X5 INTRODUCES SOLUTIONS FOR AUTOMATED DEMAND AND REPLENISHMENT PLANNING

Moscow, 14 May 2018 – X5 Retail Group ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), has successfully completed a large-scale project to automate the processes of demand and replenishment planning at Perekrestok and Karusel stores and DCs. The Company has changed its core logistics, marketing and commerce processes and implemented JDA end-to-end supply chain management software. Algorithms and automation have increased forecast accuracy by 17%, enabling stores to boost actual availability of goods by 5% while the Company has simultaneously reduced inventory levels by 13%.

X5 introduced the Demand (forecasting) and Fulfilment (replenishment) solutions of JDA 9.2 to Perekrestok and Karusel, making JDA the main tool for demand forecasting and supply planning at the Company's supermarkets and hypermarkets.

Perekrestok Logistics Director Denis Shulga said: *"JDA 9.2 was implemented amid a transformation of the business, which in concert yielded a completely new approach to organising logistics processes. We are extremely happy with the supply chain management system and its effects on the operations: it took us just two months instead of eight initially planned to achieve a positive return on investment."*

The software forecasts demand based on the Company's data on sales, marketing and market activity for the past two years, and other inputs such as information on catastrophes and natural disasters, public events, and other items that influence consumer behaviour and retail operations. The system analyses the data and predicts sales volumes for each item at each store, adjusting supply plans accordingly to meet demand in full and in advance. The settings and calculation processes are customisable, which allows for more flexibility when it comes to different product categories.

X5 boasts one of the most feature-rich demand and replenishment planning systems in the world, as it builds on top of the JDA functionality. For example, X5 forecasts factor in price changes, promotions, higher visibility of goods, etc. (in real time or after the fact), which can all have a significant effect on demand. The system reviews changes in sales and makes daily adjustments to forecast with no input from the user, which substantially increases accuracy with no extra labour costs.

The software also includes end-to-end inventory management (from supplier to store), reviews of shortages, and automated generation of orders and supplies for promotions based on actual sales, as well as automatic adjustments to orders to meet supply terms.

In the future, X5 plans to fine-tune JDA's solutions to fit the specifications of individual product categories, goods and stores. The Company's experts will start by defining store parameters (shelf capacity, shelf depth and width, back room space, etc.) and feeding them into the system, as well as entering DC parameters into a digital format.

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 net profit for the period amounted to RUB 31,394 mln (USD 538 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 at 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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