customers will appreciate bags with high recycled material content."

**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 31 December 2019, X5 had 16,297 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 15,354 Pyaterochka proximity stores, 852 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 42 DCs and 4,124 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 9M 2019, revenue totalled RUB 1,265,130 mln (USD 19,440 mln), adjusted EBITDA reached RUB 95,975 mln (USD 1,475 mln), and net profit amounted to RUB 25,043 mln (USD 385 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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